

Terms of Reference

Reference: PGCWG0921

Post Title: Macro-Economic Policy Adviser

Project Title: Strengthening Macro Economic Capacity in Tonga

Project Location: Ministry of Finance and National Planning, Tonga

Project Duration: 2 Years

Responsible to: CEO, Minister of Finance and National Planning

Background

Tonga has a small, open, South Pacific island economy. It has a narrow export base in agricultural goods. Squash, vanilla beans, and yams are the main crops. Agricultural exports, including fish, make up two-thirds of total exports. The country must import a high proportion of its food, mainly from New Zealand. The country remains dependent on external aid and remittances from Tongan communities overseas to offset its trade deficit. Tourism is the second-largest source of hard currency earnings following remittances. Tonga had 39,000 visitors in 2006. The government is emphasizing the development of the private sector, especially the encouragement of investment, and is committing increased funds for health and education. Tonga has a reasonably sound basic infrastructure and well developed social services. High unemployment among the young, moderate inflation, pressures for democratic reform, and rising civil service expenditures are major issues facing the government.

GDP growth will pick up to 1.6% in 2015 and 1.8% in 2016, from 1.2% in 2014, as the post-cyclone recovery continues, supported by workers' remittances and an increase in tourism earnings. Tonga will remain dependent on international financial assistance, with external debt levels continuing to mount. The government has launched a fund to provide low-interest loans to the private sector in a bid to improve exporters' access to credit.

In August Tonga enacted a deep-sea mining and mineral reserves law, the first of its kind in the world. Year-on-year consumer price inflation rose to 2.5% in August, primarily owing to an increase in prices for food imports.

The Government recognizes that to achieve economic prosperity, Tonga will need to significantly improve its policy making ability particularly within the Ministry of Finance. To achieve this task, the Government of Kingdom of Tonga has requested Technical Assistance under the auspices of the Commonwealth Fund for Technical Cooperation (CFTC) to place an experienced Economic Adviser in the Ministry of Finance and National Planning. The Economist will advise on appropriate institutional framework that would facilitate critical analysis, prudent macro-economic policy formulation and efficient decision making and implementation.

In addition, the CFTC economist will help with national development planning, visioning and also advice the Minister of Finance and National Planning on the effects of (the external) global developments and financing decisions and their impact on domestic policy.

Challenges to be addressed:

The Ministry of Finance's pool of experts needs to be augmented with a high level economic expertise to provide in-depth technical advisory support to the team. The Ministry needs more high level expertise to offer national development planning, visioning and also advice the Prime Minister's Office on the effects of (the external) global developments and financing decisions and their impact on domestic policy.

Strategic outcome

Strengthen the knowledge base on macro-economic policy making within the Ministry of Finance and National Planning leading to a more inclusive growth and sustainable development in Tonga. Additionally, the assistance will provide necessary technical support to up-skill relevant technical staff within the Ministry of finance and national planning. This will enable a more effective institution as the nucleus for economic policy formulation, coordination and implementation.

Scope of Work

The Economic Adviser will be placed in the Ministry of Finance for a period of two years (2). She/her will bring in-depth knowledge and credible experience in the area of Macro-economic management and policymaking in small states, and in particular, intimate knowledge of global economies demonstrated by research and work experience related to economic policy in the region. The beneficiaries of this project will include the Prime Minister of Tonga, members of Cabinet and technical staff within the Ministry of Finance and National Planning.

The CFTC Economist will undertake the following activities inter alia:

- Provide macroeconomic policy advice, analysis, planning and decision making within the Ministries of Finance and National Planning. This will include the analysis of key policy issues and policy documents.
- Build the capacity of key personnel within the aforementioned Ministries through mentoring, support, training and knowledge sharing.
- Support the Ministry of Finance and National Planning in their engagement with relevant stakeholders including the Ministry of Trade and Industry towards the development of and coordination of national strategic policy development and implementation.
- Develop and implement platforms for knowledge sharing and the active involvement of technical staff from the aforementioned Ministries in current and emerging macroeconomic analysis and economic policy development.
- Critically review and assess current and emerging economic policies and Tonga's macroeconomic prospects in the context of the global environment and fragilities within the region.
- Develop frameworks for data collection for macroeconomic planning, analysis and development.
- Review and assess the existing social policy framework in the context of Tonga's development objectives;
- Assist key Ministries on technical matters and strengthen the Government's relationships with multilateral agencies.
- Any other advisory roles as requested by the Minister of Finance

Expected Deliverables:

- (i) The Ministry of Finance and National Planning advised on appropriate macro-economic policies and strategies to be pursued in the context of the local, regional and international environment.
- (ii) Key personnel in the Ministry of Finance and National Planning and other key institutions trained.
- (iii) Relationship with multilateral agencies strengthened
- (iv) Detailed review and analysis of Tonga's macroeconomic performance and prospects in the context of its development objectives conducted.
- (v) Mechanisms of platforms and working groups to facilitate knowledge sharing, exchange of best practices and experiences is in place.
- (vi) An integrated national development plan and strategy updated or developed
- (vii) The vulnerability/resilience profile for Tonga developed and applied in collaboration with the Commonwealth Secretariat.
- (viii) Frameworks for collection of economic data to facilitate (current and future) macro-economic planning, developed and implemented.
- (ix) An inception report delivered within two months of assuming duty
- (x) A six monthly progress reports against deliverables prepared and submitted

Implementation arrangements

The assigned expert will work closely with the Ministry of Finance reporting directly to the CEO of the Minister of Finance of Tonga or his assigned.

The appointee will be required to submit an inception report to the Secretariat within 2 months of commencement of duties. This report will be agreed with the reporting officer and stakeholders and will set the context, work plan and baseline against which we can measure, monitor and evaluate progress during the project period. Subsequent quarterly reports will also be required.

Required Experience and Qualification

The successful candidate should possess the following experience and qualification to be considered for this post.

- 10 years' relevant experience in analysis and policy formulation on development concerns of small states, including in areas such as resilience building, sustainable development, trade and development financing, within the context of a government or international institution, research organisation, or consultancy company.
- Expertise on the governance agenda in international development thinking and practice in the area of small states' development.
- Expertise in the alignment of national planning, resilience building and sustainable development.
- Strong writing skills including development of documentation on relevant case studies.

- Good knowledge of contemporary development and public administration, and institutional framework issues as they affect small Commonwealth countries.
- Team player, backed by effective time management, professionalism, managing others and partners, creativity and vision; and strong communication skills;
- Track record of developing thematic modules in a relevant area;
- Track record of building partnerships or networks with international organisations;
- Ability to work independently, under pressure and under time constraints.

In addition, all appointments to the Secretariat are expected to meet the core Secretariat requirement of working effectively and sensitively in a multicultural environment.

Duration of Contract: Two years

Start: March/April 2015 (or as soon as possible)

Transfer of Expertise

The Commonwealth Fund for Technical Cooperation attaches particular importance to the transfer of expertise and knowledge to assigned counterparts within host institutions.