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**THE THIRD SUSTAINABLE LIVELIHOODS PROJECT (P125232)**

**TERMS OF REFERENCE
POLICY REFORM CONSULTANT FOR THE LOCAL DEVELOPMENT FUND (LDF)**

**Introduction**

The Government of Mongolia (GoM) is implementing the “Third Sustainable Livelihoods Project” (SLP3), which is funded by the International Development Association and the Swiss Agency for Development and Cooperation. The project development objective of the SLP3 is “to improve governance and community participation for the planning and delivery of priority investment in rural areas of Mongolia.”

The Project focuses on supporting participatory processes and building capacity in the governmental structure to successfully implement the Local Development Fund (LDF) introduced under the Integrated Budget Law (IBL) of 2011. In particular, it introduces an incentive mechanism, a Performance Based Grant (PBG), to promote good governance at the soum level, rewarding those soums that embrace the participatory processes and incorporate good practices into their planning, budgeting, execution, monitoring and evaluation and fiduciary processes. The project also finances related Annual Performance Assessments (APAs) and capacity-building activities.

In order to ensure institutionalization and sustainability of the successful and innovative elements of the SLP3 and to further strengthen the LDF policy and implementation, a number of policy, regulatory and technical issues need to be carefully considered for further policy reforms including (i) reviewing LDF financing sources and allocation rules; (ii) instituting the PBGs in the LDF allocation formula; (iii) appropriate aimag/soum LDF financing allocation ratio; (iv) eligibility of expenditures under the LDF (e.g., financing of APAs, LDF management costs, capacity building costs, recurrent expenditures for operations and maintenance); (v) feasibility of customization of approaches in Ulaanbaatar, smaller towns, and remote rural areas; (vi) improving functioning, transparency and accountability of aimag LDF; and (vii) institutionalizing demand side community engagement and accountability aspects.

**Objective of the Assignment**

The objective of the assignment is to support the MOF in reviewing the policy and related legal and technical issues that could further strengthen the relevance, effectiveness and sustainability of the LDF and develop options.

**Detailed Tasks and/or Expected Output:**

The consultant will be responsible for undertaking the following tasks:

* Review and analyze the past APA reports, specialized studies undertaken by the SLP3, and policy notes on certain aspects of the LDF developed by an international technical advisor;
* Review the existing LDF-related regulations and allocation formula with a view of developing a proposal on improving equity (e.g. aimags/soums with mining vs. no mining revenues);
* Review the existing LDF-related regulations and allocation procedures with a view of developing a proposal on improving the balance between aimag and soum LDF allocations, based on international good practices;
* Review the overall financing history and revenue sources of the LDF with a view to recommendations to enhance the predictability and sustainability of LDF financing over time, both of which are essential to inform medium-term planning and investments.
* Develop recommendations on the strategy for institutionalizing the Performance Based Financing mechanism and the APA within the national systems, including with consideration to their financing;
* Develop recommendations on institutionalization and sustainability of the capacity building program for local officials regarding management and implementation of the LDF;
* Review and develop recommendations on the institutionalization of proven community participation and community M&E measures, including with consideration to their financing; and
* Collaborate and coordinately closely with the international technical advisor, the legal backstopping consultant and other relevant personnel of the SLP3 and the MOF in development of the set of recommendations for further policy reforms for the LDF.

The consultant will carry out the assignment under direct supervision of the Project Director for the SLP3 and the Head of the Consolidation Division of the Fiscal Policy and Planning Department, MOF. In addition, he or she will work closely with the SLP3 Project Implementation Unit, MOF officials, donor organizations and other relevant government and non-government stakeholders including the Aimag Level Support Teams and the SLP3 Local Project Officers.

**Expected Deliverables:**

The consultant will provide a complete set of policy issues, options and recommendations on further strengthening of the LDF policy and implementation.

**Consultant Qualification & Requirements**

* Master's degree or an equivalent in economics, finance, public administration or a relevant field;
* Minimum of 10 years of relevant professional experience in public financial management and budget matters and detailed understanding of the Budget Law and the LDF-related legislation;
* Prior experience in providing advisory services on public financial management and budget matters would be a plus;
* Proven analytical and report writing skills in English and Mongolian.

**Duration of the assignment**:

The assignment is expected to commence in May 2019 and continue for 8 months. The Consultant will be selected in accordance with *the World Bank Guidelines: Selection and Employment of Consultants by World Bank Borrowers, October 2006*.

If you possess the indicated qualifications, please submit a ***cover letter,*** indicating why you consider yourself suitable for the position, with a detailed ***CV*** highlighting skills/experience, copy of diplomas or certificates and two reference letters from last employers no later than **12:00 PM, 20 May, 2019.** **Only successful candidates will be contacted.** Application documents shall be submitted in person to the below address. Submitted documents will not be returned to the applicants. Incomplete applications would not be considered. If you need any further details, please feel free to contact us.

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