

**Terms of Reference for Local Consultant
Development Finance Assessment in Mozambique**

Location:	Maputo, Mozambique
Application Deadline:	31 st March, 2016
Type of contract:	Individual Contract
Post level:	Local Consultant
Languages required:	English, Portuguese
Starting Date:	18 th April, 2016
Duration of contract:	4 months
Expected working days:	60 days

A. Project Description

1) Context

Landscape of financial flow to/from Mozambique has been changing drastically in the last ten years. The main driving factor have been Foreign Direct Investments (FDI), especially in the energy and mineral resources sector, recorded above US\$ 3 billion (over 20% of GDP) since 2011 and hitting a US\$6 billion peak in 2013 (nearly 40% of GDP). With strong economic growth over 7% in the last decades, Mozambique has also been successful in enlarging its domestic financial resources thus reducing its dependence on external ODA resources (both grants and loans): from above 40% in 2011 to 25% of total expenditure in 2015. This implies that ODA's contribution is becoming less and less important, albeit it remains still one of the importance financial source for development in Mozambique, especially on budget support. Promising investment opportunity in resources sector are expected to attracts more FDI to Mozambique in the next five to ten years that in turn should further sustain the current high GDP growth. However, with the current uncertainty in the global economy and the price volatility of key commodities, the predictability of FDIs and their related economic impact on the economy and revenues cannot be taken for granted and there are important financial sustainability risks. In fact, Mozambique is already experiencing a strong devaluation pressure on its currency in recent months due to some delay in FDI decision and increasing public debts that are exposing the financial fragility of the country. This situation poses challenges to the government of Mozambique as the stability of macroeconomic environment is key for sustainable economic growth. Mozambique has embraced the new 2030 Development Agenda and the current "Programa Quinquenal do Governo" (PQG 2015-2019) already incorporates the SDGs. FDIs, domestic resources mobilization and ODA, among other source of financing, are expected to play a key role and significantly contribute to achieving of the government development objectives and, in turn, the SDGs more broadly.

However, the new SDGs agenda demand a vision that is broader, more holistic and more ambitious than the one used for the MDGs. They aim to complete the unfinished business of MDGs, move beyond half way targets to get to zero on extreme poverty, and seek progress across all three dimensions of sustainable development: social, economic and environmental. The financing of the MDGs was closely associated with issues of ODA management and allocation. However, the achievement of the SDGs will need to mobilise an unprecedented amount of financing and other Means of Implementation. Already now (late 2015) countries have started to integrate the SDGs into their national development plans.

The Third International Conference on Financing for Development (FfD) held in Addis Ababa in July 2015 opened the discussion on how to mobilise the financial resources that will be required to achieve the SDGs and how they should be coherently and effectively used. The Addis Agenda assumes that countries will use their own National Development Frameworks to respond to the SDGs and comprehensive Integrated National Financing Frameworks (INFFs). These are financial development strategies capable of providing decision makers with a holistic vision of fiscal planning and management systems that transcends traditional public sector budgeting and improves understanding of all options available and knowledge to use them wisely.

The Integrated National Financing Frameworks (INFFs) should articulate much more complex and holistic financing structures of private and public sources- both domestic and international. Governments will also need to develop targeted, evidence-based policies, sound institutions to deliver them and good governance

at all levels. Cohesive nationally owned sustainable development strategies, supported by integrated national financing frameworks, will be at the heart of the post-2015 agenda. Earlier experiences with FFD have learned that governments – especially the Ministries of Finance – are in need of a practical tool that assists them in making coherent development financing possible, linking up the available finances with the desired national results.

2) The Development Finance Assessments (DFA)

The Development Finance Assessments (DFA) is the very first development finance studies of their kind that seek to move away from fragmented views on the use of the different sources of funds that are primarily dedicated to addressing development issues. Rather, it aims to help countries to review how their own stated national development policy objective are being reflected in public expenditures more broadly and how institutions might be adjusted to ensure that development finance is delivered in a coherent way across all areas of government.

The DFA approach can be very useful to support governments in costing their national development plans and in making the post-2015 agenda more realistic and feasible. It takes into account the social, economic and environmental dimensions of development and it analyses the roles that different development finance flows play for or against sustainable development considering all these dimensions.

Another aspect that DFAs also focus on is equity. This issue has multiple dimensions, easiest is geographical (for example if investments are made in the poorest regions) and sectoral (HD and environment related sectors). The methodology considers both equity/development and finance flows but does not suggest a specific way to make the analytical link as this is not an easy technical topic. However, the DFA analysis will identify many opportunities to show how to mainstream these issues in more strategic and systematic ways.

B. Conceptual framework

Taking the above context into account, the DFA's general purpose is to assist governments to work towards Integrated National Financing Frameworks (INNF) and mobilise the capacities needed to implement their national development and results frameworks through results oriented, evidence-based policies and sound institutional solutions.

The specific objectives of the DFAs may vary for different country contexts but they may include the following:

Assessment objectives

- An overview of the evolution of the development finance and aid flows since 2000 and their allocation and contribution to national priorities and results
- Improve the understanding of the roles and responsibilities of national institutions, to manage or influence the development of individual financial flows
- Analyse the interface between different flows and the overlapping and complementarities between the different sources of development finance

Improvement objectives

- Outline credible policies and proposals to expand development finance and estimate scenarios and future prospects for the next 5-10 years using the potential contribution of individual flows to national priorities and country results
- Find practical ways of aligning development finance frameworks with Country Results Frameworks (CRF)
- Provide opportunities for country stakeholders to exchange experiences and ideas with other countries in the region
- Set in motion the strengthening of cross-government coordination, especially ensuring the engagement of Finance and Planning Ministries as well as involvement of private sector, civil society

and development partners

The DFA methodology, first developed by UNDP, is a practical tool for diagnosis and action assessing opportunities and constraints for integrating development finance concerns within the national and sub-national planning and budgeting process; it aligns development financing with country results. This alignment is a difficult task that will demand time. Governments will need to face this task with realistic short-term and medium-term plans and phased implementation approaches that can deliver incremental improvements to correctly manage overall expectations about this important outcome.

DFAs provide finance and planning ministries with data and analysis on the changing trends in development finance and provoke dialogue on how institutions and systems might be adjusted to ensure that development finance is delivered in a coherent way across Government, and in support of nationally defined development results. The DFA analytical framework is built upon four key pillars:

1) Assessment of the Country Results Frameworks and its Financial Implications

The DFA focuses on the potential means to finance the country's national development priorities. These priorities may be formulated in National Development Strategies, in SDG Action Plans or similar documents. The DFA analyses the quality of the results framework associated with them; how it functions in practice, the linkages between sector and national plans and the extent to which multiple stakeholders are involved in the planning and monitoring process. It is central to find out if there are economic estimates associated with the results framework and if these estimates are translated into Medium Term Expenditure Frameworks or other types of financial projections. An overall question for the agencies dealing with development planning and finance is whether there is a results oriented culture in the respective organisations. Options for improving the national results framework are provided.

2) Development Finance Flow Mapping and Analysis

Development finance flows are analysed according to two main categories: by source (domestic/external) and distinguishing them by public or private nature. A list of the main flows according to the classification proposed is shown in the table below. The order in the list of flows presented in each quadrant also shows an initial prioritisation that is a resultant of the prioritisations observed in previous DFA studies. For each flow, DFAs analyse sector allocation and –where applicable– by level of government (national and sub-national). The DFA identifies untapped sources of development finance the country may access in the near term and may also find duplications and overlapping sources that might be useful to take into account. This analysis will recommend institutional, policy development and coordination solutions to improve the future evolution of each of the selected flows.

3) Prospective analysis of selected flows and main recommendations

DFAs will outline and discuss scenarios for the evolution of a prioritized list of development finance flows in the next 5-10 years. The study will assess the feasibility and capacity to generate additional resources in the next 5-10 years and their capacity to contribute to future public expenditure and finance demands. The projections will show in quantitative terms the potential impact of the implementation of the recommendations proposed before in the future evolution of these flows. When possible the DFA is also going to check how responsive the system is to shocks of various kinds

4) Roadmap for Implementation

A roadmap to support the government to: (i) implement the main outcomes of the DFA analysis; (ii) visualise the next logical and feasible steps to develop an Integrated National Financing Framework (INFF) and, if needed (iii) to identify the basis for a INFF development support programme.

The elements of the roadmap will surface during the work on the first three pillars above. They will be addressed in both formal and informal discussions among stakeholders. Formally through discussions with the Oversight Team or other consultation mechanisms available in the country, informally via non-planned talks among stakeholders, such as informal dialogues with providers of funds like Development Partners or with private sector associations. In this way, the DFA will generate realistic opportunities for strengthening the country's financial and results frameworks, both in the technical, policy and political arena.

Those involved with the DFA – assessment team and other stakeholders – will get into contact with managers

and organisations, and will assess procedures and laws. All of these can either promote or block desired changes. Finding ways how to best deal with these elements is a recurrent topic of attention throughout the DFA; creating a 'Roadmap for Change' needs time and would benefit from true ownership from all involved in the implementation. However, this has to be a very carefully balanced exercise. The DFAs will have to work with information that is reserved and in many cases considered confidential and analyse critical aspects of the government institutional and coordination mechanisms that are usually very sensitive. This can only happen if the analysis is perceived as an internal exercise and not an open consultation with all types of stakeholders. Therefore, the government must be at the lead and decide on how to balance the positive benefits of a wider consultation with the negative effects that it could bring for the assessment.

Table 1: Proposed Categorisation of Finance Flows and Initial Prioritisation for their Study

	Public	Private
External	<ul style="list-style-type: none"> ▪ ODA grants and loans ▪ Public borrowing from k-markets ▪ South-South and Triangular corporation ▪ Climate related finance ▪ INGO donations (in-budget) ▪ Vertical funds (GFATM and GAVI) ▪ Other official flows (OOFs) 	<ul style="list-style-type: none"> ▪ Foreign Direct Investment (FDI) ▪ Overseas remittances ▪ INGO donations (df-budget) ▪ Private borrowing from k-markets
Domestic	<ul style="list-style-type: none"> ▪ Tax revenues ▪ Non tax revenues ▪ Public private partnerships ▪ Mineral related taxation ▪ Public domestic borrowing ▪ Sovereign wealth funds 	<ul style="list-style-type: none"> ▪ Private borrowing ▪ Inclusive business finance ▪ Domestic philanthropy and NGOs ▪ CSR linked to development

C. Scope of Work

The DFA process consists of three phases; (i) DFA preparatory phase, (ii) DFA main work phase and (iii) DFA validation phase. Key outputs in each phase are described in the Table 2.

Table 2: Key milestones for the DFA work in Mozambique

Phase	Key outputs
DFA preparatory phase (April - May 2016)	<ul style="list-style-type: none"> ▪ General objectives of DFA presented to the key stakeholders during the launching event ▪ Finalize proposal of scope and methodology of DFA ▪ Establishment of the Oversight Team (OT), incl. defining the role and responsibilities of OT ▪ Recruitment of national consultant for DFA ▪ Definitive work plan of DFA team (incl. tasks, frequency of meetings and

	<p>timeframe of operation, etc.)</p> <ul style="list-style-type: none"> ▪ Develop coordination mechanism of DFA among key stakeholders ▪ Scope, outputs and methodology of DFA are endorsed by OT
DFA main work phase (May - July 2016)	<ul style="list-style-type: none"> ▪ Analysis of relevant public finance assessments in Mozambique (PFM, CPEIR, etc.) and create linkage with DFA ▪ General data collection and analysis (formal and informal) ▪ Economic and social background analysis ▪ Finance flow data collection and financial flow analysis ▪ Stakeholder mapping and interviews ▪ 1st draft of DFA presented to OT
DFA validation phase (August - September 2016)	<ul style="list-style-type: none"> ▪ Feedback from OT for further refinement of DFA ▪ Final DFA presented to OT for endorsement ▪ Feedback and corrections to DFA ▪ Endorsement of the general roadmap for DFA implementation ▪ Translation of DFA to English ▪ Summary of DFA (for communication purposes) ▪ Dissemination and publication of DFA report

D. Duties and Responsibilities

The local consultant plays an assistant role for international consultant who will lead the whole process of DFA in Mozambique. Together with the international consultant, the consultant shall deliver the following key outputs;

Deliverables	Target due date	Review/Approval required by
1. Presentation of DFA concept note to stakeholders during the DFA launching event in Mozambique	1 week from the contract date	UNDP
2. Final proposal of scope and methodology of DFA (to be endorsed by OT)	2 nd week from the contract date	UNDP
3. Definitive work plan of the DFA team	4 th week from the contract date	UNDP
4. Initial draft of DFA results presented to OT	14 th week from the contract date	UNDP
5. Final draft of DFA results	16 th week from the contract date	UNDP
6. DFA summary and findings presented to the stakeholders during validation workshop	18 th week from the contract	UNDP

More specifically, the duties and responsibilities of the local consultant are on data collection and analysis to be incorporated into DFA results. The definitive work plan for the local consultant will be determined during the DFA preparatory phase (i.e. more detailed instruction will be provided by the international consultant) but key items are anticipated as follows;

(i) **Produce individual flow analysis fiches to analyse domestic and external finance flows:** This will be the main focus of the local consultant's work. The analysis will cover a range of domestic finance flows (tax and non-tax revenues, Public-Private partnerships, mineral related taxation, public domestic borrowing, sovereign wealth funds) and external (ODA grants and loans, public borrowing from capital markets, south-south and triangular cooperation, climate-related finance, INGO donations, vertical funds, other official flows, foreign direct investment, overseas remittances, private borrowing from capital markets). For each flow the consultant will produce a comprehensive 'Flow Analysis Fiche', which includes specific requirements for the analysis of:

- The relevance of each of these flows in financing development goals (i.e. how can these flows be assessed in terms of their development effectiveness) and how easy/hard it is for the government to align them with national priorities;
- Institutional and policy context governing and affecting the development of the flow (institutional arrangements, policies in place, coordination, etc.);
- Analysis of recent flow evolution (last 10 years according to pre-established data series);
- Main characteristics of the flow in the country context: sector allocation, and – where applicable – by level of government (national and sub-national), government priorities for it; and
- Other relevant characteristics of the flow in the country context (off-on budget, volatility, concessionality, flexibility of use, predictability, etc.).

The information provided in each Flow Analysis Fiche should have strict academic references of the studies quoted in the analysis, including precise references for all documents quoted and separate tables with all numerical data (and their sources) used for developing charts and tables. The local consultant will deliver the flow fiches and a databank folder containing all the documents and numeric data used in the study.

(ii) **Produce inputs to support analysis Mozambique's socio economic and political context:** The study will focus on macroeconomic, social and political development, including progress on MDGs, human development and governance indicators relevant to understand some of the factors driving the evolution of the development finance landscape at country level.

- Macroeconomic context: Analyse macroeconomic and social outlook showing key general challenges and opportunities (as stated in available specialised studies).
- National development strategies and plans: Assessment of national development plans, quality of their costing, evolution and status of national/sector planning. Review existing systems and procedures for monitoring the achievement of national development results and their relative performance in achieving them. Assessment of the performance of the institutions that have a role in this process and opportunities to strengthen their capacity.
- Relation between national planning and budgeting: An overview of the existing decision making process for translating national plans into budget allocations and expenditures. An overview of the budgeting and planning process of the country under review and the institutional arrangements for coordination of national development policy formulation and budget submissions. Analyse how broad/narrow is the fiscal/financial planning system (yearly, multi-year) and the scoping of all available sources to finance for the national development strategies and plans. Assessment of the performance of the institutions that have a role in this process and opportunities to strengthen their capacity.
- Progress on MDGs and readiness for the SDGs: Key successes and failures of the national planning system; accomplishment (or not) of the expected targets, (especially focusing on progress achieved on MDGs and human development). Overall development effectiveness performance, and

differences by sector. Expected challenges that the country will have to face to meet the SDGs and to monitor progress.

- (iii) **Produce inputs to analyse public domestic finance:** The local consultant will support the analysis of public sector expenditure review (e.g. PER, PEEF) and attempt to gather evidence to describe the main areas that governments could explore.

E. Institutional Arrangement

- The local consultant works under direct supervision of UNDP Mozambique Economic and Policy Advisory Team ("EPAT"), and shall report the progress of the work on a weekly basis to EPAT.
- The local consultant conducts data collection and analysis under the guidance of the international consultant, of which definitive work will be determined during the DFA preparatory phase.
- It is vital that the local consultant closely work with the national government and institutions in Mozambique. With regards to national context, the Ministry of Economy and Finance (MEF) is the lead institution for this assessment.
- Other important structure of DFA work with which the consultant needs to interact is the Oversight Team (OT). The constitution of a formal OT is an important aspect to consolidate the government's leadership and governance role in the assessment process. The members of the OT should be drawn from the leading government entity in the assessment, which is MEF, and from other government institutions that should have an active participation in the study. The members of the OT will be determined and confirmed during/after the DFA launching event.
- The work of the DFA technical team should be supervised by a member of the OT who will act as Focal Point (FP) of the OT. The FP will provide the essential functions to the OT such as supporting the assessment timetable and meetings schedule facilitating the assessment team to arrange meetings with the right people and accessing relevant data.
- UNDP provides space for work in the UNDP Mozambique office during the consultancy work in Mozambique, as the case may be. However, the consultant shall be responsible to prepare any other equipment required for consultancy work, which include information and communication equipment such as PC, telephone, and mobile.

F. Duration of the Work

The consultancy work is expected to start from 18th April and complete by 12th August on the condition that the assignment completed with acceptance of final output by UNDP. The total working day is estimated at 60 working days.

G. Duty Station

Maputo, Mozambique

H. Competencies

1) Corporate Competencies:

- Demonstrate integrity and ethical standards
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability
- Treats all people fairly without favouritism

- Promote the vision, mission and strategic goal of UNDP

2) Functional Competencies:

- Effective team player, with good communication and inter-personal skills
- Has ability to communicate clearly and present coherent and well-founded arguments
- Demonstrates openness to change, responds positively to feedback and different point of view
- Excellent communication skills including presentations, networking and interpersonal skills
- Has ability to synthesize large amounts of information into succinct written reports
- Proven experience in writing, editing and proof reading
- Strong analytical skills

I. Qualifications and Experience

1) Education:

- Master degree or equivalent advanced degree in economics, public finance, public policy and administration, international relations, development studies or related field

2) Work Experience:

- Minimum of 5 years of relevant professional work experience with track record of research analysis
- Research experience in the areas of public finance, budget review and public expenditure review are required
- Sound grasp of substantive policy issues in the public finance field
- Excellent knowledge of data collection, analysis and statistics tool are essential
- Advanced quantitative and econometric skills and experience with related data analysis tools are an advantage

3) Language

- Proficiency of Portuguese and English is required

J. Payments

- 1) Applicant must propose the amount, all-inclusive, that is required to complete the assignment to deliver the final deliverables. Such an amount shall be fixed regardless of changes in the cost components, which applicant estimates at the time of submission of "the Letter of Confirmation of Interest".
- 2) If travels are required for the preparation and the research purpose during the assignment, planned travel schedule must be included in the initial proposal and the cost related to such a travel needs to be incorporated in the proposed amount.
- 3) UNDP pays the agreed amount to the successful applicant with the following payment schedule;

Deliverables	Percentage of the total amount	Payment timing
Final proposal of scope and methodology of DFA	20%	Within 14 business days after the deliverables approved by UNDP

Initial draft of DFA results	40%	Within 14 business days after the deliverables approved by UNDP
Final draft of DFA results	40%	Within 14 business days after the deliverables approved by UNDP

K. Required Documents for Submission

In order to comply with uniformity of selection process, all applicants are requested to submit following documents;

- 1) Letter of Confirmation of Interest and Availability using the template provided by UNDP.
- 2) Personal CV or P11 form (Annex 3 attached herewith) indicating all past experience from similar projects, as well as the contact details and at least three (3) professional references.
- 3) Brief description of why the applicant considers her/himself as the most suitable for the assignment
- 4) Brief description of methodology on how to approach and complete the assignment.
- 5) Financial Proposal that indicates the all-inclusive fixed total contract price.

L. Criteria for Selection of the Best Offer

Applicant is requested to provide his/her consultant fee. Applications will be evaluated based on UNDP's cumulative analysis method. The selection criteria is based on combined scoring method, where qualifications and work plan proposal will be weighted of 50%, and combined with the price offer which is weighted of 50%. Interview will be conducted for shortlisted applicant, as the case may be.

Criteria	Weight	Max point
1 Technical	70%	100 (in total)
1.1 Qualifications		50 (in total)
- Relevant work experiences in the related field		20
- Solid academic background in the related field		15
- Competencies and languages required to deliver desired outputs		15
1.2 Work plan proposal		50 (in total)
- Proposal is designed in line with the scope of work specified in this ToR		30
- Feasibility of proposal to deliver outputs in line with the target due date		20
2 Financial	30%	100

M. Annexes

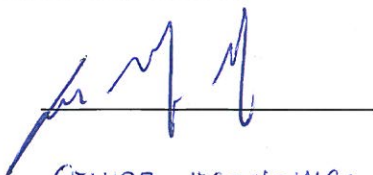
Annex 1: P11 form

Annex 2: Template of Letter of Confirmation of Interest and Availability

N. Approval

This TOR is approved by: Luca Monge Roffarello

Signature



Name and Designation

SENIOR ECONOMICS ADVISOR

Date of Signing

16-03-2016