TERMS OF REFERENCE

Job Title: Team of 5 National Consultants (Team Leader and 4 Consultants in Economic, Political, Social, and Environmental areas) to build and run the Early Warning and Response System (EWRS) for the Republic of Moldova

Type of Contract: **Individual Contract (IC)**

Duty Station: **Chisinau, Moldova and home based**

Expected workload: **up to 35 working days for the Team Leader, up to 17 working days for the Economic Area Consultant, and up to 10 working days for the rest of Area Consultants**

Duration: **August– December, 2015**

BACKGROUND

The decision making process has become increasingly challenging at the national and international stages alike. The environment in which decisions are made abounds with new risks of complex and intertwined nature, increased speed and number of unfolding events, and growing web of actors among others. The available (often silo-based) analytical and policy response tools are often unable to grasp this increased "systemic" complexity and therefore impede both better understanding of the development environment and trends around us and at the same time impair our ability to adequately anticipate and mitigate and/or adapt to the consequences of this contextual fluidity and uncertainty.

The aforementioned is particularly relevant in the context of the Republic of Moldova. Moldova is a small and open resource-poor country, with relatively divided society[1]. As such it is extremely exposed to external influences (political, economic, environmental, cultural, etc.). The domestic dynamics is intimately linked with the regional and global trends. As the global economic and security instability heightened, with regional dynamics being particularly worrisome, the country's development path has become increasingly vulnerable to the adverse impacts from abroad further magnified by the incomplete post-communist transition and growing signs of 'state capture'[2]. When both political and

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[1] See more on this: *2009 State of the Country Report*, Expert-Grup, 2010, http://expert-grup.org/en/biblioteca/item/348-republica-moldova-2009-raportul-de-stare-a-%C5%A3%C4%83rii&category=182

[2] More on state capture in the Eastern and Central Europe please see *Intervention, corruption and capture: the nexus between enterprises and the state*, Joel Hellman and Mark Schankerman, Working paper no. 58, EBRD, October 2000, http://www.ebrd.com/downloads/research/economics/workingpapers/wp0058.pdf, .

economic structures become increasingly "extractive" (as opposed to "inclusive" institutions)[3], they turn progressively closed and irresponsive to pressures from within and unable to cope with the threats from outside. This under certain circumstance, may increase probability of crises unfolding and evolving out of control.

SCOPE OF WORK AND EXPECTED OUTPUT

The team of Consultants will work in close collaboration in order to develop, test, and run the EWRS model in the Republic of Moldova. The Consultants will be guided by the envisaged overall goal of EWRS, suggested logic flow of EWRS, as well as the main phases in building the EWRS, as follows:

Goals of EWRS

Taking the background description into account and in order to improve the ability to anticipate and to respond to the risks, the EWRS will help to:

- systematically review the probable slow motion and shock type of risks (both in negative and positive terms) in broad areas: political, economic, social and environmental[4];
- estimate depth, breadth, and duration of the effects stemming from the risks;
- understand and estimate the interaction and feedback loops between trends and effects, in other words how the effects are propagated throughout the society/system[5];
- understand and estimate possible net impacts and the ways the system adapts;
- help devise recommendations for materializing *better* policy scenarios;

The logic flow of the EWRS

The functioning of the EWRS will be dependable on the reliability and regularity of data inputs[6] and will be based on the modelling tools, such structural and time-series models. The modelling process will take place in two stages: (a) helping undertake risk assessment and estimation of effects and net impact; (b) providing assessments to underpin policy scenarios.

The table in **Annex 1** to the current TOR, with some simplification, tries to show analytical framework underpinning functioning of the system.

Phases in building the EWRS

1. Risk assessment – mapping of the risks is done. Measurement indicators are identified and/or elaborated if necessary. Risks are further graded for their likelihood, magnitude and timing (pace, proximity, duration). Indicators are used to identify eventual "tipping points".

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[3] Please see more on theoretical foundations Why Nations Fail: The Origins of Power, Prosperity and Poverty, Daron Acemoglu and James Robinson, 2013. On the role of vested interests affecting institutional effectiveness in Moldova, please see: Report on the national consultations on Dialogue to help strengthen capacities and build effective institutions for Post 2015 agenda institutional perspective, UNDP Moldova, 2015, http://www.md.undp.org/content/moldova/en/home/library/mdg/dialogue-to-help-strengthen-capacities-and-build-effective-insti/
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[4] The list of areas as well as possible risks in not exhaustive and is subject to further research.

[5] Society is viewed as a complex system, therefore throughout both terms are used interchangeably. It is held here that better societal outcomes are tantamount to improved livelihoods of people of Moldova.

[6] Variety of data can be employed: quantitative (official, non-official), qualitative, micro-narratives, etc.

2. Elaboration of the model to help assessing the effects and net impacts of the identified risks (and their combination) on the Moldovan society, with attention to distributional effects on the livelihoods of Moldovan people. Testing the model on the crises of the past.
3. Running the model on the currently identified risks. Estimating effects net impact of the identified risks. Identifying possible policy changes needed to avert or mitigate negative effects stemming from the risks. Assessing the impact of the proposed policy changes.

Important note: National consultants shall clearly indicate the position/AREA they are applying for.

KEY EXPECTED DELIVERABLES FOR THE TEAM LEADER

Deliverable(s)	Deadline
In coordination with the UNDP Policy Specialist elaborate detailed work plans for the area experts (3 w/d)	12 August, 2015
Coordinate the efforts of the area consultants in developing the risk matrix and ensure cross-cutting risks are taken into consideration (5 w/d)	31 August, 2015
Elaborate the EWRS model. Test the model on the crises of the past. (15 w/d)	30 October, 2015
Run EWRS model on the currently identified risks. Identify possible policy changes needed to avert or mitigate negative effects stemming from the risks. Assess the impact of the proposed policy changes. (12 w/d)	10 December, 2015

KEY EXPECTED DELIVERABLES FOR THE ECONOMIC AREA CONSULTANT (AREA 1)

Deliverable(s)	Deadline
Develop risk assessment – mapping of the risks in economic area, taking into consideration the risks from other areas which have a potential impact over the economic area. (5 w/d)	25 August, 2015
Provide support to the Team Leader in elaborating the EWRS model and its testing in economic area (2 w/d)	30 October, 2015
Provide data processing and running regression models to support Team Leader (5 w/d)	30 October, 2015
Provide support to the Team Leader in running EWRS model on current risks, identifying possible policy changes, and assessing the impact of such changes (5 w/d)	10 December, 2015

KEY EXPECTED DELIVERABLES FOR THE POLITICAL (AREA 2), SOCIAL (AREA 3), AND ENVIRONMENTAL (AREA 4) AREA CONSULTANTS

Deliverable(s)	Deadline
Develop risk assessment – mapping of the risks in each of the following Areas, taking into consideration the risks from other areas which have a potential impact over the main areas. Area 2: Political; Area 3: Social; Aria 4: Environment (5 w/d per area)	25 August, 2015
Provide support to the Team Leader in elaborating the EWRS model and its testing in each of the main identified areas (2 w/d per area)	30 October, 2015

Provide support to the Team Leader in running EWRS model on current risks, identifying possible policy changes, and assessing the impact of such changes (3 w/d per area)	10 December, 2015

ORGANIZATIONAL SETTING

The consultants will work under direct supervision of UNDP Policy Specialist. Area consultants will work under coordination of the Team Leader. Technical assistance and logistical support to the consultants will be provided in the framework of the Policy Unit, UNDP Moldova. Disbursements will be performed based on the successful completion of each of the phases and methodological steps in the process.

SKILLS AND EXPERIENCE REQUIRED

For Team Leader

Academic Qualifications:
- Master degree in Economics or other social science fields;

Experience:
- At least five (5) years of progressively responsible experience is required at the national or regional levels in policy analysis, monitoring and evaluation of country level initiatives;
- Knowledge of CGE model principles is required;
- Previous experience in development assistance or related work for a donor organization, in particular UNDP, governmental institutions, NGO/think-tank or consulting firm is a strong advantage;

Competencies:
- Excellent analytical and report writing skills;
- Excellent communication and teamwork skills;
- Proven commitment to the core values of the United Nations, in particular, respecting differences of culture, gender, religion, ethnicity, nationality, language, age, HIV status, disability, and sexual orientation, or other status. Adherence to UN's values and ethical standards"

Language requirements:
- Fluency in English, Russian and Romanian is mandatory.

For Economic Area Consultant
Academic Qualifications:
- Master degree in Economics, Finance, or other social science fields;

Experience:
- At least five (5) years of progressively responsible experience is required at the national or regional levels in policy analysis, monitoring and evaluation of country level initiatives in the field of Economics;
- Knowledge and experience in data processing and running regression models is required;
- Knowledge of CGE model principles is an asset;

- Previous experience in development assistance or related work for a donor organization, in particular UNDP, governmental institutions, NGO/think-tank or consulting firm is a strong advantage;

Competencies:
- Excellent analytical and report writing skills;
- Excellent communication and teamwork skills;
- Proven commitment to the core values of the United Nations, in particular, respecting differences of culture, gender, religion, ethnicity, nationality, language, age, HIV status, disability, and sexual orientation, or other status. Adherence to UN's values and ethical standards"

Language requirements:
- Fluency in English, Russian and Romanian is mandatory.

For Political, Social, Environmental Area Consultants

Academic Qualifications:
- Master degree in Political Science, Social Science, Environment, or other relevant fields (depending on the Area of consultancy);

Experience:
- At least five (5) years of progressively responsible experience is required at the national or regional levels in policy analysis, monitoring and evaluation of country level initiatives in Political, Social, or Environmental field (depending on the Area of consultancy);
- Previous experience in development assistance or related work for a donor organization, in particular UNDP, governmental institutions, NGO/think-tank or consulting firm is a strong advantage;

Competencies:
- Familiarity with CGE model principles is an asset;
- Excellent analytical and report writing skills;
- Excellent communication and teamwork skills;
- Proven commitment to the core values of the United Nations, in particular, respecting differences of culture, gender, religion, ethnicity, nationality, language, age, HIV status, disability, and sexual orientation, or other status. Adherence to UN's values and ethical standards"

Language requirements:
- Fluency in English, Russian and Romanian is mandatory.

PERFORMANCE EVALUATION
Contractors' performance will be evaluated against timeliness, responsibility, initiative, communication, accuracy, and overall quality of the delivered products.

FINANCIAL ARRANGEMENTS
Payments will be disbursed in several installments, upon submission and approval of deliverables mentioned in the Section "Key expected deliverables" and certification by UNDP Policy Specialist that the services have been satisfactorily performed.

Table 1: Analytical Framework of the EWRS

RISKS	EXPOSURE	EFFECTS	NET POTENTIAL IMPACT	POLICY SCENARIOS: IMPROVED ADAPTATION
External				
Political: Declarations Agreements Treaties Events				
Economic: Trade Labor migration Capital flows Transit Forex				
Social: Pandemic health risks (like MERS, etc.) Population movement, refugees/displacement				
Environmental: Regional Calamities/Climate change Water scarcity				
Domestic				
Political: Events Protests and demonstrations Elite power struggle Internal conflict Ethnic-linguistic gap				
Economic: National currency fluctuations				

Social: Demographic pressures Health pandemics (TB, anthrax, etc.)				
Environmental: Droughts Floods Hailstorms …..				

The below terminology is used in the table:

Risk – an exogenous or endogenous factor or trend that can impact the system;
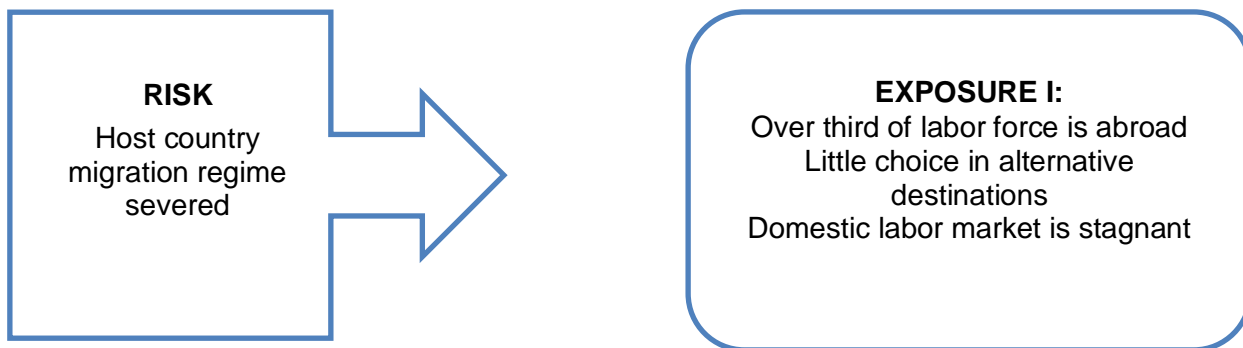
Exposure – How exposed is the system? What are the channels of transmission? What segments of society are affected and to what extent? In other words, who is *directly* affected and how much? How sensitive are directly affected segments to the factors/trends, i.e. how stressed they *already* are?

Effects – What are the effects stemming from the risks? What are the first round or direct effects? How they are propagating through the system and how they materialize along the time? In other words, what are the second round and n-round effects?

Net potential impact – Based on the risks, exposure and effects what will be the net potential impact? Will the risks and effects offset each other? Mitigate? Or combine and magnify? What is the impact on society and people's livelihoods?

Policy scenarios for improved system feedback: What is to be changed (controlling factors) so that policy response improves adaptation outcomes?

Figure 1. Example of the logical flow.

RISK
Host country migration regime severed

EXPOSURE I:
Over third of labor force is abroad
Little choice in alternative destinations
Domestic labor market is stagnant

EFFECTS:

Households: Households' incomes fall and poverty rises (remittance one of key drivers of poverty reduction recently);

Consumption is decreased, out of pocket payments for health care and education are squeezed

Public finance: proceeds from indirect taxation contract leaving budget unbalanced (loops back to households) – may require looking for external or internal loans;

Forex: inflow of currency dries up, national currency takes hit, devaluation starts affecting people depending on public wages even more (loops back to household income).

NET POTENTIAL IMPACT:

WHAT IF COMBINED WITH OTHER RISKS?
Trade sanctions and climate risks: rural population (over half of total, hugely depending on agriculture) turns to protests
WHAT IF POLITICAL RISKS KICK IN? Or otherwise, new opportunities materialize?
How system (passively) adapts under existing constraints?
Depending on combination of the risks:

1. If risks are singular or isolated (i.e. are not coming in suite) – overall impact may be contained, for instance certain potential impact on GDP, or exchange rate.

2. The more "combined" the risks the more pronounced potential impact is.

POLICY SCENARIOS: IMPROVED SYSTEM FEEDBACK

What should be done to make adaptation leaners and less painful? What change would various options of doing policy differently can bring? In other words, if policy can be modified what changes in adaptation it will bring? How adaptation of the system may be improved?