



# Technical Assistance Report

---

Project Number: 46366-001  
Regional—Capacity Development Technical Assistance (R-CDTA)  
December 2012

## Results-Based Strategy and Sector Planning in the Pacific

Asian Development Bank

## ABBREVIATIONS

ADB	–	Asian Development Bank
COBP	–	country operations business plan
CPS	–	country partnership strategy
DMC	–	developing member country
PARD	–	Pacific Regional Department
TA	–	technical assistance

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Type</b>	–	Regional—capacity development technical assistance (R-CDTA)
<b>Targeting classification</b>	–	General intervention
<b>Sector (subsectors)</b>	–	Public sector management (economic and public affairs management; education sector development; energy sector development; urban sector development; transport management and policies; information and communication technology)
<b>Themes (subthemes)</b>	–	<b>Governance</b> (economic and financial governance); economic growth (widening access to markets and economic opportunities); social development (human development); regional cooperation and integration (other regional public goods);
<b>Location (impact)</b>	–	Rural (low); urban (medium); national (high); regional (high)

## NOTE

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

<b>Vice-President</b>	S. Groff, Operations Group 2
<b>Director General</b>	X. Yao, Pacific Regional Department (PARD)
<b>Regional Director</b>	A. Ruthenberg, Pacific Subregional Office (SPSO), PARD
<b>Team leader</b>	M. Melei, Country Specialist, SPSO, PARD
<b>Team members</b>	C. Currie, Senior Country Economist, SPSO, PARD
	S. B. Olsson, Country Coordination Officer, SPSO, PARD
	E. Veve, Principal Economist, PARD

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. Regional and national implementation by Pacific Islands Forum countries<sup>1</sup> of the Cairns Compact on Strengthening Development Coordination<sup>2</sup> reflects the commitment of its leaders, their governments, and development partners to develop a more coordinated programmatic approach to and increase the effectiveness of aid delivery, in a manner aligned with national priorities. The Asian Development Bank's (ADB's) Pacific Approach, 2010–2014 identifies the need to promote more effective development processes and sets out an agenda to foster connectivity, consensus and a greater sense of Pacific community through (i) inclusive and environmentally sustainable growth, (ii) good governance, and (iii) regional cooperation and integration.<sup>3</sup>

2. Considerable investment by both Pacific governments and development partners in national planning, budgeting, and monitoring frameworks has resulted in improved policy dialogues focusing on reforms relating to economic management, the public sector, state-owned enterprises, and public financial management.<sup>4</sup> Although this has enhanced development effectiveness, the fragile characteristics exhibited by most Pacific developing member countries (DMCs) means that ongoing effort is required to strengthen their capacity to develop strong national plans to guide development partner support. The proposed technical assistance (TA) will contribute to more effective country-led policy dialogue and informed decision-making processes. Overall, it will contribute to efforts that Pacific DMCs have already committed to under the Pacific Plan (2005),<sup>5</sup> Paris Declaration on Aid Effectiveness (2007),<sup>6</sup> and the Cairns Compact by working together to improve coordination, promote harmonization of assistance, and produce better results with respect to reducing poverty and promoting development.

3. Initial discussions by ADB with the governments of the Cook Islands, Fiji, Samoa, and Tonga have resulted in an understanding regarding the impact, outcomes, and outputs of the TA, as well as its costs, implementation arrangements, and the terms of reference for consulting services. The design and monitoring framework is in Appendix 1.<sup>7</sup>

## II. ISSUES

4. Effective policy making entails a thorough analysis of a country's strategic priorities, their declared objectives and intended outcomes. Accordingly, Pacific governments and development partners, including ADB, have increasingly collaborated to establish economic reform processes and develop joint policy reform matrices with objectives that align with the key priorities contained within the governments' national plans. Successful achievement of the policy actions set out in the matrices has guided the provision of budget support by development partners. The analyses to be prepared under the TA will assist the governments in selecting priority policy actions to advance the reform agenda.

---

<sup>1</sup> Pacific Islands Forum countries include Australia, Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, the Marshall Islands, Nauru, Niue, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

<sup>2</sup> Pacific Islands Forum Secretariat. 2009. *Cairns Compact on Strengthening Development Coordination in the Pacific*. Suva.

<sup>3</sup> ADB. 2009. *ADB's Pacific Approach, 2010–2014*. Manila.

<sup>4</sup> Pacific Islands Forum Secretariat. 2012. *Tracking the Effectiveness of Development Efforts in the Pacific*. Suva.

<sup>5</sup> Pacific Islands Forum Secretariat. 2007. *The Pacific Plan for Strengthening Regional Cooperation and Integration*. Suva.

<sup>6</sup> OECD. 2005. *The Paris Declaration of Aid Effectiveness*. Paris.

<sup>7</sup> The TA first appeared in the business opportunities section of ADB's website on 7 December 2012.

5. Efforts have been made by Pacific DMC governments and development partners to strengthen planning, budgeting, and monitoring frameworks as part of ongoing reforms. However, although most national plans are developed through consultative processes, the analytical strength and sector prioritization of the plans varies. Development partners are increasingly linking their programs to national plans, and the TA will help the countries develop stronger plans based on robust assessments, and thereby enhance the effectiveness of development support. Additionally, many Pacific DMCs still lack the capacity to conduct strategic and technical analyses to develop, implement, and manage good policies and make informed and sound decisions. The TA is designed to ensure sound development management and effective policy development. It will assist governments in participating Pacific DMCs to develop comprehensive national plans for implementing change. The overarching objective is to bring about significant improvements in government decision making and improve aid coordination and effectiveness.

6. The proposed TA will complement existing support provided through other regional TA that promotes informed decision making regarding economic management<sup>8</sup> and private sector development<sup>9</sup>, including state-owned enterprise reform. However, an unmet need persists in the demand for policy briefs, technical notes, and good practice studies on crosscutting sectoral and thematic issues, which fall outside the remit of existing regional TA. The proposed TA will not duplicate ongoing support, including efforts to enhance ADB's engagement in fragile and conflict-affected situations.<sup>10</sup>

7. Most Pacific DMCs are affected by some or all of the five factors underlying weak performance: (i) small size and geographic isolation; (ii) capacity constraints that have led to weak policy formulation, implementation, and management capacity; (iii) conflict and social disruptions; (iv) meager resources and endowments; and (v) volatility and unpredictability of aid. ADB management has agreed to rationalize the preparation of its country partnership strategies (CPSs) in the Pacific.<sup>11</sup> The Pacific Approach provides the strategic framework for ADB operations in the Pacific and serves as the CPS for 10 of the 14 Pacific DMCs.<sup>12</sup> ADB's CPSs and country operations business plans (COBPs) align with the national plans of the Pacific DMCs. The analyses and assessments to be prepared under the TA will further improve alignment of CPSs and COBPs to national strategies and improve policy dialogue at national and sector level with the governments and other development partners. These will support the governments' formulation and implementation of their national development strategies and will guide ADB's programming and pipeline development for these DMCs.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

8. The impact will be effective policy development and government decision making. The outcome will be improved strategic country analyses and sector planning practices in participating Pacific DMCs.

<sup>8</sup> ADB. 2011. *Pacific Economic Management—Enhanced Economic Management (Subproject 2)*. Manila.

<sup>9</sup> ADB. 2009. *Private Sector Development Initiative Phase 2*. Manila.

<sup>10</sup> ADB. 2012. *Enhancing ADB's Engagement in Fragile and Conflict Affected Situations*. Manila.

<sup>11</sup> ADB. 2007. *Achieving Development Effectiveness in Weakly Performing Countries (ADB's Approach to Engaging with Weakly Performing Countries)*. Manila, p. 16 states "ADB will in some cases relax expectations for CPSs and selectively accept other, less extensive programming documents."

<sup>12</sup> The 10 Pacific DMCs include Cook Islands, the Federated States of Micronesia, Kiribati, the Marshall Islands, Nauru, Palau, Samoa, Tonga, Tuvalu, and Vanuatu.

## B. Methodology and Key Activities

9. The TA will (i) develop country analyses supporting and expanding on strategic priorities of national plans for the Cook Islands, Fiji, Samoa, and Tonga; (ii) prepare relevant sector and thematic assessments, either nationally or at the subregional or regional level where commonalities exist; and (iii) serve as a facility for ADB to respond quickly to requests from Pacific DMCs for help in developing policy and sector reforms consistent with national or regional priorities and the key focus of ADB's support to the requesting country.

10. The TA outputs will comprise (i) strategic country analyses for the Cook Islands, Fiji, Samoa, and Tonga; (ii) sector and thematic assessments at national, subregional, and regional levels; and (iii) demand-driven policy briefs, technical papers, good-practice studies or other knowledge products or services. The analytical strengths of the country analyses, sector assessments and policy briefs will (i) contribute to strengthening the government's national plans, thereby enabling better alignment of external assistance; and (ii) build capacity to improve policy dialogue and make informed decisions.

11. **Output 1: Strategic country analyses.** The TA will initially support the preparation of strategic country analyses for the Cook Islands, Samoa, and Tonga, and any required analytical work to underpin reengagement in Fiji, with the potential to include more Pacific DMCs if there is demand, and resources are available. The country analyses will support the respective governments in implementing their national development priorities and guide ADB's programming and pipeline development.

12. **Output 2: Sector and thematic assessments.** The TA will support the preparation of relevant national, subregional or regional sector and thematic assessments in areas identified within the Pacific Approach as operational priorities (transport and information and communication technology; energy; urban development, water, sanitation; and education) and drivers of change (improved private sector environment; public sector management; capacity development; climate change adaptation and mitigation; development partnerships; and gender mainstreaming). The selection of sector and thematic areas as well as coverage will be made in consultation with the sector divisions of the Pacific Regional Department (PARC).

13. **Output 3: Demand-driven policy briefs.** The TA will serve as a facility to allow ADB to respond quickly to requests from Pacific DMCs to prepare relevant policy briefs and technical notes, as well as make available good-practice studies and knowledge products to help Pacific DMCs make sound policy decisions. All requests will be initially assessed for their suitability for support under existing regional TA, particularly in the areas of economic management, private sector development, and engagement in fragile and conflict-afflicted situations, in consultation with the front office of PARC and the Pacific Liaison Coordination Office in Sydney. Any requests that fall outside the spectrum of activities under existing regional TA, and are in line with the focus of ADB support in the requesting Pacific DMC will be considered under this TA.

## C. Cost and Financing

14. The TA is estimated to cost \$785,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-IV: \$100,000 and TASF-other sources: \$685,000). Details of the cost estimates and financing plan are in Appendix 2.

## **D. Implementation Arrangements**

15. ADB will be the executing agency and implementation responsibilities will rest with PARD in cooperation with the appropriate national ministries and agencies. No TA activities will be undertaken in the territory of a Pacific DMC until a no-objection confirmation has been obtained from the government of the Pacific DMC concerned.

16. The TA will be implemented over a period of 12 months from 1 January to 31 December 2013. Output 1 will require an estimated 6 person-months of international and 6 person-months of national consulting services. Outputs 2 and 3 of the TA will be designed to flexibly address the needs for sector and thematic assessments as well as government requests, and consulting services requirements will therefore be determined on a case-by-case basis. The consultants will be engaged individually by ADB in accordance with the Guidelines on the Use of Consultants (2010, as amended from time to time). The terms of reference of the consultants for outputs 1 and 2 and indicative roles for experts for output 3 are in Appendix 3.

17. The proceeds of the TA will be disbursed in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

18. The TA will be monitored by relevant country team leaders and sector and thematic specialists through regular ADB missions. The TA will share and disseminate expected outputs through country analyses, technical reports, and knowledge products to participating Pacific DMCs and other relevant stakeholders. Lessons and good practices identified will be shared at the regional level where opportunities arise.

## **IV. THE PRESIDENT'S DECISION**

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$785,000 on a grant basis for Results-Based Strategy and Sector Planning in the Pacific, 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
<b>Impact</b> Effective policy development and government decision making	Policies adopted in line with key development priorities in national plans.	National plan monitoring and evaluation reports	<b>Assumptions</b> Pacific economies do not experience external shocks  The political situation in Pacific DMCs is stable  <b>Risk</b> Links between national plans and budgets are weak
<b>Outcome</b> Improved strategic country analyses and sector planning practices in participating Pacific DMCs	Country analyses for Cook Islands, Fiji, Samoa, and Tonga completed by end 2013.  Four sector assessments (national, subregional and regional) completed by end 2013.	Country partnership strategies and country operations business plans  Country partnership strategies and country operations business plans	<b>Assumptions</b> There are no changes in government policies  Pacific DMCs have national ownership of strategies, policies and plans  <b>Risk</b> Governments fail to act on policy advice
<b>Outputs</b> 1. Strategic country analyses supporting national planning for the Cook Islands, Fiji, Samoa, and Tonga  2. Sector and thematic assessments (regional/ subregional/ national)  3. Demand-driven policy briefs	Endorsement by the selected governments of their respective country analyses by August 2013 (baseline 2012: 0)  Four finalized sector or thematic assessments adopted December 2013 (baseline 2012: 0)  Endorsement of four policy briefs, technical papers and other relevant knowledge products and services by the selected governments by December 2013 (baseline 2012: 0)	Endorsement letter from government  Approved sectoral and thematic assessments	<b>Assumptions</b> Skilled consultants are recruited in a timely manner  Suitable government counterparts are available  The required information and data are readily available  <b>Risk</b> Delays are encountered in securing concurrence from government(s)

Activities with Milestones	Inputs	
<b>1. Strategic country analyses supporting national planning for Cook Islands, Fiji, Samoa, and Tonga</b> 1.1 Obtain concurrence by governments of Cook Islands, Fiji, Samoa, and Tonga (December 2012) 1.2 Collection of national reports and analysis of priorities (March 2013) 1.3 Preparation of country analyses (May 2013)  <b>2. Sector and thematic assessments (regional, subregional or national)</b> 2.1 Selection of sector assessments (regional, subregional or national) (ongoing) 2.2 Analysis of sector needs based on national reports (ongoing) 2.3 Engagement with governments and stakeholders to discuss priority sector needs (December 2013) 2.4 Development of sector and thematic assessments through participatory processes (December 2013)  <b>3. Demand-driven policy briefs</b> 3.1 Analysis of policy issues as per stakeholder requests (February–December 2013) 3.2 Engagement with governments and stakeholders to discuss issues and develop options (February–December 2013) 3.3 Preparation of relevant policy briefs as needed (February–December 2013)	<b>ADB: \$785,000</b>	
	Item	Amount (\$'000)
	Consultants	745
	Training, seminars, and conferences	10
	Studies	10
	Contingencies	20

ADB = Asian Development Bank, DMC = developing member country.

Source: Asian Development Bank.



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

<b>Item</b>	<b>Amount</b>
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	525.0
ii. National consultants	150.0
b. International and local travel	60.0
c. Reports and communications	10.0
2. Training, seminars, and conferences	
a. Facilitators	5.0
b. Training program	5.0
3. Knowledge products and services	10.0
4. Contingencies	20.0
<b>Total</b>	<b>785.0</b>

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-IV: \$100,000 and TASF-other sources: \$685,000).

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. Consulting services will support the implementation of this technical assistance (TA) and will include 6 person-months of international and 6 person-months of national consulting inputs for output 1. Outputs 2 and 3 of the TA will be designed to flexibly address the need for sector and thematic assessments as well as government requests, and consulting services requirements will therefore be determined on a case-by-case basis. The consultants will comprise a pool of policy and planning specialists, sector specialists, and national advisers who will work under the guidance of the country team leaders and country, regional or sector directors.

2. **Planning and policy specialists** (international, 6 person-months, intermittent). Specialists will have a degree (or equivalent qualification) in business, economics, political science, governance, public policy or planning, with at least 5 years experience in a senior management position in strategic planning and economic management as well as policy formulation. The specialists will work under the guidance of the country team leader and regional director; they may need to work as part of a team, and at times take on leadership of a small team of international and national consultants. The specialists should have experience working in the selected Pacific developing member countries (DMCs) to be analyzed. The specialists' responsibilities will depend on whether the assignment requires (i) preparing country analyses outlining the strategic approach for selected Pacific DMCs, or (ii) preparing a policy brief in response to specific requests from Pacific DMCs.

3. The specific responsibilities for a specialist preparing country analyses include:

- (i) assessing development trends and issues, including recent political developments, status of the economy, monetary and fiscal policies and social developments;
- (ii) reviewing the government's national strategy;
- (iii) developing a matrix of other development partner assistance in the areas of proposed Asian Development Bank (ADB) support;
- (iv) preparing brief macroeconomic assessments for the selected Pacific DMCs; and
- (v) preparing strategic country papers that highlight development issues and challenges, government responses, and identify gaps for development partner support.

4. **Sector specialists** (national and international, maximum 8 person-months, intermittent). Sector specialists will have a degree (or equivalent qualification) in urban planning, environmental science, political science, economics, governance, education, trade facilitation and security, or civil engineering as appropriate to the specific task. The specialists will have at least 5 years experience in a senior management position in relevant sectors in line with areas identified in the Pacific Approach as operational priorities (transport and information and communication technology; energy; urban development; water and sanitation; and education) and drivers of change (improved private sector environment; public sector management; capacity development; climate change adaptation and mitigation; development partnerships; and gender mainstreaming). The specialists will work under the guidance of sector specialists and sector directors and will consult with country team leaders and country, regional or sector directors to ensure country-specific issues are reflected in the assessments.

5. The specialists' specific responsibilities will be determined on an as-needed basis depending on the priority areas of the selected Pacific DMCs. The specialists' responsibilities will include carrying out a review of the governments' sector strategies (where these exist) and

development assistance to the sector, and an assessment of sector performance, issues and opportunities. Specific tasks could include the following:

- (i) consulting with selected Pacific DMCs to review sector strategies and identify potential sector opportunities;
- (ii) reviewing sector performance of country and identify pertinent issues;
- (iii) analyzing Pacific region lessons from comparable sector studies;
- (iv) identifying development priorities in each sector;
- (v) formulating options to address sector issues in priority areas;
- (vi) working closely with relevant sector agencies and development partners to ensure proposed options complement ongoing activities to avoid duplication; and
- (vii) preparing sector or thematic assessments for the government and ADB using existing guidelines or frameworks where applicable (e.g., Second Governance and Anticorruption Action Plan).

6. **Advisers** (national, 6 person-months, intermittent). The advisers will have strong backgrounds in policy and planning and in working in the areas of urban planning, environmental science, political science, economics, governance, education or civil engineering as appropriate to the specific task. The advisers will work under the guidance of the policy and planning specialists or sector specialists and provide support in the preparation of strategic country analyses or sector and thematic assessments.

7. The advisers' specific responsibilities will be determined on an as-needed basis; specific tasks could include the following:

- (i) collating necessary documents, data and any other information required for the assignment;
- (ii) preparing economic, financial and other analyses as needed;
- (iii) facilitating consultations with relevant stakeholders; and
- (iv) supporting preparation of final strategic country analyses or sector and thematic assessments for the governments and ADB.

8. **Other specialists** (national and international, maximum 8 person-months, intermittent). The specific responsibilities for specialists preparing demand-driven policy briefs, technical notes, good-practice studies or other knowledge products will be determined on a case-by-case basis. The specialists will provide both analytical and operationally relevant inputs and recommendations, which may include:

- (i) consulting with the requesting Pacific DMC to carry out an analysis of policy issues as per request;
- (ii) engaging with the government and relevant stakeholders to develop various policy options;
- (iii) reviewing lessons on similar issues from around the region and replicating best practice as applicable to the requesting Pacific DMC; and
- (iv) preparing relevant policy briefs, technical papers or other knowledge products as needed.