F O R  T H E  A C H I E V E M E N T  O F  S D G S  ( J P - E F M I S )

L E S O T H O  S D G  I N V E S T O R  M A P

A. Background

Government of Lesotho in collaboration with UNDP, UNICEF and IOM is implementing a joint programme on Economic and Financial Management Integration for Sustainable Development (JP- EFMIS), to promote integrated planning and financing for sustainable development, to accelerate attainment of the SDGs. Through the JP- EFMIS, the Government of Lesotho is expected to establish a functional and sustainable integrated planning and Public Financial Management ecosystem that contributes to accelerated achievement of the SDGs targets and the National development priorities as defined in the NSDP II. Specifically, the joint programme supports the Government of Lesotho to achieve a private sector-led economic growth and employment creation, by facilitating creation of conducive policy environment, strengthening PFM processes, providing platforms for dialogue and generating evidence for private –public collaboration. The specific objectives of the joint program are: (i) development of integrated financial and planning systems for implementation of development agenda; (ii) strengthening public financial management processes to ensure budget effectiveness and efficiency; and (iii) promoting private-public partnerships and collaborations in the context of the national development agenda and SDGs.

In pursuit of the project objectives, the Government of Lesotho is piloting the Integrated National Financing Framework (INFF) and developing internal capacities to ensure SDG-aligned integrated planning and financial management processes and policies. The INFF is a holistic and integrated approach to development financing, provided by the Addis Ababa Action Agenda to help countries strengthen planning processes and overcome existing impediments to financing sustainable development and SDGs at the country level. The INFF provides a layout of a full range of financing sources – domestic and international sources of both public and private finance – and allows countries to implement strategies to increase investment, manage risks and achieve sustainable development priorities, as identified in a country’s national sustainable development strategy.

In 2020, the Government with support from UNDP carried out the Development Finance Assessment (DFA). The DFA is an inception tool of the four-tiered INFF process which provides a broad picture of the development finance landscape and identifies related shortcomings and opportunities to inform enhancement of development finance and strategies for delivery of long-term development results in the country. In that regard, the DFA Lesotho has assessed the government’s existing financing strategies, policies and institutional structures and identified specific roles and responsibilities of key stakeholders for implementation of the DFA recommendations (INFF road map). The DFA has identified challenges in mobilisation and management of public financial sources which include over-reliance in traditional and unsustainable sources of development finance such as SACU revenue; limited private sector participation, resulting from lack of incentives to encourage private investment and financing flows towards national development priorities and the SDGs. These challenges to
development financing have resulted in a financing gap, which the NSDP II financing strategy estimates a shortfall of M3.3 billion throughout the NSDP II plan period. The situation has been worsened by COVID-19 and government needs to implement deliberate strategies to ensure mobilization of alternative sources of development finance, specifically private capital. As a way of mitigating the scarcity of development financing, the DFA recommends that Government should undertake SDG investor mapping to provide a comprehensive picture on potential SDG aligned investments that would provide best returns for economic develop, sustainability and achievement of the SDGs. In 2019, Government of Lesotho initiated a process towards establishment of an enhanced performance management approach and Prime Minister’s delivery unit through the performance management and delivery unit (PEMANDU) approach. The process used the big-fast results methodology which is undertaken through 8 steps that are meant to identify entry point projects that are led by private sector with an aligned public sector program to enable productivity in the identified private sector led projects. The entire process was aimed at facilitating private investments in the key sectors for economic growth and sustainable job creation and match those with related public investments to improve productivity in the productive sectors.

In this context, Government has therefore decided to take forward work that was already done through the PEMANDU approach and undertake an SDG Investor Map with an integrated private sector rapid assessment to address the development financing challenges that Lesotho is facing. The SDG Investor Map is a market intelligence product to help private investors (funds, financiers, corporations) identify investment opportunities and business models that advance the National Priorities and the SDGs. The ensuing SDG Investor Maps provide the insight and tools needed by the private sector to increase their investments towards the SDGs and can make a significant contribution to filling existing financing gaps by mobilizing private capital for the SDGs. In Lesotho, the SDG Investor Map will be complemented with a rapid assessment of private sector capabilities to contribute to national development objectives. The overall exercise will be a collaborative work between Government, led by the Ministry of Finance, UNDP and private sector networks. The process is intended to identify investment opportunities and determine the conditions for promoting private investments for mobilising development financing.

B. Rationale

The Government of Lesotho will pilot the Integrated National Financing Framework (INFF) and develop internal capacities to ensure SDG-aligned integrated planning and financial management processes and policies to accelerate attainment of the national development targets. In 2020, the Government of Lesotho began the process of INFF development, by carrying out the Development Finance Assessment (DFA) to provide a broad picture of the development finance landscape and identify related shortcomings and opportunities for enhancing development finance and strategies for delivery of long-term development results in the country. The DFA Lesotho assessed the government’s existing financing strategies, policies and institutional structures and identified specific roles and responsibilities of key stakeholders for implementation of the DFA recommendations (INFF road map).

Public financial sources have been identified through the DFA as a major source of development finance in Lesotho and were just below 39.51 per cent of GDP for the observed period (2005-2019). In the same period, taxes have contributed 39.47 per cent to the total public revenues, whilst the SACU revenues accounted for 43.66 of the public revenues. SACU revenues are characterised as the most volatile source of financing which the country is highly dependent on, which compromises the integrity of public financial planning and sustainability. The DFA support the decision of Government to diversify development finance sources and in turn, spur economic growth and unlock employment opportunities though mobilisation of private investment. However, Lesotho has a relatively small private sector complement, with almost 80 percent SMMEs and the rest being state-owned enterprises, financial sector, foreign-owned retail chain stores and communication companies. Private sector investment is estimated at about 10 percent of GDP. Prevalent private sector activities include in wholesale and retail (10.1%), agriculture (15.2%), tourism (0.9%) and services (11.8%). The sector is
dominated by the MSMEs, operating informally and as sole entities, and providing employment to more than 120,000 people. The sector is highly fragmented, with limited mechanism for engagement and advocacy.

In this context, the Government of Lesotho will need to develop new mechanisms for mobilising sustainable development financing and building internal capacities to attract private and international private sector investment. As a contribution to the INFFs, and building on the existing DFA, undertaking the SDG Investor Map is recommended to determine investment opportunities that address policy opportunities and development needs and offer a starting point for private sector due diligence. The Lesotho SDG Investor Map will contribute to knowledge on private sector for delivering the NSDP objectives for ‘promoting private sector-led economic growth and employment creation’ and enable the government to strengthen policy support and landscape to ease private sector participation. The market intelligence will develop sector-specific investment opportunities and establish business models, including for public-private collaboration.

C. Objectives

The Department of Private Sector Development in the Ministry of Finance with assistance from UNDP aims to develop the Lesotho SDG Investor Map with an integrated rapid assessment on the capabilities of private sector to identify and enable participation and investment in delivering national priorities and the SDGs. Specific objectives of the study are the following:

1. Establish a foundational overview of private sector actors and their current capabilities to contribute to national development objectives.
2. Identify opportunities for investment across different sectors to mobilize targeted private actors to meet development priorities and the SDGs.
3. Utilize the established market intelligence to achieve SDG enabler capital deployment and ensure inclusive private sector participation and collaboration.

D. Scope of Work

The SDG Investor Map process entails undertaking secondary data research (on existing development needs, policy priorities, and market opportunities) and conducting in-depth consultations with public and private sector stakeholders to verify findings and contribute new insights in line with steps defined in the SDG Investor Map Handbook. The process follows an 8-step process outlined in the Handbook, which filters down from national priorities based on sectors, subsectors, and regions. The data will then be analysed to distil IOAs and data-backed business models. The standard SDG Investor Map steps are:

1. Collect information on national sustainable development needs and policy priorities.
2. Synthesize needs and policies into a set of national priority sectors.
3. For each sector, collect information on sectoral SDG needs and sectoral investment policies.
4. Synthesize needs and policies into a set of priority subsectors.
5. Identify the subregions most aligned to each subsector.
6. Synthesize information into a set of priority subregions.
7. With this context, identify potential business models that could tackle sub-sectoral and subregional SDG needs whilst capitalizing on policy and investment momentum.
8. For each business model, add a range of supporting information that can help investors to perform due diligence and eventually shape impactful deals.

The findings of the SDG Investor Map will be synthesized in an Excel template and uploaded into the SDG Investor Platform where investors can search for the market intelligence on investment
opportunities in Lesotho. Prospective bidders are encouraged to download the SDG Investor Map introductory presentation and study in-depth the results from other countries’ SDG Investor Maps to appreciate the methodology, approach, process and final results prior to submitting the application, which must firmly build on the global methodology.

Overall, building on the findings of the PEMANDU approach and other previous efforts, the key responsibilities of the consultant team, composed of an International Lead Consultant and a National Consultant, are:

- Conduct the research and synthesis of the SDG Investor Map according the 8-step methodology in the SDG Investor Map Handbook, and propose a specific methodology for the rapid assessment of private sector capacities, building on the below direction.
- Contribute to identify key documents and data sources.
- Organize and conduct interviews and consultations with public sector stakeholders.
- Organize and conduct interviews and consultations with private sector for fact-finding and to verify findings.
- Identify a long- and shortlist of Investment Opportunity Areas (IOAs) through co-organizing and co-leading the workshops required in steps 7-8 of the SDG Investor Map Handbook.
- Facilitate and produce the SDG Investor Map Excel spreadsheet with comprehensive data points that will eventually be uploaded to the SDG Investor Platform.
- Produce the final narrative report on the Lesotho SDG Investor Map and the integrated rapid assessment on private sector capabilities.

The specific responsibilities of the National Consultant are as follows. He / she will support an International Lead Consultant with the following:

- Under the guidance of the International Lead Consultant, undertake in-depth analysis of public and donor development statistics (e.g., human development databases, ease-of-doing-business data, private investment flows) at subsector and subregion levels.
- Support the undertaking of a rapid assessment on the private sector landscape and capabilities for development financing and collaboration (integrate activities in steps 1-6 of the SDG investor Map methodology):
  - Review literature and engage with national public and private stakeholders to profile private sector and private sector networks in Lesotho, providing geographic, sectoral, and SDG/NSDP allocation.
  - Identify key private sector players according to different sectors, geographical location disaggregated by gender and youth, and attribution to the SDGs and national development targets, including showcasing current contributions.
  - Establish the existing barriers for the private sector to contribute to national development priorities and the SDGs, including but not limited to commercial considerations, knowledge and awareness gaps, as well as policy and regulatory challenges.
  - Provide recommendations on how to mobilize targeted private actors to meet development priorities and the SDGs
- Support the International Lead Consultant in key desk research activities (e.g., reviewing national, subnational, and ministerial development plans; and assessing investment promotion strategies).
- Support the International Lead Consultant in consultation with UNDP Mauritius and EDB to prepare investor interviews and consultations (e.g., shaping interviewee longlist and performing background research on interviewees).
- Support the International Lead Consultant in undertaking structured interviews and carrying out consultations with national, regional and international investors to deepen learnings from desk research and collect relevant data.
• Support the collation of insights from multiple research sources into a master document, ensuring that data collected is of comparable breadth and depth (testing for the mutual exclusiveness of datapoints).

E. Expected Outputs

The schedule of outputs is expected to be as follows:

<table>
<thead>
<tr>
<th>Expected Output</th>
<th>Duration</th>
<th>Target Dates</th>
<th>Responsible for review</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Inception report: Application of SDG Investor Map methodology to Lesotho, and definition of proposed methodology for private sector assessment as an integral part, including timelines. The inception report also includes a proposed approach and structure of the SDG Investor Map narrative report, building on examples of other countries.</td>
<td>5 days</td>
<td>May 2022</td>
<td>Ministry of Finance / UNDP</td>
</tr>
<tr>
<td>2. A) Summaries of research after steps 2, 4, 6 of the SDG Investor Map methodology with a clear rationale for prioritising sectors, subsectors and subregions, including conducted consultations, gender and marginalisation considerations and detailed summaries of “white spaces”. B) Rapid assessment of private sector capabilities and recommendations report with an overview of current contributions and existing barriers.</td>
<td>35 days</td>
<td>May - July 2022</td>
<td>Ministry of Finance / UNDP</td>
</tr>
<tr>
<td>3. Summaries of research after steps 7 and 8 of the SDG Investor Map methodology with a clear summary of longlisted and shortlisted IOAs, including gender and marginalisation considerations, as well as conducted consultations and validations (list of stakeholders and overview</td>
<td>10 days</td>
<td>July - August 2022</td>
<td>Ministry of Finance / UNDP</td>
</tr>
</tbody>
</table>
4. **Lesotho SDG Investor Map final completed results:**

   Spreadsheet with validated IOAs and data points with the required depth and comprehensiveness as stipulated in the global methodology, including complete reference list and at least two rounds of quality assurance/feedback. Core team with support from SDG Impact.

   | 20 days | September 2022 | Ministry of Finance / UNDP |

5. **Narrative and visual summary report** of prioritised sectors, subsectors and regions as well as identified investment opportunities for the SDG Investor Map, including spotlighting of relevant actors through case studies and discussion of policy and regulatory opportunities.

   | 5 days | October 2022 | Ministry of Finance / UNDP |

**F. Institutional Arrangements and Technical Support**

- The consultant will be engaged by UNDP and accountable to the UNDP DRR.
- The successful consultant will work under the close and joint technical supervision from UNDP Lesotho, UNDP African Sustainable Finance Hub (ASFH) / SDG Impact and the Ministry of Finance.
- The consultant will report to the core team for day-to-day supervision and management of this assignment. He/she will also be expected to actively liaise with other relevant stakeholders as may be relevant.
- Department of Ministry of Finance will establish the steering committee for SDG Investor Map – the INFF technical committee will be customized to take up the role.
- MoF will provide and facilitate access to relevant reference document as may be required in this assignment.
- Reports shall be submitted to the core team (UNDP and MoF). A period of 10 days must be allowed for review of submitted written outputs.
- The consultant with help from the core team and ASFH / SDG Impact, will take responsibility for setting up and facilitation meetings, including consultation and validation sessions.
- Both in person and virtual tools may be used for stakeholder engagement and collection of information, ensuring compliance to the COVID-19 regulations.
- The consultant must have own facilities including computers and facilitate own access to internet, transport and organize own logistical arrangements as necessary. MoF will provide the necessary office space and transport to consultation meetings and workshops outside of Maseru.

**G. Duration of Work and Duty Station**

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- The development of the SDG Investor Map will span over a period of 6 months. The National Consultant is expected to invest 75 person days.
- The assignment will be carried out both physically and on virtual platforms. The National Consultant is expected to work from Maseru throughout the assignment.

H. Qualifications and Experience

The National Consultant must the requisite, proven experience and capacity to undertake similar or relevant activities linked to investment mapping or research in related field in the private sector, including with a focus on impact consideration of potential investment opportunities in Lesotho and the region. He/she is also expected to have a strong investor network especially in-country, which can be called upon for fact finding and validation purposes.

Specifically, he/she must possess the following qualifications and competencies:

Qualifications

- Master’s degree in the field of Statistics, Finance, Economics, Business studies or other relevant fields (PhD will be added advantage).
- Knowledge of the SDGs and of different approaches driven by the UNDS to accelerate private sector participation in the 2030 Agenda, especially in Lesotho and the region.
- Knowledge of market context, business developments, national development needs, and economic and political priorities in Lesotho and the region.
- Familiarity with mixed methods research, particularly the navigation of statistical databases.
- Fluency in local language and English.
- 3-5 years of experience in strategy consulting and/or economic research, with a focus on Lesotho developing country contexts.

Competencies

- Demonstrating/safeguarding ethics and integrity, by modelling the UN/UNDP’s values and ethical standards.
- Promotes the vision, mission, and strategic goals of UN/UNDP.
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability.
- Demonstrate corporate knowledge and sound judgment.
- Self-development, initiative-taking.
- Acting as a team player and facilitating teamwork.
- Facilitating and encouraging open communication in the team, communicating effectively
- Creating synergies through self-control.
- Managing conflicts.
- Learning and sharing knowledge and encourage the learning of others.
- Informed and transparent decision making.

F. Scope of Price Proposal and Schedule of Payments

<table>
<thead>
<tr>
<th>Deliverables</th>
<th>Due date</th>
<th>Percentage of Payment</th>
<th>Approver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception report</td>
<td>May 2022</td>
<td>20%</td>
<td>Core Team</td>
</tr>
<tr>
<td>Summaries of research after steps 2, 4, 6 of the SDG Investor Map</td>
<td>July 2022</td>
<td>20%</td>
<td>Core Team</td>
</tr>
</tbody>
</table>
Rapid assessment of private sector capabilities and recommendations report

| Summaries of research after steps 7 and 8 of the SDG Investor Map methodology | August 2022 | 10% | Core Team |
| Final Lesotho SDG Investor Map final completed results: (Spreadsheet with validated IOAs and data points, including complete reference list and at least two rounds of quality assurance/feedback Core team with support from SDG Impact. | September 2022 | 30% | Core Team |
| Narrative and visual summary reports of identified investment opportunities for the SDG Investor Map, including spotlighting of relevant actors (esp. case studies) and potential policy barriers and / or opportunities. | October 2022 | 20% | Core Team |

G. Recommended Presentation of offer

- Duly accomplished Letter of Confirmation of Interest and Availability using the template provided by UNDP.
- **Personal CV or P11**, indicating all experience from similar projects, as well as the contact details (email and telephone number) of the Candidate and at least three (3) professional references.
- **Brief description** of why the individual considers him/herself as the most suitable for the assignment, and a methodology, on how they will approach and complete the assignment.
- **Financial Proposal** that indicates the all-inclusive fixed total contract price, supported by a breakdown of costs, as per template provided. 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.

H. Criteria for selection of the Best Offer

A successful National Consultant will be selected based on the Combined Scoring method – where the qualifications and methodology will be weighted a max. of 70% and combined with the price offer which will be weighted a max of 30%. The criteria for scoring will be guided by the following:

<table>
<thead>
<tr>
<th>Criteria for technical evaluation</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic qualification</td>
<td>20%</td>
</tr>
<tr>
<td>Professional experience as outlined above</td>
<td>30%</td>
</tr>
<tr>
<td>Quality of previous work</td>
<td>15%</td>
</tr>
<tr>
<td>Methodology and technical proposal</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

I. Annexures to the TOR

- Letter of confirmation interest and availability template
- P11 template

J. Submissions
Interested offerors may submit their applications to:

**REF: Development of the Lesotho Partnership and Civil Society Organizations Frameworks**
Ms Betty Wabunoha
UNDP Resident Representative

Electronic submissions must be sent to: ls.procurement@undp.org.

**K. Approval**

This TOR is approved by:

Name: Ms Nessie Golakai

Signature: [Signature]
Deputy Resident Representative

Date of signing: 07–Apr–2022