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## TERM OF REFERENCE

### International Consultant to support the preparation of São Tomé and Príncipe “Smooth Transition Strategy” for the LDC Graduation

#### 1. Assignment Information

<b>Location:</b>	Home based and mission to São Tomé and Príncipe
<b>Type of Contract:</b>	Individual Contract
<b>Post Level:</b>	International Consultant
<b>Languages Required:</b>	English and Portuguese or English and Spanish
<b>Starting Date:</b>	October 2021
<b>Duration of Initial Contract:</b>	44 working days over 5 months

#### 2. Background and context

São Tomé and Príncipe (STP) met two out of the three criteria for least developed country (LDC) graduation for the first time in 2015 and for the second time in 2018, with both the GNI per capita and the Human Asset Index above the graduation thresholds<sup>1</sup>. As a result, STP was recommended for graduation from the LDC category at the 2018 triennial review of the UN Committee for Development Policy (CDP). The recommendation was approved by the UN Economic and Social Council (ECOSOC) and the General Assembly, after reviewing the impact assessment, prepared by UNDESA, and the vulnerability profile, prepared by UNCTAD.

The preparatory period for STP graduation started with the decision of the United Nations General Assembly in 2018 that the country would graduate in December 2024. Whilst graduation can be seen positively, it also means several specific benefits losses associated with membership of the LDC group.

The country has made significant progress in terms of human development in recent years, particularly regarding health and education indicators. According to UNDP's Human Development Report 2019, in terms of human development index, the country is positioned at 137 out of 189 countries. STP score in Human Development Index (HDI) rose from 0.542 to 0.609 between 2010 and 2018, placing the country above average for Sub-Saharan Africa (0.537), but below the average for countries in the medium human development group (0.645). These

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<sup>1</sup> At the time of the 2015 review, STP's GNI per capita was USD 1,431 (exceeding the threshold, that at the time was USD 1,242), and its Human Assets Index was 77.4 (exceeding the threshold of 66.0). At the 2018 review, STP's GNI per capita is USD 1,684, and its human assets index (HAI) score is 86.0, still exceeding the thresholds. Although its economic vulnerability index (EVI) score of 41.2 remains above the graduation threshold of 32.0, meeting the income and human assets index (HAI) criteria is sufficient for STP to have met the eligibility criteria on both reviews.

improvements are largely attributable to an increase in average life expectancy, improvement in GNI per capita, and an increase in the expected and average years of schooling<sup>2</sup>.

However, persistently high poverty rates, and increasing inequality and insecure employment mean that large segments of STP's population have not benefited in an equitable way from these development achievements and economic growth. Lack of decent employment opportunities, particularly for women and young people, and rising inequality are two of the country's greatest challenges.

The country's GINI coefficient has risen from 32.1 in 2000 to 56.3 in 2017, indicating an alarming widening in the inequality gap<sup>3</sup>. Poverty rates have remained stubbornly high reducing marginally from 68.4% to 66.7% between 2010 and 2017. The 2017 Household Survey recorded the incidence of extreme poverty at 47%. Female-headed households are poorer than their male equivalents with a poverty rate of 61.6% compared to 55.8%<sup>4</sup>. Among those poorer and most vulnerable are those working in the informal sector, the youth, especially women and girls, people living with HIV/AIDS, and the elderly<sup>5</sup>.

Moreover, the analysis undertaken in the UN Socioeconomic Impact Assessment (SEIA) of COVID-19 suggests that the pre-existing fragilities in STP and the vulnerabilities of poor and disadvantaged groups are being further exacerbated by the pandemic, and that their low levels of resilience mean that their recovery from the shocks created by the pandemic may be prolonged, putting them at risk of being left behind, and making the socioeconomic situation becoming now even more challenging.

In such a complex and evolving context, achieving the Sustainable Development Goals (SDG) in STP presents formidable challenges that are in large part related to structural factors, and to an economic growth that has not been sufficiently inclusive.

One key issue is financing. STP is highly dependent from ODA for most of its public investments. This situation coupled with the limited tax revenues currently being raised domestically, and the risk of losing or having a more limited access to concessional financing/loans over time because of graduation brings several implications that need to be addressed. For example, as a non LDC, STP will no longer be eligible for certain specific mechanisms and funds (in some cases after a transition period), such as the Least-Developed Countries Fund under the United Nations Framework Convention on Climate Change, or the Technology Bank for LDCs. Some forms of general support, such as some scholarships and fellowships, as well as travel assistance to UN meetings and activities may also be discontinued<sup>6</sup>.

Opportunities for economic transformation and with it more resilience and financial sustainability could come from deeper trade integration. STP has recently ratified its adhesion to the African Continental Free Trade Area (AfCFTA), it is currently a member of the Economic Community of Central African States (ECCAS); and despite not being a member of the Economic and Monetary Community of Central African States (CEMAC) in 2004 STP signed a commercial cooperation agreement with CEMAC. In addition, STP signed an Economic Partnership Agreement (EPA) with the European Union (EU) and maintains long lasting observer status<sup>7</sup> with the World Trade Organization (WTO), despite having presented a request for WTO accession in 2005.

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<sup>2</sup> Life expectancy rose from 67.4 years in 2010 to 70.2 years in 2018; GNI per capita improved from \$2,567 in 2010 to \$3,024 in 2018; average years of schooling increased from 10.6 to 12.7 and from 4.9 to 6.4, respectively over the period 2010 to 2018;

<sup>3</sup> World Development Indicators, 2020;

<sup>4</sup> STP Socioeconomic impact of COVID-19 report 2020

<sup>5</sup> STP Socioeconomic impact of COVID-19 report 2020

<sup>6</sup> Ex-ante Impact Assessment of likely Consequences of Graduation of São Tomé and Príncipe from the Least Developed Country Category 2018

<sup>7</sup> UNDP Maximizing the returns from STP adhesion to AfCFTA - Position notes 2021

A recent study carried out by UNDP<sup>8</sup> confirms that, without the implementation of major investment programs, the implementation of the AfCFTA and ECCAS agreements is expected to have a limited impact in STP trade and in turn on its economy and living conditions of households. Furthermore, there are risks of trade diversion. This because the country export is concentrated in very few products, the country imports most of its consumable and capital goods, and both its export and imports are predominantly dependent on few European countries.

In the absence of economic transformation, by changing STP's market access conditions, LDC graduation will eventually expose the country to new competition from other LDCs and other lower middle-income countries thus further compounding the nature of its competitiveness. The opportunities and challenges to reposition STP's trade competitiveness should therefore be well understood in term of possible positive or negative impacts on its SDGs.

Among the benefits, the graduation process and this transitional period represent a unique opportunity to leverage better governance, improve domestic revenue mobilization, and -if the political will is there- finalize the accession to WTO, thus becoming a safer place for investors, improve its cost of doing business and, among others benefits, potentially expand its access to international financial markets at competitive conditions. Likewise, by moving out STP from the official lowest rung of the development ladder, the graduation can bring a heightened sense of national progress and pride that is key to further expand the reforms agenda and an increased political standing in regional and international institutions<sup>9</sup>. This means that the STP's image is likely to improve, and with it a better national and overseas perception of the country with the possibility of attracting more investments in virtuous and self-reinforcing cycle.

Therefore, whereas the LDC Graduation process is a recognition of the development achieved to date by STP, this process must be well planned and implemented if the potential positive outcomes of graduation are to be reaped, eventual risks mitigated, and the negative effects minimized.

### 3. Objective of the Smooth Transition Strategy

The General Assembly resolution 67/221 emphasized that a successful transition needs to be based on the national **smooth transition strategy (STS)** elaborated as a priority by each graduating country with the support of the international community. The STS should include a comprehensive and coherent set of specific and predictable measures that are in accordance with the priorities of the graduating country while considering its own specific structural challenges and vulnerabilities as well as its strengths.

The same General Assembly resolutions also recommended each graduating country to establish a consultative mechanism in cooperation with its development and trade partners to facilitate preparation of the transition strategy, identify associated actions and negotiate their duration and phase-out for a period appropriate to the development situation of the country.

It is with this objective in mind that the country has requested UNDP support in developing a smooth transition strategy (STS) that will be closely linked to the country Development Plan and the Covid-19 Socioeconomic Response Plan.

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<sup>8</sup> UNDP STP “Avaliação do Impacto da Adesão de São Tomé e Príncipe aos Acordos para a Zona de Comércio Livre de África Continental” (2020)

<sup>9</sup> Ex-ante Impact Assessment of likely Consequences of Graduation of São Tomé and Príncipe from the Least Developed Country Category 2018

As shown by the government, when organizing jointly with the UN the Graduation workshop (12-13 September 2019)<sup>10</sup>, in developing and implementing an STS, it is the intention of the government to keep engaging close dialogue with all different partners, public and private, national and international, to jointly identify and take the appropriate measures for the country to be completely ready for a successful graduation in December 2024.

The workshop emphasized that the graduation strategy should be fully integrated with national development plan and its specific elements should be organized around potential impacts in the three main areas: (1) development aid and access to finance; (2) international trade, preferential market access and accession to WTO (set timeline for the revival of the accession negotiations to become a member of the WTO and for talks with trading partners with focus on strengthening the national productive capacities); and (3) support for participation in the United Nations system.

Recognizing the challenge of the graduation transition process, in its dispatch nº21/GPM/2019 of November 5, 2019, the Government created a national governance body to follow the graduation process that consist of an Inter-ministerial Cabinet (*Gabinete de Seguimento do Processo de Graduação*) chaired by the Prime Minister, with the aim to coordinating all activity related with graduation of STP and ensuring a smooth transition.

If properly planned and implemented, the graduation transition period provides an opportunity for STP and its development and trading partners to ensure that leaving the LDC category not only does not disrupt its sustainable development process and its recovery from the Covid-19 Pandemic, but also provides for an opportunity to accelerate reforms and socio-economic development towards the SDG and leave no one behind (LNOB).

#### 4. Scope of Work of the Consultant

UNDP is seeking to recruit an International Consultant to conduct research, prepare a background report, and through national consultations, and in close interaction with the Inter-ministerial Cabinet to follow the Graduation process and its secretariat, draft the “Smooth Transition Strategy (STS) for São Tomé e Príncipe LDC Graduation”. The STS will include a comprehensive and coherent set of measures in accordance with the priorities of the STP while considering structural challenges and vulnerabilities.

The objectives of this consultancy work are therefore the following:

- Undertake a literature review on the experience of the graduation process in other similar countries;
- Conceptualize the graduation process, rational, measures/indicators and review mechanisms correctly used;
- Assess progress made towards LDC graduation thresholds, with a focus on the Economic Vulnerability Index;
- Analyze potential impact that the progress towards LDC graduation will have on meetings the SDGs in STP, on poverty reduction rate and on growth;
- Assess bilateral and multilateral development partners positions and intentions about how their support could be affected by graduation;
- Analyze the potential impact of a gradual loss of trade preferences stemming from LDC graduation;

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<sup>10</sup> Joint UN Workshop in support of the graduation of São Tomé e Príncipe from the category of the Least Developed Countries held in São Tomé and Príncipe - co-organized by the UN Inter-Agency Task Force on LDC Graduation, the Government of São Tomé e Príncipe and the UN Resident Coordinator and sponsored by the Government of Portugal.

- Assess the impact of graduation on trade and regional integration focusing on the possible impact on tariffs;
- Analyze the advantages to accelerate STP accession to the WTO before LDC graduation and the main reforms and resources needed, identifying suitable coordination mechanism to that end;
- Organize a series of interaction to collect views and inputs on LDC graduation strategy with key national stakeholders, including the private sector, civil society, academia, and constituencies at the local levels (broad consultations);
- In close coordination with UN, propose different scenarios for the STS and timeline in line with other development plans;
- Suggest recommendations and policy options to the STP Government to maximize benefits and mitigate negative impacts in all the main areas impacted by the graduation, in line with the STS scenarios;
- Suggest recommendations to the STP Government to negotiate or take advantage of additional international support in line with the STS scenarios;
- In doing so, bring experience, perspective and lessons learned from peer countries that are more advanced in the graduation process that might be useful for STP graduation process;
- Propose a detailed work plan with all the actions needed for a successful graduation with a chronogram, identifying clear responsibilities and budget for each action/recommendation to be implemented;
- Act as the chief editor of the Smooth Transition Strategy.

Specific emphasis will be needed on:

- Identifying areas and sectors where continued or where additional support is needed to address the challenges related to graduation;
- Assess development financing needs and opportunities for new and innovative financing resources;
- Prioritize negotiation areas towards high-impact areas for the achievement of the SDG.
- identify capacity building needs for:
  - Prepare to compensate for the loss of international support measures, including securing resources for achieving the SDGs as well as alternative trade preferences with major trading partners;
  - Seek assistance for mobilization of additional resources, for example access to climate finance and domestic resource mobilization, including by using special provisions for SIDS;
  - Explore new exporting opportunities with new products and services but also new markets and seek assistance of the UN and regional organizations;
  - Promote trade capacity building, infrastructure investment and improved business environment to attract FDI for export competitiveness and diversification; and
  - Enhance data collection and management to better analyze and address challenges.

The resulting smooth transition strategy should thus not only address the direct impacts of graduation but also use graduation as a platform to implement a new generation of policies and reforms to achieve the objectives of the NDP and the SDGs

The content of the graduation strategy shall include but not limited to the following sections:

- Status of STP’s vision to LDC graduation and Vision 2030;
- STP graduation scenarios and transition strategy towards 2024 triennial review;
- Impact of LDC graduation on ODA/financing, trade preferences/aid-for-trade;
- A set of coherent and systemic/transformational policy options and measures capable of boosting SDG achievements and especially poverty reduction through LDC graduation;
- Measures to mitigate negative impact and potential emerging risks due to the graduation that could jeopardize STP’s sustainable development plan and desired outcome.

To deliver the assignment, the consultant is expected to carry out the following tasks:

- Present a detailed conceptual and methodological proposal, including a chronogram, of how this consultancy will be carried out;
- Consult with UNDP/RCO focal team and OHRLS/CDP to finalize the proposal and work plan on how to deliver the assignment;
- Conduct desk literature review of the relevant documents/reports, including experience and lessons from recently graduated developing countries;
- Provide presentation/conduct rounds of consultations with key stakeholders as required to generate comments;
- Produce a first draft, by producing and compiling inputs, of the STS and policy options;
- Conduct additional stakeholder consultations to produce an updated version/final version with all comments incorporated at the level of quality required;
- Keep close coordination with the Inter-Ministerial Governing body following the graduation process and assure their involvement in the design of the STS;
- Regularly work closely with relevant ministries, UNCT, other development partners during the drafting, consultations, and as well finalization of the strategy;
- Keep close communication on the progress of work with UNDP/RCO focal team;

## Milestones

	Key Deliverables	Estimated Duration	Target Dates, no later
	<b>Deliverable 1:</b> Submission and acceptance of the proposed work plan and approach	2 days	3rd Week of October 2021
	<b>Deliverable 2:</b> Conduct stakeholder consultations (1 <sup>st</sup> mission to STP) with presentation of the preliminary findings	7 days	3rd week of November 2021
	<b>Deliverable 3:</b> Submission of the first draft report	8 days	3rd week December 2021
	<b>Deliverable 4:</b> Present and conduct additional stakeholder consultations (2 <sup>nd</sup> mission)	7 days	4th week of January 2022
	<b>Deliverable 5:</b> Submission of final report	10 days	2nd week of

			March 2022
	<b>Deliverable 6:</b> Presentation of the Final Draft Report to relevant stakeholders (3 <sup>rd</sup> mission)	2 days	4th week of March 2022

## 5. Institutional Arrangement

Under overall guidance of the UNDP Team and under the direct supervision of the UNDP senior economist, in close collaboration with the RCO economist, the Consultant will be responsible to deliver the outputs indicated above with the level of quality expected.

The Consultant will report and consult with the UNDP Senior Economist and relevant UNDP policy advisors on regular basis and ad hoc, as such as needs arise.

### Roles of consultancy

- The consultant will be asked to liaise/interact/collaborate with the representatives of Minister of planning and any other relevant counterparts for the preparation of the specific output identified above;
- The consultant shall provide regular update on the progress of work to UNDP and RCO;
- The consultant shall report on/submit the above deliverables to UNDP;
- The consultant shall maintain daily communication with the UNDP Country Office when/if problems emerge during the consultancy, especially if they affect the scope of work;

### Roles of the UN Country Office

- The UNDP CO, in close collaboration with the RCO, will provide overall quality assurance for this consultancy, to facilitate the review of each output and ensure the timely generation of inputs from key stakeholders on each deliverable.

### Duration of the Work

- The total duration of the consultancy is 44 working days, starting from October 2021 to March 2022.

### Duty Station:

The consultant work will be homebased with expected three missions to STP. Below is the tentative missions schedule (subject to further adjustment based on the discussion with the consultant once he/she is on board):

- 1st mission: November 2021
- 2nd mission: January 2022
- 3rd mission: March 2022

Some activities may require teleconference with the relevant stakeholders. During the mission in STP, the transportation costs within the country will be covered by the consultant.

## 6. Required Skills and Experience

### Education:

- Advanced University degree in economics, development economics, international development, or related field.

### Experience:

- Minimum of 10 years of work experience in technical assistance in trade and in development economics with a particular focus on: i) Economic Structural Transformation; (ii) LDC graduation issues; (iii) economic vulnerabilities; (iv) human development (v) Sustainable Development issues; vi) investment and private sector development;
- Proven experience on developing similar research/policy work and/or positions paper on trade with particular focus on linking trade to graduation issues would be an added advantage;
- A solid experience in the areas of international trade, impact of trade on socio-development, economic development, poverty analysis, development and planning, strategic planning of projects focusing on economic development through provision of evidence-based policy advice;
- Proven work and/or research experience in relation to financing for development (especially on innovative financing mechanisms and tools relevant for a SIDS country like STP) would be an added advantage;
- Proven work experience/knowledge on STP's trade sectors and trade development would be an added advantage;
- Proven experience working with multi stakeholder including government and development agencies in Africa, particularly in STP is a strong asset.

### Language Requirement:

Excellent writing, editing, and oral communication skills in English and Portuguese. A combination of proficiency in written and spoken English and Spanish is also acceptable.

## 7. Payment Modality

- 15% of contract sum upon submission of Deliverable 1;
- 45% of contract sum upon satisfactory submission of Deliverable 3; and
- 40% of contract sum upon submission of Deliverable 5.

## 8. Application and Evaluation

The application dossier must include one financial proposal and one technical proposal, as following:

### a) Financial Proposal

The financial proposal must be submitted in USD, using the UNDP Financial Form and include all costs deemed necessary (communications, fees, daily cost aid, taxes, reproduction of documents, etc.).

### b) Technical Proposal

The technical proposal must include:

1. A P11 form, duly completed, including at least 3 references (see UN Model P11 attached);
2. A Letter of presentation explaining how the candidate meets the required qualifications and experience;



3. A methodological note, including the approach and work plan/schedule to complete the assignment.

Individual consultants will be evaluated based on cumulative analysis of technical and financial criteria using the following distribution:

- Technical Criteria weight: 80%
- Financial Criteria weight: 20%

Only candidates obtaining a Technical Evaluation of a minimum of 60 points will be considered for the Financial Evaluation.

The technical evaluation criteria shall include the following:

Criteria	%	Max. Point
Advanced University degree in economics, development economics, international development, or related field.	80%	10
Minimum of 10 years of work experience in technical assistance in trade and in development economics with a particular focus on: i) Economic Structural Transformation; (ii) LDC graduation issues; (iii) economic vulnerabilities; (iv) human development (v) Sustainable Development issues; vi) investment and private sector development.		15
Experience in the areas of international trade, impact of trade on socio-development, economic development, poverty analysis, development and planning, strategic planning of projects focusing on economic development through provision of evidence-based policy advice.		15
Experience on developing similar research/policy work and/or positions paper on trade with particular focus on linking trade to graduation issues.		10
Proven work and/or research experience in relation to financing for development (especially on innovative financing mechanisms and tools relevant for a SIDS country like STP).		5
Proven work experience/knowledge trade sectors and trade development of São Tomé and Príncipe or similar country.		5
Proven experience working with multi stakeholders, including government and development agencies in Africa.		5
Quality of the methodological note		15

Interested candidates must accept the UNDP General Terms and Conditions for Individual Consultants.

The above-mentioned documents, information and requirements are mandatory and as such are necessary to form a complete proposal. A proposal will be rejected if it is not substantially appropriate to the above-mentioned requirements.

Any questions about the consultancy may be referred to the UNDP Contracting [Procurement.st@undp.org](mailto:Procurement.st@undp.org)

All materials necessary for the assignment (e.g., laptop) must be provided by the selected candidate.

The proposals (Technical and Financial) should be submitted by email to email: [BidsSTP@undp.org](mailto:BidsSTP@undp.org) no later than **October, 10, 2021**, and the financial proposal should be distinguished from the technical proposal.



Osmar Ferro  
RCO Economist