

## Terms of reference

Documentation and development of a scale-up strategy for the implementation of a household water connection revolving fund for small towns in Mozambique

### 1. Background and Context

Since 2012, UNICEF Mozambique has supported the implementation of the Government of Mozambique's Delegated Management Framework (DMF)<sup>1</sup> through its Small Towns WASH programme. The programme is implemented in partnership with AIAS and aims to support the development of an implementation model that will leverage additional funds for broader implementation. To date, UNICEF's Small Towns WASH Programme has covered ten small towns in the provinces of Cabo Delgado, Niassa, Nampula, Tete, Manica and Inhambane.

Water supply systems are designed to have the capacity to cover needs for the next 20 years using a modular/sequenced approach for expansion of specific components as additional capacity is required. However, the initial reach of the distribution networks has been dependent on budget availability at the time of construction. Typically, tertiary networks cover at least 50% of the potential service area, with a limited number of household connections included as part of the initial construction contracts. Using this model, additional connections are expected to be made based on user requests with the connection costs being covered by the user (i.e. water meter, pipes and accessories between the tertiary network and the household).

A review of the implementation of DMF in small towns (UNICEF, 2018) has identified the cost of the household connection as one of the most important factors (besides the proximity to the network) that prevent new users to connect to the water system. This is seen as limiting the number of new connections being made, subsequently impacting the capacity of Operators to generate revenue in a sustainable manner.

To address this barrier, UNICEF has been supporting AIAS implementing a revolving fund for household connections in the small towns, having piloted the initiative in Jangamo, Morrumbene and Homoine in Inhambane Province within the context of Aguasani programme co-funded by the EU between 2014-2018, and recently in Murrupula in Nampula Province within the ASWA II programme co-funded by the Dutch Government between 2019-2023. Thanks to the successful implementation of the initiative in those small towns, AIAS with the support of UNICEF and PO75-Dutch funded programme, has escalated the initiative to over 20 small towns (*Alto Molocue, Milange, Maganja da Costa and Mopeia in Zambezia Province; Balama and Chiure in Cabo Delgado Province; Caia, Inhaminga and Maringue in Sofala Province; Mussuril in Nampula Province; Fingoe in Tete Province, Tambara, Macossa and Machipanda in Manica Province; Inhassoro, Funhalouro, Inharrime, Quissico and Massinga in Inhambane Province; and Chicualacuala and Massingir in Gaza Province*), where 9,300 household connection kits have been supplied aiming at ultimately leverage revenues for operators to be able to deliver the service sustainably while increasing access to water to an additional 27,210 people by 2025.

The fund was established through Memorandums of Understanding between AIAS and the respective operators of the water supply systems and started implementation in July 2018. The operator remains responsible for the installation of the connection kits and the management of the fund for replicating 50% of additional connections. This financial input from AIAS/UNICEF allows the operator to pro-rate the cost of the connection over 24 months, thereby reducing the financial barrier at the household level.

To review the implementation of the revolving fund model as well as to identify options for expanding its implementation, AIAS and UNICEF are seeking the services of an experienced consultant to carry out a review of the work to date.

## 2. Objectives, Purpose and Expected Results

The main objective of the assignment is to review the implementation of the revolving fund model and identify options for expanding its implementation in small towns of Mozambique.

In addition to the documentation of the existing revolving fund and analysis of its implementation modalities, the Consultant is expected to provide guidance on:

- Recommendations on strengthening the implementation of the current revolving fund in the selected district capitals.
- Incentive strategy for operators to implement revolving fund within the established deadlines.
- Identification of key elements necessary for the replication of the model under similar conditions as well as in other less complex systems covering rural settlements; and
- Specific considerations for operation, management and regulation of revolving fund for household connections.

The specific activities and the related expected results of the assignments are:

**ACTIVITY 1: Preparatory process, desk review** of existing literature and documentary information (revolving fund for household connections indicated under these TOR and similar interventions in Mozambique and elsewhere), **development of tools** for data collection and analysis, and demonstration with comments on full understanding of the terms of reference (5 working days).

**ACTIVITY 2: Interview of key informants** involved in the implementation of the revolving fund for household connections **and other relevant stakeholders** for potential replication and scale up (10 working days).

**ACTIVITY 3: Data collection and analysis** on the implementation of the revolving fund for household connections in small towns in Mozambique, including presentation of preliminary findings to reference group (24 working days – includes travel to an agreed sample of 4 small towns per region).

**ACTIVITY 4: Stakeholder workshop** (1 day) with participation of the identified stakeholders (estimated 30 people presential), in Maputo with remote connection of stakeholders at local level.

**ACTIVITY 5: Development of final report detailing results of the review and including proposed model and strategy for replication and expansion** of revolving fund for household connections including (15 working days):

- Summary results of review on the existing model, including, but not limited to, information on:
  - Impact of institutional, legal and regulatory framework for water supply in Mozambique on the current model. Special reference must be made on the implication of the recently approved Water Supply and Sanitation Law (Lei n. º 9/2024 de 7 de Julho).
  - Impact of the recent change in the duration of the Operator's contract from 5 to 10 years plus 2 years of maximum extension depending on performance.
  - Adequacy of the current MoU governing the initiative.
  - Adequacy of the communication materials developed by the Operator for the implementation of the revolving fund.
  - Analysis of the expansion of the networks, with an equity lens.
  - Financial analysis of the current revolving fund, with a sustainability lens.
  - Key analyses of the strengths and weaknesses of the revolving fund approach.
  - Adequacy of the management of hardware assets of the fund.
  - Summarised results of the fund to date, including comparison with growth in HH connections in other similar water supply systems / towns.

- Overall description of a proposed expansion model, including identification of roles and responsibilities, financial modelling (including various scenarios) and implementation timelines.
- Standardized technical specifications and designs for household connections, including terms of reference for procurement of materials.
- Proposed formats for Contracts/MoUs required for implementation of revolving fund for household connections (at all levels: with Operator, with users, etc.).
- Proposed mechanisms and monitoring tools for implementation of revolving fund, including those related resource management (materials and HR), quality control for HH connections, customer care, etc.
- Proposed communication strategy and materials for promotion/dissemination of the initiative at local level to support roll-out and adherence.
- Summarized concepts note and presentation for dissemination and advocacy.

### 3. Description of the Assignment

The Consultant will work under the supervision of a UNICEF WASH Specialist and will work in close coordination with Government stakeholders (AIAS, IP, Municipality and District government), other members of the UNICEF Mozambique WASH Team Private Operators and others involved in the development and implementation of the revolving fund, as well as directly interact with community and community representatives as required.

The Consultant will work in collaboration with AIAS,IP, PO75, UNICEF and the Private Operators to collect and analyse information pertaining to the revolving fund, including, but not limited to:

- Analysis of institutional, legal and regulatory framework for water supply in Mozambique and the implementation of other innovative financing activities.
- Memorandum of Understanding and projections for implementation of the revolving fund.
- Terms of reference, technical specifications and contracts for the supply of materials for the revolving fund
- Interim reports/updates on the implementation of the revolving fund.
- Communication materials developed by the Operators for the implementation of the revolving fund
- Expansion mapping of the networks in relation to equity concerns.
- Financial information on the implementation of the revolving fund, including Operator's cash-flow, revenue from revolving fund customers, management of funds, etc., and
- Management of hardware assets of the fund.

The Consultant will also interview key informants to gather information on revolving fund implementation and the impact on water service access in the targeted areas. The consultant will also identify perceptions on the revolving fund implementation and opportunities for potential expansion. Key informants will include:

- AIAS,IP at national level and the respective provincial delegations.
- Direção Nacional de Abastecimento de Água e Saneamento (DNAAS);
- Autoridade Reguladora de Água e Saneamento (AURAS) at national and regional level, including CORAL (Comissão Reguladora de Água Local) at the small town level;
- Vitens Evidens (PO75 implementation team).
- The respective Provincial Infrastructure Services (SPI).
- Serviços Distritais de Planificação de Infraestruturas.
- Fundo de Investimento e Património do Abastecimento de Água (FIPAG).
- Other donors supporting Water Supply systems in Mozambique (urban, small towns and rural).
- Other Operators of Water Supply systems like the ones where the indicated revolving fund is being implemented; and
- UNICEF/ WASH team at national level and respective provincial field offices (Nampula particularly).

The Consultant will work under the Supervision of UNICEF; however, the review and validation of the final reports will be made through consultation with a reference group composed of AIAS, IP, PO75, AURAS and UNICEF.

#### 4. Deliverables

The following deliverables are envisaged to be produced throughout the consultancy:

**Deliverable 1:** Inception report in Portuguese, including summarized report and proposed tools for data collection and analysis (end of week 2).

**Deliverable 2:** Secondary data and documentation review report in Portuguese, following data collection and analysis, and interviews (end of week 4).

**Deliverable 3:** Mission and workshop report in Portuguese on the current implementation of the revolving fund for household connections, including recommendations for strengthening (end of week 5).

**Deliverable 4:** Proposed model and strategy for replication and expansion / scale-up of revolving fund for household connection, including tools / materials, all in Portuguese (end of week 8).

**Deliverable 5:** Summary consultancy report in Portuguese and English (max. 35 pages) highlighting the main findings of the consultancy and recommendations on the way forward. A power point presentation (max 15 slides), and knowledge paper (max. 10 pages) in English and Portuguese will be developed in conjunction with the report. All materials collected and developed during the consultancy to be presented in electronic format (end of week 11).

#### 5. Reporting Requirements

The consultant will be expected to submit the draft deliverables as foreseen in the timeline and allowing a 1-week revision period for UNICEF and key stakeholders. The consultant will then have a 1-week period for the presentation of the final deliverables.

Any meeting, workshop or discussion should be duly documented with a short note including action points and agreements. All reports will be submitted in Portuguese. The final report will be provided in English and Portuguese.

#### 6. Location and Duration

The Consultant will be based in Maputo for most of the assignment. As part of the data collection activities, Consultant is expected to travel to 12 small towns (4 small towns per region of Mozambique) where revolving fund was or is being implemented, for a maximum of 24 working days in total.

Total duration of the assignment is 11 weeks. The below table is included as a provisional timeline and for reference only. Actual dates for implementation will be defined and adjusted throughout the consultancy based on progress of field level activities.

ACTIVITY	Weeks											Estimated time allocation (working days)
	1	2	3	4	5	6	7	8	9	10	11	
1. Preparatory process, desk review and comments of ToR												5

2. Interview of key informants and other relevant stakeholders													10
3. Data collection, analysis and presentation to reference group, including stakeholder workshop													24
4. Development of proposed model and strategy for replication and expansion													15
<b>TOTAL</b>													<b>54</b>

## 7. Qualification Requirements

UNICEF is looking for a firm with a track record in WASH financing / micro-financing / micro-credits in developing countries, including the development, setting up and/ or implementation of revolving funds or small-scale innovative financing. The selected consultant shall demonstrate proven experience in the successful delivery of similar studies in Africa and other developing countries.

The profile of key staff should include the following professionals:

### I. Team Leader with below qualifications

- University degree (minimum of Masters) in business development/ administration, finance or economics, or related degree with minimum of 10 years of demonstrated knowledge of application of innovative financing mechanisms in development interventions.
- Previous experience in working with WASH financing / micro-financing / micro-credits in developing countries, including the development, setting up and / or implementation of revolving funds or small-scale innovative financing. Specific experience in Mozambique is an asset.
- Previous experience in working with small/ medium scale service delivery enterprises/ companies for development of business/ marketing plans.
- Demonstrated experience in conducting analysis, documentation and strategies for development interventions in Africa.
- Demonstrated experience of working with Government authorities, business community, development partners, and other international financial institutions.
- Previous work experience in the water sector, preferably at the urban and peri-urban levels; and
- Fluency in Portuguese and English.

### II. Statistician with below qualifications:

- University degree in statistics, finance or economics, or related degree.
- Minimum of 7 years of demonstrated knowledge of conducting data analysis and statistics related to water supply preferably at the urban and peri-urban levels; and
- Previous work experience specific to the Mozambican water sector is an asset.
- Fluency in Portuguese and English.

For the purpose of the technical evaluation, the CVs of the two team members will be considered however the firm is free to propose additional staff deemed necessary to deliver the study objectives.

## 8. Content of proposals

Interested and qualified consultancy firms are requested to submit one technical proposal and one financial proposal within the indicated deadline.

### I. Technical Proposal

The consultancy firm is expected to provide a technical proposal detailing understanding of the context and assignment, proposed methodology and timeline, expected challenges and mitigation measures, references for similar assignments and detailed CV(s). The proposal should not exceed 20 pages.

## II. Financial Proposal

The financial proposal should include all eligible costs (staff fees, administrative costs such as international (if any) and national travel expenses, subcontracting costs, etc.) for the services to be provided.

UNICEF and AIAS, IP will support and facilitate coordination with the stakeholders, however the Contractor will be responsible for the cost and logistics for travel, accommodation and transportation during the Consultancy. Interested firms should present an **all-inclusive financial proposal** as a response to these Terms of Reference. Amounts for fees and travel should be disaggregated and clearly indicated in the financial proposal. All other costs and expenses considered necessary for undertaking the assignment must be clearly included in the financial proposal.

## 9. Evaluation Process

The selection of the firm will be based on a “best value for money” principle, taking into consideration both technical (70%) and financial (30%) proposals submitted for the consultancy. The technical evaluation criteria are stipulated below.

Item	Technical Criteria	Max. Points
<b>1</b>	<b>Experience</b>	<b>20</b>
1.1	Demonstrated possession of knowledge for undertaking the assignment	10
1.2	Relevant work experience in projects of similar scope, nature, size, context, and complexity completed in the past 5 years; including projects in similar locations	10
<b>2</b>	<b>Proposed Methodology and Approach</b>	<b>25</b>
2.1	Demonstration of a clear, consistent strategic approach and methodology for the implementation of the project, which addresses the scope of the assignment and delivery of project objectives. This should include approach to managing the project, including Quality Control, M&E and Risk Management.	20
2.2	Work plan with logical sequencing and work schedule. Please also clearly indicate the proposed start date.	5
<b>3</b>	<b>Project Team</b>	<b>25</b>
3.1	CV, Qualifications and skills of the project team as per the above section on “QUALIFICATIONS AND SPECIALIZED KNOWLEDGE”	10
3.2	Specific relevant professional experience in the team, including certification in the key areas of the project demonstrating relevance to the assignment and in line with the Terms of Reference and project objectives	15
	<b>Total Technical Score</b>	<b>70</b>
	<b>Minimum technical pass mark: 50 points</b>	

## 10. Administrative Issues

The consultants are expected to use their own office space, computers, etc. UNICEF will bear the costs to organize the workshop, so that should not be included in the financial proposal.

## 11. Project Management

The Consultants will work under the supervision of a UNICEF WASH Specialist, in close interaction with other members of the WASH team as appropriate.

## 12. Payment Schedule

Payments will be made upon acceptance of the corresponding deliverables by AIAS and UNICEF as per indicated above, and against an invoice that will reference the contract and deliverable numbers. Payments will be approved by Chief of WASH or delegate.

- **Payment 1:** 20% of total contract amount upon approval of delivery 1.
- **Payment 2:** 40% of total contract amount upon approval of deliverables 2 and 3.
- **Payment 3:** 40% of total contract amount upon approval of deliverables 4 and 5.