

TERMS OF REFERENCE FOR CONSULTANTS

A. Overview

1. The knowledge and support technical assistance (KSTA) will improve public sector management (PSM¹) practices in seven Pacific developing member countries (DMCs)—Cook Islands, Fiji, Kiribati, Niue, Samoa, Tonga and Tuvalu (referred herein as targeted countries²) through institutional strengthening of the Ministry of Finances, other central management agencies, and relevant sector Ministries; and support tailored policy advice and targeted analysis in these countries, to promote longer-term fiscal sustainability for improved growth and public service delivery. Policy advice to support countries during disasters caused by natural hazards, such as cyclones and the corona virus disease 2019 (COVID-19) pandemic will also be explored.
2. Detailed terms of reference will be formulated for each output category and TA activity on a case-by-case basis. ADB will evaluate government requests for assistance based on (i) government commitment to pursue PSM reforms, (ii) relevance and links to ongoing and forthcoming ADB financed PSM programs, (iii) complementarity with development partners in terms of their support to PSM reforms, and (iv) specific research expertise to undertake PSM diagnostics and assessments relevant to each of the countries.
3. The consulting inputs will be delivered through one or more consulting firms and several individual consultants using input- or output-based terms of reference (TOR) and time-based or lump sum contracts where relevant. The determination of the type and mix of TORs and contracts will be made in consultation with the participating Pacific DMC governments after an assessment of the breadth of skills required to complete the TA activities and the availability of these skills in the marketplace. Consulting firms will be selected using quality- and cost-based selection with a quality–cost ratio of 90:10. Individual consultants will be selected using individual consultant selection. Consultants will be selected in accordance with the ADB Procurement Policy (2017, as amended from time to time) and its associated staff instructions.
4. The experts will work with the targeted countries Ministry of Finance counterparts and other central and sector agencies to implement tailored institutional strengthening programs July 2020–2024 and will encompass skills in fiscal policy, budget management, public procurement, financial management and reporting, accounting systems, internal audit and debt management, macroeconomic modelling/forecasting, tax policy and tax administration, legislative reform, public investments, asset management public sector management, including human resource management. Disbursements under the TA will be made in accordance with ADB's Technical Assistance Disbursement Handbook (as amended from time to time). The TA will be implemented over 100 months, commencing June 2020 and the TA funds may be replenished through additional financing and/or cofinancing.
5. **Output 1: Quality PSM assessment supported.** The TA will support the targeted countries to conduct needed diagnostic assessments and facilitate policy dialogues to scope and design practical reform measures to improve PSM practices for effective delivery of public services. Activities ranges from diagnostics, assessments to inform targeted reforms and interventions.

¹ ADB defines PSM in 7 areas: public expenditure and fiscal management; economic affairs management; public administration; reforms of state-owned enterprises; decentralization; law and the judiciary; and social protection. <https://www.adb.org/sectors/governance/overview>

² This KSTA covers 7 Pacific member countries which are assisted through the Pacific Subregional Office in Suva, Fiji. PSM in other Pacific countries are supported by similar TA programs.

6. **Output 2: Capacity of the governments central oversight and planning agencies strengthened.** The TA will provide high-quality guidance and capacity strengthening support to the Ministry of Finance, central planning agencies, and relevant sector ministries to implement recommendations from PFM Roadmaps and/or other PSM assessments completed for targeted countries. Activities include experts in PSM delivering one to one and group training to conduct internal auditing and other PSM areas. Other activities could involve development of guidelines and manuals to supplement face to face and virtual training.

7. **Output 3: PSM reforms prioritized and implemented.** Targeted capacity supplementation and advisory services will be provided on both a longer term and short-term basis to ensure effective implementation of priority reforms to strengthen fiscal management, public administration, and ensure efficient state-owned enterprises as these are necessary for macroeconomic stability and improved public service delivery. Activities include briefings and analysis to inform ADB and government discussions on PSM reforms. Consultants will also provide recommendations and supplement in line role as may be required.

B. Firm and individual consulting requirements

8. Para. 17 in the TA Report describes the indicative consulting services required under the TA. Detailed terms of reference are difficult to prescribe, as the policy dialogue will be dependent on the respective governments' policy priorities at the time of processing. However, documents such as the PFM Reform Roadmaps, IMF Article IV reports and government policy documents can give guidance. It is likely that individual contracts and one or two firms will be required, subject to changes following discussions with the respective governments. Below are the outline terms of reference for the individual consultants and the firm(s).

9. **Firm: KIR Support to implement Public Financial Management Reforms, including State Owned Enterprise (SOE) reforms.** Kiribati has requested ADB to support their Ministry of Finance and Economic Development to implement a suite of PFM reforms. These include improving linkages between budget allocation, execution and financial reporting–financial management information system reforms, State Owned Enterprise reforms, public procurement reforms, analytics and economic planning capability. A firm will be selected to undertake these activities, looking at reassessing the gaps in these areas in line with the draft PFM Roadmap for Kiribati, and the draft terms of reference package. Support will range from targeted assessments, capacity building of local counterparts through one to one training and group trainings to boost the technical knowhow and confidence of Kiribati counterparts to contribute effectively to improving PFM practices. Other PSM areas of TA support that may be implemented include supporting government with COVID-19 response and crisis management. The firm will support cross learning by ensuring lessons is shared amongst their team and government counterparts to broaden understanding and facilitate targeted policy advice and capacity building action plans. The firm is expected to have a reputable business in PFM, with over 10 years working in the Pacific. The firm will also ensure cross cutting issues, including gender, climate change and disaster risks management are integrated throughout their support. The successful firm will ensure effective contractual management, including managing of risks, and quality assurance of deliverables as well as good record keeping. Firms accredited to other international organizations and development partners is an advantage.

10. **Individual consultants.** The TA will support ADB in preparing programs and provide ongoing assistance in targeted countries to implement their PFM roadmaps and PSM plans. The individual consultant needs will vary according to policy priorities of the government, direction of

policy dialogue for ensuring programs, and development partner contributions. However, the activities which are likely to be undertaken include: procurement reform, asset management, state owned enterprise reforms—including SOE corporate governance, and privatization and public-private partnership (PPP)), fiscal policy and budget transparency, tax policy reform, legislative drafting, tax modelling, tax administration, debt management, medium-term budgeting, economic analysis of infrastructure projects, internal auditing and accounting reforms and civil service reforms. Regarding Output 1, quality PSM assessment, the selected consultants will need to have extensive background in PSM research and with prior research experience working for multilateral development institutions. In addition, the consultants will have to have a body of PSM research experience related to the Pacific. This will enable them to draw on experience and personal contacts to ensure the research is focused on the most pertinent issues. Knowledge products will be disseminated to policy makers, line ministries, and other PSM practitioners in each of the countries and around the region.

11. **Reporting.** The consultants will be required to prepare regular progress reports and/or other outputs as required by ADB. Where relevant, especially related to design of new programs, there will need to be presentations to stakeholders in-country. The consultants doing any briefing note and assessments will need to have their reports prepared to enable them to be published.

C. Required qualifications, experience and attributes

12. The consulting firm(s) must have demonstrated experience in the following areas: (i) design and implementation of PFM reform programs; (ii) national budget systems and their linkages to PSM functions such as procurement, asset management, and government personnel; (iii) financial management information systems and specialist information systems such as those for tax administration; and (iv) organizational change and capacity building in ministries of finance and/or tax authorities.

13. For individual consultants, ADB requires specialist skills as per the scope of the contract. Generally, the individual will have to be considered an expert in the field (i.e., PFM, budget, accounting and auditing, economic planning) with a bachelor's degree in economics or finance and at least 15 years' experience in that field including in a developing country context. Experience in the Pacific context is particularly desirable. For consultants conducting assessments, they will need a master's degree (or higher) in economics or finance, with a soundtrack record of PFM research including publishing in academic and/or practitioner series. Experience in the Pacific is also required.