

Terms of Reference

Fiscal Decentralization Expert

Contracting Agency:	United Nations Development Programme (UNDP) Bhutan
Place:	Thimphu, Bhutan.
Contract Duration:	35 working days spread over 4 months (12 December 2016-31 March 2017)
Who can apply:	National consultant only

1. BACKGROUND

12th FYP formulation process

Bhutan has been commended for its remarkable progress in socio economic development, with the share of nation's population living below the poverty line effectively cut in half between 2007 and 2012 and target to reduce poverty to 5% by 2018. The 12 FY planning process has begun in 2016 and one of the strategic thrust areas identified in the 12th Planning process is the fiscal framework. The vertical integration of plans and programs between sectors and Dzongkhags in the 12th Plan suggests review and changes in the allocation ratio of resources between central and local governments to achieve a pragmatic balance at the local government level.

The 12th Plan (2019-2023) has determined that it will be designed as its predecessors to advance the nation's GNH philosophy, while at the same time delivering results against Agenda 2030 and the Sustainable Development Goals

Sustainable Development Goals: Agenda 2030

The Royal Government of Bhutan (RGoB) has committed to advancing progress against Agenda 2030 as part of its pursuit of Gross National Happiness. RGoB has prioritized three of the 17 Sustainable Development Goals (SDGs): SDG 1 on Eradicating Poverty, SDG 13 on Climate Action, and SDG 15 on Life on Land. Bhutan has begun preparing the 12th Five Year Development Plan. It is therefore pressing for the RGoB to understand how to finance actions in the 12th plan that will help to reach the SDGs, particularly through leveraging new, innovative and green financing options, while in the process showcasing progress against SDGs 1, 13, and 15. This is a timely and fitting opportunity for Bhutan to defining a harmonized approach to financing priority elements of the 12th plan and beyond, following a set of evidence based steps such as assessing the current

government spending in areas of poverty, climate change and biodiversity, studying how these flows are structured, and exploring future directions in an era of needed blended finance for development.

2. Project Overview

Local Governance Sustainable Development Program

The LGSDP has been designed to optimally channel multi-donor support to strengthen good governance and promote inclusive green socio-economic development at the local level. It aligns with the timeframe and strategic context of the 11th Five-Year Plan 2013/14-2017/18 which has an overall goal of “self-reliance and inclusive green socio-economic development.” It merges, and builds on, the Local Governance Support Program and Joint Support Program on Capacity Development for Mainstreaming Environment, Climate Change and Poverty Concerns in Policies, Plans and Programs implemented in the 10th FYP. It is, however, not a linear extension of the ongoing programs but an integrated program to advance the core areas of good governance and green socio-economic development at the local level in mutually-reinforcing ways.

The LGSDP program has three major outcomes:

- (a) inclusive and equitable socio-economic development at local level;
- (b) conservation and sustainable use of environment at local level; and
- (c) strengthening good governance at the local level.

The first outcome will focus on strengthening the system of fiscal decentralization, including Annual Capital Grants and Performance-based Grants, for equitable local socio-economic development. The second outcome will focus on: institutionalizing responsibility and knowledge for mainstreaming gender, environment, climate, disaster, and poverty issues in local governments; monitoring, advocacy and training to enhance the effectiveness and sustainability of GECDP mainstreaming; promoting best sustainable practices and integrated local area-based planning; and fostering enabling conditions for green development at the local level. The third outcome will focus on: improving the utilization of integrated National Monitoring and Evaluation system by local governments; strengthening access to demand-driven capacity development for local governments; implementation of the RGoB-approved ‘Capacity Development Strategy for Local Governance’; and enhancing public participation, transparency, and accountability of local governments.

UNDP-UNEP Poverty Environment Initiative

The UNDP-UNEP Poverty Environment Initiative Phase 3 is implemented in Bhutan as part of the the “Local Governance Sustainable Development Programme” (LGSDP) which is designed as a joint programme in partnership with the Government of Denmark (DANIDA), Government of Switzerland (SDC), European Union (EU) and UN Capital Development Fund (UNCDF).

Poverty is closely interlinked with the environment since majority of Bhutan’s rural population depend on environmental resources for their livelihoods. Mainstreaming crosscutting issues into development is seen as an important pathway to alleviate poverty, manage environment and climate change, ensure gender equality and reduce disaster.

In the context of poverty alleviation, mainstreaming of environment and other crosscutting issues into policymaking, plans and programmes has acquired great significance.

The PEI programs strives to successfully mainstream poverty and environment and cross cutting issues like gender, disaster and climate change into the national policies, plans and programs at central and local level. Mainstreaming has been promoted through advocacy and awareness, capacity building of all relevant agencies and CSO to mainstream pro-poor environment, poverty and climate concerns in policy, planning and investment decision making process. Mainstreaming reference groups both at central and local levels have also been formed to serve as an advisory body to integrate poverty-environment nexus issues into development planning and budgeting process in Bhutan.

PEI also supported the Public Environment Expenditure Reviews of the 9th and 10th Five Year Plan and this will contribute to the integrated financing of Biodiversity and Climate Change which is currently under review with support from PEI, BIOFIN and the INDC project.

UNCDF-Local Climate Adaptive Living Facility (LOCAL)

Local Climate Adaptive Living Facility is a UNCDF program aimed at enhancing the resilience and adaptive capacity of local communities against climate change through performance-based climate change adaptation grants (PBCCAGs) to the local governments in least developed countries. Bhutan and Cambodia were the first countries to pilot LoCAL programs in 2011. The LoCAL program was introduced in Bhutan as a part of the larger Joint Support Program on Mainstreaming Environment, Climate Change and Poverty in National Policies, Plans and Programs (JSP).

The LoCAL program is integrated in the Local Governance Sustainable Development Program (LGSDP) and is managed by the Department of Local Governance, Ministry of Home and Cultural Affairs, and co-funded by the European Union, Governments of Denmark and Switzerland,

UNCDF, UNDP and UNEP. The LGSDP aims to scale up the PBCCAGs in 105 gewogs by the end of program.

3. OBJECTIVE

The Royal Government of Bhutan has been implementing the current allocation formula, with minor changes of the annual capital grant for the past two FYPs (10th and 11th) and 2016/2017 is an opportune moment to take stock of the status of the implementation of the current annual capital grant allocation system and to inform the 12th FYP formulation process. Overall objective of the review will be to assess the impact of the current annual capital grant allocation criteria and their relative weights on the allocation of grants against the policy objective(s) of the grant scheme. Given the limited resources and time available, this review will focus on the potential impacts of the grant on the pro-poor environment and climate service delivery at the local level.

Specific objectives of the review will include:

- Review the mechanism in terms of dividing the funds in a way where it maximizes the allocations towards the needed areas and its efficiency and effectiveness in delivering pro-poor environment and climate services. Local service delivery in this area still needs improvement.
- Review the criteria and guideline for the Annual Grants and come up with recommendations for a system to allocate certain share of the Annual Grants to the cross-cutting issues mentioned herein.
- Review whether the use of indicators reflects the objectives of the formula
- Review the criteria and percentages/weights currently being applied
- Review options of linking the system to the government's performance-based management (GPMD), planning and budgeting system (multi-year rolling budgeting, PlaMS, etc.) with a focus on the areas related to pro-poor environment and climate services.
- Review of the own source revenue in the LGs and options to increase the tax base or other options while ensuring environmental sustainability of natural resources which may be identified as potential sources of revenues for LGs.
- Review of local capacity to plan and implement an enhanced fiscal decentralization
- Review of fiscal decentralization in the Local Governments (Dzongkhag, Thromde and Gewog)
- Review the Performance Based Climate Change Adaptation Grant and come up with recommendations on use of the grant for mainstreaming cross cutting issues

4. SCOPE OF WORK

Working in close collaboration with the Department of Local Governance, GNHC, MOF, UNDP-UNEP PEI and UNCDF, the national consultant will carry out the following deliverables:

- Desk review of existing reports, policies, laws and regulatory frameworks
- Development of a clear methodology (technical and process) of the assessment including workplan with key deliverables
- Consultations with key stakeholders at central and local level
- Data collection, analysis at central level and local level
- Conduct field visits to selected districts, and testing of options
- Presentation of findings to stakeholder through validation meetings and incorporation of the stakeholder comments in consultation with International experts
- Reports of the consultation workshops in close consultation with International consultants
- Presentation and submission of a joint report together with the International consultants including findings, gaps, issues, lessons and recommendations

5. DURATION OF ASSIGNMENT, TIMEFRAME and PAYMENT

The consultant will be hired for 35 working days spread over four months from 12th December 2016 till 31st March 2017.

Timeline (indicative)	Deliverables
21 st December 2016	Inception report including a methodology and work plan
6 th January 2017	Draft report (incorporating results of consultations and data collection and analysis)
20 th January 2017	Field- work and testing of options completed
31 January 2017	Revised report incorporating findings from the field work
17 February 2017	Presentation of the revised draft report and consultations for feedback
31 March 2017	Final report endorsed by RGOB

The UNDP CO shall be responsible for all payments to the National consultant with regard to this assignment. Following is the payment schedule:

%	Milestone
30%	On submission of Inception Report
20%	Submission of a draft Report
50%	Submission and acceptance of the final report

5. PROVISION OF MONITORING AND PROGRESS CONTROLS

The National Expert will report to UNDP-UNEP PEI Bhutan coordinator based in UNDP Bhutan, and Project Manager of the LGSDP program in the office of DLG under MOHCA. UNDP and DLG will ensure that the methodology of the assignment is aligned with the intended objective of the assignment, and monitor quality of final products. They will also facilitate meeting appointment for the national consultant with key stakeholders.

The regional UNDP-UNEP PEI and UNCDF-LOCAL advisors will provide technical input and quality assurance to the national consultant

The consultant will work closely with and receive technical guidance and input from 2 International experts throughout the process.

6. DEGREE OF EXPERTISE AND QUALIFICATIONS

Education:

- Advanced university degree in areas related to sustainable development and public finance

Competencies:

- Strong analytical, writing and communication skills.
- Ability to prepare clear publications, reports and presentations.
- Ability to work with a multidisciplinary and multicultural team.
- Strong motivation and ability to work and deliver under short deadlines.
- Focuses on impact and result for the client and responds positively to critical feedback.
- Able to work in teams
- Familiarity with government strongly desired.

Experience:

- At least 5-7 years of experience, in the area related to environmental economics or public financial management or environment and climate finance
- Good knowledge of governments fiscal decentralization policy
- Experience in collaborating with international and national experts and institutions.
- Experience in carrying out similar studies and assessments.
- Excellent report writing skills with good command of English

7. FINANCIAL PROPOSAL

Please indicate fee structure: All-inclusive lump-sum fee in the financial proposal.

Note: Payments will be made upon delivery of the services specified in the TOR and certification of acceptance by UNDP. The national consultant must factor in all possible costs in the **All Inclusive Lump Sum Fee** (including per diem and travel costs for field visit) together with the Technical Proposal in separate files.

8. RECOMMENDED PRESENTATION OF OFFER

The consultant should submit the following documents:

- a) Duly accomplished **Letter of Confirmation of Interest and Availability**;
- b) **Personal CV or P11**, indicating all past experience from similar projects, as well as the contact details (email and telephone number) of the Candidate and at least three (3) professional references; should be emailed to procurement.bt@undp.org by 2400 hrs(BST) 8th December 2016
- c) **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.

9. CRITERIA FOR THE SELECTION OF BEST OFFER

The following criteria shall serve as a basis for evaluating the offers:

Combined Scoring method – where the qualifications and methodology will be weighted a maximum of 70%, and combined with the price offer which will be weighted a max of 30%.

Criteria	Weight	Max. Point
A. Technical	70	
1. Academic Background		10
2. Core Competencies and Motivation		10
3. Relevant experiences as per the requirement		20
4. Adequacy of the proposed methodology and work plan in response to the Terms of Reference		30

Criteria	Weight	Max. Point
Sub-total A. Technical		70
B. Financial	30	30
Sub-Total B. Financial		30
Total (A+B)		100