

BOARD
OF
DIRECTORS

ASIAN DEVELOPMENT BANK

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**TECHNICAL ASSISTANCE TO NEPAL
FOR ESTABLISHING ECONOMIC POLICY NETWORK**

The attached Report is circulated for the information of the Board. The President approved the technical assistance on 18 December 2003.

For Inquiries: R. Vokes, South Asia Department
(Ext. 4001)
S. Ra, South Asia Department
(Ext. 6213)

ASIAN DEVELOPMENT BANK

TAR:NEP 37172

TECHNICAL ASSISTANCE

TO THE

KINGDOM OF NEPAL

FOR

ESTABLISHING ECONOMIC POLICY NETWORK

December 2003

CURRENCY EQUIVALENTS

(as of 30 November 2003)

| | | |
|---------------|---|----------------------------|
| Currency Unit | – | Nepalese rupee/s (NRe/NRs) |
| NRe\$1.00 | = | \$0.0135 |
| \$1.00 | = | NRs74.28 |

ABBREVIATIONS

| | | |
|-------|---|---|
| ADB | – | Asian Development Bank |
| EA | – | executing agency |
| EAPAD | – | Economic Affairs and Policy Analysis Division |
| IA | – | implementing agency |
| MOF | – | Ministry of Finance |
| NRM | – | Nepal Resident Mission |
| TA | – | technical assistance |

NOTES

- (i) The fiscal year (FY) of the Government ends on 15 July. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2003 ends on 15 July 2003.
- (ii) In this report, "\$" refers to US dollars.

This report was prepared by S. Ra.

I. INTRODUCTION

1. His Majesty's Government of Nepal (the Government) requested the Asian Development Bank (ADB) to provide technical assistance (TA) for developing an economic policy network that could serve as a forum for economic policy dialogue, based on sound analysis. Advisory TA for policy network was included in the country nonlending program for 2003.¹ The Fact-Finding Mission visited Nepal from 27 October to 7 November 2003. The Mission reached an understanding with the Government of Nepal (the Government) regarding the goals, outputs, activities, implementing arrangements, financing arrangements, and terms of reference for consultants and counterpart support.

II. ISSUES

2. To achieve the poverty reduction objectives of the recently approved Tenth Plan (FY2002–2007), continued and consensus-based economic policy reforms are crucial. However, in Nepal, policy reform has been characterized by slippages and implementation delays. Despite some recent improvements in policy reform processes, such as preparation of the Tenth Plan and the Immediate Action Plan, more progress is required to meet the reform objectives.

3. Stakeholders in Nepal identified a number of specific weaknesses contributing to slippages in the economic policy reform process: (i) ad hoc, top-down, and supply-driven economic reform agenda; (ii) inadequate consultation processes for securing commitment and consensus from other stakeholders; (iii) failure to specify appropriate implementation arrangements; and (vi) ineffective monitoring capacity.

4. The Government is acutely aware of these weaknesses and failures of past attempts to address them, and has requested ADB to assist in developing an institutional mechanism that could serve as a forum for economic policy dialogue, based on sound analysis. The policy dialogue platform will focus on promoting consensus building and creating ownership of, and commitment to, the economic reform process among stakeholders. Because conflict is a key binding constraint to progress in Nepal and has brought to light a mosaic of deep-seeded divisions within society, the need for a broad policy network constituency to support and consolidate the reform process is more compelling now than at any other time in the past.

5. The economic policy network will serve as a vehicle to (i) evolve and develop a strategic vision for private sector development, (ii) help improve the Government's economic policy reform agenda by evaluating policy reforms and providing feedback on implementation, (iii) recommend new ideas and policy options to policy makers, (iv) assist policy makers in analyzing and responding to regional and global economic challenges, and (v) foster a constructive policy dialogue between the Government and other institutions so as to generate a national consensus on policies and thereby enhance the credibility of reforms.

6. Based on the current economic context defined by an urgent need to accelerate pro-poor growth, the priorities identified in the Tenth Plan, and extensive consultations with experts in the public and private sectors, four cross-cutting themes have been identified for policy dialogue and analysis, which are of direct relevance to poverty reduction.

¹ The TA first appeared in *ADB Business Opportunities* (Internet edition) on 5 May 2003.

- (i) **Macroeconomic management.** A stable and consistent macroeconomic policy framework is critical for sustainable poverty reduction and economic growth. Sound macroeconomic management will also help strengthen financial markets, stimulating private investment. The worsening conflict situation and declining revenue growth have serious implications for the national budget. Improving fiscal management, sustaining monetary and external stability, and developing the financial sector are major challenges.
- (ii) **Economic policy on international trade, investment, and employment.** As a small economy with a limited domestic market, Nepal's growth potential is closely linked to the global economy. The economic policy network could support the Government's recently approved Integrated Trade and Competitive Strategy by undertaking research on specific implementation issues and creating awareness among stakeholders of the key components of the strategy. Foreign direct investment in the agriculture, industry, and service sectors, including tourism, has a critical role in this regard, as it is a principal instrument of technology transfer and improved management practices. Avenues for employment generation through medium, small, and micro enterprise development, with focus businesses led by women, need to be explored.
- (iii) **Economic policy on infrastructure development.** Poor Infrastructure is a key constraint on economic growth. Integrated infrastructure development, linked to balanced regional development, could serve as a powerful instrument of poverty reduction, given the close connection between poverty and excluded development. Improving rural infrastructure, through access to transport, communications, and market places, rural electrification and other infrastructure are a key role in the Government's efforts to build rural-urban linkages.
- (iv) **Economic policy on tourism and regional development.** The Tenth Plan identifies tourism as an important instrument of poverty reduction by virtue of its potential for realizing multiple objectives, including increased income and employment opportunities, particularly in the hills and mountain areas; strengthening and expansion of the transportation network; development of regional markets and new tourism products; and the opening up of new areas for rural tourism. Research in this area should include studies for addressing the effect of continued conflict in the tourism sector.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

7. The TA will promote establishment of an operational economic policy network with active participation of stakeholders in the public and private sectors to address contemporary issues and concerns, and support implementation of the Government's poverty reduction strategy. In particular, the TA will provide a forum for economic policy dialogue and analysis in priority areas and facilitate the development of a modality for enabling the public and private sectors to work together in revitalizing the economy through policy reform. These goals will be realized through an innovative partnership arrangement among senior policy makers, leading private sector entrepreneurs, opinion makers, and other experts to engage in continuing policy discourse and analysis.

8. The scope of the TA will cover (i) developing an institutional framework for economic policy dialogue and analysis; (ii) providing assistance for policy research and analysis, data collection, and information dissemination; (iii) creating a forum for policy dialogue and analysis through a vibrant partnership; and (iv) laying the groundwork for an institutionalized consultative process that will ensure continuity of the Government's economic policy reform agenda. The TA framework is in Appendix 1.

9. The economic policy reform network is expected to produce four major outputs:

- (i) an economic policy agenda identifying challenges and concerns for promoting private sector development, as well as specific issues requiring in-depth analysis;
- (ii) about eight demand-driven, results-oriented economic policy papers per thematic area (giving a total of about 32 papers) deriving from the policy reform agenda that will contain important findings and recommendations, backed by sound economic analysis;
- (iii) establishment of improved institutional processes for policy discourse and reform that are characterized by transparency and openness; and
- (iv) establishment of a public-private modality for monitoring the implementation of economic policy reform agendas.

B. Methodology and Key Activities

10. The TA will support the establishment of a public-private interface for economic policy dialogue and analysis and catalyze constituency-building and reform. The TA will be reform-oriented and implemented through a partnership modality, (para. 15-21). The Mission observed that the confidence and trust of the private sector in the Government could be won through this policy networking process, which will help sustain and institutionalize the network after completion of the TA.

11. Policy papers, the main output of the policy reform networking process, will serve as the basis for policy dialogue among stakeholders in Government, the private sector, and civil society. The policy papers, backed by sound research and analysis, will be prepared mainly by local experts, the most of whom are economists and financial analysts working outside government, i.e., in the private sector and civil society. The policy papers will be demand driven and address issues falling within the scope of the four thematic areas. The policy recommendations flowing from these papers will have a strong reform focus and could feed into the annual budget proposals, which are prepared in accordance with the objectives and priority actions identified in the Tenth Plan.

12. Policy dialogue will be undertaken through regular workshops and seminars, as well as informal consultations among stakeholders. The vehicle for conveying policy recommendations to the political level will be a high-level steering committee, chaired by the chief secretary.

13. ADB will finance the studies, workshops and seminars, as well all as some of the costs borne by the focal unit. The TA activities include:

- (i) establishment of a focal unit;
- (ii) establishment of a steering committee;
- (iii) establishment of four advisory committees;
- (iv) selection of implementing agencies (IAs);
- (v) steering committee meetings to develop the policy research agenda for each thematic area and to evaluate progress;
- (vi) advisory committee and IA meetings to identify specific policy research topics, commission policy studies, and monitor performance;
- (vii) preparation of policy papers;
- (viii) expert technical workshops;
- (ix) policy seminars for stakeholders.

C. Cost and Financing

14. The TA is estimated to cost \$260,000 equivalent, of which the foreign exchange cost is \$33,000 and the local currency cost is \$227,000 equivalent. ADB will provide \$200,000 on a grant basis from ADB's TA funding program to cover the entire foreign exchange cost and \$167,000 equivalent of the local currency costs. The main components to be funded by ADB are the foreign and domestic consultants, equipment, workshops and seminars, and administration support costs. The Government will contribute the remaining local currency cost of \$60,000 equivalent to provide office accommodation, counterpart staff support, facilities for seminars and meetings, and other administrative expenses. Details of the cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

15. The Ministry of Finance (MOF) will be the Executing Agency. MOF will develop a work plan and appropriate modalities for TA activities. Appendix 3 sets out implementation arrangements.

16. **Steering Committee.** A steering committee, chaired the chief secretary, will be formed, consisting of high-level representatives from the public and private sectors. The committee will develop a strategic vision for the economic policy network and guide the advisory committees in their networking activities.

17. **Advisory Committees.** Four advisory committees, consisting of senior experts from public and private sectors, will be established by the MOF in consultation with the steering committee: one for each thematic area. The advisory committees will (i) work closely with key stakeholders in preparing work plans, selecting topics for research, creating a network of policy experts, and engaging in policy dialogue with stakeholders; (ii) help identify resource persons for conducting the policy studies, workshops, and seminars; and (iii) provide guidance and assistance to the focal unit in monitoring TA activities.

18. **Implementing Agencies.** The IAs, selected by the steering and advisory committees, will be responsible for carrying out the operational policy research agenda. The number and composition of IAs will be determined once the research agenda has been finalized. The IAs will submit work plans to the focal unit, including cost estimates and finance plans, showing the ADB and Government contributions. The IAs will commission and publish the policy studies and organize technical workshops, policy reform seminars, and consultations with stakeholders. All documentary outputs of the TA will be jointly owned by ADB and the Government. The IAs will be responsible for monitoring their own activities and preparing quarterly progress reports for

the focal unit. The IAs will be guided in their work by the advisory committees and may consider using service providers from the public and private sectors to assist in policy networking.

19. The TA will be implemented over 24 months, from January 2004 to December 2005. Tripartite meetings of the Government, TA consultants, and ADB will be chaired by the secretary of the MOF, and held semiannually to review TA implementation priorities, address issues arising during TA implementation, and provide guidance to the TA consultants. The steering committee will meet at the beginning of the TA and every 4 months thereafter to guide the TA and resolve policy and implementation issues. The advisory committees will be expected to meet at least once in 2 months to sustain the momentum of the policy research agenda. The steering and advisory committees will invite representatives of the private sector and other stakeholders to make contributions.

20. **Focal Unit.** MOF will establish a focal unit in MOF's Economic Affairs and Policy Analysis Division (EAPAD), to be headed by the joint secretary. The focal unit will coordinate the TA activities, submit consolidated progress reports to the steering committee, and disburse funds in accordance with ADB regulations. The focal unit will (i) prepare consolidated quarterly progress reports on the activities of the IAs, and (ii) prepare a final report on IA activities at the conclusion of the TA. All reports will be submitted to the steering committee and ADB.

21. **Consulting Services.** One person-month of international and 39 person-months of domestic consulting services will be provided. The international and domestic economic policy network consultants will be selected to develop operational modalities for the networking process, based on international best practices. The domestic economic consultants will be required to prepare at least 32 policy papers relating to the crosscutting themes (para. 6). Compatibility of such support with this TA will be assured through existing coordination processes, and, such contributions will then operate through the focal unit. The consultants will be individuals selected and engaged in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. The consultants will be hired by the focal unit in consultation with the private sector. Given the strong private sector interest in supporting the TA activities, a modality for private sector participation will be examined after the TA becomes operational. The TA will support purchase of equipment to support the policy networking process. Equipment procured under the TA will be handed over to MOF upon completion of the TA. Outline of terms of reference for the consulting needs are attached in Appendix 4.

IV. THE PRESIDENT'S DECISION

22. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$200,000 on a grant basis to the Government of Nepal for Establishing Economic Policy Network, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

| Design Summary | Performance Indicators/Targets | Monitoring Mechanisms | Assumptions and Risks |
|---|---|---|--|
| <p>Goal Develop and institutionalize an open, responsive, and result-oriented economic policy formulation process, based on sound economic analyses, to support and consolidate the Government's economic reforms.</p> | <p>Implementation of policy recommendations, based on sound economic analyses.</p> | <p>Continued monitoring and quarterly progress reports by the steering committee.</p> <p>Tripartite meeting assessment of outputs, outcomes, and participation.</p> | <p>Nonpolicy variables may adversely effect outcomes.</p> <p>Policy recommendations may not be translated into reforms.</p> |
| <p>Purpose Establish a public-private policy dialogue and analysis network with active participation of concerned public-private stakeholders, to accommodate contemporary economic challenges and concerns.</p> | <p>Establishment of the network.</p> <p>Development of acceptable policy recommendations with sound economic analyses.</p> <p>Wider acceptance of the economic reform agenda.</p> | <p>Continued monitoring and quarterly progress reports by the steering committee.</p> <p>Tripartite meeting assessment.</p> | <p>Delays in establishment of the network.</p> <p>Lack of demand and interest from senior policy makers and private sector participants.</p> |
| <p>Outputs Identification of economic policy reform agenda.</p> <p>Development of acceptable policy reform recommendations with sound economic analyses.</p> | <p>Significance of reform agenda identified.</p> <p>Acceptance of the reform agenda by public and private stakeholders</p> <p>Completion of acceptable policy reform recommendations.</p> <p>32 policy reports.</p> <p>Effective implementation road maps with clear timelines and implementation arrangements.</p> | <p>Continued monitoring and quarterly progress reports by the steering committee.</p> <p>Tripartite meeting assessment.</p> <p>Technical workshops.</p> <p>Continued monitoring and quarterly progress reports by the steering committee.</p> <p>Tripartite meeting assessment.</p> | <p>Delays in identification of economic reform agenda.</p> <p>Lack of acceptance of the identified reform agenda by stakeholders.</p> <p>Delays in completion of policy analyses.</p> <p>Lack of acceptance by various stakeholders.</p> <p>Inadequate consideration on implementation constraints.</p> <p>Reform conditions may not be effective.</p> |

| Design Summary | Performance Indicators/Targets | Monitoring Mechanisms | Assumptions and Risks |
|--|--|--|--|
| <p>Establishment of improved institutional processes for transparency and public participation.</p> <p>Establishment of public-private monitoring and evaluation mechanism for implementation of policy reform agenda.</p> <p>Constituency building for economic policy reforms among principal stakeholders.</p> | <p>Institutionalized process and modality for public-private stakeholder involvement.</p> <p>Improved transparency of the policy formulation process due to active stakeholder involvement in processes.</p> <p>Specification of detailed monitoring and follow-up arrangements for the policy recommendations.</p> <p>Broader range of reform coalitions to be formed within 2 years.</p> | <p>Minutes of the steering committee and the subcommittees.</p> <p>Tripartite meeting assessment comprising public and private sectors participants.</p> <p>Continued monitoring and quarterly progress reports by the steering committee.</p> <p>Tripartite meeting assessment comprising public and private sectors participants.</p> <p>Continuous monitoring and quarterly progress reports by the steering committee.</p> | <p>Unwillingness of the Government policy makers to embrace views raised from other stakeholders.</p> <p>Public participation might be undisciplined and raise only rent-seeking behavior.</p> <p>Lack of commitment by policy makers for monitoring.</p> <p>Reform conditions may not be effective.</p> <p>Lack of acceptance of the reform agenda.</p> |
| <p>Activities</p> <p>Establishment of the steering committee and advisory committees for thematic priorities.</p> <p>Identification of institutions and individual experts.</p> <p>Planning and review meeting of the committees.</p> <p>Preparation of acceptable policy recommendations (review of policy agenda and constraints, formulation of policies, implementation arrangement).</p> <p>Commissioning of policy research papers.</p> | <p>Timely establishment of the advisory committees.</p> <p>Identification of institutions and individual experts.</p> <p>Periodic and timely holding of the meetings.</p> <p>Timely preparation of acceptable policy recommendations.</p> <p>Timely completion of reform-oriented policy</p> | <p>Tripartite meeting assessment.</p> <p>Continued monitoring and quarterly progress reports by the steering committee.</p> | <p>Activities may be delayed. Activities may cost too much.</p> <p>Activities may take more time to complete.</p> <p>Lack of interests and motivation from stakeholders.</p> |

| Design Summary | Performance Indicators/Targets | Monitoring Mechanisms | Assumptions and Risks |
|---|---|---|--|
| <p>Expert technical workshops.</p> <p>Policy reform seminars with stakeholders.</p> <p>Participatory policy reform consultations.</p> <p>Monitoring and Evaluation of activities and following-up of implementation.</p> <p>Dissemination (periodic reports, conference).</p> <p>Knowledge depository activities.</p> | <p>research papers.</p> <p>Timely holding of workshops.</p> <p>Timely holding of policy reform seminars with various concerned stakeholders.</p> <p>Frequent and interactive policy reform consultations with various stakeholders</p> <p>Periodic status reports (4 per year) and follow-up of the implementation of policy recommendations.</p> <p>Periodic reports, public conference.</p> <p>Compiling and collection of reports and documents.</p> | | |
| <p>Inputs</p> <p>Asian Development Bank (ADB) funding of \$200,000.</p> <p>Counterpart funding by the Government of Nepal of \$ 60,000 including of the in-kind cash contributions from the government though staff input and logistic support.</p> <p>ADB staff inputs.</p> | <p>Provision of adequate inputs by ADB and the Government and other private sector participants.</p> | <p>Continued monitoring and quarterly progress reports by the steering committee.</p> <p>Tripartite meeting assessment.</p> | <p>Financial inputs may cost too much.</p> <p>Staff reassignment and time constraints.</p> <p>Delays caused by lack of commitment on the part of the principal agencies.</p> <p>Inability to expedite action during project implementation.</p> <p>Delays in appointing consultants.</p> <p>Lack of interest among senior policy makers.</p> |

COST ESTIMATES AND FINANCING PLAN
(\$)

| Item | Foreign Exchange | Local Currency | Total Cost |
|---|---------------------|-------------------|----------------|
| A. Asian Development Bank Financing^a | | | |
| 1. Consultants | | | |
| a. Remuneration and Per Diem | | | |
| i. International Consultants | 24,000 | 0 | 24,000 |
| ii. Domestic Consultants | 0 | 101,000 | 101,000 |
| b. International and Local Travel ^b | 6,000 | 5,000 | 11,000 |
| c. Reports and Communications | 0 | 1,000 | 1,000 |
| 2. Equipment ^c | 0 | 5,000 | 5,000 |
| 3. Training, Seminars, and Conferences | | | |
| a. Policy Conferences, Seminars, and Workshops | 0 | 15,000 | 15,000 |
| b. Consultations with Private Sector ^d | 0 | 5,000 | 5,000 |
| 4. Miscellaneous Administration and Support Costs | | | |
| a. Steering and Subcommittees Meetings and TA Review | 0 | 5,000 | 5,000 |
| b. Consumables, Documents, and Publications | 0 | 5,000 | 5,000 |
| c. Secretarial Services | 0 | 9,600 | 9,600 |
| 5. Contingencies | 3,000 | 15,400 | 18,400 |
| Subtotal (A) | 33,000 | 167,000 | 200,000 |
| B. Government Financing | | | |
| 1. Office Accommodation and Transport | 0 | 15,000 | 15,000 |
| 2. Remuneration and Per Diem of Counterpart Staff | 0 | 25,000 | 25,000 |
| 3. Administrative Expenses | 0 | 20,000 | 20,000 |
| Subtotal (B) | 0 | 60,000 | 60,000 |
| Total | 33,000 | 227,000 | 260,000 |

^aFinanced by ADB's technical assistance funding program.

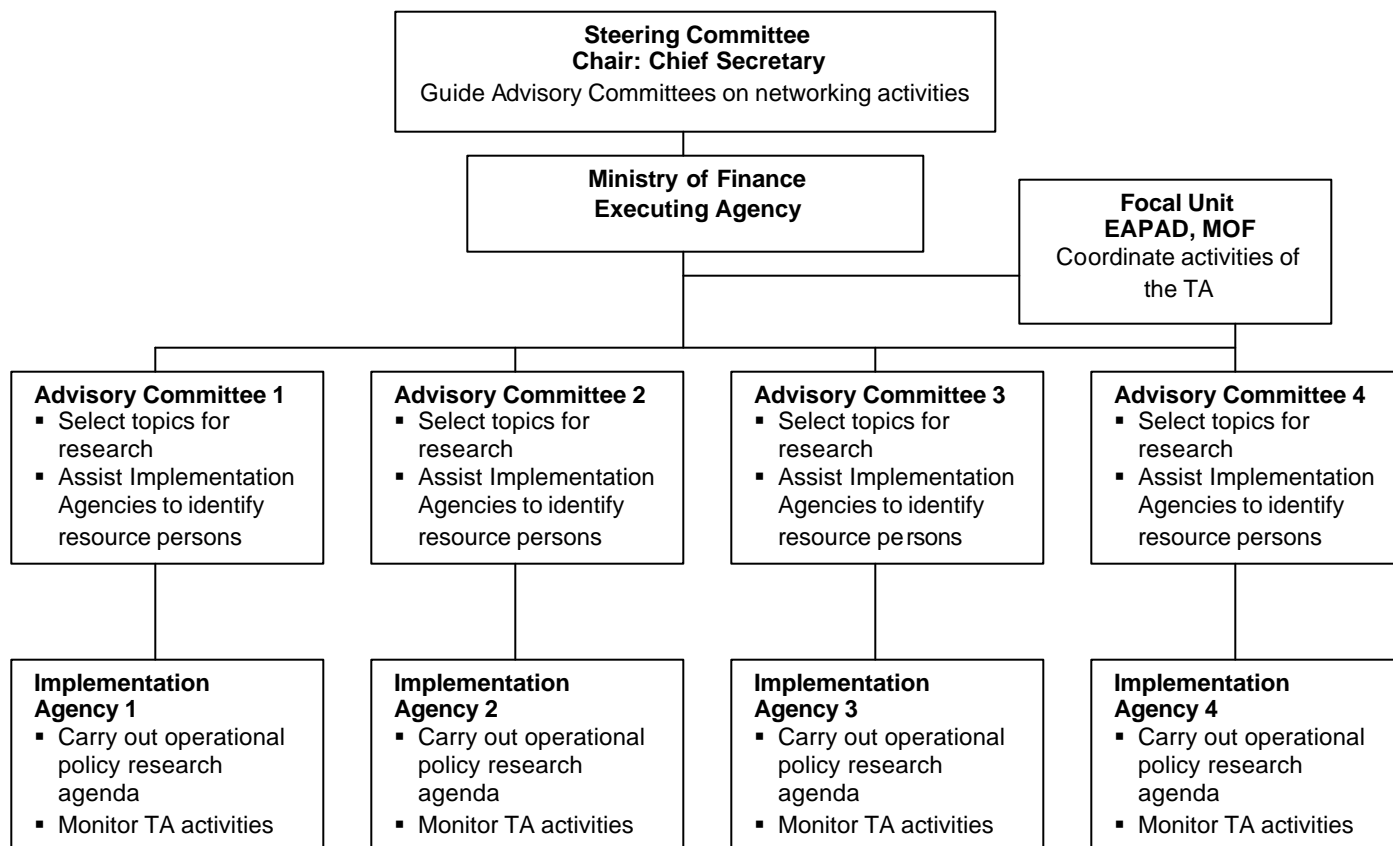
^bIncluding costs for hiring vehicles and for domestic airfares.

^cProcurement of a photocopier, computers, printers, facsimile machine, and other office equipment.

^dIncluding local contracts for perception surveys and coalition building.

Source: Asian Development Bank estimates.

IMPLEMENTATION ARRANGEMENTS (Policy Reform Network)



EAPAD = Economic Affairs and Policy Analysis Division, MOF = Ministry of Finance, TA = technical assistance.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Objectives and Scope

1. The overall objective of the technical assistance is to promote and facilitate establishment of an economic policy network with active participation of concerned stakeholders in the public and private sectors to accommodate contemporary challenges and concerns and support implementation of the Government's Poverty Reduction Strategy. In particular, the TA will provide a forum for policy dialogue and analysis in priority areas and facilitate the development of a partnership modality for enabling the public and private sectors to work together in revitalizing the economy through policy reform.

2. The scope of the TA will cover

- (i) developing an institutional framework for policy research and dialogue;
- (ii) providing assistance for policy research and analysis, data collection, and information dissemination;
- (iii) creating a forum for policy dialogue and consensus reform through a vibrant partnership, involving Government, the private sector, and civil society; and
- (iv) laying the groundwork for a consultative process that will ensure continuity of the Government's economic policy reform agenda.

3. The TA complements the Government's initiatives in the area of poverty reduction strategy formulation and implementation with assistance from the Asian Development Bank (ADB) and other development partners. The consultant inputs will be provided over a 24-month period of implementation and will help create a mechanism for policy dialogue and analysis networking. Coordination arrangements will be improved by establishing, a focal unit, a steering committee, advisory committees, and implementing agencies (IAs) within the Executing Agency, which will be the Ministry of Finance (MOF). The advisory committees will comprise a mix of public and private sector representatives, while the implementing agencies will consist of Government agencies (line ministries). The institutional basis for policy discourse will be strengthened by undertaking (i) demand-driven and results oriented policy studies on topics selected by the advisory committees and IAs; (ii) conducting technical workshops and seminars; and (iii) holding regular stakeholder meetings for discussing specific policy constraints affecting private sector development.

B. Consulting Services

3. The TA will provide consultancy services as follows:

- (i) international (1 person-month)
economic policy networking specialist
- (ii) domestic specialists (39 person-months: the required number of consultants will be identified by the Advisory Committees and ADB)
 - (a) Economic Policy Networking Specialist (Team Leader, 7 person-months)
 - (b) Macroeconomic Specialists (8 person-months)
 - (c) Trade and Investment Specialists (8 person-months)
 - (d) Infrastructure Specialists (8 person-months)

C. Detailed Terms of Reference

1. International Economic Policy Networking Specialist (1 person-month)

4. The International Economic Policy Network Specialist will visit at the project inception work with the Steering Committee to

- (i) advise MOF on the scope and content of the TA for bringing key stakeholders together;
- (ii) make a presentation at the inception meeting on the best international practices in the context of developing a demand-driven and results-oriented policy dialogue and analysis process;
- (iii) hold a series of meetings with key stakeholders in Government, the private sector, and civil society to discuss the principles underlying the concept of the best international practices and modalities for incorporating them into the economic policy reform process;
- (iv) clarify and develop operational modalities for economic policy networking processes based on the above;
- (v) prepare a concept paper identifying relevant areas of study and policy research in consultation with the advisory committees;
- (vi) undertake other tasks as required by the steering committee and ADB; and
- (vii) maintain strict accountability at all times, as per contractual obligations and reporting requirements.

2. Domestic (specific policy issues and the required number of consultants will be identified by the advisory committees)

5. The domestic consultants will work with the steering committee, advisory committees and IAs in their thematic areas to (i) advise on issues related cross-cutting themes; (ii) conduct policy research and analyses identified by the advisory committees; (iii) develop a strategic vision for private sector development; (iv) help improve the Government's economic policy reform agenda by evaluating policy reforms and providing advice on designing and sequencing policy reforms, as well as feedback on implementation; (v) assist policy makers in analyzing and responding to regional and global economic challenges; (vi) foster a constructive policy dialogue between the Government and other institutions so as to generate a national consensus on policies and thereby enhance the credibility of reforms; and (v) assist MOF in adopting the operational modalities.

- (i) The economic policy networking specialist (Team Leader) will:
 - (a) assist the TA focal unit to oversee and coordinate overall TA implementation and activities and ensure timely submission of individual consulting reports to the Government;
 - (b) assist the international consultant in preparing a presentation on the best international practices as applied to policy reform in the Nepalese context, for the inception seminar;
 - (c) work with the international consultant in identifying operational modalities for developing a policy network in Nepal, using the principles of international best practices;

- (d) assist the international consultant in preparing a concept paper identifying relevant areas of study/policy research in consultation with the advisory committees;
 - (e) assist the IAs in preparing detailed scopes of work for local consultants, once specific research topics have been identified under each thematic area;
 - (f) assist MOF in adopting the modalities at the inception stage;
 - (g) assist MOF in organizing a workshop for key stakeholders to discuss these modalities and initiate the policy networking process;
 - (h) assist MOF in organizing periodic seminars and presentations to consolidate the networking constituency;
 - (i) undertake other tasks as required by the steering committee and ADB; and
 - (j) maintain strict accountability at all times as per contractual obligations and reporting requirements.
- (ii) The macroeconomic specialists will:
- (a) work with the relevant advisory committee in identifying key areas of monetary and fiscal policy requiring further review and analysis;
 - (b) conduct research on specific topics selected by the advisory committee and prepare draft policy papers (eight studies);
 - (c) assist MOF in organizing meetings, workshops, and seminars to review and discuss the findings of the reports, obtain consensus on policy recommendations, and develop action plans;
 - (d) assist MOF in monitoring implementation of the action plans;
 - (e) undertake other tasks as required by the steering committee and ADB; and
 - (f) maintain strict accountability at all times as per contractual obligations and ensure timely delivery of policy papers.
- (iii) The international trade and investment specialists will:
- (a) work with the relevant advisory committee in identifying key areas of trade, investment, and employment policy requiring further review and analysis;
 - (b) conduct research on specific topics selected by the advisory committee and prepare draft policy papers (eight policy studies);
 - (c) assist MOF in organizing meetings, workshops, and seminars to review and discuss the findings of the reports, obtain consensus on policy recommendations, and develop detailed action plans;
 - (d) assist MOF in monitoring implementation of the action plans;
 - (e) undertake other tasks as required by the steering committee and ADB; and
 - (f) maintain strict accountability at all times as per contractual obligations and ensure timely delivery of policy papers.

- (iv) The infrastructure specialists will:
 - (a) work with the relevant advisory committee in identifying key areas of infrastructure development requiring further review and analysis;
 - (b) conduct research on specific topics selected by the advisory committee and prepare draft policy papers (eight policy studies);
 - (c) assist MOF in organizing meetings, workshops, and seminars to review and discuss the findings of the reports, obtain consensus on policy recommendations, and develop detailed action plans;
 - (d) assist MOF in monitoring implementation of the action plans;
 - (e) undertake other tasks as required by the steering committee and ADB; and
 - (f) maintain strict accountability at all times as per contractual obligations and ensure timely delivery of policy papers.

- (v) The tourism and regional development specialists will:
 - (a) work with the relevant advisory committee in identifying key areas of tourism and regional development requiring further review and analysis;
 - (b) conduct research on specific topics selected by the advisory committee and prepare draft policy papers (eight policy studies);
 - (c) assist MOF in organizing meetings, workshops, and seminars to review and discuss the findings of the reports, obtain consensus on policy recommendations, and develop detailed action plans;
 - (d) assist MOF in monitoring implementation of the action plans;
 - (e) undertake other tasks as required by the Steering Committee and ADB; and
 - (f) maintain strict accountability at all times as per contractual obligations and ensure timely delivery of policy papers.

D. Reporting Requirements for the Focal Unit and Consultants

- 6. Individual consultants will report to MOF and the relevant IA during the consultancy. They will submit completion reports to MOF and the IA upon completion of the assignments.

- 7. The focal unit will submit the following reports to the steering committee and ADB:
 - (i) an inception report, including a detailed work program for the TA, within 30 days of commencement of the TA;
 - (ii) reports for tripartite meetings indicating progress made, outstanding issues and future work plans, within 2 weeks of the completion of a tripartite meeting;
 - (iii) a draft final report to the steering committee and ADB, to be submitted 1 month prior to the completion of the TA; and
 - (iv) a final report at the conclusion of the TA.