



Technical Assistance Report

Project Number: 47342
Regional–Capacity Development Technical Assistance (R-CDTA)
December 2013

Pacific Economic Management (Phase 2)

ABBREVIATIONS

ADB	–	Asian Development Bank
DMC	–	developing member country
PFM	–	public financial management
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Type	–	Regional–Capacity development technical assistance (R-CDTA)
Targeting classification	–	General intervention
Sector (subsectors)	–	Multisector (economic and public affairs management, public administration, money and capital markets, investment funds, trade finance, finance sector development, trade and services, industry and trade sector development)
Themes (subthemes)	–	Economic growth (promoting macroeconomic stability, promoting economic efficiency and enabling business environment, widening access to markets and economic opportunities, knowledge, science, and technological capacities), regional cooperation and integration (trade and investments, money and finance), governance (economic and financial governance, public administration), and capacity development (institutional development, organizational development).
Location (impact)	–	Rural (low), urban (low), national (medium), regional (medium)

NOTE

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

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I. INTRODUCTION

1. The support of the Asian Development Bank (ADB) in the Pacific at the regional level is guided by the Pacific Approach, 2010–2014,¹ which takes direction from ADB's Strategy 2020² and the Pacific Island Forum's Pacific Plan.³ The Pacific Approach therefore presents an agenda aimed at fostering connectivity, consensus, and a greater sense of Pacific community through (i) inclusive and environmentally sustainable growth, (ii) good governance, and (iii) regional cooperation and integration. The proposed technical assistance (TA) will strengthen the capacity of Pacific developing member countries (DMCs) to manage for inclusive and environmentally sustainable economic growth, specifically assisting them in improving their economic monitoring and analysis capacity to better inform policymaking and economic governance.⁴ This will be achieved through assistance to economists and other policy advisors in the Pacific who are responsible for economic management and policy formulation and public financial management (PFM).

2. The regional capacity development TA continues efforts begun under the Pacific Economic Management TA (phase 1)⁵, which responded to challenges that Pacific countries faced in their efforts to improve economic monitoring as well as the formulation and implementation of policy in response to the global financial and economic crisis. Building upon this successful earlier effort, the phase 2 TA will continue to assist Pacific DMCs in building their economic analytical capacity, including the provision of timely economic monitoring based on an enhanced set of economic indicators and development of economic planning and forecasting models. The design of the phase 2 TA was developed over the course of implementation of the phase 1 TA. Consultations with economic policymakers and technical staff from the central banks and finance ministries of several Pacific DMCs guided refinements to the TA design.⁶ The design and monitoring framework of the phase 2 TA is presented in Appendix 1.

II. ISSUES

3. ADB's 14 DMCs in the Pacific are either fragile states or exhibit strong characteristics of fragility. Weak economic policies contribute to this fragility, which are linked to shortcomings in policy and institutional environments as highlighted by ADB's country performance assessments and ADB's Pacific Approach (footnote 1). For these DMCs, ADB's Strategy 2020 posits, "due to generally weak policy regimes, their often small size, economic vulnerability, and weak institutions. ADB must seek innovative means to strengthen the effectiveness of country-led models of engagement" (footnote 2).

4. Long-term growth rates are low in most Pacific DMCs, and for most of the region's population, the long-term process of structural transformation is either absent or has stalled. Poor growth outcomes can be traced back to the small size and relatively remote locations of these economies, and the history of large inefficient public sectors and policy and institutional constraints to private sector development.

¹ ADB. 2009. *ADB's Pacific Approach, 2010–2014*. Manila.

² ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

³ Pacific Islands Forum. 2005. *Pacific Plan*. Suva.

⁴ A concept design review meeting for the TA convened on 22 November 2013. The TA first appeared in the business opportunities section of ADB's website on 3 December 2013.

⁵ ADB. 2009. *Technical Assistance for Pacific Economic Management*. Manila.

⁶ These Pacific DMCs included the Cook Islands, Fiji, the Republic of the Marshall Islands, the Federated States of Micronesia, Nauru, Solomon Islands, Tonga, and Tuvalu.

5. Key constraints lie in the institutional settings. Despite repeated efforts at structural adjustment, supported by externally funded policy analyses and advice, many Pacific DMCs continue to struggle in implementing policies that support higher growth and in meeting their public commitments to improved economic management.⁷ The results from these efforts have remained below expectations.

6. Improving the flow of economic information through improvements in the timeliness, precision, and coverage of economic indicators is needed to enable governments to make informed policy decisions. Various high-level officials from economic agencies of the Pacific DMCs (e.g., secretaries or ministers of finance or central bank governors of Cook Islands, Republic of Marshall Islands, Federated States of Micronesia, Solomon Islands, and Tonga) have advised ADB that they would welcome help to strengthen their economic analyses. Sustained effort is needed to build capacity for technical assessment of economic policy as a trigger for constructive policy and institutional change in Pacific DMCs. Improvements in PFM are also essential if Pacific governments are to take advantage of improved economic monitoring and modeling. Change depends on long-term relationships between these DMCs and their development partners, as well as among advisors, reformers, and those impacted by reforms. Above all, assistance to improve economic management needs to be tailored to meet individual circumstances and develop local capacity, ownership, and control.

7. Pacific economies have garnered significant economic benefits from policy and institutional reform and improved economic modeling. For example, successful reforms in the aviation⁸ and mobile telecommunication⁹ sectors have allowed for new and lower-cost entrants, spurred growth, and benefitted users. Development of simple fiscal management models and associated capacity building of budget and economic staff in selected Pacific DMCs (e.g., Cook Islands, Fiji, Republic of Marshall Islands, Federated States of Micronesia, Solomon Islands, Tonga, Tuvalu) have improved the ability of policy makers to make assessments of long-run implications of budget decisions. These successes have been characterized by national commitments to locally driven efforts based on consultative and participatory processes.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

8. The TA is aligned with the long-term impact of improved economic performance and PFM in participating Pacific DMCs.¹⁰ The expectation is that economic policies would be adjusted to spur inclusive growth and adapt to new opportunities and changing conditions in the global economy. The impact of the TA will be established through the demonstration of improved economic performance as measured by higher average levels of national gross domestic product growth, and through strengthened PFM measured by national improvements in public expenditure and financial assessment review scores in participating Pacific DMCs.

9. The outcome will be improved economic policies and PFM implemented in participating Pacific DMCs. This will be measured by the existence of effective coalitions for change of key

⁷ Complex reform areas include access to land, improvements in the foreign investment environment, and private participation in public assets and services.

⁸ Aviation reforms have been implemented in Fiji, Samoa, Solomon Islands, and Tonga.

⁹ Mobile telecommunication reforms have been undertaken in Fiji, Samoa, and Vanuatu.

¹⁰ Pacific DMCs will participate on a self-selecting basis, with assistance provided in response to demand and expressed commitment. Given limited TA resources, allocation will also reflect principles of equity and efficiency.

stakeholders active in at least three Pacific DMCs. These coalitions will engage in economic policy dialogue in support of effective implementation of economic policy reforms. A further indicator of success will be the publication of timely and accurate reports on budget execution by at least six Pacific DMCs.

B. Methodology and Key Activities

10. The planned outputs of the TA are (i) an improved set of economic indicators, produced and shared on a timely basis; (ii) economic and PFM policy advice; and (iii) new or enhanced economic or financial models for Pacific DMCs.

11. This combination of support will focus on (i) ensuring central banks and finance ministries have access to high-quality economic monitoring and analysis—including modeling and forecasting tools—as well as to high-level policy advice, and (ii) promoting the incorporation of this monitoring, analysis, and policy advice into government decision making and public policy dialogue. The TA also seeks to enhance networking and knowledge sharing among economists working in or specializing in the Pacific economies, as well as among governments in the region. This form of south–south cooperation proved effective in phase 1 in sharing success experiences and practices between Pacific DMCs where the operational context is similar. The design of TA reflects lessons learned from phase 1, including the importance of ready access to advice when needed and the value to be gained from networking.¹¹

12. The phase 2 TA will provide highly experienced lead advisors and PFM specialists who will guide decision makers and senior economic advisors in Pacific DMCs. These mentors will include qualified persons from Pacific countries to ensure adequate experience and understanding of the Pacific economies and their political economies and to enhance regional ownership of the policy advice provided.

13. Advisors and economic analysts will provide technical support to the lead advisors and PFM specialists as needed. They may also be called upon to engage with technical-level personnel in Pacific DMC economic agencies, providing opportunities for on-the-job learning and maximizing the sustainability of the TA project's outputs by transferring knowledge and generating support for economic policy reforms at other levels of government.

14. The Pacific Economic Monitor, a biannual publication of ADB, will provide a regular forum for broad dissemination of good practices and lessons. Regular media activities will include press releases, media interviews by ADB staff upon publication of each Pacific Economic Monitor issue, and contributions to economic policy blogs prepared by the TA project team. TA outputs may also be presented at regional conferences and workshops on economic issues in the Pacific region, and at periodic workshops organized by the TA that involve officials from selected Pacific DMCs.

15. As in phase 1, country-level assistance will remain demand-driven, i.e., it will be provided in response to requests from Pacific DMCs related to (i) the core subject areas of the TA and (ii) existing activities, both self and development partner funded. Support will continue to focus on the finance and treasury portfolios and central banks in Pacific DMCs, and it will be undertaken in close cooperation with ADB's country operations and other development partner activities.

¹¹ ADB. 2010. *Technical Assistance for Pacific Economic Management Subproject 1 Mid-Term Report*. Manila; ADB. 2012. *Technical Assistance for Pacific Economic Management Subproject 1 Final Report*. Manila.

16. The TA will support country- and regional-level dialogue. This would enable government decision makers, the private sector, civil society, and other stakeholders in economic management to share their experiences and debate policy issues, many of which are likely to be common across the region. Where possible, support for regional dialogue will be joined to other regional events. The TA will also build on efforts to prepare macroeconomic and fiscal forecasting frameworks under phase 1.

C. Cost and Financing

17. The TA is estimated to cost \$750,000 equivalent, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-Others [\$500,000] and TASF-V [\$250,000]). The cost estimates and financing plan are presented in Appendix 2. It is anticipated that successful early implementation of the TA will enable the processing of additional financing in support of TA objectives to carry activities beyond the initial 12 months.

D. Implementation Arrangements

18. ADB's Pacific Department will be the executing agency as well as the implementing agency for the TA. Funds for regional conferences, seminars, and training events will be administered by the Pacific Department. Implementation will be harmonized with ADB's other activities in the Pacific through close coordination with concerned country directors, country team leaders, and the activities of other development partners, principally through the maintenance of close relationships with development partners working in related fields.

19. International and national consultants will be engaged on a continuous or intermittent basis, as necessary. Areas of expertise will include those needed to conduct economic monitoring, generate new high frequency economic indicators from existing data, and develop economic policy analysis tools and measures linking improved monitoring and analysis with PFM, which will be implemented by staff in central banks and finance ministries of Pacific DMCs with the assistance of the TA. Consultant terms of reference are contained in Appendix 3.

20. The consultants will be engaged by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). To allow quick mobilization of consultants in response to Pacific DMCs' requests, the consultants will be prequalified in accordance with the indefinite delivery contract modality. Disbursement of TA proceeds will conform to ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). The TA is estimated to start on 1 January 2014 and be completed on 31 December 2016.

IV. THE PRESIDENT'S DECISION

21. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$750,000 on a grant basis for Pacific Economic Management (Phase 2), 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/or Risks
<p>Impact Improved economic performance and PFM in participating Pacific DMCs</p>	<p>By 2019:</p> <p>3-year average levels of national gross domestic product growth increase in at least five DMCs (2010–2012 average baseline)</p> <p>Improvements in public expenditure and financial assessment scores in participating Pacific DMCs (2010–2012 baseline)</p>	<p>International Monetary Fund Article IV reports, national statistical releases</p> <p>Public expenditure and financial assessment reviews</p>	<p>Assumption The global economic environment does not significantly worsen over the TA period</p> <p>Risk Natural disasters, which could cause economic and financial shocks</p>
<p>Outcome Improved economic policies and PFM implemented in participating Pacific DMCs</p>	<p>By 2016:</p> <p>Effective coalitions for change of key stakeholders active in at least three Pacific DMCs that engages in economic policy dialogue</p> <p>At least 60% of policy advisory initiatives successfully taken up by participating DMCs (2013 baseline = 0)</p> <p>Publication of timely and accurate reports on budget execution by at least six Pacific DMCs (2013 baseline = 0)</p>	<p>External media reports on key economic management and policy issues</p> <p>Government budget papers and report</p>	<p>Assumptions Governments commit resources necessary to maintain analytical capacity in their ministries of finance and central banks Stakeholders support public policy discussions</p> <p>Risk Political instability and personnel changes in key ministries</p>
<p>Outputs 1. Improved set of economic indicators produced and shared on a timely basis</p>	<p>By 2015, semi-annual public dissemination of an expanded set of economic indicators in the 14 Pacific DMCs</p>	<p>Pacific Economic Monitor, media reports, ministry of finance and central bank bulletins and statistical releases</p>	<p>Assumptions Governments commit resources necessary to develop economic analytical capacity in their ministries of finance and central</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and/or Risks												
<p>2. Economic and PFM policy advice provided</p> <p>3. New or enhanced economic or financial models for Pacific DMCs</p>	<p>By end 2014:</p> <p>Semi-annual public dissemination of economic policy analysis on selected themes of particular importance to Pacific economies</p> <p>Four national or regional media reports on economic or PFM policy issues that are a focus of TA support</p> <p>By 2015, new or improved economic or financial models for five Pacific DMCs</p>	<p>Pacific Economic Monitor</p> <p>Newspaper or business magazine reports</p> <p>Model manuals</p>	<p>banks</p> <p>Governments support the participation of staff in networking and training opportunities</p> <p>Consensus exists across Pacific development partners on best practice approaches to economic management and PFM policy</p>												
<p>Activities with Milestones</p> <p>1. Economic Indicators</p> <p>1.1 Prepare detailed work plan for developing new economic indicators (within 1 month of TA inception)</p> <p>1.2 Conduct periodic missions to Pacific DMCs to work with central bank or ministry of finance staff in developing new indicators and to support their usage at the national level</p> <p>1.3 Regular public release of enhanced economic indicators for the 14 Pacific DMCs</p> <p>2. Economic and PFM policy advice</p> <p>2.1. Prepare and disseminate at least two annual issues of the Pacific Economic Monitor (March and September)</p> <p>2.2. Co-host the Pacific and Papua New Guinea Update Conference in cooperation with the Development Policy Centre at Australian National University (July 2014)</p>		<p>Inputs ADB: \$750,000</p> <table border="1" data-bbox="816 1188 1435 1545"> <thead> <tr> <th data-bbox="816 1188 1136 1220">Item</th> <th data-bbox="1136 1188 1435 1220">Amount (\$'000)</th> </tr> </thead> <tbody> <tr> <td data-bbox="816 1220 1136 1262">1. Consultants</td> <td data-bbox="1136 1220 1435 1262">552.0</td> </tr> <tr> <td data-bbox="816 1262 1136 1335">2. Trainings, Seminars and Conferences</td> <td data-bbox="1136 1262 1435 1335">143.0</td> </tr> <tr> <td data-bbox="816 1335 1136 1440">3. Miscellaneous Administration and Support Costs</td> <td data-bbox="1136 1335 1435 1440">15.0</td> </tr> <tr> <td data-bbox="816 1440 1136 1482">4. Contingencies</td> <td data-bbox="1136 1440 1435 1482">40.0</td> </tr> <tr> <td data-bbox="816 1482 1136 1545">Total</td> <td data-bbox="1136 1482 1435 1545">750.0</td> </tr> </tbody> </table>		Item	Amount (\$'000)	1. Consultants	552.0	2. Trainings, Seminars and Conferences	143.0	3. Miscellaneous Administration and Support Costs	15.0	4. Contingencies	40.0	Total	750.0
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3. Miscellaneous Administration and Support Costs	15.0														
4. Contingencies	40.0														
Total	750.0														

Activities with Milestones	Inputs
<p>2.3. Conduct periodic missions to Pacific DMCs to work with central bank or ministry of finance staff in developing economic or PFM policy advice (as requested by Pacific DMCs over the course of the TA)</p> <p>2.4. Public release of policy briefs on common economic and PFM policy concerns.</p> <p>2.5. Conduct national and sub-regional workshops to assist Pacific DMCs in building knowledge and capacity in areas of economic and PFM policy (as appropriate over the course of the TA)</p> <p>3. Economic or financial models</p> <p>3.1. Conduct periodic missions to Pacific DMCs to work with central bank or ministry of finance staff in (further) developing economic or financial models to support policy analysis and forecasting (as requested by Pacific DMCs over the course of the TA)</p> <p>3.2. Support knowledge sharing among Pacific DMCs' central bank or ministry of finance staff in developing capacity for economic monitoring and modeling (as requested by Pacific DMCs over the course of the TA)</p>	

ADB = Asian Development Bank, DMC = developing member country, PFM = public financial management, TA = technical assistance.

Source: Asian Development Bank estimates.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	250.0
ii. National consultants	200.0
b. International and local travel	100.0
c. Reports and communications	2.0
2. Training, seminars, and conferences ^b	143.0
3. Miscellaneous administration and support costs ^c	15.0
4. Contingencies	40.0
Total	750.0

Note: The technical assistance (TA) is estimated to cost \$750,000, of which contributions from the Asian Development Bank are presented in the table above. The governments of participating Pacific developing member countries will provide counterpart support to be determined during TA implementation.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-Others [\$500,000] and TASF-V [\$250,000]).

^b Includes travel costs for ADB staff acting as resource persons under the TA. Criteria for a resource person are (i) someone having a sector, thematic, or specific technical expertise, or (ii) someone engaged as a facilitator, speaker, trainer, or panelist in a conference, workshop, or seminar financed under the TA.

^c Includes editing and translation of reports and other logistical and administrative costs.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Structure of Consultant Inputs

1. The Technical Assistance for Pacific Economic Management (phase 2) will support economic monitoring, analysis, and policy advice by Pacific developing member countries (DMCs) in a joint effort with development partners. Consultant inputs will be required to produce the regular outputs and activities of the TA, such as producing the Pacific Economic Monitor and co-organizing the Pacific and Papua New Guinea Update Conference. Additionally, experience from implementing the phase 1 TA will provide various economic modeling and analysis activities to be conducted with TA support (e.g., expanding the number of Pacific countries with fiscal management models by working with ministry of finance staff in the Federated States of Micronesia and Timor-Leste). In addition to these planned tasks, the TA will provide resources to support south–south exchanges between economic policy makers and technical staff working with the TA on its policy advisory, statistical, or economic modeling activities.

2. A mix of individual international and national consultants will support Pacific DMC economic agencies (mainly ministries of finance and central banks) in strengthening economic monitoring systems and supplementing these systems with (i) indicators tailored to the characteristics of each Pacific DMC economy and (ii) the policy challenges most important in each country. These new or enhanced indicators and analysis will be used to provide higher quality policy advice to Pacific DMCs and to develop appropriate economic management approaches. Consultants will be recruited in accordance with Guidelines on the Use of Consultants (2013, as amended from time to time).

3. The types of economic modeling and forecasting tools that will be developed under the TA will be determined based on country demand, capacities of each Pacific DMC, availability of requisite data, TA staff knowledge, and perceived needs as assessed by Asian Development Bank (ADB) economists. Following the success in developing fiscal management models as a budget and fiscal planning and forecasting tool, and the success of the fiscal management model workshop convened in Suva, Fiji in December 2012 (during which teams made of two to three people from six Pacific DMCs gathered with TA experts to develop and discuss application of fiscal management models), similar workshops and intra-Pacific exchanges between government economists will be undertaken during the proposed TA. Possible topics for such workshops include estimation of quarterly gross domestic product, estimation of annual poverty and inequality indicators, and development of inflation and growth forecasting models. Capacity-building efforts will work with mid-level economic and budgeting staff in each Pacific DMC to achieve sustainable impact from the TA, minimize the impact of staff turnover, and foster development of broader institutional knowledge and memory. TA consultants will have the ability to develop applied economic tools and apply these in reviewing and analyzing policies to form normative policy prescriptions that are consistent with achieving inclusive growth through sound institutional arrangements. They will have excellent oral and written skills in English, and have publishing experience. Proficiency in the use of the ADB style guidelines will also be beneficial.

4. The modeling and policy analysis supported under the proposed TA will draw on relevant international and regional literature, data, and analyses, including (i) Pacific DMC national plans and national strategies, (ii) the reports and assessments of other development partners, (iii) the Pacific Studies Series, including Pacific island economic reports, and (iv) ADB project, sector, and thematic reports. Analysis will pay close attention to lessons from similar activities undertaken in the past to maximize the potential impact and to minimize risk. Efforts will be made to assist Pacific DMC economic managers in publicly disseminating key findings

from the technical analysis to help communities facing evolving economic opportunities mitigate adverse impacts and prepare appropriate policy responses.

5. ADB's Pacific Department, country team leaders, and country economists in the Pacific DMC resident missions will coordinate consultant inputs, including liaising with Pacific DMCs, other departments within ADB, and development partners. They will also coordinate with individual country program managers of other development partners as appropriate. The TA project office, with the support of the economics team in the Pacific Department director general's office, will have overall responsibility for the project.

6. The economic monitoring and tool building work supported through the proposed TA will be undertaken in a phased manner, with research and analyses oriented to assisting informed, local participation in the formulation of future phases of support. Individual consultants will coordinate their work schedules and engage with civil society and staff of Pacific DMC economic agencies, including treasuries and ministries of finance, central banks, planning offices, or units and statistics bureaus.

B. Terms of Reference for TA Consultants

7. **Project manager** (national, 11 person-months, continuous). A project manager will be appointed to coordinate TA activities and provide overall leadership and strategic guidance to Pacific DMCs and ADB on the implementation of the TA. The project manager will also take the lead in ensuring lessons from the TA are transferable to future phases of the TA. The project manager will be cognizant of lessons from past experience of Pacific DMC governments and development partners to raise economic performance.¹ This person will have extensive experience (more than 7 years) in applied economic modeling, project management, and advising on economic management in Pacific DMCs. He or she will have a graduate degree (Master's degree or higher) from an internationally reputable university in economics or closely related fields of public policy, such as economic statistics.

8. Duties will include:

- (i) Communicating with assisted Pacific DMCs on economic developments and policy reform efforts, including country consultation in participating Pacific DMCs.
- (ii) Coordinating the formulation of economic forecasting and planning models to improve economic and fiscal policy and policy implementation in Pacific DMCs.
- (iii) Leading the preparation and organization of policy and tool building workshops and public dialogues on policy analysis prepared with TA support in coordination with relevant development partners.
- (iv) Developing and overseeing quality control processes and ensuring they are implemented in economic monitoring and tool development in the provision of assistance to Pacific DMCs by the TA consultants.
- (v) Ensuring that the TA will integrate analytical models, policy analysis and advice, and institutional and capacity development work of other development partners.
- (vi) Coordinating with ADB, development partner staff, and consultants to avoid duplication and to maximize the contribution of development partner resources in economic management.

¹ ADB. 2010. *Technical Assistance for Pacific Economic Management Subproject 1 Mid-Term Report*. Manila; ADB. 2012. *Technical Assistance for Pacific Economic Management Subproject 1 Final Report*. Manila; and the forthcoming *Technical Assistance for Pacific Economic Management (Phase 1) completion report*.

9. **Lead advisors** (3 international advisors, 3.5 person-months each, intermittent). Working under the overall guidance of the project officer and project manager, lead advisors will be recruited in accordance with Guidelines on the Use of Consultants (2013, as amended from time to time). To allow speedy mobilization of consultants in response to specific policy advice, the consultants will be prequalified in accordance with indefinite delivery contract modality. The lead advisors will provide high-level technical input for development of applied economic forecasting and policy analysis models for Pacific DMCs. Lead advisors will also be expected to advise economic policy makers in Pacific DMCs on their fiscal policies and reforms to spur inclusive growth. They will be supported in their work by a regional support team composed of ADB economists working on or in the Pacific. The lead advisors will have more than 10 years' experience in applied economic modeling and advising on economic management or closely related fields of public policy in developing countries, preferably including prior experience in Pacific DMCs. They also will have a graduate degree (master's or doctorate) from an internationally reputable university in economics or closely related fields of public policy, such as economic statistics.

10. Lead advisors will support Pacific DMCs in formulating country-specific assistance proposals to improve economic management and countries' ability to respond to changing global market conditions and country-specific economic and fiscal challenges in a prioritized and logically sequenced manner based on improving economic monitoring and modeling. The proposals are expected to outline data requirements, appropriate modeling tools, and the priority policy issues modeling efforts will inform. Policy proposals will use relevant current initiatives and will identify past success factors as well as factors that have constrained fiscal and economic reforms.

11. The duties of the lead advisors will include:

- (i) Communicating with Pacific DMCs receiving economic modeling assistance and enriching debate on important issues of economic policy, including country consultation in participating Pacific DMCs.
- (ii) Analyzing lessons in the region from past economic and fiscal reform efforts.
- (iii) Formulating economic advice on economic reform initiatives to adapt to changing global market conditions and national challenges faced in inclusive growth promotion efforts in Pacific DMCs.
- (iv) Leading identification of technical support and economic fiscal modeling approaches needed by assisted Pacific DMCs.
- (v) Providing strategic guidance to Pacific DMC economic agencies on the conduct of policy workshops and other public dialogue fora, including at the regional level.
- (vi) Ensuring that quality control processes are in place and implemented in the TA project's provision of advice to Pacific DMCs by the TA consultants.
- (vii) Coordinating with ADB, development partners, and consultants to avoid duplication and to maximize the contribution of development partner resources in the area of economic and fiscal management.

12. **Advisor** (1 national or international advisor, 9 person-months, continuous). The advisor will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). To allow speedy mobilization of this consultant in response to specific policy advice, the consultant will be prequalified in accordance with indefinite delivery contract modality. She or he will be appointed to work with participating Pacific DMCs in priority areas of economic and fiscal modeling and management, and will form part of a regional support group. The advisor will have a strong background in economics or closely related fields of public policy, such as economic statistics or financial sector regulation, will possess at least a

Bachelor's degree from an internationally reputable university, and will preferably have experience in Pacific DMCs. The advisor will have at least 7 years' experience in applied economic modeling and demonstrated ability to review and analyze policy (including formulations policy prescriptions that are consistent with inclusive growth through sound institutional arrangements). He or she also will have a higher degree from an internationally reputable university in economics or closely related fields of public policy, such as economic statistics.

13. Working with Pacific DMC economic agencies under the overall direction of the lead advisors, the advisor will primarily provide technical support and advice to Pacific DMCs and will for that purpose:

- (i) Develop economic and fiscal models to improve Pacific DMCs' understanding of policy issues of key importance.
- (ii) Review and support the improvement of systems and processes needed to monitor developments in Pacific DMC economies and to develop a good understanding of how changing market conditions can be managed.
- (iii) Formulate economic advice on macroeconomic and microeconomic initiatives to foster fiscally and economically sustainable inclusive growth in assisted Pacific DMCs.
- (iv) Facilitate policy workshops and other public dialogues on economic and fiscal policy.
- (v) Advise on the best means of supporting capacity development in areas with each assisted Pacific DMC's economic agencies that manage economic and fiscal policy and policy reforms.
- (vi) Ensure that a program of skill sharing and consultation, coordinated within the TA subproject and with other economic analyses undertaken by ADB and development partners, is implemented. This influences the preparation of advice for each assisted Pacific DMC and transfers the skills needed within each assisted Pacific DMC to improve economic monitoring and modeling in the future.
- (vii) Coordinate with ADB, development partner staff, and consultants to avoid duplication and to maximize the contribution of development partner resources in the area of economic and fiscal management and applied economic modeling.

14. **Public financial management specialists** (2 international specialists, 4.5 person-months each, intermittent). The specialists will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). To allow speedy mobilization of consultants in response to specific policy advice, the consultants will be prequalified in accordance with indefinite delivery contract modality. The specialists will work with other TA staff and counterparts from Pacific DMC ministries of finance and central banks to assess public financial management systems and processes and identify ways to enhance management to improve the efficiency of public expenditure and the capacity of governments to carry out policies resulting from the TA project's economic monitoring and modeling. The specialists will have at least 10 years' experience in, or supporting, finance ministries in developing countries, and they will have a Master's or higher graduate degree in public finance, economics, or a related field. Specific responsibilities of the public financial management specialists include:

- (i) Reviewing current allocations of public expenditure and sources of government revenue and developing proposals for creating greater fiscal space and improved public capacity to undertake economic policy reforms suggested by the TA project's economic monitoring and analysis.

- (ii) In collaboration with TA economists, analyzing the impact of changes in public expenditures on fiscal targets and the performance of line ministries in delivering public services.
- (iii) Reviewing current arrangements for intra-governmental transfers of financial resources on sources of revenue (e.g., taxation, earnings, and interest from trust funds) and expenditure (e.g., program budgets across national and subnational government entities) in order to prescribe reforms that improve the efficiency of government financial management and expenditure.
- (iv) Providing other assistance in public financial and service management that results from the TA project and is requested by Pacific DMC governments.

15. **Economic analysts** (2 national analysts, 6 person-months each, intermittent). Economic analysts will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). To allow speedy mobilization of the analysts in response to specific policy advice, they will be prequalified in accordance with indefinite delivery contract modality. The analysts will be appointed to participating Pacific DMCs to support the lead advisors, advisors, and/or a regional support group. The economic analysts will have a background in economics or closely related fields of public policy, such as economic statistics, including At least a bachelor's degree from an internationally reputable university and at least 5 years' work experience. Working with Pacific DMC economic agencies under the overall direction of the lead advisor or advisor, the economic analysts will primarily provide technical economic support to Pacific DMCs, and will for that purpose:

- (i) Assist in modeling, monitoring, and analysis in Pacific DMCs applying their specific areas of knowledge or expertise.
- (ii) Assist with the conduct of economic monitoring and the preparation of economic advice to Pacific DMCs on the impact of the global crisis.
- (iii) Help conduct policy workshops and other public discussions of policy.
- (iv) Provide advice on the best means of supporting capacity development in areas critical to managing economic and fiscal reform.
- (v) Ensure that a program of skill sharing and consultation, coordinated within the TA and with other economic analyses undertaken by ADB and development partners, is implemented. This influences the preparation of advice for each assisted Pacific DMC and transfers the skills needed within each assisted Pacific DMC to improve economic monitoring and management in the future.
- (vi) Coordinate with ADB, development partner staff, and consultants to avoid duplication and to maximize the contribution of development partner resources in the area of economic and fiscal monitoring, forecasting, and management.