

Terms of Reference (TOR)

Prepare guidelines for *SDGs Budget/Program Coding*

Type	Individual Contract
Location:	Kathmandu, Nepal
Project:	Accelerating Implementation of Sustainable Development Goals in Nepal
Starting Date:	December 2020
Duration:	30 days spread over 60 days.

1. BACKGROUND

Government of Nepal (GoN) has committed to fulfil the SDGs by 2030. To this end, about 232 global indicators have been developed to monitor the progress made in the SDGs. However, the GoN has added 247 additional SDGs indicators making it in total 479 indicators of SDGs for regularly monitoring the progress and reporting it to the global communities. In implementation of the SDGs, the National Planning Commission (NPC) has prepared a national level SDGs baseline and road map report in 2017 entitled "Nepal Sustainable Development Goals: Status and Roadmap -2016-2030." This Report has set baseline data and also the indicators and targets to monitor the progress and achievements made in the SDGs at the national level. After the promulgation of new federal democratic and republic Constitution of Nepal, the state has been restructured into 753 municipalities, 77 districts and 7 provinces. The Constitution has made the local municipalities (Urban and rural) and the provinces responsible for most of the service delivery to the people. As a result, most of the SDGs related interventions will also take place as local and/or province level program activities.

The SDGs Needs Assessment, Costing and Financing Strategy Report has estimated about NPR 2025 billion investment requirement per year for SDG interventions and there is a need of effective and active involvements of various stakeholders from all three tiers of the government. Moreover, for effective implementations of SDGs, scale of costing and financing needs for SDGs interventions at all the three tiers of the governments, i.e., at the national government, provincial and local level government level has also been estimated.

Considering the effective implementation of SDGs and requirement of the involvements of various stakeholders at different tiers of government, it is necessary to tag the budget code for each of the project and programme of the federal, provincial, and local municipalities. To tag the budget code it is necessary to prepare SDG budget coding guidelines with appropriate methodology. This will help in establishing mechanism to report and monitor the physical and financial progress on SDGs responsive planning and budgeting at all levels of the government.

At present, the Government of Nepal has introduced SDG budget/program coding method in the national budget/program. The method currently adopted is based on program primary contributions to the respective SDG goals. The planning and budget unit of Ministry decide SDG code to enter in the Line Ministry Budget Information System (LMBIS) based on review of major objective of the annual program, nature of the program intervention and assessment of national SDG targets and indicators aligning with the proposed program. However, this has been broadly the mapping tool of the development program to understand public program alignment with SDGs goal. So far there is no systematic written guideline or guidance document that explain clearly on the adopted methodology or process to enter SDG code in the LMBIS system. There is no practice of writing justification note offline to substantiate the coding assigned to the program. This also means that the secondary contributions from public program to SDGs goal if any, from the program are not coded or recorded in the system.

In this context, technical support from individual consultant is envisaged for reviewing the presently adapted methodology and techniques for SDG based budget/program coding process adopted by the GoN, and to provide scientific base and robust technique (guidelines) for the budget/program, coding of SDGs, which could be used by the federal, provincial level as well as, local levels (municipalities) governments. This guidelines for budget/program coding will also help in the effective monitoring and evaluation, and for reporting of budget expenditure by the goals and targets of SDG. The exercise could be built on getting lessons from current practices of climate budget code, poverty code and gender budget coding. Recently, Ministry of Agriculture and Livestock Development¹ has introduced activity level climate budget coding guideline from program level. Some inference can be built to overall SDG coding based on this exercise as well.

The AISN Project supports the Government of Nepal in its commitment to implementing SDGs through NPC. One of the AISN objectives is to assist NPC and its constituencies to strengthen its capacity to assist federal, provincial and local level governments to prepare SDG responsive budget. The Project is expected to support NPC to prepare a SDG budget coding guidelines so that it could advise the same to all federal and sub-national governments as a reference. The guidelines is expected to facilitate all governments to tag SDG code in each of their budget/program funding. At the end, this will help the GoN to estimate which budget funding is supporting which SDGs and its targets. AISN is a joint initiative of the GoN and United Nations Development Program (UNDP) co-funded by European Union (EU).

RATIONALE OF THE STUDY

Nepal remains one of the few countries to have completed SDG baseline and SDG road map report, as well as set over 479 indicators, well ahead than many other countries in Asia, for global reporting. For accomplished impressive human development gains over the last two decades. However, having started from a very low base, Nepal still has a low human development status. The country aspires to emerge as an inclusive, equitable, and prosperous middle-income country by 2030 with the spirit of a welfare state. Nepal aims for sustainable poverty reduction and human development with low vulnerability and higher human security. The country has set the goal of graduating from LDC status by 2022. Of the three criteria for graduation — per capita gross national income (GNI), human assets and economic vulnerability —the country has already achieved two of them. However it is lagged behind in terms of GNI per capita. Furthermore, Nepal has to create enabling environment to implement Sustainable Development Goals (SDGs) for the inclusive long-term development of the country and to fulfil its SDGs commitments.

However, achieving SDGs is possible only when detail work out on the resources (human as well as capital resources) is done, as a strategic mechanism to use them properly and effectively. Implementation of SDGs requires huge resources in terms of trained human resources, sufficient budgetary provisions and institutional arrangements. Detail work out is needed to assess what resources are available, what are the gaps and how the gaps can be fulfilled, what are the opportunities, constraints and challenges in implementing the SDGs in Nepal.

The costing needs and financing strategy plan prepared by GoN has greatly help the government to properly monitor available financial resources to meet the SDGs targets, both internally and externally. Thus, Nepal needs a clearly illustrated guidelines for preparing SDGs based Budget/Program code on the national plan. The guidelines document also needs to be applicable and useful to all tiers of the governments complementing to the costing and financing strategy, and for monitoring of financial flows for SDGs implementation.

¹ MoALD Guideline on climate budget coding at the activity level- <https://s3-ap-southeast-1.amazonaws.com/prod-gov-agriculture/server-assets/publication-1558871878089-ceb58.pdf>

2. OBJECTIVES OF THE ASSIGNMENT

The main objective of this consultant service is to support the to prepare and operationalize SDG based budget/program code guidelines compatible with the existing national economic, budgetary and public finance management system.

Specific objectives of the study are as follows:

- a. To review international literature on the best practices adopted by other countries for fiscal budget/program coding framework for goal-wise allocation of fiscal budgets for SDGs sectors.
- b. To review and assess on the extent of integration of SDGs into budgetary processes of the GoN, then conduct a gap analysis to identify national challenge on making SDG- responsive budget and expenditure framework
- c. To assess and evaluate budget coding process compatible to all three tiers of the government (Federal, Province, and Municipalities), in relation to SDG based coding, implementations and documenting progress on status of SDGs in Nepal.
- d. To discuss with key stakeholders (NPC, MoF, line ministries and other government agencies etc.) on the existing practices adopted for SDGs based coding of budgets/programs and expenditure and understand ways to make practical reform in the system.
- e. Review previously prepared climate coding guidelines and proposed activity level coding procedures for SDGs in the LMBIS system or as appropriate.
- f. Evaluate and document adequacy and limitations of the present practices (systems) adopted for SDG budget coding process in Nepal.
- g. Assess and develop a strategy and a workable guideline for SDG budget coding (by each goals of SDGs) for all three tiers of the Governments (Federal, provincial, and local levels), and discuss the draft guidelines with key stakeholders in the country.

3. SCOPE OF WORK

The section below elaborates detailed scope of the work, activities to be implemented and responsibilities of the consultant.

- i. Literature review and key stakeholders' consultation
 - Review the budget preparation guidelines of the NPC and MoF
 - Review the Medium Term Expenditure Framework (MTEF)/annual development plan document and its process in the context of SDGs
 - Review periodic plan preparation guidelines of NPC
 - Review of international on-going good practices adopted on SDGs budget coding.
- ii. Review of related internal references on the topics and methodology adopted for making SDGs responsive budgeting in the country (by all tiers of the government).
- iii. Solicit information from key government officials related to SDG coding process such as budget and plan preparation process, expenditure reporting templates, auditing process, MTEF consideration of SDGs at all levels of Government etc,
- iv. Develop a scorecard/matrix that helps to understand which budget/program code reports to which SDG goal. This is in reference that certain programs would be contributing more than one SDG and thus need a weightage base for coding/reporting purpose.
- v. Prepare draft guidelines for review and discussions with various stakeholders including definition of key terminologies used in the guidelines.
- vi. Submit final guidelines after incorporating reviewers' feedback on the draft guidelines.

4. METHODOLOGY

The budget/program coding guidelines preparation task will be carried out through a desk review, consultations with key stakeholders involved in making SDG codes on fiscal budget of the government. This includes consultations with relevant federal level government officials and also with relevant provincial and local level government officials as required. The consultations with stakeholders and other officials include meeting with selected agencies/officials to ensure proposed system is compatible at all three tiers of the government (federal, provincial and municipalities, as well as, meeting with other relevant institutes/agencies and development partners working on the public finance management and/or budget formulation related public policy issues in Nepal. The consultant will make use of information from following sources as appropriate:

- All relevant secondary information sources, international literature on the topics of SDG budget coding and/or budget coding related studies, programme documents, internal review reports, programme files, budget formulation documents in Nepal, etc.
- Review and analyses existing process of climate, poverty and gender budget/program coding process including recent reforms in the methodology.
- Primary information sources including interviews, KII with selected officials working on SDG coding of budgets/programs in MOF, NPC, and in related offices in provinces, and local government units, as well.
- Triangulation of information with various key officials and stakeholders to allow for validation and discern discrepancies
- Documentation and synthesizing feedbacks and suggestions from the participants/experts at the consultation workshops on SDG coding of budgets.
- A detailed methodology and techniques of the study should be described in the inception report to be submitted by the selected candidate in the beginning of this assignment

5. DELIVERABLES

The specific deliverables are outlined below:

- a) An Inception report within 10 days of signing of award. This should include a detailed methodology and a time bound work plan with key deliverables in consultation with NPC /AISN project team.
- b) A Draft ‘SDG Coding of Budget/Program Guidelines’ applicable to all three tiers of the governments submitted to the AISN project, within 45 days of signing of the contract.
- c) A policy consultation workshop held at federal level to share the outcome of this assignment in order to gather policy feedback from stakeholders. NPC/AISN will organize workshop.
- d) A final guidelines on “**National SDG budget/program coding guidelines**” to NPC /AISN Project incorporating feedbacks of federal level workshops within 15 days of the workshop..

6. PAYMENT OF CONSULTING WORK

The payment schedule of this assignment will be as follows;

Stage of work of Consultant	Deliverables	Payment Schedule
i. Inception Report: with detailed study methodology and content of the assignment to be submitted by the consultant within a week (10 days) of contract signing	Acceptance of the Inception Report by NPC/AISN	20 % payment upon acceptance of the report.

ii. Submission of first draft of SDG budget coding guidelines (report) by the consultant within two months (45days) of contract signing.	Acceptance of draft guidelines by NPC/AISN	40 % payment upon acceptance of the draft report.
iii. Submission of final guideline documents by the consultant incorporating comments from stakeholders' consultation meeting within three months (60 days) of contract signing.	Approval of Draft Report by NPC/AISN	40 % payment upon acceptance of the final e guidelines Report.

7. COMPETENCIES AND EXPERIENCES

The consultant will have competency and demonstrated experience and expertise in undertaking this assignment. The consultant shall possess following qualifications:

Education

- At least Master's degree in economics or development economics, or applied economics, public finance management or in related subject areas. A Ph.D. degree on the related themes (subjects) is preferred.

Experience

- At least 15 years of general experience in the academia field or in policy research on economics or on development planning, with a focus on development policy analysis or economic policy evaluation research, as reflected through professional work experience.
- Specific skill of sound knowledge on budget preparation process and budget analysis of Nepal.
- Proven strong analytical skills in monetary policy and fiscal policy research related subject-areas in Nepal, with a proven publication record.
- Proven previous experience in working on similar kind of study on coding of budget framework of other sectors in Nepal or similar work in other countries will be given higher weightage while evaluating CV of the applicants.
- Demonstrated leadership, team building, and coordination skills, and association with national and international professional groups related to the work proposed.
- Proven good record of writing high level economic policy papers and policy report in English language, especially in drafting of economic policy research papers.
- Proven experience in leading project or of dealing with senior government officials for development of high-level policy analysis, and in dissemination of the policy outputs and research results with senior government officials and with other national/international agencies.

Competencies

- Excellent oral and written skills in English and Nepali with exceptional writing, communication and presentation skills.
- Ready to work independently, under tight deadlines;

8. WORKING ARRANGEMENTS

The consultant will work under the direct technical guidance of National Project Director (NPD), AISN project, and administrative supervision from UNDP Nepal Country Office. The consultant will work in close collaboration with AISN project team to administer the task in producing deliverables. The consultant in implementing the activities under its scope, shall demonstrate synergies with relevant

government agencies (federal, provincial and local) and UNDP and adopt strategy to complete the assignment within the given timeframe.

The consultant will be provided access to relevant information necessary for the execution of the tasks under this assignment. The consultant will be responsible for managing his/her own working station (i.e. laptop, internet, phone, printer/scanner etc. and must have access to a reliable internet connection).