

TERMS OF REFERENCE

Individual Contractor

Assignment Title:	National Consultant for Diagnostic Sub National Administrations - Fiscal Space and Own Source Revenues
Agency/Project Name:	UNCDF/LDFPA
Post Level:	Specialist
Contract Type:	Individual Contractor (IC)
Duty Station:	Phnom Penh with travel to provinces if required
Duration:	44 working days during April – December 2022

1) GENERAL BACKGROUND

UNCDF is the United Nations capital investment agency for the world's least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localised investments—through fiscal decentralization, innovative municipal finance, and structured project finance—can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs;

UNCDF are currently implementing a project in Cambodia financed under the UNS SDG Fund that is supporting the development of the Integrated National Financing Framework (INFF) for Cambodia. The project **INFF for CSDG Achievement** provides the technical framework for the mission as a diagnostic exercise to inform the INFF financing strategy and potential development flows that are available and new financial flows which are potentially available at the sub national level. The diagnostics will seek to answer the following

- (1) An estimate of fiscal space found at the provincial level across the country researching national data and conducting a deep dive of two nominated provinces and;
- (2) A synopsis of own source revenues that can be collected by local governments and the potential volume of revenues that can be retained for local development financing.

The mission will also support the **NATIONAL PROGRAM ON SUB-NATIONAL DEMOCRATIC DEVELOPMENT, PHASE 2 (NP-2) 2021-2030** providing a clear input and technical support to **COMPONENT 4: FISCAL DECENTRALIZATION AND SNA PLANNING AND BUDGETING SYSTEM**. In this context the mission will have a duality in that it provides a diagnostic for the INFF finance strategy but also addresses workstream 4 in the NP-2.

UNCDF Portfolio in Cambodia:

Historically UNCDF have designed and implemented local development initiatives in a majority of the ASEAN member states both at national and sub-national levels. In particular, in alignment to its mandate, UNCDF has mainly operated in the Least Developed Countries, of the ASEAN region including (1) Cambodia, (2) Lao PDR, and (3) Myanmar.

In Cambodia UNCDF has been engaged extensively in the government's decentralization process through the LoCAL project that supports the development of predictable climate financing mechanisms through inter-governmental transfers working directly with the National Committee for Sub National Democratic Development (NCDD). The LoCAL project is in Phase III (national scale up and execution) with the Royal Government now in the final stages of obtaining direct accreditation to the Green Climate Fund. The LoCAL project through the application of introducing Climate Performance Based Grants (CPBG) and training of local administrations in climate actions linked to local planning and budgeting has supported the mainstreaming of localizing climate investments to enhance service delivery and local development via the strengthening public administrations, fostering of inclusive dialogue, and facilitating dialogue between citizens and state for more effective, transparent, accountable and responsive service delivery. UNCDF

Leveraging this positing and work, UNCDF are currently working directly with the Ministry of Economy Finance MEF under the SDG Fund project *"Integrated National Financing Framework (INFF) to Catalyze Blended Finance for Transformative CSDG Achievement"*. The core tasks that UNCDF work on in partnership with MEF include INFF diagnostics and Public Debt Management. This strategic level intervention provides UNCDF access to all MEF departments (including treasury and revenues) two key stakeholders to enable and support the tasks defined under this ToR.

In addition, UNCDF are working the Credit Guarantee Corporation of Cambodia (CGCC) having supported the establishment and operationalization of CGCC which is a quasi-department under the MEF.

2) OBJECTIVES OF THE ASSIGNMENT

The main objective of the assignment is to undertake a diagnostic that answers the following:

- (1) An estimate of fiscal space found at the provincial level across the country researching national data and conducting a deep dive of two nominated provinces and;
- (2) A synopsis of own-source revenues that can be collected by local governments and the potential volume of revenues that can be retained for local development financing.

The diagnostic will be implemented through NCDD and consider the following as key assumptions as highlighted in NP2, component 4;

- SNA revenues (from all sources) are currently insufficient to cover the cost of implementing their functions, particularly at DMK level where new functions, structures and systems have been transferred and established but are not yet effectively financed;
- The vertical and horizontal distribution of transfers does not reflect the mandates of the different levels of SNAs (CPs, DMs and CSs), or is inequity and based on the real needs of different SNA at the same level (between provinces, DMs and Cs);
- SNAs especially DMs and CSs are over-dependent on transfers from the national budget because the SNAs have not been clearly and fully empowered to increase their own source revenues through setting tax bases and collection of these tax revenues as their own source revenues. Once SNAs with increased own source revenue will reduce national budget workload and contribute to the management of the revenue collection of national budgets, improving accountability to the local people, promoting financial sufficiency and competition in the collection of revenues between SNAs.

The assignment will provide input to the following activities highlighted under the NP-2

Output 4.1: SNA Planning and Budgeting Process are Improved and Aligned with each Type of Level of SNA, in Line with the National Development Agenda and Key Reform Directions and Backed up by Better and Effective Use of Data.

Priority Activity 4.1.5: SNA Budget System Reform Strategy for 2026-2030, this will entail the diagnostic estimating the current fiscal space at the provincial level with an attempted drill down to municipal / district level. This base calculation and finding will inform the BSRS of needs and volumes of flows

Output 4.4: Local Revenue as Budget Benefit Generated from Non-Tax Revenue is Increased

Priority Activity 4.4.3: Strategic Framework for SNA Non-Tax Revenues, thus will entail that the diagnostic identifies and supports the preparation of the strategic framework will require to focus on several key issues as follows, note this list is not exhaustive and will be determined and agreed upon at the start of the mission:

- (1) Clarify the conceptual and legal basic between fees and charges, for SNAs to further improve SNA revenue from public services;
- (2) Review, increase scope and/or add new services to be provided by SNAs to generate new sources of non-tax revenue;
- (3) Improve sharing of non-tax revenues between national level and SNAs;
- (4) Improvement of management of revenue from state assets,
- (5) Conceptualizes a more advanced e-governance arrangement concerning service delivery and revenue management (i.e. better connecting among e-services, e-administration, and e-feedback); and
- (6) Determine the arrangement / legal amendments to allow SNAs more power over the setting of fees or charges the non-tax revenue within a value determined by regulations.

3) SCOPE OF WORK

The consultant will deliver the following within the framework of the mission:

- 1) Submission or work plan indicating timebound milestone deliverables
- 2) Formulation, delivery and presentation of Fiscal Space Report as detailed in section IV
- 3) Formulation, delivery and presentation of draft Strategic Framework for SNA Non-Tax Revenues as detailed in section IV

4) DURATION OF ASSIGNMENT, DUTY STATION AND EXPECTED PLACES OF TRAVEL

Duration: March - November (up to 44 working days)

Duty Station and expected places of travel: Phnom Penh and 2 nominated provinces, Cambodia (missions will be organised and costs will be paid by UNCDF directly according to PoPP.)

5) PROVISION OF MONITORING AND PROGRESS CONTROLS

The consultant will work under the direct supervision of the Regional Technical Advisor who will provide overall direction and guidance of the consultancy and approve key outputs and deliverables. In addition, the consultant will also coordinate and collaborate with UNCDF National Programme Specialist in Cambodia Country Office for all necessary programming, operations and logistics.

Consultancy fees will be paid upon: (i) submission of Certificate of Payment form (ii) review, approval, acceptance of output for each deliverable by the UNCDF National Programme Specialist (iii) authorization of payment disbursement from. Regional Technical Advisor based in Bangkok.

6) Duty Station

The contractor will be working from home. For the consultations and any kind of meetings, workshop, trainings of the project, he/she will be able to participate remotely. Travel to Phnom Penh and chosen provinces may be expected, subject to travel restriction and guideline in relation to COVID-19. During the assignment, the contractor can be based in UNCDF Office. Missions will be organised and costs will be paid by UNCDF directly according to PoPP.

7) MINIMUM QUALIFICATIONS OF THE INDIVIDUAL CONTRACTOR

Education and Work Experience

1. Minimum Master's Degree in public finance / public sector accounting
2. 10 years of professional experience with at least 5 years working within Public Financial Management Reform programmes
3. Proven track record related to the development of formula based inter-government fiscal transfer systems
4. Proven track record working with national government Ministries of Finance related to the introduction or upgrade of the national accounting system to SNA 2008 or IMF-GFMS

Language Requirements:

- Fluency English and Khmer (Speaking, Reading, Writing) are required.

8) CRITERIA FOR EVALUATION OF LEVEL OF TECHNICAL COMPLIANCE OF INDIVIDUAL CONTRACTOR

Technical Evaluation Criteria	Obtainable Score
<ul style="list-style-type: none"> • 10 years of professional experience with at least 5 years working within Public Financial Management Reform programmes 	30%
<ul style="list-style-type: none"> • Proven track record related to the development of formula based inter-government fiscal transfer systems 	35%
<ul style="list-style-type: none"> • Proven track record working with national government Ministries of Finance related to the introduction or upgrade of the national accounting system to SNA 2008 or IMF-GFMS 	35%

9) Payment Milestones

The following terms of payment based upon the above-mentioned deliverables will be applicable for this Terms of Reference and associated mission. Payments will be based upon a percentile of the contracted lump sum for each area as tabulated. The payment will only be made up on satisfactory completion and submission of the assignment and deliverables.

Deliverable 1 Mission Planning		Payment %
Work Plan	Work plan for mission and setting of agreed delivery milestones and organization of kick off meeting with NCDD	30%
Total Deliverable 1		30 %
Deliverable 2 Fiscal Space Analysis		
Analysis and Fiscal Space Report	Estimate fiscal space using a 5-year time series that identify trends related to provincial disparities, impacts of COVID, inter governmental transfers, investments and geodetic and other exogenous factors. The deliverable will include the MS excel solution that provides the estimate and a robust 20-page report	35%
Total Deliverable 2		35%
Deliverable 3 – Draft Strategic Framework for SNA Non-Tax Revenues		
Draft Strategic	Draft strategic framework that addresses the issues defined under section IV of this ToR. The strategic framework need carry an estimate of the potential	35% OK

Framework Document	unit volume of SNA non-tax revenues can be collected related to the hierarchy of the SNAs i.e. (a) commune sangkat, (b) district and municipal and (c) provincial. The draft framework should not exceed 20 pages	
Total Deliverable 3		35%
Total 3 deliverables		100%