

TERMS OF REFERENCE FOR SERVICE CONTRACTING:

Public Finance Economist for Child Rights in Oman

- Assignment**
- Support to Government of Oman in planning and budgeting with focus on social sectors' spending
 - Child sensitive (planning and budgeting) capacity building, and evidence-based advocacy for greater public investments in children and young people
 - Ensure financing strategies and solutions for the new social protection system

Estimated budget

Budget Source

Location Mostly Muscat, Oman based (seconded to government)

Duration 8 months

Estimate number of working days 150 working days

Start date 15 September 2021

End date 15 May 2022

Reporting to Social Policy Manager

Closing date for proposals

Type of contract Institutional Contractor

Distribution of tender International

Selection Process Competitive Tender

1. CONTEXT

As part of its longstanding Cooperation Agreement with the Government of Oman, UNICEF, through its multi-annual Country Development Plans, identifies selective areas of support to advancing the rights of the child in Oman within the framework of the Convention of the Right of the Child and national development framework. The broad axes of collaboration in the upcoming Country Development Plan comprise Children with Disability, Early Childhood Development and Child Protection System. More recently, opportunities for intervention have arisen in Youth Opportunity through Generation Unlimited and Social Protection. Sustainable funding is an essential feature for any long-term policy plan.

In 2020 Oman's economy suffered a double shock. First, a 39% drop in oil prices in Q2 led to a 14% reduction in fiscal revenue. Second, COVID-control measures and a slow-down in global economic output impacted the non-oil sectors, leading to a significant loss in revenue for businesses and households. The resultant increase in the public deficit was addressed by a combination of increased debt and expenditure cuts, mainly in capital and operational expenditures. The macroeconomic outlook deteriorated to the extent that major credit rating agencies downgraded Oman, inviting a robust response by the Government in the form of the Medium-Term Fiscal Plan (2020 – 2024).

While the economic shock from COVID has impacted every major economy in the world, it raises specific challenges to Oman's Vision 2040 ambition to diversify its economy and to derive an increasing share of its fiscal revenue from non-oil sectors. Central to this ambition is the need to build up an adequate stock of human capital. This means, in practical terms, ensuring that Oman's children and youth have access to high quality educational opportunities, from pre-school education, over technical and vocational training to tertiary education. Human capital also requires access to high quality health care services and an effective social protection services for those needing income and non-income support.

It is within this context that UNICEF has carried out a Fiscal Space Analysis aimed at understanding what the available fiscal space is for social sectors, health, education and social protection over the coming decade. The fiscal space analysis starts from the macrofiscal and economic policy guidance embedded in the Medium-Term Fiscal Plan and aims to help operationalise the objectives of the 10th Five-year plan, which was launched in 2021. Its recommendations will focus on the rights of children and adolescents, as embedded in the Convention of the Rights of the Child, and be fully aligned to Oman's policy framework, most notably Vision 2040.

Within the MTFP, the Government plans to build a national social protection system to mitigate the impact of COVID-19 control and fiscal consolidation measures on the population. As such, the new social protection system is envisioned to be inclusive, integrated, shock responsive and sustainable in line with Vision – 2040 objectives that calls for social justice and building the human capital. Therefore, the careful redesign of subsidy and social protection programmes is a critical component within the MTFP which will allow the country to move towards a comprehensive and integrated social protection system under a unified framework to ensure that all Omanis have uninterrupted access to income security, essential social services and employment opportunities.

2. RATIONALE

The twin challenge of future tight fiscal space and the need to build up human capital through effective health, education, and social protection services to ensure a successful diversification of the economy requires a strong performance of health, education, and social protection expenditure over the next 20 years. This means that health, education, and social protection expenditure should be adequate, sustainable, cost-effective, cost-efficient, and equitable. Poor expenditure performance will immediately put at risk the achievements that have been made in human development.

Over the last decades, Oman has built up an impressive health and education system. The focus was on effectiveness (ensuring the population had access to quality services) and equity (that no one was left behind), and less so on cost-efficiency (that these objectives were achieved with the least resources). On the other hand, social protection has been characterised by fragmentation (10 different schemes) and ineffectiveness that more reliant on universal subsidies.

To ensure smooth implementation of the fiscal consolidation measures, the Ministry of Finance under the Tawazun programme developed Macro Fiscal Unit to support implementation and updating of the MTFP measures, monitoring the critical financial and economic indicators and identify reform options, development of debt strategy and working on macro-economic forecasts to inform policy development.

The public finance economist who will be placed in the MOF and Tawazun will work very closely with the MFU and social sectors ministries to provide strategic and technical advice as well as institutional capacity building concerning social sector spending, to identify the main risks and propose reform options to ensure system efficiency to achieve Vision 2040 goals. In addition, the economist will identify how Oman can increase the fiscal space for the new social protection system that is being developed to improve its shock responsiveness, inclusiveness, and sustainability. This work can build on the work that UNICEF Oman has worked on fiscal space analysis for social sectors, mainly for health and education sectors, in response to the fiscal consolidation efforts.

3. DESCRIPTION OF THE ASSIGNMENT

Progress toward this overall objective is expressed through the achievement of specific objectives for the PF4C and social protection components, which together amount to a strategic policy and a spending review across the health, education, and social development. Each of the objectives is associated with an output in the form of a technical report, a short paper targeting high-level policy makers, and an easily accessible PowerPoint presentation

While these outputs put the emphasis on analytics and diagnostics, it is important that these outputs are produced in a fully collaborative manner with staff from both the MOF/Tawazun and the MOH and the MOE, and MOSD and that they are directly supporting all ministries involved. Doing so is a necessary condition to achieve the integration of policies, plans and their associated allocation of resources across the Ministries of Finance, Health, Education and MOSD.

Therefore, this assignment will report to Tawazun and UNICEF , and will collaborate with: (i) government counterparts, including the Ministry of Finance (MoF), social sector ministries; (ii) external partners, including the IMF, ILO , other UN agencies and civil society organizations; and (iii) UNICEF technical staff from program sections as well as from UNICEF’s regional office.

4. PURPOSE AND OBJECTIVES:

Support UNICEF engagement in the county level planning and budgeting to influence allocation decisions and improve the performance of spending on children- including comprehensive yearly budget analysis , PFM reforms to reflect child-focused priorities and deliver on expected results

Evidence-based advocacy for greater and better public investments in children- including technical leadership for the scaling up of UNICEF’s PF4C and social protection work in Oman in line with the Country Programme Document, develop and apply relevant PFM tools together with government, costing exercises, fiscal space analyses, financing and/or affordability studies, cost-benefit analyses, cost of inaction analyses, etc ; and support in analyzing child poverty and its impact on children and its determinants and proposes appropriate responses in terms of government resource allocation policies and social welfare policies.

Child sensitive (planning and budgeting) capacity building: develop and build nationally owned multi-year PF4C capacity building plan with tools and materials that are embedded into the national PFM capacity development plan. Leverages with Tawazun and relevant Ministries to ensure that key national and county level PFM stakeholders have the full PF4C capacities.

5. BREAKDOWN OF KEY TASKS AND DELIVERABLES:

Component 1:

Public Finance for Children

1. **Provide strategic and technical advice as well as institutional capacity building for the Marco Fiscal Unit (MFU) under Tawazun and the Ministry of Finance (MoF) as well as social sector ministries.** Key tasks:
 - i. **Update the fiscal space analysis** using Government data to institutionalise regular updates of the fiscal space. The aim of this activity is to establish a routine way of updating the fiscal space framework in collaboration with the Macro Fiscal Unit, which will eventually take over updating of the fiscal space as part of its mandate. This will help the main stakeholders of this work (MOH, MOE, MOSD) to understand fluctuations in fiscal space for social spending within the broader, longer term trends. It will also provide a further opportunity for the main stakeholders to become fully acquainted with a crucial element of the social policy infrastructure.

- ii. **Prepare budget briefs** of the sector ministries and other analyses (efficiency, effectiveness and equity) will identify gaps facing social sector spending. As such, provide strategic advices to the Ministry of Finance and MFU on the reforms required to protect social sector financing. The budget briefs are easy-to-read documents which report on budget and actual expenditures in health, education and social development, by year, economic, administrative and functional classification. They will provide stakeholders with a better understanding where money is being spent, and, when repeated over time, will allow to track trends. They are a first informational building block to improve the performance of social spending and also provide to the decision makers the areas that require quick fixing
- iii. **Costing the social sectors** (health, education and MOSD) and provide advice to the MFU as well as the sector ministries in determining financial needs of the social sectors in the medium term.
- iv. Work with the sector ministries on budget briefs and child budget analysis can inform monitoring implementation of the budget for the three social sectors and accordingly inform key strategic decisions related to social sector financing.
- v. Engage with the Macro Fiscal Unit and the International Monetary Fund and bring alternative viewpoints to the inter-temporal dimensions in the trade-off between social justice and fiscal balance. Noting that UNICEF’s position on debt and debt financing has been clearly set out as part of its Roadmap to recovery, which has been developed in view of the fiscal impact of COVID-19.
- vi. Work with the MFU to modify macroeconomic adjustments and alleviate the adverse impact of these policies on social sectors (education, health, social protection) as part of preparing the Midterm Fiscal Plan.
- vii. Contribute to the technical discussions on macro-economic developments with the international financial institutions to advocate the prioritization of social sector financing.
- viii. Assist in preparing analytical notes on social sector spending to support the MFU to compile and analyse statistical data on public finance and related macroeconomic variables and analysis.

2. Child Budget Analysis

Child Budget Analysis (CBA) concerns the identification of expenditures targeted specifically at children and adolescents, and to track these over time. “Children and Adolescents” are a population group that is central to human capital development, yet, spending targeted at this group is not explicitly measures. This is because ministries, departments and public agencies are organised either thematically (e.g. health, education) or geographically (e.g. by Governorate). Measuring and tracking

expenditures on children and adolescents provides a unique insight that is useful to complement expenditure review and tracking efforts by ministry or Governorate.

3. Cost-effectiveness analysis: Health and Education and Social Development

Cost-effectiveness concerns the analysis of the 'mix or balance' of spending across a variety of categories. It examines the balance of spending between operational and capital spending; between levels of spending (e.g. primary, secondary and tertiary education), functions of spending (e.g. preventative and curative care). Where data are available, it will also consider spending patterns across the public and the private sectors. Cost-effectiveness is a great driver of system efficiency and is an important first step on the way to improve expenditure performance.

4. Cost-efficiency analysis: Health and Education and Social Development

Cost-efficiency analysis concerns the question whether defined objectives (e.g. universal primary school enrolment, or the roll out of an MMR vaccination programme) are always achieved with minimal resources. Cost-efficiency analysis is targeted at certain components of sectors, normally at those components where stakeholders believe efficiency savings can be made and provide insights into how these efficiency savings can be made.

5. Equity analysis: Health and Education and Social Development

Equity analyses can take on many forms but in essence considers the assessment of differentials between population groups. Differentials can be of a different nature and comprise the allocation of resources (financial resources, staff, clinics, schools), access to health, education and labour market opportunities and social protection services, or education and health outputs or outcomes. Which population groups are contrasted is a matter of study design and might comprise place of residence (by Governorate, by urban and rural residence), by sex (male versus female), by age category, by vulnerability status, and so on. Equity analyses provides information to answer questions of equal access to health, education and social protection services and are an essential piece of information to improve social expenditure performance. Under the national vision of 2040, the Government aims to gradually reduce share of public expenditure to GDP from 49% in 2020 to 25% in 2040. Considering the population growth and increased demand of both health and education services, the private sector is expected to take more role in service delivery. As such, the respective sectors will need to come up with models that encourage private sector participation in service delivery, and at the same time ensure access of all people to these services.

6. Technical training and capacity building: associated with all of the previous points

All analyses mentioned above should be led by the key ministry stakeholders and support by the Senior Public Finance Economist. Designated staff within the ministries of Finance, Health, Education and MOSD should take the lead in defining the research and policy questions, the design characteristics of the analyses, the implementation, the validation of the studies, and the usefulness of the findings. Importantly, they should support the collection of the data and information required to carry out the

studies. All studies will be taken as an opportunity to provide seminars on public policy tools, methods...etc.

7. Support the budget submission of the Ministry of Health, Education and Social Development

The analysis above are expected to give rise to many opportunities to improve expenditure performance which can be expressed also in changes to expenditure allocation, certainly as the Ministry of Finance rolls out programme-based budgeting

Component 2:

Social Protection

1. **Fiscal Space Analysis for the Social Protection Programme** based on the overarching Fiscal Space Analysis completed in April 2021 with options on how the new Social Protection System can be financed and what type of financing strategies should be in place. The following activities will be undertaken to develop the financing strategies:
 - I. Update the comparative scenarios for projecting the fiscal space that has already been developed under the recent FSA to identify gaps in the available fiscal space for the social protection system and identify financing solutions (linked to output 3)
 - II. Identify the scope of potential fiscal space for the new social protection system in a sustainable manner. This work includes identifying sources of financing that could be tapped such as, savings from the subsidy reform, revenue from the new tax regime, and fiscal space generated from the new pension reform to provide financing solutions for the rollout of the new SP system. The costing scenarios of the SP policy framework and the modelling and costing of reform options for core multi-tiered income support system and service-based social protection system will inform this work.
 - III. Compare the costing scenarios of the social protection system as depicted in the policy framework, multi-tier income support system, service-based SP schemes and the pension schemes vs. the available financing to identify the fiscal space required to bridge the gap. Consider the role of CSR, Islamic Finance (ZAKAT and Awqaf) and their potential alignment to SP financing.
 - IV. Review critical institutional conditions that could enable or hinder the financing of the new social protection system. Conditions may include affordability, ministries' capacities and implementation challenges, among others. The analysis will provide recommendations to overcome the main challenges
 - V. Analyse social protection expenditures across the different schemes over the last five years to depict the sector's cost efficiency, performance, and gaps.

- VI. To produce a paper on the fiscal space analysis for social protection and financing options available to finance the new social protection system.

6. DELIVERABLES

#	Deliverables	Timeframe	Payment schedule
1	Inception report detailing scope of the work and deliverable	September 2021	20%
2	Cost-efficiency analysis report for Health and Education	October 2021	30%
3	Updated FSA for social protection and financing scenarios for the new social protection system	Oct – Nov 2021	
4	Cost-effectiveness analysis report for Health and Education	Nov - Dec 2021	
5	Equity analysis report for Health and Education	Dec 2021	
6	Technical training and capacity building for Health and Education and Social Development, and MFU on key tools of PF4C	January 2022	
7	Updated fiscal space analysis using Government data in collaboration with MFU (Health, Education)	January 2022	
8	Budget briefs of the sector ministries (Health, Education and Social Development)	February 2022	
9	Child Budget Analysis (CBA)	February 2022	
10	Three costing reports for the social sectors (health, education and MOSD)	March 2022	
11	Policy paper on protecting social sectors needs within the MTFP and the planned debt strategy and in line with UNICEF's Roadmap to recovery.	April 2022	10%
12	Budget submissions of the Ministry of Health, Education and Social Development supported for the fiscal year 2023 based on the opportunities emerging from the above analysis to improve expenditure performance.	May 2022	

7. DESIRED QUALIFICATIONS, SPECIALIZED KNOWLEDGE OR EXPERIENCE

- Senior expertise in fiscal space programming and economic analysis.
- Senior expertise in Social Protection financing
- Senior expertise in social sector funding analysis, policy, and system efficiency.
- Senior expertise in the collection and analysis of financial data and information.
- Have excellent communication and advocacy skills.
- Have strong analytical and writing skills.
- Fluency in English and Arabic is required.
- Have experience working with multiple partners and agencies, and national governments in an international setting, familiarity with the MENA region is an asset.

8. REPORTING REQUIREMENTS

The selected consultant/s will be expected to align the TA approach to meet the demands of (initially MENA) countries with the opportunities and potentialities of Oman and partners and develop a comprehensive plan for the implementation of the innovation hub. The consultant/s must submit the following:

1. A detailed inception report in a form and substance that is acceptable to the Government of Oman and UNICEF that outlines how the consultant/s intend to undertake the evaluation including agreed work plan, milestones and approach
2. Monthly progress reports
3. A draft report for review
4. A final report, incorporating comments from the review team, including recommendations and key learnings to guide internal and external communications about the project
5. A summary presentation of the findings, key recommendations and high-level roadmap to facilitate internal and external communications and stakeholder engagement.
6. All reports must be provided in English.

9. LOCATION AND DURATION

- Mostly in country presence
- The consultancy will be from 15th September 2021 to 15th May 2022

10. OFFICIAL TRAVEL INVOLVED

Travel costs shall be calculated based on economy class travel, regardless of the length of travel and costs for accommodation, meals and incidentals shall not exceed applicable daily subsistence allowance (DSA) rates, as promulgated by the International Civil Service Commission (ICSC at <http://icsc.un.org>).

For institutional contractors, all travel arrangements, including insurance and visas, will be managed, and paid by the institution. Therefore, expected travel costs must be included as a budget item in the financial proposal.

11. CONTRACT MANAGEMENT

The Oman Country Office will be responsible for managing the contract. The key focal point will be the Social Policy Manager in Oman CO.

12. FREQUENCY OF PERFORMANCE REVIEWS AND PERFORMANCE INDICATORS FOR EVALUATION OF RESULTS

Evaluation will be undertaken after finalization of the contract.

13. UNICEF RECOURSE IN CASE OF UNSATISFACTORY PERFORMANCE

In case of unsatisfactory performance, the payment will be withheld until quality deliverables are submitted. If the institution is unable to complete the assignment, the contract will be terminated by notification letter sent 30 days prior to the termination date. In the meantime, UNICEF will initiate another selection process in order to identify appropriate candidate.

14. CONDITIONS AND ADMINISTRATIVE ISSUES

- The contractor will work on its own computer(s) and use its/his/her own office resources and materials in the execution of this assignment. **The contractor's fee shall therefore be inclusive of all office administrative costs**
- Granting access to UNICEF ICT resources for consultants/non-staff is considered as 'exception,' and therefore shall only be granted upon authorization by the head of the office on justification/need basis. This includes creation of a UNICEF email address, as well as access to ICT equipment such as laptops and mobile devices.
- All persons engaged under a UNICEF service contract, either directly through an individual contract, or indirectly through an institutional contract, shall be subject to the UN Supplier Code of Conduct: <https://www.ungm.org/Public/CodeOfConduct>
- Please also see UNICEF's Standard Terms and Conditions attached.