



Technical Assistance Report

Project Number: 43045-01
Cluster—Policy and Advisory Technical Assistance (C-PATA)
April 2009

Pacific Economic Management

ABBREVIATIONS

ADB	–	Asian Development Bank
DMC	–	developing member country
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Type	–	Cluster—policy and advisory technical assistance (C-PATA)
Targeting Classification	–	General intervention
Sector	–	Public sector management
Subsector	–	Economic and public affairs management
Themes	–	Economic growth (promoting macro-economic stability), governance (economic and financial governance), capacity development (institutional development)

NOTE

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

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In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

I. INTRODUCTION

1. The 14 Pacific developing member countries (DMCs) of the Asian Development Bank (ADB) are either fragile states or exhibit strong characteristics of fragility.¹ Weak economic performance contributes to this fragility, which is linked to shortcomings in policy and institutional environments as highlighted by ADB's country performance assessments. For these DMCs, ADB's long-term strategic framework 2008–2020 (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."²

2. As part of the *Pacific Studies Series*, the expected impacts of the global financial and economic crisis and a sensible policy response were presented in an October 2008 policy brief³ released by ADB. The publication received wide coverage in the region, including at the October 2008 Pacific Forum Economic Ministers' Meeting. ADB has subsequently helped coordinate a process among the region's development partners aimed at helping Pacific DMCs respond to the global crisis. Consultation has shown there is strong demand for assistance among the Pacific DMCs most exposed to the adverse impacts of the global crisis.

3. This proposed regional cluster technical assistance (TA) responds to these above challenges by adopting innovative approaches to assist economic management in the Pacific. It will help Pacific DMCs improve economic monitoring and the formulation and implementation of economic policy. Specifically, the first cluster will provide ADB's initial support for a country-led response to the global financial and economic crisis. The design and monitoring framework is in Appendix 1.⁴

II. ISSUES

4. Long-term growth rates are low in most Pacific economies, and for most of the region's population, the long-term process of structural transformation is either absent or has stalled.⁵ The poor growth outcomes can be traced back to a history of heavy-handed economic management that manifested in large, inefficient public sectors and excessive barriers to private sector development. In the 1990s, most Pacific DMC governments adopted structural adjustment programs to open economies and to modernize economic management. These programs demonstrated gains from such change, with moderate rates of economic growth when improvements were sustained. However, the results from these efforts have remained below expectations.

5. Key constraints lie in the institutional setting, with the prevailing political economy in particular imposing a binding constraint to improved economic performance.⁶ This is most

¹ ADB. 2008. *Working in Fragile Environments. A Midterm Review of the Pacific Strategy (2005–2009)*. Manila. The 14 Pacific DMCs are the Cook Islands, the Fiji Islands, Kiribati, the Marshall Islands, the Federated States of Micronesia, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

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

³ ADB. 2008. *Navigating the Global Storm: A Policy Brief on the Global Financial Crisis*. Manila.

⁴ The TA first appeared in the business opportunities section of ADB's website on 10 March 2009.

⁵ Sugden, C. and K. Taniguchi. 2007. Economic Inertia Versus Structural Change. *Pacific Economic Bulletin* 22 (2): 74–90.

⁶ See, for example, Fukuyama, F. 2008. State Building in Solomon Islands. *Pacific Economic Bulletin* 23 (3): 18–34; and Sugden, C. 2008. Finding Binding Constraints in the Pacific. *Pacific Economic Bulletin* 23 (2): 230–238.

evident in the frequent need to repeat externally funded policy analyses and advice, and the slow progress of many governments to meet their public commitments to improved economic management.

6. This experience forewarns that a concerted, innovative effort will be required to help lessen the impact of the global financial and economic crisis on the region. Lower commodity prices have already reduced export incomes, and tourism and remittances are easing as source economies face tougher economic conditions. The value of most of the region's offshore investment funds, held by national trust funds and the region's superannuation schemes, have declined substantially.

7. If a timely and effective response is to be made, extra effort will be needed to improve the flow of economic information, to use better economic indicators, and to reduce time lags in economic monitoring. Support will also be needed to analyze the impacts of the global crisis on the Pacific DMCs and to prepare policy responses. The economic agencies of the Pacific DMCs most exposed to the adverse impacts of the global crisis have advised that they would welcome help from development partners to strengthen their economic analysis and to respond best to the global crisis.

8. Innovative efforts will be needed to trigger constructive policy and institutional change in Pacific DMCs. These efforts need to build on sensitive, long-term relationships between these countries and their development partners, and among advisors, reformers, and those impacted by reform. Above all, to be successful, assistance for improved economic management needs to be tailored to meet individual circumstances and to encourage local ownership and control.

9. There are some recent examples of the potential economic benefits from policy and institutional adaptation. Successes have typically been characterized by local commitment that led to a locally driven effort. Consultative and participatory processes, open debate, and information sharing assisted the achievement of these helpful changes.⁷ In addition, successful reform in aviation and mobile telecommunications, which allowed new and lower-cost entrants, show that alternative approaches to economic management can quickly boost economic growth and development.

III. THE PROPOSED TECHNICAL ASSISTANCE

A. Impact and Outcome

10. The proposed TA is to strengthen the capacity of Pacific DMCs to manage for inclusive economic growth—specifically, to assist Pacific DMCs in using improved economic management processes. This is to be achieved by assistance that offers longer-term benefits by helping develop existing Pacific DMC systems and processes for economic management and the individual capacity of the region's economic managers. The proposed TA will help address long-standing institutional constraints to change by encouraging demand for better economic management. Support is to focus on topical economic issues to capitalize on episodes of demand for improved economic management. Innovative modalities will be pursued, including the use of a mentoring approach and support for coalitions for change. A cluster TA is proposed as a means of progressively raising the intensity of engagement through subprojects linked by a consistent approach to achieving change.

⁷ As documented in ADB's recent *Capacity Development Series* (www.adb.org/Documents/Studies/Capacity-Development-in-the-Pacific/default.asp).

11. Assistance would be provided to Pacific DMCs that demonstrate an appreciation of the need to take action to improve economic management. The proposed TA must nevertheless be conservative in expectations given the tight limits on capacity, the shortage of experience in successful implementation of economic management, and the small amount of funds available per country.

12. Subproject 1 is to focus on a response to the global financial and economic crisis. The subproject provides for ADB's contribution to a joint effort by development partners to help Pacific DMCs lessen the effects of the global crisis through improved economic monitoring, policy analysis, and dialogue.

13. The initiation of future subprojects will await the emergence of opportunities to pursue demand-driven improvements. Future subprojects will continue efforts to improve economic management. Modern, strategic management approaches from other regions, such as support for the capacity development of coalitions for change or variants of corporate change management, will be applied more intensively with a view to adapting modern approaches to Pacific DMC circumstances. Efforts will be made throughout the proposed TA to help civil society increase their engagement in economic issues. However, should risk factors eventuate and the progress of subproject 1 be inadequate, additional clusters could be brought forward to pursue innovative approaches to mobilizing change toward improved economic management processes. Such action would be matched by extra efforts to ensure government commitment to the TA.

14. Performance of the proposed TA will be established via demonstrated improvements in economic management consistent with international good practices, taking into account regional and national circumstances, as assessed through economic reporting.

B. Methodology and Key Activities

15. The planned outputs of the proposed TA are:

- (i) adoption of an expanded set of economic indicators, including lead indicators where feasible;
- (ii) preparation of economic review assessments; and
- (iii) high-level inputs to economic policy formulation generated through periodic in-country and regional high-level dialogues.

16. Subproject 1, Response to the Global Crisis, will provide for highly experienced mentors to guide Pacific DMC decision makers and senior economic advisers. Mentors will apply key lessons learned from the Pacific and other regions toward successful economic reform. Coupled with the demand for improved economic management that is expected to arise as the global crisis expands to the region, the subproject is expected to offer improvements on traditional approaches.

17. The work of the mentors (to be appointed as lead advisers) will be supported by advisers and economic analysts. The provision of this technical support recognizes the additional workload imposed on Pacific DMC economic agencies by the global crisis and the need to fill some gaps in expertise. Support will be provided to take full advantage of opportunities for on-the-job learning and to transfer needed skills to maximize prospects of sustainability. Where support by international consultants is to be provided through repeated visits, progress between visits will be used to assess local capacity and ongoing engagement.

18. In addition to supporting country-level dialogue, subproject 1 will provoke structured and targeted regional dialogue that brings together the heads of treasuries and ministries of finance, central banks, and market regulators and supervisors. This will help decision makers define their own policy position by sharing experiences and debating policy issues, many of which will be common across the region. As much as possible, support for regional dialogue will be joined to other regional events.

19. A Pacific economic monitor will be prepared as a compilation of data and economic analysis of the impact of the global crisis and proposed policy responses. The monitor is to be used to help underpin the analytical content of policy dialogue, and will be widely disseminated to raise public awareness of key public policy issues. The economic monitor is to provide a link between subproject 1 and the policy agenda of relevant regional economic fora.

20. Support from subproject 1 will be tailored to the emerging needs of each Pacific DMC. The intention is to supplement existing monitoring to offer longer-term benefits from the assistance rather than to create a separate, once-off donor activity.⁸ Country-level assistance will be provided in response to a request from Pacific DMCs that spells out the need for support and links the request to existing activities, both own and development partner-funded. Preference will be given to economic agencies that show how staff members will benefit from support in an effort to share capacity development support and to lessen the risk that high staff turnover will erode sustainability.

21. The prospects of sustainability will also be enhanced by focusing support on central banks in close cooperation with other donors, including the International Monetary Fund's Pacific Financial Technical Assistance Centre. Central banks have a direct policy responsibility and standing within Pacific DMCs and a demonstrated capacity to raise performance and to improve economic management.⁹ They provide a good basis for developing the coalitions for change needed to raise the standard of economic management. Where central banks are not present, the focus of support will be on the economic areas of treasuries and ministries of finance.

22. It is anticipated that funds will be used most effectively if operations are concentrated in about five Pacific DMCs, complemented by a rapid-response and regional support function that can also assist other Pacific DMCs as needs arise. Resource allocations will be responsive to the presence of local ownership, prospects for sustainability, the vulnerability of Pacific DMC economies to the global crisis, and whether other development partner activities (new or existing) can instead accommodate a response to the global crisis.

C. Cost and Financing

23. The total cost of the proposed TA is estimated at \$3.5 million equivalent. It is proposed that ADB provide \$3.0 million equivalent on a grant basis. Pacific DMC governments will finance the remaining \$0.5 million equivalent. The proposed TA will be financed on a grant basis by ADB's TA funding program (TA Special Fund IV). Cost estimates and the financing plan are provided in Appendix 2.

⁸ Support is to build on the framework presented in ADB. 2009. *Global Crisis Stocktake and Gap Analysis-Enhanced Economic Monitoring, Step 1: Indicators*. Manila (March).

⁹ The improvement in the performance of the Bank of Papua New Guinea since reform efforts in the early 2000s being the most recent example.

D. Implementation Arrangements

24. ADB's Pacific Department will be the Executing Agency for the proposed TA as well as the implementing agency for subproject 1. Funds for regional conferences, seminars, and training events will be administered by the Pacific Department. Implementation will be harmonized with the activities of other development partners, principally via the continuation of development partner coordination meetings and the establishment of a TA steering committee comprising key development partners, the Pacific Financial Technical Assistance Centre, and the Pacific Islands Forum Secretariat.¹⁰

25. Consultants will be engaged under subproject 1 on an intermittent basis of 3–9 months. Areas of expertise will include economic management and the closely related fields of public policy, including economic statistics. A range of experience levels and skills will be engaged to allow support to be tailored to the needs of each Pacific DMC. In addition to the team leader, up to 5 lead advisers, 5 advisers, and 15 economic analysts will be engaged. Expected results include improved economic monitoring frameworks, policy analysis and advice, and the transfer of capacity to participating agencies in the Pacific DMCs. An outline of the terms of reference is provided in Appendix 3.

26. Consultants will be selected and engaged by ADB in accordance with its *Guidelines on the Use of Consultants* (2007, as amended from time to time). TA consultants will be engaged on an individual basis in order to facilitate a rapid and flexible response to the global crisis, the topical issues to be explored by follow-on subprojects, and the engagement of specialists in economic management who are highly regarded in the region.

27. Disbursements under the TA will be made in accordance with ADB's *Technical Assistance Disbursement Handbook*,¹¹ as amended from time to time. The TA is estimated to start in June 2009 and be completed in June 2011.

28. The main outputs will be disseminated widely at regional conferences, at other fora, and in the regional press to keep the public informed of key public policy issues and to help mobilize public support for improved economic management. The Pacific economic monitor will provide a key conduit for communicating economic and policy analysis prepared under the proposed TA. Outcome evaluation will be undertaken with the assistance of the steering committee.

IV. THE PRESIDENT'S RECOMMENDATION

29. The President recommends that the Board approve the provision of technical assistance not exceeding the equivalent of \$3,000,000 on a grant basis for Pacific Economic Management.

¹⁰ ADB hosted development partner coordination meetings on a global crisis response on 4 December 2008 and 27 February 2009 at the Pacific Coordination Liaison Office in Sydney, Australia. Attendees were the Australian Agency for International Development, the New Zealand's International Aid & Development Agency, the Pacific Financial Technical Assistance Centre, the World Bank, and (at the 27 February meeting) the United Nations Development Programme. The meetings provided a forum for the sharing of information and the coordination of development partner activities, including the prioritization of activities and the integration of a response to the global crisis with other activities.

¹¹ ADB. 2008. *Technical Assistance Disbursement Handbook*. Manila.

DESIGN AND MONITORING FRAMEWORK

Design Summary ^a	Performance Targets and/or Indicators ^a	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>Impact Strengthened capacity of assisted Pacific DMCs to manage for inclusive economic growth</p>	<p>Demonstrated improvements in economic management, consistent with international good practices and taking into account national and regional circumstances</p> <p>Economic policy adjusted proactively to reduce the adverse impact of the global financial and economic crisis</p>	<p>Reports and assessments of Pacific DMC governments, IMF, PFTAC, development partners, and regional organizations</p> <p>Media articles</p>	<p>Assumption Political commitment to and public support for improvements to economic management are strong.</p>
<p>Outcome Assisted Pacific DMCs use improved economic management processes</p>	<p>Higher-quality economic analysis and policy advice incorporated into decision making and public policy dialogue</p> <p>At least one effective coalition for change of key stakeholders active in a Pacific DMC, engaging in economic policy dialogue</p> <p>Internally generated public discussion of economic management proposals established</p> <p>Periodic, independently prepared media articles on key economic management issues arising from the global financial and economic crisis</p>	<p>Reports and assessments of Pacific DMC governments, IMF, PFTAC, development partners, and regional organizations (e.g., budget papers, monetary policy statements, IMF article IV staff reports, Forum Economic Ministers Meeting reports)</p> <p>Media articles</p>	<p>Assumptions Pacific DMC governments are committed to supporting economic agencies.</p> <p>Pacific DMC governments and economic agencies are committed to an open dialogue on economic management.</p> <p>Civil society mobilizes support for public policy discussions.</p> <p>Risks Political consensus for improved economic management is weakened by changes in leadership.</p> <p>The immediacy of economic stress caused by the global crisis (e.g., lost jobs and incomes) creates a reactive rather than proactive approach to economic management.</p> <p>Governments lack needed funds to adopt improved economic management (e.g., to fund any adjustment costs).</p>
<p>Outputs</p> <p>1. Expanded set of economic indicators, including lead indicators where feasible</p> <p>2. Economic review assessments undertaken on</p>	<p>Regular public reporting by Pacific DMCs of an expanded set of economic indicators</p> <p>Public release of economic assessments covering topical economic issues actively covered by the media</p>	<p>Reports and assessments of Pacific DMC governments, IMF, PFTAC, development partners, and regional organizations (e.g., budget papers, Ministry of Finance and central bank bulletins and statistical releases, IMF article IV staff reports, Forum Economic</p>	<p>Assumptions Strategic management approaches (e.g., corporate change management) can be adapted to the Pacific.</p> <p>Economic management agencies support networking and training.</p> <p>Development partners modify their activities to</p>

Design Summary ^a	Performance Targets and/or Indicators ^a	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
topical economic issues	(subproject 1: at least six feature articles in a leading Pacific magazine/newspaper on the issues raised by economic reporting and policy dialogue on the global crisis; subproject 2: to be determined)	Ministers Meeting reports)	accommodate TA.
3. High-quality advice available for the open and transparent formulation of economic management	Established practice of internally generated public dialogue on new economic management initiative(s) (subproject 1: at least six country-led public dialogues or regional dialogues on a policy response to the global crisis with supporting technical briefing or policy papers; subproject 2: to be determined)	Media articles	<p>There is professional agreement on best practice approaches to economic management.</p> <p>Risks High staff turnover in Pacific DMC economic agencies render improvements unsustainable.</p> <p>High-quality professional assistance cannot be secured given competing demands.</p>
<p>Activities with Milestones</p> <p>Subproject 1 (Response to the Global Crisis):</p> <p>1.1 Provide assistance for enhanced economic monitoring (a rapid response provided within 1 month of a request for assistance by a Pacific DMC and longer-term support initiated within 3 months of the request)</p> <p>1.2 Assess justified enhancements of the monitoring system (within 1 month of a request for assistance by a Pacific DMC)</p> <p>2.1 Support integration of an assessment of the global crisis into key documents of treasuries, ministries of finance, and central banks (by end of the subproject)</p> <p>2.2 Prepare Pacific economic monitor or similar publication as a compilation of data and economic analysis of the impact of the global crisis and proposed policy responses (from within 3 months of subproject inception and periodically thereafter)</p> <p>3.1 Prepare a brief baseline assessment of the quality of economic analysis, policy advice, and their use in relation to the readiness to respond to the global crisis (within 1 month of a request for assistance by a Pacific DMC)</p> <p>3.2 Provide assistance for improved economic management through mentoring and other innovative practices in response to the demands of Pacific DMC governments (within 3 months of the request for assistance)</p> <p>3.3 Assist in drafting of proposals to improve economic management (by end of the subproject)</p> <p>3.4 Organize learning, networking, and training events for advocates and champions for improved economic management (at least two events by end of the subproject)</p>			<p>Inputs</p> <p>ADB: \$3.0 million</p> <p>Pacific DMC governments: \$0.5 million</p>

ADB = Asian Development Bank, DMC = developing member country, IMF = International Monetary Fund, PFTAC = Pacific Financial Technical Assistance Centre, TA = technical assistance.

^a For participating Pacific DMCs.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Subproject 1	Other Subprojects	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem	1,150.0	575.0	1,725.0
i. International Consultants	900.0	450.0	1,350.0
ii. National Consultants	250.0	125.0	375.0
b. International and Local Travel	370.0	185.0	555.0
c. Reports and Communications	30.0	15.0	45.0
2. Training, Seminars, and Conferences	200.0	100.0	300.0
3. Miscellaneous Administration and Support Costs	50.0	25.0	75.0
4. Contingencies	200.0	100.0	300.0
Subtotal (A)	2,000.0	1,000.0	3,000.0
B. Government Financing^b			
1. Office Accommodation and Transport	60.0	40.0	100.0
2. Remuneration and Per Diem of Counterpart Staff	225.0	150.0	375.0
3. Others	15.0	10.0	25.0
Subtotal (B)	300.0	200.0	500.0
Total	2,300.0	1,200.0	3,500.0

^a Financed by the Asian Development Bank's technical assistance funding program (Technical Assistance Special Fund IV).

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Subproject 1: Response to the Global Crisis

1. The first subproject—Response to the Global Crisis—of the Pacific Economic Management technical assistance (TA) project will support economic monitoring, analysis, and policy advice by Pacific developing member countries (DMCs) in a joint effort with development partners. Given the recent emergence of the global economic and financial crisis, and uncertainty as to its depth and duration, the needs of Pacific DMCs are still being assessed. The response of development partners is also in its formative stages; consequently, the following resources requirements and terms of reference are indicative only.
2. A mix of individual international and national consultants will support Pacific DMC economic agencies in strengthening economic monitoring systems and supplementing these systems with indicators tailored to the likely impact of the global crisis on each Pacific DMC. This information will be used to provide higher-quality advice to Pacific DMCs and the appropriate response of economic management.
3. The makeup of assistance will be determined by the impact of the global crisis on each Pacific DMC, capacities of each Pacific DMC, the case put forward by each Pacific DMC for achieving sustainable impact from the TA (e.g., a group of staff members who will benefit from support to minimize the impact of staff turnover), and the availability of national and international consultants. The consultants will have a proven ability to review and analyze policy as well as 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 Asian Development Bank (ADB) style guidelines will also be beneficial.
4. The policy and technical analysis 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 learned 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 affected by the crisis mitigate adverse impacts and engage in preparation for a response.
5. ADB's Pacific Department, and specifically desk officers and desk economists in the Pacific DMC resident missions, will coordinate the consultant input, 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 country economist (Pacific Operations Division) will have overall responsibility for the subproject.
6. The work 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. The individual consultants will coordinate their work schedules and engage, to the maximum extent feasible, with civil society and staff of Pacific DMC economic agencies including treasuries and

ministries of finance, central banks, planning offices, or units and statistic bureaus in each Pacific DMC, as appropriate.

7. **Team Leader** (international, 9 person-months, intermittent). A team leader will be appointed to provide overall intellectual leadership and strategic guidance to Pacific DMCs and ADB on the implementation of the subproject. The team leader will also take the lead in ensuring lessons from the subproject are transferable to future subprojects of the TA. The work is to be cognizant of lessons learned from past experience of Pacific DMC governments and development partners to raise economic performance. This person will have extensive, high-level experience (more than 15 years) advising on economic management in Pacific DMCs. Duties will include, among others:

- (i) communicating with assisted Pacific DMCs on the economic impact of the global crisis, including country consultation in participating Pacific DMCs;
- (ii) formulating economic advice on macroeconomic and microeconomic initiatives that will lessen the adverse impacts of the global crisis on Pacific DMCs;
- (iii) providing strategic guidance to Pacific DMC economic agencies on the conduct of policy workshops and other public dialogue fora, including at the regional level;
- (iv) ensuring that quality control processes are in place and implemented through the provision of advice to Pacific DMCs by the TA consultants;
- (v) ensuring that the TA will, to the extent practical, integrate with the analysis, policy advice, and institutional and capacity development work of other development partners; and
- (iii) coordinating with ADB, development partner staff, and consultants to avoid duplication and to maximize the contribution of development partner resources in economic management.

8. **Lead Advisers** (5 international advisers, 3–9 person-months each, intermittent). Working under the overall guidance of the team leader, lead advisers will be appointed to provide a high-level mentoring group for economic policy makers in Pacific DMCs on the management of a response to the global crisis. They will be directly supported in their work by a regional support team. One of the lead advisers will take a lead role in day-to-day management of the subproject, supported as required by a regional support team. Two lead advisers will undertake a rapid response role and carry much of the responsibility for coordinating a response to the global crisis with other development partner initiatives. The lead advisers will have extensive, high-level experience (more than 15 years) advising on economic management or closely related fields of public policy in developing countries, preferably including in Pacific DMCs.

9. Lead advisers will support Pacific DMCs in formulating country-specific proposals to improve economic management to respond to the global crisis in a prioritized, sequenced manner. The proposals are expected to outline achievable, priority policy options, time frames, budget implications including potential funding sources (in broad terms), and the allocation of responsibility for implementation. The formulation of policy proposals is to adopt, as a starting point, initiatives that are underway and are proving relevant. It is also to build on an identification of past success factors and those factors that have detracted from advancing reforms. Duties will include, among others:

- (i) communicating with assisted Pacific DMCs on the economic impact of the global crisis, including country consultation in participating Pacific DMCs;
- (ii) analyzing lessons learned in the region from comparable, past episodes of economic stress, including the 1997 Asian financial crisis;

- (iii) analyzing the international response to the global crisis and the adaptation of this response to Pacific DMCs;
- (iv) formulating economic advice on macroeconomic and microeconomic initiatives that will lessen the adverse impacts of the global crisis on Pacific DMCs;
- (v) identifying technical support needed by assisted Pacific DMCs to manage the impact of the global crisis;
- (vi) providing strategic guidance to Pacific DMC economic agencies on the conduct of policy workshops and other public dialogue fora, including at the regional level;
- (vii) ensuring that quality control processes are in place and implemented through the provision of advice to Pacific DMCs by the TA consultants; and
- (viii) coordinating with ADB, development partner staff, and consultants to avoid duplication and to maximize the contribution of development partner resources in the area of economic management.

10. **Advisers** (5 national/international advisers, 3–9 person-months each, intermittent). Advisers will be appointed to participating Pacific DMCs in priority areas of economic management and to a regional support group. They will have a strong background in economics or closely related fields of public policy, such as economic statistics or financial sector regulation, including a degree from an internationally reputable university. They will preferably have experience in Pacific DMCs. The advisers will have a proven ability to review and analyze policy, as well as to form policy prescriptions that are consistent with inclusive growth through sound institutional arrangements. Working with Pacific DMC economic agencies under the overall direction of the lead advisers, the advisers will have a primary role of providing technical support and advice to Pacific DMCs, and will for that purpose:

- (i) prepare economic analyses on the impact of the global crisis on each assisted Pacific DMC and key economic management issues to which these impacts give rise;
- (ii) review and support the improvement of systems and processes needed to monitor the impact of the global crisis and to develop a good understanding of how adverse impacts can be managed;
- (iii) formulate economic advice on macroeconomic and microeconomic initiatives that will lessen the adverse impacts of the global crisis on each assisted Pacific DMC;
- (iv) facilitate the conduct of policy workshops and other public dialogue fora;
- (v) advise on the best means of supporting capacity development in areas with each assisted Pacific DMC's economic agencies that are critical to managing the adverse impact of the global crisis;
- (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 both to inform the preparation of advice for each assisted Pacific DMC and to transfer, to the extent feasible, the skills needed within each assisted Pacific DMC to carry improvements to economic monitoring and management to the future; and
- (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 management.

11. **Economic Analyst** (15 national/international, 3–9 person-months each, intermittent). Economic analysts will be appointed to participating Pacific DMCs to support the lead advisers, advisers, or a regional support group, or, in some cases, to provide technical support independently. The economic analysts will have a solid background in economics or closely related fields of public policy, such as economic statistics, including a degree from an

internationally reputable university. Working with Pacific DMC economic agencies under the overall direction of the lead adviser or adviser, the economic analyst will have a primary role of providing technical economic support to Pacific DMCs, and will for that purpose:

- (i) assist in research and analysis on the basis of their specialist knowledge of the particular technical issue or Pacific DMC economy;
- (ii) assist with the conduct of economic monitoring and the preparation of economic advice to Pacific DMCs on the impact of the global crisis and how they can be managed;
- (iii) support the conduct of policy workshops and other public discussions of policy;
- (iv) assist in the provision of advice on the best means of supporting capacity development in areas critical to managing the adverse impact of the global crisis;
- (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 both to inform the preparation of advice for Pacific DMCs and to transfer, to the extent feasible, the skills needed within Pacific DMCs to carry improvements to economic monitoring and management to the future; and
- (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 management.

12. **Output/Reporting Requirements.** Under the overall guidance of the team leader, the lead advisers will be responsible for the quality of all reports, documentation, and submissions produced under the subproject to a publishable and high professional standard. All reports are to be in English and be suitable for public circulation. With the support of the advisers and economic analysts, the lead advisers will submit an inception report, monthly progress reports, a draft final report, and a final report to the participating Pacific DMC governments and ADB as follows:

- (i) **Inception report.** This report will clearly provide a plan for implementation of the subproject, challenges to its success, and a summary of the status of TA performance.
- (ii) **Progress reports.** These brief, monthly reports will inform the government and ADB of the status of implementing the terms of reference, plans for achieving the TA's objectives, and a personnel schedule with accomplishments under each item of the terms of reference. These reports will adopt a uniform format facilitating monitoring
- (iii) **Draft final report.** This report will (a) be submitted on completion of the subproject, (b) summarize TA activities and recommendations, and (c) provide recommendations on any additional steps required on the items of the terms of reference.
- (iv) **Final report.** This report will be submitted by the consultants within 1 month of receipt of the comments on the draft final report from the government and ADB.