

TERMS OF REFERENCE

Post Title: National Consultant - Public Environmental and Natural Resources Expenditure Review

Agency Project Title: Sustainable management of Natural resources for Resilient and Equitable growth and Development (SUNRED) Project in Mozambique

These Terms of Reference have been prepared in English with an unofficial translation into Portuguese to facilitate the coordination with the national partners. In any doubt and for the purpose of contracting and monitoring of the delivery of the products, the English version will prevail.

Public Environmental and Natural Resources Expenditure Review (PEER) for 2010 – 2017

1. GENERAL BACKGROUND

Mozambique's natural resources and environment are the main sources of peoples' livelihoods and are the backbone of the country's main productive sectors: agriculture, fisheries, energy, and increasingly also tourism and mining. This linkage between environment, livelihoods and development has been recognized by the Government, by including as one of the five priorities into the current 5-years national development programme – *Programa Quinquenal do Governo* (PQG): Priority 5: "Ensure sustainable and transparent management of natural and environmental resources". Also, the Government of Mozambique, jointly with the UNDP and UN Environment, has developed a programme to support further integration of environment and natural resources sustainability into the national, local and sector planning and budgeting processes, the so-called "Sustainable management of Natural resources for Resilient and Equitable growth and Development (SUNRED) Project in Mozambique".

Government institutions have an important role to play in environmental and natural resources (ENR) management in Mozambique, therefore natural resources and environment-related public revenues and expenditures and their effective management are key aspects to be analyzed to properly inform and promote improvements of related policies, strategies and programmes and planning processes. Transparent and effective management of ENR revenues and expenditures therefore is part of efforts of the Government of Mozambique and its development partners in strengthening the public financial management.

Combined with the fact that institutional responsibilities for ENR management and enforcement lie with a wide array of institutions¹, analysis of ENR revenues and expenditures within these institutions is important for providing the analysis necessary to better align ENR revenues and expenditures with national priorities and development goals.

At the international level, Government institutions have an important role to play in environmental management in Mozambique, therefore public revenues and expenditures and their effective management are key aspects of implementing national environmental commitments, priorities and enforcement of legislation. Strengthening of environmental mainstreaming in national budgetary processes is increasingly being recognized as a component of general budget support and the

¹ While the MITADER (Ministry for Land, Environment and Rural Development) is tasked with overall coordination of environmental management, other sectors, such as agriculture, energy or mining play a significant role in implementation and monitoring of ENR management activities.

inclusion of environmental issues in Public Expenditure Reviews (PERs)² is becoming a wider practice across countries.

At the national level, the first public environmental expenditure review for Mozambique was carried out as a country case study of a bigger study entitled “Environmental Institutions, Public Spending and the Role for Development Partners”, covering the period 2005-2007 and carried out by the Overseas Development Institute. This study was supplemented by a MICOA (at that time, the Ministry for Coordination of Environmental Affairs) study covering the same period and predominantly focusing on expenditures of MICOA and its subordinated institutions³. The Environment sector reports as part of Joint Review processes for 2007 and 2008 included also the analysis of budget execution for the review period, focusing on MICOA and its subordinated institutions⁴. It is expected that gradually the annual review processes should aim for more cross-sectoral analysis of ENR revenues, budget allocations and expenditures.

In 2012, a Public Environmental Expenditure Review PEER (2007-2010) was conducted by the MICOA and currently, the MITADER (Ministry of Environment, Land and Rural Development), in close coordination with the Ministry of Economy and Finance (MEF), is about to start a second PEER for the period 2010-2017.

These TORs cover preparation of the second Public Environmental and Natural Resources Expenditure Review (PEER) which will build on the above studies and cover the period of 2010-2017. The 2nd-PEER will analyse the environmental expenditures and revenues within MITADER and subordinated institutions as well as within other key sectors relevant to the “environment and natural resources” in broader terms. It will also revisit and supplement the findings and conclusions contained in previous reviews. It is expected that the 2nd PEER will benefit from improved availability of information at programmatic level, and it is expected to provide support to capacity building for relevant national institutions to carry out PEERs on regular basis in the near future, as a tool to influence budgetary allocations for ENR management.

2. OBJECTIVES OF THE STUDY

The 2nd Public Environmental and Natural Resources Expenditure Review aims at the following three objectives:

1. To establish the levels, trends and distribution (geographic and thematic) of environmental and natural resources revenues and expenditure by governmental institutions, analyzing also budget allocations vs. expenditures. This study will be focused on public revenues and expenditures;
2. To assess the level and alignment of ENR revenues and expenditure in relation to the country's environmental priorities and poverty reduction objectives and particularly for implementation of current PQG priority 5; and outline roles of relevant actors in supporting the integration of environmental and natural resource sustainability considerations in the budgets of the identified actors;
3. To build the national capacities for regular PEERs and utilization of findings in the national planning, budgeting, execution and M&E cycles.

Scale: The study will review the public budget allocation, expenditure and revenues in the environment and natural resources sector encompassing revenues and expenditures incurred by MITADER and its subordinating institutions as well as other key sectors which are strategic for ENR sustainability mainstreaming.

Agree on definition of “environment”⁵, “environmental and natural resources expenditure” and “environmental and natural resources revenue” among key stakeholders: one of the first tasks of

² Council Conclusions on integrating environment in development cooperation, Council meeting Luxembourg, 25 June 2009

³ Análise de Execução Orçamental Pública em Questões Ambientais 2005-2007 (MICOA, Março 2008)

⁴ Revisão Conjunta 2007 (Ambiente (2008)), and Revisão Conjunta 2008 (Ambiente (2009))

⁵ O artigo 1 da Lei nº 20/97, de 1 de Outubro, a Lei do Ambiente define Ambiente como “o meio em que o Homem e os outros seres vivem e interagem entre si e com o próprio meio e inclui o ar, a luz, a terra, a água,

this assignment will be to prepare, discuss and agree with the key stakeholders a definition applicable to Mozambique. Previous studies will be used as a base for this discussion and confirmation of the definition will be carried out. For preliminary suggested definitions consult PEER (2012) (http://www.unpei.org/sites/default/files/e_library_documents/PEER%20Mozambique%20Final%20une%202012%20Portuguese.pdf)

Sector coverage: based on the definition of environment, and natural resources relevant revenue and expenditure, consultants will prepare a draft list of sectors and public institutions relevant to ENR management to be involved in the current study. These should include as a minimum environment, forestry, wildlife, agriculture, energy, public works, water, fisheries, tourism, and mining. The other sectors to be considered include, for example health, education, industry or commerce.

3. SCOPE OF WORK

1. Key concepts and stakeholders: Prepare and discuss with the key stakeholders:
 - a. Definition of “Public Environmental and Natural Resources Expenditure” and of “Environmental and Natural Resources Revenue” (or revenues generated by activities related to environmental and natural resources management) applicable to Mozambique,
 - b. List of sectors, programmes and public institutions relevant to ENR management, their ENR management functions and role to play for the integration of environmental and natural resources sustainability into planning and budget processes with the aim of contributing towards current PQG priority 5, poverty reduction and other development goals, including and analysis and linkages with SDGs (Sustainable Development Goals);
 - c. a “checklist” of ENR expenditures and revenues by each institution / management function identified (e.g: analysis, research, monitoring, investment in facilities, policy design, enforcement) to analyse the structure of the state budget / how does the current structure allow or do not allow to identify environmental expenditures and revenues, on basis of the analysis, propose improvements.
2. Expenditure Review: Prepare an overview of revenue, allocations and expenditure (on annual basis, for the years 2010-2017, both on and off budget) and trends - from all sources (domestic revenue and external funds) for ENR management (as per agreed definition of public ENR expenditure) and if feasible – per types of activities/functions (such as analysis, research, monitoring, investment in facilities, policy design and enforcement). As specific functional budget codes for climate change were introduced in 2014, this will need a specific analysis.
 - a. Compare the allocations for different areas of ENR management and compare how that responds to poverty reduction and environmental priorities as defined in PQG, and climate change mitigation and adaptation strategy currently in place in Mozambique.
 - b. Compare the allocations for ENR management with other government allocations: does the share of the expenditure on environment match its priority as a public policy issue?
 - c. Analyse the effectiveness of expenditure allocation, disbursement and execution (on annual basis) and how that responds to planned priorities within ENR sectors.
 - d. Analyse the sources of funding for the environment sector; examine, as far as possible, government revenue and any general budget support, revenue generated by activities related to ENR management and external funding to ENR activities. Assess the sustainability of the ENR management budgets.
 - e. Outline reasons for any differences between approved budgets vs actual disbursements and expenditures.
 - f. Explain progress and implications in linkage to policy objectives.
 - g. Provide a commentary on the progress and trends of government revenues from and spending on ENR management.
3. Geographical distribution: Analyse the geographic distribution of aggregated and specific environmental expenditures (comparative analyses of the 10 provinces) and how that match the

ecossistemas, a biodiversidade e relações ecológicas, toda a matéria orgânica e inorgânica, todas as condições sócio-culturais e económicas que afectam a vida das comunidades”

geographic distribution of poverty and geographic distribution of environmental needs in Mozambique.

4. Revenue sharing: Review and assess the contribution of the ENR resources to national revenues during the study period and their utilisation.
 - a. Assess the contribution to central, sectoral and provincial revenues from ENR resources (e.g. mining, fisheries, forestry, wildlife, tourism, ENR licences, etc.) and comment on degree of contribution to district revenues
 - b. Assess the contribution to local level revenues, for example revenues to communities within the framework of the Forest and Wildlife Law.
5. Institutional analyses: Assess what progress has been made by the GoM in terms of improved ENR management, sector coordination, and implementation of recommendations as compared to previous PEER, as well as what have been the main strengths and weaknesses in the period under analysis. Explore the impact of the political-economy context and changes made into the Governmental structure when discussing the institutional set-up.
6. Challenges and recommendations: Assess what are the main challenges in relation to ENR expenditures and provide recommendations, among others:
 - a. Identify implications of the Government decentralization plans for ENR sector. Analyse what are the current trends towards decentralisation of funds, with a focus on decentralization of funds for environmental management. Evaluate current allocation mechanisms and formulas for decentralised expenditures (including mechanisms and formulas specifically for ENR expenditures – if such exist), evaluate how that responds to current PQG priority 5 and other ENR priorities and expenditure needs and provide suggestions on how this could be improved using available data.
 - b. On basis of the work carried out under the current assignment, assess how feasible currently it is to identify ENR expenditures outside MITADER system and recommend how to improve it, for example, by improving the coding system used within SISTAFE.
 - c. Present challenges and recommendations in relation to SDG financial reporting on environmental sustainability; current alignment with the Agenda 2030 and the SDGs and potential improvement to facilitate this reporting process.
7. Capacity building: Propose elements for capacity building programme for continuous integration of ENR sustainability in the national planning, budgeting, and M&E cycles.
 - a. Organize and hold an introductory 3-day training on PEER methodology (process, tools, objectives, expected results, challenges, examples from other countries, similar reviews (such as CPEIR, BER), etc.). Target beneficiaries are the government staff focusing on the MITADER, Ministry of Economy and Finance (MEF) and the key sectors such as MASA, MIREME, etc.
 - b. In support to that training, the Consultant(s) will prepare a user-friendly training and operational manual (including tools, such as checklists, formats, tables, etc.) that will guide governmental staff to conduct future PEER.
8. Presentation of results: Make the required presentations of the draft and final reports, including a public launch of the report at the end of the assignment.

It is to be emphasized that the above should be forward looking with the aim to produce practical recommendations for the relevant government institutions in order to:

- (i) raise the profile of ENR as a core asset for achievement of key development goals such as poverty reduction, and also for implementation of Agenda 2030 for Sustainable Development and related SDGs,
- (ii) promote equity, efficiency and effectiveness of public spending for pro-poor growth,
- (iii) increase the share of the national budget at central, provincial and district levels and across sectors in order to reach the national development and poverty reduction targets and to rationalize public expenditure for ENR management.

4. STUDY APPROACH AND METHODOLOGY

During the Assignment, the appropriate methodology to be used will be suggested by the team of Consultants and will include among others, the following points:

- A clear pre-definition of the ENR sector to be confirmed and agreed by key stakeholders;
- Participation of, and adequate consultation with the key stakeholders in ministries and other relevant government agencies. As described above, identification of key stakeholders is one of the key first steps of the consultancy. Among these stakeholders the following should be considered: MITADER, FNDS, Ministry of Economy and Finance, the ministries of the following sectors: agriculture, energy, mining, water resources, fisheries, etc., as well as IGF (*Inspecção Geral das Finanças*), INE (National Institute of Statistics), TA (*Tribunal Administrativo*), Budget Analysis Group, Environment and Climate Change Working Group (ECCGW), private sector especially service providers, civil society representatives and development partners;
- A significant element of quantitative analysis, evidence based findings and an emphasis on making clear recommendations based on thorough, objective analysis;
- All relevant budget lines in and outside of MITADER system, other relevant sector ministries and institutions who are involved in the preparation, execution, monitoring of or reporting on public expenditures related to environment and natural resources;
- In undertaking the work, the consultant should use a similar approach / methodology framework as used for the previous PEER, in order to be able to compare results.
- As data sources for public revenues and expenditures the consultant will use official data on public resource allocation and spending: CFMP (*Cenário fiscal de médio prazo*), State Budget and the budget execution reports for years 2010 - 2016, as well as data on Official Development Assistance captured through ODAmoz online database. The consultant can also use results of other relevant studies identified by the consultant. All data sources should be clearly reflected in the report.
- The PEER should be undertaken with strong collaboration between the relevant government institutions and the consultant(s), and efforts should be made to ensure ownership of the conclusions and recommendations by MITADER, MEF and the relevant sectors.
- It is to be emphasized that capacity building for local consultants and government staff is a key element of this consultancy process.

Proposed structure for the report:

1. Executive Summary
2. Introduction
3. Defining the boundaries of public environmental and natural resources expenditure
4. Context
 - a. Policy and regulatory framework (for the whole public sector and for the ENR sectors, in particular)
 - b. Institutional set up (main actors and how they relate to each other)
 - c. Public reforms done
 - d. Development assistance (volumes, sources, aid instruments)
 - e. Public expenditure in Mozambique (whole public sector)
 - f. Public expenditure management in Mozambique (from the perspective of the ENR sectors)
 - g. Lessons from previous PEERs
5. Public environmental expenditure review
 - a. Overall estimate of public ENR revenues, budget allocation and expenditure: the estimate should include expenditure by MITADER, all key sectors, etc.
 - b. Sources of funding: internally generated revenue and development assistance;
 - c. Expenditure analysis by sectoral area: trends and breakdown by sectoral (relevant sector), economic and programme classifications;
 - d. Contribution of the ENR sectors to national revenues during the study period (2010 – 2016) and their utilization;
 - e. Comments on efficiency, effectiveness and sustainability;



6. Case study 1: experience in the use of climate change functional budget codes
7. Emerging lessons
8. Conclusions and recommendations

Annexes:

- a. List of references
- b. Detailed tables showing budget, actual and committed expenditure, revenue and notes on how various estimates were arrived at, including definitions, assumptions and data sources.
- c. Definition of public environmental and natural resources expenditure and revenue in Mozambique;
- d. Summary on issues related to ENR expenditures at decentralized level
- e. List of persons interviewed

5. DURATION OF THE ASSIGNMENT DUTY STATION AND EXPECTED PLACES OF TRAVEL

The expected duration of the assignment will not exceed 4 months.

6. FINAL PRODUCTS, SUBMISSIONS AND REVIEW TIMES

The Consultant team will provide the following final products:

Products	Submission	Review and approvals
Inception Report: This report shall briefly describe the planning consultants have established for the assignment, programme of the execution of the work and initial findings as deemed necessary. <i>(10% corresponding payment)</i>	Within 2 weeks from the signing of the contract	Technical feedback will be provided within 1 week from the submission of the inception report. Inception Report to be approved by MITADER/MEF
Training programme, manual and training workshop <i>(25% corresponding payment)</i>	Within 4 weeks from the signing of the contract	Programme and the content of the manual will be discussed in advance and approved by the MITADER / MEF
Interim Report: The interim report shall cover among other things: i) a summary of progress to date, and ii) an outline of final report (including a summary of initial conclusions answering objectives of the study, policy implications and recommendations of the PEER. <i>(20% corresponding payment)</i>	Within 6 weeks from the signing of the contract	Technical feedback will be provided within 2 weeks from the submission of the Interim Report. Interim report to be approved by MITADER /MEF
Draft Report: This report should summarize the analysis, conclusions and recommendations answering the objectives of the study. Policy recommendations must be clearly presented and be practical and realistic in terms of changes in environment expenditure within current structure. <ul style="list-style-type: none"> - Presentation to MITADER/MEF Technical Council - Insertion of required changes - Presentation to the Environment and Climate Change Working Group and possibly the Budget Analysis Group (and other fora to be confirmed) <i>(20% corresponding payment)</i>	Within 9 weeks from the signing of the contract	Technical feedback will be provided within 2 weeks from the submission of the Draft Report Draft Report to be approved by MITADER/MEF
Final Report A concise PEER report.	Approx 12 weeks from	2 weeks from the submission – to be

(Maximum 50 pages excluding appendices), including concise conclusions and prioritized recommendations. A summary on the main conclusions, policy implications and recommendations of the PEER for wider distribution to the public (maximum 5 pages) and annexes as listed under the "Proposed structure of the report". (25% corresponding payment)	the contract signing	approved by MITADER/MEF
--	----------------------	-------------------------

The technical supervision of Consultants will be carried out by SUNRED technical team, in close collaboration with MITADER/MEF.

All reports should be submitted in Portuguese in 3 hard copies and electronically (with supplementary files containing budgets' related tables in excel). All data presented should include clear references.

7. PROFILE AND QUALIFICATIONS OF THE CONSULTANT

The assignment will be carried out by a national consultant or national company.

Required qualifications are the following:

- Masters degree in a relevant field such as Economics, Development Economics, etc. from a recognized University;
- Minimum of ten (10) years work experience in related fields such as Poverty Reduction Strategies, policies, budgetary and PER processes and review, proven record in informing and influencing such processes. The team leader is expected to have experience in having participated in public environmental expenditure review processes.
- Proven understanding of cross sectoral character of environmental activities and expenditures, preferably in Sub-Saharan Africa context and/or in context of other developing countries
- Proven capacity to organize and facilitate workshops and meetings and to prepare training programmes; excellent oral and written communication;
- Languages: Fluent in English and Portuguese.

8. RESPONSIBILITIES OF THE MITADER

1. Organize the 3-days training workshop (logistics and invitations to participants);
2. Provide required feedback to deliverables submitted and approval once quality standards are achieved;
3. Provide previous studies and key documents to the consultant;
4. facilitate all meetings with other key stakeholders.

9. RESPONSIBILITIES OF THE SUNRED

1. Provide technical support and feedback to consultants;
2. Financially cover cost of consultants, as per allocation of budget for this activity under the Annual Work Plan 2018;

10. RECOMMENDED PRESENTATION OF OFFER

In order to comply with uniformity of presentation of offers to be submitted, all applicants are requested to submit following documents:

- a) **Letter of Confirmation of Interest and Availability** using the template provided by UNDP;
- b) **Personal CV or P11**, indicating all past experience from similar projects, as well as the contact details (email and telephone number) of the Candidate and at least three (3) professional references;
- c) **Brief description** of why the individual considers him/herself as the most suitable for the assignment;

d) **Financial Proposal** that indicates the all-inclusive fixed total contract price.

11. CRITERIA FOR SELECTION OF THE BEST OFFER

The selection criteria for this individual consultant will be based on the *Combined Scoring* method, where the qualifications and methodology will be weighted a maximum of 70%, and combined with the price offer which will be weighted a maximum of 30%.

Only candidates obtaining a minimum of 100 points in technical criteria evaluation would be considered for the Financial Evaluation, as specified below:

Criteria	Weight	Max. Point
1. Technical	70%	100 points total
1.1. Eligibility Criteria		(50 points in total)
- <i>Relevance of Education/ Degree (Masters degree in a relevant field such as Economics, Development Economics, etc. from a recognized University)</i>		15 points
- <i>Years of Relevant Experience (10 years work experience in related fields such as Poverty Reduction Strategies, policies, budgetary and PER processes and review, proven record in informing and influencing such processes)</i>		15 points
- <i>National/Regional Experience (skills and knowledge for national and regional context)</i>		10 points
- <i>Adequacy of Competencies for the Assignment</i>		5 points
- <i>Excellent in English and Portuguese both written and spoken</i>		5 points
1.2. Technical evaluation criteria		(50 points in total)
- Proposal meet objectives		25 points
- Set achievable targets		10 points
- Link with existing experiences/ Knowledge of institutional, policy and capacity analysis in the in sustainable use on NR and CC in country		15 points
Financial	30%	

12. ANNEXES TO THE TOR

ANNEX 1- Individual Consultant General Terms and Conditions – [to be provided by procurement unit with the individual consultant procurement notice]

ANNEX 2 - P11 Form

ANNEX 3 – Template of Letter of Confirmation of Interest and Availability

13. HOW TO APPLY

Proposal should be submitted through the following address <http://jobs.undp.org> no later than 14th of May, 2018. Any request for clarification must be sent by standard electronic communication to e-mail address procurement.mozambique@undp.org. The UNDP CO Procurement Unit will respond in writing or by standard electronic mail and will send written copies of the response, including an explanation of the query without identifying the source of inquiry, to all consultants.

14. APPROVAL

This TOR is approved by:

Signature

Name and Designation Janeiro Avelino Janeiro (Head of CPR/E Unit a.i.)

Date of Signing 27/04/2018