Terms of Reference for International Consultant to develop an Integrated Financing Framework for Rwanda

I. Position Information

Job Code Title: International Consultant  
Department: Sustainable Growth Unit  
Reports to: Head, SGU and MINECOFIN INFF Technical Advisor under the leadership of the Director General National Development Planning and Research  
Timeframe: October 2020 – June 2021  
Contract: Individual Contract  
Category: International Consultant  
Location: The consultant will work remotely with at least two missions to Kigali  
Duration: 90 working days over 8 months

II. Country Context

Although Rwanda's strong growth trajectory has been temporarily slowed down on account of the COVID-19 global crisis, there are strong expectations that the economy will rebound, re-establishing the growth trajectory to pre-COVID-19 levels. Building on this expected resurgence, the Government of Rwanda (GoR) is expected to reignite its Vision 2050, which takes economic growth ambitions to the next level by setting the target of achieving upper middle-income status by 2035 and high-income status by 2050. To achieve the target, in the medium-term, Vision 2050 is implemented through Rwanda’s first National Strategy for Transformation (NST, 2018-24) and District Development Strategies (DDSs). NST-1 is fully aligned to the 2030 Agenda and the 17 Sustainable Development Goals (SDGs). The ambitious and transformational development goals of Rwanda require a substantial increase in investments from Rwanda’s current investment rate of around 26% to investment rates between 35% and 40% of GDP. According to a recent study, the financing needed to achieve the SDGs will greatly surpass all current development finance flows, by 19 percentage points of GDP in spending (two-third of this must come from public sources).

While Rwanda has made significant strides in improving domestic resource mobilisation, the rate at which domestic resources are growing is yet to fully match the needs. With the onset of the COVID-19 crisis, public expenditures are expected to increase significantly in response to the crisis and exert further pressure on Government resources. In responding to the socio-economic devastation brought about by the COVID-19 crisis, the Government of Rwanda has developed an Economic Recovery Plan (ERP) to steer the country towards sustained economic recovery while at the same time increasing allocations to safety net and social protection programmes to cushion significant losses in incomes for a large part of the population. The ERP has prioritised areas that will need additional resources to recover from the effects of the lengthy economic shutdown. These include the immediate health response to the COVID-19 crisis and strengthening the health system, mitigating the impact of the COVID-19 crisis on households incomes, ensuring food self-sufficiency by increasing Agriculture production, supporting businesses and protect jobs, and ensuring a coordinated multi-sectoral response of the Government to quick-start and boost economic activity. All these measures will exert significant additional pressure on Rwanda’s fiscal space.

Meanwhile, traditional aid has been declining over time, narrowing the fiscal space for public investments. Rwanda also recognizes the importance of tapping into private sector resources for the achievement of its vision. To this effect, it has implemented business enabling environment reforms that have resulted in the country being ranked 2nd in Africa on the World Bank ease of doing business index, behind only Mauritius in Africa. However, with the gradual reduction in grant finance being accompanied by slowly expanding public revenues, limited but growing external private capital inflows (especially Foreign Direct Investment) as well as growing public debt levels, it is now necessary to have a fresh look into sustainable development financing. Rwanda will need to develop new, more effective, and integrated approaches to managing public and private finance.
The Addis Ababa Action Agenda assumes that countries will use their own national development strategies and plans to respond to the SDGs and calls for the adoption of Integrated National Financing Frameworks (INFFs). The INFF will provide a structure for Government to form and implement a strategic, holistic, results-driven approach to financing development objectives. By developing and implementing the INFF, Rwanda aims to effectively mobilize the investments needed and provide a structure that supports coherence across government in channelling resources to the areas they are most suited, especially in light of the emerging transformation in global development dynamics stemming from the COVID-19 crisis.

In 2019, the Ministry of Finance and Economic Planning (MINECOFIN) entered into an agreement with the United Nations Development Programme (UNDP) to implement a five-year programme focused on Innovative Development Policy and Finance for Impact. One of the agreed objectives of this cooperation is to enhance MINECOFIN’s capacity to manage, monitor and coordinate development cooperation to achieve national development objectives, including through the development of strategies and diagnostics to better capture and manage external development finance flows.

The objective of this assignment is to support MINECOFIN develop an Integrated National Financing Framework for Rwanda’s financing needs as well as a macroeconomic framework to guide short, medium, and long-term resource mobilization efforts of the Government of Rwanda. The strategy should be fully in line with the updated national Development Cooperation Policy.

Against this background, MINECOFIN, supported by the One UN in Rwanda and the European Union, is looking for an international consultant to work with a national expert, and in collaboration with a National Technical Team (NTT), to develop the INFF for Rwanda. The National SDG Taskforce will provide overall strategic guidance to the entire process. The NTT will provide technical backstopping and day to day inputs and guidance.

III. Functions / Key Results Expected

Summary of key functions:

The international consultant is expected to work with a national expert and in collaboration with a technical team to develop the INFF in Rwanda. A high-level governance structure including a Project Steering Committee will provide overall strategic guidance to the entire process, supported by a multi-partner Technical INFF Steering Committee. Rwanda has undertaken several studies and developed a significant number of national policies relevant to the INFF process. The 2019 Financing for Sustainable Development Report of the Inter-Agency Task Force on Financing for Development (IATF) identified four building blocks which are recommended for the design and operationalization of an INFF. These are: i) assessment and diagnostics; ii) financing strategy; iii) monitoring and review; and iv) governance and coordination.

The international expert will map all relevant documents and policies as part of a desk review and diagnostics of the country’s development finance. Based on the desk review and assessment of the government’s existing financing strategies, policies, and institutional structures, he/she will establish a baseline for the building blocks of an INFF and establish the gap in information for completion of the diagnostic phase. The consultant will then undertake gap filling research for the diagnostic phase of development financing options. S/he will also conduct extensive consultations to come up with the road map for the development of the INFF. Following the completion of the above task, s/he will develop/ adapt the financing strategy and prepare an implementation plan.

The key deliverables include

1. Inception phase: map all existing knowledge and compile existing assessments and diagnostic exercises to create a first snapshot of financing needs and identify major trends in the financing landscape. Collate existing estimates of financing needs and costs associated with realizing national and subnational development priorities aligned with the NST 1. Map key stakeholders and their roles in establishing an INFF, including both state and non-state actors. Analyze existing platforms and mechanisms (e.g.
forums, working groups, and committees) for coordination of financing policy and dialogue within government and with external stakeholders such as the private sector, civil society organizations (CSOs), think tanks, international financial institutions (IFIs) and development partners, relevant to the development priorities in NST 1 and DDSs. Using the global methodology and available secondary information, establish the information gap as it relates to the diagnostics phase of the INFF.

2. Undertake specific analysis to fill information gap(s) and complete the diagnostics phase of the INFF by submitting a diagnostic and assessment report. This should provide a comprehensive understanding of the financing landscape including: (i) public and private domestic and external financing trends, and (ii) their respective contributions toward different sustainable development priorities (to the extent that this information is available). It should also look in depth at binding constraints – meaning, the factors that, if lifted, would have the most significant impact on the availability of resources. This shall include reviewing the economic and macro-fiscal impacts of COVID-19 and government responses to date, including key financing interventions. The analysis should capture trends at both national and subnational level and give a clear picture of the current context and future outlook across the development financing landscape.

3. Develop/refine a long-term financing strategy to enable Rwanda to achieve the second building block of the INFF, based on the existing financing strategy of the NST-1 and other relevant government policies. The strategy should match financing policy actions across public and private finance to priorities in the NST-1. In developing the financing strategy, the consultant will identify and collate information on known or potential risks that could affect the need for, or availability of, financing for sustainable development. The strategy should also cater to a risk assessment and scenarios that can affect financing needs and availability, drawing from available literature and analysis. The strategy should reflect an analysis and synthesis from stakeholder interviews of the strengths and opportunities to strengthen national and subnational institutions’ capacity to effectively deliver public and private financing policies.

4. Develop an INFF Roadmap inclusive of an operational plan for the financing strategy. The Roadmap shall lay out the steps that will be taken to operationalize an INFF in Rwanda. Support MINECOFIN to develop recommendations on financing solutions, institutional changes and capacity development options for financing strategies at national and subnational levels for achieving SDG-aligned development priorities in Rwanda with concrete actions and an appropriate monitoring, governance, and coordination structure. This should also cover actions to adjust/adapt financing instruments, operational tools and structures if they already exist.

**Delivery timeline and payment:**

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<th>Deliverables</th>
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<td>Inception report</td>
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<td>INFF Diagnostic &amp; Assessment report</td>
<td>45 days from the submission of the previous deliverable</td>
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<td>Financing Strategy</td>
<td>60 days from the submission of the previous deliverable</td>
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<td>INFF Road Map/Operational Plan</td>
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Payments will be made upon approval by MINECOFIN and UNDP.

**V. Recruitment Qualifications**

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<td>Experience:</td>
<td>At least 8 years of experience in the field of public finance, private sector development, strategic planning and budgeting, capacity building and advisory services; experience in public finance is required. Demonstrated experience of 3 years in development finance and public institutional governance improvement and capacity building is essential. 5 years of rigorous data and information research and analysis;</td>
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policy analysis experience in public finance, economics, private sector development is required. Demonstrable experience in innovative financing tools and instruments. Experience in country level work rooted in public policy reforms in close collaboration with central government agencies and be able to lead consultations with senior government officials and facilitate discussions among a wide group of stakeholders is required. Experience in working with a development partner or central government agency will be an added advantage. Experience in working on financing or with the Development Finance Assessment methodology will be a strong advantage.

Language Requirements: Excellent command of English is required. The knowledge of French and/or Kinyarwanda is an asset.

### VI. Selection Criteria

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### VIII. Institutional arrangement

The consultant will work under the daily supervision of the Advisor on Resource Mobilization and Development Effectiveness and Sr. Country Economist of the Strategy and Policy Unit in the UNDP Rwanda Country Office, with additional support from the UNDP Africa Finance Sector Hub. Strategic guidance will be provided by the National Development Planning and Research Department (NDPR) Unit of MINECOFIN.

### IX. Copyright and ownership

All developed works and publication will be the sole property of the Government of Rwanda and UNDP. The selected consultant shall not use final products for its own purpose without explicit written permission by Ministry of Finance and UNDP.

Prepared by:
Signature: Alexis Ndayisaba, Programme Analyst
Date of signing: 15/9/2020

Reviewed and cleared by:
Signature: Madeleine Nyirantuza, Head of Unit
Date of Signing:

Approved by:
Signature: Varsha Redkar-Palepu, Deputy Resident Representative
Date of Signing: