



Technical Assistance Report

Project Number: 45217
Capacity Development Technical Assistance (CDTA)
December 2012

Nepal: Support for Formulating an Economic Development Vision

CURRENCY EQUIVALENTS

(as of 4 December 2012)

Currency unit	–	Nepalese rupee/s (NRe/NRs)
NRe1.00	=	\$0.0115
\$1.00	=	NRs87.01

ABBREVIATIONS

ADB	–	Asian Development Bank
DFID	–	Department for International Development of the United Kingdom
MOF	–	Ministry of Finance
SOC	–	summit organizing committee
TA	–	technical assistance
TYIP	–	Three-Year Interim Plan

TECHNICAL ASSISTANCE CLASSIFICATION

Type	–	Capacity development technical assistance (CDTA)
Targeting classification	–	General intervention (more indirectly addressing poverty reduction)
Sector (subsectors)	–	Multisector (energy sector development, finance sector development, industry and trade sector development, air transport, road transport, economic and public affairs management)
Themes (subthemes)	–	Economic growth (promoting economic efficiency and enabling business environment), private sector development (policy reforms), governance (economic and financial governance), capacity development (institutional development)
Location (impact)	–	National (high)
Partnership	–	Department for International Development of the United Kingdom and the World Bank (coordination in TA design and possible parallel cofinancing)

NOTES

- (i) The fiscal year (FY) of the government ends on 16 July. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2013 ends on 15 July 2013.
- (ii) In this report, "\$" refers to US dollars.

Vice-President	X. Zhao, Operations 1
Director General	J. Miranda, South Asia Department (SARD)
Director	K. Yokoyama, Nepal Resident Mission (NRM), SARD
Team leader	R. Tuladhar, Senior Country Specialist, NRM, SARD
Team members	N. Nakarmi, Associate Economics Analyst, NRM, SARD C. Sapkota, Associate Economics Officer, NRM, SARD

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

I. INTRODUCTION

1. The country partnership strategy¹ for Nepal, 2010–2012 of the Asian Development Bank (ADB) seeks to promote stronger, sustainable, and inclusive economic growth to reduce the widespread poverty and high inequality in the country—the underlying causes of the decade-long (1996–2006) civil conflict. Its strategic thrust is in line with the Government of Nepal's Three-Year Interim Plan (TYIP), fiscal year (FY) 2011–FY2013, and remains valid in the current context as the country is still undergoing a post-conflict political transition. During the 2011 country programming mission, the government requested capacity development technical assistance (TA) for preparing a strategic framework that would place Nepal on a high growth path. The TA will support the government in formulating a long-term economic development vision. After several rounds of consultations with the government agencies concerned—e.g., the Office of the Prime Minister and Council of Ministers, the National Planning Commission, and the Ministry of Finance (MOF)—and ADB, the government prepared a concept paper (High Level Economic Summit, Nepal) which the cabinet endorsed in September 2012. The TA's objectives, scope, costs and financing plan, and implementation arrangements are based on consultations with the government and its concept paper. The design and monitoring framework is in Appendix 1.²

II. ISSUES

2. Nepal has been undergoing a challenging peace and political transition process since 2006, when the decade-long civil conflict ended. The process is significantly advanced given the achievement of important milestones such as the decommissioning of the Maoists' former insurgent army; and considerable progress has been made in resolving many contentious issues while drafting a new constitution, such as those relating to governance, electoral system, and allocation of citizenship. However, the new constitution has not yet been finalized due to the persistent differences between the political parties on the federal structure. Consequently, the term of the Constituent Assembly ended on 27 May 2012 without having promulgated the new constitution. Major political parties are now exploring options for resuming the constitution-drafting process, possibly through fresh Constituent Assembly elections in early 2013, and legislating the new constitution shortly thereafter.

3. The long conflict and the protracted political transition have taken a toll on the country's economy. Annual gross domestic product growth averaged 4.8% from 2008–2012, although the economy has the potential to grow by at least 6%–7% per annum given its comparative advantages in hydropower, tourism, and certain industries and services.³ The conflict displaced many people from rural areas, throttling agricultural growth and the rural economy. There has been substantial out-migration from the rural areas, reflecting the lack of jobs, leading to rising population pressure, and driving up land prices in urban areas. The out-migration has brought in increased remittance income equivalent to 23% of gross domestic product and helped reduce poverty. However, it has led to increased consumption and imports while contributing little to productive investments. Although certain sectors such as tourism and banking have expanded during 2008–2012, overall economic growth largely depends on remittance inflows and has remained weak with low investments and little job creation.

¹ ADB. 2009. *Country Partnership Strategy: Nepal, 2010–2012*. Kathmandu

² The TA first appeared in the business opportunities section of ADB's website on 3 December 2012.

³ For example, it has been estimated that getting four large hydropower projects into operation could boost the annual economic growth rate to 9%, and this is just a small fraction of the country's overall potential. Yet the progress to tap the large potential is slow, as the sector faces multiple constraints in promoting private investments.

4. Various diagnostic studies⁴ suggest that Nepal's growth and investments have been subject to several binding constraints: (i) continuing political instability and its adverse impact on the rule of law and the investment climate; (ii) inadequate infrastructure, particularly electricity, roads and irrigation, due to the low efficiency of public investments and limited private sector investment; (iii) poor labor relations and labor market rigidities; (iv) inefficient state-owned enterprises eroding public resources and constraining private investment; (v) slow structural transformation of the economy and weak business environment; and (vi) a vulnerable finance sector and weak domestic revenue base.

5. As the peace and political transition process nears its conclusion, the government has initiated efforts to reinvigorate the economy by boosting public and private investments. The Nepal Investment Board was established in November 2011 as a one-stop window for fostering private sector investments.⁵ Despite their differences on the political front with regard to the new constitution, major political parties are also seeking to converge on the country's key economic development agenda under a "common minimum economic program", facilitated by the business community. The emerging consensus includes a framework of reforms aimed at removing the binding constraints and achieving double-digit growth within a decade, and graduating to a middle-income country within a generation.

6. With this development vision and reform agenda, the government is seeking to forge a broad-based consensus across and within all political parties on the specific strategic directions and actions toward achieving the country's development objectives: higher economic growth and poverty reduction. There is general agreement on the need for accelerated growth and job creation by removing the binding constraints. However, there are diverse views, especially at the political level, on approaches to deal with these constraints, resulting in a slow economic reform process. Key areas where such differences prevail are: (i) the role of the private sector compared with cooperatives in accelerating growth; (ii) subsidies for public enterprises, including petroleum products and electricity producers; (iii) hydropower development for export rather than domestic use; and (iv) promoting foreign direct investment.

7. For the country to move into a higher growth trajectory, forging a consensus on these critical elements of economic development and reform will be essential. Therefore, there is a need for a catalytic process and support to help the political parties and other stakeholders refocus their attention and priorities on the country's needs. Against this backdrop, the government has requested ADB to help, in coordination with the Department for International Development of the United Kingdom (DFID) and the World Bank, prepare for and organize a high-level international economic summit in Kathmandu. It is proposed that acclaimed international development economists and economic reform champions would be invited to interact with Nepal's key political leaders, opinion makers, senior government officials, and other stakeholders, and advise on an economic reform and development course for achieving Nepal's aspirations for higher economic growth and prosperity in the new era. It is envisaged that the outcome of the economic summit will serve as a foundation for Nepal's long-term economic development vision and provide a framework for the government's new medium-term development plan to succeed the current TYIP.

⁴ One such study was the joint growth diagnostic analysis conducted by ADB, the International Labour Organization, the Department for International Development of the United Kingdom, and the Government of Nepal in ADB. 2009. *2008/09—Nepal Critical Development Constraints*. Manila.

⁵ The Nepal Investment Board started its operation by strengthening interministerial coordination and removing legal hurdles to improving the investment climate for large-scale infrastructure projects such as hydropower.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

8. The impact of the TA will be the initiation of economic reforms and development programs that are critical to the government's vision of achieving double-digit and more inclusive economic growth by 2022. This will be measured by (i) demonstrated reforms in the areas of public-private partnership, banking and finance, labor market, and foreign direct investment; and (ii) institutional reforms of key public entities such as the Nepal Electricity Authority, which are essential for improving the investment climate.

9. The intended outcome of the TA will be a broad-based national consensus on the economic policies, reform agenda, strategic directions, actions, and key programs for achieving the above vision. This will be measured by the declaration that is expected to be adopted at the end of an international economic summit (to be organized in Kathmandu under the TA), encompassing these reform agendas, actions, and programs.

B. Methodology and Key Activities

10. The TA will be implemented through desk reviews of relevant diagnostic studies on the Nepalese economy, key sector assessments, and other economic policy and strategy documents. Extensive consultations with key stakeholders—government agencies; private sector, academic, and civil society organizations; and development partners—will be held regionally and nationally to solicit views on strategic directions for Nepal's economic reforms and development in the current context. Building on this groundwork, the TA will organize a high-level international economic summit in Kathmandu to forge a consensus on Nepal's economic reform and development course. The summit will invite acclaimed international development economists and economic reform champions who will interact with Nepal's key political leaders, senior government officials, local experts, and other stakeholders. It is envisaged that the outcome of the economic summit will serve as a foundation for Nepal's long-term economic development vision and for the government's new medium-term development plan to succeed the current TYIP.

11. The TA will deliver three outputs through the following methodology and activities:

12. **Output 1: A comprehensive diagnostic synthesis report prepared on Nepal's key development challenges and opportunities.** Building on the various existing diagnostic studies on economic growth, sector strategies, and other relevant areas, the TA will review and assess Nepal's development challenges and opportunities in the current context. Subject to prioritization based on further consultation with the government and other stakeholders during the initial stages of TA implementation, the indicative sectors and themes to be studied are: (i) post-conflict economic transition; (ii) structural transformation of the economy; (iii) macroeconomic policies (subsidies, the Dutch disease effect [due to remittances]⁶, roles of the public and private sectors, and broad-based inclusive growth); (iii) investment climate,

⁶ Dutch disease is primarily associated with a natural resource discovery, but it can result from any large increase in foreign currency, including foreign direct investment, foreign aid, or a substantial increase in natural resource prices.

including access to finance and labor relations; (iv) infrastructure development (particularly energy, transport, and water supply), including the scope for public–private partnership; (vi) investments in tourism, and value addition and job creation in agri-business and industrial sectors; and (vii) overall investment planning and resource mobilization. Based on the assessment, the TA will prepare a concise and coherent diagnostic synthesis report, encompassing economic policies, reform agenda, strategic directions, actions, and key programs for the selected agenda items. The report will be presented and vetted in a series of regional and national stakeholder consultation workshops.

13. Output 2: A high-level international economic summit organized. Based on output 1, a high-level international economic summit will be organized in Kathmandu, to which internationally renowned development economists and reform leaders, including those from more advanced Asian countries, will be invited as eminent resource persons. The background diagnostic report will be shared with them in advance for prior review and advice. The summit will provide a platform for Nepal's key policy, decision, and opinion makers to interact with these eminent economists on economic reform and gain insight in development lessons of other countries in similar situations, and how Nepal can strategize and achieve high and inclusive economic growth with widespread employment generation. A summit declaration will be prepared and adopted at the end of the summit as its main output.

14. Output 3: A framework for Nepal's long-term development vision and a medium-term development plan prepared. Based on outputs 1 and 2, detailed proceedings of the summit will be prepared under the TA. The proceedings will serve as a comprehensive framework to support the government in preparing its long-term economic development vision (Nepal Vision 2030) and a new medium-term development plan to succeed the current TYIP.

C. Cost and Financing

15. The TA is estimated to cost \$790,000, of which \$700,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-IV). The main elements to be funded by ADB are the services of international and national consultants, equipment, and workshops and seminars. The government will provide counterpart support in the form of office accommodation, counterpart staff, facilities for seminars and meetings, other administrative support, and other in-kind contributions. DFID and the World Bank are expected to provide parallel cofinancing to cover the other additional expenses relating to the economic summit and preparatory works. The cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

16. Institutional arrangements. MOF will be the executing agency for the TA. The government has already approved a two-tier institutional structure to manage the implementation of the TA, coordinate TA activities, and monitor the implementation progress, including the economic summit. A steering committee—chaired by the minister for finance, cochaired by the National Planning Commission vice-chairman, and comprising representatives of major political parties, independent economists, the governor of Nepal Rastra Bank, and relevant senior government officials—will provide overall policy-level guidance to a summit organizing committee (SOC) on the preparation and organization of the summit. The steering committee will also provide necessary coordination and support for active participation of political and other opinion leaders in the process toward forging overall consensus during the economic summit.

17. The SOC, to be chaired by the finance secretary and comprising secretaries of various ministries, will provide overall technical and management support and guidance to the implementation of the TA and organization of the summit. Selected eminent persons including private sector representatives will be invited as needed, along with representatives of the three development partners—i.e., ADB as the main coordinator, DFID, and the World Bank. The SOC will be assisted by a secretariat comprising a team of TA consultants and administrative staff.

18. **Consulting services.** The TA will require 20 person-months of consulting services (9 person-months international and 11 person-months national). The consultants will be recruited through a reputable organization (consultant firm) that is highly professional and experienced in preparing and organizing similar high-level international economic forums. Within this framework, the selected organization will also undertake specialized studies on the sectors and themes selected for the summit through the engagement of local experts, from which additional 12 person-months of inputs will be required. Based on the selected sectors and themes to be finalized in consultation with the government and other stakeholders (from among the tentative list in para. 12), these additional experts will be selected by the consultant firm in consultation with ADB from among the best-qualified and available local experts. In addition, the consultant firm will further engage an event management agent to manage the logistics for the summit. The outline terms of reference for consultants are in Appendix 3.

19. In view of (i) the need to engage a highly reputed organization that can manage the summit with high-level international experts (a critical component of the TA), and (ii) urgency to organizing the summit by September 2013 and to reflect the outputs in the medium-term development plan of the government within 2013, the TA will recruit the consultant firm through the quality- and cost-based selection method with simplified technical proposals. ADB will adopt fast-track measures, including advance actions. The consultants will be selected in accordance with ADB's Guidelines on the Use of Consultants (2010, as amended from time to time). Office equipment required for the implementation of the TA will be procured in accordance with ADB's Procurement Guidelines (2010, as amended from time to time), and will be handed over to the government upon completion of the TA. Disbursements under the TA will be in accordance with ADB's *Technical Assistant Disbursement Handbook* (2010, as amended from time to time).

20. The TA will be implemented over 15 months, from 1 February 2013 to 30 April 2014. The steering committee will meet for the inception of the TA, and at least every 2 months thereafter to review the implementation progress and resolve any related issues. It will provide policy guidance to the SOC for effective day-to-day implementation of the TA and for organizing the summit. The steering committee and the SOC may invite representatives of the private sector, civil society, and other stakeholders to their meetings. ADB will field frequent missions to review implementation progress, and to guide the TA consultants (in consultation with MOF). These missions will make appropriate recommendations to MOF and ADB management should the implementation environment change drastically, affecting the achievement of the TA objectives.

IV. THE PRESIDENT'S DECISION

21. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$700,000 on a grant basis to the Government of Nepal for Support for Formulating an Economic Development Vision, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Economic reform and development programs initiated toward achieving the government's vision of achieving double-digit and more inclusive economic growth by 2022	<p>By 2017, passage of at least 3 key legislations—in the areas of public–private partnership, labor market, and foreign direct investment—for improving the overall investment climate</p> <p>By 2018, introduction of institutional and policy reforms at key public entities such as Nepal Electricity Authority that are critical for improving the investment climate</p> <p>Baseline: Existing legislations, policies, and institutions are deficient and need revisions to make them more investment friendly</p>	<p>For all indicators:</p> <p><i>Nepal Gazette</i>, Ministry of Finance's annual budget statements, midterm budget reviews, economic survey, and policy papers issued by various line ministries</p>	<p>Assumption</p> <p>Necessary institutional capacity and resources will be available to undertake these reform and development programs effectively.</p> <p>Risk</p> <p>Establishment of overall political stability and certainty—essential for effective implementation of the economic reform and development programs—is slow.</p>
Outcome Broad-based national consensus on economic policies, reform agenda, strategic directions and actions, and key programs for achieving the vision of double-digit and more inclusive economic growth by 2022	<p>A joint declaration by political party leaders and other key stakeholders during the proposed international economic summit in September 2013 on a framework for the economic reform agenda</p> <p>Baseline: Current situation is marked by divergent views, especially at the political level, on approaches to Nepal's key economic reform and development agenda</p>	<p>Minutes and proceedings of the proposed international economic summit to be supported by the TA</p>	<p>Assumptions</p> <p>Major political parties and other stakeholders do not disagree on the need to advance the country's economic reform and development agenda, and will remain committed to the expected resolution at the economic summit on Nepal's future.</p> <p>Other key stakeholders will productively participate in the TA activities.</p>
Outputs 1. A comprehensive diagnostic synthesis report prepared on Nepal's key development challenges and opportunities	<p>Synthesis report prepared by 31 July 2013</p> <p>Baseline: No comprehensive and updated economic, sector-specific, and thematic assessments of</p>	<p>Executing agency's quarterly progress reports</p>	<p>Assumptions</p> <p>All key stakeholders, particularly political party and other opinion leaders, will participate in the economic summit and contribute to forging a consensus.</p> <p>Availability of competent</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>2. A high-level international economic summit organized</p> <p>3. A framework for Nepal's long-term development vision and a medium-term development plan prepared</p>	<p>a strategic nature available</p> <p>High-level economic summit organized by September 2013, attended by eminent persons</p> <p>Baseline: No such summit organized in Nepal so far</p> <p>Summit proceedings prepared as a framework for a long-term vision and medium-term plan by 31 December 2013</p> <p>Baseline: No such document available that can form a basis for long-term economic vision</p>	<p>Executing agency's quarterly progress reports</p> <p>Proceedings of the economic summit</p>	<p>government counterpart staff in relevant line agencies and their commitment to work closely with the TA team for successful preparation and organization of the economic summit</p> <p>Risks</p> <p>The current government could change, disrupting the preparation for and organization of the economic summit.</p> <p>Possible transfers and changes of key government officials responsible for leading and coordinating the TA activities</p>
<p>Activities with Milestones</p> <p>1. A comprehensive diagnostic synthesis report prepared on Nepal's key development challenges and opportunities</p> <p>1.1. Undertake diagnostic review and assessment of development strategies, policies, and performance of key sectors of the economy by 31 March 2013.</p> <p>1.2. Prepare a draft assessment report on the findings by 30 April 2013.</p> <p>1.3. Analyze and propose key strategies and policy options for Nepal to achieve higher, sustainable, and more inclusive economic growth, and generate jobs, by 30 May 2013.</p> <p>1.4. Undertake regional stakeholder consultations to validate the assessments by 15 June 2013.</p> <p>1.5. Undertake stakeholder consultations nationally to further validate the assessment by 30 June 2013.</p> <p>1.6. Prepare a draft synthesis report for presentation and discussion in a high-level economic summit by 31 July 2013.</p> <p>2. A high-level international economic summit organized</p> <p>2.1. Provide the synthesis report to the eminent development economists and reform leaders who will be invited to the summit by mid-August 2013.</p> <p>2.2 Organize the summit to discuss the synthesis report and seek the views of eminent international development economists by 30 September 2013.</p> <p>3. A framework for Nepal's long-term development vision and a medium-term development plan prepared</p> <p>3.1. Prepare draft proceedings of the economic summit by 31 October 2013, including a draft framework for a long-term economic development vision and a medium-term development plan by 31 December 2013.</p>			<p>Inputs</p> <p>ADB: Technical Assistance Special Fund (TASF-IV) \$700,000</p> <p>The government will provide counterpart support in the form of office accommodation, counterpart staff, facilities for seminars and meetings, other administrative support, and other in-kind contributions.</p>

ADB = Asian Development Bank, TA = technical assistance.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$ '000)

Item	Total Cost
A. Asian Development Bank Financing^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	225.00
ii. National consultants	55.00
iii. National consultants (unallocated)	60.00
b. International and local travel	70.00
c. Reports and communication	10.00
2. Equipment ^b	10.00
3. In-country workshops and seminars	150.00
4. Miscellaneous administration and support costs	30.00
5. Contingencies	90.00
Total	700.00

Note: The technical assistance (TA) is estimated to cost \$790,000, of which contributions from the Asian Development Bank (ADB) are presented in the table above. The government will provide counterpart support in the form of office accommodation, counterpart staff, facilities for seminars and meetings, other administrative support, and other in-kind contributions. The value of government contribution is estimated to account for about 11.4% of the total TA cost.

^a Financed by ADB's Technical Assistance Special Fund (TASF-IV).

^b Includes purchase of computers, printers, software, and photocopy machines.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. International Consultants

1. Senior Development Economist and Team Leader (4 person-months, intermittent)

1. The senior development economist will be a professional with a doctorate in economics and a wide range of international experience in economic policymaking, development planning, and economic strategy formulation. The economist should have at least 15 years of international work experience and be able to deliver the following:

- (i) As the team leader and with the support of the national senior development economist (the deputy team leader), closely liaise with the summit organizing committee (SOC) in the Ministry of Finance, other technical assistance (TA) team members, and relevant stakeholders for efficient implementation of the TA activities, ensuring effective and timely delivery of the TA outputs.
- (ii) In consultation with the SOC and the Asian Development Bank (ADB), outline and prioritize the key sectors and themes, listed in but not limited to para. 12 of the TA main report, for study and discussion in the proposed economic summit.
- (iii) Supervise all TA team members and provide overall guidance for the timely delivery of quality outputs in their respective areas.
- (iv) Based on studies by various agencies, undertake an overall assessment of Nepal's economy, its economic reform and development achievements so far, and the challenges associated with the post-conflict economic transition. More specifically, analyze the requisite conditions for achieving rapid economic progress and prosperity, including the structural transformation of the economy, macroeconomic policies, and overall investment planning and resource mobilization.
- (v) Synthesize the reports of all TA team members on their sector and thematic assessments (second item above) into a concise and focused paper for discussion in a series of stakeholder consultations.
- (vi) With the support of the international and national knowledge management coordinators and other TA members, validate the synthesis report through in-country regional and national stakeholder consultations.
- (vii) Assume overall leadership role and responsibility for producing a succinct and coherent diagnostic synthesis report on Nepal's development constraints, priorities and opportunities, and a recommended economic development strategy for presentation and discussion in the proposed high-level international economic summit.
- (viii) In consultation with the SOC, ADB, and other stakeholders, design the structure of the international economic summit, e.g., presentation of discussion papers, keynote addresses, panel discussions.
- (ix) With the support of the international and national knowledge management coordinators and other TA members, manage and conduct the economic summit.
- (x) With the support of other team members, prepare and coordinate necessary briefing and presentation materials for the summit as guided by the SOC and ADB.
- (xi) With the support of the TA team members, and based on outputs 1 and 2 of the TA and the discussions during the summit, prepare the proceedings of the economic summit such that they serve as a framework for the government in preparing a long-term economic development vision for Nepal and a new medium-term development plan.

2. The economist and team leader will provide service for 4 person-months over a period of 12 months, of which 15 working days will be from the home office. As the team leader, the consultant will be responsible for the following deliverables:

- (i) an inception TA report—including a concept note suggesting the key sectors, themes, and issues to be studied for preparing a discussion paper for the proposed economic summit—within 30 days of beginning the assignment and a final TA report within 30 days after completion of the assignment;
- (ii) a draft diagnostic synthesis report, covering the prioritized sectors and themes and incorporating the inputs of all TA members, for discussion in the stakeholder consultation meetings (April 2013);
- (iii) a final diagnostic synthesis for discussion during the proposed economic summit (July 2013);
- (iv) necessary background materials for the economic summit (August 2013); and
- (v) proceedings of the summit presented in a form to serve as a framework for preparing a long-term economic development vision for Nepal (December 2013).

2. Institutional Economist (3 person-months, intermittent)

3. The institutional economist should preferably have a doctorate, or at least a master's degree, in economics and broad international experience in analyzing the role of institutions in promoting economic growth and achieving the major development outcomes, especially in a post-conflict scenario. The economist should have at least 10 years of international work experience and be able to deliver the following:

- (i) Under the guidance of the team leader, with the support of the national institutional economist, and in consultation with government, private sector, and other agencies and based on relevant studies by the government, ADB, and other agencies, undertake a detailed analytical assessment of institutional development in Nepal and its impact on economic growth and development, specifically answering what institutions (economic, political, and social) are major catalysts or obstacles in promoting high economic growth and in achieving major development objectives. An indicative list of issues to be looked at covers, but is not limited to, organizational arrangements, property rights and land reform, transaction costs, modes of governance, social norms, enforcement mechanisms, human assets, social capital, asymmetric information, contractual safeguards, labor relations, private sector and innovation, and inclusive institutions that foster high growth and help achieve broad-based development outcomes.
- (ii) Participate, make presentations, and lead the discussions on the assessment of institutional development in Nepal during the national and regional stakeholder consultations.
- (iii) Support the team leader in synthesizing the various sector and thematic assessments from the above perspectives into a concise and coherent discussion paper for the proposed economic summit.
- (iv) Provide necessary support and inputs in the area of institutional development while preparing for the summit and conducting the summit.
- (v) Support the team leader in preparing the proceedings of the summit, including a strategic framework for preparing a long-term economic vision for the country and a medium-term development plan.

4. The economist will provide intermittent services over a period of 12 months, and up to 10 working days will be from the home office. Based on the above tasks, the consultant will provide necessary inputs for the delivery of the specific outputs for which the team leader is responsible, within the time frame indicated above.

3. **Knowledge Management Coordinator** (2 person-months, intermittent)

5. The knowledge management coordinator should have at least a master's degree in management and/or related discipline, and experience in managing and conducting high-level international seminars and conferences, with logistical arrangements of international standard. The coordinator should have at least 5 years of relevant work experience and will be responsible for the following tasks and outputs:

- (i) Under the guidance of the team leader and the SOC, and with the support of the national knowledge management coordinator, conduct the various regional and national stakeholder consultation workshops and interaction meetings for discussion and validation of the draft synthesis report prepared by the TA team.
- (ii) In consultation with the SOC, ADB, and other relevant agencies, under the supervision of the TA team leader and with the support of other TA team members, particularly the national knowledge management coordinator, help prepare and organize the proposed 2-day high-level international economic summit.
- (iii) With the support of the other TA team members, coordinate with and supervise the international events management subcontractor who will manage and arrange all the necessary conference facilities and other logistics of international standard for the proposed economic summit.

6. All inputs of the consultant over a 12-month period will be field based. The consultant will provide necessary inputs for the delivery of the specific outputs for which the team leader is responsible, within the time frame indicated above.

B. National Consultants

1. **Senior Development Economist and/or Deputy Team Leader** (4 person-months, intermittent)

7. The senior development economist will be a professional with a doctorate in economics. The economist should have at least 10 years of work experience in economic policymaking, development planning, and economic strategy formulation in Nepal. The economist will be responsible for the following TA outputs and activities:

- (i) As the deputy team leader, provide close support to the international senior development economist in liaising with the SOC in the Ministry of Finance, other TA team members, and relevant stakeholders for efficient implementation of the TA activities, ensuring effective and timely delivery of the TA outputs.
- (ii) In the absence of the team leader, provide overall support and guidance to all TA team members for timely delivery of quality outputs in their respective areas. In particular, in coordination with the team leader and the SOC, provide necessary guidance and inputs to the TA team for the review and assessment of the performance of and constraints in key sectors of the economy, and formulation of strategies for achieving the objective of double-digit growth by 2022.
- (iii) Compile the existing and relevant studies conducted by various agencies since 2008 and, based on it, provide local knowledge, perspectives, and other necessary inputs to the team leader for jointly undertaking an overall assessment of Nepal's economy, its economic reform and development achievements so far, and the challenges associated with the post-conflict economic transition.
- (iv) Provide local context, knowledge, perspectives, and other necessary inputs to the team leader for analyzing the requisite conditions for achieving rapid economic progress and prosperity.

- (v) In coordination with the team leader, synthesize the reports of all TA team members on their sector and thematic assessments (second item above) into a concise and focused discussion paper for presentation at the high-level economic summit, as discussed above.
 - (vi) In coordination with the team leader and with the support of the international and national knowledge management coordinators and other TA members, help validate the synthesis report through regional and national stakeholder consultations, in consultation with the SOC, ADB, and other relevant agencies.
 - (vii) Support the team leader in producing a succinct and coherent synthesis report on Nepal's development constraints, priorities and opportunities, and a recommended economic development strategy for presentation and discussion at the proposed high-level international economic summit.
 - (viii) In consultation with the SOC, ADB, and other stakeholders, support the team leader in designing the structure of the international economic summit, e.g., presentation of discussion papers, keynote addresses, panel discussions.
 - (ix) With the support of the international and national knowledge management coordinators and other TA members, manage and conduct the economic summit.
 - (x) In coordination with the team leader and with the support of other team members, prepare and coordinate necessary briefing and presentation materials for the summit as guided by the SOC, ADB, and other relevant agencies.
 - (xi) Support the team leader in preparing the proceedings of the economic summit so as to serve as a framework for the government in preparing a long-term economic development vision for Nepal and a new medium-term development plan.
8. Based on the above tasks, the consultant will provide inputs for the delivery of the specific outputs for which the team leader is responsible within the time frame indicated above.

2. Institutional Economist (4 person-months, intermittent)

9. The institutional economist preferably has a doctorate or at least a master's degree in economics and should be fully familiar with the roles and functions of various public and private institutions in Nepal, relevant laws, regulations, and government policies, and how they help or constrain Nepal's economic growth and achievement of development objectives. The economist should have at least 10 years of relevant work experience in Nepal and be able to deliver the following:

- (i) Compile the existing studies conducted by various agencies since 2008 and, based on it, provide to the international institutional economist the local knowledge and context, perspectives, and other necessary background information on Nepal's public and private institutions, relevant laws, regulations, and government policies, and if or how they constrain Nepal's economic growth and achievement of its development objectives.
- (ii) In collaboration with the international institutional economist, and in consultation with the government, private sector, and other agencies, and based on the review of existing studies, undertake an analytical assessment of institutional development in Nepal and its impact on economic growth and development, answering the question—what institutions are major catalysts or obstacles in promoting high growth and in achieving the country's development outcomes, and how so? An indicative list of issues to be looked at includes organizational arrangements, property rights and land reform, transaction costs, governance, social norms, enforcement mechanism, human assets, social capital, asymmetric information, contractual safeguards, labor relations, private sector, and inclusive institutions that foster high growth and help achieve broad-based development outcomes.

- (iii) In coordination with the international institutional economist, participate, make presentations, and lead the discussions on the assessment of institutional development in Nepal during the national and regional stakeholder consultations.
 - (iv) Support the international institutional economist in integrating the findings of the above assessments into a concise and focused discussion paper for the proposed summit.
 - (v) In coordination with the international institutional economist, provide necessary support and inputs in the area of institutional development.
 - (vi) Support the team leader in preparing a framework for the government to formulate a long-term economic development vision and a new medium-term development plan, based on the discussion paper presented at the summit and the proceedings of the summit.
10. Based on the above tasks, the consultant will provide inputs for the delivery of the specific outputs for which the team leader is responsible.

3. Knowledge Management Coordinator (3 person-months, intermittent)

11. The knowledge management coordinator should have at least a master's degree in management and/or related discipline, and international experience in managing and conducting high-level seminars and conferences in Nepal. The coordinator should have at least 5 years of relevant work experience and will be responsible for the following tasks and outputs:
- (i) Under the guidance of the SOC, ADB, and other relevant agencies, and the team leader and the international knowledge management coordinator, help conduct the various regional and national stakeholder consultation workshops and interaction meetings for discussing and validating the synthesis report prepared by the TA team.
 - (ii) In consultation with the SOC, ADB, and other relevant agencies, and in coordination with the team leader and the international knowledge management coordinator, help organize and manage the proposed 2-day high-level international economic summit.
 - (iii) With the support of the other TA team members, coordinate with the international events management agent who will manage and arrange the necessary conference facilities and other logistics of international standard for the proposed economic summit.
12. Based on the above tasks, the consultant will provide necessary inputs for the delivery of the specific outputs for which the team leader is responsible, within the time frame indicated above.