Draft Terms of Reference  
National Consultant  

Project: Strengthening national policy capacities for jointly building the Belt and Road towards the Sustainable Development Goals (SDGs) – Phase 1.

Background

The adoption of the 2030 Sustainable Development Agenda represents an historic opportunity for countries to move on a steady sustainable development path. However, it also presents a great challenge to countries that will require to adopt a coherent and integrated approach to policy design and implementation. Indeed, the 2030 Agenda recognizes that the regional, geographic, socio-economic, and demographic contexts of each country present distinct challenges, demands and priorities that will need to be addressed through coherent and well defined national strategies and plans that will require detailed assessments on how some sectorial policies may impact other sectors, national goals and development priorities.

The Government of the People’s Republic of China (PRC) announced the Belt and Road Initiative (B&R) in 2013. In 2014, a USD 40 billion Silk Road Fund was created, in addition to funds allocated from domestic development banks and the newly established Asian Infrastructure Investment Bank (AIIB). In May 2017 China hosted the Belt and Road Forum for International Cooperation, which generated major follow-up activities covering the five key areas of B&R, namely policy coordination, infrastructure, trade, financing and people-to-people connectivity. Among them, the Chinese government expanded the Silk Road Fund by 100 billion RMB, and increased its assistance to the developing countries along the B&R over 2018-2020. Over 65 countries are expected to take part in the Initiative within the broader aim of advancing in the implementation of their respective national 2030 Agenda.

The proposed initiative may have the potential to promote inclusive growth and sustainable development for a number of countries including economies that are hardly integrated with the world economy. However, the initiative may entail trade-offs between short-term and long-term costs and gains within and across various economic sectors and social groups. This will require careful analyses of the potential socio-economic impacts – including on trade, investment, employment, growth, and the environment – to inform the policy-makers in the participating countries. In particular, rigorous analyses will be required to identify the transmission channels of various potential socio-economic impacts and assess various policy options to ensure that the Initiative can help countries accelerate their advancement towards the implementation of the 2030 Agenda thereby providing equitable and sustainable benefits to all participating countries.

The Economic Analysis and Policy Division (EAPD) of the Department for Economic and Social Affairs (DESA) is partnering with selected government and research entities to undertake a multi-country study to assess the socio-economic impact of the proposed initiative. The multi-country and related activities will be supported through EAPD’s XB project “Strengthening national policy capacities for jointly building the Belt and Road towards the SDGs”. EAPD will use its World Economic Forecasting Model (WEFM)¹ as the baseline analytical framework to

¹ The WEFM comprises 176 individual country models linked together via a trade matrix that reconciles global export and import volumes and export and import prices. The country models are characterized by a long run neo-classical supply side and a short run Keynesian demand side. Households consume, save and supply labour; firms produce output, hire labour and invest; governments pursue fiscal policy by spending and taxing and monetary policy by setting the short-term interest rate and exchange rate policy. Policy variables are modelled to follow rules according to country-specific situations, with flexible options for discretionary policy actions whenever necessary. The balance of demand and supply, together with global commodity and other imported
assess various potential macroeconomic impacts. The WEFM country model will be extended and recalibrated to generate estimates for economy-wide and sector-level growth, employment, and other socioeconomic outcomes based on various investment-augmented, trade facilitation, fiscal and monetary policies, and financing scenarios for up to 15 selected countries. Additional modelling framework will be developed to assess sectoral impacts and analyse various policy options as well as identify inter-linkages among the various elements of the three dimensions – economic, social, and environmental - of sustainable development as they are captured in the Sustainable Development Goals (SDGs). Importantly, EAPD will be in a position to leverage its past experience and engagement in a number of economies included by B&R to forge effective partnerships to undertake the study, facilitate dialogues among various stakeholders, and develop local capacity in modelling and policy analysis both within and across countries. This will be critical for enhancing the understanding of the potential benefits of the B&R initiative, including its potential impact on inclusive growth and sustainable development, and help concerned national authorities in these countries to assess various policy options, which will further strengthen national efforts for realizing the 2030 Agenda for Sustainable Development.

The project-related consultancy work at the country level is planned in two phases as follows:

Phase 1: preparatory work which entails country background information and analysis, data collection and validation, and drafting work plan for phase 2;

Phase 2: in-depth policy dialogue, analysis, and capacity building.

A. Objectives of the Proposed Consultancy:

The objective of the proposed consultancy contract is to avail the project of the expertise of a relevant national expert, who will contribute to the project implementation at the country level as outlined in the Scope of Work related to phase 1 and through the following project specific activities: A1.1, A1.3, A2.1.

B. Scope of work

The national consultant is in charge of the following tasks related to the implementation of Phase 1 of the project at the national level and is expected to:

- Collect and compile background data and information related to both B&R and the SDG-related context in the concerned country, with particular attention to country-specific and idiosyncratic factors
- Collect and analyse national development strategies and plans, fiscal frameworks and other policy documents of the participating country, identifying their linkages to B&R. This activity will identify the scope for policy coordination and assessment of policy options

prices, determine inflation. The WEFM comprises a scaled-down model framework of approximately 60 variables per country. Key behavioural equations are specified in a co-integration/error-correction framework. This has the advantage that the long run, as embodied in the co-integrating relations, can be modelled in a theoretically consistent manner while the short run can be modelled so as to best fit the data, with the error correction mechanism ensuring that the system moves towards the long run in the absence of shocks. As such, both policy analysis and forecasting can be encompassed in the same framework. For more detailed information about WEFM, please see the background paper that can be downloaded from the following link: https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/2016_Apr_WorldEconomicForecastingModel.pdf
• Identify the inter-linkages and cross-country socio-economic spill-over effects of B&R projects on the domestic and regional development prospect as reflected in the SDGs
• Data collection and validation to complete time series of the critical socio-economic variables to be included in the WEFM such as investment, trade, finance, labour, and other relevant selected key SDG indicators, at a disaggregated level, as requested by the Project Manager and in consultation with the econometric modelling expert
• Keep regular communication about the activities related to phase 1 of the project with relevant domestic counterparts and stakeholders such as Ministry of Economy, Finance, Planning, Central Bank and national Statistical Office as well as resident UN offices (e.g. UNDP, ESCAP), the World Bank, and experts in universities and policy research institutions
• Prepare an inception report on the potential impact of B&R on the domestic economy, national development plans, quality, completeness and suitability of the dataset, as well as a work plan for the preparation and implementation of Phase 2
• Other relevant activities required by the Project manager.

C. Outputs:

The proposed consultancy will be responsible for the following outputs:

• A validated dataset that can be used for modelling purposes
• A self-contained inception report of maximum 30,000 words on:
  i) Brief literature review of the potential impact of B&R on the domestic economy;
  ii) review of relevant national and sectoral development plans and strategies,
  iii) background information about B&R implementation in the concerned country,
  iv) review of quality, completeness and suitability of the dataset to feed into WEFM simulations,
  v) a detailed work plan for the preparation and implementation of Phase 2 based on three policy implementation scenarios resulting from country data availability, main focuses of policy analysis, country priorities, and other requests from national authorities.

D. Duration, time table, and location of the consultancy

The national consultant will be home-based and expected to work part-time - based on the project manager’s requests - for 9 months between July 2018 and March 2019 for a total of about 20 non-consecutive full-time-man/week. The national consultant will be expected to travel to participate in capacity building and dissemination workshops and other events during this period.

Timetable of activities is approximatively as follows:

<table>
<thead>
<tr>
<th>Activities</th>
<th>Approximate No. of full time weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Data collection and validation (A1.1)</td>
<td>5</td>
</tr>
<tr>
<td>B. Preparation of a report for the preparation of Phase 2 (1.3, A2.1)</td>
<td>8</td>
</tr>
<tr>
<td>C. Regular communication with domestic stakeholders</td>
<td>4</td>
</tr>
<tr>
<td>D. Other activities as requested by the project manager</td>
<td>3</td>
</tr>
</tbody>
</table>
E. Performance indicators

- Demonstrated expert knowledge of the subject area
- Effectiveness in policy dialogue, establishing contacts and liaising with stakeholders
- Demonstrated understanding of the requirements (working methods)
- Quality of analysis, recommendations and conclusions in reports
- Comprehensiveness and quality of data
- Demonstrated skills in organising workshops and events.

F. Qualifications

- Master’s degree or Ph.D. in Economics, Econometrics, Economic Statistics or relevant field
- At least 5 years of experience in economic policy, modelling, long/medium-term forecasting and scenario analysis as well as in managing large economic databases
- Excellent knowledge of macroeconomics, fiscal policy, and development issues
- Good knowledge of econometric packages is highly desirable
- Experience in capacity building and training
- Strong knowledge of the domestic economy and Government policies
- Strong communications skills and ability to work effectively with limited supervision
- Fluency in English and in the national language.

G. Reporting

The consultant shall report to the Project Manager in DESA/DPAD.