

TERMS OF REFERENCE

Type of Contract:	Institutional Contract
Title:	Social protection fiscal space and funding gap analysis in Botswana
Location:	Gaborone, Botswana (where applicable) and/or virtual/online
Duration:	6 months
Reporting to:	UNICEF Botswana Social Policy Manager

1. BACKGROUND

Botswana is one of the few economic success stories in Africa. Through growth-enabling policies and good governance, the country transformed itself from being one of the poorest countries in the world at independence to an upper-middle-income country. Unfortunately, in 2020, the economy shrunk by nearly 9% because of the impacts of COVID-19. The good news is that it experienced a rapid rebound largely due to a successful vaccination campaign, prudent macroeconomic management, and strong demand for diamonds. In 2021, the economy grew by 11.4%, and the IMF projects a 4.2% growth rate in 2022. At the same time, fiscal and current account deficits have narrowed, and foreign reserves are stabilizing.

Despite the improving growth prospects, several challenges could potentially affect the attainment of the SDGs. For instance, with a Gini coefficient of 0.49, Botswana has one of the highest levels of income inequality in the world, which confirms that growth has not benefitted all. Multidimensional poverty is high, especially in remote and rural areas, with around one in every three children affected by stunting. There is also a long list of current and emerging risks that could impact economic stability and development progress, including the effects of the war in Ukraine, political and macro-economic instability in neighbouring countries, drought, possible emergence of new COVID-19 variants, as well as monkey pox, which has been declared a Public Health Emergency of International Concern.

One of the biggest threats facing vulnerable families in Botswana right now is inflation and its secondary and/or knock-on effects. Since the start of 2022, the inflation rate has reached double digits, which is the highest level in 13 years. The inflation rate has far exceeded the Central Bank's target range of 3-6%. Some aspects of inflation are due to domestic policy. For instance, the policy directive on importation of vegetables has led to a shortage of certain vegetables, in effect hiking up the price. Externally driven factors include the on-going conflict in Ukraine and the high levels of energy and food prices globally. An undiversified and narrow industrial base, high unemployment, particularly amongst young people and women, low levels of skills to drive self-employment and a large informal sector, which was heavily hit by the COVID-19 pandemic further contribute to poverty levels..

This situation is likely to have knock on effects on household consumption and ultimately on poverty. Children, women and other vulnerable groups are likely to be hit the hardest. Child well-being indicators, such as nutrition, are also bound to worsen. The inflationary pressures combined with the enduring impacts of the COVID-19 pandemic are expected to trigger, as is the case in many other countries, a national food and energy crisis which, in turn, may increase the risk of pushing people into poverty.

COVID-19, now compounded by the current food, fuel and possibly a global recession, has elevated the role of social protection. There has never been a greater need to have a shock-responsive system in place. While Botswana has many social protection programs, most are small, sometimes not well-targeted and therefore not fully supporting all vulnerable households. A wider, more comprehensive social safety net is needed to protect people from sliding into poverty.

Against this background, the UN in Botswana has been supporting the government to reform the national social protection system and to develop an integrated national financing framework (INFF). A key component of the social protection reform is the life-cycle approach, with the aim of coming up with age responsive social protection. A new national social protection framework has been developed with five pillars: (i) infants and young children, (ii) school age children, (iii) youth, (iv) working age, and (v) the elderly. To that end, the government intends to introduce a child support grant. Among others, the new social protection framework aims to shift the conception of social assistance from having a focus on alleviating poverty in the short term, to seeing it as an investment in its citizens to address the vulnerabilities that they face at each stage of the life-course, and thereby increase their resilience and well-being. While the new framework seeks to make efficiency gains by consolidating and streamlining the fragmented social protection landscape, it is critical to establish the level of resources that will be required to roll out the new framework, raising two fundamental questions: (i) does the government have the fiscal space to do so, and (ii) how can the rollout of the social protection framework be financed?

2. OBJECTIVE OF THE ASSIGNMENT

The UN in Botswana, with technical leadership from UNICEF, intends to undertake an applied fiscal space analysis to assess potential to mobilize additional resources required to roll out shock responsive social protection interventions and to subsequently develop financing options. The analysis will include estimation of the funding gap if the government were to implement the national framework for social protection. The results of the fiscal space and funding gap analysis will be used to further strengthen an integrated national social protection financing framework for Botswana.

The assignment is directly linked to the work that the UN in Botswana is doing to strengthen an integrated national financing framework and budgeting approaches under the Joint Fund on Sustainable Development Goals (SDGs) as well as the ongoing reform of the national social protection system. This work will, therefore, not only be critical in helping the government to respond to the current fuel, food and financial crises, it will also help improve public finances to

invest in human capital, and in the long-term, build resilience to future economic shocks. The main reason for this intervention is that although social protection responses are largely financed from domestic resources, the current crises, worsened by the war in Ukraine, are likely to exert pressure on public finances in Botswana. Hence, it is important to explore financing opportunities for the country.

3. DESCRIPTION OF PLANNED ACTIVITIES

The assignment is envisaged to be in three parts:

3.1 Social protection budget analysis

To begin with, the consultancy firm is expected to estimate the size and composition of current social protection spending in Botswana. The analysis should cover all current programmes classified as social protection across ministries and departments. This information will be required to perform a funding gap analysis. To better understand the spending dynamics, it is recommended that the analysis assess expenditures for the past three years leading up to the current year.

3.2 Fiscal Space Analysis

The objective of this component is to explore the availability of additional fiscal space to implement the national social protection framework in Botswana using the fiscal space diamond¹ as the conceptual framework. To this extent, the analysis, which should entail development of macro-economic scenarios as well as some modest simulations, is expected to explore concrete opportunities for mobilizing additional domestic revenue and external assistance, improving efficiency and expenditure reprioritization as well as assess the scope for borrowing (both external and domestic). The analysis should generate context specific and implementable recommendations in the short (1-3 years) to the medium term (4-6 years).

3.3 Funding Gap Analysis

This component starts with the estimation of additional resources required to roll out shock responsive social protection interventions under each of the five pillars of the new framework. This analysis will be followed by the calculation of the funding gap. It is proposed that the funding gap analysis be based on projections of current costs and taking into consideration the additional social protection goods and services required under the new national social protection framework. The consultant is not expected to conduct a fresh costing exercise for all social protection programmes but build on available data and statistics. However, where significant data gaps exist, the consultancy firm is expected to collect new cost data to be used in the analysis. For example, a new component to be added is the child support grant.

¹ The fiscal space diamond provides a framework for analysing fiscal space at national level by examining four sources of fiscal space: foreign grants, domestic revenue, sovereign debt, and efficiency improvements (WB/IMF Development Committee Interim Report, 2006).

4. EXPECTED DELIVERABLES AND REPORTING

Deliverable	Estimated date of delivery	Payment schedule
Inception report with detailed methodology including research tools, scenarios, and simulation methods	31 October 2022	20% of total consultancy fees
Draft report (Maximum of 70 pages including references)	31 December 2022	50% of total consultancy fees
Final report together with a power-point presentation with key findings and recommendations	15 February 2022	30% of total consultancy fees

5. STRUCTURE OF THE REPORT

Below is a proposed structure of the final report:

- I. Executive summary
- II. Introduction, background and methodology for the study
- III. Social protection spending trends
- IV. Fiscal space for social protection
- V. Social protection funding gap
- VI. Financing options
- VII. Effectiveness and efficiency of spending
- VIII. Conclusions and recommendations

6. MANAGEMENT

While led by UNICEF, the assignment is part of the Joint Programme on Sustainable Development Goals (SDGs) of the UN in Botswana. Accordingly, the outputs will also be reviewed by other UN agencies and the Government of Botswana. Evidence generated is therefore expected to directly contribute to ongoing discussion on financing the SDGs in Botswana and the development of an integrated national financing framework, as highlighted earlier. However, overall leadership and guidance will be provided by the Deputy Representative of UNICEF with operational support from the Social Policy Manager.

4. PAYMENT SCHEDULE

Payment will be made upon successful completion of each deliverable, as per the schedule agreed to at the signing of the contract, and after certification by UNICEF. Below is the proposed schedule of payment.

Instalments	Deliverables
20%	Inception report with detailed methodology including research tools, scenarios, and simulation methods
50%	Draft report (Maximum of 70 pages including references)
30%	Final report together with a power-point presentation with key findings and recommendations

No advance payment is allowed unless in exceptional circumstances against bank guarantee, subject to a maximum of 30 per cent of the total contract value in cases where advance purchases may be necessary. UNICEF reserves the right to withhold all or a portion of payment if performance is unsatisfactory, if outputs are incomplete, and or not delivered on time.

5. KEY SKILLS, TECHNICAL BACKGROUND, AND EXPERIENCE REQUIRED

UNICEF is looking for an internationally recognised institution with the capacity to undertake quality work within a short space of time, including those with Long-Term Agreements (LTAs) on public finance for children (PF4C). The institution should have proven knowledge, expertise and experience in the area of social protection budget analysis and fiscal space analysis. Interested companies should meet the following minimum qualification criteria:

- Officially registered legal entity.
- At least 10 years proven relevant experience in conducting social sector budget analysis and fiscal space analyses
- The firm should have a team of at least three people including a team leader who should be a public financial management expert/ economist, social protection expert and a local researcher experienced in fiscal space analysis and funding gap analyses.
- The team leader should have at least 10 years' experience in undertaking fiscal space analysis and in possession of an advanced university degree (masters/PhD) from an accredited academic institution, in a discipline related to economics, public policy, development studies and other related fields.
- Another member of the team should have at least 10 years in social protection policy analysis and financing, especially the costing of interventions. The member should possess an advanced university degree (masters/PhD) from an accredited academic institution, in a discipline related to social protection such as economics, public policy, law, and development studies.
- The third member should have at least 5 years' experience in undertaking costing exercises as well as econometric modelling of fiscal space options. The member should possess an advanced university degree (masters/PhD) from an accredited academic institution, in a discipline related to economics, statistics, public policy, and development studies
- The consultant team should be fluent in written and spoken English.
- The firm should have a national footprint through the identification of a local consultant to support with field work in the country.

- Demonstrated ability to handle multiple tasks under pressure with short deadlines and to work independently.
- The company should share at least 3 samples of previous work done.
- Experience with UN agencies will be an added advantage.

6. TERMS AND CONDITIONS

- UNICEF will not provide laptops or desk top computers. The Contractor will provide own laptops.
- The consultant will work from own office.
- Travel within the country for field work will be covered by UNICEF.
- As per UNICEF DFAM policy, payment is made against approved deliverables. No advance payment is allowed unless in exceptional circumstances against bank guarantee, subject to a maximum of 30% of the total contract value in cases where advance purchases, for example for supplies or travel, may be necessary”.
- The team/firm selected will be governed by and subject to UNICEF’s General Terms and Conditions for institutional contracts.

7. RISKS

The primary risks are that the production of the different deliverables will be delayed and of poor quality. To mitigate these risks, the Botswana Social Policy Manager will work closely with the selected firm to ensure that timelines are being closely adhered to and the different outputs are of strong quality. At the same time, technical assistance will be sought from ESARO to provide quality assurance of all outputs.

8. SOURCING

The consultant will be identified and selected through competitive bidding following advertisement on a UNICEF Website. Companies with existing LTAs will be given first preference.

9. TECHNICAL EVALUATION CRITERIA AND RELATIVE POINTS

The bidding institutions will be assessed based on agreed criteria. The applicants will firstly be evaluated on their technical capacity by a team of UNICEF staff. After this, a Financial evaluation will be conducted. The ratio between technical and financial offer weight will be 70/30 and only applicants who will receive a minimum of 55 points under a technical evaluation will be considered technically compliant and assessed on price proposal. Technical proposals must be separate from Financial offers. The criteria for evaluating the submissions of proposals/bids are as below:

Table 1: Evaluation Matrix

Technical Criteria	Description of Technical Sub-criteria	Maximum Points %
Overall Response	Completeness of proposal and	10
	Overall concord between terms of reference and proposal	
The institution	Range and depth of experience in conducting similar assignments, at least 10 years	15
	Strength of client references	
	Experience with UN/ international organisations	
Key personnel	Team leader: At least 10 years' experience in undertaking fiscal space analysis and in possession of an advanced university degree (masters/PhD) in economics, public policy, development studies and or other related fields	25
	Social protection expert: at least 10 years in social protection policy analysis and financing, especially the costing of interventions. The member should possess an advanced university degree (masters/PhD) in a discipline related to social protection such as economics, public policy, law, and development studies.	
	Budget analyst/ economist: At least 5 years' experience in undertaking costing exercises as well as econometric modelling of fiscal space options, and in possession of an advanced degree in a discipline related to economics, statistics, public policy, and development studies	
	Local researcher: At least 5 years' experience in social sector budget analysis and in possession of a degree in a discipline related to economics, statistics, public policy, and development studies	
Proposed Methodology & Approach	Robust methodology for the analyses.	20
	Realistic and well-thought-out action plan.	
	Clearly assigned roles and responsibilities	
Total Score for Technical Proposal		70
Financial proposal		30

Proposals should be sent to:

BTW_procurement@unicef.org

cc ritumeleng@unicef.org

Closing date for Submission:

15th August 2022 at 1700 HRS

Any **enquiries** regarding this advert should be sent to the above emails.