



**TERMS OF REFERENCE**  
**FOR**  
**RECRUITING A RESEARCH AGENCY**  
**TO CONDUCT HEALTH SECTOR BUDGET ANALYSIS INCLUDING THE ALLOCATION &**  
**UTILISATION OF HEALTH SECTOR BUDGET FOR COVID-19 RESPONSE AND**  
**MANAGEMENT**

**1. Background**

***Overall context***

The Government of Nepal (GoN) is committed to improving the health status of Nepali citizens and has made impressive health gains. With Nepal becoming a Federal Democratic Republic in 2015, the unitary system of governance is replaced with a decentralized form of governance re-structuring the country at three spheres, namely the federal, the province and the local level. The constitution accords a three spheres of governance system that comprises federal, provincial and local governments. Health is a concurrent right to all three spheres of governance. In FY 2017/18, health decentralisation actually came into practise with local government made responsible to ensure provision of basic health services and provincial government in FY2018/19 to support primary and secondary service delivery.

Despite of five years into federalizations, conditional grant modality still remains the major financing mechanism for health. Many local governments have also allocated additional budget for the health sector from their own source. Similarly, provinces have also managed to additionally fund health from their own source, and special grant modality. In the current context, the Federal Ministry of Health and Population (FMoHP) and its entities still play an important role in undertaking health planning and budgeting even for the activities at provincial and local level. Thus, it is imperative to analyse budgetary pattern of the health sector including conditional grant allocation and expenditure in the health sector to all spheres of government to be able to track fiscal commitments against the constitutional mandates/ arrangement.

***COVID-19 specific context***

The COVID-19 pandemic has reduced economic activity and stressed national budgets. At the same time there has been an increased demand for resources and competing priorities across sectors. This has been challenging to ensure adequate resources for the health sector. In Nepal, all three spheres of government



have crucial responsibility to respond to the pandemic, and have prioritized health sector interventions in line with this.

The FMoHP developed a Rapid Action Plan to manage the COVID-19 response, and to form the basis for resource allocation in line with agreed priorities. Health budgets have been revised at each level of government; budget top-ups have been provided by the FMoHP to designated hospitals and other health sector institutions (FMoHP, 2021).

The government has had to design new financial mechanisms to respond to the unprecedented impact and demands as a result of COVID-19. Revision of existing financial laws may be needed to ensure flexible responses to the current emergency, and to future similar shocks and natural disasters (Helene Barroy et al., 2020). Options could include reallocation between line items or budgetary programme envelopes through virement. Therefore, it is important to conduct in-depth analysis of health sector budget and expenditure from the perspective of COVID-19 response management, associated challenges and way forward.

## 2. Rationale

As a key point for the implementation of Nepal Health Sector Strategy (NHSS 2016-2022), FMoHP and the External Development Partners (EDPs) agreed that analysis of health budget, is essential to illustrate and keep track of the health sector budgeting and expenditure practices. Budget Analysis (BA) has been practiced since late NHSP-I and beginning of NHSP-II period to inform health budget and expenditure pattern. The last **health BA was conducted in FY 2020/21, which included all four fiscal years of NHSS implementation (FY 2016/17- 2020/21)**. Periodic BA has served as an important document to track health financing output of the NHSS, discussed during the National Annual Review (previously known as Joint Annual Review) and Joint Consultative Meetings. BAs has supported FMoHP to help identify areas of under-spending against budget and informs adjustment to be made to relative allocations. This has also supported EDPs to plan their future assistance programme to the health sector.

Budget analysis in the changed context is particularly important for the government and EDPs to understand budget allocation to health sector from the federal, provincial and local government resources. As BA serves as an important tool to analyse resource allocation, it will be equally useful to produce BA for provinces. Similarly, it will useful to understand programme wise allocation of conditional

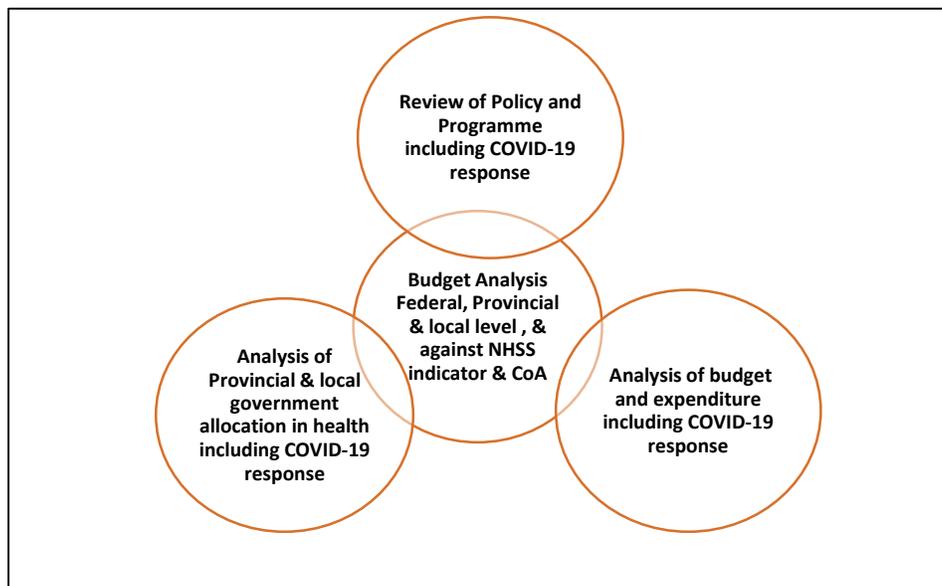


grant provided to 7 provinces and 753 local government and also additional resources budgeted for health. Carry out a comprehensive analysis of the health sector budget allocation with particular focus on provincial and local level allocations.

Besides the overall analysis of the health sector budget, an up to date and comprehensive evidence on budget allocation and utilization against COVID-19 is needed to support budget revisions and reallocation in the health sector, and to secure additional budget in response to new sectoral needs. Analysis of the budget allocation and utilization for COVID-19 response management will generate evidence that will contribute to evidence-based policy dialogue between the FMoHP and the Ministry of Finance (MoF) to ensure sufficient allocation of public funds, timely release of these funds, and accelerated budget execution.

### 3. Approach, Purpose and Objectives

Our approach to the budget analysis will be across the planning cycle. It will be a mix of policy, programme, budget, and expenditure analysis. The research agency in close consultation with Nepal Health Sector Support Programme (NHSSP) will involve chiefs of planning and finance section from developing inception



report to the report writing.

Figure: Approach to the assignment

The purpose of this assignment is to enable government, EDP, policy makers and programme planner by providing disaggregated information on four-year allocation and expenditure of health budget in from



selected province and local governments (FY2021/22) by providing a budget analysis framework that facilitates comparisons and supports in deducing useful conclusions. It also aims to provide the reader with a synthesis of the main features of budget allocations and comparisons with actual spending from last three years by source, programme and disbursement level. In addition, readers will be provided with additional information on Government spending on COVID-19 response, which will be a key feature for this year's BA. The comparative analysis will support in improving annual planning and budgeting process.

Evidence on allocation and utilisation of government funds for the health sector should be generated that can guide needs-based planning during the current COVID-19 emergency. Allocation and spending on the COVID-19 should be presented by major pillars of preparedness and response management.

#### **The specific objectives of BA:**

- Prepare the standard data collection templates and frame works according to GON Charts of Accounts and Chart of Activities, and NHSS indicators for health sector budget analysis;
- Analyse the budget allocation and expenditure under conditional grant to federal government, NHSSP focal provinces and all focal Palikas<sup>1</sup> FY 2017/18 till 2021/22;
- Analyse the budget allocation and expenditure under grants other than conditional grant to and from NHSSP focal provinces and all focal Palikas since FY 2017/18 till 2021/22;
- Analyse the health sector budget allocation and expenditure according to Chart of Activity (COA) for conditional and other grant to from federal, NHSSP focal provinces and all focal Palikas since FY 2017/18 till 2021/22;
- Analyse health sector budget allocation and expenditure according to Nepal Health Sector Strategy (NHSS) indicators (outcome and output level indicators) from federal, NHSSP focal provinces and all focal Palikas since FY 2017/18 till 2021/22;
- Prepare a budget analysis framework for provincial and local governments; and
- Provide orientation programme to government staffs to conduct provincial Budget Analysis.

#### **Specific objectives of COVID-19 analysis**

- Analyse the allocation of the COVID-19 response related budgets for FY 2020/21 and 2021/22 and expenditure for FY 2020/21;

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<sup>1</sup> Focal provinces for the NHSSP technical support are Province 2, Lumbini and Sudurpashchim Provinces. There are fifteen focal Palikas in Province 2, thirteen Palikas in Lumbini Province and seven Palikas in Sudurpashchim Province.



- Analyse the status of reallocation of budget between line items or budgetary programme envelopes through virement during COVID-19 pandemic;
- Provide estimates of budget allocation and expenditure by COVID-19 response pillars (as defined by the World Health Organisation);
- Review the COVID-19 related policy, legal frameworks, response plans and identify the major interventions defined by the FMoHP;
- Draw key learnings on COVID-19 Response Management particularly budgetary management; and
- Provide recommendations on future planning and prioritization of the health sector resources.

#### **4. Methodology**

- Summarise budget allocation and spending based on estimates of the Government Revenue and Expenditure (Red Book) for federal, NHSSP focal provincial and all focal Palikas from FY 2017/18 till 2021/22, budget allocation and expenditure data will be analysed; only budget allocation data will be analysed for FY 2021/22;
- For COVID-19 analysis, budget and expenditure from FY 2020/21 and only budget from FY 2021/22;
- Identify and document budget reprioritization through virements between line items including COVID-19;
- Compile, analyse and document COVID-19 related health sector budgets and expenditure for NHSSP focal provinces and all focal Palikas;
- Undertake a desk review of COVID-19 related policies, legal frameworks, response plans, and any amendment of existing financial law; identify major interventions prescribed in these documents;
- Interview/consult health sector programme managers to clarify the nature of the spending where necessary and to explore policy and operational challenges.

The study will primarily focus on the budget and expenditure made by the health sector agencies MoHP, MoSD and health department and section from NHSSP focal provinces (Province 2, Lumbini and Sudurpashchim). This task will utilize both quantitative and qualitative data where applicable. Field visit to each of the focal provinces and focal Palikas is expected for this task. Key informant interviews are expected at federal, province, district and Palika level. Analysis of the health sector budget and expenditure will mainly rely on secondary data. Online platforms used for financial management e.g., Federal and Provincial Line Ministry Budget Information Systems (LMBIS/PLMBIS);



Sub-national Treasury Regulatory Application (SuTRA) will be used as primary data sources. This data should be verified by the respective offices where necessary. Disaggregation of the budget and expenditure will be done as per the COVID-19 response pillars to the extent feasible.

## 5. Proposal Guidelines

NHSSP is looking for a research agency to carry out the health sector budget analysis including an analysis of allocation and utilisation of health sector budget for COVID-19 response and management. Research agencies are required to submit a brief outline on the methodology for health sector budget analysis, and COVID-19 analysis including standard templates, analysis plan and report structure.

## 6. Output/Deliverable

The research agency is responsible for preparing and submitting the following as key deliverables which are divided into two blocks:

### **Final outputs:**

- A report on the health sector budget analysis including the allocation and expenditure at sub-national level for the period from 2017/18- 2021/22; and
- An analysis report and a technical brief on the allocation and utilization of the health sector budget for the COVID-19 response management including policy/legal challenges and way forward.

### **Process outputs and other sub-outputs:**

- Standard templates for collecting and compiling budget and expenditure for budget analysis (to be agreed with NHSSP before data collection starts);
- Budget analysis plan (to be agreed NHSSP before analysis begin);
- Mapping of NHSS indicators and Chart of Activities (CoA) with the health sector activities;
- Coding (Chart of Activities, NHSS indicators, and Chart of Accounts) manual;
- Tabulation Plan for the provincial and local governments budget analysis;
- Data processing syntax/script (to clean datasets, to produce tables and graphs) of the computer programme file;
- Raw and cleaned datasets in SPSS/Stata format;
- Outline and chapter layout of the final report;
- Two draft report in English- BA and COVID-19 Analysis (to be reviewed by NHSSP and other stakeholders as needed);



- Power point presentation summarising the report;
- Budget analysis frame for provincial local government, and
- Orientation Manual for the provincial budget analysis.

As laid out previously, the research agency will need to seek feedback and approval on all these deliverables from NHSSP. These have to meet the quality standards of NHSSP in terms of technical quality as well as presentation. All final products will be expected to be of high-quality professional standards. It is also imperative to adhere to agreed deadlines.

## **7. Implementation process**

An independent research agency will be hired to carry out this assignment. The assignment is funded through NHSSP. Through-out the assignment technical assistance and oversight will be provided by NHSSP and MoHP. The contracted agency will need to work closely with NHSSP in all steps. Data collection mechanism, standard templates for data collection, coding of budget and expenditure dataset according to GoN Chart of Accounts, MoHP Chart of Activities and NHSS indicators, data entry and cleaning, tabulation plan, data analysis, report writing, policy brief and preparation of orientation manual are the main responsibilities of the research agency.

## **8. Qualifications of the agency**

A registered research agency with a credible and proven track record of working with government budget data including the knowledge of public financial management and experience of operating Line Ministry Budget Information System (LMBIS), Subnational Treasury Regulatory Application (SuTRA) and Transaction Accounting and Budget Control System (TABUCS). The agency should have previous experience of working with GoN, MoHP, Provinces, bi-lateral and multilateral development partners. It should have sound team with good analytical skills, and skills to produce high-quality documents.

The following qualifications and experience are required within the study team:

- The team leader should hold a PhD or post-graduate degree in social science (economics/ public health/health financing) and have relevant experience working with government;
- A senior team member with a strong public financial management background. Experience in analysing plan, policy, programmes, red book, white book, government annual work plan, budget and expenditure tracking;
- One team member with public health or health economics background with experience of engagement in COVID-19 response management and policy and legal framework in relation to COVID-19 response management



- One or more team members should have the competency for overall management of the assignment including undertaking qualitative analysis;
- A team member with experience in conducting data processing, cleaning, analysis and presentation of datasets;
- Previous experience working with provincial and local government planning and budgeting and use of LMBIS and SuTRA;
- Ability to independently liaise with relevant organisations; and
- Excellent skills and experiences/evidence of producing analytical reports in English language.

## 9. Technical proposal requirements

UKaid NHSSP invites detailed technical proposals that include the following:

- Contextual discussion (not more than 1 A4 size page; Calibri – font size 11): This section should clearly lay out the applying organisation’s understanding of the issue being addressed from a health systems strengthening perspective. This will be assessed for the level of independent analytical thought applied to understanding the context and not a mere duplication of background material provided in this ToR.
- Specific methodology that addresses the objective of the task (as given in the ToRs). Detailed Timeline as a Gantt chart (not more than 5 - 6 A4 pages; Calibri – font size 11): This section will be assessed for technical robustness through design of standard templates and detailed analysis plan.
- Quality assurance mechanism (not more than 1 A4 page; Calibri – font size 11): This should include details on the quality assurance mechanisms that will be in place at each stage of the work, in terms of design, data gathering and producing high quality deliverables.
- Team composition (not more than 2 A4 pages; Calibri – font size 11): This should include details of the structure of the proposed team - with named individuals for the senior and mid-level positions, and a brief paragraph on the expertise of the individuals. For all other junior positions, details of the type of job role and the number of people planned should be included. The CVs of all the named individuals should be included as an annex. Each CV should be no longer than 2 A4 pages. The entire team as a whole (and not individuals) will be assessed for demonstrated experience of high-quality evaluation and research of the senior and mid-level team, members with suitable sector and methods experience, adequacy of the entire team. The team will also be assessed (in conjunction with the budget proposed) on the how substantial and adequate the level of effort has been planned for the senior and mid-level positions.



- Organisational capacity statement (not more than 2 A4 pages; Calibri – font size 11): This should include why the applicant organisation is suitable for the assessments, providing details on similar assignment or use of budget data in preparing analytical briefs, experience of using LMBIS, SuTRA or TABUCS, experience of working with government, any research or evaluation products of the applicant organisation, and other relevant information to support the application.

## **10. Financial proposal requirements**

Provide a detailed cost breakdown for all aspects of the assignment including associated costs and overheads required to complete the task. The Financial Proposal should be submitted in separate email address provided below.

## **11. Bid evaluation process**

Bid will be evaluated by the team of qualified professionals. Each proposal will be assessed first on its technical merits and subsequently on its price. Overall evaluation will be conducted based on the cumulative analysis of Technical and Financial Proposals based on weightage system.

## **12. Timeline**

The task will be undertaken between September to 24<sup>th</sup> December 2021. Inception report including standard templates and framework should be finalised within two weeks of the date on which the contract is awarded. Data collection should begin within two weeks of date of contract. Draft report should be submitted to NHSSP within 12 weeks of the date of signing the contract. NHSSP will provide feedback on the draft report within one week of its submission. The 2<sup>nd</sup> draft report should be submitted within one week after receiving feedback from NHSSP. The final report has to be completed by 24<sup>th</sup> December 2021. This is non-negotiable and the agency has to ensure team and plans to be in place to achieve this deadline.

## **13. Deadline for proposal submission**

The Technical Bid in pdf must be submitted to NHSSP office in email address:

[rfp-technical@nhssp.org.np](mailto:rfp-technical@nhssp.org.np)

The Financial Bid in pdf format must be submitted to NHSSP office in separate email in following email address:

[rfp-financial@nhssp.org.np](mailto:rfp-financial@nhssp.org.np)



Both the documents should be submitted to their respective email address no later than 17:00 hrs on 10<sup>th</sup> September 2021, in addition, as a pre-requisite, the organization should submit its (a) Organisational profile (b) Registration documents (c) PAN/VAT certificate and (d) Tax clearance certificate for FY 2076/77

*NHSSP reserves all rights to reject any or all quotations/proposals without assigning any reason whatsoever.* For queries write email to [info@nhssp.org.np](mailto:info@nhssp.org.np)