



**REPUBLIC OF MOZAMBIQUE
MINISTRY OF PUBLIC WORKS, HOUSING AND WATER RESOURCES**



WATER SERVICES AND INSTITUTIONAL SUPPORT PROJECT II (WASIS II)

IDA Grant. IDA D1100

**TERMS OF REFERENCE
FOR
BUSINESS MANAGEMENT ADVISOR**

Contract Nr. FIPAG/WASISII/CON-53/21

JULY 2020

TERMS OF REFERENCE FOR BUSINESS MANAGEMENT ADVISOR

1 BACKGROUND

1.1 Water Supply Context

In the 1990s, the Government launched a series of reforms in the water sector, with the objective of reversing the situation of water services in the main urban centers, whose degradation was notorious, having established the Delegated Management Framework for Water Supply (QGD), initiating organizational separation of functions. As a result, the institutional and legal framework of public water distribution services in the main urban centers was changed.

In this context, was created the Water Supply Investment and Assets Fund (FIPAG) as the QGD entity responsible for the management of assets and the public and private investment program in the water supply systems in the main urban centres. In these terms, it was charged with promoting its autonomous, efficient and profitable management, namely through the transfer of operations to private operators.

The functions of economic regulation and service provision are now carried out independently and ensured by the Water Supply Regulation Council (CRA), which as of February of 2019, became Water Regulatory Authority (AURA. IP). Local authorities were given responsibility for the public water supply service. It was assumed that they would receive the necessary resources to carry out these assignments through the creation of municipal services or functional sectors, municipal or inter-municipal companies.

At the same time, the Delegated Management Framework Coordinating Forum was also created, with the function of promoting the convergence of the various interests involved, carrying out periodic analysis of the functioning of the QGD and formulating recommendations on its expansion.

In 2009, the Government expanded the scope of the QGD to water supply services to towns and small towns, and the drainage of waste water (sanitation), through Decree 19/2009 of May, creating the Administration of Water and Sanitation Infrastructure (AIAS), whose mandate is, among others, to promote the autonomous, efficient and financially sustainable management of public water supply and sanitation systems. AIAS is responsible for managing the assets of secondary public water distribution systems whose ability to pay for the service is limited only to operating and maintenance expenses, and for public wastewater drainage systems, promoting its autonomous, efficient and financially viable operational management, through delegation to private operators or other entities.

1.2 FIPAG Roles Context

The Water Supply Investment and Assets Fund (FIPAG) is created as an entity with legal personality and administrative and financial autonomy, with powers to manage public investment in certain water supply systems, which are transferred to it for that purpose, and also empowered to promote autonomous management by delegating/contracting operational services to the private sector.

FIPAG as the main interlocutor with the private operator FIPAG was conceived as a dynamic and flexible organization that is both internally and externally oriented, so that its responsibilities are easily assimilated. FIPAG's commitment to these principles is reflected in its Policy and Strategies document.

The Water Supply Investment and Assets Fund (FIPAG) is structured by regions, namely, North (Lichinga, Cuamba, Angoche, Nacala, Pemba, Nampula, Ilha de Moçambique and 3 Systems of the Mueda Plateau), Center (Beira, Tete, Moatize, Chimoio, Manica, Quelimane, Mocuba and Chitima), South (Inhambane, Maxixe, Xai-Xai, Chokwe and Chibuto) and Maputo

In December 1999, the Government, through FIPAG, signed a Lease Contract for the water supply system in the Maputo Metropolitan area with an international private Operator, Águas de Moçambique (AdeM, SARL) and a Management contract for the Beira, Quelimane, Nampula and Pemba systems. In 2010, FIPAG acquired the Águas de Portugal shares and became the main AdeM, SARL shareholder, holding 73% of the share capital. Mozambican firms and individual entities hold the remaining shares (27%).

The Management Contract for the Beira, Quelimane, Nampula and Pemba systems ended in 2007 and FIPAG became the operator of these systems. More systems were transferred to FIPAG adding up to a total of 24 cities in 2019. FIPAG operations is structured by regions, namely, North (Lichinga, Cuamba, Angoche, Nacala, Pemba, Nampula, Ilha de Moçambique and 3 Systems of the Mueda Plateau), Center (Beira, Tete, Moatize, Chimoio, Manica, Quelimane, Mocuba and Chitima), South (Inhambane, Maxixe, Xai-Xai, Chokwe and Chibuto) and Maputo.

The Government of Mozambique (GoM) secured financial resources from the International Development Association (IDA), for the implementation of the Water Supply and Institutional Support II Project (WASIS II), and intends on using part of the funds for contracting a Business Management Advisor to provide technical assistance for business management approach towards the Delegated Management Framework for Urban Water Supply and Sanitation (QGD) goal among the established players FIPAG, AIAS, DNAAS, Water Utilities and the Regulatory Authority, AURA.

1.3 WASIS-II project

The WASIS II Project Development Objective is to: (i) increase water service coverage in key cities; (ii) strengthen the institutional and regulatory capacity for water supply services in the Northern, Central and Southern regions of Mozambique; and (iii) support the Recipient to respond promptly and effectively to an Eligible Crisis or Emergency. The WASIS-II is divided according to components as following:

Component 1 - Rehabilitation and Expansion of Water Supply Production and Distribution:

Sub-Component 1.a: Rehabilitation and Expansion of Water Supply Production - Component 1.a will aim to increase production capacity in the three systems serving Pemba, Beira and Dondo, and Tete and Moatize through rehabilitation, replacement and construction of new civil, electrical and mechanical works and goods.

Sub-Component 1.b: Rehabilitation and Expansion of Water Distribution: Component 1.b investments will focus on water distribution and include the development of priority infrastructure to increase service coverage in the three water distribution systems.

Component 2 - Institutional Support: The institutional development activities to be implemented under Component 2 will support the decentralization of FIPAG operations by establishing and reinforcing three regional utility companies. This approach is in line with the Government's water policy objectives, builds upon the strategic programmatic sector developments supported by previous Bank projects, and has been informed by analytical work and advisory services contracted directly by FIPAG with IFC.

This Component of the project will also finance the necessary engineering, design and supervision costs for the implementation of Component 1. It will also support project management, project audits, training, and various technical studies as needed, as well as technical assistance to FIPAG for the implementation of environmental and social safeguards.

Component 3 - Output-Based Payments for Low-Income-Household Connections: The objective of the component is to increase access to piped-water connections for low-income households in the project cities and the Maputo region by providing an output-based payment to the utility operators.

Component 4 - Contingent Emergency Response: This component will support potential disaster-recovery needs in FIPAG water systems by providing immediate response to an Eligible Crisis or Emergency, as needed.

Component 5 - Capacity Building and Operational Support to CRA: The objective of this component is to expand and refine service-quality and financial regulatory mechanisms for urban water supply in Mozambique, including a detailed impact evaluation to measure and assess outcomes related to the project's institutional and infrastructure investments.

2 OBJECTIVES AND MAIN FUNCTIONS

The Business Management Advisor will be hired to assist Ministry of Public Works and Housing and Water Resource and Strategic and Business Management Advisory ensuring to meet the targets towards Delegated Management Framework for Urban Water Supply and Sanitation (QGD) goal among the established players FIPAG, AIAS, DNAAS, Water Utilities and the Authority AURA.

3 SCOPE OF SERVICES AND SPECIFIC RESPONSIBILITIES

The Business Management Advisor must fulfill, but is not limited to, the following tasks and responsibilities:

- (1) Liaise with Ministry entities updating the Delegated Management Framework for Urban and Rural Water Supply and Sanitation (QGD);
- (2) Design monitoring performance indicator and system as well as a periodic assessment and/or evaluation report
- (3) Develop Activity Plans
- (4) Development of guidelines on developing business plans
- (5) Plan and implement feasibility studies on private sector investment opportunities in water supply and sanitation systems operation.
- (6) Prepare approach strategy on viable mechanisms for the involvement and appropriation of municipal entities in water supply and sanitation services
- (7) Develop financing alternatives in the sectors of water supply, water resources, sanitation and others requested by the ministry
- (8) Assist preparing a public-private partnerships mechanism for the operation of new projects with potential for viability and profitability
- (9) Advise the Minister of Public Works, Housing and Water Resources in other strategic areas identified by the Ministry

4 OUTPUTS: RESULTS AND SPECIFIC DELIVERABLES.

The key deliverables under the assignment include the following:

- (1) Inception report
- (2) Assignment task report
- (3) Monthly progress reports

Inception Report (IR)

One month after starting the assignment the Advisor shall submit an Inception Report for Minister's approval. The Inception Report shall include a revised work plan as a result of consultation with Ministry and key institutions and stakeholders, indicating the work methodology, the approach he proposes to adopt and main Outputs

Assignment Task Reports (ATR)

The Advisor must present a Report for each task to be proposed by Consultant and approved during the Inception phase. Each Assignment Task Report will be shared with His Excellency the Minister of the MOPHRH (Public Works, Housing and Water Resources) to get Minister's concurrence for the planned activities for the next phases before implementing the proposed activities. The report should contain the progress achieved on each activity listed on the specific tasks of each particular phase.

Monthly Progress Reports (MPR)

The Advisor shall submit brief monthly progress reports, summarizing the activities performed in the process of implementing the QGD framework cycle. It should also include other activities carried out under the Contract.

The above reports will be submitted by day 10 of the following month.

5 QUALIFICATIONS AND EXPERIENCE REQUIRED

The Advisor must have the following qualifications and experience:

- Minimum of Bachelor in Business Administration, Business Management, Finance, Project Management, Engineering or related fields. A Masters degree in any of the fields would be an advantage,
- Over 10 years of experience working in business management, water sector reforms, development of water policies and/or strategic advisory,
- Experience working in Public sector,
- Experience in the water sector in Mozambique is an advantage,
- Experience in public-private partnerships in the water sector, in coordination with development partners and multilateral financing agencies and in stakeholder engagement particularly with municipal and government authorities,

- The Advisor must have demonstrated the experience of working with teams of experts or as part of a project team,
- The Advisor should preferably have worked in Mozambique and have good knowledge (spoken and written) of Portuguese and English.
- All outputs and reports will be in Portuguese and/or translated to English .

6 TIME REQUIREMENTS

The consultant will be required full time for a total of 24 months and may be extended based on the need for the consultant services and satisfactory performance of the consultant if agreed by both parties.

7 REPORTING

All documents, correspondence, communications, etc related to the Project shall be in English and Portuguese language.

The Consultant will report formally to Ministry Official and liaise with FIPAG General Director, through WASIS-II Project Coordinator.

8 DURATION AND FORM OF CONTRACT

The Contract will be a time-based assignment for the provision of technical assistance. Payment will be based on Consultant's invoices which will be submitted on a monthly basis.

The payment of remuneration fees will be subject to local withholding taxes which will be shown separately on the financial proposal and in the monthly invoices. The withholding tax will be paid by FIPAG. Reimbursable costs and miscellaneous expenses will be refunded for expenses actually and reasonable incurred, if provided for and accepted in the Financial Proposal.

Applications for the post should be made on the basis of all-inclusive costs, which include accommodation, transport, subsistence, travel (including air travel to and from Maputo) and all other expenses. The total amount that will be paid to the Consultant shall not exceed the ceiling amount reflected in the Contract.

Transport from accommodation to office shall be the responsibility of the Consultant. Any travel to sites when required will be provided by designated institution or FIPAG. If any travel away from Maputo is required, this and any overnight lodging will be paid for by designated institution or FIPAG.

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