

TERMS OF REFERENCE FOR CONSULTANTS

A. Background

1. Between 1996 and 2001, ADB approved 10 program loans supporting public resource management reform to nine PDMCs: the Cook Islands, FSM, Nauru, Papua New Guinea (PNG), RMI (2 loans), Samoa, Solomon Islands, Tonga and Vanuatu. Only the Samoa program focused specifically on financial sector reforms which were part of the government's broader public resource management reform program. TA grants were approved to support program implementation. Many of these reform initiatives were in response to an economic crisis – current or imminent—and had an immediate emphasis on fiscal stabilization. However, some were opportunistic, responding to a reformist government's agenda. Most included a substantial element of down sizing the public sector and moving state enterprises into the private sector.

2. The objective of the evaluation is to better understand the context, institutional and political economy factors that have influenced the design of ADB's support to reform in the PDMCs, and affected their success and sustainability, to help improve future approaches. The reforms (notably fiscal stabilization, right-sizing of the public sector and creating an environment conducive to private sector-led growth) have been seen as essential for economic growth to meet the aspirations of the population. Implementation success and sustainability however have been mixed, due largely to political and cultural/traditional constraints and weak institutional capacity.

B. Consultants

1. International Consultant – Economist and Public Sector Reform Specialist with Pacific Island country experience and experience in evaluation

3. One international consultant will be recruited for 5 months from July to December 2008. The consultant should be well versed in public sector financial management and public sector reform issues, macroeconomics, and have experience in and be knowledgeable of ADB's Pacific Developing Member Countries (PDMCs). The consultant will work as a member of the SES evaluation team, reporting to the OED evaluation team leader, conducting both desk reviews and interviews in ADB Manila, and field visits to the PDMCs. In particular, the consultant will:

- (i) Review relevant background documentation on the PDMCs, including the RRP, PCR, PPER and other program loan and TA documentation (e.g. BTORs of design and implementation missions), country operational strategies and economic reports available in ADB.
- (ii) Carry out a literature review of best practice in public sector reform, and research for documents and reviews on the political economy and reform programs in each PDMC.
- (iii) Analyze issues that have arisen on design, implementation and sustainability of the reform programs, focusing in particular on economic and other constraints that the countries faced at the time of the reform programs, institutional, cultural and political economy concerns. This analysis should include, but not be restricted to, the questions set out in the Evaluation Design Matrix (Appendix 2) which presents the issues in a political economy and institutional framework. The analysis must include the context and constraints to development during the

- period of project design, examining the design and consultation process and participation of varied stakeholders, as well as implementation.
- (iv) Identify key issues for discussion with staff of ADB's Pacific Department (PAR), development partners, and stakeholders in the PDMCs. Conduct key informant interviews with stakeholders in the PDMCs. Liaise closely with PAR.
 - (v) Work closely with the regional consultants who will be examining cultural and political economy issues in more depth, ensuring joint field work, and that the consultants focus on the areas identified above.
 - (vi) Work closely with the OED team leader in incorporating the outputs of the regional consultants into draft report sections on each PDMC and its reform program, for inclusion in the overall report.
 - (vii) Assist the OED team leader in preparing the draft study report, and incorporation of revisions following OED and ADB reviews.
 - (viii) Undertake other SES related assistance as required by the OED team leader.

2. Regional Consultants – political economy/cultural/institutional specialists, from the pacific region (national or international)

4. Three consultants will be recruited (for one month each), with experience of the cultural, institutional and political economy of Melanesia (Solomon Islands and Vanuatu), Micronesia (FSM, RMI), and Polynesia (Cook Islands, Samoa, Tonga). The consultants will come from the region, but could be recruited nationally or internationally. The consultant must be fully knowledgeable and understanding of the cultural and traditional structures and concerns of the PDMCs, have knowledge of the political structure, history and developments at the time of the reform program design and implementation, and have good contacts with those in the countries at these times. The consultants will work as members of the SES evaluation team, being responsible to the OED team leader, but working closely with the international consultant, ensuring work programs and missions are scheduled together. The work will involve 2 weeks in each country covered, with report write up done in field. The consultants will:

- (i) Review relevant background documentation on the individual PDMCs to be covered, including the RRP, PCR, PPER and other program loan and TA documentation.
- (ii) Carry out a literature review and research of relevant papers on the culture and traditions of each PDMC that might affect a reform process. Identify and analyze factors that might be either supportive of reform efforts, or constraints on it (e.g. obligations under traditional/cultural systems may conflict with adoption of new governance values and procedures).
- (iii) Carry out a literature review and research of political developments, stakeholders and vested interests involved during the period of program formulation, design and implementation, seeking to determine both constraints that might have impeded the reform effort and factors that facilitated reform progress. Give particular attention to the role of reform champions. Where coalition governments were in place, examine the stability or otherwise of the coalition and whether the minority parties were in direct support of the government's reform efforts, or otherwise. Where the government changed, and champions were lost, analyze and identify whether the reform agenda and process was a contributing cause to this.
- (iv) Carry out interviews with key informants (government officials, politicians, private sector representatives, public at large, officials of other donor funding agencies in each PDMC covered, to follow up on the analysis in (ii) and (iii) above, drawing

on the experience of the key informants. To the extent possible, this must include government officials and politicians who were involved in the reform process at formulation/design and implementation, as well as those currently in position. Work with and liaise closely with other evaluation team members during this interview process.

- (v) Help the team to assess Government and stakeholder perceptions of ADB's role in facilitating reforms versus compared to other major development partners.
- (vi) Follow OED's *Guidelines for the Evaluation of Public Sector Operations* and prepare a report on findings to an outline agreed with the OEM team leader and in a prescribed format. The drafts should be made available to the international consultant and team leader immediately on completion of the country visit.

3. National Consultant – Research Associate/Economist

1. A national consultant will be recruited for two months in September-October to work in ADB headquarters on collecting data on macroeconomic developments in the region over the period 1995 – 2008, and prepare tables and an analysis of both country and regional trends and developments. In addition, the consultant will collect on loans and TAs related to the reform programs, collating and analyzing, and putting into a format for final report use. The research associate must be familiar with Microsoft Word, Access and Excel and will work under the guidance of the OED team leader and the international consultant. A national macroeconomist and public policy specialist with experience and knowledge of macroeconomic analysis in PDMCs will be recruited to:

- (i) assist the Team Leader and International Economist/Reform Specialist in reviewing recent trends and performance of PDMC economies over the past 10 years; assist in the sourcing and reviewing relevant documents on the economic and social situation in the country, government strategies and programs, and other reports and documents that are relevant to ADB's operations in the country;
- (ii) collect and collate secondary and primary data on economic, social, and sector developments for the country overall and selected regions; data collection and collation includes MDG achievements, poverty levels, economic growth, and relevant sector development achievements and outputs;
- (iii) assist to analyze and interpret collated data and information, prepare statistical tables, graphs, and other forms of illustration;
- (iv) review available literature on linkages between economic growth and poverty reduction at the national and regional levels; assess the actual and potential role of various sectors in poverty reduction efforts;
- (v) in the context of the macro-level assessments and identifying key development constraints and challenges; draw on available analysis on binding constraints for PDMCs;
- (vi) assist the OEM in reviewing the support programs of other development partners and assess the extent to which they complement and integrate with ADB's support program, in particular policy reform initiatives; help to identify good practices in program lending;
- (vii) follow OED's *Guidelines for the Evaluation of Public Sector Operations* and prepare a report on findings to an outline agreed with the OEM team leader and in a prescribed format.

C. ADB Staff**1. SES Team Leader (4 person-months of inputs)**

2. The SES team leader will:

- (i) Provide overall technical direction for the study, development of methodology, prepare Consultant report outlines, and provide other guidance to the Consultant and ADB team.
- (ii) Provide logistical coordination for the study, including AP finalization, consultant team recruitment and management, study administration, review and provide technical feedback to Consultants in their reports.
- (iii) Prepare the structure and outline for the review of the reform context, including literature review, review of ADB's analytical work, and assessment as to whether these provided a comprehensive and accurate assessment of the situation in the country at the time, and comparison with the present key constraints and reform issues. Coordinate the review.
- (iv) Coordinate and consolidate the review and analysis of reform operations (TAs and loans), providing technical guidance on the approach.
- (v) Coordinate the review of assistance programs of other development partners to assess whether ADB's reform and TA complemented those of other development partners and were appropriately coordinated.
- (vi) Prepare key issues for discussion with other development partners, and conduct selected key informant interviews with development partners to the country.
- (vii) Consolidate assessments on the selectivity, focus, and sequencing of ADB assistance and the evaluation of reforms.
- (viii) Consolidate assessments as to whether experience gained from reform support was utilized in designing or implementing subsequent strategies and program interventions in PDMCs.
- (ix) Consolidate the evaluation of reforms.
- (x) Lead the preparation of the lessons learned and assistance strengths, weaknesses, opportunities and threats and good practices.
- (xi) Consolidate other relevant findings.
- (xii) Using consultant reports prepare the final SES report.

2. National Officer (2 person-months of inputs)

3. The National Officer will:

- (i) Source relevant ADB program and project documents;
- (ii) Assist the OEM team leader and the lead Consultant in carrying out supplementary analyses on macroeconomic, reform and portfolio issues as needed;
- (iii) Assist OED staff, International and National Consultants in sourcing ADB data and documents;
- (iv) Assist in mapping sector outputs and outcomes of ADB assistance;
- (v) Assist in administering consultant contracts;
- (vi) Assist the OEM team leader in liaising with the Government and stakeholders as needed; and
- (vii) Undertake other assignments related to the SES, as requested.

