



## INDIVIDUAL CONSULTANT PROCUREMENT NOTICE

Date: March 3, 2020

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**Description of the Assignment:** The consultants for Background Papers for Chapter 5 of the Regional Human Development Report will prepare a first and final draft of the chosen background paper, after approval of an annotated outline, and participate in both an intermediate and a final workshop in discussion of the drafts. They must also be available read and discuss other background papers in intermediate and final workshops during the work process. Consultants may choose to work closely with UNDP Country Office teams in preparation of the papers.

**Period of Assignment /Services:** 5 months.

Proposal should be submitted at the following email: [procurement.rblac.regionalhub@undp.org](mailto:procurement.rblac.regionalhub@undp.org),

**Subject: 17153 UNDP 2020 – Background Papers for Chapter 5 of the Regional Human Development Report** no later than **March 17, 2020 at 15:00 (UTC /GMT -5), time of New York, U.S.A.**

Any request for clarification must be sent in writing, or by standard electronic communication to the e-mail indicated above no later than March 10, 2020 at 15:00 (UTC /GMT -5), time of New York, U.S.A. Procurement Unit RSC LAC will respond by standard electronic mail and will send written copies of the response, including an explanation of the query without identifying the source of inquiry, to all consultants.

The procedures for the acquisition of services will be the ones indicated by the United Nations Development Program.

This process is directed only to one individual. Any proposal received by more than two individuals jointly or legal entity will be rejected. Likewise, will be rejected all the proposals from consultants involved in the elaboration of the present Terms of Reference.

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### 1. BACKGROUND, SUMMARY OF KEY FUNCTIONS, KEY RESULTS EXPECTED, COMPETENCIES AND QUALIFICATIONS.

For detailed information, please refer to Annex 1 – Terms of Reference.

## 2. DOCUMENTS TO BE INCLUDED WHEN SUBMITTING THE PROPOSALS

Interested individual consultants must submit the following documents (in PDF format) duly signed to demonstrate their qualifications:

**2.1 Proposal (in English):** A detailed proposal of the background paper contents *in the form of an annotated outline*. The proposal must include a detailed description of the empirical evidence it will provide, specifying both the data sources and the empirical methodology that will be used, as well as the countries the analysis will cover. New evidence to be produced, if any, shall be specified.

**2.2 Financial Proposal (mandatory):** The standard **Letter of Confirmation of Interest and Availability** supported by a fee proposal in US dollars, which you must sign and submit to UNDP. Please refer to **Annex 2**. The financial proposal shall specify a total lump sum amount.

**2.4 Beneficiary:** Personal information as name, address, ID, phone number of a beneficiary in case of death during the consultancy. Documents to certify this info will be required in case you were selected for the consultancy.

**2.5 Curriculum Vitae** of the consultant.

**Take note: Email size should not exceed 4 MB.**

## 3. EVALUATION

Individual consultants will be evaluated based on the following methodology:

### Cumulative Analysis

When using this weighted scoring method, the award of the contract should be made to the individual consultant whose offer has been evaluated and determined as:

- a) Responsive/compliant/acceptable, and
- b) Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation.
  - \* Technical Criteria weight; 70%
  - \* Financial Criteria weight; 30%

Because researchers may propose to work simultaneously on two papers or more, scores will be computed based on the average cost per country-specific paper.

Only Candidates, who reach 70% of total score in the Technical evaluation, will be considered RESPONSIVE and will continue for the financial evaluation of proposals.

## **ANNEXES**

ANNEX 1 - TERMS OF REFERENCES (TOR);

ANNEX 2 - OFFEROR'S LETTER TO UNDP;

ANNEX 3 - MODEL OF INDIVIDUAL CONSULTANT CONTRACT & GENERAL CONDITIONS  
OF CONTRACTS FOR THE SERVICES OF INDIVIDUAL CONTRACTORS;

ANNEX 4 - EVALUATION CRITERIA.

<b>UNITED NATIONS DEVELOPMENT PROGRAMME</b> <b>REGIONAL BUREAU FOR LATIN AMERICA AND THE CARIBBEAN (RBLAC)</b>		
<b>TERMS OF REFERENCE</b>		
<b>A. GENERAL INFORMATION</b>		
Title:	Background Papers for Chapter 5 of the Regional Human Development Report.	
Type of contract:	Individual Contract.	
Director supervisor:	RBLAC Chief Economist.	
Section:	RBLAC SDG and Development Policy team.	
Duty station:	Home-based.	
Expected duration:	6 months.	
<b>B. BACKGROUND</b>		
<p>Persistent high inequality and poor growth performance are the distinctive features of Latin America and Caribbean. The Regional Human Development Report for Latin America and the Caribbean (RHDLAC) 2020 will propose that these are two related phenomena, and argue that to increase human development and, at the same time, accelerate growth, the Region needs to address the reasons behind the persistence of inequality. These reasons are more profound than deficiencies in the quality of education or in the design of fiscal systems and related to the Region's faulty institutions.</p> <p>The report will argue that the Region's is caught in a high-inequality low-growth trap as a result of a complex set of factors which, jointly considered, make it difficult for all individuals to have the same opportunity of enjoying a healthy, productive and full-filling life regardless of the circumstances of their birth or others over which they have no control. These factors have locked our societies in a bad equilibrium where segments of the population are systematically left behind and where transformative economic growth is elusive. These factors reinforce each other and self-perpetuate, causing a vicious circle that is hard to break –thus a trap.</p> <p>Many factors trap the Region in its current predicament. The report will explore deeply three that, mutatis mutandis, are systemic: concentration of power; conflict and violence; and, paradoxically, poorly conceived redistributive policies. Each of these factors will be analysed from a dual perspective: their contribution to inequality, and their impact on productivity and economic growth. The report will pay special attention on the differential impact of these factors on women, in recognition that this is the largest population group still left behind</p>		

in many dimensions, and that this situation contributes to our societies' inequality and poor growth performance.

The fifth chapter will discuss concrete examples of policies that instead of contributing to the long-term reduction of inequality as they are supposed to, end up contributing to inefficient and fragmented welfare states, reduce productivity and, indirectly, contribute to the perpetuation of inequality as low income workers face very adverse conditions in the labour market. This line of argument is put forth by Santiago Levy (2008).

In a first section, the chapter will examine examples of labour and social insurance policies that arise as a promise of protection to workers -severance payments, health insurance, subsidized pensions, minimum wages. This section will discuss the quantitative evidence available about the impact of these policies on the behaviour of firms and workers, particularly in contexts where there is a large informal sector. It will also evaluate the trade-offs between reduced inequality and social benefits, on one hand; and diminished opportunities for firm development and worker advancement, on the other hand.

In a second section, the chapter will examine examples of seemingly redistributive fiscal policies that hurt growth and, in doing so, indirectly hurt workers by reducing their opportunities for finding better jobs, particularly low-income ones. These include special tax systems for micro and small firms, exemptions and special regimes in the value added tax, payroll taxes conceived to finance social programs -skills training and others-, as well as unconditional monetary or non-monetary transfers to households. As in the previous case, this section will discuss the empirical evidence available on the impact of these policies on inequality and how they contribute to shaping inefficient welfare states and to resource misallocations that lower productivity.

A final section will reflect on the lessons from the previous sections and discuss them in the light of their impact on productivity and economic growth.

Analytical evidence to shape this chapter will be obtained through the commission of **a set of country-specific background papers** that will provide (1) examples of labor and social insurance policies that arise as a promise of protection to workers and revise the quantitative evidence available, or provide new quantitative evidence, about the impact of these policies on the behavior of firms and workers, particularly in contexts where there is a large informal sector and (2) examples of seemingly redistributive fiscal policies that hurt growth and, in doing so, indirectly hurt workers by reducing their opportunities for finding better jobs, particularly low-income ones. These include special tax systems for micro and small firms, exemptions and special regimes in the value added tax, payroll taxes conceived to finance social programs -skills training and others-, as well as unconditional monetary or non-monetary transfers to households. These papers will discuss the empirical evidence available on the impact of these policies on inequality and how they contribute to shaping inefficient welfare states and to resource misallocations that lower productivity.

Detailed guidelines for background paper are provided in Annex 5.

Research evidence from a country or subset of countries is welcome and proposals covering countries of Central America and the Caribbean region are encouraged.

### C. SCOPE OF WORK

The researcher will have the following responsibilities:

- Prepare a first and final draft of the chosen background paper, that may be produced working closely with the team of the UNDP country office. Text shall be presented in Word using style specifications from RBLAC. Figures and tables included in the text shall be also presented in an Excel file using style specifications from RBLAC;
- Participate in a workshop with peers and country office teams to discuss work progress (to be held on the third week of March in Buenos Aires);
- Participate in an intermediate workshop with peers to discuss first draft (to be held on the first week of May 2020 – place to be defined);
- Participate in a final workshop with peers to present final draft (to be held on June 2020 in Bogotá).

#### **D. EXPECTED KEY RESULTS AND PAYMENT**

- Background paper to be used in preparation of the RHDR 2020, with due credit given to the author(s). Paper will be made available to the corresponding UNDP country office to be circulated as part of a National Human Development Report or other form of UNDP report, with due credit given to the author(s).

#### **E. INSTITUTIONAL ARRANGEMENTS**

- Direct supervisor: RBLAC Chief Economist.

#### **F. SCOPE OF BID PRICE AND SCHEDULE OF PAYMENTS**

- Researcher will be required to submit a fee proposal for the preparation of a background paper. The same researcher may submit a proposal to prepare background papers for more than one country, if agreeing to working closely with one or more UNDP country office. He or she will submit only one fee proposal;
- Payment schedule: 30% upon receipt of revised annotated outline(s) (after receiving reactions from UNDP to initial version(s)); 30% at completion of first draft(s) and participation in intermediate workshop; 40% upon approval of final draft(s) by UNDP RBLAC Chief Economist and participation in final workshop.

#### **G. RECRUITMENT QUALIFICATIONS**

**Academic Background:**

- Ph.D. degree in Economics.

**General Experience:**

- Minimum of 3 years of experience in academia /research institutions;
- Solid track record on the research and study of the topics of Chapter 5 of the RHDR.

**Required Languages:**

- Excellent oral and written communication skills in English.

**H. RECOMMENDED PRESENTATION OF PROPOSAL AND OTHER RELEVANT INFORMATION**

In order to be considered, the researcher must submit:

- A detailed proposal of the background paper(s) contents in the form of an **annotated outline**. The proposal must include a detailed description of the empirical evidence it will provide, specifying both the data sources and the empirical methodology that will be used. New evidence to be produced, if any, shall be specified. Researchers proposing to work on more than one background paper may submit one common annotated outline that will later be adapted to be country specific.
- His or her curriculum vitae;
- A fee proposal in US dollars.

**OFFEROR'S LETTER TO UNDP  
CONFIRMING INTEREST AND AVAILABILITY  
FOR THE INDIVIDUAL CONTRACTOR (IC) ASSIGNMENT**

Date \_\_\_\_\_

*Dear Sir/Madam*  
United Nations Development Programme  
*Regional Centre for Latin America and the Caribbean*

Dear Sir/Madam:

I hereby declare that:

- a) I have read, understood and hereby accept the Terms of Reference describing the duties and responsibilities of **17153 RSC 2019 – Background Papers for Chapter 5 of the Regional Human Development Report;**
- b) I have also read, understood and hereby accept UNDP's General Conditions of Contract for the Services of the Individual Contractors;
- c) I hereby propose my services and I confirm my interest in performing the assignment through the submission of my CV or Personal History Form (P11) which I have duly signed and attached hereto as Annex 1;
- d) I hereby propose the following payment rate:

☐

A lump-sum fee of \_\_\_\_\_ in US dollars *[state amount in words and in numbers]*;  
**PLEASE NOTE THAT THE LUMP-SUM FEE STATED IN THIS SECTION SHOULD BE IDENTICAL TO THAT DECLARED ON THE TABLE BELOW OF BREAKDOWN OF COSTS**

- e) For your evaluation, the breakdown of the abovementioned all-inclusive amount is attached hereto as Annex 2;
- f) I recognize that the payment of the abovementioned amounts due to me shall be based on my delivery of outputs within the timeframe of specified in the TORs, that will be sent to me if I am included in the Roster, which shall be subject to UNDP's review, acceptance and payment certification procedures;
- g) This offer shall remain valid for a total period of \_\_\_\_\_ days *[minimum of 90 days]* after the submission deadline;
- h) I confirm that I have no first degree relative (mother, father, son, daughter, spouse/partner, brother or sister) currently employed with any UN agency or office *[disclose the name of the relative, the UN office employing the relative, and the relationship if, any such relationship exists]*;



i) If I am selected for this assignment, I shall: *[pls. check the appropriate box]*

- ☐ Sign an Individual Contract with UNDP;
- ☐ Request my employer *[state name of company/organization/institution]* to sign with UNDP a Reimbursable Loan Agreement (RLA), for and on my behalf. The contact person and details of my employer for this purpose are as follows:
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j) I hereby confirm that: *[check all that applies]*

- ☐ At the time of this submission, I have no active Individual Contract or any form of engagement with any Business Unit of UNDP;
- ☐ I am currently engaged with UNDP and/or other entities for the following work:

Assignment	Contract Type	UNDP Business Unit / Name of Institution/Company	Contract Duration	Contract Amount

- ☐ I am also anticipating conclusion of the following work from UNDP and/or other entities for which I have submitted a proposal:

Assignment	Contract Type	Name of Institution/ Company	Contract Duration	Contract Amount

- k) I fully understand and recognize that UNDP is not bound to accept this proposal, and I also understand and accept that I shall bear all costs associated with its preparation and submission and that UNDP will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the selection process;
- l) ***If you are a former staff member of the United Nations recently separated, pls. add this section to your letter:*** I hereby confirm that I have complied with the minimum break in service required before I can be eligible for an Individual Contract;
- m) I also fully understand that, if I am engaged as an Individual Contractor, I have no expectations nor entitlements whatsoever to be re-instated or re-employed as a staff member.

Full Name and Signature:

Date Signed:

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**Annexes:** [pls. check all that applies]

☐ CV or Duly signed P11 Form

☐ Breakdown of Costs (lump-sum fee)

**Important Note:** Please submit this form duly signed.

**A. Breakdown of Cost by Components**

Cost Components	Lump-sum fee (US Dollars)
Professional fee	
Data collection (if applicable)	
Other costs (specify)	
Institutional overhead (if applicable)	
<b>Total Lump-sum fee</b>	

## UNITED NATIONS DEVELOPMENT PROGRAMME



## Contract for the Services of an Individual Contractor

No \_\_\_\_\_

This Contract is entered into on [insert date] between the United Nations Development Programme (hereinafter referred to as "UNDP") and \_\_\_\_\_ (hereinafter referred to as "the Individual Contractor") whose address is \_\_\_\_\_.

WHEREAS UNDP desires to engage the services of the Individual Contractor on the terms and conditions hereinafter set forth, and:

WHEREAS the Individual Contractor is ready and willing to accept this Contract with UNDP on the said terms and conditions, NOW, THEREFORE, the Parties hereby agree as follows:

**1. Nature of services**

The Individual Contractor shall perform the services as described in the Terms of References which form an integral part of this Contract and are attached hereto as *Annex I* in the following Duty Station(s):

\_\_\_\_\_.

**2. Duration**

This Individual Contract shall commence on [insert date], and shall expire upon satisfactory completion of the services described in the Terms of Reference mentioned above, but not later than [insert date], unless sooner terminated in accordance with the terms of this Contract. This Contract is subject to the General Conditions of Contract for Individual contractors which are available on UNDP website at [www.undp.org/procurement](http://www.undp.org/procurement) and are attached hereto as [Annex II](#).

**3. Consideration**

As full consideration for the services performed by the Individual Contractor under the terms of this Contract, including, unless otherwise specified, his/her travel to and from the Duty Station(s), any other travel required in the fulfillment of the Terms of Reference in Annex I, and living expenses in the Duty Station(s), UNDP shall pay the Individual Contractor a total of [currency] ----- in accordance with the table set forth below<sup>1</sup>. Payments shall be made following certification by UNDP that the services related to each Deliverable, as described below, have been satisfactorily performed and the Deliverables have been achieved by or before the due dates specified below, if any.

DELIVERABLE	DUE DATE	AMOUNT IN [CURRENCY]

If unforeseen travel outside the Duty Station not required by the Terms of Reference is requested by UNDP, and upon prior written agreement, such travel shall be at UNDP's expense and the Individual Contractor shall receive a *per diem* not to exceed United Nations daily subsistence allowance rate in such other location(s).

Where two currencies are involved, the rate of exchange shall be the official rate applied by the United Nations on the day the UNDP instructs its bank to effect the payment(s).

**4. Rights and Obligations of the Individual contractor**

The rights and obligations of the Individual Contractor are strictly limited to the terms and conditions of this Contract, including its Annexes. Accordingly, the Individual Contractor shall not be entitled to any benefit, payment, subsidy, compensation or entitlement, except as expressly provided in this Contract. The Individual Contractor shall be solely liable for claims by third parties arising from the Individual Contractor's own acts or omissions in the course of performing this

Contract, and under no circumstances shall UNDP be held liable for such claims by third parties.

#### **5. Beneficiary**

The Individual Contractor selects \_\_\_\_\_ as beneficiary of any amounts owed under this Contract in the event of death of the Individual Contractor while performing services hereunder. This includes the payment of any service-incurred liability insurance attributable to the performance of the services for UNDP.

Mailing address, email address and phone number of beneficiary:

\_\_\_\_\_  
\_\_\_\_\_

Mailing address, email address and phone number of emergency contact (if different from beneficiary):

\_\_\_\_\_

IN WITNESS WHEREOF, the Parties hereto have executed this Contract.

By signing below, I, the Individual Contractor, acknowledge and agree that I have read and accept the terms of this Contract, including the General Conditions of Contracts for Individual contractors available on UNDP website at [www.undp.org/procurement](http://www.undp.org/procurement) and attached hereto in Annex II which form an integral part of this Contract, and that I have read and understood, and agree to abide by the standards of conduct set forth in the Secretary-General's bulletins ST/SGB/2003/13 of 9 October 2003, entitled "Special Measures for Protection from Sexual Exploitation and Sexual Abuse" and ST/SGB/2002/9 of 18 June 2002, entitled "Regulations Governing the Status, Basic Rights and Duties of Officials other than Secretariat Officials, and Experts on Mission".

☐ The Individual Contractor has submitted a Statement of Good Health and confirmation of immunization.

**AUTHORIZING OFFICER:**  
**United Nations Development Programme**

**INDIVIDUAL CONTRACTOR:**

Name; \_\_\_\_\_

Name; \_\_\_\_\_

Signature; \_\_\_\_\_

Signature; \_\_\_\_\_

Date; \_\_\_\_\_

Date; \_\_\_\_\_

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<sup>1</sup> For payments which are not output-based lump sum, indicate the maximum number of working days/hours/units, any out of pocket expense (travel, per diem...) and the corresponding fee/cost in the Deliverable (s) table.

# **UNITED NATIONS DEVELOPMENT PROGRAMME**

## **GENERAL CONDITIONS OF CONTRACTS FOR THE SERVICES OF INDIVIDUAL CONTRACTORS**

### **1. LEGAL STATUS**

The Individual contractor shall have the legal status of an independent contractor vis-à-vis the United Nations Development Programme (UNDP), and shall not be regarded, for any purposes, as being either a “staff member” of UNDP, under the UN’ Staff Regulations and Rules, or an “official” of UNDP, for purposes of the Convention on the Privileges and Immunities of the United Nations, adopted by the General Assembly of the United Nations on 13 February 1946.

Accordingly, nothing within or relating to the Individual Contract shall establish the relationship of employer and employee, or of principal and agent, between UNDP and the Individual contractor. The officials, representatives, employees or subcontractors of UNDP and of the Individual contractor, if any, shall not be considered in any respect as being the employees or agents of the other, and UNDP and the Individual contractor shall be solely responsible for all claims arising out of or relating to its engagement of such persons or entities.

### **2. STANDARDS OF CONDUCT**

In General: The Individual contractor shall neither seek nor accept instructions from any authority external to UNDP in connection with the performance of its obligations under the Individual Contract. Should any authority external to UNDP seek to impose any instructions on the Individual Contract regarding the Individual contractor’s performance under the Individual Contract, the Individual contractor shall promptly notify UNDP and shall provide all reasonable assistance required by UNDP. The Individual contractor shall not take any action in respect of its performance of the Individual Contract or otherwise related to its obligations under the Individual Contract that may adversely affect the interests of UNDP, and the Individual contractor shall perform its obligations under the Individual Contract with the fullest regard to the interests of UNDP. The Individual contractor warrants that it has not and shall not offer any direct or indirect benefit arising from or related to the performance of the Individual Contract or the award thereof to any representative, official, employee or other agent of UNDP. The Individual contractor shall comply with all laws, ordinances, rules and regulations bearing upon the performance of its obligations under the Individual Contract. In the performance of the Individual Contract the Individual contractor shall comply with the standards of conduct set in the Secretary General’s Bulletin ST/SGB/2002/9 of 18 June 2002, entitled “Regulations Governing the Status, Basic Rights and Duties of Officials other than Secretariat Officials, and Expert on Mission”.

The individual contractor must comply with all Security Directives issued by UNDP. Failure to comply with such security directives is grounds for termination of the Individual contractor for cause.

Prohibition of Sexual Exploitation and Abuse: In the performance of the Individual Contract, the Individual contractor shall comply with the standards of conduct set forth in the Secretary-General’s bulletin ST/SGB/2003/13 of 9 October 2003, concerning “Special measures for protection from sexual exploitation and sexual abuse”. In particular, the Individual contractor shall not engage in any conduct that would constitute sexual exploitation or sexual abuse, as defined in that bulletin.

The Individual contractor acknowledges and agrees that any breach of any of the provisions hereof shall constitute a breach of an essential term of the Individual Contract, and, in addition to any other legal rights or remedies available to any person, shall give rise to grounds for termination of the Individual Contract. In addition, nothing herein shall limit the right of UNDP to refer any alleged breach of the foregoing standards of conduct to the relevant national authorities for appropriate legal action.

### **3. TITLE RIGHTS, COPYRIGHTS, PATENTS AND OTHER PROPRIETARY RIGHTS**

Title to any equipment and supplies that may be furnished by UNDP to the Individual contractor for the performance of any obligations under the Individual Contract shall rest with UNDP, and any such equipment shall be returned to UNDP at the conclusion of the Individual Contract or when no longer needed by the Individual contractor. Such equipment, when returned to UNDP, shall be in the same condition as when delivered to the Individual contractor, subject to normal wear and tear, and the Individual contractor shall be liable to compensate UNDP for any damage or degradation of the equipment that is beyond normal wear and tear.

UNDP shall be entitled to all intellectual property and other proprietary rights, including, but not limited to, patents, copyrights and trademarks, with regard to products, processes, inventions, ideas, know-how or documents and other materials which the Individual contractor has developed for UNDP under the Individual Contract and which bear a direct

relation to or are produced or prepared or collected in consequence of, or during the course of, the performance of the Individual Contract, and the Individual contractor acknowledges and agrees that such products, documents and other materials constitute works made for hire for UNDP.

However, to the extent that any such intellectual property or other proprietary rights consist of any intellectual property or other proprietary rights of the Individual contractor: (a) that pre-existed the performance by the Individual contractor of its obligations under the Individual Contract, or (b) that the Individual contractor may develop or acquire, or may have developed or acquired, independently of the performance of its obligations under the Individual Contract, UNDP does not and shall not claim any ownership interest thereto, and the Individual contractor grants to UNDP a perpetual license to use such intellectual property or other proprietary right solely for the purposes of and in accordance with the requirements of the Contract. At the request of UNDP, the Individual contractor shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring or licensing them to UNDP in compliance with the requirements of the applicable law and of the Individual Contract. Subject to the foregoing provisions, all maps, drawings, photographs, mosaics, plans, reports, estimates, recommendations, documents and all other data compiled by or received by the Individual contractor under the Individual Contract shall be the property of UNDP, shall be made available for use or inspection by UNDP at reasonable times and in reasonable places, shall be treated as confidential and shall be delivered only to UNDP authorized officials on completion of work under the Individual Contract.

#### **4. CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION**

Information and data that are considered proprietary by either UNDP or the Individual contractor or that are delivered or disclosed by one of them ("Discloser") to the other ("Recipient") during the course of performance of the Individual Contract, and that are designated as confidential ("Information"), shall be held in confidence and shall be handled as follows. The Recipient of such Information shall use the same care and discretion to avoid disclosure, publication or dissemination of the Discloser's Information as it uses with its own similar information that it does not wish to disclose, publish or disseminate, and the Recipient may otherwise use the Discloser's Information solely for the purpose for which it was disclosed.

The Recipient may disclose confidential Information to any other party with the Discloser's prior written consent, as well as to the Recipient's employees, officials, representatives and agents who have a need to know such confidential Information solely for purposes of performing obligations under the Individual Contract. Subject to and without any waiver of the privileges and immunities of UNDP, the Individual contractor may disclose Information to the extent required by law, *provided that* the Individual contractor will give UNDP sufficient prior notice of a request for the disclosure of Information in order to allow UNDP to have a reasonable opportunity to take protective measures or such other action as may be appropriate before any such disclosure is made. UNDP may disclose Information to the extent as required pursuant to the Charter of the United Nations, resolutions or regulations of the General Assembly or its other governing bodies, or rules promulgated by the Secretary-General. The Recipient shall not be precluded from disclosing Information that is obtained by the Recipient from a third party without restriction, is disclosed by the Discloser to a third party without any obligation of confidentiality, is previously known by the Recipient, or at any time is developed by the Recipient completely independently of any disclosures hereunder. These obligations and restrictions of confidentiality shall be effective during the term of the Individual Contract, including any extension thereof, and, unless otherwise provided in the Individual Contract, shall remain effective following any termination of the Individual Contract.

#### **5. TRAVEL, MEDICAL CLEARANCE AND SERVICE-INCURRED DEATH, INJURY OR ILLNESS**

If the Individual contractor is required by UNDP to travel beyond commuting distance from the Individual contractor's usual place of residence, and upon prior written agreement, such travel shall be at the expense of UNDP. Such travel shall be at economy fare when by air.

UNDP may require the Individual contractor to submit a Statement of Good Health from a recognized physician prior to commencement of work in any offices or premises of UNDP or before engaging in any travel required by UNDP or connected with the performance of the Individual Contract. The Individual contractor shall provide such a Statement of Good Health as soon as practicable following such request, and prior to engaging in any such travel, and the Individual contractor warrants the accuracy of any such Statement, including, but not limited to, confirmation that the Individual contractor has been fully informed regarding the requirements for inoculations for the country or countries to which travel may be authorized.

In the event of the death, injury or illness of the Individual contractor which is attributable to the performance of services on behalf of UNDP under the terms of the Individual Contract while the Individual contractor is traveling at UNDP expense or is performing any services under the Individual Contract in any offices or premises of UNDP, the Individual contractor or

the Individual contractor's dependents, as appropriate, shall be entitled to compensation equivalent to that provided under the UNDP insurance policy, available upon request.

#### **6. PROHIBITION ON ASSIGNMENT; MODIFICATIONS**

The Individual contractor may not assign, delegate, transfer, pledge or make any other disposition of the Individual Contract, of any part thereof, or of any of the rights, claims or obligations under the Individual Contract except with the prior written authorization of UNDP, and any attempt to do so shall be null and void. The terms or conditions of any supplemental undertakings, licenses or other forms of Individual Contract concerning any goods or services to be provided under the Individual Contract shall not be valid and enforceable against UNDP nor in any way shall constitute an Individual Contract by UNDP thereto, unless any such undertakings, licenses or other forms of Individual Contract are the subject of a valid written undertaking by UNDP.

No modification or change in the Individual Contract shall be valid and enforceable against UNDP unless provided by means of a valid written amendment to the Individual Contract signed by the Individual contractor and an authorized official or appropriate contracting authority of UNDP.

#### **7. SUBCONTRACTORS**

In the event that the Individual contractor requires the services of subcontractors to perform any obligations under the Individual Contract, the Individual contractor shall obtain the prior written approval of UNDP for any such subcontractors. UNDP may, in its sole discretion, reject any proposed subcontractor or require such subcontractor's removal without having to give any justification therefore, and such rejection shall not entitle the Individual contractor to claim any delays in the performance, or to assert any excuses for the non-performance, of any of its obligations under the Individual Contract. The Individual contractor shall be solely responsible for all services and obligations performed by its subcontractors. The terms of any subcontract shall be subject to, and shall be construed in a manner that is fully in accordance with, all of the terms and conditions of the Individual Contract.

#### **8. USE OF NAME, EMBLEM OR OFFICIAL SEAL OF THE UNITED NATIONS**

The Individual contractor shall not advertise or otherwise make public for purposes of commercial advantage or goodwill that it has a contractual relationship with UNDP, nor shall the Individual contractor, in any manner whatsoever, use the name, emblem or official seal of UNDP, or any abbreviation of the name of UNDP, in connection with its business or otherwise without the written permission of UNDP.

#### **9. INDEMNIFICATION**

The Individual contractor shall indemnify, defend, and hold and save harmless UNDP, and its officials, agents and employees, from and against all suits, proceedings, claims, demands, losses and liability of any kind or nature, including, but not limited to, all litigation costs and expenses, attorney's fees, settlement payments and damages, based on, arising from, or relating to: (a) allegations or claims that the use by UNDP of any patented device, any copyrighted material or any other goods or services provided to UNDP for its use under the terms of the Individual Contract, in whole or in part, separately or in combination, constitutes an infringement of any patent, copyright, trademark or other intellectual property right of any third party; or (b) any acts or omissions of the Individual contractor, or of any subcontractor or anyone directly or indirectly employed by them in the performance of the Individual Contract, which give rise to legal liability to anyone not a party to the Individual Contract, including, without limitation, claims and liability in the nature of a claim for workers' compensation.

#### **10. INSURANCE**

The Individual contractor shall pay UNDP promptly for all loss, destruction or damage to the property of UNDP caused by the Individual contractor, or of any subcontractor, or anyone directly or indirectly employed by them in the performance of the Individual Contract. The Individual contractor shall be solely responsible for taking out and for maintaining adequate insurance required to meet any of its obligations under the Individual Contract, as well as for arranging, at the Individual contractor's sole expense, such life, health and other forms of insurance as the Individual contractor may consider to be appropriate to cover the period during which the Individual contractor provides services under the Individual Contract. The Individual contractor acknowledges and agrees that none of the insurance arrangements the Individual contractor may make shall, in any way, be construed to limit the Individual contractor's liability arising under or relating to the Individual Contract.

#### **11. ENCUMBRANCES AND LIENS**

The Individual contractor shall not cause or permit any lien, attachment or other encumbrance by any person to be placed

on file or to remain on file in any public office or on file with UNDP against any monies due to the Individual contractor or to become due for any work done or against any goods supplied or materials furnished under the Individual Contract, or by reason of any other claim or demand against the Individual contractor.

## **12. FORCE MAJEURE; OTHER CHANGES IN CONDITIONS**

In the event of and as soon as possible after the occurrence of any cause constituting *force majeure*, the Individual contractor shall give notice and full particulars in writing to UNDP of such occurrence or cause if the Individual contractor is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under the Individual Contract. The Individual contractor shall also notify UNDP of any other changes in conditions or the occurrence of any event, which interferes or threatens to interfere with its performance of the Individual Contract. Not more than fifteen (15) days following the provision of such notice of *force majeure* or other changes in conditions or occurrence, the Individual contractor shall also submit a statement to UNDP of estimated expenditures that will likely be incurred for the duration of the change in conditions or the event. On receipt of the notice or notices required hereunder, UNDP shall take such action as it considers, in its sole discretion, to be appropriate or necessary in the circumstances, including the granting to the Individual contractor of a reasonable extension of time in which to perform any obligations under the Individual Contract. If the Individual contractor is rendered permanently unable, wholly or in part, by reason of *force majeure* to perform its obligations and meet its responsibilities under the Individual Contract, UNDP shall have the right to suspend or terminate the Individual Contract on the same terms and conditions as are provided for below, under "Termination", except that the period of notice shall be five (5) days instead of any other period of notice. In any case, UNDP shall be entitled to consider the Individual contractor permanently unable to perform its obligations under the Individual Contract in the case of the Individual contractor's suffering any period of suspension in excess of thirty (30) days.

*Force majeure* as used herein means any unforeseeable and irresistible act of nature, any act of war (whether declared or not), invasion, revolution, insurrection, or any other acts of a similar nature or force, *provided that* such acts arise from causes beyond the control and without the fault or negligence of the Individual contractor. The Individual contractor acknowledges and agrees that, with respect to any obligations under the Individual Contract that the Individual contractor must perform in or for any areas in which UNDP is engaged in, preparing to engage in, or disengaging from any peacekeeping, humanitarian or similar operations, any delay or failure to perform such obligations arising from or relating to harsh conditions within such areas or to any incidents of civil unrest occurring in such areas shall not, in and of itself, constitute *force majeure* under the Individual Contract.

## **13. TERMINATION**

Either party may terminate the Individual Contract, in whole or in part, upon giving written notice to the other party. The period of notice shall be five (5) days in the case of Individual Contracts for a total period of less than two (2) months and fourteen (14) days in the case of contracts for a longer period. The initiation of conciliation or arbitral proceedings, as provided below, shall not be deemed to be a "cause" for or otherwise to be in itself a termination of the Individual Contract. UNDP may, without prejudice to any other right or remedy available to it, terminate the Individual Contract forthwith in the event that: (a) the Individual contractor is adjudged bankrupt, or is Article II, section 7, of the Convention on the Privileges and Immunities of the United Nations provides, *inter alia*, that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs restrictions, duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognize the exemptions of the United Nations from such taxes, restrictions, duties or charges, the Individual contractor shall immediately consult with UNDP to determine a mutually acceptable procedure. UNDP shall have no liability for taxes, duties or other similar charges payable by the Individual contractor in respect of any amounts paid to the Individual contractor under this Individual Contract, and the Individual contractor acknowledges that UNDP will not issue any statements of earnings to the Individual contractor in respect of any such payments.

liquidated, or becomes insolvent, applies for moratorium or stay on any payment or repayment obligations, or applies to be declared insolvent; (b) the Individual contractor is granted a moratorium or a stay or is declared insolvent; the Individual contractor makes an assignment for the benefit of one or more of its creditors; (c) a Receiver is appointed on account of the insolvency of the Individual contractor; (d) the Individual contractor offers a settlement in lieu of bankruptcy or receivership; or (e) UNDP reasonably determines that the Individual contractor has become subject to a materially adverse change in its financial condition that threatens to endanger or otherwise substantially affect the ability of the Individual contractor to perform any of its obligations under the Individual Contract.

In the event of any termination of the Individual Contract, upon receipt of notice of termination by UNDP, the Individual



contractor shall, except as may be directed by UNDP in the notice of termination or otherwise in writing: (a) take immediate steps to bring the performance of any obligations under the Individual Contract to a close in a prompt and orderly manner, and in doing so, reduce expenses to a minimum; (b) refrain from undertaking any further or additional commitments under the Individual Contract as of and following the date of receipt of such notice;

(c) deliver all completed or partially completed plans, drawings, information and other property that, if the Individual Contract had been completed, would be required to be furnished to UNDP thereunder; (d) complete performance of the work not terminated; and (e) take any other action that may be necessary, or that UNDP may direct in writing, for the protection and preservation of any property, whether tangible or intangible, related to the Individual Contract that is in the possession of the Individual contractor and in which UNDP has or may be reasonably expected to acquire an interest.

In the event of any termination of the Individual Contract, UNDP shall only be liable to pay the Individual contractor compensation on a *pro rata* basis for no more than the actual amount of work performed to the satisfaction of UNDP in accordance with the requirements of the Individual Contract. Additional costs incurred by UNDP resulting from the termination of the Individual Contract by the Individual contractor may be withheld from any amount otherwise due to the Individual contractor from UNDP.

#### **14. NON-EXCLUSIVITY**

UNDP shall have no obligation respecting, and no limitations on, its right to obtain goods of the same kind, quality and quantity, or to obtain any services of the kind described in the Individual Contract, from any other source at any time.

#### **15. TAXATION**

Article II, section 7, of the Convention on the Privileges and Immunities of the United Nations provides, *inter alia*, that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs restrictions, duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognize the exemptions of the United Nations from such taxes, restrictions, duties or charges, the Individual contractor shall immediately consult with UNDP to determine a mutually acceptable procedure. UNDP shall have no liability for taxes, duties or other similar charges payable by the Individual contractor in respect of any amounts paid to the Individual contractor under this Contract, and the Individual contractor acknowledges that UNDP will not issue any statements of earnings to the Individual contractor in respect of any such payments.

#### **16. AUDIT AND INVESTIGATION**

Each invoice paid by UNDP shall be subject to a post-payment audit by auditors, whether internal or external, of UNDP or by other authorized and qualified agents of UNDP at any time during the term of the Individual Contract and for a period of two (2) years following the expiration or prior termination of the Individual Contract. UNDP shall be entitled to a refund from the Individual contractor for any amounts shown by such audits to have been paid by UNDP other than in accordance with the terms and conditions of the Individual Contract.

The Individual contractor acknowledges and agrees that, from time to time, UNDP may conduct investigations relating to any aspect of the Individual Contract or the award thereof, the obligations performed under the Individual Contract, and the operations of the Individual contractor generally relating to performance of the Individual Contract. The right of UNDP to conduct an investigation and the Individual contractor's obligation to comply with such an investigation shall not lapse upon expiration or prior termination of the Individual Contract. The Individual contractor shall provide its full and timely cooperation with any such inspections, post-payment audits or investigations. Such cooperation shall include, but shall not be limited to, the Individual contractor's obligation to make available its personnel and any relevant documentation for such purposes at reasonable times and on reasonable conditions and to grant to UNDP access to the Individual contractor's premises at reasonable times and on reasonable conditions in connection with such access to the Individual contractor's personnel and relevant documentation. The Individual contractor shall require its agents, including, but not limited to, the Individual contractor's attorneys, accountants or other advisers, to reasonably cooperate with any inspections, post-payment audits or investigations carried out by UNDP hereunder.

#### **17. SETTLEMENT OF DISPUTES**

*Amicable Settlement:* UNDP and the Individual contractor shall use their best efforts to amicably settle any dispute, controversy or claim arising out of the Individual Contract or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the

Conciliation Rules then obtaining of the United Nations Commission on International Trade Law ("UNCITRAL"), or according to such other procedure as may be agreed between the parties in writing.

*Arbitration:* Any dispute, controversy or claim between the parties arising out of the Individual Contract, or the breach, termination, or invalidity thereof, unless settled amicably, as provided above, shall be referred by either of the parties to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The decisions of the arbitral tribunal shall be based on general principles of international commercial law. For all evidentiary questions, the arbitral tribunal shall be guided by the Supplementary Rules Governing the Presentation and Reception of Evidence in International Commercial Arbitration of the International Bar Association, 28 May 1983 edition. The arbitral tribunal shall be empowered to order the return or destruction of goods or any property, whether tangible or intangible, or of any confidential information provided under the Individual Contract, order the termination of the Individual Contract, or order that any other protective measures be taken with respect to the goods, services or any other property, whether tangible or intangible, or of any confidential information provided under the Individual Contract, as appropriate, all in accordance with the authority of the arbitral tribunal pursuant to Article 26 ("Interim Measures of Protection") and Article 32 ("Form and Effect of the Award") of the UNCITRAL Arbitration Rules. The arbitral tribunal shall have no authority to award punitive damages. In addition, unless otherwise expressly provided in the Individual Contract, the arbitral tribunal shall have no authority to award interest in excess of the London Inter-Bank Offered Rate ("LIBOR") then prevailing, and any such interest shall be simple interest only. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute, controversy or claim.

#### **18. LIMITATION ON ACTIONS:**

Except with respect to any indemnification obligations in Article 7, above, or as are otherwise set forth in the Individual Contract, any arbitral proceedings in accordance with Article 17 above, arising out of the Individual Contract must be commenced within three years after the cause of action has accrued.

The Parties further acknowledge and agree that, for these purposes, a cause of action shall accrue when the breach actually occurs, or, in the case of latent defects, when the injured Party knew or should have known all of the essential elements of the cause of action, or in the case of a breach of warranty, when tender of delivery is made, except that, if a warranty extends to future performance of the goods or any process or system and the discovery of the breach consequently must await the time when such goods or other process or system is ready to perform in accordance with the requirements of the Individual Contract, the cause of action accrues when such time of future performance actually begins.

#### **19. PRIVILEGES AND IMMUNITIES**

Nothing in or relating to the Individual Contract shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including its subsidiary organs.

## EVALUATION MATRIX

The technical and financial aspects of every proposal submitted will be evaluated using the following matrix:

<b>TECHNICAL EVALUATION</b>	<b>MAXIMUM SCORE</b>
<b>Quality of the Proposal</b>	
<ul style="list-style-type: none"> <li>Annotated outline submitted fulfils expectations for background paper:               <ul style="list-style-type: none"> <li>100% - 100 points</li> <li>75% - 75 points</li> <li>50% - 50 points</li> <li>25% or less -25 points or less</li> </ul> </li> </ul>	100
<b>Capacity Building</b>	
<ul style="list-style-type: none"> <li>Choice to collaborate with one or more UNDP country office during work process.</li> </ul>	100
<b>Academic Background</b>	
<ul style="list-style-type: none"> <li>Ph.D. degree in Economics, or related social sciences fields.</li> </ul>	20
<b>General Experience</b>	
<ul style="list-style-type: none"> <li>Minimum of 3 years of experience in academia /research institutions.</li> </ul>	20
<ul style="list-style-type: none"> <li>Solid track record on issues pertinent to the topics of the background paper to be prepared, as shown by publications and work experience.</li> </ul>	20
<ul style="list-style-type: none"> <li>Specific experience and exposure to the Latin America and the Caribbean region</li> </ul>	20
<b>Required Languages</b>	
<ul style="list-style-type: none"> <li>Excellent oral and written communication skills in Spanish and English.</li> </ul>	20
<b>TOTAL SCORE</b>	<b>300</b>

## FINANCIAL EVALUATION OF PROPOSALS

The maximum number of points assigned to the financial proposal is allocated to the lowest price proposal (daily rate offered). All other price proposals receive points in inverse proportion.

$$p = y (\mu/z)$$

Where:

p = points for the financial proposal being evaluated

y = maximum number of points for the financial proposal

$\mu$  = price of the lowest priced proposal

z = price of the proposal being evaluated

Financial proposals to produce more than one country-specific background paper will be evaluated based on the average price per paper.

## TEMPLATE TO GUIDE FOR BACKGROUND PAPER

This template is meant to serve as a guide for the analysis of countries' labor regulations and social insurance systems and some aspects of their tax systems as they relate to inequality and the opportunities that low-income workers face in the labor market. Many labor, social insurance and tax policies are motivated by an attempt to improve the distribution of income through various channels: minimum wage laws, special tax regimes for small firms, exemptions to consumption or value added taxes, labor protections against dismissal, and a mix of contributory and non-contributory health, pension, day care and related programs. The objective of this chapter is to assess the extent to which these programs, jointly considered, contribute to lower income inequality; and whether in so doing they may inadvertently generate misallocations that lower productivity and growth, reducing the opportunities that low-income workers have to find better jobs, and partly nullifying their intended distributional objectives.

It is clear that there are many conceptual and empirical challenges to make such an assessment. The analysis in this chapter is not meant to be definitive or exhaustive. Many other policies not contemplated here are also relevant (credit, competition, trade regime, and so on), and even the policies considered here interact in complex and not fully understood ways. Nevertheless, the analysis should hopefully identify (and quantify to the extent possible) the main mechanisms through which labor, social insurance and tax policies affect firms' and workers' behavior, impacting resource allocation and incomes.

Clearly, each country has its own specificities. The template should therefore be considered as a broad guideline, but in each case, it is necessary to exercise judgement as to what are the most relevant features, and the key transmission channels from the space of laws and regulations to the space of incomes and resource allocations. While we want to identify commonalities across countries, we need to be mindful that each country is different.

The template tries to serve as a guide to craft a picture of the impact of labor, social insurance and some tax regulations on income distribution and labor market opportunities. As mentioned, this is a complex task, and the expectation is not a full analysis. Rather, the idea is to put together such a picture based on a combination of: (i) description of the legal setting, (ii) use of descriptive statistics from employment surveys, national accounts, tax data, economic censuses and so on, (iii) use of available studies and reports from previous research, (iv) some additional research on specific issues/topics carried out in the context of this project and (v) "informed" interpretation based on economic analysis and the material described above. The template will be complemented by initial discussions before country-studies are undertaken, as well as mid-reviews of the work, as adjustments are made on the basis of data available and intermediate findings.

With regards to data, the analysis should be based on a combination of employment and household surveys, economic censuses, administrative data from tax and social security administrators, social development ministries and the national budget, together with legal texts. That said, available data will vary from country to country, and researchers will need to exercise judgement and interpretation based on knowledge of specific contexts, data and resources available, and time constraints. What is being sought is an overall assessment, not necessarily exact measurement of all relevant dimensions.

## 1. Legal and institutional setting

We are interested in a descriptive analysis of the country's constitution and laws as they relate to workers access to social insurance programs. Provide answers to the following questions: Are all workers treated the same way with respect to their rights /obligations /access to these programs? Are there any distinctions made between salaried and non-salaried workers, or between dependent and non-dependent workers, or between self-employed and other workers? Do the laws distinguish between public and private sector workers, or between rural and urban workers, or between workers working for firms of different sizes? What are the relevant legal distinctions, if any?

We are also interested in labor regulations pertaining to the hiring and firing of workers, and minimum wages. Analysis should be guided by the following questions. Are there laws with respect to the hiring and firing of workers? Do they cover all workers or only a subset (salaried, dependent, urban, in firms of some sizes, etc.)? Do workers have a right to unemployment insurance? All workers or only a subset? Are there laws on minimum wages? Do they apply to all workers or only to a subset?

## 2. Contributory social insurance programs (CSI) and payroll taxes

### *2.1 Relevant population, contribution rates and resources*

CSI programs are those that are financed mostly through wage-based contributions that are specifically earmarked for specific benefits. They usually include health insurance, and retirement and disability pensions. Some of them also include life insurance.

In some countries, there are also payroll taxes to finance skill training programs (e.g., Colombia), child-allowances (e.g., Argentina) or housing and day care (e.g., Mexico). Importantly, the benefits may be directly proportional to contributions (like when resources are channeled to individual pension accounts), or they can be pooled, like when resources are used for medical benefits or training programs. The important thing is that in most cases only those that are contributing have rights to benefits (even if within them there may be some cross-subsidies).

In some countries, however, there may be additional payroll taxes –which are different from personal income taxes on workers– that are earmarked to fund benefits also available to those that are not contributing and are not used for general government revenues. In these cases, please specify and note any legal distinctions.

Are all workers obligated to be enrolled in CSI programs, including rural workers and self-employed individuals? Do they cover all workers associated with firms or only workers that have a salaried or a permanent contract? What happens to workers that are paid based on commissions, profit sharing, by piece rate or have only temporary contracts? What happens to workers that are part of a family firm, where all members are relatives of each other? What about domestic workers?

Provide a list of each CSI program and a table of the legally mandated contribution rates by workers and by firms. Note that in some countries there are also contributions by the government; in such cases, these should be noted as well. Provide also a table of the amounts collected for these programs expressed as a proportion of GDP.

Are all CSI programs bundled together, or can workers choose which they contribute to and which they do not (e.g., save for pension but not buy health insurance)? Are the contribution rates the same for all workers regardless of wage or income level, or do these contributions vary? Provide a table.

Describe briefly the service providers of the main programs, with emphasis on health and retirement pensions

(although in some countries there may be additional programs that are relevant). Who provides health services for workers enrolled in contributory programs? Are they provided by a separate institution from those that are not covered? Are services provided by private firms but funded from wage-based contributions, or by public institutions?

Describe briefly the retirement pension regime (defined benefit PAYG versus defined contribution). Are there government resources for pensions? Are these for workers currently in the labor force, or for retired workers? Provide data on public resources for pensions as a share of GDP. Is there any data on the distribution of these resources by income levels? Is there data on how many workers are expected to receive a contributory pension when they retire given the requirements of a certain number of years of contribution to qualify for a pension?

## *2.2 Coverage and enforcement*

What share of the labor force is covered by CSI programs? Provide information on coverage by rural /urban composition, by income levels and, if possible, by gender. To the extent that data is available, provide a time-series of coverage.

Are there large discrepancies between the population that is covered versus the population that is legally mandated to be covered? Differently put, what do we know of the extent of evasion? What do we know about enforcement? Does it vary by firm size? By size of city or urban /rural dimension?

## *2.3 Valuation of benefits*

Assume that the contribution rate for all contributory programs is  $t$  and the wage paid is  $w$ , so that  $(w + t)$  is the amount that must be internalized in any contract between workers and firms obligated by the laws regulating CSI. (We ignore incidence at this point but see below.) An important question is the value that workers attach to the benefits derived from  $t$ . This question is complex because  $t$  incorporates a bundle of present and future benefits (e.g., health services and retirement pensions), because some benefits are in kind and some are pecuniary (e.g., day care and child allowances), and because the quality of the benefits may vary depending on location, preferences, and so on.

Are there any studies about the valuation of contributory social insurance programs? Is there evidence about the quality of the health benefits (there is /is not rationing, medicines are /are not available, facilities are close /far, ...)? Are there any studies about workers valuation of retirement pensions? (This may be influenced by the years of contributions required to qualify for a pension, by whether the system is actuarially fair or not, or whether it is PAYG or defined contribution, by the trust in the system, by workers' discount rates, by the fees paid when there are privately managed individual accounts, and so on...). If there are other programs aside from health and retirement pensions like day care or training, is there any evidence of how these programs are valued.

The objective is to make an overall judgement on the value attached to the bundle of contributory benefits, so as to determine whether relative to the total contribution rate  $t$ , there is an implicit tax or an implicit subsidy to holding a job with coverage of these benefits.

Note: in some countries, workers not obligated by the law to enroll in contributory programs may do so voluntarily, and this may indirectly provide some revealed preference information about valuation (although there is an issue of self-selection). Is there any data on voluntary contributions to social insurance programs?

## *2.4 Valuation/functioning of protections against dismissal*

Intimately related to the issue discussed above, it is important to assess to what extent the regulations on

dismissal serve to protect workers when they are laid-off, relative to the contingent costs paid by firms. Again, it is difficult to estimate this empirically, but a qualitative assessment may provide valuable information (and there may be some empirical studies at hand too). Are there any evidence/studies about the functioning of labor tribunals? Can workers collect severance pay?

### 3. Non-contributory social insurance programs, NCSI

#### *3.1 Identification*

NCSI programs are those offered to workers who are not covered by contributory programs and are usually financed directly from the government's budget. There is a grey line dividing NCSI programs from other social programs that also provide benefits to some segment of the population (like Conditional Cash Transfers). Conceptually, the dividing line should be the set of benefits that are targeted on all those workers who are not covered by CSI programs regardless of occupation, location or income level, versus those benefits that are based on some income or asset criteria usually used in targeted poverty programs. That said, it needs to be recognized that each country is different. In the end, the phenomenon that we are trying to capture can be described by answering the following question: what are the set of social benefits that are similar to those offered by CSI programs (health, pensions, day care, child allowances, etc.) that a worker can enjoy if he is not covered by CSI programs?

Describe any programs for health, retirement pensions, day care or others. Are these programs a legal entitlement? Who is covered and who is excluded? Are the criteria urban /rural or poor /non-poor or included /excluded from contributory programs? Are the criteria same for all programs or do they vary by program?

#### *3.2 Resources and coverage*

Provide a list of programs with estimates of the population covered and of the resources spent in each. Provide a time-series describing how resources and coverage have changed overtime. Make an assessment of the total resources devoted to these programs as a share of GDP and as a proportion of the earnings of workers of different income levels. Are these programs equally valuable for all workers or more valuable for low versus high income workers (or rural versus urban)?

(Note: the technical note by [Alaimo et al. 2018](#) is a useful guide to this discussion and provides some estimates.)

If there are any non-contributory health programs, who provides the services? The same institution /facilities where workers covered by contributory programs are attended? Are there differences in the level of benefits or quality of care?

If there are any non-contributory pensions, describe the population covered? Are they focused only on retired workers that do not have a contributory pension? Only rural workers or only poor workers? What is the amount of the pension and how does it compare with contributory pensions (assuming workers qualify for one)?

### 4. Description of some aspects of the tax regime

Tax regimes are very complex and vary country to country. We are interested here only in those aspects of the tax regime that are motivated by distributional considerations, and not a complete assessment. Even within this sub-set, there are a lot of taxes that matter, and judgement will need to be exercised to see which are the most important in each country. Broadly, countries may try to redistribute towards low income households by exemptions in consumption taxes (VAT or sales tax) for certain goods like foodstuffs, by negative personal income



taxes, or by special regimes for small firms. However, there may be other taxes that are relevant, and these should be discussed.

#### *4.1 Labor taxes*

Make a distinction, if relevant, between personal income taxes -including income tax withholdings- and payroll taxes. The former are taxes that are charged on all workers and used for general government expenditures. These taxes are usually partially or totally withheld by firms in the case of salaried or dependent workers, while workers that work on their own or in a non-salaried relation should pay directly. The latter are taxes that usually are only charged on salaried or dependent workers and may be ear-marked for some particular purpose.

Describe what are the relevant labor taxes. In parallel, describe and provide data if there are any sub-national taxes on labor, and describe whether it is the same for all type of employment or only for a sub-set.

With regards to personal income taxes, describe whether these taxes vary by type of employment or are the same for all. Describe any progressivity in the personal income tax schedule. Are these taxes collected in the same way for all workers, or some are withheld at the source and others self-declared? Is there any information on enforcement or evasion by type of employment or firm size?

Provide a table with the resources collected from labor and personal income taxes as a share of GDP, ideally by type of employment and by income level.

#### *4.2 Employment subsidies*

Describe as well whether there are any employment subsidies, and if so, the amounts as a share of wages and total amount as a share of GDP. Provide a description of how these subsidies operate. Are they channeled through firms as a credit against other taxes? Are they a direct government expenditure?

#### *4.3 Taxes on firms*

We are interested here in whether there are special regimes for small firms. If so, provide a description. Is there only one threshold or more? Do the rates vary a lot between regimes? Is the threshold by number of workers or by sales or revenues? Is there any evidence of a discontinuity in the after-tax function of firms as they expand?

Provide data of the resources collected from taxes on firms as a share of GDP according to the regime that firms belong to. Provide data on the number of firms /employments in each case.

In some countries, special tax regimes for small firms affect not only firm taxes, but also labor taxes and /or contributions to CSI. If this apply, please describe and provide data. In other countries, there are special regimes for the self-employed, that combine contributions to social insurance with labor taxes in a single payment; if so, please describe and provide data.

We are also interested in the enforcement of firm taxes, to the extent that it varies by firm size. Are there any relevant studies or data that could be used to make a broad assessment?

#### *4.4 Consumption taxes*

Describe whether there are sales or VA taxes, and the rates and amounts collected as a share of GDP. Describe any exemption regimes by type of good or region or other relevant dimension. Are there any studies that describe how the tax sacrifice made from those exemptions is distributed across income levels? If so, provide estimates as a share of GDP.

## 5. Labor market dynamics

The functioning of labor markets varies very much from country to country, as it depends not only on the social insurance and labor laws and institutions described above, but also on other factors not considered in this chapter. The interest here is on the relation between labor market dynamics and workers' access to jobs that are covered by CSI and regulations on dismissal programs, and workers access to jobs where they receive NCSI benefits (which in some countries may not exist).

### *5.1 Descriptive statistics*

Provide a time series of the composition of employment between workers covered by CSI and NCSI programs. Provide whatever data is available on the composition of workers by income levels, gender and rural /urban locations.

Provide some data to describe the share of workers covered by minimum wages, and any data that gives a sense of how binding the minimum wage is. What share of low-income workers are covered by minimum wage laws?

Available information on participation rates by gender, income or educational level is also useful.

### *5.2 Transits between CSI and NCSI coverage*

Provide any data on workers' flows across jobs covered by CSI and NCSI programs. Ideally, this would be panel data that follows individual workers throughout a period. This data is collected in the employment surveys carried out in some countries, but unfortunately not all. That said, an indirect way of capturing this phenomenon may be using the registries of the pension system. In the end, the objective is to determine how the dynamics of the labor market interact (in a two-way flow) with labor and social insurance laws to determine the efficacy of social insurance. If workers move between jobs covered by CSI and NCSI programs, then they only save for their pension part of the time they are working; depending on the quality and scope of CSI and NCSI health benefits, they sometimes may get better health services than other times; they may sometimes have access to training programs and sometimes not, etc.

Are there any studies of labor market dynamics? Can an assessment be made of the degree of segmentation/mobility on the labor market?

### *5.3 Evolution and other dimensions*

The functioning of the labor market also matters for the incidence of CSI contributions. Depending on the degree of mobility, these contributions may be shifted back to workers in the form of lower salaries. Are there any studies of the incidence of CSI contributions?

Provide a table /description of workers by coverage of CSI and NCSI benefits by income levels and, if possible, gender. Provide a time series of the same.

## 6. Putting it all together

It is difficult to provide a template for this section, as there are large variations between countries. In principle the objective here is to answer two questions. What is the impact of the tax, labor and social insurance policies on the distribution of income? What is the impact of the same policies on the incentives faced by firms and workers in the labor market, and how do these incentives affect employment opportunities for lower income workers?

[Levy \(2018, chapters 7 and 8\)](#) presents a case study for Mexico, but the analysis of other countries should be driven by their own specificities. These should be discussed in the kick-off workshop.

## REFERENCES

Alaimo, V. et al., 2018, “Subsidizing Informality? Non-contributory Public Spending in Latin America and the Caribbean”, Interamerican Development Bank, Technical Note, IDB-TN-1540.

Levy, S. 2018. “Under-Rewarded Efforts: The Elusive Quest for Prosperity in Mexico”, Interamerican Development Bank.