



# Technical Assistance Report

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Project Number: 41040  
April 2007

## Strengthening Country Diagnosis and Analysis of Binding Development Constraints in Selected Developing Member Countries

Asian Development Bank

## ABBREVIATIONS

ADB	–	Asian Development Bank
CSP	–	country strategy and program
CPS	–	country partnership strategy
DMC	–	developing member country
ERD	–	Economics and Research Department
RETA	–	regional technical assistance

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Targeting Classification</b>	–	General intervention
<b>Sector</b>	–	Law, economic management and public policy
<b>Subsector</b>	–	Economic management
<b>Themes</b>	–	Sustainable economic growth, and capacity development
<b>Subthemes</b>	–	Promoting macroeconomic stability, and institutional development

## NOTE

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

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## I. INTRODUCTION

1. Commitments under the Paris Declaration<sup>1</sup> require development agencies to align their assistance programs with partner countries' national development plans and priorities so as to achieve greater aid effectiveness. The commitments also call for supporting the development of partner countries' capacity to plan, implement, and account for results of development policies and programs. As a signatory to the Paris Declaration, the Asian Development Bank (ADB) has undertaken a number of initiatives to transform its relationship with developing member countries (DMC) and reorient the business process to ensure that its assistance strategies and operations are aligned with DMCs' own development plans and poverty reduction strategies. The revised ADB *Operations Manual* and *Guidelines on Country Partnership Strategy (CPS)*<sup>2</sup>, approved in February 2007, aim to better align CPSs with DMCs' own planning processes and make greater use of their diagnostic and analytical work. The revised CPS process recognizes that DMCs may need ADB assistance in strengthening their planning processes and capabilities for undertaking underlying diagnostic and analytical assessments. To strengthen DMCs' capability for diagnosing and analyzing binding development constraints, a concept paper was prepared for a new regional technical assistance (RETA) project, which was approved by the Vice President (Knowledge Management and Sustainable Development) in February 2007. The design and monitoring framework is Appendix 1.<sup>3</sup>

## II. ISSUES

2. The last 25 years has seen considerable developments in thinking on development policies. The Washington Consensus<sup>4</sup> was guided by the belief that there is a short list of specific policy reforms that promote growth. The list formed a natural reform agenda for developing countries seeking assistance from multilateral and bilateral funding agencies in the late 1980s. Subsequent experience showed, however, that the expectations raised by this agenda were often misplaced. Economic growth fell far short of expectations in Latin America, Eastern Europe, and Africa, but exceeded expectations in some Asian countries that departed from the accepted rules of good practices.

3. Disappointments with the Washington Consensus led to the broadening of the development agenda in the late 1990s, with emphasis shifting to the so-called second-generation reforms largely revolving around governance and institutions. There are, however, concerns among many that this approach could lead to an impossibly broad and ambitious agenda that is insufficiently differentiated according to the needs of different countries. Moreover, frequent growth episodes observed in countries with limited or piecemeal changes in institutional endowments and sharp disparities in regional developments within economies suggest problems with the overemphasis on broad institutional reform as the precursor to growth, and attracted economists to continue the search for new approaches to development strategy.

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<sup>1</sup> Senior officials from about 60 countries and more than 50 multilateral and bilateral development institutions met at a high-level forum in Paris in March 2005 and endorsed a range of measures in the Paris Declaration on Aid Effectiveness (<http://www.aidharmonization.org>). For a summary and implications for ADB, see ADB. 2005. *Paris Declaration on Aid Effectiveness*. Manila (IN310-05).

<sup>2</sup> ADB. 2007. *Operations Manual*. Section A-2: Country Partnership Strategy. Manila.

<sup>3</sup> The TA first appeared in *ADB Business Opportunities* on 22 February 2007.

<sup>4</sup> The concept and name were first presented in 1989–1990 by John Williamson, an economist from the Institute for International Economics, Washington DC. The Washington Consensus contained a set of 10 recommendations that synthesized the policies that the International Monetary Fund, the World Bank, the United States Treasury Department, and the Washington-based think tanks considered necessary for the recovery of Latin American economies from the financial crises of the 1980s and cycles of high inflation and low growth.

4. This search led to the Barcelona Consensus of 2004,<sup>5</sup> which noted that, while the reforms based on the Washington Consensus had led to some encouraging trends with respect to growth taking off in several countries and increased recognition of the need for macroeconomic stability, there were reasons for concern as the reforms had mediocre success in fostering sustained economic growth in various regions, in reducing the recurrence and severity of systemic financial crises in developing countries, and in tackling persisting and often worsening inequalities in the distribution of wealth and income in developing countries. A key recommendation of the Barcelona Consensus was that, since no single set of policies could guarantee growth, priority for developing countries searching for an effective development strategy should be to identify the most binding constraints to growth and to remove them through appropriate microeconomic and macroeconomic policies. Prioritizing the constraints and targeting the most binding ones promise the highest growth, as their removal would lead to the largest impact. As part of the efforts in searching for new development strategies, several Harvard economists have pioneered the Growth Diagnostic Framework, which is a systematic methodology for undertaking country diagnosis and identifying binding constraints to growth.<sup>6</sup>

5. The approach of targeting the most binding constraints is based on a thorough and rigorous diagnosis of an economy including prioritizing constraints and identifying the binding ones. In many DMCs, however, the analytical capabilities of concerned planning agencies are often weak and inadequate for undertaking such diagnosis and making use of the latest diagnostic techniques. ADB's CPS preparation process by ensuring that pre-CPS country diagnostics are up-streamed to align with DMC preparation of its development plan, provides an ideal opportunity for ADB to support the development of DMCs' analytical capacities. ADB can work closely with DMCs' planning agencies in identifying the most binding constraints to the economy. However, a review of recently approved country strategy and programs (CSP) by the Economics and Research Department (ERD)<sup>7</sup> found that some aspects of the country diagnosis in the CSP process were also weak and needed strengthening.

6. In light of the Paris Declaration's call for supporting the development of partner countries' capacity to plan, implement, and account for results of development policies and programs and the findings of ERD's review, which point to the need for strengthening country diagnosis underlying formulation of DMCs' national development plans and CPSs, the proposed RETA will pilot-test the Growth Diagnostic Framework in selected DMCs and explore its potential as an effective analytical tool for undertaking country diagnosis and identifying binding development constraints. The aim is to work with planning agencies and research institutions in selected DMCs to strengthen their analytical capacities.

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<sup>5</sup> Sixteen leading economists, Olivier Blanchard, Guillermo Calvo, Daniel Cohen, Stanley Fishcher, Jeffrey Frankel, Jordi Gali, Ricardo Hausmann, Paul Krugman, Deepak Nayyar, Jose-Antonio Ocampo, Dani Rodrik, Jeffrey Sachs, Joseph Stiglitz, Andres Velasco, Jamie Ventura, and John Williamson, gathered in Barcelona in September 2004 to discuss effects of economic reforms, lessons for future policy making, and performance of international economic systems, and issued a consensus on growth and development. [http://www.barcelona2004.org/eng/eventos/dialogos/docs/agenda\\_eng.pdf](http://www.barcelona2004.org/eng/eventos/dialogos/docs/agenda_eng.pdf)

<sup>6</sup> See Hausman, R., D. Rodrik, and A. Velasco. 2005. *Growth Diagnostic*. Cambridge. Harvard University. The framework has been used by the World Bank in undertaking a number of pilot country diagnostic studies and is being considered by other multilateral development banks for undertaking similar assessments.

<sup>7</sup> Asian Development Bank. 2006. *Economic Analysis Retrospective 2005*. Manila.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

7. The RETA is expected to enhance the development impacts of the DMCs' own interventions and ADB's lending and nonlending operations in the DMCs. The envisaged outcome is enhanced DMC capacity to undertake development diagnostic studies and formulate development plans or poverty reduction strategies targeting the binding constraints.<sup>8</sup>

#### B. Methodology and Key Activities

8. The RETA will broadly follow the Growth Diagnostic Framework for diagnosing growth and identifying binding constraints in selected DMCs. The framework has been pilot-tested by the World Bank in a number of countries to obtain analytical insights for formulating its country assistance strategies. The framework is also being tested by the Inter-American Development Bank for undertaking similar diagnostics in its member countries. Insights obtained and lessons learned by other development agencies and policy researchers from growth diagnostic studies will be closely scrutinized and incorporated.

9. Although the Growth Diagnostic Framework was developed mainly to diagnose binding constraints to economic growth, the logic should be equally applicable to diagnosing development issues other than constraints to growth, particularly, poverty reduction. This prospect is reinforced by a dozen studies completed by the World Bank in countries representing a broad range of economic performance and history. The RETA recognizes that there may still be a need to refine the framework to better address other important dimensions such as inclusiveness of growth, and provides for resources and mechanisms to refine and broaden the framework based on experiences gained during implementation. At the start of the RETA, experiences from completed studies by other development partners will be carefully reviewed.

10. The RETA will undertake country-specific diagnostic studies in four DMCs. The methodology will comprise three steps: review of growth performance and patterns, formulation of a set of hypotheses and testing of binding constraints, and formulation of policies to address the constraints. The first step involves reviewing a country's growth performance, analyzing key growth drivers, and identifying potential constraints to growth following a problem tree analysis (Appendix 2). The second step involves formulating a set of hypotheses regarding the binding constraints to growth and poverty reduction, and validating each hypothesis through evidence-based analysis and statistical testing. The third step involves formulating possible remedial actions to address the binding constraints.

11. The RETA will be implemented in two stages to provide the flexibility to learn from experiences in the first stage and to refine the methodology of the country diagnostic studies in the second stage. The first stage will focus on developing the study methodology, and conducting growth diagnosis and identifying binding constraints in the Philippines and Tajikistan.<sup>9</sup> The second stage will involve reviewing and refining the methodology in light of the

<sup>8</sup> A positive externality of the RETA will be ADB's improved understanding of binding constraints, which should contribute to better formulated rationale for ADB's interventions in its DMCs.

<sup>9</sup> DMCs to be studied in the first stage, the Philippines and Tajikistan, have been selected in close consultation with the regional departments. Neither country has benefited from a similar diagnosis of binding constraints in the recent past. The CPS processes in the two countries are to start in 2007–2008 and findings of the country diagnostic studies will directly benefit them. Governments in both countries have been consulted and have formally

experience gained in the first stage, conducting growth diagnosis in another two DMCs, and disseminating the study findings and methodology.

12. The main activities in the first stage will include (i) reviewing experience in similar studies undertaken by the World Bank and other development agencies and refining the methodology of country diagnostic studies, if needed; (ii) establishing a peer review group; (iii) establishing a website to disseminate the progress and findings and elicit feedback; (iv) conducting growth diagnosis and identifying binding constraints for the Philippines and Tajikistan; (v) formulating policy recommendations for addressing binding constraints in the Philippines and Tajikistan; (vi) disseminating findings through multistakeholder country workshops; and (vii) preparing country diagnosis reports.

13. The main activities in the second stage will include (i) reviewing and updating methodology used for country diagnosis in the first stage; (ii) conducting growth diagnosis, identifying binding constraints, and formulating policy recommendations for the two DMCs; (iii) disseminating findings through multistakeholder country workshops, country diagnosis reports, and regional workshops; and (iv) preparing a final report summarizing findings, assessment of the methodology, and methodological notes on the conduct of country diagnostics.

### **C. Cost and Financing**

14. The total cost of the RETA, estimated at \$650,000, will be financed by a grant from ADB's TA funding program. The proceeds will cover consulting services, country visits, seminars and workshops, data acquisition, surveys and in-depth studies, equipment, and administration and support costs. The breakdown of the costs is in Appendix 3

### **D. Implementation Arrangements**

15. The RETA will be implemented by ADB in consultation with DMC planning agencies and in partnership with relevant in-country research institutions. ADB's Economics and Research Department (ERD) will administer the RETA in close coordination with the country teams in the regional departments. The RETA will be implemented from June 2007 to May 2009.

16. The RETA will require an estimated 47 person-months of consulting services in macroeconomic and microeconomic analyses (15 person-months international and 32 person-months national). The consultants will be supported by a number of research assistants, to be engaged on an as-needed basis. Given the intermittent nature of assignments and anticipated variety of expertise required, all consultants will be engaged by ADB as individuals in accordance with its *Guidelines on the Use of Consultants* (2007, as amended from time to time). Outline terms of reference for the consultants are in Appendix 4.

17. Procurement of equipment (computer hardware and software) by ADB will be in accordance with its *Procurement Guidelines* (2007, as amended from time to time). Procurement will take place in coordination with ADB's Office of Information Systems and Technology and Office of Administrative Services. After the RETA, any procured equipment will be disposed off in accordance with project administration instructions no. 5.11.<sup>10</sup>

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expressed their no-objection to the RETA. DMCs for the second stage will also be selected in close consultation with the regional departments and keeping in view the DMCs' needs.

<sup>10</sup> ADB. 2007. Administering Grant-Financed Technical Assistance Projects. *Project Administration Instructions*. No. 5.11. Manila.

18. The RETA will conduct a number of country workshops in the participating DMCs as well as a final regional workshop to disseminate the findings of the country diagnostic studies among the senior DMC government officials, the academe in DMCs, interested civil society groups, and ADB staff. The RETA will establish a peer review group drawing membership from planning agencies, and academic and research communities in the selected DMCs, and development practitioners from outside for exchange of ideas and feedback on the methodology and findings. The RETA will also establish a website to elicit an even wider feedback on the findings.

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

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$650,000 on a grant basis for Strengthening Country Diagnosis and Analysis of Binding Development Constraints in Selected Developing Member Countries, and hereby reports this action to the Board.

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b></p> <p>Enhanced development impacts of DMCs' national development plans and poverty reduction strategies</p>	<p>Visible improvements in the key development indicators for DMCs basing their national development plans on systematic country diagnosis and identification of binding constraints to growth and poverty reduction</p>	<p>DMCs annual development reports, <i>Asian Development Outlook</i>, and CPS completion reports</p>	<p><b>Assumption</b></p> <ul style="list-style-type: none"> <li>Willingness of policy makers in the DMCs to base their medium- to long-term policies on economic considerations</li> </ul>
<p><b>Outcome</b></p> <p>Enhanced capacities of DMCs in undertaking country diagnosis and identifying binding constraints to growth and poverty reduction</p>	<p>A number of DMCs undertaking systematic country diagnostics to support their planning processes</p>	<p>Country operations business plans, and approved technical assistance (TA) reports</p>	<p><b>Assumption</b></p> <ul style="list-style-type: none"> <li>Methodologies developed under the RETA effectively disseminated to the DMCs not covered by the RETA</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Weak capacities of DMCs to replicate the growth diagnostic studies on their own</li> </ul>
<p><b>Outputs</b></p> <p>Stage 1. Conduct of growth diagnostics in first set of DMCs</p> <p>Stage 2. Conduct of growth diagnostics in second set of DMCs</p>	<p>Completed country studies for the Philippines and Tajikistan by May 2008</p> <p>2 country workshops conducted by May 2008</p> <p>Methodology of the country studies for DMCs in the second stage revised on the basis of lessons from studies in the first stage</p> <p>Completed country studies for two DMCs by May 2009</p> <p>2 country workshops conducted by May 2009</p>	<p>Economics and Research Department (ERD) publications, TA performance report (TPR), and project information document (PID)</p> <p>ERD publications, TPR, and PID</p> <p>ERD publications, TPR, and PID</p> <p>ERD publications, TPR, and PID</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>Access to high-quality national income accounts, labor market, household survey, and sector-specific data sets for participating DMCs</li> <li>Availability of institutions and individual experts with familiarity and knowledge of the selected DMC economies</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Growth diagnostic framework is not appropriate for all DMCs</li> </ul>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
	Regional workshop conducted by May 2009  Final report completed by May 2009		
<p><b>Activities with Milestones</b></p> <p><b>Stage 1</b></p> <p>1.1 Core team of experts mobilized (July–August 2007)</p> <p>1.2 Peer review group formed (July–August 2007)</p> <p>1.3 RETA website established (August–September 2007)</p> <p>The Philippines Study</p> <p>1.4 Growth inquiry and identification of constraints completed (October 2007)</p> <p>1.5 Hypotheses for testing the binding constraints formulated (November 2007)</p> <p>1.6 Binding constraints identified (January 2008)</p> <p>1.7 Policy recommendations to address the binding constraints formulated (February 2008)</p> <p>The Tajikistan Study</p> <p>1.8 Growth inquiry and identification of constraints completed (December 2007)</p> <p>1.9 Hypotheses for testing the binding constraints formulated (January 2008)</p> <p>1.10 Binding constraints identified (March 2008)</p> <p>1.11 Policy recommendations to address the binding constraints formulated (April 2008)</p> <p><b>Stage 2</b></p> <p>2.1 Growth diagnostic methodology revisited based on experiences gained from Philippines and Tajikistan studies (May–June 2008)</p> <p>2.2 Two remaining DMCs selected in consultation with the regional departments ( June–July 2008)</p> <p><b>Studies for the remaining DMCs</b></p> <p>2.3 Growth inquiry and constraints identification completed (November 2008)</p> <p>2.4 Hypotheses for testing the binding constraints formulated (December 2008)</p> <p>2.5 Binding constraints identified (February 2009)</p> <p>2.6 Policy recommendations formulated (March 2009)</p> <p>2.7 Methodological notes for undertaking growth diagnostics developed (May 2009)</p>			<p><b>Inputs</b></p> <p>ADB \$650,000</p> <p>15 person-months of international and 32 person-months of national consulting services</p> <p>Consultants \$470,000</p> <p>Travel of Staff as Resource Persons \$20,000</p> <p>Equipment \$5,000</p> <p>Training, Seminars, and Workshops \$50,000</p> <p>Data, Surveys, and In-Depth Studies \$20,000</p> <p>Miscellaneous Administration and Support Costs \$20,000</p> <p>Contingencies \$65,000</p>

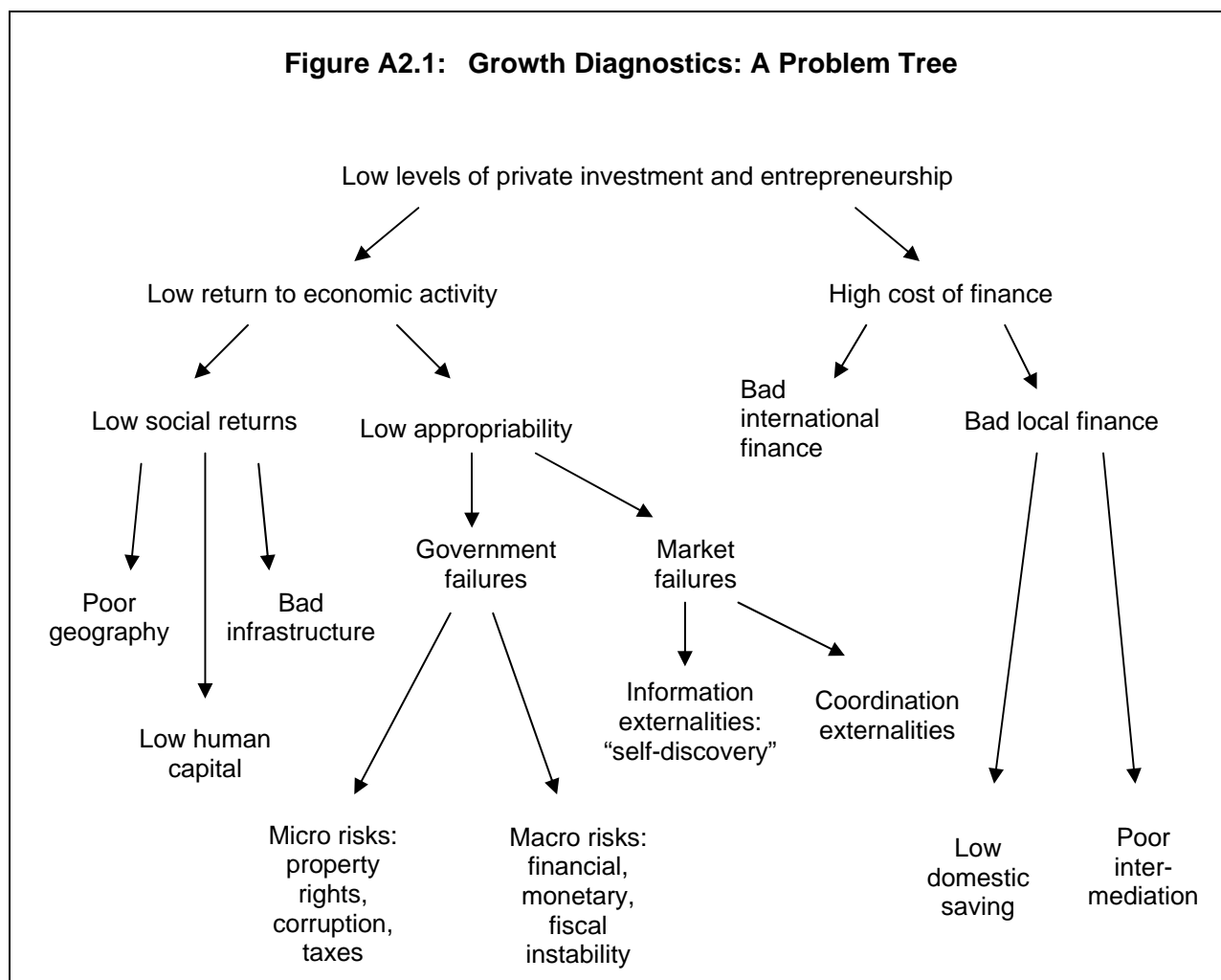
CPS = country partnership strategy, DMC = developing member country, ERD = Economics and Research Department, PID = project information document, TA = technical assistance, TPR = technical assistance performance report

## METHODOLOGY AND PROBLEM TREE

**Table A2.1: Step-Wise Study Methodology**

<b>Step</b>	<b>Objective/Goal</b>	<b>Activities</b>
I. Growth Inquiry	Identification and description of the drivers and constraints to growth	<ul style="list-style-type: none"> <li>• Identify the proximate determinants of economic growth (growth decomposition)</li> <li>• Determine which among the three factors (low returns to investment, inadequate private appropriability or inadequate access to finance) pose the greatest impediments to higher growth</li> <li>• Do a problem tree analysis</li> </ul>
II. Growth Hypotheses and Diagnosis	<p>Formulation of at least three “stories” on the binding constraints to growth</p> <p>Validation of the hypotheses through country-specific analysis to determine which constraints are the most binding on growth</p>	<ul style="list-style-type: none"> <li>• Propose at least three hypotheses about the binding constraints to growth based on the analysis from growth inquiry. The hypothesis should focus on each of the three factors or subcategory identified in the growth model and show why the said constraint is the most binding</li> <li>• Describe in detail the constraints identified and explain how they impede growth in the country being studied</li> <li>• Examine in detail the binding constraints proposed under each of the hypotheses and determine their validity by conducting rigorous analyses through topic-specific studies, use of direct evidence (if unavailable, indirect evidence), and statistical testing to test or determine whether a particular constraint is the most binding</li> <li>• Identify the most binding constraints that need to be addressed</li> </ul>
III. Formulation of Remedial Actions	Presentation of a menu of possible actions to address the most binding constraints identified	<ul style="list-style-type: none"> <li>• Identify and examine what policies are available and can most likely address or alleviate the binding constraints</li> <li>• Determine the advantages and disadvantages of second-best policies in the absence of the first-best options</li> <li>• Discuss policy options not only in the context of economic desirability but with regard to their context specificity and feasibility in terms of the current political and institutional/administrative setup</li> </ul>

**Figure A2.1: Growth Diagnostics: A Problem Tree**



Source: Hausman, R., D. Rodrik, and A. Velasco. 2005. *Growth Diagnostic*. Cambridge: Harvard University.

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

<b>Item</b>	<b>Total Cost</b>
<b>Asian Development Bank Financing<sup>a</sup></b>	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	245.0
ii. National Consultants <sup>b</sup>	180.0
b. International and Local Travel	40.0
c. Reports and Communications	5.0
2. Travel of Staff as Resource Persons	20.0
3. Equipment	5.0
4. Training, Seminars, and Workshops <sup>c</sup>	50.0
5. Data, Surveys, and In-Depth Studies	20.0
6. Miscellaneous Administration and Support Costs <sup>d</sup>	20.0
7. Contingencies	65.0
<b>Total</b>	<b>650.0</b>

<sup>a</sup> Financed by the Asian Development Bank's technical assistance funding program.

<sup>b</sup> Includes remuneration and per diem for research assistants.

<sup>c</sup> Includes travel and per diems for workshop participants.

<sup>d</sup> Includes publications-related costs.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

### A. International Consulting Services

#### 1. Lead Economist/Team Leader (4 person-months, intermittent)

1. The specialist should have a strong background in development economics, and be familiar with the growth diagnostic approach. The specialist will be mainly responsible for consolidating findings and experiences of the individual country diagnostic studies, to improve and refine the methodology and distill a handbook for guiding the conduct of growth diagnostic studies in the future. The specialist will

- (i) consolidate the country diagnostic reports for individual developing member countries (DMC) into an overall technical assistance report summarizing findings and experiences in implementing the growth diagnostic methodology,
- (ii) facilitate the conduct of a regional workshop to disseminate findings of the regional technical assistance (RETA), and
- (iii) prepare a handbook to guide Asian Development Bank (ADB) staff and planning agencies in DMCs in undertaking growth diagnostics.

#### 2. Development Economist (1 person-month, intermittent)

2. The specialist should have a strong background in development economics and should have participated in one or more growth diagnostic studies in the past. The specialist will provide advisory support to ADB staff and other experts in conducting growth diagnostics and in broadening the methodology to cover aspects other than economic growth. The specialist will

- (i) guide the RETA team in conducting the growth diagnostic studies as and when necessary;
- (ii) review country diagnostic reports for the first set of countries and suggest improvements, e.g., broadening the methodology to address additional dimensions such as inclusiveness of growth; and
- (iii) present the growth diagnostic framework in the regional workshop.

#### 3. Country Economists (10 person-months)

3. The specialists will lead the studies for the individual DMCs. They should have a strong background in development economics and be familiar with the growth diagnostic approach. Specialists should have extensive work experience and understanding of economic issues in the DMC that they would be assigned to work in. In leading the country diagnostic studies, the specialists will

- (i) facilitate the formation and functioning of country peer groups drawing membership from national planning agencies, academic and research institutions, other development partners, and interested civil society organizations;
- (ii) review the pattern of growth exhibited by the DMC and compare it with experiences in similar regional and nonregional economies;
- (iii) decompose economic growth, taking into account factors of production, and demand and supply side, and compare with experiences in similar regional and nonregional economies,
- (iv) construct a growth decision tree identifying the major constraints and hypotheses to test the binding nature of the constraints;

- (v) consolidate into a draft final country growth diagnostic report the findings of the constraint-specific investigations to identify the binding constraints and policy reforms to address them;
- (vi) facilitate the conduct of the country workshop to present the findings of the study to the Government planning agencies, the academe, ADB, and civil society;
- (vii) finalize the country diagnostic report by incorporating comments and feedback received at the country workshop; and
- (viii) prepare a presentation summarizing the findings of the country diagnostics report for the regional workshop.

## **B. National Consulting Services**

### **1. Economists (32 person-months)**

4. The specialists will undertake 3–4 constraint-specific investigations in each of the four DMCs, and ascertain whether a particular constraint or group of constraints has a binding effect on economic growth and poverty reduction. While the range of priority constraints faced by DMCs will vary from country to country and will only be known after preliminary assessments have been concluded, it is anticipated that the specific studies will cover service delivery, business climate, labor markets, trade, institutions, geographic inequities, and adequacy of infrastructure. The specialists should have a deep understanding of the respective DMCs economies and broad knowledge in one or more relevant constraints. In undertaking the constraint-specific studies, the specialists will

- (i) formulate at least three distinct hypotheses to test the specific constraints in the area/areas of specialization,
- (ii) assemble the relevant country and cross-country data sets and test whether the identified constraints are binding constraints for the selected DMC,
- (iii) coordinate regularly with other colleagues on the evolving findings and provide feedback to ensure consistency and complementarity of the final output,
- (iv) identify relevant policy recommendations for addressing the binding constraints,
- (v) present findings of the constraint-specific study to the peer group for review and feedback,
- (vi) summarize the findings of the constraint-specific study in a report that will constitute a section or sections of the overall country report, and
- (vii) present the findings in the country workshop.

### **2. Research Assistants (as needed)**

5. A number of research assistants with background in economics and with strong analytical skills will be engaged to support individual country diagnostic studies and preparations for the in-country and regional workshops. The research assistants will assist in

- (i) collecting and analyzing study-related data,
- (ii) setting up and updating the study website, and
- (iii) preparing presentations and a handbook for disseminating the study findings.