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**REPUBLIC OF MOZAMBIQUE**

**MINISTRY OF STATE ADMINISTRATION AND CIVIL SERVICE**

**URBAN AND LOCAL DEVELOPMENT PROJECT**

**PROJECT COORDINATION UNIT (UCP)**

**Project ID No. P163989**

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TERMS OF REFERENCE

CONTRACTING CONSULTANCY SERVICES

**Elaboration of the Framework Law on Urbanisation**

1. **Introduction**

The Mozambican government, with the support of the World Bank, is implementing the Urban and Local Development Project (PDUL), the aim of which is to “*Strengthen institutional performance and provide infrastructure and services to participating local entities*”. The project covers 22 municipalities in the provinces of Niassa, Zambézia, Sofala and Gaza and lasts for five years, i.e. from 2020 to 2025, a period that was preceded by a preparatory phase from April 2018 to October 2020.

The project is coordinated by the Ministry of State Administration and Civil Service (MAEFP), which has a mandate to support municipalities and decentralisation policy reforms. The implementation of the Project is done in close collaboration with the key Ministries that have specific mandates relevant to the Project’s objectives, namely the Ministry of Economy and Finance (MEF), the Ministry of Land and Environment (MTA) and the Ministry of Public Works, Housing and Water Resources (MOPHRH).

The project has four structural components:

**Component 1**: *Urban Infrastructure and Municipal Services, with 3 Subcomponents*: 1A - Municipal Performance Grant; 1B - Maximising Financing for Urban Development (MFDU) and, 1C - Technical Assistance in Urban Infrastructure and Basic Services. This component aims to improve access and the sustainability of urban infrastructure and service provision in the 22 participating municipalities;

**Component 2**: *Decentralisation Policy Reforms and Institutional Strengthening*, with 2 Subcomponents: 2A - Support for Global Leadership of Decentralisation Reform and 2B - Institutional Strengthening of Local Entities in Public Finance Management and Local Governance. This component aims to improve the resources, performance and accountability of participating local entities;

**Component 3**: *Project Management*. This component aims to finance the costs of preparing and managing cross-cutting projects, including technical studies carried out during project preparation, Project Implementation Unit staff and operational costs, project audits, project communication, planning, monitoring and evaluation of the project at mid-term (Midi Term Review) and final; and

**Component 4**: *Contingency emergency response*. This component will facilitate access to rapid financing by reallocating uncommitted project funds in the event of a natural disaster.

1. **Scope**

The scope of this work falls within the implementation phase of Mozambique’s Urbanisation Policy, approved by the Council of Ministers by Resolution no. 31/2024 of 10 July, which will entail an institutional arrangement, modes of action and funding modalities in Mozambique’s urban sector.

The diagnosis of urbanisation in Mozambique made it possible to detect critical problems in various dimensions of urbanisation and to identify strategic and priority areas for urban development. The operationalisation of the Urbanisation Policy should focus its efforts and implementation mechanisms on minimising, mitigating and guiding solutions to these problems and challenges, namely: (1) urbanisation corridors and strategic development; (2) integrated planning and urban land management for territorial planning; (3) public and private investment in urban infrastructure; (4) governance, municipal management and local capacity; and (5) sources of funding for urbanisation.

The urbanisation policy highlights 7 pillars, on different thematic areas: 1. Governance and Decentralisation, 2. Land Management and Spatial Planning, 3. Economic and Financial Development, 4. Access to Housing and Adequate Settlements, 5. Inclusive Access to Resilient Infrastructure and Basic Services, 6. Mobility and Accessibility and 7. Urban Resilience and Environment.

1. **Justification**

Growing urbanisation in Mozambique poses significant challenges for territorial governance, urban planning and the management of existing resources and infrastructures. With the approval of the Urbanisation Policy, one of the main follow-up actions was the preparation of the Basic Law or Framework Law on Urbanisation (see point 7.6. G of the UP).

It is therefore imperative to create new specific legislation for the urbanisation sector that not only reflects the particularities of the Mozambican context, but is also capable of promoting sustainable, inclusive and resilient urbanisation.

This legislation must be comprehensive, adapted to the local context and aimed at promoting urban development that responds to contemporary and future challenges, guaranteeing the well-being of the population and the sustainability of the territory. It is strategic that the creation of this framework law takes its cues from the legislation currently in force and under review, so that it complements and fits in with Mozambique’s political guidelines.

One of the factors to be included in urban legislation is a clear and precise definition of the concepts of “urban” and “rural” in the Mozambican context. This distinction is crucial for strengthening territorial governance and ensuring that public policies are applied effectively and coherently in the different types of territories. The absence of a well-defined classification has resulted in administrative overlaps and the inadequate application of policies that should be specific to each type of territory.

The creation of metropolitan territories and the definition of clear rules for their management and planning are essential measures to improve the efficiency of inter-municipal co-operation. It is essential to create support for the management of areas that have population, economic, ecological and spatial continuity. Institutionalising these territories will make it possible to understand and optimise the territorial dynamics of urban settlements, mobility and connectivity of people and goods, proposing solutions and guidelines for action.

A major challenge that urbanisation will have to face in the coming years is promoting the upgrading of informal settlements. In Mozambique, many citizens live in precarious conditions, without secure access to land and urban resources. The new legislation must prioritise security of land use rights and the right to the city, ensuring that all citizens can enjoy the benefits of urban development. The redevelopment of informal settlements is not only a matter of social justice, but also a strategy to prevent the uncontrolled expansion of urban areas and promote orderly urbanisation.

Urbanisation in Mozambique must be aligned with climate change adaptation policies. Risk zones, particularly coastal areas and the most affected regions, need special attention in urban planning. Legislation should provide for measures that encourage the construction of resilient infrastructure and the implementation of risk management systems that minimise the impacts of climate change on the urban population.

Reforming the tax system is an essential element in guaranteeing financial sustainability. Fiscal decentralisation and land valuation, through instruments such as progressive rates and tax exemptions for vulnerable social groups, are necessary measures to strengthen finances and urban agglomerations, cities and towns. In addition, it is vital to create a regulatory framework that allows local governments greater autonomy in negotiating and managing public-private partnerships, ensuring that these partnerships effectively contribute to integrated urban development.

Urbanisation must be strengthened at the level of the organic structure of the Municipal Councils and District Governments. To this end, it is necessary to draw up a proposal for a standard structure for the organisation and functioning of these bodies, in line with the pillars and objectives of the new Urbanisation Policy. In addition, defining the functions of the new neighbourhood structures, with the provision of autonomy and resources, will allow for greater community participation and the effective involvement of citizens in the decision-making process that affects urban life.

As a guideline for the creation of the framework law, it should fit in with and support the institutional reform proposed by the Urbanisation Policy, in terms of coordination actors, means of financing and monitoring and evaluation mechanisms.

1. **Consultancy objectives**

The general objective of this consultancy is to draw up a framework law on urbanisation, which defines the fundamental principles and rules that should guide the country’s urbanisation process in an inclusive, participatory, sustainable and resilient way.

To this end, the Specific Objectives are:

1. Incorporate the main concepts, objectives and principles established by the Urban Policy (UP), as well as the fundamental bases for materialising the pillars or thematic axes enshrined, always focusing on cross-cutting issues.
2. How the framework law on urbanisation fits in with the ongoing reform brought about by the Urbanisation Policy, namely: participation and consultation bodies, the central coordination body for urbanisation, funding for urbanisation, the National Observatory for Urbanisation;
3. To lay down the bases that should guide the various sectors of urbanisation activity, bridging the gap with sectoral legislation, both in force and under review;
4. Define which instruments can support the implementation of the framework law: Laws, regulations, municipal ordinances, etc.
5. Definition and classification of urban and rural areas, crucial for strengthening territorial governance and ensuring that public policies are applied effectively and coherently in the different types of territories;
6. Institutionalisation of Metropolitan Territories, providing support for the management of areas that have population, economic, ecological and spatial continuity;
7. Promote the requalification of informal settlements, enhancing security of land use rights and the right to the city, ensuring that all citizens can enjoy the benefits of urban development;
8. Framing adaptation to climate change, providing for measures that encourage the construction of resilient infrastructure and the implementation of risk management systems that minimise the impacts of climate change on the urban population;
9. Providing the basis for a tax system suited to urbanisation, highlighting the appreciation of land through instruments such as progressive rates and tax exemptions for vulnerable social groups. Strengthening the negotiation and management of public-private partnerships;
10. Strengthening the Decentralised Governance Structure, including Local Councils and District Governments, including a proposal for a standard structure for the organisation and functioning of these bodies, aligned with the pillars and objectives of the new Urbanisation Policy.
11. **Main activities**
12. Carry out a comprehensive survey and diagnosis of urbanisation-related policies and legislation in the country, capturing the main orientations and planned reforms;
13. Draw up a draft law containing the legal mechanisms needed to implement and regulate the Urbanisation Policy, detailing the lower-level legislation needed to support the implementation of the framework law;
14. Public consultations and participation, involving all stakeholders, including ministries, provincial and district governments, municipalities, communities, civil society, academia, the private sector, funders, etc., to gather information on the application of the framework law;
15. Carry out an impact assessment to understand the implications of the proposed legislation.
16. **Activity phasing**

**Phase 1 (3 months)**

● **Survey and diagnosis of urbanisation policies and legislation**

* Carry out a comprehensive diagnosis of urbanisation policies in the country, capturing the main orientations and planned reforms;
* Study of legislation (in force or under review) related to urbanisation, with the aim of better framing the urbanisation framework law;

● **Preparation of the 1st draft of the Bill**

* Draw up the 1st draft of the Preliminary Draft Law containing the legal mechanisms needed to implement and regulate urbanisation policy, detailing the lower-level legislation needed to support the implementation of the framework law;

**Phase 2 (4 months)**

● **Consultation and Public Participation**

* Involvement of all stakeholders, including Ministries, Provincial and District Governments, Municipalities, Communities, Civil Society, Academia, Private Sector, Financiers, etc., to gather information on the application of the Framework Law;

● **Preparation of the final version of the Draft Urbanisation Framework Law**

Prepare the final version of the Preliminary Draft Framework Law containing the legal mechanisms necessary for the implementation and regulation of the Urbanisation Policy, detailing the necessary lower-level legislation that supports the implementation of the Framework Law;

● **Impact Assessment**

* Carry out an impact assessment to understand the implications of the proposed legislation.
1. **Expected results**
* Survey and diagnosis of urbanisation policies and legislation;
* Draft framework law for the implementation of urbanisation policy;
* Impact assessment of the Framework Law.
1. **Outline of 1st Public Consultations**

In order for the process of public consultation on the Urban Framework Law to be broadly participatory, the consultancy must (i) develop a communication strategy to create a favourable environment for consultation work, (ii) define the roadmap for the consultation process to ensure the participation of all stakeholders, (iii) communicate the consultation plan to the target groups, namely; community-based structures, civil society organizations, the private sector, teaching and research institutions, government entities at central, provincial and local authority levels, (iv) disseminate the objectives, methodology, communication strategy and work plan , and (v) mobilize and train the main key actors that will be selected by the different key actors that will be part of the consultation process;

To this end, the consultancy in its communication strategy should establish a clear roadmap of the process, map the social actors and develop key messages capable of attracting and captivating the interest of the different constituencies to actively participate in the consultations and debates on the themes and principles in consultation which will be subject to review;

The consultation sessions should take place in the provincial capitals, developed in different formats, such as seminars/conferences, decentralized and national discussion work sessions, announced at least 15 (fifteen) days in advance through various means such as: press, television and radio programmes, public announcements, and social platforms.

Thus, the citizen framed through the different forms of composition of interests: family, community, association, neighbourhood, company, etc., public institutions in their various dimensions, as well as the group of social actors that can be designated " national or local personalities (province/municipality), political, academic, business, cultural, professional, thematic groups that bring together institutions and national personalities with knowledge, experience and interest in selected topics of urban policy and Urbanization Framework Law. Thus, we will have the following groups and listening spaces through which different techniques and instruments will be articulated:

Urban Actors and other target groups

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| Target group? | Who? | Where? | Means and Instrument? |
| Public | Citizens (individuals) | In the media (TV, radio, newspaper, etc.) - Dedicated online spaces | List of short questions and answers |
| Traditional and community leaders | Dedicated online spaces | List of short questions and answers |
| Institutions | State-Non-State (civic associations, socio-professional associations, academic institutions, consultancies and service providers in the sector of urban planning, land regularization, engineering, environment sector. etc.) | Workplace | Socialization work sessionDiscussion work session |
| Interest groups | Associates (Associates of Architects)Associates -StudentsCivil society | Work/study placeWorkplace | Discussion work session |
| thematic groups | Institutional actors and national personalities | Workplace | Socialization work sessionDiscussion work session |
| Personality | National personalities - Local personalities (province and municipality) | Workplace | Socialization work sessionList of Questions |

To facilitate the process of public consultations at the municipal level and at lower levels, the consultancy should create and establish a permanent dedicated online space, prepare debate contents for in-depth discussion, with specific questions and answers to receive contributions via platforms (zoom, skype and others) by the different social segments.

The Consultant will prepare all logistical process, identify the venue, number of participations, cost related to travel to the capital city, perdiems, etc, and submit to the Technical Committee for review and approval. The Payment of these expenses will be the responsibility of the PDUL PIU.

Note that the Consultant will be responsible to pay they consultants to travel to the capital cities, accommodation and meals.

***Products****:*

* *Simultaneous Public Consultation Report of the Urbanization Framework Law and Regulation, containing a summary of contributions from all constituencies, including contributions via online, Minutes of consultations and list of participants.*

**Note:** Due to the closure of the PDUL Project, 30 December, 2025, there will be only one Public Consultation. The following Public Consultation will be undertake by the Legal Entity to be created to oversee the Urban area. The Consultant shall delivery all materials to this new institution.

1. **Deliverables and payment phases**

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| **Deliverable** | **Payment** |
| **Phase 1** |
| Signing the contract | 0% |
| Report with the comprehensive diagnosis of urbanisation policies | 20% |
| Report of the study of legislation (in force or under review) related to urbanisation  | 10% |
| 1st draft of the Preliminary Draft Law | 20% |
| **Phase 2** |
| 1st Public consultation  | 10% |
| Final version of the Draft Urbanisation Framework Law (Law and Regulation), with the incorporation of the inputs of the 1st Public Consultation | 30% |
| Impact Assessment | 10% |

The Reports shall be presented in printing (3 copies) and 4 soft copies, both editable and pdf.

1. **Supervision and validation**

The Key Government Officials will be appointed to serve as the Steering Committee that will review and approved the Key Documents delivered by the Consultant. The Ministries will include: Ministry of Justice, Ministry of Public Works, Ministry of Finance, Ministry of Land and Environmental, Ministry Of Public Administration.

On a day to day, the consultancy will be supervised by the UP’s Technical Team and validated by the Technical-Scientific Commission, as the bodies set up to monitor the process of drawing up and implementing the UP.

**Duration of Consultancy**

The consultancy is expected to last a total of 07 months, divided according to the phasing of the activities.

1. **Profile of the Entity to be Hired**

● Competence in Legislative Development and Revision, with experience in drafting framework laws, regulations and legal norms, especially in complex contexts involving multiple sectors, such as urbanisation, the environment, housing and governance;

● Familiarity with working in developing countries will be an asset;

● Knowledge of Urbanisation Public Policies, in particular:

* Tax reform and economic development: Experience in reforming tax systems, especially in urban contexts, with a focus on tax instruments that value land, as well as developing tax policies that encourage sustainable economic development;
* Urban management: Experience in issues related to the redefinition and management of urban spaces and metropolitan areas;
* Governance and Public Administration: experience in strengthening decentralised governance structures.

● Practice in Sustainable Approaches and Adaptation to Climate Change.

1. **Profile of the Consulting Team**

**K-1: TEAM LEADER - GOVERNANCE AND PUBLIC ADMINISTRATION**

● **Profile**: Master Degree in Political Science, Public Administration or Governance, with a specialisation in Administrative Decentralisation or Public Management.

● **Experience**:

* Proven 15 years of experience in drafting legislative process
* Ability to work with multidisciplinary teams and in highly complex contexts, ensuring the integration of the different components of the project.
* Experience in implementing administrative reforms and structuring local governance bodies.
* Capacity to develop governance models that promote public participation and inter-institutional coordination, in line with the guidelines of the new urbanisation policy.

**K-2: LAWYER WITH SPECIALISATION IN URBAN AND ENVIRONMENTAL LAW**

● **Profile**: Law degree, with specialisation in Urban Law, Environmental Law or Administrative Law.

● **Experience**:

* Experience in drafting and reviewing laws, regulations and public policies, particularly in areas related to urbanisation, the environment and land use.
* Familiarity with Mozambican legislation and ability to harmonise new legislative proposals with the existing legal framework.

**K-3: URBAN PLANNER**

● **Profile**: Degree in Architecture, Urbanism or Urban Planning, preferably with a specialisation in Sustainable Urban Planning or Metropolitan Management.

● **Experience**:

* Experience in urban development and land-use planning projects, with a focus on sustainability and social inclusion.
* Ability to integrate climate change and urban resilience considerations into planning proposals.

**K-5: ECONOMIST WITH SPECIALISATION IN TAXATION AND PUBLIC FINANCE**

● **Profile**: Degree in Economics, specialising in Public Finance, Taxation or Urban Economics.

● **Experience**:

* Experience in fiscal and tax policies, especially in the context of urban development and tax reform.
* In-depth knowledge of public and private funding mechanisms, and the ability to propose strategies to increase revenue in an equitable and sustainable manner.