

## **TERMS OF REFERENCE (ToRs)**

### **FOR THE RECRUITMENT OF INDIVIDUAL CONSULTANT - RE-ADVERTISEMENT**

#### **GENERAL INFORMATION**

<b>Services/Assignment Description:</b>	Recruitment of National Consultant for Assessment of the capacity gaps and opportunities for strengthening LEG in Ethiopia – <b>POST II</b>
<b>Project/Programme Title:</b>	Local Economic Governance (LEG)
<b>Post Title:</b>	National consultants (Senior Specialist)
<b>Duty Station:</b>	Based in Addis with travel to regions
<b>Duration:</b>	<b>60</b> working days
<b>Expected Start Date:</b>	March 07, 2016

#### **1. BACKGROUND**

Ethiopia continues to record double-digit economic growth over the last decade and is ranked among the ten fastest growing economies in Africa (AEO, 2011) and the second fastest mover on human development (UNDP, 2013). Despite these strong gains, there are still huge development challenges the country has to deal with, including overcoming disparities across regional states and social economic groups in order to promote inclusion and participation.

Whilst development in the regional states is essentially an integral part of the national development, some regional states and local communities, for instance, are lagging behind on all development indicators, and there is urgent need to stimulate regional economic growth and employment opportunities by ensuring the government and the private sector interventions are optimized, with government playing a key role in stimulating growth and tapping on the existing and potential revenue base to accelerate growth and deliver quality and client-responsive public services. These public services include delivery of health and education, as well as a wide array of other social and welfare services such as protection of property rights and delivery of regulatory functions, thereby providing a more conducive and predictable business environment (including harmonizing federal and regional laws and systems, efficient licensing regimes, enforcement and protection of property rights, ensuring safety and security, safeguarding environment and ensuring optimal use of environmental resources. Sustainable and balanced regional economic growth and development cannot be achieved unless regulatory and policy regimes across regions are synergized to ensure best response to the management and utilization of trans boundary resources and to capitalize on common and synergized regional policies and capacities to regulate their use and ensure that investment opportunities are created to advance regional economic growth and development in line with the overarching national development framework—the Growth and Transformation Plan (GTP II).

One of the objectives of the GTP II is to promote industrialization, particularly to boost manufacturing especially within the SME sector at regional level and thereby bolster investment and employment opportunities and subsequently the local revenue base for regional governments. As opportunities for increased investments and local revenues increase, there is a need to enhance the capacities of regional and local authorities to efficiently provide policies and regulations, and acquire additional skills to enforce these regulations in a manner that promotes and protects sound investments and secures maximum social benefits

for the local populations. Increased local revenues is critical for regional and sub-regional government to deliver efficient and quality services to populations with their jurisdictions. Capacities to formulate and enforce local bye-laws and systems, and capacities to collect revenues from local businesses and other income earners within their jurisdiction should be enhanced in order to enable regional governments and local authorities to deliver social services to their populations, and to become more instrumental in stimulating inclusive regional growth and development.

Focusing development interventions at sub-national levels is important in expanding human development opportunities and increasing social security, capabilities and entitlements for households and citizens. Development results discerned from national aggregated data disguises the complexity and the challenges of bringing about balanced and shared prosperity to citizens of different socio-economic backgrounds and living in diverse ecological and geographic circumstances. For example, developing regional states of Afar, Benishangul-Gumuz, Gambella and Somali account for 9.2% of the total population and 50% of the surface area of Ethiopia. However, human progress in these region is much slower than in other advanced regions, and efforts are underway to ensure that these regions quickly catch up with the rest of the regions, whilst sustaining a positive growth trajectory in all regions. There are also considerable intra-regional variations in both developed and emerging regions in terms of access to economic activities, social service delivery, local revenue mobilization and the capacity for regional governments to generate economic and employment opportunities for their populations, especially for women and the youth.

Poverty eradication is the core development objective of the Ethiopian Government, while rapid economic growth is a key strategy to this objective. This rapid economic growth has to be broad-based, equitable and sustainable. The Ethiopian development vision underlying its **Growth and Transformation Plan II (GTP II)** is "to become a country where democratic rule, good governance and social justice reigns, upon the involvement and free will of its people and once extricating itself from poverty to reach the level of a *lower middle income economy* by 2025. Related to economic and social development, the vision includes building an economy which has a modern and productive agricultural sector with enhanced technology and an industrial sector that plays a leading role in the economy, sustaining economic development and securing social justice and increasing per capita income of the citizens"

Despite the challenges, Ethiopia has made considerable progress on a number of economic fronts, all of which may lay the foundation for a more rapid economic transformation in the near future. The country's economy has seen substantial transformation, largely in the form of increased agricultural productivity and significant improvements in economic infrastructures. But, while these investments have contributed to impressive poverty reduction in recent years, structural transformation has been inhibited by the relatively slow development of an industrial sector, and modest rates of urbanization. The rural-urban transformation in Ethiopia is still in its early stages. Future development strategies will therefore need to search for the right balance between pro-poor investments in agriculture and rural development, and potentially more transformative investments in urban infrastructure and industry, manufacturing in particular, tapping the country's natural resources, as well as accelerating economic growth particularly at local levels.

The Ethiopian Constitution provides for a decentralized political system and administration, and the creation of regional governments with powers divided between them and the federal government, and further devolution of power down to local government/Woredas. Legislation however, sets the framework for decentralization, but good local governance is not just a matter of legislation or creating the political and

institutional frameworks. Decentralization and good local governance assume the development of local capacities to properly exercise and manage the new functions and responsibilities.

Enhancing capacity of regional and local governments, including capacities for enforcement and sanctions, and overall capacity to implement their policies in tandem with the federal government needs to be strengthened and reviewed to ensure greater coherence and harmony, where it is currently lacking. Regional and local governments need to strengthen their laws and regulations in ways that encourages investment. For instance, what policies and incentives should the government/regional states need to adopt to encourage local investors, to attract foreign direct investment or to promote private equity industry, to support national development efforts at the regional and local level? Improving domestic resource mobilization capacities, creating industrial hubs at regional/local level and rural industrialization with a focus on SMEs, promoting linkages between SMEs and larger firms and enterprises are all crucial measures in materializing economic transformation in the country. Dealing with emerging urbanization governance, including capacitating cities to deal with emerging urbanization challenges such as rural-urban migration, waste management, slum up-grading, etc. is another growing priority. Urban planning and development management is in its infancy stage in Ethiopia, and regional states, cities and local communities are ill-equipped to handle urban expansion and deal with fast-growing urbanization challenges. Achieving sustainable urbanization will not only entail rethinking the development of major and emerging cities but also shifting focus to diverse urban settings such as satellite cities and market towns.

The development of effective and good local government is a step forward towards participatory and inclusive governance, and a fundamental success factor for a broad-based and sustainable development. Initiatives like this would facilitate conditions for local people to actively and constructively engage with their local authority in the setting of priorities, in the allocation of resources, in the design of public services and in the decisions that affect their environment. Against this backdrop, UNDP has been in consultation with the government, the Ministry of Finance and Economic Cooperation (MoFEC) in particular and has been exploring opportunities to develop a comprehensive multi-year and multi-stakeholder programme on local governance capacity building.

To ensure the programme design is informed by solid context/gap analysis and responds to the needs of local government and communities, the government of Ethiopia, with support from UNDP wished to conduct a rapid assessment of capacities at the regional and sub-regional levels in the areas of local economic governance and more broadly local governance in four selected regions, and based on the findings and recommendations of the assessment develop a multi-year, multi-stakeholder Local Governance Capacity Building Programme.

## **2. PROJECT DESCRIPTION**

### **Objective of the project**

The overarching objective of this project is to improve the lives of people and expand the development opportunities for local communities and households. The project is expected to provide capacity development support to regional states and local government and particularly the councils to deliver services to local populations and businesses, thereby promote transformational change through sustainable environment, economic and social development policies and programs.

- 1) Supporting local governance to enhance public service delivery and accelerate inclusive local economic development:** Support the regional government and councils to develop and further strengthen, consolidate and harmonize (where they exist) institutional and regulatory frameworks, strengthen local capacity of regional government and councils to formulate policies, laws and regulations and support their effective implementation, enforcement and sanctioning systems. Help to enhance

capacities for delivery of effective public service delivery and business support services to promote employment creation and livelihood enhances to local populations, women and the youth, as well as to strengthen public accountability, transparency and responsiveness in the delivery of social services. In this regard, the assessment is expected to focus on the following key areas, among others:

- a) Review capacity of regional/local governments, municipalities and local councils for effective collective decision-making and existing capacities to deliver their mandates and functions including for local development planning, policy implementation, crafting of investment and business policies, by-laws, administrative procedures, rules and regulations; and oversight mechanisms;
- b) Review policy and institutional settings for the promotion of investment, encouragement of enterprises and job creation at regional/local levels, public engagement/participation, accountability, transparency and access to public information at local levels;
- c) Assess regulatory and administrative frameworks, including licensing rules and procedures, systems and capacities for the enforcement of contracts at regional/local level and identify opportunities for further improvements;
- d) Examine existing ethical programs and codes of conduct for public officials, and the institutional capacity for preventing and dealing with rent-seeking and corruption in the delivery of policies, programs and public services;
- e) Review existing capacities for better urban governance, including effective management of rural-urban migration, sound municipal governance, waste management and slum upgrading among others;
- f) Examine existing systems, structures and practices in terms of community engagement in local development planning and decision-making processes;
- g) Raise recommendations and interventions that can help to strengthen local governance to enhance public service delivery, accelerate inclusive local economic development and improve transparency and accountability at regional and local levels;

2) ***Developing local revenue system to support effective delivery of public goods and services:***

In support of government efforts to boost public revenue mobilization, developing and enhancing the effectiveness of the local revenues systems is of paramount importance both for supporting the delivery of local public goods and services by sub-national government (including local councils) and to strengthen state-building and public accountability. Revenues raised by local governments/councils is very small in Ethiopia and needs to be increased in order to support effective devolution and decentralization. Towards developing a robust local revenue systems, the assessment will:

- a) Review the existing local revenue systems, local tax base and tax handles and instruments currently at use and also identify potential local revenues streams that can be developed to boost local tax and non-tax revenues to support services delivery;
- b) Assess systems and capacities for budget preparation, execution and management, including effective systems of control, financial performance, audit and reporting especially on local revenue administration and expenditure accounting systems;
- c) Review and assess existing capacities for revenue administration both at the regional level in BOFEDs and in local councils;
- d) Raise recommendations and interventions that can help to build required capacities and systems for local revenue systems for sub-national governments and the councils;

3) ***Promoting private sector development with focus on SMEs, employment creation and livelihood security:*** The objective is to provide an enabling and competitive business environment for the private sector by, among others, providing public support programs/services aimed at promoting local

industrialization with a specific emphasis of MSMEs, food security and livelihood security, creation of decent employment opportunities for the youth and women and improving business and operational practices of enterprises. Similarly, the assessment will review existing government investment regimes and support services at the regional level for different categories of businesses (micro, small, medium and large scale investments), and identify opportunities for fostering business linkages (backward and forward) across sectors and enterprise categories in line with the vision in the Growth and Transformation Plan (GTP II). In this regard, the assessment is expected to:

- a) Examine the effectiveness of company/firm registration systems, capacities and efficiencies and identify opportunities for enhancing efficiencies;
- b) Review the investment/doing business climate (policy, legal, systems, attitudes) and constraints for the private sector development, particularly for MSMEs;
- c) Examine and review existing capacities at regional and local levels of judicial system for speedy and efficient settlement of commercial disputes, and for the assignment and enforcement of property rights by relevant government departments;
- d) Review existing enterprise support programs including business advisory services, skills and financial and technological services for local enterprise formation and growth, as well as the nature of state-business relations and dialogue structures that facilitate policy dialogue and decision-making;
- e) Examine and review capacities for business registration and programs/initiatives that exist to drive formalization of informal business and identify barriers and solutions to address informality at regional and local level;
- f) Recommend measures to improve the legal administrative capacities particularly in the assignment and enforcement of property rights and settlement of commercial contracts/disputes;
- g) Raise recommendations and interventions that can help to promote private sector development with focus on MSMEs, employment creation and livelihood security of the local people at regional and sub-regional levels;

### **3. SCOPE OF THE WORK**

It is anticipated that in addition to elaborating on the current support, capacity gaps and policy context, the consultant (s) will also identify and recommend possible areas of interventions that require support, including possible delivery modalities/mechanisms. The mapping/assessment should, amongst other focus on: a) economic growth potentials and governance particularly at local levels; b) decentralized service delivery; c) local government capacity; and d) good governance.

Based on the comprehensive rapid assessment of capacities of regional and local councils in four selected regions of which at least two should be from the emerging regions, prepare a comprehensive situation analysis report for discussion with stakeholders for their input and validation. On the basis of the findings and comments from stakeholders, the consultants are expected to prepare a multi-stakeholder, multi-year comprehensive programme document on local economic governance for Ethiopia using UNDP guidelines and templates for project/program formulation, and ensure that it is fully aligned with the United Nations Development Assistance Framework (UNDAF) for Ethiopia and Ethiopia's Growth and Transformation Plan II.

The multi-donor programme document on Local Economic Governance will, among other things, include the following key elements:

- Situational analysis;
- Rationale and justification
- Project strategy

- Programme components, outcomes and outputs (including indicators);
- Major project/programme activities (including timeline);
- Implementing partners: Federal, Regional, Zonal, Woreda);
- Results and resource framework;
- Project management arrangements(including M&E Frameworks);
- Risk analysis and mitigations strategies; and
- Annual work plan with indicative activities and budget;

The assignment would cover four regions (two from bigger regions-Amhara and SNNPR and two from developing regions- Somali and Benshangul-Gumuz) and selected urban councils from these regions viz., 2 from Amhara, 2 from SNNPR; 1 from Somali (Jigjiga) and 1 from Benshangul-Gumuz (Assosa). This assignment will require travel of the consultants for field work to the four regions and selected urban councils and Woredas (which will be decided later on) and extensive consultations with key stakeholders at federal level for primary and secondary data collection.

#### 4. EXPECTED DELIVERABLES AND TIMELINE

This assignment is expected to take 60 working days. Proposed number of days required per major activities is presented in the following table.

No.	Deliverables /Outputs	Estimated duration	Review and approvals required
1.	An inception report based on the desk review	5 working days	UNDP/DGCD Unit
2.	Field work and the first draft of the report comprised of two sections: a) mapping of existing initiatives; and b) gap analysis with recommendations	30 working days	UNDP/DGCD/PAU Units
3.	Debriefing session on the first draft with selected stakeholders;	3 working day	UNDP/DGCD Unit
4.	Final (comprehensive) situational analysis report to be submitted, thirty (35) working days from the date of signing the contract, incorporating comments from stakeholders	5 working days	UNDP/DGCD Unit
5.	Preparation and submission of comprehensive draft multi-donor programme document on strengthening local capacities for economic governance	10 working days	UNDP/DGCD Unit
6	Validation workshop and submission of the Final Programme Document incorporating comments from the validation workshop	7 working days	UNDP/DGCD Unit

The consultants are expected to present the two draft reports (the comprehensive rapid assessment and programme document) to a stakeholder workshop for validation and comments and final acceptable reports to UNDP at the end of the assignment period.

## **5. METHODOLOGY**

The assignment would involve:

- Desk review of existing policies, laws, etc. (federal and regional) and programmes/projects;
- Interviews with major stakeholders including donors, Government of Ethiopia, relevant UN agencies and CSOs;
- Field mission to regional states and woredas;

## **6. INSTITUTIONAL ARRANGEMENT/ REPORTING RELATIONSHIP**

Three consultants (one international and two nationals) will be engaged for the whole period of this assignment;

- a. The DGCD Unit will manage the overall financial and contractual arrangements with the consultants;
- b. Contracts will be signed with each consultant individually, but selected consultants will be required to work as a team, and as such assume collective responsibility;
- c. The international consultant will be the Lead Consultant to coordinate overall activities and will be in charge of deliverables;
- d. The consultant team will be reporting to the Democratic Governance and Capacity Development Unit;

## **7. LOGISTICS AND ADMINISTRATIVE SUPPORT TO PROSPECTIVE IC (if any)**

The UNDP will provide to the consultant with office space and field vehicles.

## **8. DURATION OF THE WORK:**

- a. The assignment is expected to take 60 working days. The expected date of full completion is end of April 2016.
- b. The target date for the start of this assignment is beginning of March 2016, immediately after concluding Contract Agreement (see details in table above).

## **9. REQUIRED QUALIFICATIONS**

### **Education:**

- At least Master's degree in Development Economics, Development Studies, Political Economy of Development, Public Administration/Policy or related fields

### **Experience:**

- A minimum of 7 years of relevant experience of working in local governance or similar assignments;

### **Language:**

- Excellent knowledge of the English language (knowledge of local language is a plus); and
- Capacity to communicate fluently with different stakeholders (Government authorities, Development Partners, civil society, etc.).

### **Functional Competencies:**

- Ability to undertake technical policy-focused research related to local economic governance;
- Strong analytical capacity and experience in socio-economic analysis, needs assessment and programme design;
- Good knowledge and substantial field experience with local economic governance;
- Good understanding of the concept/theory and practice of decentralization and local governance broadly;
- Good knowledge on the policy and implementation of decentralization in Ethiopia;
- Experience of working with a range of organizations including local communities, civil society and governmental organizations;

- Ability to plan own work, report on work progress and deliver outputs in a timely manner;
- Excellent report writing, communication and interpersonal skills; and
- Ability to work under pressure and to deliver in a timely manner without compromising quality standards.

#### **Core Competencies:**

- Demonstrates integrity by modelling the UN's values and ethical standards;
- Promotes the vision, mission, and strategic goals of UNDP;
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability;
- Treats all people fairly without favoritism; and
- Fulfils all obligations to gender sensitivity and zero tolerance for sexual harassment.

### **10. CRITERIA FOR SELECTING THE BEST OFFER**

The consultants will be recruited using the following selection criteria. Only the applicants who hold these qualifications will be shortlisted and contacted. Qualified Individual Consultants (ICs) are expected to submit both the **Technical** and **Financial Proposals**. Consultants will be evaluated based on **cumulative analysis** as per the following scenario:

- Responsive/compliant/acceptable; and
- Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation. In this regard, the respective weight of the proposals are:
  - a. Technical Criteria weight is **70%**;
  - b. Financial Criteria weight is **30%**;

#### **Evaluation Criteria:**

<b>Criteria</b>	<b>Weight</b>	<b>Max. Point</b>
<b>Technical Competence (based on CV, Proposal and interview (as required))</b>	70%	100
<b>Criteria (a): Educational relevance: close fit to post</b> Master's or PhD in Development Economics, Development Studies, Political Economy of Development, Public Administration/Policy or related fields		10
<b>Criteria (b): Understanding the scope of work and organization of the proposal</b> In-depth understanding the Scope of Work (SoW); comprehensiveness and appropriateness of the methodology/approach, organization & completeness of the proposal		40
<b>Criteria (c): Experience in similar assignments</b> Minimum of 7 years of relevant experience of working in local Economic Governance or similar assignments		30
<b>Criteria (d):</b> Good understanding on the policy and implementation of decentralization in Ethiopia, Knowledge and strong analytical skills in socio-economic analysis, and programme design,		20
<b>Financial (Lower Offer/Offer*100)</b>	30%	30
<b>Total Score</b>	<b>Technical Score * 70% + Financial Score * 30%</b>	



**Evaluation Legend:**

<b>Weight per Technical Competence</b>	
Weak: below 70%	The individual consultant/contractor has demonstrated a <b>WEAK</b> capacity for the analyzed competence
Satisfactory: 70-75%	The individual consultant/contractor has demonstrated a <b>SATISFACTORY</b> capacity for the analyzed competence
Good: 76-85%	The individual consultant/contractor has demonstrated a <b>GOOD</b> capacity for the analyzed competence
Very Good: 86-95%	The individual consultant/contractor has demonstrated a <b>VERY GOOD</b> capacity for the analyzed competence
Outstanding: 96 -100%	The individual consultant/contractor has demonstrated an <b>OUTSTANDING</b> capacity for the analyzed competence.

**11. PAYMENT MILESTONES AND AUTHORITY**

The qualified consultant(s) shall receive his/her payments upon certification of the completed tasks satisfactorily, as per the following schedule:

<b>Payment schedule</b>	<b>Deliverables</b>	<b>Approval required</b>	<b>Portion</b>
1 <sup>st</sup> tranche	Inception report, methodology and work plan	DGCD	20%
2 <sup>nd</sup> tranche	First draft of report (of both the assessment and programme document) with recommendations and presentation to debrief on findings	DGCD	30%
3 <sup>rd</sup> tranche	Final report with recommendations	DGCD	50%

**12. RECOMMENDED PRESENTATION OF TECHNICAL PROPOSAL**

For purposes of generating proposals whose contents are uniformly presented and to facilitate their comparative review, the consultants will be provided with a template of the Table of Content. Accordingly the Technical Proposal document must have at least the preferred content as outlined in the IC Standard Bid Document (SBD).

**13. CONFIDENTIALITY AND PROPRIETRY INTERESTS**

The Individual Consultants shall not, either during the term or after termination of the assignment, disclose any proprietary or confidential information related to the consultancy service without prior written consent. Proprietary interests on all materials and documents prepared by the consultants under this assignment shall become and remain properties of UNDP.

**14. ANNEXES TO THE TOR (if any)**

Existing literature or documents that will help successful consultants gain a better understanding of the project situation and the work required would be provided upon signing of the contract, especially if such literature or documents are not confidential.