



Terms of Reference

Baseline study of Mozambique's experience in the participation of Preferential Trade Agreements and its implications for the ratification of AfCFTA

1. BACKGROUND

The Agreement establishing the African Continental Free Trade Area (AfCFTA) signed in Kigali, Rwanda, on 21st March 2018, is a key milestone in Africa's regional integration. The Agreement includes the Protocol on Trade in Goods, the Protocol on Trade in Services and the Protocol on Rules and Procedures for Settlement of Disputes. These protocols are being negotiated under Phase 1 of AfCFTA implementation. The Agreement also encompasses Protocols on Investment, Competition Policy and Intellectual Property Rights, which will be negotiated under Phase 2.

The AfCFTA agreement, due to be implemented in 2021, has the potential of becoming an engine of economic growth, industrialization and sustainable development in Africa contributing to the implementation of the 2030 Agenda for Sustainable Development and the African Union's (AU) Agenda 2063: "The Africa We Want". However, for the AfCFTA to deliver on the expected outcomes, priority actions need to be undertaken in the short to medium run.

First, countries need to ratify the AfCFTA agreement. To secure the ratification of the Agreement, Member States will need to build the evidence and the consensus on the overall benefits of AfCFTA for their countries, as well as identify the complementary policies and government interventions in areas such as industrialization, domestic resource mobilization, infrastructure, competition, investment and intellectual property rights that can help fully reap the benefits of AfCFTA implementation. Second, there is a need to build on the political momentum behind the AfCFTA to support policy reforms that are aimed at implementing the Agreement as well as the required domestication. In this regard, it is critical for member States to undertake deliberate actions and deploy necessary efforts through national AfCFTA strategies with a view to maximize the benefits of the Agreement while minimizing potential adverse effects. The strategies should be complemented by an effective monitoring and evaluation framework that will track progress on the implementation of the Agreement.

Against this background, the Government of Mozambique, through its Ministry of Economy and Finance, has requested UNDP for technical and financial assistance in undertaking a baseline study that takes stock of Mozambique's experience in participating in regional and global trade integration initiatives, with a specific focus on the experience drawn from its membership in the regional economic community of the Southern African Development Community (SADC) and the implementation of the SADC Trade Protocol and Free Trade Area (FTA). This assessment is expected to inform the government's AfCFTA ratification and implementation process by helping it define areas and sectors where Mozambique stands to gain from AfCFTA implementation and those where the benefits of integration might be more limited or negative, based on Mozambique's past integration experience and current participation in preferential trade agreements. It will also serve to identify complementary policy interventions that need to be pursued in areas such as industrial policy and technology, agricultural and rural development, taxation, infrastructure and logistics or education, in order to reap the full benefits of AfCFTA implementation.

This AfCFTA baseline study is part of a series of studies and reports that the government of Mozambique is commissioning to inform its AfCFTA ratification process. It includes, among others, assessments of the potential impact of AfCFTA implementation on trade flows in goods and in services, as well as the preparation of a National AfCFTA Implementation Strategy. This work is being led by the Ministry of Industry and Trade (MIC), in close coordination with the Ministry of Economy and Finance (MEF). It benefits from the technical and financial support from UNDP and the United Nations Economic Commission for Africa (UNECA).

2. OBJECTIVE AND SCOPE OF WORK

The overall aim of the study is to inform the AfCFTA ratification process in Mozambique by drawing from its past experience participating in preferential trade initiatives, in order to identify the possible gains that could be derived from AfCFTA accession, areas and issues of concern, as well as complementary policy measures that, based on its past experience, need to be implemented in areas such as industrial policy and technology, competition and market regulation, agricultural and rural development, taxation, infrastructure and logistics, or education, for Mozambique to reap the full benefits of AfCFTA. Special attention will be given to Mozambique's experience with the implementation of the SADC Trade Protocol and FTA, given the significance of this agreement and the importance of trade and economic relations with SADC countries.

In order to respond to these objectives, the experts hired to undertake this baseline study will undertake the following tasks for the following two (2) main components of the study:

Component 1 – Assessment of Mozambique's participation in PTAs, with a focus on SADC

1. List and map all multilateral and bilateral preferential trade agreements to which Mozambique is currently party to, including the SADC FTA.
2. Collect all necessary trade-and investment related data (flows, tariffs, non-tariff barriers, applied tariffs, rules of origin, investment provisions, competition provisions, etc.) that will allow for an analysis of the costs and benefits for Mozambique of joining these PTAs, in particular of the SADC FTA.
3. Take stock of the degree to which Mozambique is implementing the various protocols and provisions of SADC and indicate areas where implementation has been weak, identifying reasons for such weak implementation and lessons that can be drawn to inform the AfCFTA ratification and implementation process.
4. Analyze the extent to which Mozambique is using its current preferential trade agreements for trade in goods within and outside Africa (SADC, AGOA, EU, GTSP, WTO-GSP¹), reasons for underutilization of such preferences, if any, and the challenges it faces in global and regional trade.
5. Explain the protocols, annexes, provisions and institutional and governance architecture underlying the SADC FTA, and how these differ or complement from what is being proposed under the AfCFTA.
6. Undertake a brief comparative analysis of the rules of origin under the AfCFTA and the SADC FTA and analyze the challenges faced by Mozambique in complying with rules of origin under the SADC FTA.
7. Analyze and critically assess the broader benefits and downsides that have resulted from Mozambique having adhered to the SADC Trade Protocol and FTA. In particular:
 - i. Analyze the evolution of trade (in goods and services) and investment flows between Mozambique and how these might evolve in the near future; and compare with Mozambique's main SADC trading partners.
 - ii. To the extent possible, assess the extent to which the SADC FTA might have contributed to trade creation and trade diversion effects, product and market diversification, increases in levels of complexity of tradable goods.

¹ For a list of non-reciprocal preferential treatment agreements benefited by Mozambique, please go to <http://ptadb.wto.org/Country.aspx?code=508>.

- iii. To the extent possible, assess the overall impact of the SADC FTA has had on growth, employment, revenue, industry and economic diversification, investment and other aspects of the economy for the period 2000 to 2020.
- iv. Identify sectors and activities that have benefited most from Mozambique's membership of the SADC FTA, in terms of job creation, and impacts on the most vulnerable population groups, including women and youth, as well as those sectors which have fared worst.
- v. For each of these sectors, identify factors of success and failure of Mozambique's adhesion to the SADC FTA, including factors relating to regional and national markets conditions in those sectors (e.g. oligopolistic dynamics), or factors regarding general conditions existing in those sectors (e.g. availability of sector specific skills and capabilities) or, more broadly, in Mozambique (quality of infrastructure, education, logistics, etc.).
- vi. Assess the impact on government finance, in terms of revenues gains/losses and measures implemented by the government of Mozambique to offset these.
- vii. Identify institutional arrangements (or absence of these) that might have been set up to oversee and manage the implementation of the SADC trade protocol and assess their strengths and weaknesses.
- viii. Analyze the role of the private sector in the SADC regional integration process, assessing the success of the Mozambican private sector in accessing SADC markets, and the extent of Mozambique's participation in SADC regional value-chains (multiple goods and services sectors). Illustrate with case examples and identify challenges and failures.
- ix. Critically discuss the extent of technology and know-how transfer between Mozambique and its main SADC trade and investment partners.
- x. Assess how the SADC FTA fits into the broader landscape of preferential trade agreements (PTAs) of which Mozambique is part of (EU EPA, AGOA, GTSP, WTO-GSP) in terms of the relative benefits it may draw from SADC vis-à-vis these other PTAs, as well as potential complementarities, synergies, duplications, etc.

In undertaking these assessments and to the extent that data availability makes it possible, the consultants will carry out the necessary quantitative analysis to estimate the net benefits to Mozambique from having ratified the SADC treaty and its related provisions and quantify the impact on key economic variables such as GDP, investment, trade, employment, fiscal revenues, foreign exchange earnings, industry levels, economic diversification and integrate a gender analysis to the above to the extent possible.

Component 2 – Implications and lessons drawn for the AfCFTA ratification

1. Based on (i) Mozambique's participation in other regional economic integration initiatives, especially the SADC FTA, (ii) existing socioeconomic conditions and sectoral breakdown of its economy, and (iii) the experience of other countries, identify sectors which are most likely to gain from Mozambique's accession to AfCFTA and those that could be negatively affected by the ratification and implementation of this agreement.
2. Based on Mozambique's experience with SADC and other PTAs, identify policy interventions in areas such as industrial policy and technology, competition policy, private sector development, transport and logistics, agriculture, trade and investment promotion, or TVET and education, among others,

that will be required for Mozambique to fully reap the benefits of AfCFTA accession and minimize its possible costs.

3. Based on Mozambique's SADC FTA experience advice on how AfCFTA accession may plausibly impact on key variables for the countries' prospects for medium- and long-term socioeconomic development. These should include, but may not be limited to:
 - The magnitude of its possible impact on trade creation and trade substitution effects.
 - The possible magnitude of employment and market structure (e.g. degree of competition) effects in affected sectors of the Mozambican economy.
 - Plausible effects on investment flows in and out of Mozambique, with an assessment of sectors which are likely to gain most from AfCFTA-induced investment flows.
 - Possible effects on technology transfer.
 - Its potential impact on Mozambique's integration in relevant regional and global value chains, as per the country's structure and comparative advantages.
 - Potential macroeconomic impacts, in terms of balance of payment effects, price effects, its impact on governments revenue.
 - Assess, to the extent possible, possible impacts of AfCFTA accession on Mozambique's informal and subsistence sectors.
 - Potential impact on socioeconomic indicators such as standard of living, access to consumer goods, Human Development Index (HDI).
4. Based on the SADC FTA experience, as well as on existing best practices in the region and elsewhere, propose institutional arrangements (e.g. inter-ministerial committees, standalone secretariats, etc.), that can help ensure the effective implementation and oversight of the AfCFTA agreement in Mozambique.

3. METHODOLOGY AND APPROACH

The study will be conducted by a team of two consultants, a **Lead International Expert** and a **National Expert**, under the supervision of the UNDP Senior Economist in Mozambique and in close coordination with the Ministry of Economy and Finance (MEF) and the Ministry of Industry and Commerce (MIC). A core technical committee, consisting of the MEF, MIC, UNECA, UNDP and researchers from the Universidade Eduardo Mondlane (UEM) will provide guidance and oversight to the work of the experts hired for this assignment, as well as feedback and quality assurance support on the study. The consultants will meet regularly with this core technical committee, providing updates on progress on their assignment and, when relevant, discussing with members of the emerging issues and findings.

The study will be based on the use of both primary and secondary data. Secondary data will be compiled through extensive consultations with national stakeholders, including government departments and statutory bodies, the National Institute of Statistics, the private sector, CSOs, academia, women's groups and youth groups. These consultations will also serve to share and discuss with relevant parties issues and findings coming out of this assignment, contributing to generate a common understanding and consensus on this baseline study. MEF, in its coordinating role, will coordinate these various engagements. Primary data, on the other hand, can be collected through survey questionnaires and direct interviews of stakeholders.

The assignment will involve both home-based and field research work, the latter aimed at collecting data and background material for the study and engaging with relevant stakeholders. In the event that the global COVID-19 pandemic prevents the lead international expert from travelling on mission to Mozambique, alternatively arrangements may be considered, including organizing dialogues and stakeholder meetings online.

Where relevant, the experts hired for this study will liaise with the UNECA consultants undertaking the other studies that are currently being commissioned to inform the government of Mozambique's AfCFTA ratification process. In doing so, they will integrate, where relevant, the analysis and inputs that these other consultants may provide. Likewise, they may provide inputs and analysis coming out of this study to feed into these other AfCFTA-related studies.

Both MIC and MEF will provide consultants with all relevant documentation and create the conditions, through the AfCFTA Focal Points, so that they can access information from other sectors and provide the necessary support for the organization of work sessions.

In undertaking their work, the experts hired for this study will ensure quality and timely delivery of the agreed activities and outputs.

4. EXPERTISE NEEDS

To undertake this assignment UNDP is seeking to hire the services of a **National Expert for forty-five (45) consultancy days**. The person hired for this position will be responsible for undertaking the following tasks:

- Contributes to the overall conceptualization and design of the baseline study, as outlined in the inception report.
- Supports the lead international expert with background and data analysis on issues relevant to the baseline study.
- Engages with MEF, MIC, UNECA, UNDP and the Technical Committee, as well as with other stakeholders involved in the assignment, as per the requirements of his/her work
- Participates and when necessary leads engagements with relevant external stakeholders.
- Takes part in the drafting of the final baseline study, leading on specific sections, as agreed with the lead international expert.

Academic and professional qualifications

- Advanced university degree (Master's degree or above) in economics, trade, public policy or related fields is required.
- A minimum of five (5) years of proven experience in development policy analysis and research, policy advice and/or policy formulation, with a focus on trade, regional integration and development.
- Demonstrated experience advising government organizations, and/or international organizations on trade and development-related matters at the policy level, or of participating in projects (e.g. evaluations, studies, etc.) involving this type of work.

- Proven professional knowledge and practical experience on SADC Trade Protocol implementation matters and, more generally, regional integration processes in which Mozambique is or has taken part, would be desirable.
- Strong data analysis skills and familiarity in the use of standard statistical packages (Excel, STATA, etc.) is desirable.
- Excellent writing and presentation skills.
- Fluency in English and Portuguese (both oral and written) is required.
- In addition to this National Expert, UNDP will hire the services of a Lead International Expert. The exact division of labour and definition of tasks will be defined by the two consultants and outlined in the inception report to be submitted at the beginning of this assignment.

5. DELIVERABLES

The deliverables for this assignment are defined as follows:

1. **A 5-page (min.) inception report** to be submitted by the lead international expert within a week of signing the contract. The inception report will outline the consultants' understanding of the scope of the study, the tasks to be completed, issues to be addressed, methodology and sources of information. The inception report must also include a work plan indicating the phases in the study and report preparation, key deliverables and milestones and should be accompanied by an annotated outline of the baseline study.
2. **A first draft of the baseline study** assessing Mozambique's experience participating in regional and global trade initiatives and lessons and implications for AfCFTA ratification.
3. **A final version of the study** in both electronic form and printed versions, submitted to the Ministry of Economy and Finance, the Ministry of Industry and Commerce, and in electronic form to UNDP and UNECA.

6. TIMELINES AND KEY MILESTONES

The assignment for this study will be completed over a period of two and a half months, starting in October 2020 and ending in December 2020, with the National Consultant being hired for a total of **forty-five (45) working days**.

The breakdown of key milestones and specific deliverables within these months will be as follows.

Item	Activities	Date/Period
1	Recruitment of the consultant	By October 15th, 2020
2	Submission of inception report	By October 22nd, 2020
3	Conduct Stakeholder consultations and data collection	October-November 2020
5	First draft of the study	December 3rd, 2020

6	Review of Draft by MIC/MEF/ ECA/UNDP and revision by consultants	December 11th–15th 2020
7	Submission of Final Impact Study	December 24th, 2020

7. SUBMISSION AND EVALUATION OF PROPOSALS

Technical Proposal

The technical proposal should indicate in detail how the work will be carried out. In doing so, it should demonstrate the relevance of the proposed approach to the ToRs defined for this assignment, as well as a clear understanding of how project deliverables will be attained. The technical proposal should include a detailed work plan including but not limited to:

The proposal should be organized according to the outline below:

i. Cover Page: the cover page should include the name of the consultant, proposed activity name and contact information.

ii. Executive Summary: A maximum two-page executive summary clearly stating the consultant's understanding of the assignment and a proposed strategy to undertake this work. This should include an outline of the proposed methodology, management approach, implementation plan and expected results.

iii. 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.

iv. Technical Approach: This section should describe the proposed technical approach to the assignment, based on the main elements outlined in the ToRs. The technical section should:

- Comprehensively address how the offeror will achieve the objectives outlined in the ToR and provide a concise description of the approach, indicating proposed research and data collection methods for the project, as well as other relevant information.
- Outline a tentative workplan for the fieldwork to be undertaken for the assignment.
- Include particular approaches, methods, or techniques that the offeror proposes to use for efficiently and innovatively delivering this scope of work and expected support for UNDP.

v. Monitoring and Evaluation Section: The M&E Section should describe how progress will be measured and what benchmarks will be used to measure progress. It should also describe the steps the firm will take to ensure high quality of information and data collected for this assignment. The offeror should demonstrate their ability to reach stated project objectives within the required time of performance by including illustrative timelines for the effective implementation of project components.

vi. Management arrangements: The offeror must provide a clear and brief description of how the activity will be managed, including the approach to addressing potential problems and process for communication with the UNDP team.

vii. A duly filled and signed Letter of Confirmation of Interest and Availability, using the template provided by UNDP.

Financial Proposal

The offeror shall submit a summary cost performance-based proposal for the forty-five (45) working days operating period. The following minimum cost breakdown should be provided: salary and wages with details of time commitment, travel, transportation, equipment and supplies, training, overhead, and any other indirect or direct costs. The budget shall be supported with sufficiently detailed information so as to allow a complete analysis of costs. A budget narrative must also be included, providing details of the cost element, as well as the basis of estimate for each budget line item. The offeror must propose costs that are realistic and reasonable and propose an efficient and effective budget to achieve the project objectives and targets.

Evaluation Methodology

The evaluation is based on a qualification (pass/fail) assessment to determine whether proposals meet the eligibility and qualification criteria described in the evaluation criteria table below. Proposals determined to meet the eligibility and the qualification criteria shall then be considered for the next stage. Proposals not meeting the qualification criteria shall be rejected.

The selection process will follow on a weighted technical and financial evaluation procedure where:

- The Technical Criteria weights 80 percent; and
- The Financial Criteria weights 20 percent

The Selection of bidders will be based on a combined technical and financial. Only offers with technical score equal or exceeding 70 points will be considered for the Financial Evaluation.

The final score shall be calculated as follows:

$$\text{Final Score (NG)} = (\text{Nt} \times \text{T} \%) + (\text{Nf} \times \text{F} \%)$$

The contract will be awarded to the firm scoring the highest score.


Evaluation criteria table Technical evaluation criteria	Points
Bidder's General experience: Demonstrated technical experience in similar work undertaken in Mozambique.	
- Advanced university degree (Master's degree or above) in economics, international trade, public policy or related fields.	10
- A minimum of five (5) years of experience in development policy analysis, policy advice and/or policy formulation, with a focus on international trade, regional integration and development.	10
- Demonstrated experience advising government organizations, and/or international organizations on trade and development-related matters at the policy level, or of participating in projects (e.g. evaluations, studies, etc.) involving this type of work.	10
- Proven professional knowledge and practical experience on SADC Trade Protocol implementation matters and, more generally, regional integration processes in which Mozambique is or has taken part, would be desirable.	8


- Strong data analysis skills and familiarity in the use of standard statistical packages (Excel, STATA, etc.) is desirable.	7
- Fluency in English	5
Technical quality of the proposal, including understanding of the work, methodology and approach for undertaking the scope of work/achieving the deliverables, implementation plan, quality assurance processes and management arrangements, monitoring indicators, and overall originality and innovativeness of the proposal.	40
Description of the Offeror's Cost effective and cost efficient, including substantiation of the proposed budget, reasonableness of requested items and amounts, evidence of quality of financial and organizational management	10
Total	100

Application Procedure

The application should be done by e-mail and submitted to the following email address bid.submission.mozambique@undp.org.

This TOR is approved by:

Signature 
 Name Alex Warren-Rodriguez
 Designation UNDP Senior Economist
 Date of Signing 28-Sep-2020

Signature 
 Name Narjess Saidane
 Designation UNDP Resident Representative
 Date of Signing 28-Sep-2020