

Performance
Evaluation Report

Strengthening Governance and Accountability in Pacific Island Countries



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Strengthening Governance and Accountability in Pacific Island Countries

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NOTE

In this report, "\$" refers to US dollars.

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asian development bank, independent evaluation department, pacific association of supreme audit institutions, pacific regional audit initiatives, risk assessment and mitigation plan, second governance and anticorruption action plan, technical assistance performance evaluation report

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Abbreviations

ADB	–	Asian Development Bank
CPS	–	country partnership strategy
DMC	–	developing member country
GACAP II	–	Second Governance and Anticorruption Action Plan
IED	–	Independent Evaluation Department
INTOSAI	–	International Organization of Supreme Audit Institutions
JSF	–	Japan Special Fund
PARD	–	Pacific Department
PASAI	–	Pacific Association of Supreme Audit Institutions
PRAI	–	Pacific Regional Audit Initiatives
RAMP	–	risk assessment and mitigation plan
SAI	–	supreme audit institution
SGAP	–	Strengthening Governance and Accountability in Pacific Island Countries
SPASAI	–	South Pacific Association of Supreme Audit Institutions (forerunner to PASAI)
TA	–	technical assistance

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Basic Data

TA 6360-REG: Strengthening Governance and Accountability in Pacific Island Countries (Phase 1)		
Cost	Estimated (\$'000)	Actual (\$'000)
Asian Development Bank Financing	983	935
Government of Australia Financing	596	595
Participating DMCs	400	...
Total	1,979	
Number of Person-Months (consultants)		
Expected	51.5	
Actual		47.5
Executing Agencies:	Asian Development Bank (governance component) South Pacific Association of Supreme Audit Institutions ^a (PRAI component)	
Milestones		Date
President's or Board Approval		7 Dec 2006
Signing of TA Agreement		
Fielding of Consultants		5 Feb 2007
TA Completion		
Expected		30 Nov 2009
Actual		31 Jul 2009
TA Completion Report Circulation		5 Feb 2010
Mission Data	Number	
Review	3	30 Apr–4 May 2007 10–14 Sep 2007 22 Jan–8 Feb 2008
Regional Training Program Activities	2	9 Feb 2007 17–23 Feb 2008
Special TA Administration	1	12–13 Jun 2007
Independent Evaluation	1	3–29 Nov 2012

... = data not available, PRAI = Pacific Regional Audit Initiative, TA = technical assistance.

^a Later replaced by the Asian Development Bank.

TA 6499-REG: Strengthening Governance and Accountability in Pacific Island Countries (Phase 2)

Cost	Estimated (\$'000)	Actual (\$'000)
Asian Development Bank Financing	1,500	1,327
Government of Australia Financing	400	366
Participating DMCs	500	...
Total	2,400	
Number of Person-Months (consultants)		
Expected	60.0	
Actual		87.0
Executing Agencies:	Asian Development Bank (governance component) Pacific Association of Supreme Audit Institutions Transitional Working Group (PRAI component)	
Milestones		Date
President's or Board Approval		3 Nov 2008
Signing of TA Agreement		
Fielding of Consultants		1 Dec 2008
TA Completion		
Expected		31 Oct 2010
Actual		30 Jun 2011
TA Completion Report Circulation		8 Dec 2011
Mission Data		Number
Review	3	16–25 Mar 2009 8–10 Oct 2009 9–10 Nov 2009
Independent Evaluation	1	3–29 Nov 2012

... = data not available, DMC = developing member country, PRAI = Pacific Regional Audit Initiative, TA = technical assistance.

Executive Summary

The Strengthening Governance and Accountability in Pacific Island Countries (SGAP) project aimed to help operationalize the objectives of the Asian Development Bank (ADB) Second Governance and Anticorruption Action Plan (GACAP II), in particular the development of governance risk assessments, and support the region's efforts to strengthen governance and accountability, particularly public auditing. SGAP consisted of two phases, funded by back-to-back regional technical assistance approved in 2006 and 2008 with cofinancing from the Japan Special Fund (JSF) and the Government of Australia.

SGAP had two major components. The governance component focused on the development of governance and corruption risk assessment and mitigation plans (RAMPs) in the ADB country strategies and projects, as called for by the GACAP II. The second component was to design and initially implement a Pacific Region Audit Initiative (PRAI), a long-term regional approach to raising public audit capacity, standards, and impacts.

This evaluation rated SGAP *successful* overall. The project met its immediate objectives of improving governance and corruption orientation of country partnership strategies and projects, and designing a regional program for cooperation and capacity building for supreme audit institutions (the PRAI). However, it fell short of meeting one of its key objectives, that of raising the timeliness and impact of public audit, within the intended time frame.

SGAP was rated *relevant* at appraisal and during implementation. The PRAI component was highly relevant at appraisal and during implementation, and its main objectives remain highly relevant today. Phase 1 facilitated extensive diagnostic work on all supreme audit institutions (SAIs), which helped to inform the design of a regional program for capacity development and cooperation in Phase 2. This was an appropriate and well-planned approach to addressing a longstanding problem in the Pacific. The governance component was relevant in terms of supporting an ADB priority, which was to pilot the risk assessment approach called for by the GACAP II. But from the perspective of serving the interests of Pacific developing member countries (DMCs), it was less than relevant. Consultations with key informants in the Pacific revealed little to no knowledge of the activities, intention, and ultimate outcomes of the governance component of SGAP.

While the two SGAP components and their respective objectives are important on their own, they do not serve the same overall purpose and should, therefore, not have been combined by ADB into one single project. Combining two different objectives into one project resulted in bifurcated (and disconnected) impact targets and measures, and outcome statements. By combining two different and disconnected objectives into one project, ADB contradicted the principle and good practice of having one clearly stated and well-focused outcome per project, as prescribed in ADB's guidelines for preparing a design and monitoring framework. This lowered the overall relevance rating (to relevant) of what would otherwise have been a highly relevant project. This lowered relevance rating did not affect the overall project rating and follow-on technical assistance support from ADB has focused only on the PRAI component.

SGAP was rated *effective* in achieving its outcomes, although effectiveness slipped from phases 1 to 2. SGAP set out to achieve three distinct outcomes over phases 1 and 2: (i) strengthened governance and anticorruption orientation of ADB country strategies and projects; (ii) an agreed-upon design for the PRAI; and (iii) public accounts audited in a timely manner to high standards with enhanced audit impacts and capability. Overall, outcomes 1 and 2 were achieved under Phase 1. The third outcome was not fully achieved. The evaluation found two major reasons for this. First, the time frame within which this outcome was to be achieved—essentially less than 2 years over Phase 2—was insufficient, especially given the low capability of most SAIs at the beginning of the period. Second, the timeliness of audits and their use and impact are not solely within the control of SAIs. Other factors, such as poor financial management, lack of timely auditable public accounts, and limited or no implementation of audit findings, are generally outside of SAIs' control.

SGAP was *efficient* in achieving its intended outputs and outcomes, given the inputs required and activities undertaken in phases 1 and 2. The majority of SGAP's outputs were achieved within budget and on time. The evaluation found the achievement of outputs, including their overall quality, to be of good value, especially under the PRAI component, given the costs associated with SGAP.

SGAP outputs and outcomes are *likely to be sustainable*. For the governance component, project RAMPs will likely be sustained, given that these are now mandatory under ADB's 2010 streamlined business procedures. However, it is indeterminate whether country risk assessments will continue in the Pacific, especially given that the Pacific Approach now serves as the overarching country strategy for the 10 smallest Pacific DMCs. The PRAI component embodied a regional approach to enhancing supreme audit capacity and effectiveness, working through the Pacific Association of Supreme Audit Institutions (PASAI) regional platform. This approach has already proven to be useful in terms of strengthening cooperation among and providing capacity building support to SAIs. The initial phase of the PRAI closed at the end of 2012, but the outlook, based on consultations with key stakeholders, suggests that this regional approach will continue in 2013 and beyond. The evaluation concludes that the PRAI model, as conceptualized and initiated under SGAP, is likely to be sustainable.

The evaluation found SGAP's overall impact to be *moderate*. SGAP's intended impact was improved governance, transparency, and accountability in managing and using public resources in the Pacific. While SGAP's governance component impact targets were generally achieved, its PRAI impact targets were not achieved within the intended time frame, thus limiting the overall impact of improved governance, transparency, and accountability in managing and using public resources. Nevertheless, the evaluation considers that, with continued support for the PRAI approach and with a now fully established PASAI in place, Pacific SAIs are in a better position to cooperate, raise their capacities, and advocate for and bring about improved governance, transparency, and accountability. Achieving this will, however, demand a greater leadership role from the PASAI and stronger results orientation in the respective institutions—especially those which have yet to show any real progress.

In terms of lessons, when designing a project, it is important to ensure that its components serve the same overall purpose. While the two SGAP components and their respective objectives are important on their own, they do not serve the same overall purpose and should, therefore, not have been combined into one single project. SGAP experience demonstrated that the use of the participatory approach during

project formulation and implementation helped ensure strong support for a continued PRAI among key stakeholders and development partners. This suggests that the achievements made so far will be built upon.

SGAP developed and applied the PASAI Capability Model framework to diagnose and benchmark SAI capabilities at the beginning of the intervention period (in 2008). This exercise was repeated in 2011 to assess progress over the initial PRAI period. This approach is helpful in that (i) it provides an initial snapshot of SAI weaknesses and where capacity development efforts can be focused, and (ii) it can help identify the causal effects of the intervention. This approach can be applied to capacity development initiatives of other public entities.

To further sustain support for the PRAI, the PASAI could undertake more visible and proactive interaction and dialogue with Pacific policymakers, among other measures, to improve linkages and results. Further, the PASAI should consider continuing its capacity building program, with greater targeting and support for audit institutions that have struggled to raise their performance levels. These issues are discussed in greater detail in the PRAI review report (supplementary appendix available on request).

CHAPTER 1

Introduction

1. Good governance is recognized by the Asian Development Bank's (ADB) Pacific developing member countries (DMCs) as essential to development effectiveness. A 2011 Independent Evaluation Department (IED) evaluation on ADB support for governance in the Pacific found strong commitments by Pacific governments to strengthening governance and accountability.¹ The Strengthening Governance and Accountability in Pacific Island Countries (SGAP) project aimed to support this commitment.

Good governance is recognized by the ADB's Pacific DMCs as essential to development effectiveness

A. Evaluation Purpose and Process

1. Background

a. Good Governance and Accountability in the Pacific

2. In 2005, leaders of the Pacific Islands Forum adopted the Pacific Plan, which identified good governance as a key strategic objective and called for improved transparency, accountability, equity, and efficiency in the management and use of resources.² Moreover, the Pacific Plan reaffirmed a long-standing recognition in the region that strengthening the core function of public audit is essential for improving accountability.

3. In 2006, in support of the Pacific Plan, finance and economic ministers endorsed the concept of a regional program to strengthen the public audit function as a means to improving integrity and financial scrutiny.³ This agreement would ultimately manifest itself as the Pacific Regional Audit Initiative (PRAI) in 2008. The PRAI was developed over 2 years through a consultative process guided by the Pacific Association of Supreme Audit Institutions (PASAI),⁴ with support from ADB and the Australian Agency for International Development (AusAID), under the oversight of the Pacific Islands Forum Secretariat. PASAI members include supreme audit institutions (SAIs) from: American Samoa; Australia; the Australian states of New South Wales, Queensland, and Victoria; the Cook Islands; the Federated States of Micronesia (FSM)⁵ states of Pohnpei, Yap, and Kosrae; Fiji; French Polynesia; Guam; Kiribati; Nauru; New Caledonia; New Zealand; the Commonwealth of the Northern Mariana Islands; Palau; Papua New Guinea (PNG); the Marshall Islands; Samoa; Solomon Islands; Tonga; Tuvalu; and Vanuatu.⁶

¹ ADB. 2011. *Special Evaluation Study: ADB Support to Promoting Good Governance in the Pacific*. Manila.

² Pacific Islands Forum Secretariat. 2005. *The Pacific Plan for Strengthening Regional Cooperation and Integration*. Suva.

³ Pacific Islands Forum Secretariat. 2006. *Forum Economic Action Plan*. Finance and Economic Ministers' Meeting. Honiara, 3–5 July 2006.

⁴ Founded in 1987, the PASAI is the official association of supreme audit institutions (SAIs) in the Pacific region and is a regional working group of the International Organization of Supreme Audit Institutions (INTOSAI). The Controller and Auditor-General of New Zealand currently serves as the Secretary General of the PASAI.

⁵ The FSM state of Chuuk does not have a functioning supreme audit institution as of 2013.

⁶ This evaluation focuses only on ADB member countries in the PASAI.

b. ADB Support for Good Governance

4. ADB was the first multilateral development bank to adopt an official Governance Policy in 1995 and its governance agenda has evolved and expanded over time.⁷ ADB recognized good governance as a core strategic intervention under the Long-term Strategic Framework (2001–2015),⁸ as one of three pillars in its 2004 enhanced Poverty Reduction Strategy,⁹ and as a key driver of change under the current Strategy 2020.¹⁰ Under its second Governance and Anticorruption Action Plan (GACAP II), in effect since 2006, ADB aims to improve its performance in implementing governance and anticorruption policies in sectors where it is most active, and in designing and delivering better quality projects and programs.¹¹ To do this, GACAP II calls for more systematic use of risk assessments (in countries, sectors, and projects) and mplans.

ADB supports governance through PSM sector operations and operations thematically classified as governance and/or capacity development

5. In the Pacific, ADB supports governance through either operations that are sector-classified as public sector management (PSM), or through non-PSM sector operations (e.g., in transport or energy) that are thematically classified as governance and/or capacity development. For several decades, ADB has provided support to strengthen the capacity and effectiveness of SAIs in the region. Appendix 1 provides a summary of ADB technical assistance operations in this area.

c. The Strengthening Governance and Accountability in Pacific Island Countries Project

6. To help operationalize the objectives of the GACAP II in the Pacific, in particular the development of governance risk assessments, and to support the region's efforts to strengthen governance and accountability, in particular public auditing, ADB financed the Strengthening Governance and Accountability in Pacific Island Countries (SGAP) project. SGAP consisted of two phases, funded by back-to-back regional technical assistance approved in 2006 and 2008 with co-financing from the Japan Special Fund (JSF) and the Government of Australia.¹²

7. SGAP had two major components. The governance component focused on the development of governance and corruption risk assessment and mitigation plans (RAMPs) in ADB's country strategies and projects, as called for by GACAP II.¹³ The second component was to design and implement a Pacific Region Audit Initiative (PRAI), a long-term regional approach to enhancing public audit capacity, standards, and impacts. Paras. 11–16 provides more details on SGAP objectives and approach.

2. Evaluation Purpose and Uses

8. This evaluation assesses the performance of the two regional TA projects, in both meeting their individual objectives as well as contributing to the overarching

⁷ ADB. 1995. *Governance: Sound Development Management*. Manila.

⁸ ADB. 2001. *Moving the Poverty Agenda Forward in Asia and the Pacific: The Long-Term Strategic Framework, 2001–2015*. Manila.

⁹ ADB. 2004. *Poverty Reduction Strategy*. Manila.

¹⁰ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the ADB 2008–2020*. Manila.

¹¹ ADB. 2006. *Second Governance and Anticorruption Action Plan (GACAP II)*. Manila.

¹² ADB. 2006. *Technical Assistance for Strengthening Governance and Accountability in Pacific Island Countries* (TA 6360-REG) Manila; ADB. 2008. *Technical Assistance for Strengthening Governance and Accountability in Pacific Island Countries, Phase II* (TA 6499-REG). Manila.

¹³ This component also supported the preparation of public financial management performance reports for Nauru and Tuvalu using the public expenditure and financial accountability performance measurement framework.

SGAP objective of improving governance, transparency, and accountability in the management and use of public resources in the Pacific. In addition to this primary SGAP evaluation, an independent review of the initial implementation of the PRAI (2008–2012) was undertaken as a background exercise.¹⁴

9. This evaluation and the PRAI review serve several interests and purposes. They will feed into several larger IED evaluations in 2013–2014, including: the midterm review of ADB’s Pacific Approach, the Thematic Evaluation Study of ADB Support for Enhancing Governance in its Public Sector Operations, and the Thematic Evaluation Study on the Role of Technical Assistance. Moreover, the governments of Australia and New Zealand, ADB, and the Pacific Islands Forum are particularly interested in the PRAI review findings and recommendations, as these will help guide their considerations for continued support to the PRAI beyond its initial 2008–2012 period. This evaluation and the PRAI review also have relevant links to the International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative.¹⁵ Finally, the evaluation and review will aid the PASAI as it endeavors to strengthen its role in improving the capacity and effectiveness of SAIs in the region.

3. Methodology

10. This evaluation followed IED’s standard evaluation methodology and guidelines for project evaluations.¹⁶ Standard project evaluation criteria were used, with both retrospective and forward-looking perspectives considered.¹⁷ The evaluation gathered evidence through: desk review, field missions, key informant interviews, and a survey of ADB member SAI heads (see summary in Appendix 3). Missions were fielded to Palau, the Cook Islands, and Samoa. The evaluation task leader also attended the 2012 PASAI Congress held in New Caledonia in October of 2012.¹⁸ In addition to interviewing and surveying SAI heads, the evaluation team consulted with government officials (e.g., from finance ministries and parliamentary committees), PASAI staff, and other development partners (Appendix 4).

B. Technical Assistance Objectives

1. Strengthening Governance and Accountability in Pacific Island Countries: Objectives

11. SGAP aimed to improve transparency and accountability in managing and using public resources through two means: (i) by strengthening the governance and anticorruption orientation of country partnership strategies and ADB projects (through RAMPs); and (ii) through the design and initial implementation of the PRAI, as a long-term regional approach to raising public audit capacity, standards, and impacts.

¹⁴ IED undertook the independent review of the PRAI at the request of, and in coordination with, AusAID, the New Zealand Ministry of Foreign Affairs and Trade, the Pacific Department of ADB, the Pacific Islands Forum, and the PASAI. The review report is a supplementary appendix to this report and is available on request.

¹⁵ INTOSAI Development Initiative is a non-profit organization that aims to enhance the institutional capacity of SAIs in developing countries through needs-based, collaborative, and sustainable development programs in INTOSAI regions and groups of SAIs to meet the existing and emerging needs of stakeholders.

¹⁶ IED. 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations*. Addendum 2: Technical Assistance Performance Evaluation Report (TPER). Manila: ADB.

¹⁷ For project evaluations, IED follows the standard criteria of relevance, effectiveness, efficiency, and sustainability, including an overall assessment incorporating these four. An assessment of impact is also made, but is not included in the overall assessment.

¹⁸ The PASAI Congress is a meeting of all SAI heads, held annually on a rotational basis.

Intended impact of SGAP was improved governance, transparency, and accountability

12. The intended impact of SGAP was improved governance, transparency, and accountability in managing and using public resources in the Pacific.¹⁹ This was to be achieved through activities, outputs, and outcomes under two components, governance, and the PRAI. Table 1 provides a summary of the intended impact, outcomes, and outputs of the project's two phases.

Table 1: Intended Impact, Outcomes, and Outputs of Strengthening Governance and Accountability in Pacific Island Countries

TA 6360-REG – PHASE 1	TA 6499-REG – PHASE 2
<p>Impact Improved governance, transparency, and accountability in managing and using public resources in the Pacific</p> <p>Outcomes</p> <ol style="list-style-type: none"> 1. Strengthened governance and anticorruption orientation of CPSs and ADB projects 2. An agreed-upon design and road map for a long-term regional approach to raise Pacific public auditing to uniformly high standards <p>Outputs</p> <p>A. Governance component:</p> <ol style="list-style-type: none"> 1. Governance and corruption RAMPs in CPSs and in ADB loans and TA projects 2. Training on relevant ADB policies and guidelines <p>B. PRAI component:</p> <ol style="list-style-type: none"> 1. Good practice SAI features identified 2. Status of issues faced by individual SAIs identified 3. Factors that facilitate successful SAI transformations identified 4. Design options for establishing a subregional approach to public auditing developed 5. Region-wide issues identified 6. Agreed upon PRAI design and road map 	<p>Impact Improved transparency and accountability in managing and using public resources in Pacific island countries</p> <p>Outcomes</p> <ol style="list-style-type: none"> 1. The public accounts of participating countries are audited in a timely manner to uniformly high standards, with enhanced audit impacts and improved audit capability 2. Strengthened governance and anticorruption orientation of CPSs and ADB projects <p>Outputs</p> <p>A. Governance component:</p> <ol style="list-style-type: none"> 1. Governance and corruption RAMPs in CPSs and in ADB programs and projects. <p>B. PRAI component:</p> <ol style="list-style-type: none"> 1. Strengthened regional cooperation and coordination 2. Design for a capacity development program 3. Cooperative financial and performance audits initiated 4. First Pacific Association of Supreme Audit Institutions annual report prepared and released

ADB = Asian Development Bank, CPS = country partnership strategy, PRAI = Pacific Regional Audit Initiative, RAMPs = risk assessments risk assessment and mitigation plan, SAI = supreme audit institution, TA = technical assistance.

Sources: TA Reports and Design Monitoring Frameworks, TA 6360-REG and TA 6499-REG.

13. Phase 1 (TA 6360-REG) was approved in December 2006 for \$1.58 million (\$982,500 from the JSF and \$596,500 from the Government of Australia). The governance component was intended to support the preparation and implementation of RAMPs for countries, sectors, and projects. It was also to support training for government officials, project staff, and civil society organizations on the application of ADB policies and guidelines. The PRAI component aimed to identify

¹⁹ The impact statement was slightly modified in Phase 2 with the deletion of the word "governance," reflecting the emphasis on the PRAI component, which constituted the bulk of the Phase 2 budget.

benchmarks for SAIs, diagnose SAI capacities, and develop a road map and subregional design options.

14. Phase 2 (TA 6499-REG) was approved in November 2008 for \$1.9 million (\$1.5 million from JSF and \$0.4 million from the Government of Australia) to continue the progress achieved under the first phase and support the initial implementation of the PRAI. The governance component supported the continued development of governance and corruption RAMPs in country partnership strategies and in ADB programs and projects.

2. Strengthening Governance and Accountability in Pacific Island Countries: Performance (self-reported by ADB)

15. ADB rated Phase 1 *successful*, reflecting the delivery of outputs within the planned schedule, the timely delivery of the RAMPs, and the successful completion, on schedule, of the PRAI Summary Design Document.²⁰ The PRAI implementation was expected to strengthen regional cooperation and coordination, build and sustain public auditing capacity, conduct cooperative audits, strengthen communications, and advocate transparency and accountability. The importance of a participatory approach in project design and implementation, as well as sufficient supervision and support, were highlighted in the experience of Phase 1.

16. ADB also rated Phase 2 *successful*.²¹ The implementation of PRAI initiatives through a capacity development program, delivery of cooperative financial and performance audits, and the subregional audit support program demonstrated that Pacific regional and subregional strategies can become successful operational realities. The establishment of the PASAI secretariat, the governing board, and a charter and other planning documents provided the foundation on which its future direction is expected to be based. The governance component assisted with enhancing the governance focus of ADB's programs and projects.

²⁰ ADB. 2009. *Technical Assistance Completion Report: TA 6360-REG: Strengthening Governance and Accountability in Pacific Island Countries*. Manila.

²¹ ADB. 2010. *Technical Assistance Completion Report: TA 6499-REG: Strengthening Governance and Accountability in Pacific Island Countries (Phase II)*. Manila.

CHAPTER 2

Design and Implementation

SGAP was to serve both GACAP II and the Pacific DMCs' priority of establishing a regional platform for SAI support

17. SGAP was designed to serve both an internal ADB policy (GACAP II) and the Pacific DMC's priority of establishing a regional platform for strengthening SAI capacity.

A. Rationale

18. SGAP reflected two motivations. The first was to pilot the implementation of RAMPs, as called for the GACAP II (adopted in 2006). The RAMPs were to identify and manage governance, institutional, and corruption risks; strengthen governance and anticorruption components in ADB supported projects and their design; and strengthen program and project administration and portfolio management.²² The second SGAP motivation was to support the 2005 decision of the Pacific Islands Forum to establish a regional initiative to strengthen the capacity and effectiveness of SAIs.

B. Formulation

19. SGAP, in particular the PRAI component, was formulated through a consultative process involving a number of entities, including the Pacific Islands Forum, Pacific leaders, SAIs, and development partners. Because the concept of the PRAI emerged from the Pacific leaders themselves, ownership and commitment were considered strong (Box 1). While all members of the PASAI benefited from the TA projects, the primary beneficiaries were the 13 ADB member SAIs.

Box 1: The Challenge of Public Auditing in the Pacific

Supreme audit institutions. Assessments of supreme audit institutions (SAIs) dating back to the 1980s, including those connected to Asian Development Bank (ADB) technical assistance (Appendix 1), have documented critical weaknesses in capacity, standards, and impacts. Longstanding challenges to effectiveness include unclear mandates, financial and human resource constraints, and weak public financial management (PFM) systems.

SAI mandates. Enabling legislation for SAIs differs across the region, resulting in varying mandates and degrees of autonomy. Not all SAIs have the mandate to conduct the range of audits that are available, above and beyond basic financial audits. As a result, the extent to which SAIs can play a role in improved governance and accountability is mixed.

Organizational constraints. Common capacity and other constraints include: the small number of trained and qualified personnel; limited access to professional training; weak incentives for accountant graduates to work in SAIs; the absence of structured career and professional development paths; and varying auditing standards and methodologies. Audit management issues include: incomplete audit registers, gaps in audit planning, the absence of risk-based approaches, challenges in managing contracted audits, and limited access to specialist resources and advice.

²² These constitute Key Result Areas 1–3 in GACAP II.

External relationships. Strong political and public support for SAIs is essential for their effectiveness and impact. Yet in many Pacific countries such support is lacking. As part of the broader PFM system and the PFM cycle, public audit depends largely on upstream (e.g., ministries of finance) and downstream (e.g., parliamentary accounts committees) entities and processes. SAI effectiveness and the overall impacts of public audit are often held back by weaknesses in these upstream and downstream processes. For example, legislatures do not always accept and act upon critical audit report findings.

A new approach: the Pacific Regional Audit Initiative. The Pacific Plan for Strengthening Regional Cooperation and Integration, adopted by the region's leaders in 2005, recognized weak public auditing as a major roadblock to better governance. Following this, in 2006 Pacific leaders agreed to a renewed effort to strengthen public audit services; this resulted in the design and adoption of the Pacific Regional Audit Initiative (PRAI), with an initial implementation period of 2008–2012.

As Pacific SAIs faced many common constraints, the PRAI aimed to raise public audit standards through a regional cooperation platform, beginning with the strengthening of the Pacific Association of Supreme Audit Institutions (PASAI). The PRAI's four outputs were to strengthen regional cooperation, build audit capacity, conduct cooperative audits, and strengthen communication and advocacy. These were to achieve the outcome of "public accounts audited in a timely manner to uniformly high standards with enhanced audit impacts and improved audit capability."^a

An independent review of the PRAI conducted by the Independent Evaluation Department in connection with this evaluation (supplemental appendix available on request) found initial implementation to have progressed well, although most SAIs continued to face many of the same challenges identified in the past. The review recommended continued support for the PRAI and offered suggestions to accelerate progress.

Note: ^a www.pasai.org
Source: PRAI review report.

C. Cost, Financing, and Executing Arrangements

20. The total cost of the project (combined phases 1 and 2) was estimated at \$4.38 million. ADB approved two TA projects for a total of \$3.48 million (\$1.58 million for Phase 1 and \$1.90 million for Phase 2). ADB, through the JSF, was to finance \$2.48 million, while the Government of Australia, \$0.997 million (to be administered by ADB). Various participating governments were to provide in-kind contributions amounting to \$0.90 million. Actual disbursements from the two TA projects amounted to \$3.22 million, 7.4% lower than expected.

21. Phase 1 went through two minor changes. The first was a shift in the responsibility for organizing regional institutional strengthening committee workshops and the South Pacific Association of Supreme Audit Institutions (SPASAI) Congress workshop from the consulting firm to ADB. This was in the interest of improving administrative efficiency and allowing the consulting firm's experts to focus more on their assigned tasks. The second change involved ADB replacing the SPASAI as the executing agency for the PRAI component. This was a result of changes in the SPASAI secretariat's experienced personnel, which had adversely affected the SPASAI's capacity to act effectively as the executing agency.²³ Also, the need for two additional international consultancy positions was identified due to changes in the consulting firm's team. These two were to be engaged as individual consultants outside the consulting firm's contract and were to focus on developing the subregional approach to public auditing for Kiribati, Nauru, and Tuvalu.

²³ This happened in 2008, prior to the establishment of the current secretariat for the PASAI.

D. Consultants and Scheduling

22. The two TA projects were to jointly provide a total of 111.5 person-months of consulting services, 83.5 person-months of which were to be rendered by international consultants. The PRAI required 68.5 person-months of the total international consulting inputs. Actual consulting services rendered for the project reached 134.5 person-months, 114.5 person-months of which were provided by international consultants. The higher-than-expected consulting inputs could be attributed to the 37.1% increase in international consulting requirements. The inclusion of two additional international consultants during Phase 1 helped facilitate the preparation of the design options for the subregional approach to public auditing in Kiribati, Nauru, and Tuvalu.

23. The project was completed in June 2011. While Phase 2 was completed 8 months later than envisaged, Phase 1 was concluded 4 months ahead of the expected completion date of November 2009.

E. Design Changes

24. Apart from the minor changes in implementation arrangements discussed in para. 21, the project did not go through any major changes.

F. Outputs

25. The TA projects had two components each. The governance component of the Phase 1 TA project was expected to deliver (i) governance and corruption RAMPs in country partnership strategies (CPSs) and in ADB loans and TA projects, and (ii) training on ADB policies and guidelines. The PRAI component was expected to identify: (i) good practice SAI features, (ii) the status of issues faced by individual SAIs, (iii) factors that facilitate successful SAI transformations, and (iv) region-wide issues. Also, the PRAI component was to develop design options for establishing a subregional approach to public auditing, and come up with an agreed-upon PRAI design and road map.

26. Phase 2 was expected to continue from the accomplishments of Phase 1. In particular, the governance component, similar to that of Phase 1, was expected to support the preparation and implementation of governance and corruption RAMPs in CPSs and in ADB programs and projects. For the PRAI component, the expected outputs were:

- (i) strengthened regional cooperation and coordination, through the establishment of the PASAI governing board and the PASAI secretariat;
- (ii) capacity development program design, to consist of:
 - (a) preparing guidance and training materials,
 - (b) developing generic competencies and delivering structured training programs for SAI staff,
 - (c) supporting the attainment of professional qualifications,
 - (d) supporting peer reviews and institutional strengthening designs,
 - (e) supporting improved contract management,
 - (f) providing management and operational support,
 - (g) providing technical support, and
 - (h) facilitating secondments and attachments;

- (iii) cooperative financial and performance audits, in which SAIs jointly conduct standard financial audits and performance audits (e.g., environmental audits); this was to include support for a subregional auditing approach for Kiribati, Nauru, and Tuvalu, with the possible later inclusion of other countries; and
- (iv) annual PASAI reports to advocate transparency and accountability.

27. The outputs of the two TA projects were appropriate, given the expected outcomes. The strengthened governance and anticorruption orientation of CPSs and ADB projects were to be addressed by the governance components of the two TA projects through the RAMPs. The PRAI component and its associated outputs were to address the anticipated outcomes of (i) an agreed upon design and road map for a long-term regional approach to raise Pacific public auditing to uniformly high standards, and (ii) public accounts that are audited in a timely manner to uniformly high standards, with enhanced audit impacts and improved audit capability.

G. Policy Framework

28. No significant changes were made in macroeconomic and other policies during the implementation period that could have affected the performance of the TA projects.

The strengthened governance and anticorruption orientation of CPSs and ADB projects were to be addressed by the governance components

CHAPTER 3

Performance Assessment

29. The two phases were rated on the criteria of relevance, effectiveness, efficiency, and sustainability. These ratings were combined, on an equal-weight basis, to derive an overall project rating.

A. Overall Assessment

The project met its immediate objectives of improving governance and corruption orientation of CPSs and projects

30. The evaluation rated SGAP *successful* overall.²⁴ The project met its immediate objectives of improving governance and corruption orientation of CPSs and projects, and designing a regional program for cooperation and capacity building for SAIs (the PRAI). However, it fell short of meeting one of its key objectives, that of raising the timeliness and impact of public audit, within the intended time frame.

31. The two SGAP TA projects were rated, on a combined basis, for relevance, effectiveness, efficiency, and sustainability. The assessment ratings were *relevant, effective, efficient, and likely to be sustainable*.²⁵ The details of the evaluation are presented in Table 2 and paras. 32–48.

Table 2: Overall Performance Assessment of SGAP

Criteria	Weight (%)	Rating Value	Rating
1. Relevance	25	2.0 (Relevant)	0.5
2. Effectiveness	25	2.0 (Effective)	0.5
3. Efficiency	25	2.0 (Efficient)	0.5
4. Sustainability	25	2.0 (Likely)	0.5
Overall Rating			2.0 (Successful)

Notes: ¹ Relevance: highly relevant (3 points), relevant (2), less than relevant (1), and irrelevant (0).

² Effectiveness: highly effective (3 points), effective (2), less than effective (1), and ineffective (0).

³ Efficiency: highly efficient (3 points), efficient (2), less than efficient (1), and inefficient (0).

⁴ Sustainability: most likely (3 points), likely (2), less likely (1), and unlikely (0).

⁵ Overall rating: highly successful (overall weighted average is greater than or equal to 2.7), successful (overall weighted average is greater than or equal to 1.6 and less than 2.7), less than successful (overall weighted average is greater than or equal to 0.8 and less than 1.6), unsuccessful (overall weighted average is less than 0.8).

Source: Independent Evaluation Department.

B. Relevance

32. SGAP was rated *relevant* at appraisal and during implementation.

²⁴ For technical assistance performance evaluation reports (TPERs) that cover multiple TA projects with varying objectives, individual TA projects are assessed and rated according to the four main criteria of relevance, effectiveness, efficiency, and sustainability. The individual TA project ratings are then averaged to derive criteria-specific rating values that are then used to calculate the overall rating. For this SGAP TPER, because the two TA project objectives and components were similar, they were rated together on the criteria of relevance, effectiveness, efficiency, and sustainability.

²⁵ ADB. 2006. *Guidelines for Preparing Performance Evaluation Reports for Public Sector Operation*. Manila, January 2006.

33. The PRAI component was highly relevant at appraisal and during implementation, and its main objectives remain highly relevant today. This component was a timely and opportune response to the Pacific region's priority of strengthening the capacity and effectiveness of SAIs, as expressed in the Pacific Plan in 2005. Phase 1 facilitated extensive diagnostic work on all SAIs, which helped to inform the design of a regional program for capacity development and cooperation in Phase 2. This was an appropriate and well-planned approach to addressing a longstanding problem in the Pacific. The proposed PRAI component outputs and outcomes were consistent with the priorities of the region, and consultations with key informants in the Pacific, including policymakers, suggest that demand and ownership for the PRAI will remain strong. Moreover, the PRAI component was developed in conjunction with other development partners, such as AusAID, which continue to support the initiative.

Phase 1 facilitated extensive diagnostic work on all SAIs

34. The governance component of SGAP was relevant in terms of supporting an ADB priority, which was to pilot the risk assessment approach called for by the GACAP II. But from the perspective of serving the Pacific DMC's interests, it was less than relevant, and arguably irrelevant. Consultations with government and other representatives in the Pacific (Appendix 4) revealed little to no knowledge of the activities, intention, and ultimate outcomes of the governance component of SGAP.

35. While the two SGAP components and their respective objectives are important on their own, they do not serve the same overall purpose and should therefore not have been combined by ADB into one single project. Combining two different objectives into one project resulted in bifurcated (and disconnected) impact targets and measures and outcome statements. By combining two different and disconnected objectives into one project, ADB contradicted the principle and good practice of having one clearly stated and well-focused outcome per project, as prescribed in ADB's guidelines for preparing a design and monitoring framework.²⁶

The two components do not serve the same overall purpose and should not have been combined into one single project

36. A second problem in the SGAP design was found in Phase 2. The intended outcome of the Phase 2 PRAI component was: public accounts of participating countries are audited in a timely manner to uniformly high standards, with enhanced audit impacts and improved audit capability. This was an overly ambitious objective, given the short timeframe of Phase 2 (less than 2 years) and the low capability levels of most SAIs at the beginning of SGAP.

37. These flaws in the SGAP design lowered the relevance rating (to *relevant*) of what would otherwise have been a highly relevant project. This lowered relevance rating did not affect the overall project rating and follow-on technical assistance support from ADB has focused only on the PRAI component.

C. Effectiveness

38. SGAP was rated *effective* in achieving its outcomes, although effectiveness slipped from phases 1 to 2. SGAP set out to achieve three distinct outcomes over phases 1 and 2: (i) strengthened governance and anticorruption orientation of ADB country strategies and projects; (ii) an agreed upon design for the PRAI; and (iii) public accounts audited in a timely manner to high standards with enhanced audit impacts and capability. Overall, the first and second outcomes were achieved under Phase 1,

²⁶ ADB. 2007. *Project Performance Management System: Guidelines for Preparing a Design and Monitoring Framework*. Manila; and ADB. 1998. *Using the Logical Framework for Sector Analysis and Project Design: A User's Guide*. Manila.

while the third outcome was not achieved. The results are assessed in Table 3. Appendix 2 provides a detailed evaluative assessment of SGAP outcomes and outputs.

Table 3: Strengthening Governance and Accountability in Pacific Island Countries: Assessment Summary

Outcomes	Overall Assessment (Phases 1 and 2)
1. Strengthened governance and anticorruption orientation of CPSs and ADB projects (Phases 1 and 2)	Largely achieved. Under both phases a total of eight country-level and three project-level RAMPs were completed.
2. An agreed-upon design and road map for a long-term regional approach to raise Pacific public auditing to uniformly high standards (Phase 1)	Achieved. SGAP facilitated extensive background diagnostic work that helped to identify key issues and constraints in SAIs. This served as a basis for the design, through a consultative process, of the PRAI, which was endorsed by the PASAI in 2008. The PRAI review found its design to be appropriate and well developed.
3. The public accounts of participating countries are audited in a timely manner to uniformly high standards, with enhanced audit impacts and improved audit capability (Phase 2)	Not achieved. Evidence from PASAI Capability Model self-assessments, surveys of and interviews with SAIs, and consultations with the PASAI and other key informants, shows limited progress toward this outcome. For several SAIs, clear progress is being made. But the majority of SAIs are still a long way from achieving this outcome.

ADB = Asian Development Bank, CPS = country partnership strategy, PARD = Pacific Department, PASAI = Pacific Association of Supreme Audit Institutions, PRAI = Pacific Regional Audit Initiative, RAMP = risk assessment and mitigation plan, SAI = supreme audit institution, SGAP = Strengthening Governance and Accountability in Pacific Island Countries.

Source: Independent Evaluation Department.

The evaluation found the quality of RAMPs to be mixed

39. The first outcome was largely achieved, with the piloting of country and project RAMPs in eight countries and three projects over the two phases (Box 2). While the evaluation credits ADB for largely achieving this outcome, it also found the quality of these RAMPs to be mixed.

Box 2: Risk Assessment and Mitigation Plans

The Asian Development Bank (ADB) Second Governance and Anticorruption Action Plan adopted in 2006 called for the preparation of governance risk assessment and mitigation plans (RAMPs) to inform country partnership strategies, programs, and projects in priority sectors. RAMPs are to identify and mitigate risks in three key areas: public financial management, procurement, and corruption. RAMPs replaced country governance assessments (CGAs), which had been prepared since 2001. The CGA framework covered five governance areas: legal and regulatory frameworks, public administration, public financial management, the judicial system, and civil society.

Over both phases, country RAMPs had been prepared for eight Pacific developing member countries: the Federated States of Micronesia, Kiribati, Palau, Papua New Guinea, Samoa, Timor-Leste, Tonga, and Tuvalu. Three of these were full assessments, while the others were less comprehensive, referred to as "Pacific Light" assessments. RAMPs were also prepared for three projects: Samoa School Net and Community Access Project, Papua New Guinea Highland Region Roads Improvement Program, and Tonga-Fiji Submarine Cable Project.

Source: Independent Evaluation Department.

40. The second outcome, an agreed upon PRAI design, was fully achieved under Phase 1 (boxes 2 and 3). The PRAI design benefited from initial diagnostic work and regional consultations. This outcome was supposed to have paved the way for

achieving the third outcome, timely and high standard audits with enhanced impacts and capability. However, this third outcome was not achieved, for two major reasons.

41. First, the time frame within which this outcome was to be achieved—essentially less than 2 years over Phase 2—was insufficient, especially given the low capability of most SAIs at the beginning of the period. Second, the timeliness of audits and their use and impact are not solely within the control of SAIs. Other factors, such as poor financial management, lack of timely auditable public accounts, and limited or no implementation of audit findings, are outside SAIs' control.

**Box 3: Risk Assessment and Mitigation Plan Example:
Papua New Guinea Highland Region Roads Improvement Program**

The 2008 risk assessment and mitigation plan (RAMP) for the Papua New Guinea Highland Region Roads Improvement Program identified the following public financial management (PFM), procurement, and corruption risks and corresponding mitigating actions.

Risks

PFM: weak budget execution; weak financial management and analysis capacity; PFM weaknesses (record keeping, internal controls, project accounting and reporting, etc.); weak transparency and accountability in the statutory authority sector

Procurement: weak management procurement capacity in the Department of Works and National Roads Authority, long contracting timeframes, weak procurement controls

Corruption: weak oversight institutions; manipulation by politicians and officials of investment choices, malfeasance in design and bidding of facilities and services, vulnerabilities in construction and operations, weaknesses in landowner compensation procedures and practices

Actions

Asian Development Bank (ADB) to continue support for strengthening PFM systems to acceptable levels through ongoing technical assistance; program to include institutional capacity building, including PFM strengthening for the National Roads Authority; Papua New Guinea Resident Mission to prepare capacity development plan for all executing agencies

Papua New Guinea Resident Mission convening workshops on project management, procurement, and financial issues; supervision consulting team to support development of procurement capacity; supervision consultant to serve as project manager rather than advisor to shorten processing time frames; information on project implementation to be posted on website and in newspaper

ADB working with other partners on public expenditure review and rationalization process; ADB supporting Pacific Region Audit Initiative and National Transport Development Plan to provide policy framework and investment plan for road sector development; establishment of National Roads Authority to move road maintenance allocations away from politically directed decisions; international supervision consultants to manage design and bidding activities; website developed and maintained to disclose project progress and procurement activities; forensic audits conducted where necessary; independent external auditing of contracts, project accounts, and financial statements; ADB assisting to identify affected landowners to prepare the Land Information Report as a legal basis for compensation payments.

Source: ADB. 2008. *Risk Assessment and Mitigation Plan: Papua New Guinea Highland Region Roads Improvement Program*. Manila.

42. The majority of outputs under each phase were successfully delivered. The evaluation found the governance component outputs, in particular the RAMPs, to be of mixed quality, while most of the PRAI outputs, were of generally good quality. The detailed SAI diagnostic reports were particularly comprehensive and useful in the design of the PRAI.²⁷ Table 4 summarizes the outputs and assessments.

Table 4: Strengthening Governance and Accountability in Pacific Island Countries: Outputs Assessment

Phase 1 Outputs	Assessment
Governance and corruption RAMPs in CPSs and ADB loans and TA projects	Largely achieved
Training on relevant ADB policies and guidelines	Partly achieved
Good practice SAI features identified	Achieved
Status of issues faced by individual SAIs identified	Largely achieved
Factors that facilitate successful SAI transformations identified	Achieved
Design options for a subregional approach to public auditing developed	Achieved
Region-wide issues identified	Achieved
Agreed upon PRAI design and road map	Achieved
Phase 2 Outputs	Assessment
Regional cooperation and coordination strengthened	Achieved
Capacity development program designed	Achieved
Cooperative financial and performance audits initiated	Achieved
Transparency and accountability advocated	Achieved
RAMPs in CPSs and in ADB programs and projects	Largely achieved

ADB = Asian Development Bank, CPS = country partnership strategy, PRAI = Pacific Regional Audit Initiative, RAMP = risk assessment and mitigation plan, SAI = supreme audit institution, TA = technical assistance.
Source: Independent Evaluation Department.

D. Efficiency

The majority of SGAP outputs were achieved within budget and on time

43. SGAP was *efficient* in achieving its intended outputs and outcomes, given the inputs required and activities undertaken in phases 1 and 2. The majority of SGAP's outputs were achieved within budget and on time. The evaluation found the achievement of outputs, including their overall quality, to be of good value, especially under the PRAI component, given the costs associated with SGAP.

44. By all indications, no major disruptions and difficulties were encountered with project administrative and implementation processes, aside from the cost and scheduling adjustments discussed in paras. 20–23. ADB and the PASAI were generally efficient in their execution of the project.

45. The PRAI component of SGAP involved consultation and cooperation with other development partners. The evaluation assessed this aspect of the work to have been carried out effectively and efficiently by ADB.

E. Sustainability

46. SGAP outputs and outcomes are *likely to be sustainable*. For the governance component, project RAMPs will likely be sustained, given that these are now mandatory

²⁷ As the governance component also supported the preparation of public financial management performance reports for two DMCs (i.e., Nauru and Tuvalu) using the public expenditure and financial accountability performance measurement framework, this evaluation considers the diagnostics to be an important assessment of a country's public financial management environment and a means of identifying risks for the completion of the RAMP.

under ADB's 2010 streamlined business procedures.²⁸ However, it is indeterminate whether country risk assessments will continue in the Pacific, especially given that the Pacific Approach now serves as the overarching country strategy for the 10 smallest Pacific DMCs.²⁹

47. The PRAI component embodied a regional approach to enhancing SAI capacity and effectiveness, working through the PASAI platform. This approach has already proven to be useful in terms of strengthening cooperation among SAIs and in providing capacity building support to them (see para. 26 for details on the capacity development activities). The initial phase of the PRAI closed at the end of 2012, but the outlook, based on consultations with key stakeholders, suggests that this regional approach will continue in 2013 and beyond. The evaluation concludes that the PRAI model, as conceptualized and initiated under SGAP, is likely to be sustainable.

The PRAI model, as initiated under SGAP, is likely to be sustainable

48. The third outcome, of enhanced timeliness, standards, and impact of audits, was not achieved as envisioned under SGAP, and more attention should be given by ADB, the PASAI, and partners to ensuring that results in the next phase are better. Nevertheless, the likelihood that more SAIs will reach this outcome in the future is higher with the PRAI and a fully established PASAI now in place, than would otherwise be. The evaluation found strong support for a continued PRAI among key stakeholders and development partners, which suggests that the achievements made thus far will be built upon. To further sustain support, the evaluation team suggests that the PASAI undertake more visible and proactive interaction and dialogue with Pacific policymakers, among other measures to improve results.³⁰

²⁸ RAMPs have continued to be incorporated in PARD operations through: (i) its expanding public sector management activities, both in TA and policy-based lending operations; (ii) infrastructure-related public financial management support; (iii) support to state-owned enterprise reforms by the Pacific Private Sector Development Initiative and country-specific TA projects; and (iv) various knowledge products. Given the small size of some of these DMCs, at times the project RAMPs are very similar to country RAMPs.

²⁹ There are ongoing discussions between the PARD and Strategy and Policy Department to finalize a template as well as processes for an expanded country operations and business plan (COBP) for the 10 smallest Pacific DMCs. In the interim, for DMCs with no existing CPSs, the PARD has prepared strategic country analyses to support their COBPs and a RAMP is a requirement of these analyses.

³⁰ The independent review of the PRAI (supplementary appendix) makes recommendations for future PRAI support.

CHAPTER 4

Other Assessments

49. The evaluation also assessed the overall impact of the SGAP and the performance of ADB in formulating and implementing the project.

A. Impact

50. The evaluation found SGAP's overall impact to be *moderate*. SGAP's intended impact was improved governance, transparency, and accountability in managing and using public resources in the Pacific. Performance against this impact was to be measured by targets related to the risk assessment (governance) and PRAI components. The individual impact targets are assessed in Table 5.

Table 5: Strengthening Governance and Accountability in Pacific Island Countries: Impact Assessment

Impact: Improved governance, transparency and accountability in managing and using public resources in the Pacific	
Phase 1 targets/indicators	Assessment
All CPSs beyond 2008 incorporate governance and corruption RAMPs	Largely achieved. Under both phases a total of eight country RAMPs were developed, but the extent to which these improved broader accountability in DMCs was limited. SGAP presumed a causal or contributory link between the inclusion of RAMPs in CPSs and broader accountability, but the evaluation did not find this to be valid.
Reduced audit capacity gap between SAIs	Not achieved. The majority of SAIs continue to face significant capacity gaps, according to PASAI Capability Model self-assessments (in 2007–2008 and 2011) and survey and interview results conducted during the PRAI review. PEFA indicators are insufficient to determine whether the usefulness, quality, and timeliness of financial information has improved, but consultations with SAIs, the PASAI, and other key informants do not suggest that significant progress has been made in this area in recent years for most SAIs. The PASAI accountability and transparency reports for 2009 and 2011 show progress in a few areas, but find continued challenges, related to (among others): independence of SAIs, timely completion of audits, and effectiveness of public accounts committees.
Improved usefulness, quality, and timeliness of public financial information	Not achieved. The 2011 PASAI Accountability and Transparency Report found that access to public information was fairly limited across the region, although online access to audit reports has improved in recent years in some countries. ADB annual CPA ratings for quality of budgetary and financial management suggest no major improvements among the majority of Pacific DMCs over the past 5 years.

Impact: Improved governance, transparency and accountability in managing and using public resources in the Pacific	
Phase 2 targets/indicators	Assessment
Average one-step improvement of relevant PEFA indicators by end 2012	Not achieved. PEFA indicators are insufficient, but other evidence (PASAI Capability Model self-assessments by SAIs, PASAI reports on accountability and transparency, ADB CPA ratings, and surveys of and interviews with SAIs) suggests that limited progress has been made toward this impact target, despite the progress made thus far under the PRAI.
CPSs and project designs incorporate governance RAMPs	Largely achieved. Recent CPSs and a handful of projects have incorporated RAMPs, but this has not had a direct causal or significant contributory link to improved accountability overall.

ADB = Asian Development Bank, CPA = country partnership assessment, CPS = country partnership strategy, DMC = developing member country, PASAI = Pacific Association of Supreme Audit Institutions, PEFA = Public Expenditure and Financial Accountability, PRAI = Pacific Regional Audit Initiatives, RAMP = risk assessment and mitigation plan, SAI = supreme audit institution, SGAP = Strengthening Governance and Accountability in Pacific Island Countries.

Source: Independent Evaluation Department.

51. While the impact targets of SGAP's governance component were generally achieved, its PRAI impact targets were not achieved within the intended timeframe, thus limiting the overall impact of improved governance, transparency, and accountability in managing and using public resources.

PRAI impact targets were not achieved within the intended timeframe

52. Nevertheless, the evaluation considers that, with continued support for the PRAI approach and with a now fully established PASAI in place, Pacific SAIs are in a better position to cooperate; enhance their capacities; and advocate for and bring about improved governance, transparency, and accountability. Achieving this will, however, demand a greater leadership role from the PASAI and stronger results orientation in the respective SAIs—especially those which have yet to show any real progress.

B. ADB and Executing Agency Performance

53. ADB's performance was rated *satisfactory*. SGAP was formulated through a consultative process involving a number of entities, including the Pacific Islands Forum, Pacific leaders, SAIs, and development partners. ADB was flexible and responsive to the requests for changes in implementation arrangements, which proved to have benefited the project. The project was implemented in close consultation with key stakeholders, and thus strong ownership was observed. ADB supervisory staff conducted a total of nine missions in relation to the project: six for Phase 1 and three for Phase 2. However, the missions for the second phase were all clustered in 2009. The completion reports for both TA projects were prepared and circulated within a year of completion.

54. The executing agency for the Phase 1 PRAI component was initially the PASAI, whose initial performance was satisfactory. However, changes in experienced personnel hindered the PASAI from effectively undertaking its role as an executing agency, resulting in ADB subsequently assuming this role.

CHAPTER 5

Issues, Lessons, and Follow-up Actions

55. The evaluation found a number of useful lessons from SGAP. It also concludes with the recommendation for continued capacity building support through PASAI, with more targeted support to the weakest SAIs.

A. Issues

56. One of the reasons for not achieving the third outcome of SGAP (i.e., public accounts of participating countries are audited in a timely manner to uniformly high standards, with enhanced audit impacts and improved audit capability) was the low initial capability of most SAIs (paras. 41–42). Common challenges include small numbers of trained and qualified personnel, the disproportionate effects of staff turnover or absences, outdated audit methodologies, inefficient governance arrangements, and legislation that does not provide for the appropriate independence of the audit function.³¹

B. Lessons

57. When designing a project, it is important to ensure that its components serve the same overall purpose. Combining different objectives in one project leads to bifurcated and disconnected impact targets, indicators, and outcome statements.

58. SGAP experience demonstrated that use of the participatory approach during project formulation and implementation helped ensure strong support for a continued PRAI among key stakeholders and development partners. This suggests that the achievements made so far will be built upon.

59. The causality between an action and its expected result should be carefully determined at the time of project design. In the case of the RAMPs, while a number of these were prepared under SGAP, their overall use and effect was difficult to assess, in particular the extent to which they led to stronger safeguarding of project resources.

60. Expectations from a project have to be realistic, taking into consideration the implementation period compared with the capability of those involved, and other factors which may not be within the beneficiaries' control.

61. SGAP developed and applied the PASAI Capability Model framework to diagnose and benchmark SAI capabilities at the beginning of the intervention period (in 2008). This exercise was repeated in 2011 to assess progress over the initial PRAI period. This approach is helpful in that (i) it provides an initial snapshot of SAI weaknesses and where capacity development efforts can be focused, and (ii) it can help

SGAP developed and applied the PASAI Capability Model framework to diagnose and benchmark SAI capabilities

³¹ ADB. 2011. *Technical Assistance for Implementing the Pacific Regional Audit Initiative* (Financed by the Japan Fund for Poverty Reduction). Manila, para. 4.

identify the causal effects of the intervention. This approach can be applied to capacity development initiatives of other public entities.

C. Follow-Up Action

62. To further sustain support for the PRAI, the PASAI could undertake more visible and proactive interaction and dialogue with Pacific policymakers, among other measures, to improve linkages and results. Further, the PASAI should consider continuing its capacity building program, with greater targeting and support for SAIs that have struggled to raise their performance levels. These issues are discussed in greater detail in the PRAI review report (supplementary appendix available upon request).

Appendixes

APPENDIX 1: AUDIT-RELATED TECHNICAL ASSISTANCE SUPPORT IN THE PACIFIC, 1989–2011

TA Number	TA Project Title	TA Amount (\$'000)	Total TA Cost ^a (\$'000)	Approval Year
5347-REG	Audit Manpower Development in the South Pacific	300.0	351.0	1989
1322-SOL	Institutional Strengthening of the Office of the Auditor General	469.0	486.0	1990
1389-KIR	Institutional Strengthening of the Development Bank of Kiribati and the Office of the Director of Audit	234.0	250.0	1990
1322-SOL	Institutional Strengthening of the Office of the Auditor General (Supplementary)	128.5	128.5	1992
2463-FIJ	Institutional Strengthening of the Office of the Auditor General	550.0	590.0	1995
5589-REG	Audit Training Program in the South Pacific	140.0	440.8	1994
5830-REG	Long-Term Regional Training Program for Members of SPASAI (Phase 1)	700.0	1,200.0	1999
3280-PNG	Governance and Public Sector Reform Program	600.0	858.0	1999
5910-REG	Long-Term Regional Training Program for Members of SPASAI (Phase 2)	200.0	373.0	2000
5908-REG	Pacific Governance and Public Sector Management Training Program	300.0	820.0	2000
5980-REG	Diagnostic Study on Accounting and Auditing Practices in Selected DMCs	230.0	230.0	2001
3705-TON	Economic and Public Sector Reform Program	650.0	813.0	2001
3765-FSM	Implementation of Performance-Based Budget Management	350.0	465.0	2001
3815-COO	Improving Corporate Management in Government Services	250.0	328.0	2001
6036-REG	Strengthening the Regional Training Capability of the SPASAI	500.0	650.0	2002
4464-FSM	Strengthening Public Sector Audit Function	300.0	397.0	2004
6360-REG	Strengthening Governance and Accountability in Pacific Island Countries (Phase 1)	1,579.0	1,979.0	2006
6499-REG	Strengthening Governance and Accountability in Pacific Island Countries (Phase 2)	1,900.0	2,400.0	2008
7794-REG	Implementing the Pacific Regional Audit Initiative	1,300.0	1,500.0	2011

DMC = developing member country, SPASAI = South Pacific Association of Supreme Audit Institutions, TA = technical assistance.

^a The difference in value between total TA cost and TA amount is generally explained by support in kind provided by the host government, and also in the case of regional TA projects by the cofinancing support of the International Organization of Supreme Audit Institutions (INTOSAI). In a few country-specific TA projects, no support in kind was assessed for TA approval.

^b Representing regional TA projects formulated and implemented by INTOSAI under the INTOSAI Development Initiative and cofinanced by ADB.

Note: a supplementary TA grant was approved for 3280-PNG in 2000 to the amount of \$381,000.

Source: ADB projects database.

APPENDIX 2: ASSESSMENT OF OUTPUTS, OUTCOME, AND IMPACT: STRENGTHENING GOVERNANCE AND ACCOUNTABILITY IN PACIFIC ISLAND COUNTRIES, PHASES 1 AND 2

Table A2.1: TA 6360-REG – Phase 1

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Evaluation Assessment
<p>Impact Improved governance, transparency, and accountability in managing and using public resources in the Pacific</p>	<p>All CPSs beyond 2008 incorporate governance and corruption RAMPs</p> <p>Reduced audit capacity gap between SAIs</p> <p>Improved usefulness, quality, and timeliness of public financial information</p>	<p>GACAP II implementation reports</p> <p>PRAI status reports</p> <p>PEFA indicators</p>	<p>A total of eight country and three project RAMPs were developed under both phases, but the evaluation found very limited evidence to show that this improved broader accountability in the Pacific. The TA presumes a causal or contributory link between the inclusion of RAMPs in CPSs and broader accountability, but the evaluation did not find this to be valid. While the inclusion of RAMPs may have increased the governance and anticorruption orientation of country and project approaches, this did not necessarily translate into systemic improvements in accountability.</p> <p>The majority of SAIs face significant capacity gaps, according to PASAI Capability Model self-assessments (in 2007–2008 and 2011) and survey and interview results conducted during the PRAI review. PEFA indicators are insufficient to determine whether the usefulness, quality, and timeliness of financial information has improved, but consultations with SAIs, the PASAI, and other key informants do not suggest that significant progress has been made in this area in recent years.</p> <p>The PASAI accountability and transparency reports for 2009 and 2011 show progress in a few areas, but find continued challenges, related to (among others): independence of SAIs; timely completion of audits; and effectiveness of public accounts committees. The 2011 report found that access to public information was fairly limited across the region, although online (web) access to audit reports in some countries has improved.</p>

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Evaluation Assessment
			ADB annual country performance assessment ratings for quality of budgetary and financial management suggest no major improvements among the majority of Pacific DMCs from 2008–2012.
Outcomes Strengthened governance and anticorruption orientation of CPSs and ADB projects	CPSs and projects incorporate governance and corruption RAMPs	GACAP II and ADB-OECD anticorruption initiative progress reports	Largely achieved. From 2008 to 2011, PARD approved country RAMPs for FSM, Kiribati, Palau, PNG, Solomon Islands, Timor-Leste, Tonga, and Vanuatu. Since July 2011, the Pacific Approach has served as the CPS for the 10 smallest Pacific DMCs (Cook Islands, Kiribati, FSM, RMI, Nauru, Palau, Samoa, Tonga, Tuvalu, Vanuatu). At the project level, by end of the TA project (end 2009), PARD had prepared RAMPs for two projects. However, all RRs must now include RAMPs, as per the 2010 streamlined business processes.
An agreed-upon design and road map for a long-term regional approach to raise Pacific public auditing to uniformly high standards	2007 SPASAI Congress endorsement of PRAI analysis and road map	Minutes of 2007 SPASAI Congress Consultant reports	Achieved. Background diagnostic work helped to identify key issues and constraints in SAs. Through a consultative process, this served as a basis for the design of the PRAI, which was endorsed by the PASAI in 2008.
Outputs Governance component: 1. Governance and corruption RAMPs in CPSs and in ADB loans and TA projects	Assessments completed for up to five CPSs and up to 10 loans and TA projects	TA progress reports	Largely achieved. By the end of phase 1 (end 2009), RAMPs had been prepared for seven Pacific DMCs (FSM, Kiribati, Palau, Samoa, Timor-Leste, Tonga, and Tuvalu). Two were full assessments, while the others were less comprehensive, referred to as “Pacific Light” assessments. Over the same period, RAMPs were prepared for two projects (Samoa School Net and Community Access Project and PNG Highland Region Roads Improvement Program). Under the 2010 streamlined business process, all new RRs are required to have RAMPs (thus, this outcome target of at least 10 project assessments is automatically achieved). Detailed analysis of RAMPs during this evaluation, as well as during the 2011 SES on ADB Support for Good Governance in the Pacific, found them to be of variable quality.

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Evaluation Assessment
2. Training on relevant ADB policies and guidelines	Training undertaken for officials, civil society organizations, and project staff in four Pacific DMCs	TA progress reports	Partly achieved. Project documentation shows that two regional training activities were undertaken in 2007 and 2008. The PARD was not able to provide details on these trainings (e.g., participants, coverage, outcomes).
PRAI component: 1. Good practice SAI features identified	Good practice report and diagnostic design	TA interim reports SPASAI and ADB review reports Post-workshop survey reports TA draft final report TA final report	Achieved. <i>Good Practice Features of Supreme Audit Institutions</i> report completed. The evaluation found the report comprehensive and of good quality.
2. Status of issues faced by individual SAIs identified	Diagnostic reports for 20 SAIs	TA interim reports SPASAI and ADB review reports Post-workshop survey reports TA draft final report TA final report	Largely achieved. Eighteen SAI diagnostic reports were produced, 15 of which were for ADB Pacific DMCs (including four state-level reports for FSM): Chuuk State (FSM), Cook Islands, FSM (National), Fiji, Kiribati, Kosrae State (FSM), RMI, Nauru, Palau, PNG, Pohnpei State (FSM), Solomon Islands, Tonga, Tuvalu, and Yap State (FSM). The evaluation found the reports to be comprehensive and of good quality. Reports for Samoa and Vanuatu were not produced.
3. Factors that facilitate successful SAI transformations identified	Diagnostic reports for 20 SAIs	TA interim reports SPASAI and ADB review reports Post-workshop survey reports TA draft final report TA final report	Achieved. The TA supported the development of a PASAI Capability Model, which was used to assess SAI capacity and constraints and identify priority improvement actions. In addition, the TA supported the report <i>Developing Human Resources in Pacific Supreme Audit Institutions</i> , and a Human Resource Competency Framework. The evaluation found these outputs to be of good quality.
4. Design options for establishing a subregional approach to public auditing developed	Subregional design options report prepared in relation to Kiribati, Nauru, and Tuvalu	TA interim reports SPASAI and ADB review reports Post-workshop survey reports TA draft final report	Achieved. A subregional audit support approach was presented in the 2008 report, <i>Subregional Audit Support to Public Auditing in Kiribati, Nauru and Tuvalu</i> . This provided the basis for the SAS program, which had reasonable achievements given the difficulties facing these small states.

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Evaluation Assessment
		TA final report	
5. Region-wide issues identified	Region-wide issue diagnosis completed	TA interim reports SPASAI and ADB review reports Post-workshop survey reports TA draft final report TA final report	Achieved. Individual SAI diagnostics and a synthesis report, <i>Preliminary Stocktake of Pacific Supreme Audit Institutions</i> , enabled the TA project to identify region-wide issues. The evaluation found the report to be a useful synthesis of the most critical issues facing SAIs.
6. Agreed upon PRAI design and road map	PRAI design and road map completed and agreed upon	TA interim reports SPASAI and ADB review reports Post-workshop survey reports TA draft final report TA final report	Achieved. The <i>PRAI Summary Design</i> document was produced through regional consultations and laid out a multi-year regional approach to strengthening SAI capacity and effectiveness. The design was informed by sound diagnostic work and the evaluation found the program design relevant and appropriate to the needs of the SAIs.

ADB = Asian Development Bank, CPS = country partnership strategy, DMC = developing member country, FSM = Federated States of Micronesia, GACAP III = Second Governance and Anticorruption Action Plan, OECD = Organisation for Economic Co-operation and Development, PARD = Pacific Department, PASAI = Pacific Association of Supreme Audit Institutions, PEFA = Public Expenditure and Financial Accountability, PNG = Papua New Guinea, PRAI = Pacific Regional Audit Initiative, RAMP = risk assessment and mitigation plan, RMI = the Republic of the Marshall Islands, RRP = report and recommendation of the President, SAI = supreme audit institution, SAS = Subregional Audit Support, SES = special evaluation study, SPASAI = South Pacific Association of Supreme Audit Institutions, TA = technical assistance.

Source: TA documents and Independent Evaluation Department assessment.

Table A2.2: TA 6499-REG – Phase 2

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Evaluation Assessment
<p>Impact Improved transparency and accountability in managing and using public resources in Pacific island countries</p>	<p>Average one-step improvement of relevant PEFA indicators by end-2012</p> <p>CPSs and project designs incorporate governance RAMPs</p>	<p>Country PEFA PFM assessments</p> <p>PRAI status reports</p> <p>GACAP II implementation reports</p>	<p>PEFA indicators are insufficient, but other evidence (such as PASAI Capability Model self-assessments by SAIs, PASAI reports on accountability and transparency, ADB CPA ratings, and surveys of and interviews with SAIs) suggests that limited progress has been made toward this impact, despite the progress made thus far under the PRAI. Moreover, whereas recent CPSs and a handful of projects have incorporated RAMPs, this has not had a direct causal or significant contributory link to improved accountability overall.</p>
<p>Outcomes The public accounts of participating countries are audited in a timely manner to uniformly high standards, with enhanced audit impacts and improved audit capability</p>	<p>By the end of 2012, PEFA PI-26 indicator reaches an average rating of B</p> <p>By end of 2012, 80% of participating SAIs at level 3 or higher on the PASAI capability model</p>	<p>PASAI secretariat stock take of audited public accounts</p> <p>PEFA PFM assessments</p> <p>PRAI status reports</p>	<p>Not achieved. PEFA indicators are insufficient, but evidence from PASAI Capability Model self-assessments (in 2007–2008 and 2011), a survey of and interviews with SAIs, and consultations with the PASAI and other key informants, show that progress toward this outcome has been limited, despite some clear progress made during the initial PRAI period. For several SAIs clear progress is being made. But the evidence suggests that for the majority of SAIs, this outcome has yet to be achieved.</p> <p>In 2007–2008, 10 of 15 SAIs, or 66%, rated themselves at level 3 or higher on the PASAI Capability Index. As of the end of 2011, 9 of 15 SAIs (60%) rated themselves at level 3 or higher, suggesting no major change. Moreover, a number of SAIs are still dealing with a backlog of audits from previous years.</p> <p>This was perhaps to be expected for several reasons. Firstly, the time frame has been short, given the low capability of most SAIs at the start of the period. Secondly, the timeliness of audits and their use and impact are not solely in the control of the SAI. Other factors—such as poor financial management, lack of</p>

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Evaluation Assessment
			timely auditable public accounts, and limited or no implementation of audit findings—are generally outside of SAIs' control.
Strengthened governance and anticorruption orientation of CPSs and ADB projects	CPSs and projects incorporate governance RAMPs	GACAP II implementation reports	Largely achieved. Over both phases a total of eight country and three project RAMPs were developed. Since July 2011, the Pacific Approach has served as the CPS for the 10 smallest Pacific DMCs (Cook Islands, Kiribati, FSM, RMI, Nauru, Palau, Samoa, Tonga, Tuvalu, Vanuatu). All RRs must now include RAMPs, as per the 2010 streamlined business processes.
Outputs 1. Regional cooperation and coordination strengthened	PASAI governing board and secretary-general appointed by August 2009 Enhanced PASAI secretariat established and operating by August 2009	Minutes of PASAI governing board meetings Minutes of PASAI congresses	Achieved. The full establishment of the PASAI (including adoption of its charter; appointment of its executive director and staff; establishment of its governing board; and opening of a new secretariat) and the commencement of regular PASAI Congress and governing board meetings has significantly enhanced regional cooperation and coordination. With the PASAI serving the role of a central coordinating body and with the various activities undertaken through the PRAI since 2009, regional cooperation among SAIs has been elevated to levels previously unseen in the Pacific.
2. Capacity development program designed	PASAI governing board endorses structured capacity development program by September 2009	Minutes of PASAI governing board meetings	Achieved. A <i>Proposal for the PASAI Capacity Building Program</i> was developed in 2009 and subsequently endorsed by the PASAI congress that year. The evaluation found the program design to be comprehensive and aligned with the needs of the SAIs, as diagnosed.
3. Cooperative financial and performance audits initiated	SAS team completes financial audits of the available public accounts of Kiribati, Nauru, and Tuvalu by November 2010 2009 PASAI Congress confirms performance audit program	Audited public accounts Minutes of PASAI governing board meetings and congresses	Achieved. Through the SAS program, financial audits were completed in Kiribati, Nauru, and Tuvalu. The performance audit program was endorsed in 2009 and the first cooperative performance audit (on solid waste management), involving 10 countries, was completed.

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Evaluation Assessment
4. Transparency and accountability advocated	The first annual PASAI report on regional accountability and transparency issues released by September 2009	PRAI status reports Media articles Annual PASAI reports	Achieved. The <i>Report on Accountability and Transparency in the Pacific Region</i> was completed and disseminated in 2009 (and again in 2011). The evaluation found these reports to be of good quality.
5. Governance and corruption RAMPs in CPSs and in ADB programs and projects	Assessments completed for up to three CPSs and up to four programs and/or projects	TA progress reports	Largely achieved. Under this TA period, a new country RAMP for PNG was finalized (adding to the seven completed in phase 1). A RAMP was also prepared for the Tonga-Fiji Submarine Cable project. The TA also supported PFM assessments in Nauru and Tuvalu.

ADB = Asian Development Bank, CPA = country partnership assessment, CPS = country partnership strategy, DMC = developing member country, FSM = Federated States of Micronesia, GACAP III = Second Governance and Anticorruption Action Plan, PARD = Pacific Department, PASAI = Pacific Association of Supreme Audit Institutions, PEFA = Public Expenditure and Financial Accountability, PFM = public financial management, PNG = Papua New Guinea, PRAI = Pacific Regional Audit Initiative, RAMP = risk assessment and mitigation plan, RMI = the Republic of the Marshall Islands, RRP = report and recommendation of the President, SAI = supreme audit institution, SAS = Subregional Audit Support, TA = technical assistance.

Source: TA documents and Independent Evaluation Department assessment.

APPENDIX 3: SUPREME AUDIT INSTITUTION SURVEY: SUMMARY OF RESPONSES

1. Part of the review methodology was to seek heads of supreme audit institutions' (SAIs) views on: whether the Pacific Regional Audit Initiative (PRAI) outputs and general objectives had been met, what the key constraints to SAI effectiveness are, and future support priorities. The questionnaire also sought information on SAI staffing and resources.

2. The 13 Asian Development Bank (ADB) member SAI heads were surveyed and their responses to the questions are summarized below. The survey was short, designed to obtain a quick response, and give the review team a general feeling of SAI head's perceptions of the PRAI.

1. Key PRAI Outputs and Objectives

Question 1: A major objective of the PRAI was to strengthen regional cooperation and coordination for public audit. In your view, has this been achieved?

3. The majority (69%) of SAIs considered that the objective had been largely achieved with the other 31% considering it partly achieved or not sure.

4. Most commented that this had been largely achieved through the work on the cooperative audits and regional training activities, although four SAIs considered that it was a continuing exercise and therefore the objective had only been partly achieved.

5. One SAI considered that as a result of the PRAI, the Pacific Association of Supreme Audit Institutions (PASAI) is now a stronger, more focused, and supportive organization that has led to more effective networking and information sharing and cooperation between SAIs.

Question 2: A second objective of the PRAI was to build and sustain public audit capacity. In your view, has the PRAI been helpful in building capacity in your SAI?

6. The majority (92%) of SAIs felt that the PRAI had been helpful in achieving the objective of building public audit capacity. The question of sustaining public audit capacity was separate and will be dealt with later.

7. SAIs considered that the workshop, resource manuals, and training had been helpful but some SAIs felt that the training had been wasted through their staff turnover.

Question 3: A third objective of the PRAI was to conduct cooperative audits. If your SAI participated in these cooperative audits, do you consider them beneficial in developing performance audit skills?

8. All SAIs that participated in the cooperative performance audit program felt that it was highly beneficial in developing performance audit skills generally, and environmental audits specifically.

9. One SAI did not participate in the program because of staff shortages, and one SAI attended only one training session as it was not sure it had anyone with the right qualifications to attend others.

10. One SAI thought that access to other country reports would be useful.

Question 4: A fourth objective of the PRAI was to strengthen communication and advocate transparency and accountability. In your view, has this been achieved?

11. The majority of responses (84%) considered that the objective of strengthening communication had been achieved. One SAI considered that the Transparency and Accountability Report had been useful in that it helped the SAI develop a strategy for the future and helped support submissions to the parliament on government issues and changes to the legislation.

12. One SAI considered that there had been limited work on transparency and accountability, and wanted more knowledge on communicating audit results to stakeholders.

13. One SAI felt that it needed to implement the results of recommendations of the Transparency and Accountability Report.

Question 5: Are the achievements from the PRAI initiatives sustainable in your SAI?

14. Of SAIs, 53% felt that the PRAI achievements were sustainable, the others felt that it was too early to tell, given the short time the PRAI had been going and needed to be followed up by PASAI with refresher courses. One SAI felt that the training was not sustainable as the SAI had a large staff turnover, which if not corrected would affect sustainability.

15. Other comments were that partnering arrangements with other SAIs are helpful, as were continued development and telephone feedback from the trainers once the courses were complete.

Staffing and Resources

Question 1: How many staff in your SAI hold a minimum qualification of a bachelor's degree (in any field)?

16. The consolidated results of the survey showed that 288 staff across the 13 SAIs had university degrees, although of the 288, Fiji, Papua New Guinea (PNG), and Samoa accounted for 176 of them.

Question 2: How many staff have a professional accountancy qualification, such as a Certified Public Accountant/Chartered Accountant (or equivalent)?

17. The consolidated survey results show that 53 staff across the 13 SAIs that responded to the questionnaire had professional accounting qualifications, of which 40 came from Fiji, PNG, and Samoa.

Question 3: What minimum number of bachelor-level and CPA/CA-level staff would your SAI require to fulfil its mandate?

18. The responses were less useful as not all SAIs answered this with numbers and did not distinguish between degrees and professional qualifications.

Question 4: What minimum operating budget would your SAI require to fulfil its mandate?

19. The following SAIs needed significant budget increases (increase %):

- (i) Vanuatu, 145%
- (ii) Marshall Islands, 73%
- (iii) Kiribati, 40%
- (iv) Cook Islands, 33%
- (v) Samoa, 28%

- (vi) Palau, 23%
- (vii) Tuvalu, 18%
- (viii) Federated States of Micronesia (FSM), 14%

Priorities Going Forward

Question 1: What are the key constraints to effectiveness for your SAI?

20. None of the constraints identified were different from ones previously identified. These were as follows:

- (i) staff shortages, difficulty attracting staff, lack of capable staff (6);
- (ii) lack of budget control and/or certainty (6);
- (iii) lack of specialist accounting expertise (2) and lack of information technology auditing expertise (1);
- (iv) lack of independence and changes needed to the legislation (2);
- (v) organization and operation management (1); and
- (vi) lack of follow up action by Parliament (1).

Question 2: In the future, what types of support to SAIs should the PASAI prioritize?

21. The activities that SAIs would like the PASAI to focus on as priorities are as follows:

- (i) technical support and standards (5),
- (ii) staff training at all levels (2),
- (iii) increased advocacy role as a regional group (2),
- (iv) on-the-job training (1),
- (v) information technology auditing (1),
- (vi) customized training for individual SAIs (1),
- (vii) educational opportunities (1),
- (viii) peer review (1),
- (ix) capacity supplementation (1),
- (x) improved SAI websites and training around guidelines (1), and
- (xi) assistance with institutional strengthening (1).

Other Comments and Questions

Question: Do you have any other comments, concerns, observations, or suggestions regarding the PRAI, PASAI, your SAI, or any related matter(s)?

22. Five SAIs were explicitly supportive of the PASAI's role, with one SAI seeking assurance that the PASAI's role would continue into the future. Some individual SAIs commented on a range of issues including:

- (i) the idea of a workshop on accounting and auditing standards;
- (ii) targeting training to SAI needs;
- (iii) investigative training;
- (iv) introduction of inspections and evaluations as a form of audit;
- (v) the need for peer reviews;
- (vi) focusing on information technology developments;
- (vii) better ways to disseminate information provided at congress and trainings;

- (viii) assistance for the United States' affiliated areas with implementation of professional certification programs and consideration of employing a person from the United States insular area to work in the PASAI secretariat; and
- (ix) providing funding for SAI special needs, for example the establishment of a website.

APPENDIX 4: LIST OF PERSONS/ORGANIZATIONS MET

Title/Organization
Auditor-General, New Zealand and PASAI Secretary General (concurrent)
Assistant Auditor-General, New Zealand and PASAI Deputy Secretary General (concurrent)
Sector Manager, Local Government, Office of the Auditor-General, New Zealand
PASAI Executive Director
Auditor-General, Cook Islands
Minister of Finance and Economic Management, Cook Islands
Members (3), Public Expenditure Review Committee, Cook Islands
Secretary, Ministry of Finance and Economic Management, Cook Islands
Auditor-General, Samoa
Chairman of Public Accounts Committee, Parliament of Samoa
Chief Executive Officer, Ministry of Finance, Government of Samoa
Assistant Chief Executive Officer, Ministry of Finance, Government of Samoa
Assistant controllers and chief auditors (2), Samoa Audit Office
Acting Public Auditor, Palau
Vice President and Minister of Finance, Palau
Chief of Finance and Accounting, Palau
Ministry of Finance staff (3), Palau
Senators (2), Palau
Marshall Islands Ambassador to Fiji; former Chairman of Public Accounts Committee
Financial Sector Specialist (Public Finance), ADB
Australian Agency for International Development staff (1)
New Zealand Ministry of Foreign Affairs and Trade staff (1)
Pacific Islands Forum Secretariat staff (1)
Pacific Islands Centre for Public Administration (1)
ADB/PASAI consultants (3)
INTOSAI Development Initiative representatives (2)

ADB = Asian Development Bank, INTOSAI = International Organization of Supreme Audit Institutions, PASAI = Pacific Institute of Supreme Audit Institutions.