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TERMS OF REFERENCE

DEVELOPMENT FINANCE ASSESSMENT FOR LESOTHO

Type of Contract:	Professional Services
Duty Station:	Home-based with travel
Initial Contract Term:	45 days distributed in up to 5 months (July – November 2018)

A. BACKGROUND AND CONTEXT

Lesotho is currently developing its National Strategic Development Plan for 2018/19 – 2022/23, that is also aligned to the global and regional development agenda as embodied in the Agenda 2030 and Agenda 2063 respectively. The overall development objective for Lesotho is development of a private sector led and job-creating economy. One of the lessons from the review of the NSDP I is that there was no costed implementation plan to tie delivery of the strategic actions to the budgeting processes, which also impacted on the allocation of resources required for implementation. In the context of the NSDP II, and to enable achievement of development priorities, Lesotho will need a clear financing framework that is linked to the NSDP II priorities. The Financial Resources Mapping for Lesotho has identified potential resources available for Lesotho, as well as recommended consolidation of domestic resources to finance the national development agenda. In view of the significant changes in the global development finance landscape, countries are going through transitions in terms of mobilising and managing resources to finance their development plans, including the Agenda 2030.

The Third International Conference on Financing for Development, held in Addis Ababa in July 2015, opened discussions on how to mobilise the unprecedented amounts of financial resources required to achieve the Sustainable Development Goals (SDGs). The Addis Ababa Action Agenda (AAAA) assumes that countries will use their own national development strategies and plans to respond to the SDGs and calls for the adoption of Integrated National Financing Frameworks (INFFs). In this regard, governments are now increasingly requesting support to take forward policy and institutional reforms to enable more integrated management of a broader set of finance flows to support the implementation of their national priorities and the SDGs.

In this context, Lesotho is planning to undertake Development Finance Assessment (DFAs), which will consider the links between finance and national development priorities and facilitate a scope for stronger alignment of finance (fiscal policy) with the national development plan and the SDGs moving forward. In particular, the assessment will help provide recommendations for a road map for establishing an Integrated National Financing Frameworks (INFF) to complement the NSDP II.

The DFA was developed as a tool to respond to the growing demand from countries in the region to establish evidence and analysis, and introduce policy and institutional reforms for managing the increasing complexity of domestic and international sources of finance for development. DFAs were introduced as the very first development finance studies of their kind, seeking to bring together fragmented approaches on the use of the different sources of funds that may not all be primarily dedicated to address development. The DFA provides governments with data and analysis on the quality of their national development plans and country results frameworks, changing trends in development finance and their alignment with national priorities and results. The DFA also examines the fiscal policy and resources sources and uses and assesses the extent to which they promote the implementation of the national priorities. It further helps formulate recommendations for how institutions and systems might be adjusted to ensure that different sources of development finance are managed within a coherent framework, which better supports the implementation of the national priorities including the SDGs.

In this regard, the Ministry of Development Planning, through UNDP, is looking for a consultancy firm or team of consultants, with expertise in public finance and development cooperation to complete the DFA for Lesotho. Under the leadership of an international expert, the firm will be expected to carry out research, analysis and develop recommendations in line with the DFA methodologies. The assignment will be carried over a period of five (5) months, and it is intended to deliver an Assessment that provides an overview of development finance flows and the institutions and policies that align this finance with national development priorities in the National Strategic Development Plan II. The report should also include recommendations for a roadmap which will increase the alignment of financing flows – both public and private – to Lesotho's National Development Plans II and the 2030 Agenda.

B. OBJECTIVES

Specifically, the DFA is expected to:

- Provide an overview of the evolution of the flows of sources and uses of revenue and of financing for development and their allocation and contribution to national priorities and results, as expressed in plans and policies at national, sector and sub-national levels and make recommendation based on national priorities.
- Provide an analysis of absorptive capacity both at the national and sub-national level and provide an understanding on the causes of absorptive constraint – systems, capacity, coordination etc.
- Assess the links between finance and results through the relations between the national planning and budgeting processes.
- Analyse the interface between different flows and the complementarities between the different sources of development finance in contributing to achieve national priorities and the SDGs.
- Assess the role of the planning and budgeting process in linking both public and private finance with results, in the context of the SDGs.
- Assess the roles and responsibilities of national institutions and their associated policies in managing or influencing the development of individual financial flows to contribute to the national development plan and SDGs.
- Explore practical ways of strengthening the alignment of financing for development with national development priorities and the SDGs.

- Explore untapped sources of domestic resource mobilisation and partnerships in Lesotho

C. SCOPE OF WORK

The assignment entails the following:

- i) **Assessment of the national planning and budgeting systems and their results orientation.**
 - In reference to the Financial Resources Mapping for Lesotho report, establish potential and existing means to finance the Lesotho's national development priorities. Determine how priorities were formulated in plans and strategies in the last planning cycle at thematic levels.
 - Assess the alignment of national development priorities and targets with financial strategies and allocations. The analysis should include an assessment of the degree to which plans and policies include targets which are costed; how results frameworks function in practice; the coherence between sector/thematic plans and the SDGs; and the extent to which multiple stakeholders are involved in the planning and monitoring process.
 - Determine national structures and institutions that manage financial flows into the country and identify synergies and strategies for an integrated platform and policy framework to enhance planning process
- ii) **Mapping and analysis of financing for development flows and their associated policy and institutional frameworks.**
 - Analyse the development finance flows in two main categories: by source (domestic/external) and in nature (distinguishing them by public or private nature).
 - Using both quantitative and qualitative data, establish trends in the changing nature of the development finance landscape over the past 10 -15 years and determine existence of the policy and institutional coherence across flows in terms of linkages between financing and planning system, their alignment with development priorities and to realise the SDGs.
- iii) **In depth analysis of policy and institutional options for strengthening the alignment of priority flows with national development plans/strategies and the SDGs and projections of future trends with these selected flows.**
 - Based on the selected priority areas, develop case study areas for further in-depth analysis to determine options for strengthening their potential for accelerating progress in the implementation of the national development priorities and the SDGs.
 - Provide projections of the future evolution of these priority flows into the next 5-10 years
 - Provide detailed policy and institutional analysis of the options to make the best use of these resources for financing the SDGs.
- iv) **Roadmap to establish an INFF for achieving the national development goals and SDGs.**
 - Undertake consultations with a range of stakeholders throughout the process.
 - Provide the government with policy and institutional recommendations for strengthening the alignment of development finance flows with national priorities and results.
 - Facilitate dialogues based on the DFA process to establish an agreement on a roadmap to support the government to:
 - i) implement the main recommendations of the DFA analysis;
 - ii) Outline the next logical and feasible steps to develop an INFF; and

- iii) identify the basis for support to be provided to the government as part of the proposed broader efforts to implement national development goals and the SDGs.

D. EXPECTED OUTPUTS AND DELIVERABLES

The consultancy firm will be expected to deliver the following:

Deliverables/ Outputs	Estimated Duration to Complete	Target Due Dates	Review and Approvals Required
1. Inception Report	7 days	30 th July 2018	Ministry of Development Planning Oversight Team
2. Inception Workshop	20 days	15 th August 2018	
3. Research report: 3.1. Pre-research mission 3.2. Research mission 3.3. Research Mission report			
4. First Draft	10 days	14 th September 2018	Ministry of Development Planning Oversight Team
5. Validation session	3 days	19 th October 2018	Ministry of Development Planning Oversight Team
6. Final Report	5 days	16 th November 2018	Ministry of Development Planning Oversight Team

Under the leadership of the lead consultant (international), the firm will be expected to align their deliverables to the following:

1. Inception Report (content to be prepared for discussion during research mission):
 - Draft inception report for DFA, which will present the DFA objectives, scope, expected outputs and approach.
 - Flow Fiche Analysis and information source overview document:
 - A systematic quality assurance and clear allocation of roles of the team members to produce the project deliverables.
 - A work plan on how and when the assignment will be delivered.
2. Research report
 - 2.1. Pre-research mission preparation:
 - Facilitate process of planning (virtually) with the OT and other focal points;
 - Host an inception workshop with local stakeholders to discuss the priorities to be reviewed by the DFA and share research methods and tools for the study

- Undertake preliminary desk-based literature review, data collection and analysis, with a focus on a detailed stakeholder mapping and analysis of development finance sources, policy documents and relevant analytical studies and reports.
- Propose itinerary and schedule of consultations and interviews for research;

2.2. Research mission:

- Undertake research mission in consultation with the OT and the Ministry of Development Planning.
- Undertake data collection through consultations and interviews;
- Provide briefings to government, OT, UNDP and other stakeholders, as requested;
- Facilitate discussions with OT on the 2-3 priority flows to be examined in greater depth in the DFA Report,

3. First Draft DFA Report:

- Draft DFA report;
- Give guidance and coordinate inputs from OT and the Ministry of Development Planning,
- Incorporate feedback from OT and other stakeholders.

4. Validation Mission:

- Facilitate planning and delivery of validation workshop to share findings and recommendations of DFA report;
- Meet with OT to discuss finalisation requirements;

5. Final DFA Report:

- Lead in finalizing DFA Report for approval by OT, incorporating feedback received;
- Submit final DFA Report.
- Launch the Report

E. INSTITUTIONAL ARRANGEMENT

- a) The consultancy firm will be contracted by UNDP, and will become directly responsible to the UNDP Deputy Resident Representative. For day to day liaison on implementation of the assignment, they will engage with the Senior Economist (not in country) and the Program Specialist (in country) for technical guidance and support during the study.
- b) As a lead Ministry for the study, the Ministry of Development Planning will provide the overall supervision to the assignment, and facilitate information and access to all necessary documentation, working in collaboration and technical support of the UNDP.
- c) Based on the deliverables listed in D. above, the firm will be expected to liaise with the Ministry of Development Planning, Ministry of Finance, Oversight Team and all the relevant stakeholders to develop the DFA report.
- d) The firm will prepare reports and facilitate stakeholder sessions as indicted. All the reports will be reviewed and approved by the Oversight Team prior to stakeholder validation.
- e) Ministry of Development Planning will provide office and transport facilities during the in-country missions. The firm must have own computers to use in the assignment.

F. DURATION OF THE WORK AND DUTY STATION

- a) The assignment will be carried in 45 days, spread over a period of 5 months. The assignment must be completed by November 2018.
- b) The assignment comprises both home and on-site deliverables. The firm will be expected to make in-person consultations, and engage any other technology-mechanism for follow-on discussions.

G. QUALIFICATIONS OF THE SUCCESSFUL CONSULTANCY FIRM

The Consultancy firm required in this assignment should be an entity with experience in policy research and analysis on public finance, macro and micro economic issues, international cooperation and development finance. The firm must have a minimum of two (2) consultants, comprising an international consultant and the national consultant. The international consultant will provide strategic and technical leadership to the process as well as ensure integration of cross country experiences and best practices, while the national consultant will provide technical support and assistance in all related national processes.

Required attributes:

Lead Consultant

Education

- At least Master's degree in Public Administration, International Relations, Economics, and the broad social sciences or other related disciplines is required.
- Well - grounded experience in impact of macroeconomic policies especially fiscal policy.

Experience:

- At least 10 years of work experience, in related assignment, and with any international organizations;
- Experience in the areas of public finance, budget review, public expenditure review, development finance, private investment and/or innovative financial instruments;
- Demonstrated understanding of substantive policy issues in the field of development finance, e-public finance, or economic and development cooperation;
- Specialised knowledge of development issues particularly economic and development co-operation issues, development finance challenges, and related fields in developing countries globally and, in particular in the Africa region;
- Experience in conducting reviews and analysis in related areas and produced high quality review reports, and excellent knowledge of data collection, analysis and statistics tools;
- Advanced quantitative and econometric skills and experience with related data analysis tools are an advantage.

Language:

- Excellent written and oral English skills.

National and other team members (if applicable)

Education

- An advanced degree in either economics, public administration, international relations or any other related field

Experience

- At least 7 years of work experience with related responsibilities;
- Experience in the areas of public finance, budget review, public expenditure review, development finance, private investment, national strategic planning and/or innovative financial instruments;
- Demonstrated knowledge of the national processes for development of the national development plan, sectoral strategies and the budgeting process
- Specialised knowledge of development issues in Lesotho, particularly economic and development co-operation issues, development finance challenges;
- Knowledge of quantitative research and analytical methods, and econometric skills and experience with related data analysis tools are an advantage.

Other Technical Competencies for the team members:

- Excellent client orientation and interpersonal skills and able to communicate effectively at all levels of the organization;
- Capable of working in a highly-pressured environment with extreme deadlines, managing many tasks simultaneously;
- Ability to manage complexity and is able to handle confidential and sensitive issues in a responsible and mature manner;
- Impeccable analytical skills and able to research, analyse, and draft well and able to present convincingly;
- Exercises the highest level of responsibility;
- Excellent team players, projecting a positive image and ready to take on a wide range of tasks to create an enabling environment for the supervisor, focusing on results for the client and responds positively to feedback;
- Willingness to share knowledge and experience and make contributions to UNDP practice areas (e.g., documented knowledge, community of practice building initiatives); and
- Understanding of the United Nations system, operations and structures - this includes demonstrating keen political awareness, particularly in relation to the principles of development effectiveness and transparency.

Corporate Competencies:

- Demonstrate integrity and fairness, by modelling the UN/UNDP's values and ethical standards;
- Promote the vision, mission, and strategic goals of UN/UNDP; and
- Display cultural, gender, religion, race, nationality and age sensitivity and adaptability.

H. SCOPE OF PRICE PROPOSAL AND SCHEDULE OF PAYMENTS

- a) The financial proposal should be presented as a Lump Sum Amount –representative of payments closely linked to deliverables. Payments will be scheduled as:

Deliverables/Outputs	Amount
Inception report	20%
Approved Draft DFA report	30%
Approved Final DFA report	30%
After launch of the report	20%

The following must be noted:

- i) The lump sum amount must be “all-inclusive”¹;
- ii) the contract price is fixed regardless of changes in the cost components;
- iii) UNDP will provide the UN’s Daily Subsistence Allowance (DSA) rates prevailing at the time of sourcing, to aid determination of the appropriate fees and financial proposal amount, and
- iv) Include in its initial payment the actual cost of travel to arrive at the designated Duty Station.

I. RECOMMENDED PRESENTATION OF OFFER

The following documents are requested for application:

- a) Duly accomplished **Letter of Confirmation of Interest and Availability** using the template provided by UNDP;
- b) **Personal CVs and P11** for all the members of the team, indicating all past experience from similar projects, as well as the contact details (email and telephone number) of the Candidate and at least three (3) professional references;
- c) **Brief description** of why the team considers themselves as the most suitable for the assignment, and
- d) **Technical proposal/methodology**, on how they will approach and complete the assignment.
- e) **Financial Proposal** that indicates the all-inclusive fixed total contract price, supported by a breakdown of costs, as per template provided.

J. CRITERIA FOR SELECTION OF THE BEST OFFER

Successful Consultancy firm/team will be selected based on the Combined Scoring method – where the qualifications and methodology will be weighted a max. of 70%, and combined with the price offer which will be weighted a max of 30%. The criteria for scoring will be guided by the following:

¹ Same as above

Criteria for technical evaluation	Ranking
1) Academic Qualification	5%
2) Professional Experience as outlined in Section G above	20%
3) Experience with areas of public finance, budget review, public finance management, private investment, policy analysis and research <ul style="list-style-type: none"> • Demonstrated knowledge of policy issues in the development finance and e-public services and development cooperation • Experience in conducting reviews, data collection and analysis in related areas • Advanced quantitative and econometric skills and experience in related work • Knowledge of the international, regional and national development landscape, including the knowledge of the Agenda 2030 and national strategic development plan processes is an advantage • Knowledge of the Lesotho national budgeting process, NSDP, and development cooperation 	40%
4) English writing and oral skills	5%
5) Methodology and technical proposal	30%
6) TOTAL	100%

K. ANNEXES TO THE TOR

- Concept note for Lesotho DFA
- List (with CVs) of potential national consultants that may be contacted for the assignment

PROPOSAL WITH THE REQUIREMENTS LISTED ABOVE TO BE SUBMITTED TO:

Resident Representative
United Nations Development Programme
United Nations Road
3rd Floor, United Nations House
Maseru 100
e-mail: ls.procurement@undp.org

REF: Lesotho Development Finance Assessment

L. Approval

This TOR is approved by:

Ms. Christy Ahenkora:
Deputy Resident Representative

Signature: _____



Date of Signing

05 July, 2018

