## TERMS OF REFERENCE UNDP Bangkok Regional Hub

Position Title:	International Consultant - Public Finance Management and Disaster Risk			
	Management			
	(To develop a methodology for assessing local governments' disaster risk			
	reduction efforts and financing gaps, and identifies financing mechanisms)			
Type of Contract	International Individual Contractor			
Project Name:	Building resilience of local governments (Funding from regional			
	programme/TRAC 2021 (innovative finance) and Governance of Climate			
	Change project)			
Languages Required:	English			
Duration of Initial Contract:	45 working days (period: 10 <sup>th</sup> June – 31 <sup>st</sup> October 2021)			
Locations	Home-based			

## BACKGROUND

UNDP has supported 17 countries in the region to establish national disaster loss and damage accounting systems to monitor disasters (including those of climatic origin) and their impacts on populations and sectors. Typically, these national data systems capture the occurrences and impacts of disaster disaggregated at local levels. Through these data systems, countries can conduct analysis to identify the most severely affected areas for prioritizing and supporting disaster risk reduction (DRR) interventions. Also, the national disaster data systems have become an important source of data for the indicators of the Sendai Framework for Disaster Risk Reduction (SFDRR) and SDGs 1, 11, and 13. Loss and damage data will also allow countries to engage the insurance industry in developing risk transfer solutions, such as insurance, the development of which rely highly on risk data.<sup>1</sup>

Whilst these national loss and damage accounting systems support countries to better understand the disaggregated impacts of disasters, it is difficult to understand if the most impacted areas in a country are also provided with appropriate financing and budgetary allocations that can more effectively increase resilience and reduce vulnerability to future disasters. Such systems are also unable to disaggregate budgetary allocations according to the main elements of an integrated disaster risk management framework (i.e. prevention, preparedness, response, recovery and risk transfer), thereby failing to lend to meaningful analysis of resource allocation vis-à-vis risks actually faced across different hazards.

UNDP has also been providing support to countries in Asia Pacific on integrating climate change into the public financial management systems. It had started with a Climate Public Expenditure and Institutional Review (CPEIR) approach that provided a snapshot on expenditures and institutional architecture for climate change. Countries like Bangladesh, Cambodia, Nepal have taken considerable steps to embed climate change into their development budgetary and planning processes. Bangladesh and Indonesia are also making efforts to mainstream climate change at the local level and are also making necessary adjustments in the budget tagging systems to capture the expenditure information at the sub-national/ local level. The nature of assignment of responsibilities of local governments make it expedient that the local level planning is made more resilient by taking all risks including climate and disasters into consideration. The resource base also needs to be analysed vis the need for resilient planning and financing thereof.

However, the data on public expenditure on DRR is scarce in most countries. This is because countries' standard budget descriptions are not organized in a way that can help countries understand how the descriptions in their budget lines are relevant to and support DRR. Likewise, the development interventions with appropriate public budgets by the governments may be counted differently and not necessarily as DRR interventions. For example, construction of a dam is likely to be considered as a capital investment while it is likely to be a DRR expenditure considering that it might be contributing to a reduction in floods downstream. Where DRR expenditures are systematically accounted for, however, these show that significant amounts are spent on post-disaster response and recovery and while

<sup>&</sup>lt;sup>1</sup> See *GFDRR & WB (2014)* <u>Financial Protection Against Natural Disaster</u>s. E.g., Indonesia has established a fiscal risk management division within the ministry of finance tasked with the identification, quantification, disclosure, and management of fiscal risks associated with natural disasters... and provincial and municipal governments voluntarily insure critical public assets. Asian Development Bank, for example, has been focusing on climate risk adaptation in megacities and is currently developing disaster risk financing and insurance instruments at the city level in Indonesia, the Philippines, and Vietnam.

preparedness is only insufficiently resourced, and consideration for risk transfer is almost non-existent. The focus thus needs to shift to risk-resilient investments made now that reduce the impacts of future disasters can avoid costs in the long run.<sup>2</sup>

A methodology for Disaster Risk Management Public Expenditure and Institutional Review (DRM-PEIR) was adapted from the CPEIR and was piloted in few countries in Asia Pacific, i.e., Lao PDR, Cambodia, and Thailand.<sup>3</sup> But there is a lack of a systematic well-tested methodology which has been applied to derive useful analysis that can feed into policy planning and draw policymakers' attention to increase investment for reducing losses and damages from disasters. Recognizing that climate budget tagging initiatives vary depending on country circumstances, methodology adopted and the granularity and design of their budgetary systems and public financial management (PFM) processes, the approach will draw on lessons and experiences from different countries and allow for adaptation.<sup>4</sup>There is substantial evidence that climate and disasters have a disproportionate impact on women and poor. This includes the physical dislocation, livelihood opportunities, asset base for example livestock etc. While they are impacted positively and negatively by the development policies and plans at the central and provincial level but the impact of local governments is more pronounced. It is thus very important to address the vulnerability and risks at the local level and to adopt a more holistic and integrated approach to identification and tackling of multidimensional vulnerabilities and risks.<sup>5</sup>

It should be noted that UNDP is currently supporting pilot countries implement Social Innovation Platforms - SIP (at the sub-national level) that use systems approach for portfolios of integrated development solutions that are codesigned by local stakeholders and particularly most vulnerable populations. These SIPs help to test and develop new forms of collaboration between communities, local authorities and the private sector and attract public and private investments for socio-economic transformations at the sub-national level. The SIPS provide the opportunity to identify and promote inclusive risk informed investments in local infrastructure, services, livelihoods etc. by considering qualitative community-based assessment methods and quantitative technical risk assessments in parallel and the consideration of socio-economic well-being/resilience driven approaches.

## **OBJECTIVES**

This collaborative effort across NCE, DRR and SDG Finance (includes the governance of climate finance project), and SDG Localization Teams aims to contribute to supporting local governments to reduce disaster and climate risks by focusing on:

 The development of improved tools to help them to understand the relative effectiveness of their disaster and climate risk reduction efforts and to enhance the focus on preparedness and consideration for risk transfer. The initiative will develop a methodology that aims to review time-series disaster loss and damage data, climate change in local governments' budget allocations and actual public expenditures to support effective

<sup>&</sup>lt;sup>2</sup> See <u>Summary of the Asia-Pacific Disaster Report 2019</u>, according to which the additional investments required per year are lower than the average annual loss in 24 of the 26 countries in question and that for 16 countries, the additional investment required was even less than 50% of the average annual loss.

<sup>&</sup>lt;sup>3</sup> UNDP (2018) <u>DRM CPEIR for Lao PDR, Thailand, Viet Nam</u>

<sup>&</sup>lt;sup>4</sup> E.g., <u>ADB (2018) conference report on Risk-Informed Development using Disaster Risk Information for Resilience</u> points out that for Nicaragua, this includes specific guidelines for sector projects (road infrastructure, energy, water and sanitation, and housing). Other countries, such as Mexico, have developed tools to analyze disaster risk within specific projects to determine cost benefit. There are also advances in creating budget classifiers for DRR and CCA spending, including in Nicaragua and Peru. The <u>World Bank (2021) "Climate Change Budget Tagging: A Review of International Experience" EFI Insight-Governance</u> provides additional information. Most developing countries' tagging methodologies cover both adaptation and mitigation, though with much greater emphasis on adaptation, and DRR is considered differently. E.g., Honduras tags disaster risk reduction expenditures as a distinct category separate from adaptation, whereas Nicaragua has a separate tag for expenditures associated with climate- induced losses and damages, following the definition used by the UNFCCC Warsaw International Mechanism.

<sup>&</sup>lt;sup>5</sup> See UNDP (2016) <u>Risk Governance: Building Blocks for Resilient Development in the Pacific</u> which points out that the approach of adding risk issues to current development plans, policies and projects in order to 'risk proof" using a climate or risk lens, whilst valuable, does not always help strengthen the existing development system or question the social inequalities or vulnerabilities (i.e. root causes) that contribute to the risks. There is also concern that these approaches can fail to incorporate the experiences, perceptions and concerns of communities or other target audiences and in particular, their development priorities. Secondly, <u>Brian Walsh Stephane Hallegatte (2019) Measuring Natural Risks in the Philippines Socioeconomic Resilience and Wellbeing Losses</u> demonstrate how the three components conventionally considered (i.e., hazard, exposure, and vulnerability) predict asset losses, but not the capacity of affected populations to cope with and recover from these losses and promotes the use of a fourth component called socioeconomic resilience (the ratio of expected asset losses to wellbeing losses) which considers this.

DRR and CCA interventions at the local level across different sectors, including but not limited to health, education, water and sanitation, social security, agriculture, and others.

- 2. Pilot the initiative with selected local governments. Particular attention will be given to ensure that views and concerns of local communities, and vulnerable groups, in particular, are counted, and that future policies and investments are aligned/integrated in strategies and portfolios for local inclusive and sustainable development. This involves considering qualitative community-based assessment methods and quantitative technical risk assessments in parallel.
- 3. The methodology will then be used to assess the DRM-informed financing gaps for disaster and climate resilience at the local level, including through mechanisms to reduce fiscal impacts of disasters and consideration of innovative financing approaches.<sup>6</sup> Identify both public and private financing mechanisms that are available for local governments in order to enable them to better plan evidence-based and risk-informed DRR interventions and monitor progress.

The scale of total direct economic losses from the growing frequency of extreme climate events and disasters is significant and growing, and the business as usual scenario is not sustainable. For a start, the identification of financing gaps and opportunities will consider how the resources have been allocated across the five elements of an integrated disaster risk management framework (i.e. prevention, preparedness, response, recovery and risk transfer) and savings/fiscal space that can be leveraged from a greater focus on preparedness, risk-informed development approaches and risk-transfer Secondly, this calls for a consideration of a variety of approaches to mobilize financing, including use of innovative financing mechanisms, and innovative policy tools and financing approaches for managing intersecting risks and vulnerabilities in local development contexts.<sup>7</sup>

## **DUTIES AND RESPONSIBILITIES**

Under the direct supervision of the Disaster Risk Reduction and Recovery for Building Resilience Team (DRT), the SDG Finance Team, and the Local Governance Team (all under the BRH), the consultant will undertake the following:

- Provide a brief review of approaches adopted to date to propose a methodology for assessing the effectiveness
  of local governments' DRR efforts through analyzing time-series disaster loss and damage data and DRR and
  climate-related budget allocations and actual expenditures. Also look at the impact of climate and disaster on two
  select service delivery sources like health, water and sanitation, education.
- 2. Assess financing gaps for disaster and climate resilience and identify public and private financing and risk transfer mechanisms that are available for local governments.
- 3. Analyze the enabling conditions and barriers for including risk transfer and insurance solutions within the DRR efforts and their relevance to the existence and quality of loss and damage data.
- 4. Identify strategic entry points to align and implement the proposed methodology in the context of UNDP's work on Social Innovation Platforms and portfolios for socio-economic transformations at the sub-national level.
- 5. Develop terms of reference (TOR) for the recruitment of a national consultant and provide step-by-step guidance to national consultant(s) for the application of the developed methodology in Indonesia in at least two pilot local governments (tentatively Gorontalo and West Java).
- 6. Review the analyses and findings from the application of the methodology in the project country, and develop a final report which includes: estimates of disaster losses, estimation/simulation of savings from the adoption of risk-informed development approaches, the analysis of expenditures across the five elements of an integrated disaster risk management framework (i.e. prevention, preparedness, response, recovery and risk transfer) if possible, and analysis of the impacts on service delivery, the identification of financing mechanisms, and recommendations for the project countries.
- 7. Disseminate the methodology, lessons, and findings from the implementation through a knowledge sharing event with the countries in Asia-Pacific region.

<sup>&</sup>lt;sup>6</sup> In addition to greater focus on preventative actions, use of ex ante financing arrangements, use of contingent instruments (e.g., CAT DDO) and risk transfer including through disaster-risk insurance (e.g., parametric insurance, catastrophe bonds)

<sup>&</sup>lt;sup>7</sup> E.g., see The Nature Conservancy and UNDP for Environment and Climate Change Canada () <u>Innovative Finance For Resilient Coasts And</u> <u>Communities: a briefing paper</u>; Centre for Global Disaster Protection & Lloyd's of London and UK Aid (2018) <u>Innovative finance for resilient</u> <u>infrastructure Preliminary findings</u>;

#### **KEY DELIVERABLES**

Key Deliverables		Estimated days	Timeline
1.	A methodology for assessing local governments' disaster risk	10 days	31 July 2021
reduction efforts and financing gaps, and identifies appropriate			
	financing mechanisms		
2.	Terms of reference (TOR) for the recruitment of a national	25 days	30 September
	consultant, and step-by-step guidance for the process of		2021
	applying the methodology in the project country		
3.	The final report with analysis of gaps and recommendations for	10 days	20 October 2021
	the selected local governments (maximum 2 in the project		
	countries), and the knowledge sharing event		

#### INSTITUTIONAL ARRANGEMENT

The Individual Contractor will work under direct supervision of the Disaster Risk Reduction and Recovery for Building Resilience Team (DRT), the SDG Finance Team, and the Local Governance Team (all under the BRH) and will seek guidance from UNDP Country Offices (COs) in Indonesia in delivering outputs under this assignment.

#### **DURATION OF THE WORK**

This assignment is expected to start on 10<sup>th</sup> June 2021 and complete on 31<sup>st</sup> October 2021 (45 working days).

#### **DUTY STATION**

The assignment will be home-based.

#### **REQUIRED SKILLS AND EXPERIENCE**

#### **Educational Qualifications:**

• Minimum A Masters' Degree in public finance management, disaster risk management, climate change adaptation, environmental science, economics, public and business administration, or other related fields.

#### **Experience:**

- Minimum ten (10) years of professional work experience in:
  - Conducting research and/or implementing projects on public finance management in developing countries, preferably in Asia Pacific
  - Analyzing DRM and climate-related policy and providing advisory support to government stakeholders in developing countries, preferably in Asia Pacific
  - Experience on the public and private partnerships and financing analysis at the sub national and local government level
  - Demonstrated experience in formulation and implementation of policies and programmes related to disaster risk management and climate change; and
- Work experience in the Asia-Pacific region at the local government level is advantageous

#### Language requirements:

• Excellent English communication skills and writing skills.

#### **COMPETENCIES**

- Strong interpersonal and communication skills;
- Strong analytical, reporting and writing abilities skills;
- Openness to change and ability to receive/integrate feedback;
- Ability to plan, organize, implement and report on work;
- Ability to work under pressure and tight deadlines;
- Excellent presentation and facilitation skills;
- Positive, constructive attitude to work; and
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability.

### SCOPE OF PRICE PROPOSAL AND SCHEDULE OF PAYMENTS

The method of payment is output-based lump-sum scheme. The payments shall be released upon satisfactory submission of the required deliverables by or before the due dates, or as otherwise agreed with the Disaster Risk Reduction Team and SDG Finance Team. The required review time is between two to four weeks after submission of the final product. The payment will be made upon the completion of the project outputs/deliverables.

In the event of unforeseeable travel not anticipated in this ToR, payment of travel costs including tickets, lodging and terminal expenses should be agreed upon, between the respective business unit and the Individual Consultant, prior to travel and will be reimbursed at actual documented cost.

## Schedule of payments:

Key Deliverables		Payment %	Timeline
1.	A methodology for assessing local governments' disaster risk	First payment -	31 July 2021
	reduction efforts and financing gaps, and identifies appropriate	25%	
	financing mechanisms		
2.	Terms of reference (TOR) for the recruitment of a national	2 <sup>nd</sup> payment –	30 September
	consultant, and step-by-step guidance for the process of	25%	2021
	applying the methodology in the project country		
3.	The final report with analysis of gaps and recommendations for	Final Payment -	20 October 2021
	the selected local governments (maximum 2 in the project	50%	
	countries), and the knowledge sharing event		

## **EVALUATION OF CANDIDATES:**

Individual consultants will be evaluated based on the following methodology:

**Cumulative Analysis:** The candidates will be evaluated through Cumulative Analysis method. When using the weighted scoring method, the award of the contract will be made to the individual consultant whose offer has been evaluated and determined as:

- Responsive/compliant/acceptable; and
- Having received the highest score out of set of weighted combine technical evaluation of desk review and interview (70%), and financial criteria (30%). Financial score shall be computed as a ratio of the proposal being evaluated and the lowest priced proposal received by UNDP for the assignment.

## Technical Criteria for Evaluation – 70% (Maximum 70 points)

- Criteria 1: Minimum A Masters' Degree in public finance management, disaster risk management, climate change adaptation, environmental science, economics, public and business administration, or other related fields (Max 10 points)
- Criteria2: Minimum 10 years of experience in conducting research and/or implementing projects on public finance management in developing countries, preferably in Asia Pacific (Max 20 points)
- Criteria 3: Minimum 10 years of experience in formulating, implementing, and analyzing DRM and climaterelated policies and programmes, and providing advisory support to government stakeholders in developing countries, preferably in Asia Pacific – (Max 20 points)
- Criteria 4: Minimum 10 years of experience on public and private partnerships and financing analysis at the sub national and local government levels (Max 15 points)
- Criteria5: Work experience in the Asia-Pacific region at the local government level is advantageous (Max 5 Points)

# \*\*Only candidates obtaining a minimum of 70% of the total technical points would be considered for the Financial Evaluation.

## Financial Evaluation (30%)

Financial proposals from all technically qualified candidates will be scored out 30 marks based on the formula provided below. The maximum marks (30) will be assigned to the lowest financial proposal.

All other proposals will receive points according to the following formula:

•  $p = y (\mu/z)$ .

Where:

- p = points for the financial proposal being evaluated;
- y = maximum number of points for the financial proposal;
- μ = price of the lowest priced proposal;
- z = price of the proposal being evaluated.

## **APPLICATION PROCEDURE:**

Candidates wishing to be considered for this assignment are required to submit the following documents to demonstrate their qualifications

Please group them into one (1) single PDF document as the application system only allows to upload maximum one document.

- 1. Duly accomplished Letter of Confirmation of Interest and Availability with financial proposal using the template provided by UNDP (Annex III);
  - Consultant shall quote an all-inclusive total lump sum fee for the entire assignment. The term "all-inclusive" implies that all costs (professional fees, communications, consumables, etc.) that could be incurred by the IC in completing the assignment are already factored into the proposed fee submitted in the proposal.
  - Payments shall be done on **lumpsum basis**, upon verification of completion of deliverables and approval by the IC's supervisor.
  - If an Offeror is employed by an organization/company/institution, and he/she expects his/her employer to charge a management fee in the process of releasing him/her to UNDP under Reimbursable Loan Agreement (RLA), the Offeror must indicate at this point, and ensure that all such costs are duly incorporated in the financial proposal submitted to UNDP.
- 2. Curriculum Vitae or P11, Indicating all past experience from similar projects, as well as the contact details (email and telephone) of the Candidate and at least three (3) professional references.

#### \*\*Failure to submit the above-mentioned documents or Incomplete proposals shall result in disqualification

## \*\*Please group all your document into one (1) single PDF document as the application system only allows to upload maximum one document.

The short-listed candidates may be contacted and the successful candidate will be notified.

For any clarification regarding this assignment please write to: <u>mostaq.ahmed@undp.org</u>