

Terms of Reference (TOR)

Conducting Simplified Economic Appraisals for proposed labour intensive public infrastructure projects contributing to local economic development.

1. **Project title:** Simplified Economic Appraisal for proposed labour intensive public infrastructure contributing to local economic development

2. Background

With the protraction of the Syrian conflict, the effects of the crisis in Lebanon have rapidly moved from purely humanitarian emergency needs into longer term social and economic development constraints. Before the crisis and until the year 2010, the country witnessed four years of strong economic growth at an average annual rate of 9 percent, led by high investment rates and a strong service sector. However, the recent political instability combined with the spill-overs from the Syrian conflict and the lack of reforms taken its toll on growth prospects – estimated at one percent in 2015 and 2016. No recent official unemployment figures are available, but it is estimated that before the Syria crisis around 11 percent of the labour force was unemployed, with particularly high rates among women (18 percent) and youth (34 percent). The World Bank estimates that current unemployment rates are likely to be significantly higher given slower economic growth and the impact of the Syrian conflict.¹

The UNDP Lebanon Host Communities Support Programme (LHSP), was launched in 2013 in response to the Syria crisis and its implications in Lebanon, with the objective of bringing the gap between humanitarian and development work by supporting the most vulnerable host communities across the country. The LHSP is designing interventions aimed at improving access to jobs for Lebanese workers and employment for Syrian refugees, within Lebanese laws and regulations. This intervention aims at creating short-term employment opportunities through the construction of labour intensive public infrastructure projects as well as potentially longer term employment by supporting projects that will have a direct economic benefit for the targeted communities at the level of municipal clusters and/or Union of Municipalities.

3. Objective

The objective of the required services is to carry out a simplified ex-ante economic appraisal for each of the public infrastructure projects identified by UNDP. Each study should provide a qualitative and quantitative assessment of the macro, meso and micro level economic impacts expected from the project. Moreover, the studies should include a SWOT analysis, a financial plan and considerations on the sustainability of the investment. Recommendations from the appraisal will be used to strengthen the final design and implementation of the project.

4. Scope of Work

The consultancy company will be responsible for carrying out the simplified ex-ante economic appraisal for each of the public infrastructure initiatives identified by UNDP. The company should work closely with UNDP, in particular UNDP field staff and other national and local entities as defined by UNDP, in assessing the expected economic impact

¹ At the London conference on Supporting Syria and the Region, the Government of Lebanon presented its vision on how to manage the spill-over from the Syrian conflict and transform the crisis into an opportunity to build for the future. The unified plan presented by the Government comprised an ambitious five-year programme on a) education and b) economic opportunities and jobs, taking into consideration the 2016 LCPR and any future plans. In its first statement, the new Government also highlighted the need to stimulate the economy as a matter of priority

of the projects. The simplified ex-ante economic appraisal should take into consideration the sectors that will be targeted through the works, such as: agriculture, commercial, tourism, environment or others. The study should include the following levels of assessment:

Micro impact: This includes an assessment of the operational cost of the investment upon its completion. This should among others consider if the income generated through the investment will cover its operation and maintenance cost as well as the cost of depreciation of the asset value. The consultancy company should also assess the capacity of local authorities in charge of the asset to manage it efficiently and recommend optimal management modalities based on best practices, such as public-private partnerships. Moreover, it includes an assessment of direct short and mid-term jobs created by the investment (in relation to construction and operation of the project).

This analysis should also look at key cost drivers of the intervention and provide benchmarks and indicators that can be compared across projects, in order to allow monitoring of costs through implementation and drive value for money.

Meso impact: this among others includes a qualitative and quantitative assessment of the indirect economic benefits in the community such as increased purchase of supply input, indirect jobs created, attraction of other public and/or private investment in the targeted area, spurring other economic activities and more. The assessment should include clear identification of the market failure or economic opportunity being targeted through the investment. It should also include an assessment of market potential. (Example: In the case of an agro-processing plant, is there likely to be sufficient demand in the market for the end product?).

The analysis should also look at how impacts may differ across different groups within a community, particularly by gender and make recommendations for ensuring benefits to women and girls are maximised, within the constraints of the programme.

Macro impact: this includes potential similar indirect economic benefits of the investment at the region and national level. Furthermore, the consultancy company should confirm if the proposed projects are in line with the priorities and plans of the respective relevant ministries.

At each level, impact should be identified relative to a baseline scenario which describes what we would expect in the absence of the project.

Assumptions used in estimation (Example: number of work days to calculate full-time equivalent jobs) and sources should be set out clearly. This will also enable impacts to be assessed following the project completion, to see whether impacts aligned with ex-ante expectations. The analysis should also identify appropriate economic indicators that should be tracked during implementation and after to measure actual impact.

Recommendations for how project design, implementation and subsequent operation could be strengthened should be clearly set out.

The public infrastructure projects are expected to be implemented within 18 months' timeframe benefiting a cluster of municipalities. The estimated budget of each project will vary between 1 million USD and 1,5 million USD.

Example of interventions, please do refer to the list attached. (Appendix A)

Under this assignment, the consultancy company is expected to develop 12 economic impact studies.

At the time of award of Contract, UNDP reserves the right to vary the quantity of the services, by up to a maximum twenty five percent (25%) of the total offer, without any change in the unit price or other terms and conditions.

5. Activities per economic impact study:

1. Define the methodology for carrying out the economic impact studies and present it to UNDP for approval. This should include details on how the consultancy company will assess the micro, meso and macro level impacts.
2. Carry out economic impact studies for each of the public infrastructure projects. The methodology should among others include:
 - a. A desk review of existing assessments, national and local reports, project reports, news and other sources of information pertaining to the identified sector taking into consideration the geographical coverage area that will benefit from the project. Based on the desk review the consultancy company should develop an interview questionnaire/guidance and a list of key stakeholders to be interviewed in relation to the proposed project. The selection of the stakeholders should be based on a set of proposed criteria. The selection criteria, list of stakeholders and interview questionnaire should be reviewed and approved by UNDP before the interviews commence.
 - b. Organize and carry out interviews and focus groups with key stakeholders and local actors.
3. Prepare the simplified ex-ante economic appraisal. The appraisal should provide the information requested for each level of impact micro, meso and macro level such:
 - a. Income generated by the infrastructure.
 - b. Annual cost to maintain and operate the infrastructure.
 - c. Management modality.
 - d. The impact of this infrastructure and its contribution to the economic sectors that it will serve.
 - e. Economic internal rate of return on the investment.
 - f. Jobs created/maintained due to the intervention.
 - g. Additional investment generated through the infrastructure.
 - h. Estimated number of worker days created
 - i. Others (including e.g. impacts on different groups within the community)

Key indicators need to be identified with a baseline scenario to define the situation before the project implementation, use these indicators to calculate the impact of the project post execution.

4. Present the simplified economic appraisals to UNDP for feedback as first draft documents and a PowerPoint presentation.
5. Provide the final simplified economic appraisals incorporating the feedback received.

The consultant should be ready to meet and present to UNDP, its partners and the donor the methodology and results of the simplified economic impact studies.

6. Work plan

A preliminary proposed project work plan is required in the proposal, covering all the activities described in Section 5 (a GANTT chart showing detailed list of tasks, duration, schedule per task and allocated resources per task shall be included in the bid). It shall also include the resources as well as other dependencies, which affect the project duration.

Upon contract award, UNDP shall be provided with a revised project work plan, if necessary. Once agreed upon, the new plan shall be adopted and shall form the basis for project supervision and monitoring.

7. Deliverables

All deliverables shall be delivered in one original hard copy, two hard copies and one electronic soft copy, preferably in Microsoft Word format, where applicable.

a. Reports validation modalities

Provisional approval of submitted reports shall take place at each of the defined milestones shown in the delivery schedule (*to be agreed with the Consultant at the start of the project*). It is expected that such approval shall not exceed seven days from the notification of the completion of a specific milestone.

b. Delivery Schedule and payment terms

The Consultancy Company is expected to complete and submit the deliverables specified below as per the identified time schedule.

Deliverables	Due Date	Percentage of Total Price (Weight for payment)
1. Phase I deliverables	3 Weeks from contract signature where 30% of the studies are delivered	30% of the total contract amount after approval of the Senior Livelihood and Local Economic Development Coordinator - LHSP
2. Phase II deliverables	8 Weeks from contract signature where 60% of the studies are delivered	30% of the total contract amount after approval of the Senior Livelihood and Local Economic Development Coordinator - LHSP
3. Phase III deliverables	12 Weeks from contract signature where 100% of the studies are delivered	40% of the total contract amount and after approval of the Senior Livelihood and Local Economic Development Coordinator - LHSP

8. Consultancy company Qualifications

The consultancy company wishing to be considered for the services described herein should have the following qualifications:

1. At least five years of experience in the consultancy field
2. Technical capacity: the Consultancy Company had worked on at least three major projects in fields related to infrastructure evaluation and its impact on the local economy in the past five years with UN agencies or INGOs.
3. Economic and financial standing: total annual turnover must not be less than 300,000 US Dollar

a. Profile of requested staff

The consultant will include in his offer a proposal regarding the team composition and structure with recent CVs. The requested team should have diversified skills including at least a Team Leader and an Economic Expert with proven previous experience in the following fields: Agriculture, Commercial, Tourism, Environment or others.

Team Leader

- At least a Master's Degree or equivalent in Economics, Business Administration or related field.
- At least 10 years of relevant experience, including but not limited to:
 - At least 5 years of relevant experience in carrying out economic impact studies, feasibility studies, financial analysis and business plan development.
 - At least 3 economic impact studies developed for infrastructure projects.
- Fluency in Arabic and English

Economic Expert

- At least a Master's Degree in Business, Economics, Finance, or any related field
- At least 10 years of experience in Management Consultancies and Business Plans Development
- Experience in carrying out assessments and drafting economic impact studies
- Experience in evaluating infrastructure projects related to Agriculture, Industry, Trade and Tourism
- Proven working experience in Lebanon

Technical Proposal Evaluation		Score Weight	Points Obtainable
1.	Eligibility and qualifications	20%	200
	Minimum of 5 years of relevant experience in the consultancy field. Minimum 5 years = 70 points; for 10 years and above =100	10%	100
	Proven experience in carrying out economic impact study for infrastructure projects. Minimum 3 projects = 30 points; for 4 projects and above = 40 points	4%	40
	Similar experience with UN agencies and INGOs UN agencies = 20 points, INGOs = 20 points	4%	40
	Turnover of the firm not less than 300,000 USD. 300,000 to 499,000 = 15 points 500,000 and above = 20 points	2%	20
2.	Proposed Methodology, Approach and Implementation Plan	50%	500
	Proposed methodology, approach and support	35%	350
	Proposed work plan, timeline	15%	150
3.	Management Structure and Key Personnel	30%	300
	Experience of staff members nominated for this assignment as Team Leader. Minimum Master's degree = 40 points; Phd= 50 points At least 10 years of relevant Experience =70 points; Above 10 years of relevant experience= 90 points Competencies (Arabic and English) = 10 points	15%	150
	Experience of staff members nominated for this assignment as Economic Expert Minimum Master's degree = 40 points; Phd= 50 points	15%	150

	At least 10 years of Experience =15 points; Above 10 years of experience =20 points No experience in assessments & economic studies = 0 points Experience in assessments & economic studies=50 Experience in evaluating infrastructure projects related to Agriculture, Industry, Trade and Tourism: No experience = 0 points; Experience = 20 points Proven working experience in Lebanon= 10 points		
	Total		1,000

9. Language requirements

All requested reports/deliverables shall be written in English.

10. Duration:

The duration of this assignment **is 3 months.**