



**REPUBLIC OF MOZAMBIQUE
MINISTRY OF STATE ADMINISTRATION AND PUBLIC SERVANT
MOZAMBIQUE URBAN DEVELOPMENT AND DECENTRALIZATION PROJECT**

**PROJECT MANAGEMENT UNIT - PMU
Project ID N.º P163989 – Grant N.º D-6490-MZ**

**REQUEST OF EXPRESSION OF INTEREST – FIRMS
SELECTION**

Reference N.º – MZ-MAEFP-243033-CS-QCBS

TECHNICAL ASSISTANCE IN FISCAL DECENTRALIZATION

1. The Government of Mozambique, represented by the Ministry of State Administration and Public Servant (MAEFP) has applied for financing from the World Bank, toward the cost of the Mozambique Urban Development and Decentralization Project and intends to apply part of the proceeds for consulting services.
2. The consulting services (“the Services”) objective is to provide comprehensive technical assistance to the Government of Mozambique, through the Ministry of Economy and Finance, in the implementation of fiscal decentralization, strengthening the public finance management mechanisms of the central government and the decentralized level.
3. The detailed Terms of Reference (TOR) for the assignment can be found at the following website: <https://www.pdul.gov.mz/Anuncios/Concursos> or can be requested by E-mail at the address given below.
4. The MAEFP – PDUL/PMU now invites eligible consulting firms (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. The shortlisting criteria are: (i) Experience in fiscal and finance reform; (ii) Experience in strengthening of financial revenues (iii) and Experience in intergovernmental Fiscal Transfer System (IFTS). Key Experts will not be evaluated at the shortlisting stage.

5. The attention of interested Consultants is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank's "Procurement Regulations for IPF Borrowers" July 2016, revised November 2017 and August 2018, setting forth the World Bank's policy on conflict of interest.
6. Consultants may associate with other firms to enhance their qualifications, in the form of a consortium or a sub consultancy but should indicate clearly whether the association is in the form of a joint venture and or sub consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected. However, the experience of the sub-consultant will not be considered in the evaluation for the short list.
7. A Consultant will be selected in accordance with the Quality and Cost-based Selection (QCBS) method set out in the World Bank Procurement Regulations.
8. Further information can be obtained at the address below during office hours **09H00am to 03H00pm** Mozambique Time. The ToR and other relevant project documents can be found at <https://www.pdul.gov.mz/Anuncios/Concursos>
9. Expressions of interest in English must be delivered in a written form to the address below (in person, or by mail or by e-mail) by **August 25th, 2021, at 3:00 p.m.**

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REPUBLIC OF MOZAMBIQUE
MINISTRY OF STATE ADMINISTRATION AND PUBLIC SERVICE (MAEFP)
NATIONAL DIRECTORATE OF MUNICIPAL DEVELOPMENT (DNDA)
DECENTRALIZATION AND URBAN DEVELOPMENT PROJECT (PDUL)
PROJECT IMPLEMENTATION UNIT (PIU)
Project IDA n°P163989 – Grant D-6490-MZ

MZ-MAEF-243033-CS-QCBS

Terms of Reference
For Technical Assistance in Fiscal Decentralization

July 2021

Acronym

ANAMM	National Association of Municipalities of Mozambique
CRM	Constitution of the Republic of Mozambique
CSO	Civil Society Organization
CUT	Single Treasury Account
DNDA	National Directorate of Municipal Development
DNPO	National Directorate of Planning and Budget
e-SISTAFE	e- Government Financial System
FD	Fiscal Decentralization
IFTS	Intergovernmental Fiscal Transfer System
MADER	Ministry of Agriculture and Rural Development
MAEFP	Ministry of State Administration and Public Function
MEF	Ministry of Economy and Finance
MIC	Ministry of Industry and Trade
MINEDH	Ministry of Education and Human Development
MOPHRH	Ministry of Civil Works, Housing and Water Resources
MTA	Ministry of Land and Environment
MTC	Ministry of Transport and Communication
NGO's	Non-Governmental Organizations
OGD	Decentralized Governing Body
OGDP	Provincial Decentralized Governing Body
PDUL	Decentralization and Urban Development Project
PPT	Powerpoint
SB	State Budget
TA	Administrative Court
TA	Technical Assistance
ToR's	Terms of Reference
WB	World Bank
9FDC	Nine Fiscal Decentralization Categories

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1 INTRODUCTION

The Government of Mozambique with the support of the World Bank is implementing the *Decentralization and Urban Development Project* (PDUL) with a 6-years period duration (2020 – 2025), preceded by a 1-year preparatory phase. The PDUL is coordinated by the Ministry of State Administration and Public Service (MAEFP). In addition to the MAEFP, the Ministry of Economy and Finance (MEF), Ministry of Land and Environment (MITA) and the Ministry of Public Works, Housing and Water Resources (MOPHRH) participate in the PDUL.

The Project Development Objective (PDO) is to: *"Strengthen institutional performance and deliver improved infrastructure and services in participating local entities"*.

The Project has 4 structuring components, namely: (i) Component 1 - Urban Infrastructure and Service Delivery (ii) Component 2 - Decentralization Policy Reforms and Institutional Strengthening; (iii) Component 3 – Project Management and; (iv) Component 4 - Emergency Response Contingency.

Component 2 aims to improve municipal resources, performance and accountability by improving i) policies and, as necessary, the legal and regulatory framework on fiscal decentralization and human resources, and ii) the main management functions of the sector public at the municipal level. Component 2B in addition to the MEF and MAEFP supports the Administrative Court (TA) and the National Association of Municipalities of Mozambique (ANAMM).

2 BACKGROUND

The Government of Mozambique is implementing a decentralization process under the command of the Constitution of the Republic of Mozambique (CRM), Law 1/2018, of 12th June.

This is an in-depth transformation process that will have repercussions across the entire structure of the state and the public sector, encompassing all Ministries, their directions and public administration services. In this context, the Ministry of State Administration and Public Service (MAEFP) and the Ministry of Economy and Finance (MEF) play a particularly relevant role both during and after the implementation of decentralization.

The first decentralization reform started in 1997, with a gradual approach, with the creation of a limited number of autonomous municipalities (currently 53, in urban areas) and deconcentrated entities at the provincial and district levels. The provinces and districts, as well as the lower levels of the districts (administrative posts and localities), continued to deconcentrate government entities without fiscal or administrative autonomy and served as extensions of the central government. The constitutional changes of 2018 paved the way for a second reform of decentralization in the country, taking a step forward towards greater autonomy for provincial and district governments, thus creating the new Provincial Decentralized Governance Organs and, in the future, district.

As part of its mission, the Government of Mozambique (GoM) began its intervention with the drafting of the legal framework for the Provincial Decentralized Governance Bodies (OGDP's) which it submitted for consideration and which were approved and published by the Assembly of the Republic.

The current allocation of responsibilities for service delivery lacks clarity and expenditure is still concentrated in central government. The legislation assigns overlapping functions to provinces, districts and municipalities. This often results in inefficient service delivery. Over the years,

provinces have assumed an important role in terms of territorial development and monitoring the implementation of sectoral policies. They are also considered as a “capacity center” with the potential to support districts and municipalities. Approximately 63% of all spending remains at the central level, compared to 35% at the deconcentrated level, and a small share at the municipal/decentralized level. Much of central government spending can be explained by the fact that capital spending continues to be carried out directly by ministries. About 90% of public investment from 2009 to 2016 was carried out by central entities. District expenditures are largely deconcentrated operating expenses, mainly salaries, with large variations between the levels of deconcentration within each sector (the education sector has the highest degree of deconcentrated expenditures in salaries and operating expenses).

However, there is still no adequate Intergovernmental Fiscal Transfer System (IFTS), but rather a set of programs that have been adopted incrementally, with the aim of helping decentralized entities (provinces, districts and local authorities) to provide services. The fiscal regime and intergovernmental allocations do not capture the real needs of subnational governments and fall short of promoting equity. Furthermore, untimely intergovernmental fiscal transfers, as well as the irregular use of formulas, do not promote transparency and compromise budget predictability. Despite progress in establishing formulas, with rules and criteria for determining the amount to be received by each recipient, there are significant disconnects between the rules and their application. The MEF started with the design of a formula to allow an IFTS to exist for the OGDs. The process of designing and validating the formula in order to consolidate the IFTS of the OGD is dynamic and requires a transparent, participatory and inclusive process of consultation with all parties involved, which is why we consider this to be the first exercise and/or piloting in the design of the IFTS in the country for the OGD.

Own source revenues and consigned revenues are collected by supervised and subordinate institutions, which in the past were not given due importance, from the point of view of collection and accounting in the State Budget (OE). Own source revenues at the Central, Provincial and District levels, as well as consigned revenues, show different behavior in terms of performance, from year to year, with the main factors being, on the one hand, the correct registration and, on the other, the case of non-compliance, registration of them in the State Budget (SB). In relation to the cases of enrollment in the SB, there is the phenomenon of having a low or high collection in relation to the forecast. In terms of the system, with regard to the regulatory framework, there has been a lot of modernization on the expenditure side and very little or nothing in the administration of the province and district's own source and consigned revenues. This is why the operating system of administration of the district secretariat and also the revenue sectors of the municipalities observe model 37 and model 38, for the registration and accounting of revenue, legislated by Ordinance 21.869 of 02/27/69, which is in need of reform. In the context of constitutional reforms there is a need to identify and clarify the structure of fees charged, how they are collected, the normative basis, processes and procedures of the current one; tax administration in order to propose and operationalize a revenue system for the newly created bodies.

The sharing of resources by the central government in the budget of subnational entities reinforces inequalities between these entities. Subnational expenditures, taken together, show wide variation across provinces, potentially increasing inequalities between regions in Mozambique. There are notable gaps in per capita expenditures in the Northern, Zambézia and Nampula provinces, which together represent almost 40% of the total population of Mozambique. Current district expenditures are also not adjusted for poverty levels – a comparison between district expenditures

and average district poverty levels shows that resources are not allocated based on the needs of each province.

One of the relevant aspects of the fiscal decentralization process is the definition of decentralization as a transfer of resources to decentralized governance bodies and municipalities and not its increase. With regard to human resources, this means that the change should not involve hiring more human resources but transferring them. This is the most complex element in the development of the decentralization process, but it is also the most decisive for its success. Furthermore, it is an issue that has been completely left out in transformations until now legislated and carried out by the Government of Mozambique. Due to its complexity and critical importance, decisions should be framed with a complete analysis of all issues relating to the employees who will support the technical and administrative structure of decentralization. Decisions should include rules relating, among others, to hiring, remuneration and training.

Public finance management at the deconcentrated and decentralized level is an exercise still in progress. There is little coordination between the central government, provinces, districts and municipalities in formulating plans and budgets. Planning and budgeting at the subnational level are not adequately reflected in national plans and the annual budget, as the budget time cycle is the same for all levels of government. This process is further hampered by the separation between the planning and budgeting functions, resulting in two distinct documents. Provinces and districts execute their budgets through the financial management system, called *e-Sistema de Administração Financeira do Estado* (e-SISTAFE), while municipalities do not have this system, but some of them have acquired financial investments, covering different parts of the country expenditure chain.

The PDUL is involved in supporting ongoing fiscal decentralization reforms, and especially: central and decentralized government, in several categories with a focus on the following: 1. Clarification of functions and expenditures to be decentralized to decentralized entities (municipalities, provinces, districts) in order to ensure that adequate financial resources are available to sub-national governments for better accountability and improved service provision by the Government (partially realized); 2. Creation, constitution and operationalization of the Intergovernmental Finance Platform; 3. Support the design of a short and medium (1–3 years) term plan for fiscal decentralization; 4. Model for the allocation of intergovernmental fiscal transfers to decentralized entities (municipalities, provinces and districts); 5. Technical support in the design of the proposal to strengthen the specific unit responsible for decentralized entities in the Ministry's National Planning and Budget Directorate; 6. Creation, constitution and operationalization of the Intergovernmental Finance Committee; 6. Design of the Transparency and Monitoring System of Intergovernmental Fiscal Transfers and Public Finances of decentralized entities (local authorities, provinces and districts); 7. Capacity building in matters of financial decentralization at central level, especially to the MEF and other potentially decentralized sectors at central level, and 8. Preparation of the draft law that defines the financial, budgetary and patrimonial regime of municipalities and the Municipal Tax System. It is in this context that the MEF intends to contract consultancy services for the implementation of these activities described above.

3 OBJECTIVES AND SCOPE OF THE CONSULTANCY

The objective is to provide comprehensive technical assistance to the Government of Mozambique, through the Ministry of Economy and Finance, in the implementation of fiscal decentralization,

strengthening the public finance management mechanisms of the central government and the decentralized level, in several categories with a focus on the following:

- (i) Clarification of functions and cost of services to be decentralized to decentralized entities (provinces, districts and municipalities) in accordance with the subsidiary principle and in order to ensure that adequate financial resources are available to sub-national governments for better accountability and improved service provision by Government;
- (ii) Study on the fiscal capacity of own source revenues of decentralized entities (3 provinces, 15 districts and 8 municipalities);
- (iii) Model for the allocation of intergovernmental fiscal transfers to decentralized entities (municipalities and provinces) and future projection for the districts;
- (iv) Creation, constitution and operationalization of the Intergovernmental Finance platform;
- (v) Support the design of a short and medium (1–3 years) term plan for fiscal decentralization;
- (vi) Technical support in designing the proposal to strengthen the specific unit responsible for finance of decentralized entities in the National Directorate of Planning and Budget (DNPO), Ministry of Economy and Finance;
- (vii) Design of the transparency and monitoring System of intergovernmental fiscal transfers and Public Finances of decentralized entities (municipalities, provinces and districts);
- (viii) Capacity building in matters of financial decentralization at the central level, especially to the MEF and other potentially decentralizable sectors at central level;
- (ix) Elaboration of the draft law that defines the financial, budgetary and patrimonial regime of the municipalities and municipal tax system.

The above-listed tasks of Fiscal Decentralization are broad in nature. Concrete results, products and deadlines against which payments will be made are defined with the MEF/PDUL, which will also determine the categories of service and staff profiles.

Category (i) Clarification of functions and expenditures to be decentralized in order to ensure that adequate financial resources are available to subnational governments for better accountability and improved service provision by the Government.

This category of services, among others include:

- a. Support the development of the methodology for assignment of roles that considers the following:
 1. Define goals and scope of role assignments.
 2. Organize the roles to be assigned.
 3. Map role assignments.
 4. Review role assignments (decisions) and
 5. Carry out the transfer and implementation and/or monitoring of functions.
- b. Review of responsibilities between decentralized entities and sector legislation, with a view to identifying inconsistencies, ambiguities and overlapping characteristics.
- c. Review of the practice of the current functions for the division of tasks and responsibilities between the levels of government and between the public and private sectors and the current sectoral budget expenditures at the level of provinces, districts and municipalities;
- d. Support the preparation of the first ministerial instructions on sectoral decentralization and

- related costs;
- e. Recommend changes to the existing division of tasks and responsibilities.

Category (ii) Study on the fiscal capacity of own source revenues of decentralized entities (3 provinces, 15 districts and 8 municipalities)

This category of services, among others include:

- A. With the aim of maximizing provincial and district revenue generation from existing and permitted sources:
 - a. Clarify the existing and permitted sources of revenue, tax and non-tax, respectively in the provinces and districts;
 - b. Analyze the processes and procedures of the current tax administration and the costs incurred for its collection by source; and
 - c. Identify and analyze the municipal own source revenues collected by the provinces (on behalf of the municipalities) and how the resources from these revenues are transferred to the municipalities.
- B. With the aim of identifying an increase in own sources revenue previously untaxed at the provincial and district level:
 - a. Determine, within the range of local economic activity, currently untaxed sources of economic activity that may be taxed by provinces/municipalities and provinces without, however, negatively affecting economic activity and the revenue potential of economic activity;
 - b. Identify modalities, including all necessary legal and administrative instruments, to implement the new sources of revenue.
- C. With the aim of identifying increased sources of local revenue, transferring to sub-national governments the collection of revenue currently collected by the central level:
 - a. Determine within the range of revenues currently collected by the central government, the revenues that can be transferred to the provinces/districts and municipalities without unduly impacting or substantially increasing the transaction cost of the revenues to be transferred to the Government;
 - b. Identify modalities, including all necessary legal and administrative instruments, to transfer revenues;
 - c. Identify modalities, including all necessary legal and administrative instruments, to transfer taxes/fees.

Category (iii) Model for the allocation of Intergovernmental Fiscal Transfers to decentralized entities (municipalities and provinces);

This category of services, among others include:

- a. Carry out technical and economic studies that assist MEF in defining the fiscal gap (difference between the fiscal capacity and total cost of decentralized services) upon which the total Intergovernmental Transfer System (IFTS) in Mozambique will be designed;
- b. Carry out technical and economic studies that assist the MEF in defining the formula for the Intergovernmental Transfer System (IFTS) in Mozambique;
- c. Propose a complete and detailed design of the formula for the IFTS of decentralized entities (province, municipalities) and projection for the districts;
- d. Present the technical, simple and understandable foundation of the proposed model, namely of all the elements of the proposed formula;
- e. Provide assistance in disseminating the proposed model to political, administrative and civil society agents;
- f. Prepare training materials and deliver training session for political, administrative and civil society agents.

Category (iv) Support in the creation, constitution and operationalization of the intergovernmental finance platform.

This category of services, among others include:

- a. Create the intergovernmental finance platform, which must be a consultative body, and headed by the minister who oversees the area of planning and finance;
- b. Design of terms of reference for the creation of the intergovernmental finance technical platform, as well as the preparation of the platform's work plan, communication rules and notification channel for decentralized entities;
- c. Design of a monitoring and alert system related to the activities foreseen in the fiscal decentralization medium plan;
- d. Train the team/platform members on fiscal decentralization, in several matters, such as analysis and advice on aspects related to the fiscal amount to be shared among the decentralized entities;
- e. Review the implementation of the fiscal sharing and advise on how to improve implementation;
- f. Monitoring of any other finance-related matter referred to the platform by the central government

Category (v) Support in designing a short and medium (1–3 years) term plan for fiscal decentralization;

This category of services, among others include:

- a. Design of the short- and medium-term strategy proposal for fiscal decentralization;
- b. Assist the MEF to get approval of the proposed fiscal decentralization strategy;
- c. Propose a short- and medium-term plan for fiscal decentralization incorporated in the Strategic Plan for Public Finance Management.

- d. Proposal for a plan for transferring assets, equipment and human resources from central to decentralized entities (provincial, municipal) and district level as projection;

Category (vi) Technical support in the design of the proposal to strengthen the specific unit responsible for decentralized entities in the National Directorate of Planning and Budget (DNPO) in the ministry

This category of services, among others, may include:

- a. Provide assistance to reflect on the implications of the new legal framework for fiscal decentralization on the mission and activity of the MEF;
- b. Propose the creation of a single unit responsible for finance decentralized entities;
- c. Develop the mission and design in detail the organizational chart, functions and processes to be ensured by the new single unit to be created;
- d. Develop the ToR's of the team of the unit responsible for the decentralized entities; and
- e. Propose and design coordination mechanisms with other existing MEF units.

Category (vii) Design of the transparency and monitoring System of intergovernmental fiscal transfers and Public Finances of decentralized entities (municipalities, provinces and districts);

This is category of services, occurs after the installation of the specific unit of supervision of decentralized finances at DNPO, among others, must include:

- a. Monitoring system, alerts and reporting on the progress of the finances of decentralized entities;
- b. Definition of decentralized finance monitoring indicators validated with the MEF, MAEFP, operational decentralized entities and civil society;
- c. Support in the reporting and transparency system on the performance of various grants defined in the Mozambican IFTS (general, free, conditional and other grants);

Category (viii) Capacity building in matters of financial decentralization at the central level, especially to the MEF and other potentially decentralizable sectors at central level;

This category of services, among others, include:

- a. Clarify the functions/responsibilities of the different levels of state administration and its costing (methodologies)
- b. Design the IFTS – Intergovernmental Fiscal Transfer System (provinces and municipalities) as well as transfer objectives and design principles that allocation formulas must comply with and how to develop the formulas
- c. Strengthen financial oversight of decentralized entities (responsibilities at central and subnational levels, type of support to be provided, information to be provided and analyzed, publication and transparency of information)
- d. Treasury Management in the decentralized context (sub-account in CUT - Single Treasury Account and other forms, ring fence of transfers, etc.)
- e. Develop training manuals and train the Assembly of the Republic, as well as Provincial Assemblies, through coordination with the Planning and Budget Commission, as well as civil society.

Category (ix) Elaboration of the draft law that defines the financial, budgetary and patrimonial regime of the municipalities and the municipal tax system

This category of services, among others, include:

- a) Develop a comparative technical analysis of the main legal instruments, processes and existing procedures of public finance in the context of Mozambican autarchies and with international experiences of the content of the finance law for local authorities in states with similar characteristics;
- b) Propose, analyze and adequately structure the following themes in the preparation of the proposed Law on the legal framework for public finance of local authorities:
 - The municipal planning and budgeting process
 - Articulation and coordination between central state bodies and municipalities
 - The intergovernmental tax transfer system for municipalities
 - Revenue management
 - Loan
 - Treasury management
 - Asset management
 - Procurement
 - Accountability
 - Internal control and
 - Fiscal liability

Draft the law on the legal and technical legal framework for finance municipalities.

Typical activities for the nine service categories include:

Activities include, but are not limited to the following, and will ultimately be specified and agreed upon in contract negotiations:

- Provide descriptive analysis of the intergovernmental fiscal regime, assess reforms and identify opportunities to support the MEF;
- Support the MEF and MAEFP in the analysis and revision of the decree that regulates Law 4/2019 of 31 May, which establishes the principles, organization rules, powers and functioning of Organs executive bodies of provincial decentralized governance, as well as the regulation of the law;
- Analyze all legislation that defines the current organization of sectors with potentially decentralized functions;
- Conduct analytical work and research in areas related to the categories of fiscal decentralization listed above;
- Provide strategic and operational advice to the MEF on the formulation and execution of Fiscal Decentralization (FD) policies and FD solid practices that are essential for its operationalization in the context of Mozambique;
- Carry out need's identification and capacity assessment at the country level and in the area of Fiscal Decentralization. Contribute to the development of analytical capacity and skills of government counterpart staff in areas related to the above-listed FD categories. Develop capacity building action plans to improve FD policies, strategies and practices in order to ensure the strengthening of intergovernmental fiscal relations in the management of public finances;

- Support the improvement of institutional structures, legislative structures, processes and procedures for the effective and efficient execution of FDs that reflect equity;
- Develop a survey and make a comparative technical analysis of the operating models of units similar to those proposed in the ministry that oversees the finance area in other countries;
- Review of the necessary legislation regarding public finances and administrative organization of the state in Mozambique, in the context of the new decentralization framework;
- Collect and share knowledge, experience, good practices and lessons learned from FD reforms implemented in unitary states with similarities in the context of Mozambique;
- Contribute to the design, implementation and evaluation of activities in the area of the DF categories listed above;
- Carry out an integrated study to identify and quantify employees of deconcentrated services and define rules on employees of OGD, districts and municipalities;
- Support the MEF in the implementation of a short, medium and long-term financial decentralization plan, as well as ensuring synergy and complementarity of external financing in the financial decentralization component in Mozambique;
- Contribute to the creation of partnerships and capacity building of non-governmental stakeholders (NGOs, research institutes, universities, etc.) in the area of the above-listed categories of fiscal decentralization;
- Provide quality assurance functions in assigned areas;
- Provide concise and well-written reports, policy briefs, as per requirements;
- Perform any other tasks that ensure successful execution of the task.

4 EXPECTED RESULTS AND DELIVERABLES

The result of this process is to have the MEF readily available, qualified to operationalize the implementation of the 9 Fiscal Decentralization Categories (9FDC) listed above. In this context, the PDUL seeks to contract institutions under the long-term agreement.

4.1 Expected Results

Categories	Expected Results
(i)	Detailed report on the clarification of functions and expenses to be decentralized/decentralized, for decentralized entities (provinces, municipalities and projection to districts) in order to ensure that adequate financial resources are available to sub-national governments for better accountability and improving the provision of services by the Government. The consultant will focus on the essential functions at this stage, namely education, health, agriculture, land management, water and sanitation and roads;
(ii)	Intergovernmental finance platform created operational
(iii)	Support in the design of a short and medium (1–3 years) term plan for fiscal decentralization
(iv)	Proposed model for the allocation of intergovernmental fiscal transfers to decentralized entities (municipalities and provinces) designed and projected to districts
(v)	Study report on the fiscal capacity of own sources revenue of decentralized entities (3 provinces, 15 districts and 8 municipalities) that it proposes

(vi)	MEF with the proposal to consolidate the specific unit responsible for decentralized entities in the DNPO/Ministry of Economy and Finance
(vii)	Transparency, monitoring and alert system of the intergovernmental fiscal transfer and finance of decentralized entities (municipalities and provinces) developed and operational
(viii)	MEF at central level and other ministries targeted by the decentralization process, such as: MISAU, MINEDH, MTA, MADER, MTC, MIC, MOPHRH trained in financial decentralization, including political leaders
(ix)	Preparation of the draft law that defines the financial, budgetary and patrimonial regime of Local Authorities and the Municipal Tax System

4.2 Expected Deliverables

Categories	Deliverables
Inception Report	<ul style="list-style-type: none"> a. Inception Report that includes the proposed work plan, approach and detailed methodology to carry out the task. b. PPT for presentation at a seminar of the work plan and detailed methodology for the ministries, decentralized entities (OGDP and municipalities), cooperation partners;
(i)	<ul style="list-style-type: none"> a. Note on the mapping, analysis and costing of functions to be decentralized, current scenario and different scenarios, focus on ministries with essential social functions, MISAU, MINEDH, MADER, MITA, MOPHRH, MTC a. Draft report on the fiscal impact of the functions to be decentralized b. PPT on category (i) results to present to ministries in workshop c. Final report that considers comments resulting from the workshop
(ii)	<ul style="list-style-type: none"> a. ToR's and composition of the Intergovernmental Fiscal platform designed and approved b. Updated and approved work plan for the fiscal decentralization platform c. Platform members trained on fiscal decentralization d. Semi-annual report prepared and annual report prepared and published by the platform
(iii)	<ul style="list-style-type: none"> e. Preparation of the short- and medium-term plan proposal for fiscal decentralization prepared f. Workshop for consultation and approval of the fiscal decentralization strategy g. Dissemination of the short and medium-term strategic plan for fiscal decentralization
(iii)	<ul style="list-style-type: none"> a. Outline of the formula (vertical and horizontal revenue sharing) with the technical foundation of all elements of the proposal for decentralized entities (municipalities, provinces) and projection for the district level b. <i>Validation Workshop</i> at MEF c. Design of an intergovernmental fiscal transfer formula for the OGDP that considers MEF inputs d. Designed formula consultation plan e. Regional workshop for the validation of the formula of IFTS f. Design of an intergovernmental fiscal transfer formula for the OGDP that considers the inputs from the provinces g. Report on the conduct of the formula exercise and dissemination on the MEF website
(iv)	<ul style="list-style-type: none"> a. Inception report that includes, work plan, detailed approach and methodology, brief analysis on understanding the scope of the consultancy. The inception report should include the preparation of the questionnaire for the municipal, province and district level. b. Study on revenue collected in 4 provinces, 15 districts and 8 municipalities, as well as on challenges in revenue collection and administration and revenue allocation proposals / recommendations (revenue from own sources) for municipalities, district and provinces c. Synthesize in PPT for presentation and validation in a workshop with the technical teams of the MEF and MAEFP and selected decentralized entities the findings of: (i) a study on revenue collected at provincial and district levels and (ii) a list of possible revenue sources suitable for the district, municipalities and provinces

	d. Final report of the consultancy, which includes the systematization of all final results that includes recommendations and final contributions from selected decentralized entities and the central government (MEF and MAEFP) and other relevant ministries and institutions
(v)	a. Survey and analysis of international experiences of specific unit operating models for decentralized entities in finance area
	b. Proposal for a single unit responsible for the decentralized entities at the DNPO, which includes: (i) mission, functions and processes to be ensured by the new unit; (ii) TDR's of the unit's team and (iii) coordination mechanisms with other existing MEF units
	c. Present in PPT, at the technical meeting, the proposal for a responsible unit for strengthening the unit of finance for decentralized entities
	d. Consultant's final proposal introducing the inputs and comments received in the MEF technical meetings
(vi)	a. Transparency and monitoring system for intergovernmental fiscal transfers and public finances of decentralized entities (OGDP, local authorities) developed and operational
(vii)	a. Proposal of training contents, using practical cases with the constitution and all recently approved legislation on decentralization in Mozambique
	b. Training guides and course powerpoint
	c. Preparation of a collection of legislation on fiscal decentralization
(viii)	a. Technical document of comparative analysis of the main legal instruments, processes and existing procedures of public finances in the context of Mozambican municipalities and with international experiences of the content of the finance law of local authorities
	b. Initial draft of the technical subsidies document, on the critical issues of public finance for the preparation of the proposed Law on the legal-legal framework of the finance of municipalities
	c. Present in the PPT, at the technical meeting, the framework of the themes to be considered in the proposed Law on the legal framework for finance of municipalities
	d. Final draft of the Law on the legal-legal framework of the finance of municipalities, introducing the inputs from the technical meeting and other consultations carried out by the MEF and ANAMM
Final Report	a. Final consultancy report

5 Deliverables – Methodological Guidelines

During the inception, implementation and final phase of the contract, TA shall, in addition to the other contractual obligations, described in the table of main activities and expected products of TA, prepare the following deliverables, which shall be aligned after the completion of the inception report with TA:

- The inception report should contain: i) Introduction: background/context, objective and object of the consultancy; ii) Work plan and detailed methodology to operationalize the 9FDC; iii) confirmation of the means of work;
- Theoretical-practical training plan that fits into the general themes and the resulting products described in the table of activities and provision of services in accordance with the specific training needs for the MEF, considering the expected results;
- Bi-monthly Progress Report (7 units) containing the following elements: (i) Constraints found in the implementation of the TA Program; (iv) Description of the different activities

carried out and methodology applied; (v) updating of the progress of TA activities monitoring indicators and (vi) proposals for risk mitigation;

- Training report evaluating the performance of participants in training; (vi) Description of the degree of application of technical knowledge acquired in training in daily work; (vii) Final conclusions on the added value and impact of TA; (viii) Lessons learned; and (ix) Recommendations.
- Final TA report must analyze the goals and results achieved throughout the implementation contract. Final conclusions on the added value and impact of the TA; (viii) Lessons learned; and (ix) TA withdrawal strategy and recommendations that guarantee the maintenance of the quality level of the investment made. The Report must be presented to the MEF.

6 GEOGRAPHICAL REACH AND LENGTH FOR THE CONSULTANCY

The contract will be valid for 15.5 months with a level of effort of 62.00-man months for the key experts from the specified start date. Successful bidders are expected to be available for contracts immediately after the anticipated award date. The institutional contractor will carry out domestic tasks by email and/or telephone combined with the missions in the country, Mozambique, Maputo city. For category (II) beyond Maputo it will include technical visits to selected decentralized entities (see table 10). The service provider is expected to participate in relevant country-level meetings and workshops, including stakeholder consultations, kick-off and validation meetings. The MEF/DNPO will be responsible for providing a place for the work of the consultant team.

7 COMPANY PROFILE, TECHNICAL CONSULTANCY TEAM

7.1 Company Profile

The leading company must contribute at least 50% of the working time. The lead company's team may be a staff member of the company or may be hired in the market, but will be contractually part of the lead company, supervised and paid by the lead company. All documentation must be presented in the technical proposal as evidence of this engagement.

Consultants may associate with other firms to enhance their qualifications, in the form of a consortium or a sub consultancy but should indicate clearly whether the association is in the form of a joint venture and or sub consultancy. However, the experience of the sub-consultant will not be considered in the evaluation for the short list.

The company must demonstrate that it is qualified to develop the service described in these Terms of Reference by:

- (i) 10 years of proven experience in technical capacity and experience in supporting governments in processes of strengthening fiscal decentralization, strengthening intergovernmental fiscal

relations, supporting the reform process as well as adapting Public Finance Management in the context of fiscal decentralization;

- (ii) 05 years of experience of proven technical capacity and experience in carrying out diagnoses in the areas of assessment of the fiscal capacity of the various layers of governance in the context of decentralization, analysis of functions to be decentralized, as well as the costing of functions to be decentralized, support in the process of designing a finance monitoring system, as well as redesigning the organic structures of ministries to include units to strengthen financial decentralization in the finance ministries or similar;
- (iii) Experience working in developing countries, including knowledge transfer to local partners with limited technical capacity;
- (iv) Demonstration of administrative and logistical capacity to work in Mozambique.

The consulting team must be structured in order to coordinate and carry out its tasks in the field and in the offices within the established deadlines. Thus, the consulting company must at least constitute a technical team with the following responsibilities:

- i) At the coordination level – With responsibility for representing the firm in the contractor and conducting field operations;
- ii) At the level of the consultancy team – With the responsibility to operationalize the consultancy itself, using, for this purpose, key specialists and a support team.

8 Profile, Qualifications of the Team's Key Posts

The Consultant must compose a minimum team of consultants with the profile indicated in the table below

Table 5. Key-Post

Key post	Description
Senior Specialist, Team leader, in Fiscal Decentralization and PFM <i>1 person</i>	Profile
	<ul style="list-style-type: none"> • Master's (preferred PhD) in public finance management, fiscal decentralization, management, public administration, considered relevant and compatible; • Professional with over (15) years of experience in: (i) public finance management; (ii) International experience in supporting federal and unitary governments in implementing fiscal decentralization; (iii) Proven international experience in technical support in change management processes and organizational transformations in public finance management in the context of decentralization; • At least 10 years of experience working, advising or implementing political and public finance reforms • Six (6) years of experience in institutional support for fiscal decentralization reforms • High skills in interpersonal relationships and communicational effectiveness; • Similar experience in African countries • Fluency in Portuguese and English (written and spoken)

Key post	Description
	<ul style="list-style-type: none"> Domain of writing professional documents
	Task Description
	<ul style="list-style-type: none"> Elaborate and present the technical, methodological and strategic approach of the activities in the 9FDC areas; Provide technical support to MEF in improving the fiscal transfer system, particularly in the 9FDC; Provide leadership in coordinating the implementation of this service contract and ensure substantive interaction and coordination with the MEF during the duration of the contract; Design of the communication strategy and visibility of the intergovernmental fiscal transfer system, as well as the project's actions; Support citizen participation through the organization of seminars, conferences and research to feed the fiscal decentralization policy and action plan; Provide strategic policy and technical advice on planning, participation and coordination of the Technical Assistance team; Ensure the sustainability of the intervention of the technical assistance team, promoting leadership and ownership of the implementation by the government, through training; Ensure punctuality and quality of results, as well as promptly prepare reports of achievements and challenges faced by the consultancy; Ensure delivery of products and results in accordance with 9FDC; Prepare bi-monthly progress reports on 9FDC activities; Manage and guide the activities of the technical assistance team, including key and non-important experts; Approve deliverables produced by other key experts and non-specialists; Prepare work plans and provide technical assistance (coaching) Develop and implement the Technical Assistance communication and visibility plan
Specialist in Tax Analyst and Fiscal Decentralization <i>1 person</i>	Profile
	<ul style="list-style-type: none"> Degree (preferably Master's) in economics, management, accounting or related areas Minimum 15 (fifteen) years' experience in conducting analysis processes of national and sub-national government revenue and taxation structures, including best practices related to national and sub-national revenue collection processes in the context of decentralization financial and fiscal; At least 05 (five) years of experience in African countries High competence in interpersonal relationships and communicational effectiveness Domain of English and Portuguese
	Task Description

Key post	Description
	<ul style="list-style-type: none"> • Develop and present the technical, methodological and strategic approach to activities in 9FDC's areas; • Provide technical support to MEF in improving the intergovernmental fiscal transfer system, particularly in the 9FDC; • Ensure delivery of products and results in accordance with 9FDC; • Prepare quarterly progress reports on 9FDC activities; • Manage and guide the activities of the technical assistance team
<p>Senior Specialist in Public Finance and Fiscal Decentralization</p> <p><i>1 person</i></p>	Profile
	<ul style="list-style-type: none"> • Degree (preferably Master's) in finance, economics, management, accounting or related areas • Minimum 15 (fifteen) years' experience in conducting public finance structuring processes, preferably in the context of financial decentralization reforms in the following areas: (i) analysis of functions to be decentralized and their costing (ii) planning systems and budgeting in the context of financial decentralization, (iii) Treasury Management, accountability; (iv) design of municipal bail monitoring systems; (v) strengthening of specific units in finance ministries on intergovernmental fiscal relations. • High skills in interpersonal relationships and communicational effectiveness • At least 05 (five) years of experience in African countries • Fluency in Portuguese and desirable written and spoken command of English • Domain of writing professional documents
	Task Description
	<ul style="list-style-type: none"> • Develop and present the technical, methodological and strategic approach to activities in 9FDC's areas; • Provide technical support to MEF in improving the fiscal transfer system, particularly in the 9FDC; • Ensure delivery of products and results in accordance with 9FDC; • Prepare bi-monthly progress reports on 9FDC activities
<p>Senior Specialist in Governance and Decentralization</p> <p><i>1 person</i></p>	Profile
	<ul style="list-style-type: none"> • Degree (preferably Master's) in public administration or studies on development or development of local economy, economics, law, management or related areas • Minimum international experience of 12 (twelve) years, in conducting public administration structuring processes, preferably in the context of decentralization reforms in the following areas: (i) analysis of functions to be decentralized and; (ii) Analysis of functions to be decentralized/decentralized (iii) Experience in training local governments, (iv) analysis of the human resources system of the public administration and design of a proposal of personnel to be decentralized; • High skills in interpersonal relationships and communicational effectiveness • At least 05 (five) years of experience in African countries • Fluency in Portuguese and desirable written and spoken command of English • Domain of writing professional documents
	Task Description
	<ul style="list-style-type: none"> • Elaborate and present the technical, methodological and strategic approach of the activities in the 9CDF areas; • Analysis of functions to be decentralized/decentralized;

Key post	Description
	<ul style="list-style-type: none"> • Assess the public administration human resources system and design a proposed personnel strategy to be decentralized; • Functional analysis of the decentralized governance structure, • Strengthen transparency in the relationship with civil society, associations representing autonomous local authorities, academics; • Communication and visibility strategy design; • Provide technical support to MEF in improving the fiscal transfer system, particularly in the 9CDF; • Ensure delivery of products and results in accordance with 9CDF; • Prepare bi-monthly progress reports on 9CDF activities
Non-Key Post	The above team are indicative. The Consultant is required to provide all necessary inputs to deliver the services described in this terms of reference.

9 DELIVERABLES AND PAYMENT

We present below the proposal for the schedule of deliverables and payment proposal. Regarding specific products, the consultancy will detail the proposal for their delivery in the work plan and detailed methodology.

Payment Schedule

Nr	Products	Payments
-	Contract signature – against the submission of the certified bank guarantee	10%
1	Inception Report with detailed work plan and methodology of the consultancy services in 9 CFD	10%
2	Report on functions and expenditures to be decentralized to ensure available resources to subnational governments	15%
3	Report on fiscal capacity of own source revenues of decentralized entities (3 provinces, 15 districts and 8 municipalities)	15%
4	Quarterly Reports	
4.1	i. (i) Capacity building in matters of financial decentralization at the central level, especially to the MEF and other potentially decentralizable sectors at central level; (ii) Support in designing a short and medium (1–3 years) term plan for fiscal decentralization and (iii) Technical support in the design of the proposal to strengthen the specific unit responsible for decentralized entities in the National Directorate of Planning and Budget (DNPO) in the ministry	7.5%
4.2	ii. draft law that defines the financial, budgetary and patrimonial regime of the municipalities and the municipal tax system developed and delivered to MEF	7.5%

4.3	iii. Model for the allocation of Intergovernmental Fiscal Transfers to decentralized entities and creation, constitution, and operationalization of the intergovernmental finance platform and creation of a unit responsible for decentralized entities in the National Directorate of Planning and Budget (DNPO)	7.5%
4.4	iv. (i) development of training materials; (ii) dissemination of the Model, publications, monitoring and indicators system in place and (iii) training and strengthening delivered	7.5%
5	Final Report of the Consultants Services	20%
	TOTAL	100%

10 Table with distances between each province, district and municipality

Proposals from Provinces, Municipalities and Districts to be visited under category (v) of the 9FDC

Field visits		Travel	Dist (km)	Dist. from
(1) Niassa province				
Districts	Municipalities			
1. Cuamba	1. Cuamba	car	336	Lichinga
2. Lago	2. Metangula	car	110	Lichinga
-	3. Lichinga	air	-	Lichinga
3. Nipepe	-	car	413	Lichinga
(2) Zambezia province				
Districts	Municipalities			
4. Quelimane	4. Quelimane	air	-	Quelimane
5. Mocuba	5. Mocuba	car	155	Quelimane
-	6. Gurùé	car	348	Quelimane
6. Gilé	-	car	501	Quelimane
7. Lugela	-	car	207	Quelimane
(3) Gaza province				
Districts	Municipalities			
8. Xai Xai	7.Xai-Xai	car	221	Maputo
9. Chibuto	8.Chibuto	car	153	Maputo
10. Bilene	9.Praia de Bilene	car	184	Maputo

11 Working conditions and reports

MEF, in its capacity as owner of the product, will be responsible for the technical coordination of the consultancy; thus, it will provide technical support to the consultant, facilitating auxiliary material for the performance of the consultancy, such as:

- Relevant legislation;
- Credentials for interviews, contact with entities and with the process itself;
- Organization of interviews;
- Technical support during the validation process of local deliveries;

The Consultancy will technically report to the National Directorate of Planning and Budget of the MEF who will coordinate its activities in close collaboration with the other directorates in the ministry and outside the ministry, coordinated with the Component Manager.

All products must be submitted in electronic format, with a copy in PDF format, and copy(s) in editable format (MS Word for text, MS Excel for spreadsheets, and shap file for maps). The power point presentations made by the consultant will also be delivered to the MEF. After agreement of the deliverables the consultant must submit three hardcopy copies of the deliverables. Reports after acceptance by the MEF

must be submitted three (3) copies in hardcopy format. Reports in English must be delivered in hardcopy format in two (two) copies.

The consultancy products are Property of the Ministry of Economy and Finance

The MEF will provide a room for the Consultant to work during missions in Mozambique. The Consultant must carry his personal computer and communications (voice and data) during the missions.