Terms of Reference

Chief Economist

GOVERNMENT OF MONTSERRAT
MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT

1.0 Background

This is a unique, challenging and rewarding post. It offers the opportunity to make a direct and personal impact at a strategic, and personal level on Montserrat. The post holder will have considerable autonomy and a high level of responsibility.

The Challenge

The economy of Montserrat has never recovered from the volcanic eruptions of 1995 and subsequent years. Two thirds of the land area of the island has been rendered uninhabitable and unavailable for economic activity and a substantial proportion of the island’s population emigrated as a consequence. This includes the loss of the capital city of Plymouth, which had been the population and commercial centre of the island and its principal access point for trade, investment and visitors. The principal development challenges facing Montserrat since the eruptions are: the high costs of access, severe human capital deficits, a demand-deficient local economy and high energy costs.

The consequences of these challenges are evident in many ways. In the early years following the eruption the population declined to 2500 before recovering to just under 5000. The base of local business comprises only 150-200 firms, mostly micro-enterprises servicing the small local market. The public sector employs 38% of the working age population. Housing and other social amenities existing before the eruptions have not been replaced and the island no-longer has a social and economic centre. The island is heavily dependent on imports of all types of goods and services, making the cost of living expensive, which hits vulnerable sections of the population, and the costs of doing business uncompetitive. Energy costs are some of the highest in the region mainly due to current dependence on diesel generation.

Macro economy

GoM has made strides in recent years in developing a Medium Term Expenditure Framework (MTEF) approach to planning. A three year policy framework and corresponding departmental strategic plans is
in place and considerable efforts have been made to link budget and policy planning and improve quarterly monitoring. Macroeconomic analysis, the lack of socio-economic statistics and the links to budget performance remain major weaknesses which require immediate remedial action. The acute lack of socio-economic data continues to hamper evidence on real poverty levels and socio-economic trends, which undermines policy analysis, planning and prioritisation.

**Strategic Growth Plan**

The GoM have identified an ambitious strategy to move Montserrat towards self-sufficiency and away from financial dependence on the UK. This strategy is focused on the development of a new capital in Little Bay with a new port at Carr’s Bay to replace Plymouth as the centre for economic activity following the destruction of the former capital in the volcanic eruptions in the late 1990s. GoM’s strategy for financial self-sufficiency depends not only on increased public investment but also on a radical transformation of the business environment so Montserrat becomes more attractive for private investment. GoM have set an ambitious target of having the private sector contribute more than 50% of the economy by 2020, a significant increase on the 34% in 2011. This transformation will require significant changes in three key areas:

- improving the business environment;
- developing Montserrat as a tourism destination; and
- strengthening GoM’s capacity to deliver reforms and key strategic investments.

**2.0 Purpose of Assignment**

The role of Chief Economist is aimed at boosting the economic capacity of the government and further strengthening the link between economic analysis and high-level policy decision-making.

**3.0 Qualifications, Skills and Experience**

- A Post graduate degree in economics;
- A minimum of 5 years of experience related to economic policy management, with a preference for 10 or more years of experience;
- Experience of economic forecasting and economic modelling;
- Excellent understanding of public expenditure, public investment management and budgetary planning;
- Well-developed verbal and written communication skills, including report writing and presentation. Ability to communicate to senior officials;
An excellent understanding of strategic planning and public expenditure management and using economic analysis to shape government policy; and
Ideally, regional or Caribbean experience or expertise in small island states.

4.0 Scope of Work

The Chief Economist is the principal economic advisor to the Government of Montserrat, who is the lead government authority on economic forecasting and evaluation of major economic policy options, supervises a small team of economists and provide advice on matters related to macro-economic policies and programmes. This is a newly created, high profile post at the heart of the Government of Montserrat. The post holder will supervise all activities and provide advice on matters related to macro-economic policy and programmes.

5.0 Duration

The period of engagement is for two years with a proposed commencement date of January/February, 2017.

6.0 Reporting and Management Arrangements

The Chief Economist will work closely with the senior management team of the Ministry of Finance, Ministers and the Premier.

The Chief Economist will report direct and be line managed by the Financial Secretary.

7.0 Key Outputs/Deliverables

- Preparation of regular economic reports to inform economic management issues;
- Developing economic performance measurement mechanisms for monitoring purposes;
- Formulating policy to maximize economic development opportunities;
- Provide training and oversight to the Economic Management unit within the Ministry of Finance;
- Further integration of economic statistics and analysis with budget planning and execution; and
- Public investment management including appraisals and cost benefit analysis of new capital programmes.

Fiscal and Public Debt Policy
• Ensure that macro-economic models are developed and updated on a regular basis;
• Conduct strategic analysis of the key growth sectors of the economy;
• Conduct public expenditure management to maximise value for money for the Government budget;
• Advise on the underlying fiscal and macroeconomic policies and framework;
• Responsible for macroeconomic forecasts, including on tax revenue and expenditure;
• Report on Montserrat’s long term fiscal position, and
• Undertake debt sustainability analysis.

Financial and External Sector

• Supporting the development of well-functioning financial systems, improving the investment climate, and promoting a more dynamic private sector;
• Providing key contributions to GoM’s policy thinking in financial and private sectors, by identifying, assessing, and synthesizing analytical and policy work;
• Leading analytical work on financial sector policy issues, including financial sector supervision, regulation, stability, access to finance, and corporate governance;
• Developing micro financing policy which defines the legal and regulatory environment;
• Assisting GoM in identifying and managing its external financial obligation and risks; and
• Oversight of financial management of statutory bodies.

Public Sector Investment

• Formulating and updating the Public Sector Investment Programme;
• Providing advice on the economic and recurrent budget implications of public sector investments;
• Assisting GoM entities on formulating project proposals; and
• Conducting financial, economic and social appraisal of development projects, as well as project monitoring and evaluation.