

ASIAN DEVELOPMENT BANK

TAR:RMI 36365

TECHNICAL ASSISTANCE

TO THE

REPUBLIC OF THE MARSHALL ISLANDS

FOR

**STRENGTHENING THE
ECONOMIC POLICY, PLANNING, AND STATISTICS OFFICE**

October 2003

CURRENCY EQUIVALENTS

The United States dollar (\$) is the unit of currency in the Republic of the Marshall Islands.

ABBREVIATIONS

ADB	–	Asian Development Bank
EPPSO	–	Economic Policy, Planning, and Statistics Office
EPS	–	economic policy statement
MOF	–	Ministry of Finance
MTBIF	–	medium-term budget and investment framework
NGO	–	nongovernment organization
NPCC	–	National Planning Coordination Committee
PFTAC	–	Pacific Financial Technical Assistance Centre
RMI	–	Republic of the Marshall Islands
SC	–	steering committee
TA	–	technical assistance
TF	–	task force
US	–	United States of America

NOTE

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

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I. INTRODUCTION

1. In January 2003, the Nitijela (legislature) of the Republic of the Marshall Islands (RMI) established the Economic Policy, Planning, and Statistics Office (EPPSO) as an advisory body within the Government, with responsibility for developing sound economic policies and strategic planning.¹ During the 2003 Country Programming Mission, the Asian Development Bank (ADB) was asked to assist the Government in strengthening EPPSO.² The aim of this technical assistance (TA) is to support EPPSO through institution building and assistance in macroeconomic policy formulation, statistical analysis, and in applying a new participatory approach to budgeting, policy formulation, and monitoring. The Government and ADB reached an understanding on the goals, purpose, scope, implementation arrangements, costs, and financing arrangements of the TA during the Fact-Finding Mission fielded in March 2003. The TA framework is in Appendix 1.

II. ISSUES

2. Created as an advisory body under the Office of the President, EPPSO absorbed the tasks of the former Office of Planning and Statistics and assumed new functions related to budget and policy planning, implementation, and monitoring, as well as aid coordination. It has three units: (i) Policy and Strategy Development; (ii) Statistics and Analysis; and (iii) Performance Monitoring, Evaluation, and Aid Coordination. Appendix 2 shows EPPSO's structure and lines of responsibility.

3. EPPSO has a potentially significant role to play in RMI's social and economic development process. According to its constituent legislation, EPPSO will (i) create 5-year economic policy statements (EPS), to be updated annually; (ii) identify the main EPS goals and objectives and link them to sector development strategies; (iii) conduct monitoring and evaluation of the economic provisions of the Compact of Free Association with the United States (US) and related agreements, and serve as Secretariat for the RMI-US Joint Economic Review Board (established to administer new Compact funding);³ (iv) prepare quarterly monitoring reports on the budget and major economic projects for submission to the National Planning and Coordination Committee (NPCC); and (v) function as the national agency responsible for collecting, analyzing, and publishing social and economic statistics.

4. Since 1995, ADB has been assisting the RMI with advisory TAs, in particular addressed to the Ministry of Finance (MOF).⁴ A recent TA provided advisory services to the Government

¹ Nitijela of the Marshall Islands: 24th Constitutional Regular Session, 2003, Bills 118 and 119.

² The TA was originally called "Implementing a Medium-Term Budget Framework and Improving Effective Delivery of Public Services", and included in the 2002 Country Strategy and Program Update (CSPU). The Government and ADB agreed to change the title of the proposed TA to "Strengthening the Economic Policy, Planning, and Statistics Office", to revise its objective and scope, and increase its budget. The TA first appeared in *ADB Business Opportunities* (Internet Edition) on 8 January 2003.

³ The RMI and US governments are currently finalizing an amended version of Title II (Economic Relations) of the Compact of Free Association, which regulates the transfer of funds from the US to the RMI for a 20-year period starting in FY2004. These funds cover a substantial share (expected to be close to 40% in FY2004) of total revenues and grants in the RMI budget. The amended Compact follows an initial 15-year agreement on US-RMI economic relations (FY1986-01) extended to 2003 and regulating the transfer of funds from the US to assist RMI's economy and also compensating Kwajalein landowners for military use of the atoll.

⁴ ADB. 1995. *Technical Assistance to the Marshall Islands for Policy Advisory Team for Economic Management*. Manila; ADB. 1996. *Technical Assistance to the Marshall Islands for Civil Service Reform Implementation*. Manila; ADB. 1996. *Technical Assistance to the Marshall Islands for Improved Financial Management*. Manila; ADB. 2000. *Technical Assistance to the Marshall Islands for Strengthening the Capacity of the Ministry of Finance*. Manila;

for creating a medium-term budget and investment framework (MTBIF) and introducing performance budgeting.⁵ ADB also contributed in formulating development policies through the *Meto 2000* economic report,⁶ while the Strategic Economic Development Project located at MOF created the long-term vision for the country's socio-economic development. Based on these reports, one of EPPSO's strategic functions is to assist the Cabinet and MOF in particular in formulating medium-term development plans for the country, while identifying the most appropriate means to effectively monitor government policies.

5. Given the increased accountability and economic planning requirements embodied in the amended Compact agreement (*Compact phase II*) with the US,⁷ EPPSO needs assistance in preparing effective macroeconomic and fiscal policy advice, and capacity strengthening to perform its functions (para. 3).⁸

6. EPPSO's role will be to reconcile various stakeholders' interests and perspectives on the country's development agenda. This TA aims to support such role through the creation of a task force (TF). The TA will help prepare the necessary legislation to establish the TF and define its role and powers. The members of the TF are to be selected from the Government and civil society, according to rules and regulations to be proposed by EPPSO and endorsed by the Government. The proposed TF composition is shown in Appendix 2. In principle, while the Government maintains the chair, TF representatives from the Marshallese civil society will outnumber the Government representatives. The proposed number is seven: three from Government and four from non-Government institutions that represent the private sector and non government organizations (NGOs) interested in social development issues, such as youth and gender. The EPPSO director is proposed to be the TF secretary.

7. With regard to statistics functions, a recent Pacific Financial Technical Assistance Centre (PFTAC) report⁹ suggests the adoption of a 3-year work program - including areas such as trade, labor, and banking statistics - and identifies serious staffing constraints in EPPSO's Statistics and Analysis unit. The report supports EPPSO's plan to increase statistical staff at least from four to five and suggests that RMI authorities and aid agencies supplement this with the provision of an economic statistics advisor to assist in building local capacity.

8. Considering the increased internal and external challenges the country is facing, the timing of the TA is particularly appropriate to support the institutional development process begun by the Government. The combination within one agency of (i) advisory functions for budget and policy formulation, implementation, and monitoring; (ii) aid coordination; and

ADB. 2001. *Technical Assistance to the Marshall Islands for Fiscal, Financial, and Economic Advisory Services*. Manila.

⁵ ADB. 2001. *Technical Assistance to the Republic of Marshall Islands for Fiscal, Financial, and Economic Advisory Services*. Manila. The formulation of the MTBIF complies with the new requirements of the Compact agreement of Free Association and is intended for a 5-year budget and investment cycle. Produced as a concerted effort of various agencies and institutions, the MTBIF will take into account the annual budget system and the need for endorsement at different stages before submission to the Nitijela.

⁶ ADB. 2001. *Meto 2000. Economic Report and Statement of Development Strategies*. Manila. Prepared by ADB as part of the Pacific Islands Economic Reports (PIER) series, *Meto 2000* includes a structured analysis of the RMI economy and policy recommendations for the medium term.

⁷ The amended Compact was initialed by the negotiating teams of the two countries in May 2003. The new final agreement is expected to be approved and ratified by the respective legislative bodies before December 2003.

⁸ While assistance to EPPSO for fiscal policy advice will be provided in close coordination with the Ministry of Finance (MOF), it is clear that typical budgetary functions remain with MOF.

⁹ PFTAC. July 2003. *Review and Action Plan for the Statistical System in the Marshall Islands: June 2003*. PFTAC is a regional organization based in Suva, Fiji, financed by ADB, IMF, and other external agencies.

(iii) responsibility for producing of statistics and related analysis, can yield significant improvements in public sector management and in the institutional development process.¹⁰

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

9. The ultimate goal of the project is to assist the RMI's long-term economic development and poverty reduction by means of institutional development and increased local stakeholders participation, leading to effective budget and policy formulation, implementation, and monitoring, and production of social and economic statistics.¹¹ In particular, the TA will support EPPSO's development and improved performance by providing consulting services, training programs, and specific equipment. At the same time, it is understood that joint efforts by the consultants engaged for this project and EPPSO staff, in close coordination with the donor community are vital for the success of the TA.

10. The Government has agreed to allocate an adequate budget for EPPSO's staffing needs and to identify suitable staff to fill vacant EPPSO positions, particularly the three unit chief posts. New legislation defining the role and powers of the TF and a mechanism to ensure that TF's reports and recommendations receive proper attention from Government and are reflected in its agenda are also an explicit Government commitment to ensure the success of the project. The Government will also provide adequate office space for EPPSO.

11. ADB's experience in the RMI and similar countries demonstrates that human resource development and capacity-building activities need to be part of a long-term development strategy. The outcome of assistance through advisory services has shown to depend in the first place on the availability of human resources, their quality, skill level, and motivation.

12. The broad outputs of the TA are the following:

- (i) clearer definition of EPPSO's role and functions through assistance in preparing a strategic plan and operations manual for EPPSO;
- (ii) capacity-building, staffing, and training plans for EPPSO, based on a needs analysis and EPPSO's strategic plan;
- (iii) assistance in establishing and operationalizing the TF, and technical support during its initial period of operation;
- (iv) on-the-job-training and capacity building support to EPPSO to enable developing its ability to fulfill its mandates in the areas of policy analysis and formulation, planning, and monitoring; and
- (v) provision of minor office equipment in support of the TA's objectives.

A detailed list of the deliverables under the TA is in the TA framework (Appendix 1).

¹⁰ Created as an advisory board, EPPSO will not interfere in the usual functions of other ministries and Government agencies and will not be directly administering funds related to development projects and programs. As far as budgetary functions are concerned, it is also clear that these remain with MOF.

¹¹ Given the limited resources, the TA will not directly fund activities related to aid coordination included in EPPSO's functions and operations under Unit 3 of its current structure. Local capacity for aid coordination seems adequate and in the case of further need in the future, other projects from ADB and/or other sources may be able to fill the gap. In any case, it is clear that EPPSO's aid-coordination role does not imply direct funds administration, but identification of needs and opportunities for assistance from the aid community, in the context of the country's social and economic development plans.

B. Methodology and Key Activities

13. The methodology adopted to implement the TA involves intermittent consulting services in the areas of (i) institutional development and participatory approach, (ii) macroeconomic policy analysis and formulation, and (iii) social and economic statistics.

14. To identify the various interests that need to be considered when making public decisions, a stakeholder analysis will be conducted during the initial period of TA implementation. Such analysis will assess the interests and expectations of the various constituents involved in public policy outcomes, the nature of the stakeholders, and the degree or intensity of their interest. From the definition of stakeholders, the analysis will determine their relative importance for different policies and will attempt to evaluate resources that stakeholders can mobilize to induce changes. Stakeholder analysis is an important step in introducing a participatory approach to policy formulation and monitoring, and is also highly relevant in identifying the proper composition of the TF.

15. The provision of assistance for macroeconomic (particularly fiscal) policy formulation will be closely coordinated with MOF, the NPCC, the Budget Coordination Committee, and the ministries involved in introducing performance budgeting.

16. The successful creation and management of the TF are a major challenge for EPPSO. The TF's primary function is to produce reports and recommendations (to be submitted to the Cabinet and later disseminated to the public) on issues related to budget and policy formulation, implementation, and monitoring. The creation of a TF will therefore increase awareness among the people of the strategic directions taken by the Government and facilitate the formation of realistic expectations as far as policy outcomes are concerned. Apart from serving as a conduit to channel expertise from, and reflect the interests of, different stakeholders, the TF can help ease tensions and misunderstandings that may arise between the Government and civil society, especially the business community. Ultimately, the TF can create an important reference for regular, decision-making participation leading to improved performance for the country's social and economic development.¹²

17. Statistics advisory services and analysis will be provided in accordance with the country's development agenda and following the recommendations of the PFTAC report assessing the country's needs vis-à-vis EPPSO's capacity in terms of statistical knowledge and output. Main statistical areas for assistance include (i) national accounts, (ii) trade, and (iii) revenues and taxes.

¹² Other countries' experience in using a participatory approach suggests that two main factors for successfully interacting with civil society and the business community are the adoption of an entrepreneurial approach in managing the TF and effective communication and organizational skills in the individuals entrusted to create and administer that TF. A well-defined and structured set of guidelines is also required for the TF to be functional. In addition, adoption of transparency and accountability principles, outcome orientation, use of measurable performance indicators to evaluate policy impact, and efforts to increase visibility and dissemination of outcomes are the main principles to follow in managing EPPSO in general and the TF in particular. It is anticipated that experts will be invited during the TF meetings to present their views and research findings to contribute to the preparation of the TF reports and recommendations. The TA budget includes a provision for the TF reports and other material produced to increase awareness of Government policies, their nature, and assessed impact.

C. Cost and Financing

18. The total cost of the TA is estimated at \$650,000 equivalent. ADB will finance \$500,000. The Government will provide the balance of \$150,000 equivalent through in-kind contributions and local staff salaries. The TA will be financed on a grant basis by ADB's TA funding program. The detailed cost estimates and financing plan are in Appendix 3.

D. Implementation Arrangements

19. The Office of the President of the RMI will be the Executing Agency for the TA and will be responsible for monitoring and supervising TA activities, providing administrative counterpart support to the consultants, and ensuring proper follow-up activities after completion of the TA. EPPSO will be the Implementing Agency. A steering committee (SC) will be established to monitor the TA's performance and guide EPPSO. Members of the SC will be the chief secretary, one representative of MOF, and one representative of another ministry to be appointed by the Office of the President.

20. ADB will recruit a team of 3-5 international consultants and 1 local consultant individually and in accordance with ADB's *Guidelines on the Use of Consultants*. The TA will provide intermittent consulting services of approximately 18 person-months from a team of international consultants and 6 person-months from a local consultant. The team of international consultants will comprise (i) 1 institutional development specialist with extensive experience in participatory approaches, stakeholder analysis, policy formulation, and monitoring; and with individual skills and qualities to facilitate the formation of the TF, motivate its members, and assist in TF activities (4 person-months, 2-3 trips); (ii) 1 macroeconomic and fiscal policy expert who will be seconded at and work in close coordination with MOF and other relevant Government agencies (8 person-months, 2-3 trips); and (iii) 1-3 statistics advisors with expertise in the areas of national accounts, trade, and revenues/tax statistics (6 person-months, 2-3 trips). The local consultant will serve as local coordinator and facilitate participation by local stakeholders. His or her main task will be to assist the institutional development specialist, particularly in facilitating the TF to become an effectively operating agency, motivating the TF members and ensuring the delivery of quality outputs. The outline terms of reference for the consultants are in Appendix 4.

21. The TA will be implemented over approximately 24 months, beginning January 2004. EPPSO will assign counterpart staff to assist each consultant. The institutional development specialist, the fiscal policy expert, and the local consultant will produce inception, midterm, and final reports, while each statistics consultant will prepare one inception and one final report. The reports prepared by consultants will be submitted to the SC, EPPSO, MOF, the TF, and ADB. The institutional development expert and the local consultant will also help organize at least one workshop to increase awareness of Government policy and facilitate participation, especially by individuals residing in the outer islands, and provide them with an opportunity to contribute to the definition of the country's social and economic development agenda.

IV. THE PRESIDENT'S DECISION

22. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$500,000 on a grant basis to the Government of the Marshall Islands for Strengthening the Economic Policy, Planning, and Statistics Office, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <p>Improved participation in the country's development process and increased efficiency of public institutions leading to higher economic growth and reduced poverty or hardship</p>	<p>Introduce the medium-term budget and investment framework (MTBIF) in close coordination with Ministry of Finance (MOF) and other relevant Government agencies</p> <p>Adopt economic policies reflecting a participatory approach</p> <p>Improve production and diffusion of social and economic statistics</p>	<p>Fulfillment of the requirements of the Compact agreement and review by the Republic of Marshall Islands-United States (RMI-US) Joint Economic Review Board</p> <p>Non government organizations (NGOs), chambers of commerce, business associations, and other civil society organizations</p>	<p>Internal and external factors influencing economic growth</p> <p>Development of social conditions in the country</p>
<p>Purpose</p> <p>Assist the Government in making Economic Policy, Planning, and Statistics Office (EPPSO) an effective national agency able to deliver quality services according to its mandate</p> <p>Help define EPPSO's structure and functions and strengthening its role and activities</p>	<p>Detailed job descriptions and qualifications prepared for each EPPSO staff position by April 2004</p> <p>EPPSO staff capacity and technical skills improved</p> <p>Good reputation and high quality standard of EPPSO activities established</p> <p>Smooth flow of EPPSO operations and relations with other Government and non-Government institutions</p> <p>Effective provision of advisory services</p> <p>Improved statistics output and indicators (number and quality)</p>	<p>EPPSO employment records</p> <p>EPPSO and task force (TF) reports, recommendations</p> <p>Reports and documents from the donor community and local civil society organizations, NGOs</p> <p>Reports from National Planning Coordination Committee, Budget Coordination Committee, and other relevant agencies</p> <p>Cabinet resolutions and laws</p> <p>Actual production and dissemination of statistics</p>	<p>Availability of human resources and local staff basic skills</p> <p>Existence of adequate budget, and employment terms and conditions in compliance with the Public Service Commission guidelines</p> <p>Timely introduction of required TF law</p> <p>Effective assistance collaboration between the Asian Development Bank and other agencies</p>

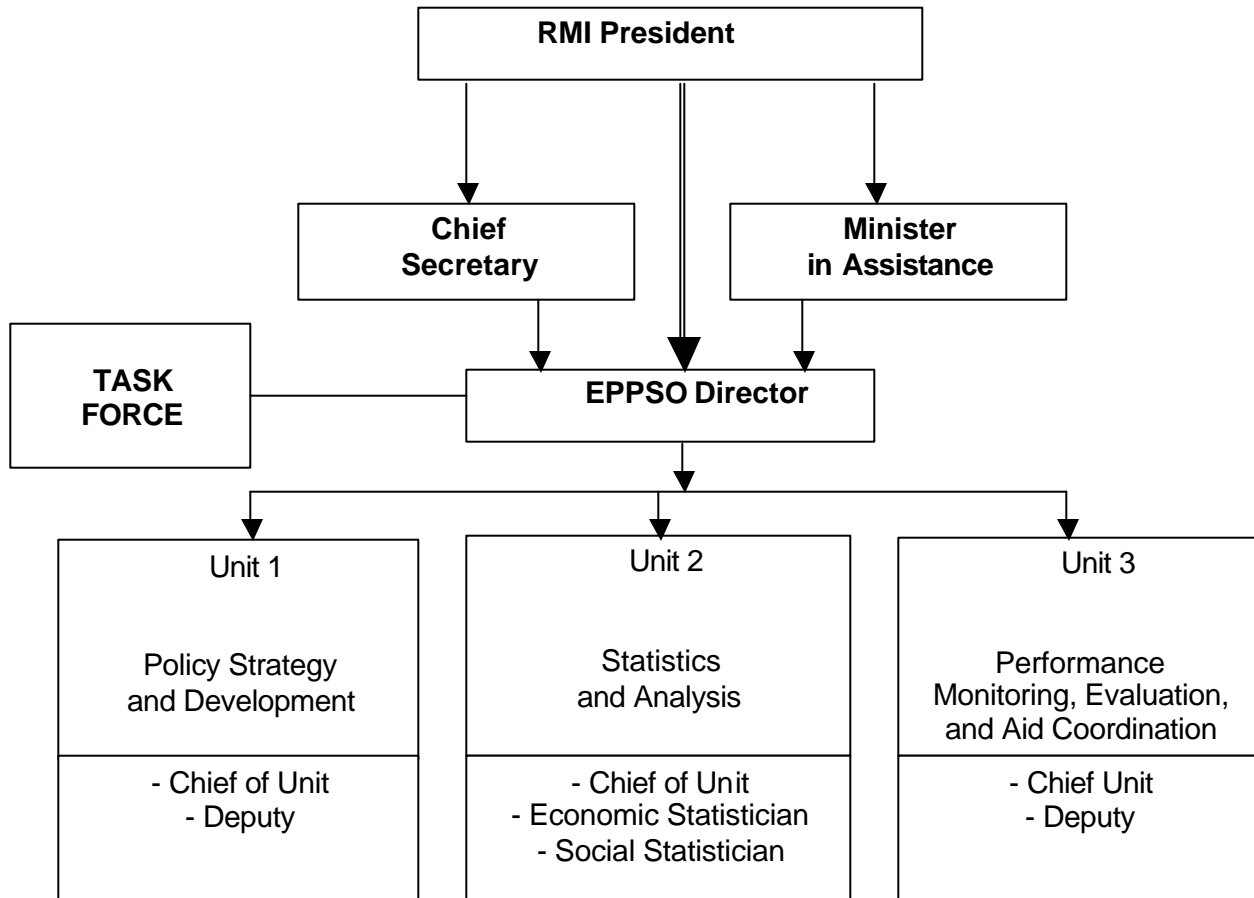
Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Outputs</p> <p>Help design EPPSO's role within the institutional system of the RMI and identify an effective coordination mechanism with other Government agencies as well as civil society organizations and institutions</p> <p>Help create: (i) a strategic plan and related action plans identifying EPPSO's aim, functions, operations, and outputs; and (ii) an EPPSO manual including a definition of its structure, functions, and guidelines for EPPSO operations in general and for each of its 3 units in particular</p> <p>Assist in formulating an employment plan and prepare a staff and training needs' analysis, and a training program for capacity building and knowledge transfer</p> <p>Prepare a stakeholders' analysis for the RMI, including stakeholders from the outer islands</p> <p>Create a concept paper for the TF's structure, functions, and operations</p> <p>Help establish the TF and ensure its full functioning</p> <p>Create a budget monitoring and performance evaluation system using objective indicators</p>	<p>Design of institutional system's relations and creation of strategic plan and action plans</p> <p>Manual printout and diffusion</p> <p>Draft design of strategic and action plans, and EPPSO manual circulated for comments within 1 month; revised drafts circulated within 2 months; and final drafts submitted for approval within 3 months</p> <p>Needs analysis report and plan for training program. Training needs analysis completed within 1 month; initial training program prepared and submitted for approval within 2 months; training program implementation initiated within 3 months</p> <p>Stakeholder analysis prepared within 3 months</p> <p>TF created and concept paper prepared (within 3 months)</p> <p>TF member selected and appointed</p> <p>Budget monitoring and performance evaluation system created within 1 year</p>	<p>TA reports and TA review missions</p> <p>TA reports and TA review missions</p> <p>TA reports and TA review missions</p> <p>TA reports and TA review missions</p> <p>TA reports and TA review missions</p> <p>TA reports and TA review missions</p> <p>TA reports and TA review missions</p>	<p>Government ownership and support for EPPSO</p> <p>Manifested interest of civil society organization to participate</p> <p>Availability of human resources and budget</p> <p>Government ownership of support for EPPSO</p> <p>Manifested interested by civil society organization to participate</p> <p>Manifested interested by civil society organization to participate</p> <p>Availability of human resources and budget</p>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Production of social and economic statistics and implementation of their analysis, data collection, and support, especially in the areas of</p> <ul style="list-style-type: none"> (i) national accounts (ii) trade statistics (iii) revenues/tax <p>Purchase of equipment in support of EPPSO operations and activities</p>	<p>Publication of statistics data and analysis increased in number and improved in quality</p> <p>Equipment purchased</p>	<p>Reports from aid agencies and from local civil society organizations</p> <p>TA reports and TA review missions</p> <p>Readiness of EPPSO office to respond to operational needs</p>	<p>Availability of human resources and budget</p> <p>Office space and availability of supplies</p>
<p>Activities</p> <p>Organize TF's meetings and assist in delivery of reports and recommendations</p> <p>Help, in liaison with, and under responsibility of, MOF,</p> <ul style="list-style-type: none"> (i) formulate medium-term fiscal policy (ii) introduce 5-year economic policy statements (EPSs) (iii) implement MTBIF (iv) prepare quarterly monitoring reports on budget and major economic projects (v) Organize training courses for Government officials on Government Budget, performance budgeting, and so on. <p>Help formulate economic policies on prices, tariffs, trade, investment, wages and labor, monetary and banking, and other areas as well</p> <p>Help disseminate activities through publications, reports, a web site, public debates in schools and other venues</p>	<p>Meetings planned and organized and reports and recommendations disseminated</p> <p>Medium-term fiscal policy formulated; EPSs introduced, and MTBIF implemented according to the requirements of the amended Compact</p> <p>Macroeconomic policies formulated and implemented in a timely manner</p> <p>Reports and other publications disseminated, web site created</p> <p>Workshop(s) properly organized and publicized; material prepared and distributed for the workshop(s)</p>	<p>Attendance in and minutes of TF meetings</p> <p>Reports from TA; RMI-US Joint Economic Review Board; other donor agencies', and TA review missions</p> <p>TA reports and TA review missions</p> <p>TA reports and TA review missions</p> <p>TA reports and TA review missions; attendance in workshop(s)</p>	<p>Availability of human resources and budget</p> <p>Actual possibility to establish an effective coordination with MOF and other ministries and Government agencies</p> <p>Availability of human resources and budget</p> <p>Government ownership and support for EPPSO</p> <p>Manifested interest of civil society to participation</p>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
Organize at least one participatory workshop to disseminate information and understanding of Government policies and their formulation			
<p>Inputs</p> <p>Recruitment of the following consultants (total 24 person-months, 8 international trips):</p> <ul style="list-style-type: none"> (i) 1 institution development specialist to introduce the participatory approach to budget, policy formulation, implementation and monitoring; prepare the stakeholder analysis; help create the TF, motivate its members, and implement its activities (4 person-months, 2-3 trips) (ii) 1 macroeconomic policy expert working in close coordination with MOF and other relevant Government agencies (8 person-months, 2-3 trips) (iii) 1-3 statistics advisors with expertise in national accounts, trade, and revenues/tax statistics (6 person-months, 2-3 trips) (iv) 1 local coordinator to facilitate stakeholders' participation and to ensure the delivery of TF's timely and quality outputs <p>Collaboration with MOF, other key Government agencies to ensure their participation in the TA</p> <p>Collaboration with civil society, particularly with private sector and non</p>		<p>TA reports and TA review missions</p> <p>Government and Executing Agency feedback</p>	<p>Suitable consultants with relevant experience and pronounced communication and coordination skills</p>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
government organizations and ensure their participation in the TA Collaboration and exchange with the donor community			

EPPSO STRUCTURE AND LINES OF RESPONSIBILITY



PROPOSED TASK FORCE COMPOSITION	
Members	Government I. Government II. Government III. Government Nongovernment IV. Private Sector V. Private Sector VI. NGO VII. NGO
Secretary	EPPSO Director

EPPSO = Economic Policy, Planning, and Statistics Office, NGO = nongovernment organization, RMI = Republic of Marshall Islands.

COST ESTIMATES AND FINANCING PLAN

(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing ^a			
1. International Consultants			
a. Remuneration and Per Diem	330	0	330
2. Local Consultant			
a. Remuneration	30	0	30
3. International Travel	40	0	40
4. Training and Seminars			
a. Training for Local Staff	15	0	15
b. National Workshops/Seminars	7	0	7
5. Task Force	20	0	20
6. Equipment	20	0	20
7. Communication and Reports	3	0	3
8. Contingencies	35	0	35
Subtotal (A)	500	0	500
B. Government Financing			
1. Counterpart Staff Remuneration	0	105	105
2. Training and Seminars			
a. Training for Local Staff	0	10	10
b. National Workshops / Seminars	0	5	5
3. Office and Transport	0	15	15
4. Communication	0	5	5
5. Contingencies	0	10	10
Subtotal (B)	0	150	150
Total	500	150	650

^a Financed by the Asian Development Bank's TA funding program.

Source: ADB estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Scope and Work Program

1. Key purpose of this project is to strengthen the role and activities of Economic Policy, Planning, and Statistics Office (EPPSO). The consultants for the technical assistance (TA) will provide advisory services and implement specific activities to help institutional development and participation, as well as production of statistics data and analysis. Consulting services will be provided to assist in formulating macroeconomic policies and introducing, under responsibility of the Ministry of Finance (MOF), the medium-term budget and investment framework (MTBIF). The consultants will also organize training programs, and workshops, and support increasing awareness of Government policies among the Marshallese people.

2. The TA will provide intermittent consulting services of approximately 18 person-months from 3-5 international consultants (total 8 trips), and of 6 person-months from 1 local consultant. The starting of consulting services will be decided on an individual basis in coordination with the EPPSO, director, the Office of the President, and MOF. The consultants will produce inception, midterm, and final reports, which will be submitted to the TA Steering Committee, EPPSO, MOF, the task force (TF), and the Asian Development Bank.¹ The TA will be implemented over 2 years starting January 2004.

B. Terms of Reference

3. The specific task of the consultants are as follows.

I. Institutional Development Specialist (4 person-months, 2–3 trips)

4. The institutional development specialist should have proven expertise in setting up public institutions, managing policy reforms, conducting stakeholder analysis, and introducing a participatory approach to policy and budget formulation, implementation, and monitoring. The specialist should also possess distinct individual skills and qualities to create a TF comprising Government and non-Government members, motivate them, and assist in implementing its activities. The consultant's tasks are as follows:

- (i) Prepare a stakeholder analysis for the RMI.
- (ii) Assist with EPPSO's institutional development and strengthening of its role and operations.
- (iii) Help design EPPSO's role within the institutional system of the Republic of Marshall Islands (RMI) and identify an effective coordination mechanism with other Government agencies as well as civil society organizations and institutions.
- (iv) Help create a concept paper for establishing and fully implementing the TF, its structure, functions, and operations; and provide specific material for introducing legislation (if needed) to establish the TF and define its role and powers.
- (v) Help create an EPPSO manual defining its structure, functions, responsibilities, relationship with other Government and non-Government institutions, and general guidelines for operations.
- (vi) Help create a strategic plan and related action plans determining EPPSO's

¹ The statistics consultants will produce only inception and final reports.

operations, and outputs.

- (vii) Help formulate an employment plan and prepare a staff and training needs analysis, including the design of a training program for capacity building and knowledge transfer.
- (viii) Organize TF's agenda of meetings and schedule of activities, and assist in delivering its reports and recommendations.
- (ix) Help organize at least one participatory workshop to disseminate information and understanding of Government policies, their formulation, monitoring, and impact. The workshop may be organized back-to-back with the annual meetings of the Marshall Islands Mayors Association or similar gatherings, aiming in particular to include individuals from the outer islands.

II. Macroeconomic and Fiscal Policy Expert (8 person-months, 2–3 trips)

5. The macroeconomic and fiscal policy expert should be highly experienced and qualified in providing consulting services in macroeconomic and fiscal policy to Pacific countries and familiar with the Compact agreement between the RMI and the United States, especially its accountability and economic policy requirements. While responding to EPPSO, the consultant will be seconded at MOF and closely coordinate, under MOF responsibility, advices on budget and fiscal policy. The consultant's terms of reference are as follows:

- (i) Create a budget monitoring and performance evaluation system including objective and measurable indicators for overall budget execution and for sector-specific ministries and other Government agencies.
- (ii) Help EPPSO effectively deliver macroeconomic policy advice to the Government and serve as secretariat to the National Planning Coordination Committee.
- (iii) Assist MOF in formulating a mid-term fiscal policy, introducing 5-year economic policy statements, implementing, maintaining, and revising the MTBIF, and preparing reports on budget (quarterly) and main economic projects.
- (iv) Assist the Budget Coordination Committee in overall program implementation and coordination.
- (v) Advise on macroeconomic policies related to prices, tariffs, trade, investment, wages, labor, monetary and banking practices, etc.
- (vi) Advise on possible trade-offs between fiscal policy and other economic policies especially in areas related to trade, resource mobilization, competition, private sector development, and industrial development.
- (vii) Prepare ad-hoc formats of reports and template of documents.
- (viii) Transfer knowledge activities to EPPSO staff and help build local capacity by establishing a work program for all counterparts and for the department/office.
- (ix) Organize and deliver training courses for Government officials on Government Budget, performance budgeting, and other topics to be decided with MOF and EPPSO.

- (x) Disseminate EPPSO activities through web sites, publications, reports, seminars, workshops, and public debates in schools and other venues.

III. Statistics Advisors (6 person-months, 2–3 trips)

6. The statistics advisors should provide assistance especially in the areas of (i) national accounts, (ii) trade, and (iii) revenues and tax statistics. Consultants' assistance will include support for data collection, coordination, and related activities as well as analysis and publication. Given the limited resources available, assistance in these three areas can be provided by one, two, or three consultants, according to their respective skills and availability. Proven expertise in one or more of the three listed areas and a minimum of 5 years work in a national statistics office are required. Consultants with experience in Pacific countries will be preferred to others with similar technical expertise. The terms of reference for the statistics advisors follow.

- (i) On-the-job training of domestic counterpart staff who will take over the work and systems set up by the advisors during the consultancy period.
- (ii) Initiate and/or expand and deepen previous statistical work on (a) national accounts, (b) business surveys, (c) taxes and social security; (d) Government accounts, (e) commercial banking balance sheets, (f) trade, (g) balance of payments, and (h) prices and gross domestic product deflators.
- (iii) Expand the current biannual Social Statistics Bulletin, especially to include more economic statistics.

IV. Local Coordinator (6 person-months)

7. The local coordinator will facilitate participation of local stakeholders to the TA activities and assist the institutional development specialist, especially in establishing the TF, making it fully operational, ensuring sustained participation and effective contribution by its members, as well as the delivery of timely and quality outputs. The consultant will assist in organizing the TF's meetings, taking minutes, preparing material, inviting experts to provide their contributions (as decided by the TF members), and ensuring that TF's reports and recommendations receive proper consideration by Government and diffusion through the media. Another specific task of the local coordinator is to assist the institutional development specialist in organizing at least one participatory workshop, meant in particular to increase awareness of Government policies and their implications among the Marshallese from the outer islands and provide them with an opportunity to contribute to the definition of the country's social and economic development agenda. Given the above tasks, the consultant should be an expert in social and economic issues, have a good reputation, a proven record of work as facilitator, and possess distinguished skills for interpersonal communication.