



Asian Development Bank

Memorandum  
Pacific Department

**For Approval of para. 15**

27 November 2006

To: Haruhiko Kuroda  
President

Through: C. Lawrence P. Greenwood  
Vice President (Operations 2)

From: Philip C. Erquiaga  
Director General, PARD

Subject: **RMI: SSTA for Building Capacity for Independent Country Partnership Strategy (CPS) and Country Performance Assessments (CPA) Results Management – A Pacific Pilot**

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**I. INTRODUCTION**

1. The Government of the Republic of the Marshall Islands (RMI) (the Government) has requested a small scale technical assistance (SSTA) from the Asian Development Bank (ADB) to support further strengthening of independent monitoring and management of the results of the future Country Partnership Strategy (CPS) and also for the annual Country Performance Assessments (CPA). PARD has reached an understanding on the impact, outcome, outputs, implementation arrangements, cost, financing arrangements and terms of reference of the proposed SSTA. A concept paper for the TA was approved by Vice President (Operations 2) on 26 October, 2006. The SSTA framework is attached as Appendix 1.<sup>1</sup>

**II. ISSUES**

2. The Government's National Development Plan, "Vision 2018" provides broad, general and wishful guidance to development activity but is neither prioritized nor linked to budget expenditures and revenue generation and other policy formulation. As recorded in the Country Performance Assessments (CPA) of 2005 and 2006, the RMI is designated as a Weakly Performing Country (WPC) or Fragile State where adoption of improved development policy and institutional practice has proven to be most difficult. The ADB country strategy for the RMI aims to strengthen the performance of the State by improving the enabling environment for private sector activity and by improving public sector performance and improved governance. As recorded in the current Design and Monitoring Framework of the country strategy for the RMI for 2007 to 2011 (Appendix 1), development indicators focus on process indicators for improved productivity and performance in the provision of public and private goods and services.

3. There is a continuing shortage of statistics and statisticians in the RMI despite a series of assistance programs<sup>2</sup>. Recent efforts through TA 4199 "Strengthening the Economic Policy, Planning and Statistics Office (EPPSO)" have however been more successful. TA 4199

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<sup>1</sup> The TA first appeared in *ADB Business Opportunities* on 8 June 2006.

<sup>2</sup> This includes earlier ADB TA (RMI TA 1671, 2164, 2295, and 3161).

succeeded in building up some statistics capacity, rebuilding the statistical data set, and in the drafting of Cabinet policy briefs. This has partly come about through the use of new statistics training programs to certificate level provided by the University of the South Pacific (USP) Majuro Campus, and by employing long-term intermittent rather than permanent in-line consultants. Other lessons learned from earlier less successful statistics TAs include the need for greater local ownership, committed leadership (which EPPSO now has), a stronger institutional focus to retain knowledge transferred, to balance the levels of training<sup>3</sup> and for greater demand for statistics. Where TA 4199 was not so successful was in facilitating Cabinet decision-making and implementation of improved policy. The country strategy for RMI includes an EPPSO II TA that will continue the work of TA 4199 including a more comprehensive approach to building statistical systems in the country. Fact-finding for this TA is set for 2008; that is after the next elections to be held in November 2007, so that we may better gauge the demand for policy reform and therefore for the statistics that may better inform policy.

4. The ADB country strategy with the government and people of the RMI has stressed extensive demand-side consultation and participation of relevant stakeholders. ADB has funded participatory preparation of the earlier CSPU, all TAs, informal and confidential leadership retreats, media consultations, and public presentations on development policy. This has succeeded in stimulating a demand for greater information and knowledge about development including public debate and discussion of development in 2006. These latter discussions have so far included public presentations by many elected and executive officials. More recently the *Nitijela* (Parliament) has also started to conduct forum on development issues with NGOs. The College of the Marshall Islands (CMI) has now decided to establish a Public Policy Institute at the College.

5. For a number of years now the Government of the RMI, through the Ministry of Finance and EPPSO, has been making brave efforts to introduce performance-based budgeting. The various efforts to build statistical data sets, to introduce performance-based budgeting, strengthen results-based planning, and to raise the public demand for improved policy formulation and decision making all need to be linked.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

6. The SSTA will build both RMI country statistics generation and policy analytical capacities and, at the same time, continue to strengthen country demand for an independent monitoring of, and management for, development results. Evidence of stronger independent monitoring and managing for development results in the RMI will be recorded in the annual ADB country programming missions. Evidence of greater public policy debate and improved policy implementation will be recorded in annual CPA narratives and ratings. One key outcome will be the commencement and functioning of the Public Policy Institute at the CMI.

7. It is expected that the SSTA will result in a proven method of building statistics capacity and independently managing for development results that can be readily replicated at comparatively low cost in other PDMCs that have USP country campuses. Eleven of the 14 PDMCs have USP country campuses. The replication will require designation of equivalent

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<sup>3</sup> This includes avoiding too great an emphasis on tertiary training at the expense of more basic training. Tertiary level training can also result in loss of senior statisticians to more senior administrative positions and loss of professionals overseas.

Public Policy Institutes in each country. Replication could be subsequently included in the 11 country programs, possibly through a RETA.

8. As with all other RMI TA, this SSTA will be independently monitored by a domestic consultant or NGO (“monitoring consultancy”).

## **B. Methodology and Key Activities**

9. The lessons of earlier TA, the less successful statistics TAs as well as other RMI TA have been taken into account in designing this proposal. The proposal consists of 3 inter-related components: (i) the in-country part-time training of a group of 5 islanders (2 from the national planning office, 2 from major spending Ministries – Education and Health, and one from the NGO community) in statistics to certificate level at the University of the South Pacific (USP) country campus of the RMI. This is a 3-year course. Director EPPSO will prepare selection criteria and process and submit this to ADB. The 3-year, part-time certificate level training is vocational training in nature and, at such level, will allow departments and NGO to more readily retain trained staff; (ii) as a complement and in parallel to their studies, the same students will contribute to and report on both the monitoring of the ongoing ADB country strategy and program and the annual Country Performance Assessment (CPA) for the RMI. This latter component will be assisted by domestic and international consultancies; and (iii) an independent, non-government entity, the new Public Policy Institute of the College of the Marshall Islands will host a series of 6 independent public discussions of both future CPS and CPA country development progress in the form of regular workshops in-country. This will be preceded by stakeholder analyses for each policy discussion. This will continue to build the demand for policy discussion, policy analyses, and ultimately a demand for statistics and therefore for greater statistical capacity, in support of such analyses and dialogue. Findings will be reported in country and regional media as well as by the monitoring consultancy and by ADB.

## **C. Cost and Financing**

10. The cost of the TA is estimated at \$300,000 equivalent. The amount of \$150,000 will be financed on a grant basis by the Managing for Development Results Cooperation Fund administered by ADB. The CMI will provide \$50,000 in matching funds for the resource persons and Government and the NGO will provide \$75,000 equivalent for local currency costs in the form of salaries for the 5 staff to be trained over 3 years. Government will also supply services and facilities including counterpart staff, office accommodation and transport and administrative resources (\$25,000). Details of the cost estimates and financing plan are shown in Appendix 3. The SSTA classification is attached in Appendix 5.

## **D. Implementation Arrangements**

11. The executing agency would be the Economic Policy, Planning and Statistics Office (EPPSO) of the Chief Secretary's Office. Implementing agencies would be USP and the College of the Marshall Islands. The initiative will be monitored and evaluated by an independent NGO to be selected by the national NGO umbrella organization, MICNOs.

12. EPPSO, other relevant government departments, the USP, and the CMI all support the proposal. They have all provided information and support to the formulation of the concept paper. The 5 staffs to be trained are all currently employed and will all be released by their relevant departments and agencies (NGO) for the required training. Five EPPSO staffs have

already been successfully trained to certificate level in statistics at the USP campus. CMI is creating a "Public Policy Institute" and this exercise will greatly help with the formulation of the Institute.

13. The TA is expected to commence in December 2006, with completion by end 2009. Six individual international resource persons will be individually engaged. The international consultants will comprise: (i) a public policy specialist and macroeconomist; (ii) an environmentalist; (iii) a governance specialist; (iv) a public services delivery specialist; (v) private sector development specialist; and (vi) a social protection and gender specialist. Appendix 4 gives outline terms of reference for the consultants. The consultants will be selected and engaged in accordance with ADB's *Guidelines on the use of Consultants*.

14. The consultants will each prepare a report on all activities at the conclusion of their individual consultancies. All consultants will help the statistics trainees to analyze and report on the country strategy design and monitoring framework and the country performance assessment criteria as relevant to their expertise. The consultants will also work with the new Public Policy Institute of the CMI and help the Institute to organize public presentations on progress in policy formulation to the Nitijela (Parliament), Cabinet and the public.

#### **IV. RECOMMENDATION**

15. It is recommended that the President approve ADB (i) administering small scale technical assistance for Building Capacity for Independent CPS and CPA Results Management – A Pacific Pilot to the Government of the RMI in an amount not exceeding the equivalent of \$150,000 to be provided on a grant basis from the Managing for Development Results Cooperation Fund; and (ii) reporting this action to the Board in the monthly Report on Small-Scale Technical Assistance Projects not exceeding \$150,000 per project.

Attachments: a/s

cc: General Counsel; Controller; Director General, OED/RSDD/SPD; Chief Economist; Principal Directors, COSO; Head, SPRU; Directors, COS1/COS2/OCO/Area A, Area B, PAHQ; Regional Director, SPSO; Chief Advisor to the President (M. Uno); Senior Advisor (D. Teter), VPO2; M. Cohen, SPRU; PARD-CF; project/chrono files

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> Improved decisions on development policy and institutional development.</p>	<p>CPA</p>	<ul style="list-style-type: none"> <li>• Legislation</li> <li>• Annual CPA</li> <li>• CPS DMF</li> <li>• CPS Mid-term review</li> <li>• Annual CPS Business Plan reviews</li> </ul>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Continued political and executive support for the initiative</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Opposition from public service organizations to adopting policy and institutional reforms</li> <li>• Budget crisis that distracts the Government from reform efforts</li> <li>• Continuing high levels of aid that dampen incentives for reform</li> </ul>
<p><b>Outcome</b> Articulated demand for improved policy and strengthened government capacity to inform the public of policy issues.</p>	<ul style="list-style-type: none"> <li>• Recommended policies and measures are accepted or endorsed by stakeholders</li> <li>• Strengthened support of the Marshallese community in the policy reform process</li> <li>• Informed policy debate.</li> </ul>	<ul style="list-style-type: none"> <li>• CMI reports</li> <li>• Independent NGO monitoring reports</li> <li>• Resource persons' reports</li> <li>• TA review reports</li> <li>• Media</li> </ul>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Well-coordinated approach in close collaboration with Nitijela, Government, CMI, USP and civil society through regular meetings and a broad and active participation in public policy debates</li> <li>• Regular monitoring and feedback to all stakeholders</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Insufficient public participation and understanding</li> <li>• Lack of support for policy reform by elected leadership</li> </ul>
<p><b>Outputs</b> Increased domestic capacity to produce statistics.  Increased demand for public policy debate.  Conduct of regular policy discussions</p>	<ul style="list-style-type: none"> <li>• 5 Marshallese staff trained in statistics to certificate level by end 2009</li> <li>• 6 Public policy discussions held on key development policy issues over 3-year period.</li> </ul>	<ul style="list-style-type: none"> <li>• USP certificates awarded</li> <li>• Resource person reports</li> <li>• NGO independent monitoring report</li> <li>• TA review reports</li> </ul>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Availability of qualified resource persons who are familiar with public policy concerns of the RMI.</li> <li>• A majority of the trained statisticians remain in their jobs as they are trained</li> </ul>

		<ul style="list-style-type: none"> <li>• Media reports</li> </ul>	<p>to certificate level.</p> <ul style="list-style-type: none"> <li>• Availability of domestic consultant and NGO to facilitate and monitor public policy discussions.</li> <li>• Support of Nitijela and Cabinet for policy briefings.</li> <li>• Government support for public policy discussions.</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Unavailability of government and NGO staff for training over 3-year period.</li> <li>• CMI matching funds forthcoming</li> </ul>
<p><b>Activities with Milestones</b></p> <ol style="list-style-type: none"> <li>1. Training of 5 statisticians to certificate level over 3 years with regular examination and end of training certification.</li> <li>2. 6 Public policy resource persons working with trainees to brief Nitijela, Cabinet and give public presentations on progress in implementing development policy in the areas of macroeconomics, social development, environment, good governance, public service delivery, and private sector development.</li> <li>3. Domestic consultant to facilitate public policy discussions throughout 3-year period.</li> <li>4. Independent NGO monitoring of 3 year exercise.</li> <li>5. Preparation of inception, annual, and draft final, and final reports.</li> </ol>		<p><b>Inputs</b></p> <ul style="list-style-type: none"> <li>• Asian Development Bank: \$150,000 for consulting services (6 resource persons, domestic consultant, statistics training, and NGO monitoring consultant)</li> <li>• Government: \$150,000 in kind for 5 statistician salaries (\$75,000), office accommodation, local transportation, other counterpart staff, and communications (\$25,000). CMI matching contributions to resource persons' remuneration (\$50,000).</li> </ul>	

ADB = Asian Development Bank.

Indu Bhushan  
Director, Area B, PAHQ

Philip C. Erquiaga  
Director General, PARD

## INITIAL POVERTY AND SOCIAL ANALYSIS

### A. Linkages to the Country Poverty Analysis

<b>Is the sector identified as a national priority in country poverty analysis?</b>	<input type="checkbox"/> Yes  <input type="checkbox"/> No	<b>Is the sector identified as a national priority in country poverty partnership agreement?</b>	<input type="checkbox"/> Yes  <input type="checkbox"/> No
Not applicable		Not applicable	
<b>Contribution of the program to reduce poverty in RMI:</b>  Facilitating improved decisions on policy and institutional development in support of improved governance, social development and pro-poor growth.			

### B. Poverty Analysis

#### Targeting Classification:

<b>What type of poverty analysis is needed?</b>  None.
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### C. Participation Process

<b>Is there a stakeholder analysis?</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Is there a participation strategy?</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Stakeholder analysis essential component of SSTA.		

### D. Gender Development

<b>Strategy to maximize impacts on women:</b>  Gender policy is one component of public policy discussions.		
<b>Has an output been prepared?</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### E. Social Safeguards and Other Social Risks

Item	Significant/ Not Significant/ None	Strategy to Address Issues	Plan Required
<b>Resettlement</b>	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Full <input type="checkbox"/> Short <input checked="" type="checkbox"/> None
<b>Affordability</b>	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

<b>Labor</b>	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Indigenous Peoples</b>	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Other Risks and/or Vulnerabilities</b>	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

Item	Total Cost
<b>A. MfDR Cooperation Fund Financing<sup>a</sup></b>	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants/Resource Persons <sup>b</sup>	38.0
ii. Domestic Consultants	10.0
b. International and Local Travel <sup>c</sup>	12.0
c. Independent Monitoring	3.0
2. Training, Seminars and Workshop	
a. Workshops' Costs	3.0
b. Training Program <sup>d</sup>	67.0
3. Miscellaneous Administration and Support Costs	2.0
4. Contingencies	15.0
<b>Subtotal (A)</b>	<b>150.0</b>
<b>B. Government<sup>e</sup></b>	
1. Office Accommodation and Transport	20.0
2. Remuneration and Per Diem of Counterpart Staff	75.0
3. Consultants Remuneration and Per Diem	50.0
4. Others	5.0
<b>Subtotal (B)</b>	<b>150.0</b>
<b>Total</b>	<b>300.0</b>

<sup>a</sup> Financed from ADB's Managing for Development Results Cooperation Fund.

<sup>b</sup> CMI will cover 50% of total international consultancy fees and travel costs for international consultants/resource persons.

<sup>c</sup> To be included in lumpsum payment to international consultants/resource persons.

<sup>d</sup> Total cost of USP statistics certificate training for 5 staff over 3 years.

<sup>e</sup> Including College of Marshall Islands and NGO contribution.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR SSTA CONSULTANTS

1. The consultants shall ensure that all works and outputs under the technical assistance (TA) are fully compliant with all relevant Asian Development Bank (ADB) policies and guidelines.

2. All consultants will work under the direction of the Director of Economic Policy, Planning and Statistics (EPPSO) of the Office of the President.

**A. International Consultants** (international on an intermittent basis over 3 years). Six international consultants will be hired as resource persons for 0.5 months each in the following professional disciplines: (i) a public policy specialist and macroeconomist; (ii) a public policy environmentalist; (iii) a public policy governance specialist; (iv) a public policy public services delivery specialist; (v) a public policy private sector development specialist; and (vi) a public policy social protection and gender specialist. All consultants will be highly experienced (more than 15 years) in the formulation of public policy in their respective disciplines. The consultants will undertake the following:

- (i) Visit the Republic of the Marshall Islands (RMI), review all relevant sector, thematic, and country documentation including the current country strategy and program (CSPU), and the Country Performance Assessment (CPA).
- (ii) Conduct stakeholder analyses prior to all public presentations and ensure relevant stakeholders fully involved.
- (iii) Draft updated assessments of the status of policy and institutional support to policy implementation, and summarize the same for presentation and other dissemination.
- (iv) Work closely with the statistics trainees and help them to better understand policy formulation and the provision of statistics for policy formulation.
- (v) Work closely with the domestic consultant to help prepare a program of policy discussion, with the Nitijela, with Cabinet, and for public presentation.
- (vi) Work closely with the Director of the College of the Marshall Islands to help develop the new Public Policy Institute.
- (vii) Help review and update the status of CPA narrative and ratings.
- (viii) Draft a report on all activities progress in implementation of CSPU and CPA.

**B. Domestic Consultant** (on an intermittent basis over 3 years, two months). A domestic consultant who has experience in the formulation of development policy will be recruited to work on an intermittent basis for a total period of 2 months over the next 3 years. This person will be experienced in working on development policy issues in the RMI (more than 5 years). The consultants will undertake the following:

- (i) Help all international consultants to identify relevant sector, thematic, and country documentation including the current country strategy and program (CSPU), and the Country Performance Assessment (CPA).
- (ii) Support the drafting of updated assessments of the status of policy and institutional support to policy implementation, and summarize the same for presentation and other dissemination.
- (iii) Work closely with the statistics trainees and help them to better understand policy formulation and the provision of statistics for policy formulation.

- (iv) Work closely with all international consultants to help them prepare their programs of policy discussion, with the Nitijela, with Cabinet, and for public presentation.
- (v) Work closely with the Director of the College of the Marshall Islands to help develop the new Public Policy Institute.
- (vi) Help review and update the status of CPA narrative and ratings.
- (vii) Help draft a report on all activities and on progress in implementation of CSPU and CPA.

**C. Independent Monitoring** (domestic NGO consultant, intermittent, total of 0.6 person-months). A domestic consultant will be engaged through an NGO on an intermittent basis for a total period of 0.6 months to independently monitor the activities and progress of the TA and to report to the Government and to the ADB at the conclusion of the TA. The consultant will do the following:

- (i) Attend all PPI public policy presentations and other presentations where invited and review all TA progress.
- (ii) Maintain an ongoing summary of the nature and extent of preparations, discussions, and presentations (who did what, and where, and how often, who attended, what was discussed, and what was recommended).
- (iii) Recommend how the exercise could be improved upon and repeated in the RMI.
- (iv) Produce a report on the process and progress of the TA for ADB and the CMI and EPPSO at the end of the TA.
- (v) Discuss the summary report with the other consultants, and with ADB and CMI and EPPSO.

**TECHNICAL ASSISTANCE CLASSIFICATION**

Sector	-	Law, Economic Management and Public Policy
Subsector	-	Economic Management
Theme	-	Public Governance, Capacity Development and Private Sector Development
Subtheme	-	Good Governance
Targeting Classification	-	General Intervention

Source: ADB. 2004. Consolidated Staff Instructions on Project Classification. Manila.