**TERMS OF REFERENCE AND SCOPE OF SERVICES**


**Social Services Improvement Project (SSIP)**

**Consultant's Company for Development of Funding Formula for block grants for institutional accommodation and care for the elderly**


## I.    OVERVIEW

The Government of the Republic of North Macedonia has received Loan from the International Bank for Reconstruction and Development, for implementing the Macedonia Social Services Improvement Project (SSIP).

The SSIP development objective is to expand access to and improve the quality of social services, for vulnerable groups, including services for elderly care.

The Social Services Improvement Project will help address the challenges that are particularly associated with social exclusion of vulnerable groups and hence address the challenges of the fragmented coverage of care for the elderly.

By supporting strengthening the overall social protection delivery system for improved service provision and access to services by vulnerable groups and by support of quality care for vulnerable groups including the elderly in institutions, the project will contribute to the GoNM's ultimate objectives of alleviating poverty by supporting the strengthening of the effectiveness and efficiency of the GoNM's social safety net. Given the specificity and complexity of the functions, decentralization takes place gradually and this process includes the transfer of public institutions for care of the elderly and protection of children (institutions for care and education) from the central government to the local self-government units, while the other social services depend on local development plans according to the local context. The funds for financing the municipalities' competences for social protection - homes for the elderly are provided in the Budget of the Ministry of Labor and Social Policy, and the allocation of block grants for homes for the elderly is carried out in accordance with annual decrees on the methodology for determining the criteria for allocation of block grants for public institutions for social protection - homes for the elderly. Due to the complexity and challenges of accessing and providing the necessary services for institutional care of the elderly it is necessary to establish a comprehensive and stable system of financing and functioning of homes for the elderly in the long run.


## II. OBJECTIVE OF THE ASSIGNMENT

Developing a Erderly Care in Public Institutions for Social Protection - Homes for the Erlderly Funding Formula (ECFF) for establishing a comprehensive and stable system of financing and functioning of homes for the elderly in the long run. The development and implementation of a per erderly institutional care funding formula should allow for a transparent and more equitable

way of distributing resources and would overcome issues of efficiency, but also of equity and service quality for elderly care in public institutions.


### III. SPECIFIC TASKS

The Consultant shall conduct the following tasks:

1. **Analysis, evaluation and recommendations of the system for the allocation of block grants, as well as the development of the system for institutional accommodation and care of the elderly (in elderly homes), in the long term -** indebt analysis, including housing capacities analysis of existing system of elderly care in public institutions for social protection - Homes for the elderly. The analysis also includes a review of allocation models, as well as a need assessment and capacity development plan for the next period.

- **Legal analysis** of current legislation which covers ECFF system, network and its human resources, including the regulation for financing the ECFF system;

- **Analysis of existing system of elderly public institutional care** and the system of financing elderly protection in the Republic of North Macedonia (institutions for elderly care – homes for elderly; block grants, self-financing income of elderly care homes);

- **Analysis of real historical costs for financing the system of elderly care in public institutions** in the Republic of North Macedonia compared to the actual number of elderly accomodate in the erderly homes (use of data for the period 2019 – 2023 including types of costs: for food; operating costs - for staff salaries, utilities, ongoing maintenance, specific costs for unmoving beneficiaries; activities for elderly; financing of the various forms of care and activities and other costs that are more than 5% of the overall costs of the homes for elderly) in order to obtain data on current costs per elderly beneficiary in different number of accommodation facilities (capacity) in homes for elderly and by different categories of beneficiaries (mobile and unmoveing beneficiaries, at least);

- **To conduct research on the real potential needs for long-term care facilities for the elderly institutional care.** To conduct research and assessment of the potential need for housing facilities for the elderly institutional care by municipalities/regions for the next 20 years and to recommend priorities for financing new facilities (by municipalities/regions and number of necessary facilities) for institutional accommodation and care of the elderly, for the first 5 years. Also, to map current capacities and potential needs.

- **Establishing comprehensive data base** of current public homes for elderly and other data by municipality and region. The data base should contain: elderly public home size and capacity (large or small capacities, including all characteristics determined by law), public elderly home location (urban or rural, including all objects of the institutions), human capital (core, administrative and technical workforce), programs that are implemented in the elderly homes (full-time stay, half-day stay), number of elderly accomodated (number of beneficiaries accomodated in public homes for elderly, number of decisions issued by social work centers for the placement of elderly people in public homes for elderly, number of

elderly people on waiting list) etc. Data by municipality and region should also include number of elderly in municipality/region; percentage of coverage of people placed in public and private homes for the elderly; potential number of necessary accommodation facilities for the elderly in each municipality/region, at lest).

- **Analysis of capacities utilization** (designed, used and inused capacity for the period 2019-2023) by types of elderly homes - elderly homes with large and small coverage of beneficiaries as defined by law, elderly homes in urban and rural areas. The analysis should contain conclusions and recommendations.

- **To address the issue of possible different model of financing** - by region and another model, at least (legal and operationl issues, cost-benefit issues, protentional risks and recommendations, at least). Analysis of current system of financing of elderly homes by block grants as 'institutional financing' by municipality to be comparing with other possible potential financing models.

2. **Development of new formula for block grants for institutional accommodation and care for the elderly**

- **Determining the envisaged costs per elderly person (mobile and unmoving beneficiaries, at least)** based on the analysis of necessary costs (by size of accommodation capacity defined by law and other bylaw regulations and statistics according to the legislation and the norms and standards in this area. Based on the identified costs, **determine the basic elements of the formula** for distribution of block grants (eg. number of beneficiaris, size of elderly home by m2, type of heating, operating costs, staff costs, etc.);

- **Preparation of 3 proposed formulas** for distribution of block grants with calculation and projection for 5 years. The formulas should be based on basic elements from previous point, in order to prepare several scenarios, from which the Government will choose which is the most acceptable scenario, ie formula. The simulations should be prepared on the basis of the latest available data by elderly homes, by municipalities, comparative analysis of existing costs and necessary costs. The simulations should show the distribution of funds by municipalities/regions.

- **Preparation of a Draft Instruction** that will describe the manner and procedure which data source to be taken when applying the formula for future distribution (eg which provides data on the number of beneficiaris, cost of energy, costs for food, etc.) and the content of the Government Methodology which regulates the annual distribution of the block grant. Prior to this task, the firm should conduct **mapping of data collection processes** and propose a technical solution for digitalization of the whole process.

- **Determining the sound criteria for self-financing** (how many and which users participate in paying for the service), the possibilities for participating with their own funds to raise the standard and quality of the service and determining corrective elements (certain specifics, elderly with special needs, etc.)

3. **Capacity building and stakeholders' engagement**

- **Stakeholder consultation and advocacy**. This task includes presentation and discussion with various stakeholders regarding the selected formula for distribution of block grants and methodology, as well as preparation and implementation of consultation and advocacy plan with incorporated external communication strategy;

- **Capacity building and training** of the employees at the Ministry of Labor and Social Policy for using the chosen formula.


## IV. REPORTING OBLIGATIONS

The consultant shall submit the following reports on Macedonian and English language, that must include the specific tasks given in Section III of this TOR:

**1.1 Analysis of the existing system** of accommodation and care of elderly in homes for elderly and the system of financing elderly social protection in institutions in the Republic of North Macedonia with analysis of real historical costs for financing the system (use of data for the period 2019 - 2023) and review and recoomendation of other potential different models of financing. The analysis should at least contain the following chapters (i) Legal Analysis, (ii) Analysis of historic costs (iii) Analysis of capacity utilization in order to obtain data on current costs per elderly accommodation and care in different size of elderly homes / and by different categories beneficiaries (mobile and unmoving, at least), (iv) map current and potential needs for long-term care facilities for the elderly institutional care, (v) possible different model of financing, (vi) self financing, (vii) conclusions and recommendations;

**1.2 Established comprehensive data base** with all relevant information regarding the national network of aacomodation and care for elderly in erderly homes in the Republic of North Macedonia;

**2.1 Report regarding the estimated costs per elderly institutional care** based on the analysis of necessary costs (by size of elderly homes) and statistics in accordance with the legislation on the norms and standards in this area and Analysis of capacities utilization (designed and used capacity for the period 2019-2023) by size of elderly homes. The analysis should contain conclusions and recommendations;

**2.2 Report determining the basic elements of the formula** for distribution of block grants (eg number of beneficiaris, size of elderly homes by m2, type of heating, operating costs, staff costs, etc.) and a Proposal of 3 formulas for distribution of block grants, with calculation and projection for 5 years;

**2.3 Preparation of a Draft Instruction** that will describe the manner and procedure which data source to be taken when applying the formula for future distribution (eg which provides data on the number of beneficiaris, cost of energy, costs for food, etc.) and the content of the Government Methodology which regulates the annual distribution of the block grant;

**Preparation of a Calculator** for calculation of the block grant according to entered parameters for allocation of funds, to be developed and presented.

**2.4 Report regarding the proposed criteria for self-financing** (how many and which users participate in paying for the service), the possibilities for participating with their own funds to raise the standard and quality of the service and determining corrective elements (certain specifics, elderly with special needs, etc.);

**2.5 Report-proposal regarding the needed changes in the legal regulation including the norms and standards** in this area in order the new accepted formula to be able to be implemented, and draft the necessary changes in the legal regulation;

**3.1 Report regarding the conducted training** of the employees in the Ministry of Labor and Social Policy for using the chosen formula.

## V.    QUALIFICARIONS AND EXPERIENCE

### 1. Firm's qualifications
- The company/ consultant should have performed at least one assignment in the past five years, similar to the one described in the specific request for expression of interest (name of the assignment, description, duration, contract amount, reference). The list shall be supported with Letter of approval/certificates on fulfilled contract obligations.
- Experience in preparing funding formulas for social and/or similar systems;
- Experience in conducting data analysis related to fiscal expenditures social and similar systems care;
- Experience in conducting legal analysis social and/or similar systems shall be considered as an advantage.

### 2. Core team qualifications

**The Consultant must provide at least the following expert staff for completing the assignment:**

### 1. Budget Expert (Lead Expert)
- Master's degree in economy, mathematics, education, public administration, or other relevant field; PhD preferred;
- Extensive experience (minimum 7 years of relevant experience) in conduct of financial analysis regarding the public sector with particular expertise in the area of fiscal decentralization;
- Experience in social and/or similar systems development, policy development, research and analysis related to social protection and/or funding formula;
- Extensive experience related to costing and fiscal analysis; –
Excellent knowledge of Macedonian and English language.

## 2. Data Scientist
- Master's degree in statistics, economics or computer science (PhD preferred);
- At least 7 years of professional experience;
- At least 5 years of professional experience in management of large datasets, development of methodologies for analyzing large datasets.
- Experience in working with government institutions on central and local level shall be considered as an advantage;
- Excellent knowledge of working in statistical analysis software and/or programming;
- Fluency in Macedonian and English language.


## 3. Legal Expert
- Master's degree in law (PhD preferred);
- At least 7 years of professional experience;
- Experience in conduction of legal analyses for development of legislation (experience with decentralization or social protection finansing legislation is advantage);
- Experience in preparation of laws or secondary legislation shall be considered as an advantage;
- Experience in working with government institutions on central and local level shall be considered as an advantage;
- Fluency in Macedonian and English language.

## VI.   SELECTION METHOD AND CONTRACT

The selection method is "Consultant's Qualifications Based Selection" and the contract shall be Lump Sum according to the World Bank Procurement Regulations for Investment Project Financing (IPF) Borrowers – Procurement in IPF of Goods, Works, Non-Consulting and Consulting Services, (Regulations) issued in July 2016, revised November 2017, www.worldbank.org.


## VII.   RESOURCES AVAILABLE TO CONSULTANT

The Client (MLSP) will provide the Consultant with all documents, reports, data and laws related to the assignment.

The selected consultant shall be given database of the block grants given in the public homes for elderly homes to municipalities block transfers for the period 2019-2023 (by MLSP); operating costs - for staff salaries, utilities, ongoing maintenance and other costs, as well as revenues (by each elderly home). Consultant should supply other data from Open Finance – MF or other sources. MLSP should supply consultant will all other relevant data that owns for the elderly institutional care. The consultant gathers the data in an inclusive process from MLSP, social work centers, elderly homes, municipalities, regions etc. The consultant should also check the accuracy of the data provided in the database.

## VIII.   DURATION OF THE ASSIGNMENT

The expected start date of the assignment is September 2023, and the expected duration of the assignment is 5 months.