ADB

Technical Assistance Report

PUBLIC

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Conducting Fiduciary Assessments and Strengthening Country Systems in Asia and the Pacific

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CPS	–	country partnership strategy
DMC	–	developing member country
e-GP	–	electronic government procurement
FCAS	–	fragile and conflict-affected situations
MAPS	–	Methodology for Assessing Procurement Systems
PEFA	–	Public Expenditure and Financial Accountability
SIDS	–	small island developing states
TA	–	technical assistance
TASF	–	Technical Assistance Special Fund

NOTE

In this report, “$” refers to United States dollars.

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TECHNICAL ASSISTANCE AT A GLANCE

Project Data			
Project number	59468-001	**Project name**	Conducting Fiduciary Assessments and Strengthening Country Systems in Asia and the Pacific
Nature of Activity	✓Capacity Development Policy Advice	**Modality**	Stand-alone
Country	REG (43 countries)	**Executing or implementing agency**	Asian Development Bank
Department/Office	PPFD/PFP	**Geographical location**	Regional
Sector(s)	✓ Public sector management	**Subsector(s)**	Public expenditure and fiscal management
Strategic Focus Area	✓ Resilience and empowerment Regional cooperation and public goods	**Sustainable Development Goals**	SDG 16.6

Financing

ADB Financing	**Amount** ($ million)
Technical Assistance Special Fund	0.50
Cofinancing	**Amount** ($ million)
None	0.00
Counterpart	**Amount** ($ million)
None	0.00
Total	**0.50**

Currency of ADB Financing: US Dollar

Climate Action	
Disaster Risk Management, Environment and Nature	Not Applicable

Gender Equality		
Category	☐ Gender equality objective (GEN) ☐ Some gender elements (SGE)	☐ Effective gender mainstreaming (EGM) 0 Indirect gender benefits (IGB)

Poverty Reduction and Inclusion	
Category	☐ Poverty reduction and inclusion focus (PIF) ☐ Poverty reduction and inclusion elements (PIE) 0 Indirect poverty reduction and inclusion (IPI)

Regional Cooperation and Public Goods	
Category	0 Pillar 1 0 Pillar 2 ☐ Pillar 3 ☐ Not applicable

Private Sector Development	
Category	☐ Yes O No

Source: Asian Development Bank

I. INTRODUCTION

1. The multiregional technical assistance (TA) aims to promote the governance agenda of the Asian Development Bank (ADB) by strengthening developing member country (DMC) fiduciary systems.[1] Building on previous ADB TA that focused on developing an integrated fiduciary assessment methodology and piloting it in selected DMCs, this follow-on TA will scale up and operationalize these efforts by supporting both the delivery of fiduciary assessments and the implementation of prioritized system strengthening actions ("diagnostics-to-action"). The TA will prioritize financial management and procurement assessments aligned with country partnership strategy (CPS) cycles starting in 2026–2029 and provide implementation support based on DMC needs, complemented by targeted capacity development and knowledge products, focusing on A–C1, fragile and conflict-affected situations (FCAS), and small island developing states (SIDS). The TA will support national, subnational, and agency assessments, using ADB assessment tools and internationally recognized frameworks such as the Methodology for Assessing Procurement Systems (MAPS) and Public Expenditure and Financial Accountability (PEFA), where applicable.[2] It will also support strengthening pathways, addressing key gaps identified in the assessments, and reducing fiduciary risks and bottlenecks in ADB country portfolios.

II. ISSUES

2. Across the DMCs, persistent weaknesses in fiduciary systems are often compounded by capacity constraints at the country, sector, and executing and implementing agency levels, reducing implementation effectiveness, increasing transaction costs, and constraining reliance on and use of country systems in ADB-financed operations. While assessments are increasingly available, they are often not translated into prioritized and implementable actions, limiting their operational usefulness and impact, particularly in CPS preparation and portfolio performance.

3. Despite significant progress by ADB in conducting fiduciary assessments, a key gap remains in supporting the systematic implementation and institutionalization of recommended actions. This follow-on TA is designed to address this gap by linking assessments more directly to system strengthening pathways and operational outcomes. Building on lessons from previous TA projects, ADB has found that (i) jointly conducting fiduciary diagnostics reduces duplication and enables more coherent and actionable strengthening plans, (ii) demand for fiduciary diagnostics and implementation support is growing across DMCs, and (iii) applied learning linked to coordinated fiduciary diagnostics enhances operational effectiveness. This follow-on TA responds by shifting from a primarily diagnostic focus to a more integrated model that combines assessments with structured implementation support. The TA will prioritize (i) "diagnostics-to-action" pathways, (ii) strengthened peer review and quality assurance, (iii) more focused scoping and sequencing of interventions, and (iv) a delivery model that links diagnostics with capacity development and operational support.[3]

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[1] "Country [fiduciary] systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring." Organisation for Economic Co-operation and Development. 2005. *Paris Declaration on Aid Effectiveness*. OECD Legal Instruments, OECD/LEGAL/5017. para. 17.

[2] MAPS; and PEFA.

[3] Based on the diagnostics and agreed country system strengthening actions, ADB's Procurement, Portfolio, and Financial Management Department maintains a dynamic long-term plan for country knowledge and capacity development for procurement and financial management, aligned with CPS period.

4. **ADB support for MAPS and PEFA assessments.** Since 2018, ADB has provided technical and financial contributions to assessments undertaken across Asia and the Pacific.[4] ADB joined the PEFA secretariat as a member in November 2025 and has participated in the MAPS quality assurance process since 2018 through the Assessment Technical Advisory Group, a peer review function reporting to the MAPS secretariat hosted by the Organisation for Economic Co-operation and Development. To enhance ADB's impact on the MAPS initiative and tools, reflect DMC needs and lessons learned, and advance more coordinated procurement diagnostics for operational priorities, ADB will explore the possibility of joining the MAPS Steering Committee (footnote 2).

5. **Complementarity with previous TA projects.** The TA complements country governance and fiduciary initiatives by providing CPS-linked diagnostics, implementation support for prioritized actions, and scalable knowledge support. Building on the results of a regional TA on Integrated Fiduciary Risk Assessments and Strengthening Country Systems,[5] the TA promotes a more integrated and coordinated use of fiduciary diagnostics, combining country-led tools (such as PEFA, MAPS, Supreme Audit Institutions Performance Measurement Framework, and Reports on the Observance of Standards and Codes–Accounting and Auditing) with ADB-led assessment methodologies (including the Integrated Fiduciary Assessment methodology and the Country Financial Management Assessment, Country and Agency Procurement Assessment, and Sector/Agency Financial Management Assessment tools). These tools go beyond diagnostics to assess system reliability and readiness for use in ADB-financed operations.

6. The TA will complement activities under the TA on Strengthening Asia Pacific Public Electronic Procurement Network (Phase 2),[6] which contribute to procurement system strengthening by building the DMC capacity to implement electronic government procurement (e-GP) systems, supporting selected DMCs in implementing and/or modernizing e-GP systems, and assessing the suitability of e-GP systems for open competitive bidding. Improving governance through the digitalization of government procurement systems contributes to private sector development and development effectiveness. TA outcomes will be enhanced through the continuation of regional knowledge-sharing events, assessments of DMCs' e-GP systems to establish their suitability for use under ADB sovereign operations, and the resumption of policy support for e-GP road maps in selected DMCs.

7. **Integrated approach to moving from diagnostics to action.** The integrated approach reduces duplication, strengthens consistency of findings, and improves the prioritization and sequencing of reforms. The TA will support the translation of these complementary diagnostics into actionable, country-validated, and country-owned reform pathways aligned with CPS priorities and operational needs. Collaboration will be ensured through coordination and joint actions with regional and sector departments and resident missions. Engagement of country procurement and financial management staff will strengthen knowledge development and operational coordination across departments. The TA team will provide overall management and quality assurance as headquarters-based technical support.

8. **Alignment with Strategy 2030.** The TA is aligned with Strategy 2030 Midterm Review and supports ADB's governance priorities under ADB's governance policy and instructions,

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[4] Since 2018, a total of 13 MAPS assessments has been undertaken for ADB DMCs, of which 10 were completed and 3 are still ongoing. Demand for MAPS assessments significantly increased in recent years. For PEFA assessments, ADB has supported the assessments in Bangladesh, Fiji, Kazakhstan, Nepal, and the Philippines.

[5] ADB. Regional: Integrated Fiduciary Risk Assessments and Strengthening Country Systems (TA 6582-REG).

[6] ADB. Regional: Strengthening the Asia Pacific Public Electronic Procurement Network (Phase 2) (TA10000-REG).

including strengthened fiduciary systems through CPSs and operations.[7] It responds to DMC priorities to improve budget execution, internal control, financial reporting, audit, and procurement performance, and to modernize systems, particularly through digital solutions that strengthen transparency, accountability, and resilience.[8]

9. **Gender equality.** The TA will build on the experience from the Integrated Fiduciary Risk Assessments and Strengthening Country Systems TA by applying sex-disaggregated participation targets for capacity development and incorporating gender-responsive procurement and/or financial management practices in at least one knowledge product or event.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

10. The TA's impact, which is aligned with the Strategy 2030 Midterm Review, is governance and institutional enabling environment for sustainable growth improved (footnote 8). The TA's intended outcome is fiduciary systems and institutional capacity in selected DMCs strengthened, and readiness for their use in ADB-financed operations increased. The outcome indicators are selected as leading and/or proxy indicators of increased reliance of country systems, based on the assumption that TA outputs will strengthen institutions, reduce fiduciary risks, and increase reliance on and use of DMC fiduciary systems in ADB-financed projects. An outcome delivery risk is that DMC governments may be unable to sustain ownership of governance and fiduciary system reforms.

B. Outputs, Methods, and Activities

11. **Output 1: Country-led and ADB-led fiduciary assessments delivered.** ADB will conduct country, sector, and agency fiduciary diagnostics in selected DMCs aligned with CPS preparation cycles and specific project needs, for inputs to governance and macrofiscal pillars assessments, operational pipelines, and project due diligence.[9] Pre- and post-assessment engagement will be maintained through ongoing dialogue. Assessment findings will include practical strengthening pathways and action plans to be designed, validated, and agreed with government counterparts and stakeholders. ADB will provide fiduciary diagnostics linked to CPS cycles and operations; facilitate cross-DMC knowledge transfer; and leverages convening power across finance ministries, procurement authorities, supreme audit institutions, and sector agencies. The TA will support country-led and ADB-led assessments (paras. 5 and 6) based on ADB, DMC, and sector demands and strategic priorities.

12. **Output 2: Priority fiduciary strengthening actions supported ("diagnostics-to-action").** Fiduciary diagnostics with clear pathways and their implementation are expected to reduce key fiduciary bottlenecks and risks at country, sector, and project levels and improve readiness for increased reliance on and use of country and agency systems in ADB-financed operations, where conditions allow. Selected upstream advisory actions will be supported to address critical fiduciary weaknesses affecting ADB operations. These actions will align with

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[7] ADB. 1995. *Governance: Sound Development Management*.

[8] ADB. 2024. *Strategy 2030 Midterm Review: An Evolution Approach for the Asian Development Bank*. The Strategy 2030 Midterm review highlights the need to improve governance and create an enabling environment for sustainable growth by strengthening the quality and capacity of public institutions to undertake policy reforms and promote private sector development.

[9] ADB (Public Sector Management and Governance Sector Office). 2025. ADB Staff Guidance for Governance and Macrofiscal Pillars (GMaP) Assessment (internal).

DMC's public financial management and procurement reform road maps and capacity development plans developed under Output 1.[10] FCAS and SIDS DMCs, where selected, will benefit from a structured "diagnostics-to-action" model, joint financial management–procurement peer review and quality assurance, and support for digital fiduciary solutions, where readiness exists. Key risks include limited ownership, high turnover, data access constraints, and uneven delivery quality from consultants. Mitigation includes early alignment with ADB sector and regional departments, coordination with government agencies through clear arrangements on data access and roles, strengthened quality assurance and peer review, and phased delivery based on prioritization.

13. **Output 3: Capacity development and knowledge products delivered with applied learning.** Applied capacity development and peer learning will support institutionalization and scalability. Training and knowledge support will be delivered through innovative approaches (e.g., short "mini academy" modules) linked to live diagnostics and action plan implementation clinics. Practical guidance and case notes will be developed and disseminated, including cross-DMC learning, with particular focus on A–C1 and FCAS and SIDS contexts. Regional and multiregional events and workshops on public financial management and procurement will be organized in coordination with other development partners to enhance collaboration and reduce transaction costs. Knowledge products will be disseminated via targeted clinics, webinars, and regional peer learning, including short, replicable case notes.

C. Cost and Financing

14. The TA financing amount is $500,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources: $500,000). The key expenditure items are listed in the Annex.

15. The total TA amount is broken down by output in Table 1.

Table 1: Cost Breakdown by Output

Output	**Indicative Cost** ($)	**Percentage of TA Amount** (%)
Output 1: Country-led and ADB-led fiduciary assessments delivered	300,000	60
Output 2: Priority fiduciary strengthening actions supported	100,000	20
Output 3: Capacity development and knowledge products delivered with applied learning	100,000	20
Total	**500,000**	**100**

ADB = Asian Development Bank, TA = technical assistance.
Source: ADB.

D. Implementation Arrangements

16. ADB will administer the TA. The Procurement, Portfolio, and Financial Management Department will select, supervise, and evaluate consultants; organize workshops; and provide

[10] The Procurement, Portfolio, and Financial Management Department maintains country public financial management and procurement profiles where result of ADB diagnostics and long-term capacity development interventions are tracked and shared internally across different departments and divisions for better coordination and collaboration and to avoid duplications.

staff to act as resource persons in the workshops. Implementation arrangements are summarized in Table 2.

Table 2: Implementation Arrangements

Aspects	**Arrangements**		
Indicative implementation period	July 2026–December 2029		
Executing agency	ADB		
Implementing agency	Financial Management Division and Procurement Division; Procurement, Portfolio, and Financial Management Department		
Consultants	To be selected and engaged by ADB		
	Individual consultants and resource persons: multiple positions on as-needed basis (through ADB framework agreements and/or individual competitive or direct selections, where justified)	International expertise: about 20 person-months	$271,000
	Individual consultants and resource persons: multiple positions on as-needed basis (through ADB framework agreements and/or individual competitive or direct selections, where justified)	National expertise: 10 person-months	$56,000
Disbursement	Disbursement of TA resources will follow ADB's *Technical Assistance Disbursement Handbook* (2020, as amended from time to time).		

ADB = Asian Development Bank; TA = technical assistance.
Source: ADB.

17. **Consulting services.** ADB will engage consultants and resource persons following the ADB Procurement Policy (2017, as amended from time to time). Individual consultants and resource persons will be recruited using ADB framework agreements. Terms of reference will be prepared for each consulting engagement prior to implementation.

18. **Governance and project management.** The TA will support activities aimed at improving governance and institutional capacity in DMCs, reducing governance-related risks and increasing the reliability and use of country systems in ADB-financed projects. Specific activities will be identified under each output during implementation based on DMC demand and operational priorities.

19. **ADB's visibility.** The TA will ensure appropriate visibility for ADB in public engagements. Funding proposals will be required to describe visibility arrangements for events, enhance the public profile of supported activities, and ensure that ADB's logo and brand are used appropriately in all public communications. The TA may finance event-related materials that comply with ADB's branding tool kit.

IV. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of $500,000 on a grant basis for Conducting Fiduciary Assessments and Strengthening Country Systems in Asia and the Pacific, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Impact the TA Is Aligned with
Governance and institutional enabling environment for sustainable growth improved (ADB Strategy 2030 Midterm Review)[a]

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome Fiduciary systems and institutional capacity in selected DMCs strengthened, and readiness for their use in ADB-financed operations increased	a. By 2029, at least four CPSs submitted for Board consideration include the results of a fiduciary assessment (2025 baseline: 3)[b] b. Between 2027 and 2029, use of DMC's financial management and procurement systems will be tracked with year-by-year increase in ADB's sovereign investment operations (2026 baseline: not applicable)	a. CPS documents b. Annual reports of ADB's Procurement, Portfolio, and Financial Management Department; development effectiveness report	R: Inability of DMC governments to sustain ownership of governance and fiduciary system reforms A: DMCs will not experience major conflicts or crises during the TA period.
Outputs 1. Country-led and ADB-led fiduciary assessments delivered	By end 2029: 1a. At least two country-led fiduciary assessments (e.g., MAPS, PEFA, SAI-PMF) supported (2023–2025 baseline: 8) 1b. At least four ADB-led fiduciary assessments completed, including at least two in FCAS and SIDS (2023–2025 baseline: 8)	1a. MAPS, PEFA, and/or SAI-PMF assessment reports 1b. Fiduciary assessment reports	R: Limited ownership, high turnover, data access constraints, and uneven delivery quality from consultants
2. Priority fiduciary strengthening actions supported ("diagnostics-to-action")	2a. At least two DMCs supported in addressing weaknesses identified in country-led or ADB-led fiduciary assessments (2023–2025 baseline: 4)	2a. TA progress report	
3. Capacity development and knowledge products delivered with applied learning	3a. At least 50 government officials, 40% of whom are women, participating in training and/or knowledge-sharing events, report increased knowledge in procurement and financial management (2020–2026 baseline: 865 government officials, 48% of whom are women)	3a. Training and/or event reports	

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	3b. At least two knowledge products on country procurement and/or financial management systems published, including at least one focusing on FCAS and SIDS contexts (2020–2025 baseline: 14) 3c. At least 80% of participants attending ADB-supported knowledge-sharing events report improved understanding of procurement and financial management (2025 baseline: 93%)	3b. Knowledge products produced 3c. Knowledge event summaries and/or surveys	

Key Activities with Milestones

1. Country-led and ADB-led fiduciary assessments completed in selected DMCs and pathways for systems strengthening developed and validated
1.1 Lead and/or support, with DMCs and other donor partners, country-led fiduciary systems assessments (e.g., MAPS, PEFA, SAI-PMF, ROSC A&A) (Q3 2026–Q4 2029)
1.2 Conduct ADB-led fiduciary assessments (e.g., Integrated Fiduciary Assessment, Country and Agency Procurement Assessment, Country Financial Management Assessment, and Sector/Agency Financial Management Assessment, e-GP system assessment) and develop country system strengthening pathways, with KCDP for financial management and procurement prepared and/or updated (Q3 2026–Q4 2029)
1.3 Include relevant outputs from the fiduciary assessments into the Governance and Macrofiscal Pillars assessments and the governance section of CPSs (Q4 2026–Q4 2029)

2. DMC country, sector, and agency fiduciary systems strengthening activities supported
2.1 In collaboration with selected DMCs, support strengthening activities to address weaknesses observed in fiduciary assessments (Q2 2027–Q4 2029)

3. Institutional capacity of DMCs strengthened and awareness of best international practices in financial management and procurement improved
3.1 Based on country KCDP priorities, develop capacity building programs and prepare relevant training materials (Q3 2026–Q4 2029)
3.2 In response to knowledge weaknesses identified, and in consultation with selected DMCs, conduct capacity building and knowledge-sharing events (Q4 2026–Q4 2029)
3.3 With input from regional and sector departments, donor partners, and DMCs, identify, draft, and finalize suitable knowledge products (Q4 2026–Q4 2029)
3.4 Disseminate knowledge products across ADB and DMCs, supported by related knowledge-sharing events and promotional activities (Q2 2027–Q4 2029)

TA Management Activities

Engage consultants, as required, to conduct country-led and/or ADB-led fiduciary assessments in selected DMCs (Q3 2026–Q4 2029)

Engage consultants, as required, to draft knowledge products and deliver capacity development activities (Q3 2026–Q4 2029)

Undertake quality assurance of funding proposals, consultants' terms of reference, and fiduciary assessments (Q3 2026–Q4 2029) Support DMCs in developing pathways and/or action plans to address weaknesses identified (Q3 2026–Q4 2029) Undertake monitoring and evaluation of capacity development activities (Q2 2026–Q4 2029)
Inputs ADB: $500,000 (TASF-other sources: $500,000) Note: A top-up for 2027–2029 is required, subject to budget allocation and approval.

A = assumption, ADB = Asian Development Bank, CPS = country partnership strategy, DMC = developing member country, e-GP = electronic government procurement, FCAS = fragile and conflict-affected situations, KCDP = knowledge and capacity development plan, MAPS = Methodology for Assessing Procurement Systems, PEFA = Public Expenditure and Financial Accountability, Q = quarter, R = risk, ROSC A&A = Reports on the Observance of Standards and Codes – Accounting and Auditing, SAI-PMF = Supreme Audit Institutions Performance Measurement Framework, SDG = Sustainable Development Goal, SIDS = small island developing states, TA = technical assistance, TASF = Technical Assistance Special Fund.

[a] ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*; ADB. 2024. *Strategy 2030 Midterm Review: An Evolution Approach for the Asian Development Bank*; and ADB. 2019. *Strategy 2030 Operational Plan for Priority 6: Strengthening Governance and Institutional Capacity, 2019–2024.*

[b] As of 1 February 2026, the following countries are programmed to have CPSs initiated in 2026, 2027, or 2028: Azerbaijan, Bangladesh, Bhutan, Cambodia, Fiji, Georgia, India, Kazakhstan, the Kyrgyz Republic, the Lao People's Democratic Republic, Maldives, Mongolia, Nepal, the Philippines, Sri Lanka, Timor-Leste, Türkiye, Turkmenistan, Uzbekistan, and Viet Nam.

Contributions to ADB's Development Results and Alignment with the SDGs

A summary of the TA contributions to ADB's development results and alignment with the SDGs are presented in the Contributions to Strategy 2030 Development Results page in eOperations. This information is available from the TA team upon request.

Source: ADB.