



# Technical Assistance Report

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Project Number: 47264  
Regional—Policy and Advisory Technical Assistance (R-PATA)  
December 2013

## Strengthening Public Sector Management in the North Pacific

Asian Development Bank

## ABBREVIATIONS

ADB	–	Asian Development Bank
DMC	–	developing member country
FSM	–	Federated States of Micronesia
HRMIS	–	human resources management information system
PEFA	–	public expenditure and financial accountability
PFM	–	public financial management
RMI	–	Republic of the Marshall Islands
SOE	–	state-owned enterprise
TA	–	technical assistance
US	–	United States

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Type</b>	–	Regional—Policy and advisory technical assistance (R–PATA)
<b>Targeting classification</b>	–	General intervention
<b>Sector (subsectors)</b>	–	Public sector management (economic and public affairs management, public expenditure and fiscal management, public administration)
<b>Themes (subthemes)</b>	–	<b>Economic growth</b> (promoting macroeconomic stability), regional cooperation and integration (other regional public goods), governance (economic and financial governance, public administration — national, decentralized, and regional), capacity development (institutional development)
<b>Location (impact)</b>	–	Rural (low), urban (low), national (high), regional (medium)

## NOTES

- (i) The fiscal year (FY) of the Governments of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau ends on 30 September. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2013 ends on 30 September 2013.
- (ii) In this report, “\$” refers to US dollars.

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## I. INTRODUCTION

1. The three north Pacific developing member countries (DMCs) of the Asian Development Bank (ADB)—the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM), and the Republic of Palau—are former trust territories of the United States (US). The RMI and FSM entered into the first Compacts of Free Association with the US in 1986, and Palau followed in 1994.<sup>1</sup> The RMI and FSM have executed Compact II (2004–2023), while Palau renegotiated its compact in 2010 and is awaiting congressional approval. A major concern for all three countries is the planned decrement of Compact grants over the next decade and the impacts of this on fiscal sustainability and service provision. Currently, about 70% of the national budget of the RMI and 45% of that of FSM depends on Compact grant transfers from the US. These economies also depend on US federal government agency programs for key sector budgets such as education and health.

2. A major feature of the amended compacts for the RMI and FSM is the establishment of Compact trust funds to ensure long-term budgetary self-reliance and provide the governments with appropriate fiscal resources after 2023. Unfortunately, the trust funds have not grown at a sufficient rate to replace the decrement in Compact transfers. With the Compact period running out in 2023, the three Pacific DMCs are undertaking reforms to ensure macroeconomic and fiscal sustainability beyond 2023.

3. Initial discussions between ADB and the governments of the RMI, FSM, and Palau have resulted in an understanding regarding the impact, outcome, and outputs of the proposed technical assistance (TA), as well as its costs, implementation arrangements, and terms of reference for consulting services. The design and monitoring framework is in Appendix 1.<sup>2</sup>

## II. ISSUES

4. Strengthening public sector management has been identified as a critical priority for all three countries as they put in place long-term plans aimed at better managing their limited resources while ensuring an acceptable standard of public service delivery. While the governments readily acknowledge the need for economic reforms for the post-Compact period, they need to clearly understand the implications on macroeconomic stability and fiscal sustainability. Individually, the countries have identified critical reform areas for public sector management requiring support from ADB and other development partners. These include (i) strengthening public financial management policies and processes, (ii) improving service delivery through public service reforms, (iii) strengthening economic analysis to support policy development and inform better decision making, (iv) strengthening planning capacities to put the long-term visions of the countries into operation, and (v) advancing state-owned enterprise (SOE) reforms to improve performance.

5. **Public financial management.** The RMI, FSM, and Palau all face public financial management challenges on both the revenue and expenditure side. The three countries recently underwent public expenditure and financial accountability (PEFA) assessments, which noted that efforts to improve public financial and economic management will yield better results and impacts when conducted within a long-term comprehensive and programmatic approach. Public financial management (PFM) plans have been developed to address priority challenges

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<sup>1</sup> Under the compacts, the RMI, FSM, and Palau receive direct budget contributions.

<sup>2</sup> The TA first appeared in the business opportunities section of ADB's website on 15 November 2013.

identified by the PEFAs, and the TA will support the implementation of key areas as discussed with the individual governments.

6. **Public administration.** The RMI, FSM, and Palau have requested ADB support for public administration reforms. The drive for reform has come about because of the impacts of relatively large wage bills on national budgets and inefficiencies in public sector service delivery. ADB is already supporting activities in the RMI and FSM, hence the TA will build on this and also include Palau. Under TA to the RMI in 2010 for supporting the public sector program, ADB supported (i) workforce audits and planning in five ministries and agencies (finance, foreign affairs, internal affairs, attorney-general's office, and resources and development) as well as in the *Nitijela* (Parliament) of the Government of the RMI; and (ii) development of a strategic plan and associated work plan for the Public Service Commission.<sup>3</sup> TA to FSM is helping the government to (i) conduct an organizational assessment of the national government's public administration and national public service system, (ii) prepare options for alternative institutional and organizational arrangements for consideration by the Office of the President of the RMI, and (iii) revise the national public administration operational manuals.<sup>4</sup> The TA will provide follow-on support for FSM, while the RMI has requested assistance for a human resource management information system (HRMIS). Palau is seeking support to (i) develop a human resource development plan, including a framework for retention and succession to ensure continuity of the civil service; and (ii) strengthen links between its human resources and financial management information systems.

7. **Economic management.** A major concern for the three Pacific DMCs is the impact of the decrement of Compact grants on long-term macroeconomic and fiscal sustainability. All recognize a critical need to have the necessary economic analyses to make good projections in order for the governments to develop necessary policies to minimize any adverse impact on the economies. The support needed includes developing medium- and long-term macroeconomic frameworks, and strengthening economic statistical and analytical capacities to support policy development and inform decision making. The three Pacific DMCs are highly dependent on the International Monetary Fund Article IV missions, as well as on the Graduate School USA's Pacific Island Training Initiative annual economic review for economic analyses.<sup>5</sup> However, there is also a need for more regular and intermittent advice as needed, hence the desire to strengthen internal economic analytical capacities.

8. **Planning.** The three Pacific DMCs have prepared long-term development strategies in anticipation of the expiration of their Compact. The RMI is currently preparing a 3-year rolling national development plan to be presented at the Second Development Partners Forum in early 2014. ADB will support the implementation and monitoring of the plan.<sup>6</sup> FSM developed a development framework that was presented during the Development Partners Forum in November 2012 and endorsed by the government.<sup>7</sup> FSM has requested support to prepare

<sup>3</sup> ADB. 2010. *Technical Assistance to the Republic of the Marshall Islands for Supporting the Public Sector Program*. Manila (TA 7578-RMI, \$600,000, approved on 17 August 2010; an additional \$300,000 was approved on 6 June 2011).

<sup>4</sup> ADB. 2012. *Small-Scale Capacity Development Technical Assistance to the Federated States of Micronesia to Prepare a Public Administration Review of the National Government*. Manila (TA 8920-FSM, \$225,000, approved on 18 December 2012).

<sup>5</sup> Since 2006 (FSM and RMI) and 2011 (Palau), the Graduate School USA's Pacific Islands Training Initiative has worked with the governments to conduct a comprehensive update of financial and economic statistics.

<sup>6</sup> ADB. 2012. *Small-Scale Capacity Development Technical Assistance to the Republic of the Marshall Islands for Strengthening Economic Policy and Planning: Supporting the Implementation of the National Development Plan, 2012–2015*. Manila (TA 8061-RMI, \$225,000, approved on 20 March 2012).

<sup>7</sup> Government of the Federated States of Micronesia. 2012. *Development Framework—Looking at the Future*. Palikir.

medium-term plans to put the development framework into operation. Palau has a medium-term development strategy, supported by the management action plan of the new administration.<sup>8</sup> The governments recognize the need for good medium-term planning, with better links to resource allocations, if they are to achieve their longer-term visions.

9. **State-owned enterprise reform.** The three Pacific DMCs recognize that structural reforms, particularly SOE reforms, are also a necessary part of a holistic approach to strengthening public sector management. Transfers to SOEs are significant expenditures on the national budgets, hence there is a need to develop a reform program to (i) improve SOE performance, (ii) put in place regulatory frameworks, and (iii) provide a mechanism for divestment options. The objective of the reform program is to minimize the drain of SOE transfers on the national budgets while ensuring that a minimum standard of service delivery is maintained.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

10. The impact will be increased self-reliance and fiscal sustainability. The outcome will be more efficient macroeconomic and fiscal management.

#### B. Methodology and Key Activities

11. The TA will (i) strengthen public financial management, (ii) strengthen public administration systems, (iii) improve economic management by strengthening analytical capacities to support policy development and inform decision making, (iv) strengthen planning capacities both in the long and medium term, and (v) improve the performance of SOEs. Under the TA, the sharing of experiences and best practices at the regional level will also be facilitated.

12. The TA will have the following outputs:

13. **Output 1: Improved public financial management.** The TA will work closely with the governments to implement prioritized activities in their PFM plans, focusing on budget processes and financial reporting. There will be close collaboration with the Pacific Financial Technical Advisory Centre, which has supported preparation of the PFM plans for the RMI and FSM.

14. **Output 2: Improved public administration systems.** ADB is currently helping FSM to conduct an organizational assessment of its national public service, prepare options for alternative institutional and organizational arrangements, and update its public services manual. The TA will support the implementation of a new national public administration structure. In the RMI, the TA for the public sector program supported the conduct of workforce audits and planning in selected government agencies, and developed a strategic plan for the Public Service Commission. The RMI has requested TA support to help explore options for an HRMIS, which will also strengthen links to the government financial management system. The TA will provide similar support to Palau.

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<sup>8</sup> Government of the Republic of Palau. 2009. *Medium Term Development Strategy for Palau—Actions for Our Future*. Koror. The management action plan adopted by the new administration supports the thrust of the development strategy.

15. **Output 3: Strengthened economic analytical capacities.** Under the TA, a macroeconomist and economic adviser will be retained to provide advice to the three countries and help prepare a long-term macroeconomic framework. The adviser will collaborate closely with the US Graduate School review teams and the International Monetary Fund Article IV missions. At the operational level, under the TA a long-term economic analyst will be provided for FSM as well as capacity development in economic analysis to the RMI and Palau as needed. The TA team will work closely with the Pacific Economic Management TA team to ensure support in this area is complementary.<sup>9</sup>

16. **Output 4: Strengthened planning capacities.** The three countries have prepared long-term frameworks in anticipation of Compact expiration in 2023. The TA will support preparation of a medium-term rolling plan for FSM to put into operation its long-term development framework. The TA will support Palau to strengthen links between planning and budget processes. From a regional perspective, under the TA the individual peer reviews conducted by the Pacific Islands Forum Secretariat on all three countries will be reviewed, and a determination made on how common issues can be addressed through a subregional approach.<sup>10</sup>

17. **Output 5: Improved state-owned enterprise performance.** While ADB's Private Sector Development Initiative will continue to provide support to the policy, legal, and regulatory activities of SOE reforms, the TA will provide support at the operational level by implementing restructuring activities and capacity development in areas such as financial management. TA support will focus initially on the RMI and expand to FSM and Palau as needed.

18. **Output 6: Enhanced regional sharing of knowledge and best practices.** The TA will support regional integration by facilitating knowledge-sharing events to allow government officials to share experiences and best practices, and by exploring options for exchange programs.

### C. Cost and Financing

19. The TA is estimated to cost \$1.67 million, of which \$1.50 million will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-V). The governments will provide counterpart support in the form of counterpart staff, office accommodation, and other in-kind contributions. The cost estimates and financing plan are in Appendix 2.

### D. Implementation Arrangements

20. ADB will be the executing agency and implementation responsibilities will rest with the Pacific Department in coordination with the appropriate national ministries and agencies. No TA activities will be undertaken in the territory of the three participating DMCs until a no-objection confirmation has been obtained from the governments of the DMCs concerned.

21. The proposed TA will be implemented over a period of 3 years from 1 January 2014 to 31 December 2016. It will finance up to 35 person-months of international consultant inputs and 15 person-months of national consultant inputs. The TA has been designed to flexibly address the needs and priorities of the participating governments, hence consulting services

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<sup>9</sup> ADB. 2011. *Pacific Economic Management — Enhanced Economic Management (Subprogram 2)*. Manila.

<sup>10</sup> Pacific Islands Forum Secretariat. 2012. *Republic of Marshall Islands Peer Review Report*. Suva. Peer review for Palau and FSM were completed in 2013 and reports are currently being finalized.



requirements will be determined on a case-by-case basis. The consultants will be engaged individually by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). The terms of reference of the consultants and indicative roles for other potential experts are in Appendix 3.

22. Proceeds of the TA will be disbursed in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

23. The TA will be monitored by relevant country team leaders and sector and thematic specialists through regular ADB missions. Expected TA outputs will be shared through reports and knowledge products to participating Pacific DMCs and other stakeholders. Lessons and good practices identified will be shared at the regional level where opportunities arise.

#### **IV. THE PRESIDENT'S DECISION**

24. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$1,500,000 on a grant basis for Strengthening Public Sector Management in the North Pacific, and hereby reports this action to the Board.

### DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> Increase self-reliance and achieve fiscal sustainability</p>	<p>Compact Trust Fund on track to generate revenue streams to replace the United States Compact grants, targeting \$1.68 billion for the FSM and \$785 million for the RMI by FY2023 (baseline FY2013: FSM: \$306 million; RMI: \$194 million)</p>	<p>Budget reports</p> <p>Economic review reports</p>	<p><b>Assumptions</b> Political stability</p> <p>Governments maintain commitment to medium-term fiscal strategy and fiscal targets</p> <p><b>Risk</b> Economic or climatic shocks</p>
<p><b>Outcome</b> More efficient macroeconomic and fiscal management</p>	<p>Economies of the RMI, the FSM, and Palau achieve average growth of 3.0% by FY2016 (FY2013 baseline: 2.1%)</p> <p>Sustainable fiscal balance achieved, with fiscal surplus average of 2% of GDP (or more) in FY2016 (FY2012 baseline: average overall fiscal surplus 1%)</p> <p>Improvements in the PEFA ratings to C+ for composition of expenditure; classification of the budget; timeliness, value for money, and controls in procurement and regularity of accounts reconciliation; and oversight of aggregate fiscal risk from other public sector entities by 2016. (2010 baseline: C)</p> <p>Improvements in the PEFA ratings to C+ for multiyear perspectives in fiscal planning, effectiveness of internal audit, and quality and timeliness of annual financial statements by 2016. (2010 baseline: D+)</p>	<p>Economic review reports</p> <p>IMF Article IV staff reports</p> <p>Budget reports</p> <p>PEFA reports and updates</p> <p>PEFA reports and updates</p>	<p><b>Assumptions</b> Governments fulfill commitments to improve fiscal stability</p> <p>Continued implementation of public financial management reform agenda</p> <p><b>Risk</b> Staff turnover and loss of public financial management skills</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks										
<p><b>Outputs</b></p> <p>1. Improved public financial management</p> <p>2. Improved public administration systems</p> <p>3. Strengthened economic analytical capacities</p> <p>4. Strengthened planning capacities</p> <p>5. Improved SOE performance</p> <p>6. Enhanced regional sharing of knowledge and best practices</p>	<p>Successful implementation of 50% of reforms under the PFM plan by 2016.</p> <p>HRMIS for RMI and Palau selected and ready for implementation by 2015.</p> <p>Timely analyses to support policy development and inform decision making</p> <p>Rolling medium-term plans to operationalize long-term development plans leading up to the end of the Compact</p> <p>Decrease in government transfers to SOEs for RMI and Palau by 5% by 2016</p> <p>Regional mechanism for regular sharing of best practices in public sector management by 2015.</p>	<p>PFM plan progress reports and annual review</p> <p>PSC Annual reports</p> <p>Economic review reports</p> <p>Medium-term plans</p> <p>Budget papers</p> <p>Workshop presentations and reports</p>	<p><b>Assumptions</b></p> <p>Political support for SOE reforms</p> <p>Availability of counterpart staff for capacity development</p> <p><b>Risk</b></p> <p>No financial support for implementation</p>										
<p><b>Activities with Milestones</b></p> <p><b>1. Improved public financial management</b></p> <p>1.1 Assist in the preparation of the PFM plan for the FSM in collaboration with PFTAC (February 2014)</p> <p>1.2 Confirm priority PFM plan activities for TA support for the RMI and Palau (January 2014)</p> <p>1.3 Prepare implementation plans for PFM activities in all three countries (May 2014)</p> <p>1.4 Implement planned activities in the three countries (ongoing)</p> <p><b>2. Improved public administration systems</b></p> <p>2.1 Confirm selected institutional and organizational options for national public administration in the FSM (January 2014)</p> <p>2.2 Support the Government of the FSM in implementing a new institutional and organizational structure (June 2014)</p> <p>2.3 Explore and present options for HRMIS for the RMI and Palau (May 2014)</p> <p>2.4 Support the governments of the RMI and Palau to establish HRMIS systems (September 2014)</p>		<p><b>Inputs</b></p> <p><b>ADB: \$1.5 million</b></p> <table border="1" data-bbox="818 1205 1435 1360"> <thead> <tr> <th data-bbox="818 1205 1143 1236">Item</th> <th data-bbox="1143 1205 1435 1236">Amount (\$'000)</th> </tr> </thead> <tbody> <tr> <td data-bbox="818 1236 1143 1268">Consultants</td> <td data-bbox="1143 1236 1435 1268">1,350</td> </tr> <tr> <td data-bbox="818 1268 1143 1299">Training, seminars, and conferences</td> <td data-bbox="1143 1268 1435 1299">70</td> </tr> <tr> <td data-bbox="818 1299 1143 1331">Miscellaneous</td> <td data-bbox="1143 1299 1435 1331">5</td> </tr> <tr> <td data-bbox="818 1331 1143 1360">Contingencies</td> <td data-bbox="1143 1331 1435 1360">75</td> </tr> </tbody> </table> <p>Note: The governments will provide counterpart support in the form of counterpart staff, office accommodation, and other in-kind contributions.</p>		Item	Amount (\$'000)	Consultants	1,350	Training, seminars, and conferences	70	Miscellaneous	5	Contingencies	75
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<p><b>3. Strengthened economic analytical capacities</b></p> <p>3.1 Engage a long-term economic analyst for the FSM (February 2014)</p> <p>3.2 Retain a macroeconomist to provide advice as needed to the RMI, the FSM, and Palau (February 2014 onward)</p> <p>3.3 Prepare a capacity development plan in economic analysis support to the RMI, the FSM, and Palau (March 2014)</p> <p>3.4 Identify key counterparts for economic analysis capacity development program in all three countries (March 2014)</p> <p><b>4. Strengthened planning capacities</b></p> <p>4.1 Support preparation of rolling medium-term plan to operationalize development framework for the FSM (June 2014)</p> <p>4.2 Provide ad hoc support to the RMI, the FSM, and Palau on developing sector and corporate plans to operationalize national development plans (ongoing)</p> <p><b>5. Improved SOE performance</b></p> <p>5.1 Liaise with PSDI to develop a package of support to SOE reforms for all three countries (January 2014)</p> <p>5.2 Support SOE reforms at the operational level for selected SOEs (ongoing)</p> <p><b>6. Enhanced regional sharing of knowledge and best practices</b></p> <p>6.1 Collate best practices from around the region on outputs 1–5 to share with north Pacific DMCs</p> <p>6.2 Conduct a knowledge-sharing event during the midterm review of the TA</p> <p>6.3 Explore options for exchange programs between governments.</p>	
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DMC = developing member country, FSM = Federated States of Micronesia, FY = fiscal year, GDP = gross domestic product, HRMIS = human resource management information system, IMF = International Monetary Fund, PEFA = public expenditure and financial accountability, PFM = public financial management, PFTAC = Pacific Financial Technical Advisory Centre, PSDI = Private Sector Development Initiative, RMI = Republic of the Marshall Islands, SOE = state-owned enterprise, TA = technical assistance.

Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

<b>Item</b>	<b>Amount</b>
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	895.0
ii. National consultants	275.0
b. International and local travel	150.0
c. Reports and communications	30.0
2. Training, seminars, and conferences <sup>b</sup>	70.0
3. Miscellaneous <sup>c</sup>	5.0
4. Contingencies	75.0
<b>Total</b>	<b>1,500.0</b>

Note: The technical assistance is estimated to cost \$1.67 million, of which contributions from the Asian Development Bank are presented in the table above. The governments will provide counterpart support in the form of counterpart staff, office accommodation, and other in-kind contributions. The value of government contribution is estimated to account for 10% of the total TA cost.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-V).

<sup>b</sup> Including in-country training and subregional knowledge-sharing events as well as preparation and printing of knowledge-sharing products.

<sup>c</sup> Including visas and other miscellaneous costs.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. Consulting services will support the implementation of this technical assistance (TA) and will include 35 person-months of international consulting inputs and 15 person-months of national consulting inputs. The consultants will consist of a pool of macroeconomists, public finance specialists, public administration specialists, state-owned enterprise (SOE) specialists, and economic analysts who will work under the guidance of the country team leaders and country director of the Pacific Department of the Asian Development Bank (ADB). Detailed terms of reference for additional consulting inputs will be defined during implementation based on the needs and priorities of the three participating developing member countries (DMCs): the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM), and the Republic of Palau. It is expected that the consultants will work closely with each other, as needed, to keep the TA in line with its scope and to ensure that each component is coherent.

2. **Macroeconomist(s) (international, 12 person-months intermittent).** The macroeconomist(s) will have a degree, preferably a master's degree, in economics with at least 10 years of experience in advising on economic management or closely related fields of public policy in developing countries, preferably including prior experience in the Pacific region. The macroeconomist(s) will be engaged on an indefinite delivery contract basis to provide support as needed to the three north Pacific DMCs. The specific responsibilities include the following:

- (i) provide implementation advice based on the government's long-term macroeconomic framework developed with International Monetary Fund (IMF) support during biannual Article IV missions,
- (ii) conduct fiscal (debt) sustainability assessment based on updated economic data and tax administration reform options on a regular basis,
- (iii) estimate required fiscal adjustments to achieve the target accumulation of Compact Trust Fund for fiscal sustainability after 2023 when the Compact grant will expire,
- (iv) determine the needs of each country based on its capacity in economic statistics and analysis, and
- (v) provide country-specific support to be defined during implementation based on the needs and priorities of the participating DMCs.

3. **Public finance specialist(s) (international, 12 person-months, intermittent).** The specialist(s) will have a degree, preferably a master's degree, in either finance, business administration, economics or public policy, with at least 10 years of experience in public financial management or closely related fields, preferably including prior experience in the Pacific region. The public finance specialist(s) will be engaged on an indefinite delivery contract basis to provide support to the three north Pacific DMCs. The specific responsibilities include the following:

- (i) review the current fiscal structure on both revenue and expenditure sides, and assess the currently proposed tax and tax administration reform options where assessment will focus on their practical applicability and key constraints, and estimate the possible impacts on government revenues;
- (ii) analyze the impacts of required expenditure contraction for achieving needed fiscal adjustment on key sector budgets such as education and health;
- (iii) review the current intergovernmental fiscal relationships (between the national and state governments in the case of FSM) in tax and revenue sharing, grant transfers, and cost-sharing arrangements for sector development budgets; and

- (iv) provide country-specific support to be defined during implementation based on the needs and priorities of the participating DMCs.

4. **Economic analyst (national and international, 12 person-months, intermittent).** An economic analyst will be engaged on a full-time basis to support the Office of Statistics, Budget, Official Development Assistance, and Compact in the Office of the President of the FSM. The analyst will have at least a bachelor's degree, with a solid background in economics or closely related fields of public policy, like economic statistics. The specific responsibilities include the following:

- (i) review all existing and available economic data and information that can be used for generating more reliable gross domestic product estimates on both the production and demand sides;
- (ii) review the current gross domestic product estimate methods used by the US Graduate School and develop alternative approaches; and
- (iii) provide standard, up-to-date economic data on a timely basis to support the preparation of regular economic reports.

5. **Public administration specialist (international, 4 person-months, intermittent).** The specialist will have a degree, preferably a master's degree, in public administration with international expertise in human resource, institutional, and organizational development. The specialist should also have a good knowledge of human resource management information systems (HRMISs). Specific responsibilities include the following:

- (i) prepare a human resource development plan for Palau;
- (ii) explore and prepare options for an HRMIS for consideration by the governments of the RMI and Palau;
- (iii) assess the status quo for HRMISs in the RMI and Palau and consider the integration of these systems with other government information technology systems; and
- (iv) support implementation of selected institutional and organizational national public administration systems for the FSM.

6. **Other specialists (international, up to 7 person-months).** Other specialists will have a degree, preferably a master's degree, in policy and planning, economics, finance, public sector management, or governance, with at least 10 years of experience in relevant fields, as appropriate to the specific task. Specialists will be engaged on an as-needed basis upon request from participating DMCs. The specialists' specific responsibilities will be determined on an as-needed basis depending on the priority needs of the participating DMCs.

7. **Advisers (national and international, up to 3 person-months).** Advisers will have at least a bachelor's degree in policy and planning, economics, finance, public sector management, or governance, with at least 5 years of experience in relevant fields, as appropriate to the specific task. Advisers will be engaged on an as-needed basis upon request from participating DMCs. The advisers' specific responsibilities will be determined on an as-needed basis depending on the priority needs of the participating DMCs.