

Terms of Reference for Data Collection for Costing and Fiscal Space Analysis



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| Requirement | National Consultant |
| Assignment | Data collection for Social Protection Floors (SPF) Assessment |
| Start date | 15 th December, 2021 |
| End date | 28 th February, 2022 |
| Total working days | 20 days |

1. Background of the study

Social protection is at the forefront of the development agenda, given its positive social and economic impacts. It is a key element of national strategies to promote human development, political stability and inclusive growth; it ensures that people enjoy income security and have effective access to health and other social services, and are empowered to take advantage of economic opportunities. By raising household incomes, such policies play a key role in boosting domestic demand, supporting structural transformation of national economies, promoting decent work, and fostering inclusive and sustainable growth.

Social protection is one of the priorities for the Government of Nepal (GoN). The Constitution of 2015 recognizes social protection as a right to all citizens (Article 43), further reinforced in Article 33 on the Right to Employment, Article 41 on the Rights of Senior Citizens, and Articles 37, 40, 42 highlights that women, Dalit, vulnerable groups and indigenous communities under threat of disappearing, respectively, should receive special attention to access social protection. The 15th National Development Plan has set ambitious targets to achieve its goals on universal social protection including 60 percent coverage of the population with basic social protection schemes and the allocation of 13.7 per cent of the National Budget for Social protection in FY 2023/24.

While the target on budget allocation seems slightly behind, with 11.5 percent of the national budget allocated for social protection for FY 2021/22, against the planned 12.9 percent, progress in the extension of the coverage remains concerning. According to a 2019 estimate by the ILO, the proportion of the population protected in at least one area of social protection is 17 per cent and the proportion of vulnerable persons covered by floors/systems is only 14.8 per cent.¹ Thus, notwithstanding the progress made, poor and vulnerable households of

¹ ILO calculations based on the latest data available through the Social Security Inquiry (SSI) database in 2020.

Nepal remain predominantly unprotected and often unprepared to cope with a range of shocks and life-course stresses, aggravated by the current COVID-19 crisis.

A fundamental step for designing and implementing comprehensive social protection systems is to measure gaps in both coverage and financing for social protection (see Figure 1). The ILO Country Office for Nepal has recently started implementation of the Project on *'Enhancing Social Protection System: Towards Investments for Results in Nepal in Nepal'* (SPPFM Project) as part of the European Union's global Action on improving synergies between social protection and public finance management. The objective of the project is to support the Government of Nepal (GoN) in improving social protection policies; financing strategies; coordination mechanism; and implementation and monitoring systems in order to increase coverage to the excluded, including persons with disabilities (PWD), informal sector workers and people living in disaster prone areas.

The ILO has proposed a **series of studies to review the existing social protection system of Nepal**, understand its gaps and challenges, and identify potential strategies to extend the coverage and improve the adequacy of schemes and for the sustainable financing of the sector under the SPPFM Project.

Figure 1: Phases of Social Protection Floor Costing and Fiscal Space Analysis



2. Objective of the ToR

The terms of reference focuses on data collection for the development of costing analysis and projections of financing needs and for conducting fiscal space analysis.

The Constitution of Nepal provides a robust legal basis for social protection whereby social protection is provided towards the exercise of fundamental rights, including employment,

food security, health, and education. Article 43 of the Constitution states that the economically poor, incapacitated and helpless, single women, people with disabilities, endangered ethnicities, children and those who cannot take care of themselves have the Right to Social Security. While Nepal has made significant gains in implementing a number of social protection programmes, coverage remain lows. According to a 2019 estimate by ILO, the proportion of the population protected in at least one area of social protection is 17 per cent which is far behind the GoN's commitment to achieve 60 percent coverage rate by FY 2023/24.

Costing analysis and projections of financing needs will identify estimation of the financing gaps by making a comparison of differences between current allocation of resources (or expenditure, including donor funding) on social protection programmes and the required allocation of resources (or expenditure) to fill in the identified gaps in coverage and financing. Furthermore, fiscal space analysis will provide guidance to the government and other stakeholders on the potential avenues to create fiscal space to finance economically sustainable social protection system in the country.

3. Task/Activities

Under the supervision of the Social Protection Team in ILO Nepal, the external collaborator will collect data for the costing estimation and fiscal space analysis from national agencies. The key indicators include demographic data, labour statistics, macroeconomic statistics, and government finances including expenditure information on social protection, health, education, and disaggregated revenue structures.

The activities shall include:

1. Finalize the **assessment matrix** with key indicator for data collection in collaboration with the Social Protection Team in ILO Nepal. The will include, but not limited to:
 - a. Demographic data
 - i. Population by age (single-age or 5-year age groups) and sex
 - ii. Population projections 30-50 years (single-age or 5-year age groups) and sex
 - b. Labour statistics
 - i. Activity rates by age (single age or 5-year age groups) and sex
 - ii. Employed population
 - c. Average wage (local currency)
 - i. Minimum wage (local currency)
 - ii. Poverty line (local currency)
 - d. Macroeconomic statistics (from 2010 – current)
 - i. GDP and its growth rates by sector (at constant and current prices)
 - ii. GDP structure by sector (in percent)
 - iii. GDP deflator and its growth rate
 - iv. Real interest rate
 - v. Exchange rate (current, local currency per USD)
 - vi. Exchange rate (PPP)

- e. Government finances (from 2010 – current)
 - i. General government expenditure
 - ii. Government expenditure in social protection, health, education
 - iii. General government revenues (disaggregated)
 - iv. Tax revenues (disaggregated by type)
 - v. Tax structure – general policy characteristics by tax type (rates, application, rules...)
2. Data collection from relevant national agencies, existing national statistics, and report;
3. Input collected data into the assessment matrix.

The expected number of days for this task is 20 days.

4. Deliverables

1. Final assessment matrix with data

5. Payment Schedule

100% payment will be made upon delivery of the final assessment matrix with data to the satisfaction of the ILO.

6. Reporting

The consultant will work under the general supervision and direction of the National Project Coordinator in Nepal ILO Office.

7. Qualification & Experience Required

The consultants should have the following qualification and experience:

1. Bachelor's degree in economics or related field;
2. 1-2 years of experience in data collection with understanding of primary and secondary research techniques;
3. Experience liaising with Government of Nepal ministries;
4. Excellent communication and public relations skills as well as working knowledge of local languages and command in written English; and,
5. Previous work experience with government institutions, the UN System in general and with ILO in particular, will be added advantage.

8. Submission

Interested individual consultants are invited to submit their application (expression of interest) along with updated CV with evidences of similar type of work experiences and expected daily rate of consultancy to KTM_PROCUREMENT@ilo.org no later than 17:30hrs, November 21st, 2021. Please indicate "SPF Costing and Fiscal Space Data Collection, SPPFM" in your email subject line.