

Section 3 Terms of Reference for

Technical Assistance and Support for UK-India Economic Policy and Prosperity Partnership (EPPP) Programme

About the Programme

- 1.1. The Department for International Development (DFID) leads the UK's work to end extreme poverty.
- 1.2. DFID is supporting Government of India's (GoI) reform programmes with a UK-India Economic Policy and Prosperity Partnership (EPPP), comprising technical support and active government-to-government knowledge exchange. This partnership will build on the broad commitments and priorities articulated during various Economic and Financial Dialogues. This partnership will be delivered through a £5 million umbrella programme, including a responsive technical assistance package dedicated to supporting the Office of the Chief Economic Adviser (CEA) on priority economic policy research and diagnostic work.
- 1.3. This 5 year umbrella programme (2015-2020) is meant to support Ministry of Finance's (MoF) efforts to augment sound evidence led policy making providing semi-structured demand-led support to respond to current and emerging priorities of GoI. The programme aims to support evidence-led policy making on economic issues, particularly in the generation and use of data, current research, and best practice analysis for policy making. This umbrella programme will comprise multiple partnerships and engagements through separate contracts and funding arrangements, of which the current terms of reference apply to one such engagement.
- 1.4. The purpose of the Technical Assistance is to ensure that partner agencies inside GoI are equipped to deliver on reforms in their respective areas. The underlying objective is to build capacity of partners by sourcing high-quality technical expertise, supplementing government human resources, offering the best of UK experience, and establishing forums for knowledge transfer.
- 1.5. EPPP's **vision** is to augment evidence led policy making by providing semi-structured demand-led support. The programme will:
 - a. provide technical assistance based on analytical and diagnostic capability;
 - b. support MoF by strengthening demand for external expertise and promoting learning from best practices, particularly the UK; and
 - c. help build capacity through knowledge transfer and UK-India exchanges.
- 1.6. The intended **impact** of the programme is shared prosperity, sustained poverty reduction, and enhanced human development through UK-India economic collaboration.
- 1.7. The **outcomes** that we expect to achieve through the UK-India partnership are sound high-level policy choices and management systems based on evidence, data and global best practices that support India on a path of sustainable and inclusive growth.

Engagement Specifications

2. Scope of Work

- 2.1. **The Recipient:** For this engagement, MoF (GoI) will be the principal recipient and the focal ministry of the proposed support. Within this, the DEA is the focal department responsible for programme implementation.
- 2.2. The Bilateral Cooperation (BC) Division within DEA is the nodal agency for the umbrella programme. The Office of CEA is one key client within DEA. In due course, the engagement will also support other divisions within DEA, other departments of MoF, government economic bodies, and regulators.
- 2.3. The goal of this engagement under EPPP is to provide high quality technical, management and logistical support to the MoF, for planning, implementing and monitoring the programme.
- 2.4. The broad scope of work will involve:
 - a. enhancing the availability of analyses and diagnostics for policymaking, by sourcing technical analysts and subject-matter experts, both long term and short term, for partner departments;
 - b. developing capacity to demand and use evidence and data for policymaking through knowledge sharing and training activities; and
 - c. making available UK expertise and experience on implementing key reforms by facilitating partnerships with UK institutions and creating opportunities for direct UK-India peer-to-peer exchange among policy makers, regulators, economic bodies, and research institutions, such as an exchange programme between the Indian Economic Service and the UK's Government Economic Service.
- 2.5. Specifically, the TAST under this contract will be required to provide assistance under three heads:
 - a. **Technical and capacity building support to the CEA**, both in his office as well as in the divisions under his charge, i.e. Economic Division and Indian Economic Service (IES) Division:
 - (i) Provide legislative, policy and information support to the Office of the CEA on economic policy through analysts and experts
 - Identify and engage 2-3 long term technical analysts with post-graduate training in economics and/or public policy to work in the Office of the CEA. The analysts will undertake research and policy analysis based on the direction of the CEA on broad areas including macroeconomic policy. The analysts will provide periodic economic updates and briefs for top policy makers, and policy notes on relevant areas/topics based on state-of-the-art research as and when the need arises.
 - Identify and engage senior issue experts, both Indian and international, based on demand, allowing the CEA to tap the best academic and practitioner expertise on current economic policy priorities. Particularly, the TAST will help identify and engage current or former HMG experts that can share the UK's institutional experience with similar macro-economic and development issues.
 - (ii) Grow capacity within the Economic Division and IES Division for implementation of priorities through knowledge sharing
 - Identify subject-matter experts for brainstorming and red-teaming workshops with the Economic Division on specific policy issues as they

arise, and prepare policy briefs based on the discussions. The areas for these discussions will include infrastructure and infrastructure financing, macro-economic modelling and forecasting, price monitoring and inflation forecasting, trade and balance of payments issues and climate change finance. This is not an exhaustive list, but based on the domain responsibilities of the Economic Division. These subject matter experts may also be asked to give special lectures for IES probationers undergoing their training. The frequency of these interactions will depend on the availability and priorities of the Economic Division. Currently, the expectation is for 2-3 day sessions every two months, with 1-2 resource persons at each session.

- Organise and manage the recently commissioned exchange programme between the IES and the UK Government Economic Service: An exchange programme between the IES and GES has been proposed, to improve the quality of economic policymaking in India and foster deeper relationships between the two economic services. The management and heads of both the IES and GES have given their approval for such a programme. The first round of this programme will likely consist of 2 GES officers working in the CEA's office (second quarter 2016), followed by 2 IES officers in late 2016. The programme will increase the number of participating officers in the following years.
 - Based on demand, help states plan economic survey workshops, and facilitate discussions between states and the Office of the CEA; and
 - Contribute to capacity development and exchange of knowledge with other staff in the Ministry of Finance as opportunities emerge, including
 - Developing a knowledge and evidence base of impact evaluations, case studies, gap analyses, etc to increase awareness, understanding and utilisation of good practice models across the world on priority economic policy areas;
 - leveraging existing DFID funded initiatives such as the SAR, IGC, IFuse, KPP towards the evidence base; and
 - Designing, manage and facilitate initiatives for the uptake of knowledge products.
 - Connect with other potential sources of support for innovation transfer in India, such as Millennium Alliance, StartUp Wave and incubator networks (including those supported by DFID) ;
 - Connect with relevant DFID staff in select LICs to establish demand for Indian innovations, identify opportunities, and ensure that DFID's support achieves maximum impact and value for money.
- b. **Technical Assistance to other MoF Departments and government economic bodies:** This programme is meant to provide on-demand policy support to the Ministry of Finance and government economic bodies. DFID will take the lead on cultivating relationships within the Ministry and other bodies. Since the scope of assistance is still being discussed, we are keen to maintain flexibility in providing TA support under this contract. The TA team will assist DFID and the Partnership Steering Committee (PSC) in identifying opportunities for partnerships and in alerting the ministry and other economic bodies to these opportunities. Besides the DEA, EPPP will provide focused technical support to departments, agencies and regulators such as Department of Revenue, Central Board of Direct Taxes, Niti Ayog, Department of Industrial Policy and Promotion,

and RBI. These are indicative departments, and DFID is looking for both suggestions on other bodies to engage with and innovative methods to engage with them. The TA team will be expected to:

- (i) Manage a flexible financing mechanism by scoping demand for TA among government departments on economic policy analysis and research; and
 - (ii) Manage and prioritise demand for expertise, and facilitate knowledge transfer for partner government officials, through site visits, inward attachments or twinning arrangement of developing country delegations to the UK.
- c. **Programme management** for EPPP: The TAST will be required to provide planning, coordination, logistical and administrative support in implementing EPPP. Specifically, the TAST will need to:
- (i) Within the inception phase, assist in developing benchmarks, a log frame, and broad work plan in consultation with the PSC, other GoI counterparts and DFID. The log frame of this programme should be tied to the partnerships cultivated and the role of these partnerships in strengthening UK-India economic cooperation as well as the policy impact on India.
 - (ii) Ensure smooth flow of information between all key stakeholders about the prioritization, identification, procurement, design and utilisation of TA.
 - Facilitate periodic meetings of the PMC and the PSC, and any inter-ministerial dialogue that needs administrative support;
 - Support the GoI and DFID team in conducting Annual reviews and mid-year reviews of the programme by providing background documentation for the reviews to be conducted; and
 - Analyse and document progress/changes and disseminate findings and information on best practices and lessons learned on the programme.
 - (iii) Provide excellent operational management of EPPP:
 - Liaise with HMG departments, UK institutions and Indian counterparts to identify specialists and establish a pool of expertise;
 - Develop and manage individual Memoranda of Understanding with participating UK government departments as needed, setting out the arrangements for their participation in technical support as well as exchanges;
 - Provide logistical and technical support to ensure specialists are ready to transfer knowledge to a developing country environment (facilitating transport, visas, hotels);
 - Manage the budget for EPPP, including accurate forecasting and planning; preparation of funding agreements for individual assignments; management of payment to HMG partners; management of any relevant procurement activities; accounting and financial reporting; compliance with operating policies and procedures (both UK and India); ensuring full transparency and accountability; maintaining and protect records and data, and safeguarding confidential information.

3. Requirements: Competencies, Expertise, Teaming and Programme Structure

- 3.1. The ideal TAST will have excellent talent sourcing capabilities, strong resource pool of short term experts, a strong policy research and analysis portfolio, extensive linkages with UK government and non-government agencies, and experience in planning and executing exchange and training programmes, particularly on UK-India exchanges.

- 3.2. The focus of this programme is on building a partnership between the UK and India, both government to government as well as institution to institution. One of the primary requirements from the team is demonstration of partnership potential, as well as previous experience incubating and managing such diverse partnerships. This leads us to believe that the ideal consortium will include different types of organisations, with different areas of expertise. Key skills will include economic analysis on a broad range of issues, expertise on domestic resource mobilisation including tax administration and sector financing, and designing and managing broad-based capacity development initiatives including knowledge exchanges.
- 3.3. An ideal TAST would include a team leader, cross cutting programme management support in areas like procurement, specialist knowledge sharing and management expertise, and policy advisory expertise.
- a. **Core team:** DFID envisages an input-based arrangement for reimbursement of efforts and support provided by the core team.
- (i) **Team Leader:** The team lead, ideally based in New Delhi, will be required to provide 100% time commitment during the inception phase, and at least 50% thereafter. Former public servants, multilateral agency employees, or embedded consultants having outstanding networks, outreach and a non-controversial service track record may be appropriate. The ideal team leader will have
- over 10 years of professional experience;
 - strong relationships within MoF, particularly the DEA, as evidenced by working with or alongside MoF in an advisory capacity;
 - experience coordinating bilateral partnerships and institutional exchanges;
 - experience managing large demand-led, flexible, and open technical assistance programmes;
 - experience of designing, managing and monitoring projects; and
 - experience of working on policy and advocacy, including direct engagement with Government actors in India.
- (ii) **Cross-cutting programme support:** The TAST will need to provide a lean budget-appropriate support team with capabilities in logistics and travel planning, finance, procurement, talent sourcing and deployment, and monitoring and evaluation, with 5-8 years professional experience each. This team will assume overall administrative responsibility for effective performance of the contract and successful delivery of outputs by establishing rapport with various government and non-government institutional stakeholders for facilitating convergence, knowledge sharing and intellectual resource mobilisation. This team will maintain a project MIS and conduct internal reviews to keep a track of the progress and deliverables vis-à-vis work plan and resource (human and financial) deployment and utilisation plan. The support team will act as an interface between the TAST and other stakeholders for all administrative and logistics purposes. The exact composition of the support team is up to the TAST. DFID is looking for a cost-effective but responsive offer on programme management.
- (iii) **1-2 Knowledge management and sharing specialists:** will have the overall responsibility of developing knowledge products, an evidence base, and managing exchange programmes. The specialists will support technical experts and resource persons in sourcing literature and national/international

best practices, design and service benchmarks, and support the development of capacity building strategy and training curricula. They will be responsible for setting up and maintaining an information database and audio-visual library related to the programme, and support the consolidation and packaging of information so as to better communicate with stakeholders. Between them, they should have previous experience in organising and managing institutional exchange programmes; organising UK-India learning collaborations, particularly between HMG departments and GoI ministries and departments; developing a digital knowledge base for use in government ministries; organising short and effective learning sessions; and designing and managing training programmes for administrative service officers.

b. **Policy Advisory team:** For use of the policy advisory team, DFID envisages an output based arrangement for reimbursement of efforts and support provided by the core team.

(i) **2 Technical Analysts:** deployed full time for the office of CEA who would:

- have an advanced degree (Master's or above) in economics, finance or public policy with an excellent academic record;
- possess excellent research skills, strong organizational and communication skills, ability to work in a team and in a fast paced environment;
- be able to provide policy inputs based on the latest in economic and revenue affairs through high quality research and data analysis;
- have a strong background in data and policy analysis, including drafting of policy notes, high level government approach papers, and analytical opinion pieces;
- have prior experience in conducting econometric modelling, forecasting and analysis based on private and government data, particularly experience and skill in using packages such as Matlabs, Stata, Eviews, etc, and in using national and international databases;
- possess detailed knowledge of issues and data in key economic sectors such as telecom, agriculture, power, and trade (domestic and international);
- have contributed to previous government reports, and/or have refereed publications/working papers; and
- have direct prior work experience in GoI (about 2-3 years), particularly experience with ministries or regulators as analysts.

(ii) **Short term technical experts:** 5-10 Indian and international practitioner experts at different levels from the resource pool in key areas of economic policy for direct short term engagement with DEA, particularly on priority areas identified in the annual budgets of GoI. Examples of expertise could include: technology-led benefits transfer and service delivery, power sector reforms, business process reengineering around subsidies, centre-state fiscal relations, macro-economic policy tools, etc.

c. **Resource Pool:** TAST is expected to set up a resource pool of short-term subject-matter experts which will be used for drawdown support to respond to specific emerging needs as identified by DFID and GoI over the course of the programme. All shortlisted bidders have to include this resource pool in their final commercial response. Inputs from experts can be undertaken either through collaborative conferences or through direct short term engagement with partner departments. DFID envisages that either an input-based or an output-based arrangement may be appropriate for reimbursement of efforts and support provided by the resource

pool, based on the intensity and scope of assistance, and length of effort involved. The use of resource pool will be subject to prior approval of DFID programme team. Indicative areas of expertise include:

- Infrastructure and infrastructure financing
- Macro-economic modelling and forecasting
- Price monitoring and inflation forecasting
- Trade and balance of payments issues
- Climate change finance
- Tax resource mobilisation
- Investment climate
- Subsidy and entitlement programme management and reform.

4. Sub-Contract Pool

- 4.1. The TAST will need to set up a sub-contract pool, in order to procure services and/or goods necessary to support programme delivery depending on the business needs arising from time to time and demand from Gol.
- 4.2. A procurement manual, with a commercial ceiling, in compliance with DFID's standard procurement practices will be set for the TAST to follow when procuring such goods and services.
- 4.3. The TAST will be responsible for its performance and for managing any poor performance by contractors. Performance of the TAST and its contractors will be managed through clear contracts with robust and appropriate implementation plans, including results indicators, and payments based on performance.
- 4.4. DFID India reserves the right to carry out procurement and financial audit of services and goods procured by the TAST through the sub-contract pool.
- 4.5. The TAST will seek prior approval from DFID India for all requirements under sub-contracting.

5. Indicative Deliverables and Key Reports

5.1. The following generic reports are expected from this engagement:

- a. *Inception report*: The TAST is expected to submit a draft inception report within 3 months of signing the contract. The inception report should include, recommendations for a log frame, a set of deliverables and milestones (for the first six months of the programme) to be developed in consultation with MoF, partner departments and DFID, against which the TAST will be held accountable. Deliverables should be identified based on near term priorities of the government. Payment for deliverables will be linked with levels of input foreseen and on actual delivery. This deliverable plan will be reviewed on a six monthly basis in agreement with DFID.
 - (i) *Resource Pool Usage Plan*: The TAST is expected to submit a 6 monthly plan for use of draw down technical expertise.
 - (ii) *Procurement manual*: The TAST is expected to submit a procurement manual (to be approved by the Commercial Advisor, DFID India) that will guide procurement under the Subcontract Pool;
- b. *Progress Reports*: The TAST is expected to submit periodic progress reports in a format agreed with DFID and MoF, Gol. The TAST is also expected to report to the PMC on a quarterly basis in a mutually agreed format.

- c. *Mid-term report*: The TAST is expected to present a Mid Term Report outlining the status of the project, its key achievements, challenges and issues going forward.
- d. *End-of-project report*: The TAST is expected to submit an end-of-project report two months before closure of the contract.

6. Timeframe

- 6.1. The current terms of reference are for one contract (including the costs of the IES-GES exchange programme and other knowledge sharing/exchange activities, and deployment of a resource pool and a sub-contracting pool).
- 6.2. The contract is envisaged to start 1st October 2016 and will end on 30th September 2020.
- 6.3. DFID reserve the right to revise the scope of the contract subject to project need, review recommendations and budget availability. If circumstances require further extension beyond the original contract duration/agreed extensions, DFID will consider doing so by means of the negotiated procedure where necessary conditions can be met.
- 6.4. The service provider will be expected to work per the following timetable:
 - a. *Mobilisation and deployment of team*: within 15 days of signing of the contract.
 - b. *Inception report*: within three months of signing the contract.
 - c. *Technical Assistance period*: from signing of the contract until 30 September 2020.
 - d. *Break clause*: The contract will be issued with a break clause at the end of two years from the date of the award of contract. At the end of year 2, DFID and government partners will undertake a review of the overall performance of the programme and supplier. Based on the insights from the review, the contract may be extended up to the end of the overall programme (i.e. 2020).

7. Project Institutional Structure

- 7.1. The DEA, Gol, will be the focal department responsible for the implementation of the programme. The Bilateral Cooperation (BC) Division within DEA (MoF) will be the nodal agency for the umbrella programme.
- 7.2. A high level Partnership Steering Committee (PSC) will be established, chaired by the Secretary, Economic Affairs or his designated representative, and convened by Joint Secretary (Bilateral Cooperation). The Steering Committee will have nominated members from CEA's office, other Departments within MoF as needed, senior representation from DFID and BHC. The Steering Committee will play a strategic role in guiding priorities and will decide on key activities to be undertaken under each component. The PSC will set component priorities, review progress and track deliverables on a six-monthly basis.
- 7.3. Annual Reviews will be jointly undertaken by DFID and DEA (MoF) supported by the TAST. DFID may commission independent monitoring/evaluation(s) of EPPP, which the TAST will be required to support.

8. DFID Co-ordination

- 8.1. On all technical matters, the TAST will work closely with the DFID assigned Senior Responsible Officer. On all programme and administrative matters, including contractual & payments, the TAST will work in close association with the Project Officer, and the Nodal Officer for the project in Gol.

- 8.2. The TAST will seek prior approval from DFID for any deployment under the Resource Pool and any requirement under the Sub-Contract Pool and the final agreed fees/costs of the deployment/contract.
- 8.3. DFID reserves the right to carry out the procurement audit/financial audit of services and goods procured by the TAST under the contract.

9. Constraints and Dependencies

- 9.1. Upon receipt of invoices, DFID will reimburse as arrears, fees and expenditure incurred by the TAST as agreed during contract signing—against successful and timely delivery of agreed milestone deliverables, or on the basis of personnel input days.
- 9.2. The TAST will account to DFID for all project expenses and these will be included in DFID's mandatory audits. For input-based arrangements, the TAST will provide details of human resource deployment with their invoice.
- 9.3. The TAST will be expected to involve relevant staff from partner departments in Gol throughout the process of consultancy, seek their inputs and ensure their satisfaction on the content and quality of deliverables. DFID will have all rights to hold payment on grounds of poor quality of delivery/services, not receiving satisfactory agreement from Gol counterparts, or for delayed delivery.
- 9.4. The TAST should ensure that the programme is driven by Gol policies, and maintains inter-departmental coordination. The TAST will be expected to provide personnel, management and technical support on the agreed priorities and outputs within the given time frames.

Background

Over the last 20 years, India has recorded impressive economic growth rates, pushing it to middle income status in 2008.¹ Between 2005 and 2010, India's share of global GDP increased from 1.8 to 2.7 percent, and 53 million people were lifted out of poverty.² From 2005 to 2012, India's GDP grew 8.5 percent per year and the population below the country's official poverty line reduced from roughly 400 million to 270 million (from 37% to 22% of the total population), the fastest such reduction in India's history. In the period since initiating first-generation economic reforms, India has halved the share of those in extreme poverty.

However, over the last 3 years, growth in India has slowed down considerably. India's growth declined from an average of 8.3 per cent per annum during 2004-05 to 2011-12 to an average of 4.6 per cent in 2012-13 and 2013-14. On account of internal and external factors the country witnessed two successive years of sub-5 per cent growth for the first time in 25 years.³ Inflation levels have reached a record high, and the fiscal deficit remains a cause for concern. Fiscal deficit during the first four months of the previous fiscal breached 60 per cent of full year's target, raising concerns for the government, which aimed to bring it down to 4.1 per cent by the end of the financial year.

More recently things have started looking up again. As Finance Minister Shri Arun Jaitley noted in his **Budget Speech to Parliament** on 28 February 2015, "India is about to take-off

1 World Bank, 2012

2 World Bank Country Partnership Strategy for India for the Period FY2013-2017 (21 March 2013)

3 Economic Survey 2014-15, Chapter 1, The State of the Economy, p1

on a faster growth trajectory once again". Putting the country back on the growth path, requires prioritisation of second generation reforms, building the regulatory framework needed to manage a 2 (going on 5) trillion dollar economy, and prudent and effective budget management. A bulk of second generation reforms require immediate corrections such as clearing regulatory hurdles, correcting price distortions, and kick-starting the investment cycle. Simultaneously India needs longer term reforms to build a healthy, resilient, inviting middle income economy that will lead to sustained high growth rates and macroeconomic resilience.

India's economic policy reforms need to be informed by evidence of what works and what does not, and by learning from the experiences of other countries. Global learning shows that improving the culture of evidence based policy making can have a dramatic impact on poor people's lives.

DFID will support Government of India's reform programmes with a UK-India Economic Policy and Prosperity Partnership (EPPP), comprising technical support and active government-to-government knowledge exchange. This partnership for up to £5 million over five years (2015-16 to 2019-20) will be delivered through an umbrella programme, comprising two elements: a responsive technical assistance package dedicated to supporting the Chief Economic Adviser on priority economic policy research and diagnostic work; and a flexible fund to respond to demands for expertise and knowledge harnessing activities with MoF Departments and government economic bodies.

Through this programme, we will support the Ministry of Finance (MoF) by strengthening research capacity for sound policy design and execution, and promoting learning from best practices around the world, particularly the UK, on key reform areas, and using them in the Indian context. A key plank of the entire programme is capacity building/ strengthening, knowledge transfer, evidence building and collaborative working through a UK-India exchange partnership.

CB118 (April 2002)