



United Nations Children's Fund (UNICEF)

Vientiane, Lao PDR

**Individual Consultancy (both national and international candidates can apply): conduct a micro-simulation on the cost of inaction on malnutrition amongst children and the possible consequences on future economic growth and Human capital development for children in Laos**

## Terms of Reference

### 1. Background:

The COVID-19 pandemic is having a serious impact on the national development trajectory. The country's 9th National Socio-Economic Development Plan 2021-2025 (NSED<sup>1</sup>) was formulated during the pandemic. Its priorities include reducing stunting among children and infant, under-five and maternal mortality; improved sanitation; universal health coverage; increasing access to quality education, including early childhood education; strengthening skills that matches the Labour market demand; investing in digital technology in teaching and learning; expanding social protection and social services in coverage and quality; and a broad range of actions on environmental protection and disaster risk reduction. Due to the socio-economic impact of COVID 19, the government faces unprecedented fiscal challenges. Low revenue levels and high debt service obligations are limiting the fiscal space available for investments in human capital, which are essential to sustaining long-term growth.

Preliminary estimates indicate that the fiscal deficit narrowed substantially to 1.4 percent of GDP in 2021, from 5.2% of GDP in 2020 driven by higher domestic revenue and strong curbs on spending<sup>2</sup>. In addition, structural vulnerabilities have increased the public debt burden and difficulties in servicing debt. Public external debt increased to 60.6% of GDP in 2020 from 57.9% in 2019 and at 88% by 2022. Laos has heavy debt service obligations, which stand at around US\$1.1 billion per year for 2020-23. Recently, the Moody rating downgraded Laos from Caa2 to Caa3 which would make the country high risk in term of sovereignty rating.<sup>3</sup>

Despite the economic recovery in 2022, domestic revenues have fallen behind pre-pandemic levels and regional peers, according to the World Bank's October 2022 outlook. As a result of high inflation, domestic revenue collection in the first six months of 2022 increased by 25 per cent year-on-year, reaching 44 per cent of the budget plan. Revenues for the first half of 2022 grew to 5.8 per cent of GDP, up from 5.4 per cent the year before. It is owing to higher collections of excise and profit taxes, hydro, and natural resource taxes, and import duties.<sup>4</sup>

Tax revenues and non-tax revenues both contributed to this improvement. Value-added, excise, and natural resources taxes, as well as higher mining exports and commodity prices, were responsible for

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<sup>1</sup> 9<sup>th</sup> National Socio-Economic Development Plan 2021 - 2025

<sup>2</sup> World Bank 2022, Lao Economic Monitor, April 2022: Restoring Macroeconomic Stability to Support Recovery

<sup>3</sup> Financial time, June 2022. Accessed June 24, 2022 <https://www.ft.com/content/1f53abbd-2e49-4fe2-809c-f6dde97632fe>

<sup>4</sup> World Bank 2022, Lao Economic Monitor, October 2022: Tackling Macroeconomic vulnerabilities.

the increase in tax revenue. Dividends, fees, and the forest fund were the primary non-tax sources of income. Grants as a percentage of GDP remained largely stable.<sup>5</sup>

The 2020 assessment of the social and economic impact of COVID-19 on children, conducted by UNICEF in partnership with the EU and UNFPA, indicated that the pandemic represents a threat to household food security and nutrition. As households lose their livelihoods, due to the lockdown measures, caregivers are compelled to restrict household dietary intake and consume less nutritious food or reduce meal frequency. All of these have negative consequences for the nutrition of children in the household.<sup>6</sup>

## **Nutrition budgets and funding in Lao PDR**

Over the course of five years (2016 - 2020), the Lao PDR government invested \$269.4 million in nutrition, or roughly 60% of the budgeted National Plan of Action for Nutrition (NPAN) 2016-2020. Development partners, who together account for 91 percent of the country's nutrition investment, are extremely important to Lao PDR's nutrition interventions. Its over-reliance on Donor funds may cause uncertainty of nutrition funding in the longer term.<sup>7</sup> In the 2019 UNICEF in partnership with the EU through the EU-UNICEF Public Finance Facility collaborated with the government to produce evidence focused on nutrition to supplement other pieces of work being supported by EU and UNICEF in Lao PDR.

Therefore, in this context, this EU-UNICEF Public Finance Facility, closely aligned to the ongoing EU-UNICEF collaboration in the country, produces evidence on the status of the public spending on nutrition and status of the implementation of the NPAN to provide insights to meaningful discussions towards adequate, efficient, effective, and equitable public spending on nutrition.

### **2. Purpose:**

The consultancy is to conduct a study on the cost of inaction of malnutrition in Laos focused on the medium- and long-term impact on children in Lao PDR, building on the methodology used in the consequences of malnutrition conducted by National Information Platforms for Nutrition (NIPN). The methodology is focused on the seven indicators (underweight, stunting, low birth weight, sub-optimal breastfeeding, anemia, vitamin A deficiency and birth defects) as a basis for the calculations to estimate the economic losses due to undernutrition. It also used a micro-economic-modelling scenario which describes the negative outcomes of malnutrition, defined as the current prevalence of each of the seven indicators of undernutrition, while building on scientific literature showing substantial evidence that defines the four pathways of heightened mortality, morbidity, impaired physical growth, and impaired cognitive function associated with physical performance deficits – expressed as relative risk (RR) or proportional deficit (%). The evidence generated in the cost of inaction will be used to inform policy decisions, and advocate for effective public investment and programmatic interventions.

### **3. Work Assignments:**

#### **1. Estimating the costs of inaction**

The link between nutrition and economic development is well documented. Malnutrition, in all its forms, brings huge costs to individuals, families and to the entire nation. Lao PDR has made significant progress in reducing the levels of malnutrition and improving the economic well-being of its population over the years. In 2021, National Institute for Economic Research undertook a micro-simulation analysis in which seven malnutrition indicators were used as a basic calculation to estimate economic losses. Data from

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<sup>5</sup> World Bank Lao Economic Monitor April 2022, <https://pubdocs.worldbank.org/en/273661652363898384/Lao-Economic-Monitor-April-2022-final.pdf>

<sup>6</sup> UNICEF, 2021 Social and Economic Impact of COVID on children, adolescents, and women in Lao PDR

<sup>7</sup> UNICEF, 2020 Report of the review of the costed National Plan of Action for Nutrition (NPAN) 2016 – 2020.

the Lao Social Indicator Survey (LSIS I) in 2013 and (LSIS II) in 2017 were mainly used to conduct that analysis. Based on that analysis, it is estimated that about 1.8 million people were suffering from various forms of malnutrition in 2020 with wide disparities exist among provinces, ethnic groups, wealth quintiles and other social groupings<sup>8</sup>. This micro-simulation estimates the economic loss due to malnutrition as part of evidence for increased attention and financing of nutrition in Lao PDR. The delay in investment in high impact low-cost multisectoral nutrition interventions will reinforce the negative consequences of inaction. There is much global evidence that cost-effective solutions to stunting are, for example, accessing the micro nutrition such as vitamin A, zinc, iron supplement and iodized salt as well as community nutrition program such as breast-feeding and good child-feeding practices.

For this analysis, a proven methodology will be used building on the consequences of malnutrition study developed in 2021. The pathways are loss of future productivity, reduction of future productivity, reduction of current productivity, and excess health care costs.

Results of the analysis showed that Lao PDR is losing approximately 481.66 million USD annually, representing 2.66% of GDP due to malnutrition. The biggest loss, just over half, is caused by anemia in children and women of reproductive age. This accounted for a total economic loss of 241.7 million USD in 2020. Out of the estimated economic loss due to malnutrition, stunting accounts from a loss of 28% in Lao PDR. If the target of 25% or less prevalence of stunting by 2025 as contained in the National Nutrition Strategy is to be met, Lao PDR must invest in stunting reduction strategies.

The cost of inaction will calculate the futuristic annual financial burden and cost of malnutrition in Lao PDR using the four pathways and the seven selected indicators impacting on Malnutrition.

Using the NSEDP M&E framework to conduct a microsimulation focused on possible cost and impact due to inaction for three timelines of 5, 10 and 15 years. The analysis primarily used the data from the Lao Social Indicator Survey (LSIS) 1, 2011 & LSIS 2, 2017, LECS 2020/21, and other survey such as World Bank, UN Inter-agency Group for Child Mortality Estimate, and Lao Nutrition Survey. Malnutrition impact negatively on education and health outcomes for children and in a medium and longer term has an impact on economic growths, increase drop out and low uptake of education services and increased investment in curative medicine.

## 2 2022 Expenditure analysis

Trends in domestic and external expenditure on nutrition services would be analyzed for 2022 in line with the 2022/2023 Work plan under the EU/UNICEF PFM regional facility. This includes the relative shares of each contributing sector to nutrition, financing sources and ODA contributions from the different partners. Data on domestic expenditure will be derived from the government health, education, Agriculture and forestry, and planning and investment budgets and expenditure reports. Data on external expenditure will be triangulated from different sources, including EU, World Bank, IMF and ADB, ministries and agencies websites, and surveys. The recent prioritization of the NPAN 2021 – 2025 towards the cost of the plan will contribute to this piece of work.

## 4. Qualifications or Specialized Knowledge/Experience Required:

The consultancy will be engaging Lao National institution and an international consultant to pull the reports together.

### Qualification and experience

- At least 10 years of experience and long-standing expertise in similar services
- At a minimum, the consultant should comprise the following areas of expertise. Advanced degree in finance, economics, business administration and/or related field.

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<sup>8</sup> National Institute for Economic Research, 2021, Economic Consequences of Malnutrition in Lao PDR- A Damage Assessment Report (DAR), [UNICEF-Lao-Economic-Consequences-Report-FINAL-WEB.pdf \(lsb.gov.la\)](#)

- Proven track record on the successful delivery of high-level expert advice, technical support, and capacity development to governments on Public Financial Management and/or broader sustainable development financing issues, specific experience in child-related social sectors will be considered an asset.
- Experience in cost-effectiveness analysis of nutrition interventions.
- Familiarity with National Plan of Action for Nutrition (NPAN) programmes is desirable.
- Proven experience in policy processes and undertaking research with services at scale and at service points.

#### Knowledge and skills

- Understanding of the Laos nutrition health system and public finance.
  - Microsimulation modeling techniques.
  - Excellent written and verbal communication skills in English.
  - Ability to work in a team and a diverse work environment.
  - Ability to coordinate with the Government and other partners to ensure the timely implementation of assigned activities.

#### Competencies

- Excellent collaboration, consultation, and facilitation skills.
- Good communication and coordination.
- Good analytical, negotiation, and advocacy and presentation skills.
- Strong reporting skills, producing English-written reports in a coherent and logical flow.

#### Language

- Fluent in English

#### **5. Location:**

Vientiane, Lao PDR

#### **6. Duration:**

The assignment expects to take an estimated of 45 days across 4 months starting as soon as possible.

#### **7. Deliverables:**

UNICEF social policy section and government partners will work with the consultant oversight and support throughout the assignment.

The institution supported by an individual consultant will deliver results as expected in the objectives and the purpose of the exercise particularly the tasks listed above.

- a) An inception report outlining methodological framework and modelling approach (es), scenarios for the cost of inaction analysis that will be conducted, as well as proposed timelines of the study.
- b) Main report of the analysis. This should be a comprehensive report, detailing the methodology, findings, and analysis as well as practical and concrete scenario-based recommendations for policy making and programming by UNICEF and Partners.
- c) A four-page summary (English and Lao) to be used for advocacy and engagement with policy makers. The four-page summary will describe the results of the analysis in simple language and will be used by UNICEF and EU to address the government and to open dialogues on Nutrition agenda.
- d) A Power Point presentation (English and Lao) to be used for a virtual or face-to-face workshop with concerned Government ministries and stakeholders.

- e) The Consultant is expected to make the presentation for advocacy and support the Government officials' understanding of the cost of the inaction process, methodologies applied, findings and recommendations, contributing to the government's capacity to deliver key findings messages to policy makers and other audiences.

### 8. Reporting Requirements:

This assignment will be carried out under the supervision of the UNICEF Chief of Social Policy. The consultant is expected to proactively collaborate and coordinate closely with the National Nutrition Center. The consultant is also expected to ensure timely implementation and delivery of the assignment results.

- A. Two separate reports should be completed for each of the project components:
1. Costs of inaction
  2. Expenditure brief 2022

All deliverables will be reviewed by a defined social policy team and the EU Delegation to Laos. Only upon satisfactory endorsement by UNICEF will the deliverables be considered completed. The consultant will provide guidance on the expected deliverables of the assignment, and as such will help ensure quality assurance. The institution supported by the individual consultant will provide punctual feedback at each of the key milestones, including the draft deliverables.

Progress against the deliverables will be monitored and reported against a detailed work plan that is to be developed by the service provider.

### 9. Payment Schedule linked to deliverables:

Payment is against the deliverables and duly signed reports, for each line item of invoice with satisfactory completion of the activity and certified by the UNICEF Chief of Social Policy. Direct payment will be made to the service provider upon satisfactory completion of all deliverables indicated above, more details are in the table below.

Deliverables	Payment (including travel fee) by directly linked with satisfactory deliverables	Reporting requirement for each deliverable
<ul style="list-style-type: none"> <li>• Approval of the inception reports and the finalized data collection tools outlining the methodological framework and modeling approaches), scenarios for 1) the cost of inaction analysis and 2) expenditure brief 2022 that will be conducted, as well as proposed timelines of the studies.</li> <li>• Workshop to support the Government officials and core team's understanding of the cost of the inaction process and expenditure analysis, methodologies applied, list of informants, schedule, and tools.</li> </ul>	20% of the whole consultant fee	Word file in English
<ul style="list-style-type: none"> <li>• Conduct data collection and analysis</li> <li>• Initial draft reports for 1) cost of inaction and 2) expenditure brief 2022 submitted to UNICEF</li> </ul>	40% of the whole consultancy	Word files in English accompanied with other materials e.g. PowerPoint presentations and dataset

<ul style="list-style-type: none"> <li>• Approval of final reports for 1) cost inaction and expenditure brief 2022</li> <li>• A four-page summary (English and Lao) of cost in action.</li> <li>• Workshop to present findings and recommendations.</li> </ul>	40% of the whole consultancy fee	Word files in English accompanied with other materials e.g. PowerPoint presentations and dataset
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#### 10. Administrative Issues:

- Interviews if necessary, indicating for which experts/position (in general, the evaluation of experts is conducted based on their CVs).
- Whenever possible, candidates should be requested to provide an all-inclusive cost in the financial proposal. Candidates should be reminded to factor in all cost implications for the required service/assignment.
- When and if travel is expected as part of the assignment, it shall be clearly specified (e.g., location, duration, number of journeys etc.) in the TOR. It is essential to clarify in the TOR that i) travel cost shall be calculated based on economy class travel, regardless of the length of travel and ii) costs for accommodation, meals and incidentals shall not exceed applicable daily subsistence allowance (DSA) rates, as promulgated by the International Civil Service Commission (ICSC).
- Consultant is responsible for his/her health and travel insurance.
- Unexpected travels shall also be treated as above.

#### 11. Contract supervisor:

Chief of Social Policy Section, UNICEF Lao PDR.

#### 12. Nature of 'Penalty Clause' to be Stipulated in Contract:

Unsatisfactory performance: In case of unsatisfactory performance the contract will be terminated by a notification letter sent five (5) business days prior to the termination date in the case of contracts for a total period of less than two (2) months, and ten (10) business days before the termination date in the case of contracts for a more extended period

Performance indicators: consultants' performance will be evaluated against the following criteria: timeliness, quality, and relevance/feasibility of recommendations for UNICEF Lao PDR.

#### 13. Submission of applications:

Interested candidates are kindly requested to apply and upload the following documents:

- Letter of Interest (cover letter)
- CV or Resume
- Performance evaluation reports or references of similar consultancy assignments (if available)
- Financial proposal: All-inclusive lump-sum cost including travel and accommodation cost for this assignment as per work assignment.

The deadline for applications is 18 January 2023

#### 14. Assessment Criteria:

A two stage procedure shall be utilized in evaluating proposals, with evaluation of the technical proposal being completed prior to any price proposal being compared.

Applications shall therefore contain the following required documentation:

1. Technical Proposal, including a cover letter, updated CV, and copies of 2 relevant evaluations performed earlier by the consultant.
2. Financial Proposal: Lump-sum offer with the cost breakdown: Consultancy fee, travel costs (economy class), per-diem to cover lodging, meals, and any other cost related to the consultant's stay in Vientiane, including transportation inside the city and other costs. The travel (if involved) shall be based on the most direct and economy fare.

No financial information should be contained in the technical proposal.

For evaluation and selection method, the Cumulative Analysis Method (weight combined score method) shall be used for this recruitment:

a) Technical Qualification (max. 100 points) weight 70 %

- Degree Education in ..... (30 points)
- Knowledge of ..... (20 points)
- Experience in..... (30 points)
- Quality of past work (e.g. understanding, methodology) (20 points)

b) Financial Proposal (max. 100 points) weight 30 %

The maximum number of points shall be allotted to the lowest Financial Proposal that is opened /evaluated and compared among those technical qualified candidates who have attained a minimum 70 points score in the technical evaluation. Other Financial Proposals will receive points in inverse proportion to the lowest price.

The applicants should provide **medical insurance covering medical evacuation** for the whole duration of the assignment -as part of the financial proposal submission.

The Contract shall be awarded to candidate obtaining the highest combined technical and financial scores, subject to the satisfactory result of the verification interview.