

TERMS OF REFERENCE



CONSULTANCY TO DEVELOP SADC HARMONISED CONSUMER PRICE INDEX METHODS AND PROCEDURES IN SADC REGION



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1. BACKGROUND INFORMATION

1.1 Background

The Southern African Development Community (SADC) is a Regional Economic Community comprising 16 Member States, namely; Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, Zimbabwe. Established in 1992, SADC is committed to Regional Integration and poverty eradication within Southern Africa through economic development and ensuring peace and security. Article 14 of the SADC Treaty establishes the SADC Secretariat as the principal executive institution of SADC. The Secretariat performs its mandate and functions within the policy, strategic and programme provisions outlined in the Regional Indicative Strategic Development Plan (RISDP).

The SADC Vision 2050 and its first 10-year implementation plan, the Regional Indicative Strategy Development Plan (RISDP, 2020 - 30), originates from an outcome of a comprehensive consultative process and marks another milestone in efforts to foster regional cooperation and integration. SADC has also developed various Protocols for domestication and implementation by Member States including the most recent one, the Protocol on Statistics to enhance cooperation of statistics in quest of harmonization of statistics. Development and implementation of regional statistical programmes are guided mainly by the Protocol on Statistics and the Regional Strategy for Development of Statistics (RSDS) aligned to developing and enhancing statistics for regional integration priorities.

Demand for quality and harmonized statistics has been on the rise to monitor progress in developmental agendas at national, regional, continental, and global level. The scope of data demand cuts across economic, social, and on emerging issues such as climate change, disaster-risk, environment and others related. The implementation of statistical programmes requires significant funding on a sustainable basis. Within this context, the support of development partners and donor institutions becomes a central element in the process. Price statistics, more specifically Harmonised Consumer Price Index (HCPI) are considered as a primary convergence indicator to monitor macro convergence in the region.

1.2 Current situation in the sector

The SADC Vision 2050 earmarks Statistics a priority cross-cutting sector whereby by 2050, the region strategic objective in statistics is to realize a robust and responsive regional statistical system to underpin regional integration processes, including measurement of progress and impact. The SADC RISDP 2020-30 draws impetus from the Vision 2050 and thereby identify key intervention areas to achieve the expected outcome of enhanced statistical infrastructure, systems, and capacity across the region for production and effective use of harmonized regional statistics. The key intervention areas include primarily the development and implementation of policy and legal frameworks for coordinating regional statistics and capacity across the entire data value chain of the regional statistical system strengthened.



The Regional Strategy for Development of Statistics (RSDS) 2020-30 is complementary sectoral strategy for achieving regional integration as embedded in RISDP 2020-30, for statistics sector. In line with the strategic objective, expected outcome, implementation plan and strategic outputs of Statistics as embedded in RISDP 2020-30, the 6 identified strategic intervention areas of RSDS 2020-30 priorities for implementation are as follows:

- (i) Policy frameworks for development of regional statistics;
- (ii) Institutional strengthening and sustainability of the SADC Regional Statistical System;
- (iii) Harmonization of regional statistics;
- (iv) Digital transformation of regional statistics;
- (v) Capacity for data production, management, dissemination and use; and
- (vi) Quality of regional statistics.

In addition to the policy frameworks related to statistical matters in the region, a legal framework in the form of the Protocol on Statistics has been developed and approved to enhance the level of statistical development both nationally and regionally, facilitating the pursuit of monitoring and measuring progress of development agendas at national, regional, continental, and global level. The Protocol is conceived as a binding instrument that will entrench and give legal effect to the statistical functions in the SADC region and is expected to give legal mandate to the SADC Secretariat to co-ordinate and provide oversight to the implementation of SADC Regional Statistical System.

At statutory level, the SADC Statistics Committee, comprising of Head of Statistics in the SADC Member States provides policy, strategic and professional guidance for the statistical development and integration processes in the region. The Committee meets at least once a year and monitor progress in the SADC Statistics Program and oversee the implementation of statistical development. The Statistics Unit of Secretariat primary function is to co-ordinate and rationalize all regional statistical activities in line with continental and international statistical frameworks and provides technical and secretarial support to the Statistics Committee. The Committee reports directly to the SADC Council of Ministers.

SADC Member States are computing HCPI as per the technical document that was produced under a joint project between COMESA and SADC during 2010- 2011 with the support of the African Development Bank. SADC Secretariat has conducted HCPI reviews in some Member States with the primary objective to take stock of institutional and methodological practices of NSOs for identifying best practices and gaps or challenges.

The main gaps which emanated from the review activities to date include amongst others limited compliance to domestic concept. Secretariat also noted that the current HCPI Technical Guidance Note (TGN) is not aligned to the 2020 CPI Manual. There are limitations in methods to compile the HCPI in the TGN at Member States level and to aggregate HCPI at regional level. The Article 26 of Protocol on Statistics explicitly refers to data quality where Member States shall make data quality a cornerstone of

statistical work in the Region in line with international standards and frameworks on data quality whilst Article 14 indicates that Member States shall implement the recommendations of international manuals and guidelines in the production of HCPI. The rate of inflation is one of the indicators of macroeconomic convergence in the region as per Article 3 of the Finance and Investment Protocol. The 32nd SADC Statistics Committee held in May 2024 directed Secretariat to develop its own HCPI methodology and practices to ensure international best practice, proper aggregation methods for derivation of regional HCPIs and proper approach/methods for having a common reference period since the current method used still have December 2010 as base period.

Within this background, Secretariat has planned an activity to develop of HCPI methods and procedures that is expected to strengthen the capacity of the NSOs to produce and disseminate harmonized statistics on HCPI in accordance with international and regional recommendations and eventually measure price stability in the region effectively.

2. OBJECTIVES OF THE ASSIGNMENT AND EXPECTED RESULTS

2.1 Overall objective

The overall objective of this exercise is to develop SADC HCPI methods and procedures in line with international best practice and latest methodologies for compiling HCPI at both national and regional level.

2.2 Specific objectives

The specific objective of the assignment is to produce methods and procedures for assisting in deriving HCPI weights, compiling, rebasing and aggregating HCPI at both national and regional level in accordance with the latest international manual and standards on HCPI. The methods and procedures are expected to cover issues pertaining to HCPI as per best practices in terms of domestic concept, seasonality, second hand goods, item substitution, treatment of temporary price reduction, price collection, quality adjustment and methods for compiling indices at lower and higher levels, migrating to Classification of Individual Consumption by Purpose (COICOP) 2018, aggregation methods of HCPI at regional level, deriving HCPI weights, revision of HCPI weights and rebasing of HCPI amongst others. The document shall also include specific data collection instruments to capture tourism expenditure and data from other sources to supplement expenditure obtained from household survey for the derivation of HCPI weights for use by Member States. In addition, they are also intended to be applied or used as a tool for undertaking subsequent methodological reviews and training in the region as part of sustainable capacity building.

2.3 Expected results

The consultant is expected to achieve the following results in the following chronological order:



- (i) Inception report, detailing preliminary findings, approach/methodology for the task, a work plan, gaps identified, and remedial action to be taken to fill the gaps. The structure of the methodological document in terms of a draft table of content should also be provided at this stage;
- (ii) Draft Harmonized SADC HCPI methods and procedures, including scope of work as stated at Section 3 in this TOR and agreed issues in inception report; and
- (iii) Final version of HCPI methods and procedures including Validation workshop report documenting inputs from Member States and Secretariat for amending in final report.

3. SCOPE OF WORK

3.1 Scope of work

This assignment firstly consists of briefly assessing the current HCPI compilation, identify gaps and factor in changes in the methods and procedures document. The development of the SADC HCPI methods and procedures should look at similar documents produced by COMESA, East African Community (EAC) and European Union (EU). The methods and procedures are preferred to be structured in the form of a stepwise document with practical examples for a price statistics expert to use as reference for planning and managing data collection, validation, compiling and dissemination of HCPI and subsequently used to produce SADC HCPI. The methods and procedures should be in accordance with the latest international manual and standards on HCPI. In doing so, the consultant is expected to earmark data sources, provide requirements in terms of statistical methodology for computation and aggregation of indices at national and regional level for this assignment. The scope of activities finally involves an online regional validation workshop with price statistics experts of NSOs, and Secretariat prior to finalization of the HCPI methods and procedures and subsequent submission to the SADC Statistics Committee for consideration and approval.

3.2 Geographical area to be covered

The SADC HCPI methods and procedures will be used by SADC Member States.

3.3 Target groups

In developing the harmonized methods and procedures, the consultant will work closely with the SADC Secretariat Research and Statistics Unit, responsible for statistical matters in SADC. At Member States level, the task shall include engagement with price statisticians for information collection and an online regional validation workshop.

3.4 Specific work

The assignment will be carried out primarily through a desk study. This will be complimented by appropriate research work and regular consultations with SADC Secretariat to obtain critical elements to be considered for incorporation in the

development of the SADC HCPI methods and procedures as well to obtain clarification on pertinent issues. In particular, the consultant will be required to:

- (i) Assess the current HCPI compilation, identify gaps and factor in changes in the SADC HCPI methods and procedures.
- (ii) Consult similar work undertaken by COMESA, East African Community (EAC) and European Union (EU).
- (iii) Prepare specific HCPI methods and procedures on domestic concept, seasonality, second hand goods, item substitution, treatment of temporary price reduction, price collection, quality adjustment, imputation methods, and methods for compiling indices at lower and higher levels, migrating to COICOP 2018, aggregation methods of HCPI at regional level, deriving HCPI weights, revision of HCPI weights and rebasing of HCPI amongst others. The document shall also include practical examples on the inclusion of data from different sources such as tourism expenditure obtained from inbound and outbound surveys, National Accounts data, Export of Travel Services from the Balance of Payment (BoP), and Tourism Satellite Account amongst others to supplement expenditure obtained from household survey for the derivation of HCPI weights for use by Member States. Data collection instruments to capture tourism expenditure from inbound and outbound surveys should also be included in the document.
- (iv) Prepare the SADC HCPI methods and procedures underlying considerations to the above points.
- (v) Present and validate the draft SADC HCPI methods and procedures to price statisticians of Member States and SADC Secretariat as a resource person for input and discussion in a virtual validation workshop.
- (vi) Prepare a validation workshop report documenting inputs/proposals of Member States and Secretariat.
- (vii) Prepare a revised and final version of the SADC HCPI methods and procedures incorporating inputs from Secretariat and Member States for submission to the SADC Statistics Committee for consideration and approval.

4. QUALIFICATION AND EXPERIENCE REQUIREMENTS

This assignment is expected to be carried out by a consultant with in-depth knowledge in consumer price indices. The specific profile is provided below:

Qualifications and Skills

- A minimum of a Degree in statistics, economics or related field. A Master's degree and above shall be an advantage.
- Written and oral fluency in the English language is essential. Knowledge of French and Portuguese would be an asset.
- Excellent oral and written communication, analytical, presentation and report writing skills in English Language.
- Excellent time management and organizational skills to prioritize workload and deliver needful during the training week.



General Professional Experience

- The Consultant must have at least 15 years of specific experience in undertaking and managing statistical functions in the area of prices statistics.

Specific Professional Experience

- At least ten (10) years' experience in collection, production, dissemination, revision of weights, and rebasing of HCPI at national/international level;
- Demonstrated experience in the development of HCPI guidelines and tools at national/international level;
- Experience in undertaking at least three (3) technical assistance/capacity building in the area of HCPI in developing countries, preferably in Africa, as a resource person.

The expert must be independent and free from conflicts of interest in the responsibilities they take on.

Note that civil servants and other staff of the public administration, of the partner country or of international/regional organizations based in the country, shall only be approved to work as experts if well justified. The justification should be submitted with the tender and shall include information on the added value the expert will bring as well as proof that the expert is seconded or on personal leave.

5. REPORTING REQUIREMENTS AND TIME SCHEDULED FOR DELIVERABLES

5.1 Reporting requirements

The consultant shall operate under the guidance of the Senior Officer – Research & Statistics and direct supervision of Officer – Research and Statistics responsible of price statistics.

All the deliverables shall be delivered to the Officer – Research and Statistics who shall assess and review the deliverables in line with the requirement of the Term of the References; and approved by the Senior Officer- Research and Statistics.

The consultant will continuously (via monthly reports/ email /zoom/ calls) update the Secretariat on progress and/or challenges with the drafting of the Regional Guideline. All reports shall be in electronic format in MS Word. The Expert shall work with the Secretariat up to the end of the assignment, shall have delivered the following in electronic format within three (3) months:

Name of report	Content	Time of submission
Inception report	A final detailed inception report outlining the consultant's understanding of the assignment and the approach to be employed.	No later than 7 days after the start of implementation



Draft Report	Final	Draft SADC HCPI methods and procedures.	8 weeks after submission of inception report
Final Report		Revised SADC HCPI methods and procedures and Regional Validation Report.	3 weeks after submission of draft methods and procedures.

5.2 Submission and approval of report

The reports referred to above must be submitted to the project manager identified in the contract. The reports must be written in English. The project manager is responsible for approving the reports.

5.3 Project management

Overall responsibility for supervision of the Consultancy will lie with the Officer – Research and Statistics. The Consultant shall be responsible for the operational day-to-day management and coordination of the consultancy work.

5.4 Management structure

The Consultant shall report to the Officer – Research and Statistics and perform the assigned tasks.

6. LOGISTICS AND START DATE

6.1 Location

The assignment is commissioned by the SADC Secretariat based in Gaborone, Botswana. However, this Assignment will primarily be executed through desk research and virtually. Therefore, there will be no travelling to the SADC Secretariat offices in Gaborone, Botswana.

6.2 Office accommodation

None required

6.3 Facilities to be provided by the contracting authority

No facilities will be provided since the assignment will be done remotely.

6.4 Facilities to be provided by the contractor

No facilities will be provided since the assignment will be done remotely.

6.5 Equipment

No equipment is to be purchased on behalf of the contracting authority / procuring entity as part of this service contract or transferred to the contracting authority / procuring entity at the end of this contract. Any equipment related to this contract that

is to be acquired by the procuring entity must be purchased by means of a separate supply tender procedure.

6.6 Start date and period of implementation

The intended start date is as soon as both parties have signed the contract agreement and the period of implementation of the contract will be 90 calendar days from the date of signing the agreement.

7. MONITORING AND EVALUATION

7.1 Definition of indicators

The indicators to be used are timeliness, technical coverage and analytical quality of the Report as detailed in the section 5 above.

7.2 Special requirements

The Consultant must declare any potential conflict of interest between the provision of the requested services, and other activities in which, a member of their consortium or group (s), or any expert proposed in their offer is engaged.

8. ASSUMPTIONS AND RISKS

8.1 Assumptions underlying the project

It is assumed that the consultant would be procured within the reasonable timeframe and activities implemented within the schedule provided of 90 calendar days spread over 3 months.

8.2 Risks

The nature of the assignment presents negligible risks associated with the consultancy. Some of the foreseen risks are the following:

Possible risks	Risk Level	Mitigation Measures
1. Unavailability of key stakeholders to provide relevant information due to change in the working environment	Medium	Plan and communicate ahead with key stakeholders; have more than one communication means



9. FINANCIAL PROPOSAL

9.1 Financial proposal

The financial proposal should include all consultancy fees and all costs.

9.2 Schedule of payment

Payments for the assignment shall be related to the reports and their approval as follows:

20% of the contract price shall be paid upon submission of an acceptable Inception report;

60% of the contract price shall be paid upon submission of an acceptable draft report.

20% of the contract price shall be paid upon submission of an acceptable final report and regional validation report.

