

ASIAN DEVELOPMENT BANK

TAR: SAM 32228

TECHNICAL ASSISTANCE

TO

SAMOA

FOR

STRENGTHENING CAPACITY FOR MACROECONOMIC ANALYSIS,

PLANNING, AND POLICY FORMULATION

(PHASE IV)

November 1999

CURRENCY EQUIVALENTS

(as of 31 August 1999)

Currency Unit	—	Samoan Tala (ST)
\$1.00	—	ST2.820
ST1.00	—	\$0.355

- (i) The foreign exchange rate of the tala is linked to a weighted basket of currencies of the country's major trading partners.
- (ii) For the purpose of calculations in this report, an exchange rate of ST2.82 to \$1.00 has been used.

ABBREVIATIONS

ADB	—	Asian Development Bank
AusAID	—	Australian Agency for International Development
CDC	—	Cabinet Development Committee
EPPD	—	Economic Policy and Planning Division, TD
GIP	—	Gross Domestic Product
GFS	—	Government Financial Statistics
HIES	—	Household Income and Expenditure Survey
PCC	—	Program Coordination Committee
PSIP	—	Public Sector Investment Program
SES	—	Statement of Economic Strategy
TA	—	technical assistance
TD	—	Treasury Department

NOTES

- (i) The fiscal year (FY) of the Government ends on 30 June.
- (ii) In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. In November 1995, the Asian Development Bank (ADB) approved Phase I of a three-year program to strengthen the capacity of Samoa's Treasury Department (TD) for macroeconomic analysis, policy formulation, and planning. The program's focus within TD was a restructured Economic Policy and Planning Division (EPPD), which from July 1996 became the division through which all government policy- and project-related papers had to be channeled for appraisal, prior to formal consideration by a revitalized Cabinet Development Committee. ADB assistance was part of a broader Treasury Institutional Strengthening Program supported also by the Australian Agency for International Development (AusAID), which focused its assistance on strengthening TD's Finance Division.

2. The Institutional Strengthening Program aimed at assisting TD to fulfil the mission identified in its first Corporate Plan FY1997–FY1999, namely to lead and to support the Government of Samoa's reform agenda as described in the 1996–1997 Statement of Economic Strategy. This strategy aims at encouraging private sector-led economic growth by maintaining a stable macroeconomic environment, reforming the public sector, and improving the enabling environment for the private sector through financial sector liberalization, tariff and tax reforms, and the establishment of a forum for an exchange of views between the Government and business. ADB is supporting the financial sector and public enterprise reform components of the reform program through a program loan and associated technical assistance (TA).¹

3. Phase I of ADB's program of assistance for institutional strengthening of TD ran from March to December 1996. Phase II was approved in November 1996, and ran for the 12 months of 1997.² The TA completion reports prepared for Phase I and Phase II gave both a generally successful overall assessment.³ Phase III of the program was approved in February 1998, in the context of an understanding with the Government that the program's timeframe could be extended to five years through a fourth phase.⁴ The addition of two years to the timeframe was intended to permit the consolidation of the Phase I and II capacity-building achievements, and the synchronization of ADB assistance program with AusAID's five-year assistance program. Phase III originally was scheduled to run from mid-February 1998 to the end of June 1999, but an extension to 31 December 1999 was approved on 24 June 1999 to allow completion of some activities. Included in the latter are completion of the public sector investment program database and a sector planning manual, which had been delayed by capacity constraints in line ministries that were more severe than originally anticipated.

4. The Government requested ADB assistance to strengthen TD's institutional capacity for macroeconomic analysis, policy formulation, and planning. Following the TA Review Mission of 28 June–2 July 1999, the TA Fact-Finding Mission was fielded in 28 August–2 September to define the scope of the fourth phase of the ongoing assistance program. The Fact-Finding Mission reached an understanding with the Government on the scope of work, consulting

¹ Loan 1608-SAM: *Financial Sector Program*, for \$7.5 million, approved on 19 February 1998.

² TA 2442-SAM: *Strengthening Capacity for Macroeconomic Analysis, Planning and Policy Formulation in the Treasury Department (Phase I)*, for \$600,000, approved on 13 November 1995; and TA 2686-SAM: *Strengthening Capacity for Macroeconomic Analysis, Planning and Policy Formulation in the Treasury Department (Phase II)*, for \$600,000, approved on 11 November 1996.

³ IN 270-98, *TA Completion Report* on TA 2442-SAM, 25 November; and IN.165-99, *TA Completion Report* on TA 2686-SAM, 12 July 1999.

⁴ TA 2985-SAM: *Strengthening Capacity for Macroeconomic Analysis, Planning and Policy Formulation in the Treasury Department (Phase III)*, for \$960,000, approved on 2 February 1998.

services, consultants' terms of reference, costs and financing plan, and implementation arrangements of the Phase IV TA.⁵

II. BACKGROUND AND RATIONALE

5. At the inception stage of each phase of ADB's program of assistance, detailed, timebound work plans were developed in the context of a TA logical framework. These plans identified the activities and monitorable outputs of the core team of consultants recruited to undertake the TA (a macroeconomist, a sector policy analyst, a project planning specialist, and an economic statistician). During implementation of each phase, monthly reports on progress of the activities and outputs have been made by the TA team leader (the Assistant Secretary, EPPD) to a steering committee consisting of the financial secretary, the two deputy secretaries, and the assistant secretaries. Upon completion of each phase, the progress reports have formed the basis for an ADB review with the Government of the consultants' final reports.

6. Government ownership and commitment to the Treasury Institutional Strengthening Program is very strong, as demonstrated by the level of participation in the steering committee and the appointment of a senior official as team leader. This high level commitment is a major factor in the success of the program, and may serve as a good example of good practice for other Pacific island countries.

7. Progress to date in implementation of Phase III is detailed in the TA logical framework (Appendix 1). Both the Government's and the TA Fact-Finding Mission's overall assessment is that substantial progress has been made toward establishing a durable improvement in TD's capacity for macroeconomic analysis; planning at national, sectoral, and project levels; and policy formulation. Most outputs in the logical framework have been achieved; and the few that have not are on track for completion by the end of the extension period of Phase III. EPPD is now better equipped to fulfil its functions, including the effective servicing of the cabinet development committee. Counterpart staff undertake the regular tasks of compiling of quarterly economic reviews and the annual economic statement accompanying the budget, using government finance statistics and national accounts data compiled by the staff of the statistics unit (which is currently organizing the first agricultural census since 1989). EPPD staff are also preparing policy analysis papers and the 2000-2001 Statement of Economic Strategy without direct input from external advisers. The *Manual on Project Planning and Programming* is published and widely used throughout the public sector, with EPPD staff continuing to run workshops for line ministry and state-owned enterprise staff on the nature and purpose of project planning in the context of the Statement of Economic Strategy and budget preparation. The sector and strategic planning manual and guidelines is in final draft form; and EPPD has helped prepare of health and education sector plans, and begun assistance in preparation of agriculture and tourism sector plans. Of the 13 staff positions in EPPD, 11 are filled, with 1 research officer taking leave without pay to undertake privately-funded postgraduate study overseas. The two vacant positions (senior research officer macroeconomic analysis and policy unit and research officer, sectoral planning) are expected to be filled by graduates in the near future.

8. TD's executive management acknowledged that three major areas require attention in order to strengthen institutional capacity. First, additional professional development of EPPD staff is needed to consolidate the gains made and to develop individual capacities (including

⁵ The TA was first listed in the *Asian Development Bank Business Opportunity* in March 1999

multi-skilling). Second, EPPD's capacity for macroeconomic policy analysis needs enhancing to allow the use of quantitative techniques and economic models to generate econometric estimates of important functional relationships (e.g., between gross domestic product growth and revenue flows), forecasts of key macroeconomic variables, and simulations of economywide and sectoral impacts of policy and other exogenous shocks. Third, more work on the preparation of sector policies and plans is needed to elaborate the national economic strategy and to provide the basis for a Samoan-driven public investment program, which is integrated into the planning and budget cycle and which presents a prioritized, meaningful set of projects to external funding agencies. This work will involve EPPD staff and external facilitators in delivering training seminars and workshops on leadership and performance management, and on the purpose and use of the sector and strategic planning manual. Specialist expertise will also be required in the key agriculture, tourism, and infrastructure sectors, to assist relevant line departments in policy development and strengthening of planning capacity. The latter will include development of an effective information system and of a coherent set of sector, corporate, and management plans.

9. Given these identified needs, an understanding was reached with the Government that the focus of ADB's support in Phase IV should be on (i) further professional development of EPPD staff and of senior and middle management staff of line ministries and state-owned enterprises, (ii) assistance with capacity-building in the use of quantitative techniques and economic models as tools for policy analysis and forecasting, and (iii) assistance in the development of sector policies and plans.

III. THE TECHNICAL ASSISTANCE

A. Objectives

10. The TA constitutes the fourth and final phase of a five-year program to strengthen TD's institutional capacity for macroeconomic analysis, policy formulation, and planning. It thus aims at helping TD achieve the first outcome of *The Treasury Corporate Plan, July 1999—June 2002* to provide Government with timely expert economic and financial advice. The specific outputs that the TA contributes to achieving are identified in *The Treasury Management Plan 1999-2000* and in the budget for 1999-2000 as follows:

- (i) policy assessment and advice to Cabinet,
- (ii) macroeconomic policy formulation and analysis,
- (iii) strategic and sector policy analysis and planning, and
- (iv) development and analysis of economic statistics.

Upon completion of Phase IV, EPPD should be capable of undertaking all of the activities that produce quality outputs specified in the *Treasury Management Plan*.

B. Scope

11. Phase IV of the program of assistance to TD retains the five fundamental aims of earlier phases (Appendix 1); however, special emphasis will be placed on the first and fifth aims:

- (i) strengthening national and sector strategic planning processes and policy analysis capabilities by developing TD's internal capacity for macroeconomic

analysis, instituting the strategic planning process throughout the Government, and formulating a macroeconomic policy framework and sector strategic plans;

- (ii) strengthening the management information systems for economic policy analysis and planning and socioeconomic performance monitoring and reporting, by formulating and implementing a plan for generating priority data;
- (iii) improving project planning and monitoring by enhancing the capacity for identifying, formulating, appraising, and evaluating projects at the central and line ministry levels;
- (iv) strengthening aid coordination and management by identifying priority projects and programs for funding by bilateral and multilateral sources, and integrating the functions of aid coordination, project planning, and preparation of public sector investment programs and annual budgets; and
- (v) strengthening the management environment by improving management, coordination, and decision-making processes relating to national development; by conducting seminars and workshops on strategic planning for TD and line departments; and by implementing specialized professional development programs for heads of departments.

12. The Phase IV activities will be aimed at satisfying the needs identified in paragraph 7. A detailed work plan for Phase IV, including time-bound outputs or deliverables, will be determined during TA inception.

C. Cost Estimates and Financing Plan

13. The total cost of the Phase IV TA is estimated at \$863,000 equivalent, of which \$682,000 will be the foreign exchange cost and \$181,000 equivalent will be the local currency cost. ADB will finance \$668,000 of the foreign exchange cost and \$22,000 equivalent of the local costs, for a total of \$690,000 equivalent. The TA will be financed by ADB, on a grant basis from the ADB-funded TA Program. The Government will finance the balance of \$173,000 equivalent, comprising \$14,000 foreign exchange cost for counterpart staff professional development and \$159,000 equivalent local currency cost for remuneration of counterpart staff, computer hardware and software, and office accommodation and support. Appendix 2 presents the cost estimates and the financing plan, and the professional development program, for the Phase IV TA.

D. Implementation Arrangements

14. The Executing Agency for the TA will be TD, with the Financial Secretary serving as the principal coordinator. The TD Management Team, which consists of the Financial Secretary, the two Deputy Secretaries, and the Assistant Secretaries, serves as the steering committee for the TA, under the direction of the Financial Secretary (or, as delegated, the Deputy Financial Secretary responsible for Finance, Policy, and Planning). The Assistant Secretary, EPPD will continue to be the team leader for the TA. A program coordinating committee (PCC) comprising a representative each from ADB, AusAID, and the Government has been established to facilitate aid coordination, especially between ADB and AusAID. The PCC meets once every six months in Apia to review progress and to coordinate inputs for the ADB-funded TA and the AusAID-funded components of the TD Treasury Institutional Strengthening Program. The inception of Phase IV will involve the participation of all stakeholders. The team

leader, with the assistance of the TA coordinator, will report to the steering committee on a regular basis, and will be required to submit an inception report, monthly progress reports, reports for PCC meetings, and a final report at the end of the TA.

15. The Phase IV TA will consist of 19 person-months of international consulting services to be financed by ADB. A team of consultants will be recruited from a firm to provide expertise in three fields. First, in the field of macroeconomics, the firm will provide an expert in the use of quantitative methods and economic models for policy analysis. Second, specialists in sector-specific economics (e.g., agriculture, tourism, and infrastructure) will be made available. Third, in the field of applied microeconomics, an expert in input-output analysis will be supplied. In addition, short-term international consultants in other specialized areas will be mobilized. All consultants will be recruited in accordance with the ADB's *Guidelines on the Use of Consultants*. The macroeconomist will be the TA coordinator. The Phase IV TA is expected to commence in January 2000 and will be completed by the end of December 2000. The outline terms of reference for the consultants are presented in Appendix 3. The core activities of Phase IV will focus on the training programs including workshops, fellowships, and external professional development courses, and on supporting the counterparts in undertaking the required policy analysis and sector and strategic planning activities, which are the core functions of EPPD.

IV. THE PRESIDENT'S DECISION

16. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to the Government of Samoa in an amount not exceeding the equivalent of \$690,000 for the purpose of Strengthening Capacity for Macroeconomic Analysis, Planning, and Policy Formulation (Phase IV), and hereby reports such action to the Board.

TECHNICAL ASSISTANCE LOGICAL FRAMEWORK

Design Summary	Targets	Measurable Indicators	Performance Against Indicators	Risks And Assumptions
Goal: Enhanced performance of the economy led by private sector expansion	Increase in per capita incomes	Real gross domestic product (GDP) per capita average growth rate of 3-4 percent during 1998-2000	Annual real GDP growth rates of 6.9%, 6.2%, 1.5%, and 1.6% in the 1995-1998 period. Growth expected to increase to 2.5% in 1999 and 3-4% in 2000 and 2001. Slow rates in 1997 and 1998 partly due to impact of Asian financial crisis on major export manufacturing industry.	No externalities to disrupt economic performance.
	Decrease in Government current and capital expenditures and official external debt relative to GDP	Total government expenditure/GDP to decline from 50% in FY1998 to 46% in FY2001	Revised government financial statistics (GFS)/GDP data indicates that total expenditure/GDP ratio has fallen from an average of 54% in the FY1994 to 1996 period to an estimated average of 40% in the FY1998 to 2000. Forecast to decline to 35% in 2003.	Stable government.
	Exports growing faster than imports Continued increase in remittances and tourism revenues Increase in foreign reserves Monetary policy and fiscal restraint control inflation	Export/import ratio to increase from 10% in 1996 to 15% by 2001 Current account deficit to remain at 7% of GDP and balance of payments in surplus Foreign reserves of 6-7 months import cover Rate of inflation less than 5%	Export/import ratio increased to 15% in 1997 and 21% in 1998. Ratio forecast to increase to 25% in 2000. Current account deficit fell from 5.2% of GDP in 1996 to 2.8% in 1998. Balance of payment surplus rose from 2.6% of GDP in 1996 to 3.0% in 1998. Foreign reserves have been maintained at about 6 months import cover. Inflation has fallen from 6.8% at end 1997 to 2.0% in mid 1999.	Government has unwavering resolve to implement economic, financial, social, and public sector reforms.

DESIGN SUMMARY	TARGETS	MEASURABLE INDICATORS	PERFORMANCE AGAINST INDICATORS	RISKS AND ASSUMPTIONS
	New jobs created in private sector	Labor force participation rate to increase from 22% in 1996 to 27% in 2001	Overall labor participation rate has remained constant.	
Purposes: Strengthen the institutional framework and capacity for macroeconomic analysis, planning, and policy formulation in the Treasury Department (TD)	Improved macroeconomic policy formulation and analysis Sound economic policies followed by Government	Cabinet, Cabinet Development Committee (CDC), and TD management better informed of economic performance and required policy prescriptions	Annual economic statements and quarterly economic reports submitted to TD management and to CDC. Policy options discussed within TD and with private sector in policy workshops. National accounts and GFS data now available on a reliable and timely basis.	TD management follows corporate and management plans. Data sources outside TD continue to provide support. Government maintains sound fiscal policy.
Develop the Economic Policy and Planning Division (EPPD) into a fully functional unit in TD capable of strategic development planning and macroeconomic advice on economic issues	EPPD capable of carrying out functions with minimum assistance from long term consultants	Reduced level of technical assistance (TA) inputs, shift in external assistance from long term to short term	EPPD staff now prepare economic reports, most policy analysis papers, and surveys without direct input from TA members. EPPD recognized as one of the best divisions within TD and Government in terms of output quality, team work and staff capacities. Phase III of TA has involved only short-term, intermittent inputs from advisers. Progress reports submitted to Program Coordination Committee.	Counterpart staff remain in post. Adequate supply of computers for staff.
Institute a strategic and sector planning process in government	Strategic and sector planning institutionalized within key line departments	Key line departments have strategic and sector plans that link to the output structures of their budgets Sector performance improves and performance targets are met	Key sectors, health, education, tourism, transport and agriculture have been assisted to develop sector strategic plans, with first two sectors completed. Strategic and sector planning manual available for use by all departments. Treasury teams have assisted in output definition for line departments consistent with Statement of Economic Strategy (SES) strategies.	Government continues to support public sector reform and the refocusing of the role and responsibilities of the public service. Line departments continue to follow strategic and sector planning and budgeting procedures.

DESIGN SUMMARY	TARGETS	MEASURABLE INDICATORS	PERFORMANCE AGAINST INDICATORS	RISKS AND ASSUMPTIONS
Institutionalize a standard project planning and programming process throughout government and state-owned enterprises	1998-1999 SES monitored and reviewed	Progress reports on 1998-1999 SES to CDC	1998-1999 SES published and framework for monitoring completed as input into formulation to 2000-2001 SES (to be completed in Phase III extension period).	Line departments continue to follow procedures for establishment of PSIP and project planning and programming.
	2000-2001 SES formulated on schedule	2000-2001 SES prepared		
Develop the capacity to generate economic statistics and reports needed for policy analysis	Improved project planning and programming institutionalized in line departments	Improved in quality of project submissions and appraisals	PSIP database established, will be fully implemented during Phase III extension period.	Aid coordination and management procedures are followed. Project monitoring information is compiled by implementing agencies. Original data sources remain reliable.
		Public Sector Investment Program (PSIP) approved for implementation and regularly reviewed and updated	CDC fully functional and meeting regularly. All papers submitted to CDC appraised by EPPD staff.	
	Improved aid coordination and management	PSIP coordinated with SES, and bilateral and multilateral funding agencies	CDC and Aid Coordination Committee minutes published and used by departments as operational documents.	
	Improved economic statistics for economic policy analysis and formulation	National accounts estimates and supporting industry/sector aggregates GFS data	National accounts estimates and sector aggregates compiled and published in annual economic statement. GFS data compiled and published quarterly.	

DESIGN SUMMARY	TARGETS	MEASURABLE INDICATORS	PERFORMANCE AGAINST INDICATORS	RISKS AND ASSUMPTIONS
<p>Outputs: Trained and capable counterpart staff in EPPD</p>	<p>Counterparts trained and capable of achieving objectives and outputs with minimum external assistance from TA consultants</p>	<p>Counterparts take responsibility for production of all reports and reviews and policy analytical papers</p> <p>Reduced need for TA</p>	<p>Counterparts have assumed responsibility for production of all quarterly reports, annual economic statements, and drafts of policy papers. Counterparts also coordinating preparation for monitoring 1998-1999 SES and compilation of 2000-2001 SES. Advisers provided guidance and backstopping as required.</p> <p>Database of economic statistics established and in use by counterparts for preparation of reviews.</p> <p>Database and reports prepared by counterparts to be put onto EPPD web site</p>	<p>All counterpart posts are filled.</p> <p>Continuity in staffing to enable knowledge and skills gained through the TA to be put into practice.</p>
<p>Regular reviews of economic performance</p>	<p>Regular reviews and analysis of economic performance carried out by counterparts with decreasing direct involvement of consultants</p>	<p>Regular, timely, comprehensive reviews of economic performance; review papers and reports prepared and database maintained</p>	<p>Budgets all completed on time with improving quality of outputs related to SES strategies.</p>	<p>Refresher training and backstopping are available to support staff development and skill upgrading.</p>
<p>Macroeconomic framework for budgets</p>	<p>Approved macroeconomic framework for 1999 and 2000 budgets</p>	<p>Framework based on medium-term strategies in the 1998-1999 SES</p>	<p>Counterparts all active members of TD budget teams that negotiate budget allocations and outputs with line departments.</p>	<p>Facilities and resources for training are made available.</p>
<p>Budget completed, approved, and monitored</p>	<p>Budget completed on time following planning and budget cycle</p>	<p>Budget with sound and consistent output structures and performance indicators</p>	<p>Policy and issue papers on World Trade Organization, least developed low income developing country graduation, financial sector liberalization, GFS, national accounts, sectoral performance, taxation of primary producers, impact of Asian financial crisis prepared by counterparts with support from advisers. Work on</p>	<p>Manuals and other training aids are made available.</p>
<p>Policy analytical papers on economic performance and policy prescriptions and other policy</p>	<p>Policy papers on labor and employment, relationships between financial aggregates and economic activity,</p>	<p>Analytical policy papers regularly submitted to TD management, CDC, and Cabinet</p>	<p>Adequate computer facilities are available for all staff.</p> <p>Data sources from internal revenue, customs, and other departments remain timely and reliable.</p>	

DESIGN SUMMARY	TARGETS	MEASURABLE INDICATORS	PERFORMANCE AGAINST INDICATORS	RISKS AND ASSUMPTIONS
issues as directed	savings and investment, interpretation of GFS and other economic issues as required		savings and investment, monetary aggregates, and labor and employment delayed due to unavailability of data, to be completed in the Phase III extension period.	
Review of 1998-1999 SES	Analytical review of 1998-1999 SES	Six-monthly reports to CDC on SES implementation and proposed revisions to strategies and targets in the light of changing circumstances	Samoan delegations to international meetings and visiting missions serviced with economic briefs and resource materials. Implementation reports on SES given by head of departments to CDC. Monitoring matrix compiled as basis for comprehensive review prior to compilation of 2000-2001 SES.	
Manuals on project planning and programming and sector and strategic planning	Well-written, easy-to-use manuals that have been tested with line departments and agencies	Manuals approved by CDC, and understood and available to all departments	Manuals on project planning and programming and sector and strategic planning approved by CDC and now widely used throughout Government. All departments and state-owned enterprises have been introduced to the manuals and follow-up seminars will be held in the future.	
Strategic/sector planning process institutionalized in key departments and introduced in other departments	Institutionalization of strategic/sector planning in health, education, agriculture, and tourism departments and introduction in labor, trade and commerce, lands and environment, and transport departments	Working groups established and meeting regularly in these departments Sector issues papers and outline sector strategy papers finalized	Strategic planning concepts now better understood by departments and the SES is recognized as providing the basis for all Government development activities. Preparations for the new SES using the sector planning manuals as a handbook commenced in July 1999. Sector issue papers prepared for health, and education and mini-summits held. Report on energy sector policy options completed. Assistance provided to formulate agricultural and tourism sector strategies, mini-summits planned.	Continued commitment to adoption of strategic planning in line ministries.

DESIGN SUMMARY	TARGETS	MEASURABLE INDICATORS	PERFORMANCE AGAINST INDICATORS	RISKS AND ASSUMPTIONS
Project planning following guidelines, procedures, and formats of the project planning manual institutionalized in all departments	Institutionalization of project planning and formulation of projects in the PSIP in line with SES strategies	PSIP approved by CDC, projects in PSIP prioritized in accordance with SES	PSIP database system established awaiting full data entry. Counterpart is developing prioritization and ranking system as part of his post-graduate studies. All projects for foreign financing now formulated according to CDC guidelines, appraised by EPPD, and then considered by CDC.	Continued timely supply of data from line ministries.
Aid coordination and management improved	Effective implementation of aid coordination and management processes	Project proposals for foreign financing or aid assistance properly reviewed	Aid coordination committee now functioning more effectively with CDC in the coordination of projects. All submissions now follow standard format and processes.	
National accounts and related economic statistics	National accounts and related economic statistics generated National accounts model refined Complete, up-to-date internally consistent economic statistics Socioeconomic indicators defined and estimated	National accounts and socioeconomic data: • quarterly national accounts and supporting data generated • quarterly reports issued analyzing data and proposing policy measures as necessary • savings and investment data for national accounts and policy analysis purposes • perpetual inventory model for generating more accurate depreciation data for national accounts model • revised production indexes, expanded labor and employment survey as input to national accounts model and labor policy paper	National accounts system operational by counterparts: • data sources verified • methodology and assumptions understood • system operational • database maintained	Continuity of staffing in the statistics unit.

DESIGN SUMMARY	TARGETS	MEASURABLE INDICATORS	PERFORMANCE AGAINST INDICATORS	RISKS AND ASSUMPTIONS
Household income and expenditure survey (HIES) data	HIES data analyzed and used for national accounts estimation purposes	HIES data: • revised HIES benchmarks for the national accounts estimates • weights for new consumer price index • constant price deflators and input/output producer cost indices for national accounts model	HIES generated parameters and benchmarks incorporated into national accounts model • HIES data used to compile new weights for consumer price index • Results and analysis of HIES published	
GFS	Quarterly GFS data compiled, analyzed, and published	Report on quarterly GFS; analyzed GFS data	Quarterly GFS and national accounts data being published	
Activities/Inputs: TA Personnel • Macro-economist • Sector policy analyst • Project planning specialist • Economic statistician • Short-term consultants and trainers in special fields of expertise Activities	Recruitment of consultants with the right skills who can work as part of a team Optimum use of TA personnel and phasing of inputs Consultants effective in transfer of their knowledge and skills Proposed activities under Phase III included preparation of 1998-1999 SES, monitoring implementation of SES strategies,	Qualified TA personnel recruited with analytical depth, who are also good communicators, motivators, and trainers Extent to which terms of reference are satisfied Good, sensible advice based on sound analysis Reported and observed improvements in processes Quality and timeliness of outputs of counterparts Increased contribution and	TA personnel in post according to schedule. Project progress reports submitted to the Asian Development Bank (ADB) and Government. Reports considered and commended at PCC. Terms of reference requirements satisfied as agreed with Government. Advice given has been sound and appropriate. Overall goals of TA are being achieved. Output quality, team work, and capacities in EPPD have been raised as reported by Government at PCC. Outputs have been delivered on time or according to revised timetable as agreed by government. EPPD and divisional staff recognized as	Training facilities are available. Line departments encourage staff to actively participate in the training workshops. The Government will fund one third of the cost of postgraduate degree studies.

DESIGN SUMMARY	TARGETS	MEASURABLE INDICATORS	PERFORMANCE AGAINST INDICATORS	RISKS AND ASSUMPTIONS
Training Courses in: Macroeconomic theory and policy, Economic forecasting, and socioeconomic indicators	developing the macroeconomic framework for the budgets, assistance to line departments in developing output structures and performance indicators, budget monitoring, macroeconomic policy analysis, review of economic performance, sector and strategic planning, and project preparation Well attended in-country training, workshops, and mini-summits	higher confidence of counterpart staff in discussions with senior Government officials and in making presentations at workshops for line departments Training program to be agreed upon, to include training within TD, workshops for line departments, and overseas courses for EPPD counterparts	competent, and working in a committed and motivated team. Training program of on-the-job, seminar/workshop activities, and overseas short-term and long-term training has been followed	Counterpart staff are able to attend and to provide training to line departments.
National accounts and economic statistics Project planning, appraisal, and programming (based on manual) Sector and strategic planning (based on manual)	Up to two participants in external specialist, post-experience courses		Participation has been sponsored in specialist courses on health sector financing and planning and trade policy and a training attachment at SPC was organized for the Manager, EPPD Statistics Unit.	

DESIGN SUMMARY	TARGETS	MEASURABLE INDICATORS	PERFORMANCE AGAINST INDICATORS	RISKS AND ASSUMPTIONS
Specialist overseas training				
Postgraduate degree fellowships for EPPD counterparts	Up to two postgraduate degree fellowships		One post-graduate fellowship under way in the United Kingdom.	
Leadership and performance management workshops for heads of departments and state-owned enterprises.	Two leadership and development management retreats		Two modules have been held for heads of departments and one module has been replicated for middle managers. Third module for head of departments and second module for middle manager delivered in August 1999.	
Mini-summits on health, education, agriculture, and tourism involving all stakeholders in the respective sectors			Mini-summits, followed by donor round-tables, have been held for health and education. Further mini-summit for either agriculture or tourism planned for the sector policy analysts work program in November 1999.	
Regional workshops	Two regional workshops		Regional workshops were canceled due to difficulties in organization and administration arrangements.	

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing			
1. International Consultants			
a. Remuneration and Per Diem	437	0	437
b. International (and local) Travel	45	0	45
c. Reports and Communications	6	9	15
2. Equipment	0	0	0
3. Training, Seminars, and Conferences ^a			
a. Facilitators	30	0	30
b. Training Program	60	0	60
4. Surveys	0	10	10
5. Representative for Contract Negotiations	5	0	5
6. Contingencies	85	3	88
Subtotal (A)	668	22	690
B. Government Financing			
1. Office Accommodation and Transport ^b	0	23	23
2. Remuneration and Per Diem of Counterpart Staff	0	79	79
3. Computer Hardware and Software	0	20	20
4. Surveys	0	10	10
5. Counterpart Staff Training and Development	14	27	41
Subtotal (B)	14	159	173
Total	682	181	863

^a The foreign exchange costs are for two in-country leadership and performance management workshops for heads and middle managers of government departments; and for external training of counterpart staff. The latter includes provision for one full-time fellowship for overseas training (financed one third by the Government and two thirds by ADB) and for attendance at three external professional development courses/workshops.

^b Includes provision of office accommodation and secretarial, photocopying, in-country communication, and ground transportation costs.

Source: Staff estimates.

(Reference in text: page 4, para. 13)

PROFESSIONAL DEVELOPMENT PROGRAM

Item	No.	Cost (\$)
Leadership and Performance Management Workshops for Heads of Departments and Middle Managers – external facilitators (Target Number of Participants: 50)	2	30,000
Mini-Summits on (i) Agriculture, and (ii) Tourism involving Senior Government Officers from Relevant Departments, Central Agencies, and private sector representatives. Total of 2 summits, Each lasting 1.5 days.	2	10,000
Postgraduate degree fellowships (On the basis of one third cost sharing by the Government) (Target Number of Participants: 1)	1	42,000
In-country Policy Analysis Workshops: • Macroeconomic Issues (2) • Sector Policy and Development Issues (2) (Target Number of Participants: 20 per workshop; Total of 80)	4	17,000
External Professional Development Courses/Workshops (Target Number of Participants: 6)	3	32,000
Total Cost		131,000
Of which		
Asian Development Bank		90,000
Government		41,000

OUTLINE TERMS OF REFERENCE

A. Objectives

1. The objective of the five-year multiphase program of technical assistance (TA) of the Asian Development Bank (ADB) is to strengthen the capacity for macroeconomic analysis, policy formulation, and planning in the Treasury Department (TD) and the line departments. At the end of ADB's assistance program, there should be a fully functional Economic Policy and Planning Division (EPPD) within TD capable of performing macroeconomic policy analysis, providing policy advice on economic issues, undertaking strategic development planning, developing and promoting sector and project planning and programming processes, and developing and maintaining economic statistics needed for policy analysis. The policy analysis and planning capacities at the level of the line departments should also be greatly enhanced.

B. Terms of Reference

2. This TA constitutes the fourth phase of ADB's assistance program covering the calendar year 2000. Under the TA, international consultants in macroeconomics, sector-specific economics, and applied microeconomics will be recruited to work closely with the staff of EPPD, line departments, and other agencies, to generate sustainable improvements in the capacity for macroeconomic policy analysis, policy formulation, and strategic sector planning and programming. In this phase of the assistance program, emphasis will be placed on furthering the professional development of EPPD staff and improving the capacity for sector policy and plan formulation within line ministries.

3. The consultants will include (i) a macroeconomist-TA coordinator specializing in the use of quantitative methods and economic models in policy analysis (7 person-months), (ii) sector economists (a total of 5 person-months); (iii) an applied microeconomist specializing in the development and application of input-output models (4 person-months), and (iv) short-term consultants (a total of 3 person-months). The provision in the TA for 3 person-months of short-term consultants is for trainers and process facilitators, and for specialists in areas to be identified. The duration and specifics of the assignments for the short-term consultants will be determined in consultation with the Government. The consultants will be engaged by ADB in accordance with ADB's *Guidelines on the Use of Consultants*.

4. The consultants will perform a range of tasks to enable EPPD to produce a variety of outputs, including the delivery within specified time periods of a series of macroeconomic reviews, policy analysis papers, reports, data sets, strategic analyses and studies, and training programs. The core activities of Phase IV will focus on the training programs and on supporting the counterparts in undertaking the required policy analysis and sector and strategic planning activities, which are the core functions of EPPD.

5. The macroeconomist-TA coordinator will be responsible for assisting the divisional head of EPPD in coordinating the overall work program under the TA. The consultants will work closely with the team funded by the Australian Agency for International Development (AusAID), which is assisting in the Treasury Institutional Strengthening Program by strengthening the Finance Division.

6. The qualifications and responsibilities of the consultants will be as follows:

1. Macroeconomist-TA Coordinator

7. The macroeconomist will have an advanced degree in economics, well-developed analytical and quantitative skills, relevant experience in applying these skills to policy issues in developing country environments, an ability to impart knowledge and skills to counterpart staff, and the ability to lead and manage a team of international consultants.

8. The consultant will:

- (i) coordinate the activities of all consultants under the TA, in particular ensuring that the TA performance milestones are met; assist the head of EPPD to prepare a work plan for EPPD and a training program for counterpart staff in macroeconomic policy analysis using quantitative methods; and liaise closely with the AusAID-funded project team leader to ensure the TA activities are integrated into the wider program for the restructuring and strengthening of TD;
- (ii) help monitor, and report on the economy and the implementation of the statement of economic strategy.
- (iii) help counterparts analyze and report on fiscal, monetary, and balance-of-payments developments, and prepare EPPD inputs into the planning and budget cycle;
- (iv) develop the capacity of EPPD to use statistical and econometric models for forecasting key macroeconomic variables including gross domestic product, the inflation rate, money supply, and balance-of-payments aggregates;
- (v) coordinate and submit to TD and ADB an inception report one month after the start of the assignment, a draft final report two months before the end of the assignment, and a final report at the conclusion of the term; and
- (vi) assist the assistant secretary for EPPD in preparing monthly progress reports on the achievement of performance milestones for submission to the financial secretary and ADB, and report every six months to the Program Coordinating Committee.

2. Sector Economists (for agriculture, tourism, and infrastructure)

9. The consultants will have an advanced degree in economics; experience in preparing sectoral studies; relevant experience in formulation and implementation of sector policies and plans in developing country environments, including the use of logical frameworks; strong interpersonal and communication skills; and the ability to work as part of a team.

10. The consultants will

- (i) assist EPPD to design and conduct sector-focused strategic planning workshops and seminars for line departments and Government agencies aimed at strengthening their capacity for policy analysis and sector plan formulation;
- (ii) assist line departments and government agencies to complete revise or update their sector policies and strategic plans, and prepare consistent, supportive corporate and management plans;
- (iii) support counterpart staff in the analysis of departmental policy initiatives presented for consideration by the Cabinet Development Committee;
- (iv) perform other tasks as agreed with the assistant secretary for EPPD; and
- (v) prepare a final report on the fulfilment of the above responsibilities within one month of the end of the term.

3. Applied Microeconomist

11. The consultant will have an advanced degree in economics; expertise in the development and applications of input-output models, preferably in a developing country context; strong interpersonal and communication skills; and the ability to work as part of a team.

12. The consultant will

- (i) assist the assistant secretary for EPPD in preparing a work plan and training program for counterpart staff on the development and application of an input-output model for Samoa;
- (ii) work with designated staff to develop the input-output model;
- (iii) conduct for EPPD staff workshops/seminars that demonstrate the potential applications of input-output models in macro- and sectoral-policy analysis, using case studies as instructional materials;

- (iv) perform other tasks as agreed with the assistant secretary for EPPD; and
- (v) prepare a final report on the fulfillment of the above responsibilities within one month of the end of the term.