



REPUBLIC OF MOZAMBIQUE



**MINISTRY OF THE SEA, INLAND WATER AND FISHERIES
NATIONAL INSTITUTE FOR THE DEVELOPMENT OF FISHING AND AQUACULTURE, IP**

**NORTHERN MOZAMBIQUE RURAL RESILIENCE PROJECT
(MOZNORTE)**

**TERMS OF REFERENCE FOR HIRING A SERVICE PROVIDER FOR
ASSISTANCE AND DEVELOPMENT OF COMMUNITY-BASED SAVINGS AND
REVOLVING CREDIT (PCR) GROUPS**

Nampula Province

Purpose of Consulting	Assistance and development of community-based revolving savings and credit (PCR) groups.
Contract duration	3 years
Funding source	world Bank
Place of Implementation	Nampula (Mogincual, Nacala Porto and Nacala-a-Velha)
Contracting Entity	Blue Economy Development Fund (ProAzul)
Type of contract	based on time
Indicative Effort of the Key Technical Team	108 (one hundred and eight) Person-Months
Contract Reference	MZ-PROAZUL-320294-CS-QCBS
Eligibility	Non-Governmental Organizations

1. CONTEXTUALIZATION

According to the 2017 General Population Census, around 70% of the Mozambican population is mostly rural and where various activities such as agriculture and fishing are carried out, which are the basis for the development of the country's economy, despite the location where they are located the greatest challenges related to absolute poverty.

The rapid urbanization process that is taking place in some districts of the country has not been accompanied by access to basic financial services, which is a valuable tool for the development of the rural economy. According to the Bank of Mozambique report (2020), of the 154 districts, the country has 127 districts covered by bank branches and 31 districts covered by micro-banks and credit unions, representing a coverage level of 82.5%, this movement was accelerated by the “one district, one bank” project, however, the rate of use of these services in rural communities is still very low. This trend leads to the existence of alternative financial systems that can respond immediately to the needs of rural producers, whether fishermen, farmers,

Income streams from activities in the small-scale fisheries and aquaculture value chain are distributed seasonally throughout the year. For this reason, it is even more necessary to save, in order to guarantee money in times of scarcity.

The Government of Mozambique (GdM) with the support of the World Bank is implementing the Rural Resilience Project in Northern Mozambique (MozNorte) with the overall objective of contributing to improving access to livelihood opportunities for vulnerable communities and management of natural resources in 18 districts, from the northern provinces of the country, specifically Niassa, Cabo Delgado and Nampula.

MozNorte seeks to face the critical factors that limit development and aggravate poverty in the North region, namely: (i) limited capacities and resources to promote access and management of natural resources in a sustainable and inclusive manner; (ii) limited enforcement of legislation to protect and manage the country's natural resource base; (iii) low inclusion and ownership of local communities regarding the sustainable management of natural resources; (iv) exclusion of youth, women and internally displaced people from socio-economic opportunities to find sources of livelihood; (v) high competition for natural resources and their unsustainable exploitation; (vi) high climate variability and consequent exposure to natural hazards that put additional pressure on natural resources.

In this context, the Project aims to improve the resilience of vulnerable communities in selected segments of Northern Mozambique, more specifically: (i) exclusion of local communities and internally displaced people (especially women and youth) from accessing sources of livelihoods, depending on renewable natural resources; (ii) environmental degradation, climate variability and limited capacity of institutions to manage natural resources sustainably and inclusively; and (iii) exclusion of local communities from management and decision on the use of natural resources.

In order to achieve its objectives, MozNorte is composed of 4 main components, namely:

- ✓ **Component 1:** Improving livelihoods and community infrastructure;
- ✓ **Component 2:** Improve the management of natural resources;
- ✓ **Component 3:** Multi-actor coordination and project management;
- ✓ **Component 4:** Contingency emergency response (CERC).

At the operational level, the Project is composed of executing agencies, responsible for coordinating and managing the implementation of MozNorte activities. The group of executing agencies comprises the National Sustainable Development Fund (FNDS), the Blue Economy Development Fund (ProAzul) and the Foundation for Biodiversity Conservation (BioFund).

In this context, ProAzul, as the coordinating entity of the project's fisheries component, intends to hire a service provider (PS) to support the National Institute for the Development of Fisheries and Aquaculture in the implementation of activities that contribute to the assistance and development of groups of Savings and Revolving Credit (PCR) in the districts of Memba, Mossuril, Mogincual.

1.1 General Characterization of Nampula Province

The province of Nampula is located in the north of the country, bordering the north across the river Lúrio, with the provinces of Cabo Delgado and Niassa. To the southwest it is separated from Zambezia by the Ligonha River, and to the east is the Indian Ocean. According to the 2017 general population census, Nampula remains the most populous province in the country, with an area of 82,606 m², 5,759 million inhabitants and a population density of 74.9 inhabitants per km².

2. ASSISTANCE AND DEVELOPMENT OF PCRS GROUPS

The Fisheries sector introduced the rural finance development system through the organization of fishing communities into savings groups, in the late 1990s, with the implementation of the comprehensive PPAN project¹ in Nampula province, Moma and Angoche districts. From the experiences and positive socioeconomic impacts on the communities, they were quickly replicated to other provinces in the coastal zone, between the years 2000 to 2020.

For the inland provinces (Niassa, Tete and Manica) the promotion of PCR groups was direct with the intervention of the then IDPPE Delegation² of each province and in the coastal provinces occurred in both direct and indirect ways (contracting services from third parties), through various national providers, financed by the PPANNCD³, PPABAS⁴, PROPESCA⁵ and

¹Nampula Artisanal Fishing Project

²National Institute for the Development of Small Scale Fisheries

³Artisanal Fishing Project in the North of Nampula and Cabo Delgado

⁴Sofala Bank Artisanal Fishing Project

⁵Artisanal Fishing Promotion Project

SWIOFish1⁶and, by the Ex-IDPPE delegations in places not covered by the project, thus, several groups were promoted during the years of validity of the projects.

Development occurs relatively faster and more sustainably in societies with solid savings practices. Like many other practices, savings can also be developed through family education and closer social circles.

The Cumulative or Rotating Savings Groups (ASCAS) are an organized way of developing traditions of teaching and learning good practices in the management of financial resources in society, having as their embryo the groups known in the country as “xitique”. The Savings and Revolving Credit (PCR) groups have in several regions of our country created positive effects, where through the savings of members of these groups, they borrow values (credit) and families manage to improve their living conditions , ensuring the education of their children, expansion of their businesses, among other improvements that have taken place.

Several studies and surveys confirm the positive impact of the PCR program on fishing communities. The IFAD Country Program Review (July 2009) states that “one of the most important contributions to social capital and capacity building has been achieved through support to ASCAS (PCR)”. Similarly, another review writes: “Of all the project activities, the PCRs proved to be probably the most influential intervention in terms of women's economic empowerment”⁷.

While this is a good way to introduce low-income individuals to financial intermediation, the limitations of the currently used model are clearly visible in the selected area of implementation of the PropESCA and SWIOFish-1 MZ projects. It is observed that in many groups the opportunities for good income attract members' substantial savings, especially those in remote rural areas. However, the lack of borrowers leads to excess liquidity.

According to the meetings between the different savings groups, they emphasize that keeping large amounts of money raises security problems, given that there are few groups that have bank accounts, even in places where there are banks or micro banks. Opening a bank account also proved to be a challenge because these groups are not officially registered at the district level, adding to the fact that due to low levels of financial literacy, this group is suspicious of banking entities.

Based on the experiences of the aforementioned projects, lessons were drawn that should guide the design of community-based financial interventions in selected areas of the MozNorte project, namely:

- a. Despite expected levels of low income, artisanal fishing communities can now systematically save, borrow for operating capital and small investments and, if properly monitored, repay loans according to agreed terms;
- b. Community-based PCR groups have proven to be popular tools for mobilizing low-income people into savings and credit activities;

⁶First Project to Support the Governance and Shared Growth of the South West Indian Ocean Fisheries

⁷BSF JP Assessment of Gender Approaches in PPABAS (July 2009).

- c. Despite their popularity, PCR programs and their models have many limitations as a development tool, legal framework and there is clearly an opportunity to evolve from this level to higher stages of community-based financial intermediation through the development of systems and processes in scope of existing PCR methodologies, as well as adherence to higher-level community-based formal systems such as community savings banks, credit cooperatives, etc.
- d. The PPABAS experience of ranking the most business-oriented PCR members for formal lending is an important step in demonstrating the importance of linking PCR groups to formal financial institutions.

The rationale for MozNorte's approach to financial services at the PCR level is to respond to the clearly expressed need to improve access to financial services in the artisanal fisheries and aquaculture sector. To this end, the project will: (i) capitalize on the positive experiences of previous projects in providing financial services; and (ii) introduce new and innovative devices and structures for the sector to respond to the financial needs expressed by the most diverse requirements along the entire range of the value chain of the artisanal fisheries sector.

Insecurity in relation to savings is one of the biggest challenges for PCR groups, large sums of money are at various risks, namely, disappearance due to theft, extreme natural events (cyclones, windstorms, floods, etc.). Furthermore, it is important to consider that savings at the level of PRCs do not pass through the formal financial system, and therefore are not accounted for and recorded for the financial inclusion results statistics.

The limitation of these groups' legal framework for their registration contributes to the weak connection with the formal financial system.

In this way, within the scope of the MozNorte project, it is proposed to continue the activities initiated by the predecessor projects, more specifically the consolidation and development of groups to other levels, namely: community savings banks, credit cooperatives, Micro Finance Institutions, among others. It is also proposed that experiences from other countries in the region be captured with more developed and innovative models to be replicated in this province on an experimental basis.

The selected area of the MozNorte project for the consolidation and development of these groups to another level, as stated above, are the districts of Mogincual, Nacala Porto and Nacala-a-Velha in the province of Nampula. In recent years, the PCR methodology in Nampula province was developed by a service provider, from 2015 to 2018 under ProPESCA and from 2017 to 2019 under SWIOFish1 MZ, with around 80 PCR groups involving approximately 1,700 members; of which 708 women. According to the report of **SWIOFish-1**⁸, considered this activity of relevant importance for the target beneficiaries and their communities. The sustainability of the PCRs as informal savings and revolving credit organizations indicates that they have the vitality to continue and multiply. The groups show a high level of organization and

⁸SWIOFish-1 Mozambique / Final evaluation report

discipline, regularly save and fulfill the requests of their members and are a solid financial base for fishermen, traders and the community at large. For example, only the District of Mogincual reached a percentage of 103% of the geographic distribution of PCR groups; 120% of the geographic distribution of beneficiaries, with 440 female members and 260 males. Also in this District, around 9 groups were formed in entrepreneurship and small business management at the level of the SWIOFish1 MZ project, and 3 at the level of ProPESCA, both projects trained 292 individuals in business planning, of which 209 were women. In the districts of Naca Porto and Nacala-a-Velha, 134 PCR groups were promoted, involving 2620 members, 1777 of whom were women.

In this context, in order to continue the gains achieved in the districts selected above, these Terms of Reference intend to hire a provider to carry out activities with the groups of PCRs established for their ascension to formal models, such as community savings banks, cooperatives credit institutions, Micro Finance Institutions, through:

- a) Introduce methodology for upscaling established PCR groups to be more relevant to the current needs of fishing and aquaculture communities;
- b) Improve the entrepreneurial capacity of economic agents along the artisanal fisheries value chain, through literacy programs and business development services at the community level, as well as small and medium-sized enterprises (SMEs);
- c) Accompany existing groups to promote higher-level, community-based financial structures such as rural finance associations, local savings banks, savings and credit cooperatives (commonly known by the abbreviation “SACCO”).) that offer integration opportunities to PCR groups and/or their individual members;
- d) Promote links between established PCR groups and registered Financial Institutions (FIs), including commercial banks, mobile phone companies, etc., to offer more advanced savings and credit products;
- e) Support groups in the legalization process based on the most appropriate legislation.

3. OBJECTIVES

3.1 General

Promote higher-level, community-based financial structures, such as community savings banks, savings and credit cooperatives, Microfinance Institutions, building on the existing groups of PCRs promoted in previous years.

3.2 specific

- a. Update the database of PCR groups and share it with the Government entities responsible for it, that is, with MIMAIP, through IDEPA, IP, quarterly, with the representative of the Ministry of Economy and Finance in the province and other entities of interest on an annual basis;
- b. Improve the level of financial education of PCR group members;

- c. Ensure greater participation of women and young people in savings and credit group schemes;
- d. Develop links between PCR groups, community-based financial institutions and formal financial service providers (including commercial banks, microfinance institutions and mobile banking agents) in order to reduce risks associated with PCR groups' savings and to classify the most enterprising members as potential customers for loans from financial institutions;
- e. Classify PCR groups according to their level of development, in order to promote the most developed to formal credit levels, such as credit unions, community savings banks and others that best suit the reality of each group;
- f. Identify better platforms and innovative technological tools to be introduced in savings groups eg use of electronic savings applications;
- g. Train members of savings and revolving credit groups in matters of sustainable management of natural resources with a view to improving knowledge and guaranteeing the sustainable use of resources, so that members of these groups are aware of the rational use of natural resources, with in view of not being faced with a situation of promoting financial literacy schemes with communities and these financing activities that harm the environment;
- h. Introduce and adapt innovative methodologies in PCR groups based on experiences in the region, which best suit the needs and realities of the communities covered, for example, use of commercial banks, mobile banking (M-kesh, E-mola and M-pesa) for savings and availability of financing;
- i. Support assisted PCR groups and their members to participate in other relevant opportunities, including those promoted within the scope of the MOZRURAL and MOZNORTE projects, such as the Mais Peixe Sustentável funding mechanism⁹ and the Community Driven Development Fund (CDDF¹⁰).
- j. Ensure better monitoring of PCR groups.

4. METHODOLOGY

Methodologies for savings groups in the sector were developed by NGOs and the extension network. Considerable progress has been made in promoting and developing informal financial services (PCR) in Mozambique since they were introduced more than 20 years ago, followed by other significant achievements through various projects. A simple methodology, balancing the simplicity of the registration system and the flexibility of the products, in accordance with the needs and capabilities of the target groups. In this context, MozNorte intends to continue with success, but at a considerably higher level, as well as to stimulate financial innovations. The Project anticipates

⁹Information about Mais Peixe Sustentável is available at: <https://www.proazul.gov.mz/maispeixe-sustentavel/>.

¹⁰More information about the CDDF is available in the MOZNORTE project documents, accessible at: <https://projects.worldbank.org/en/projects-operations/project-detail/P174635>.

collaboration at the national level, combining extensive local experience alongside lessons learned from international experience.

An initial diagnostic survey will have to be carried out, coordinated by the provider with the participation of IDEPA, IP, to update the database, identify the potential of the groups, classify and frame the intervention strategy.

The performance of the contracted PCR service provider will be regularly monitored and reviewed in accordance with results-based management principles (with clear indicators and respective timeframes to be specified in the contract) as a precondition for the disbursement of tranches . The final payment will depend on the satisfactory evolution rates of the groups obtained during the final evaluation.

5. CONTRACT AND DURATION

To carry out this activity, a contract will be drawn up, with a duration of two (3) years, taking into account the specific conditions attributable to their respective districts.

The indicators to be achieved in this province will be allocated indicatively as follows:

Table 1:INDICATORS AND EXPECTED RESULTS

order	Activities - Key	Goals
1	Training for Staff of Community Facilitators	Minimum of 10 trained animators, more than half of whom are young, of whom at least 4 are women
two	Training for sector staff (technicians and extension agents)	Minimum of 3 technicians and 6 extension workers
4	Number of members with bank accounts;	Minimum of 640 Members of groups with access to mobile banking (M-pesa, Mkesh and E-mola and a minimum of 320 women and 400 young people (people under 35);
5	Number of members with access to funding	Minimum of 20 PCR Members with access to financing in formal financial institutions, MFIs, REFP etc), of which more than half must be young and female;
6	Financial education/literacy for Savings and Credit Groups (including other actors in the Fishing and Aquaculture Value Chain)	2000 actors, 1200 of which are women and young people

7	Establishment of Credit Cooperatives/Community Savings Banks/SACCOS	Minimum of 6 Units
8	Training of group members in Sustainable Management of natural resources	Minimum of 1600 group members

The bidders' technical proposal must detail the proposed targets, if above the minimum targets mentioned above.

6. ELIGIBILITY

Those eligible for contracting to provide PCR services in Nampula province who meet the following criteria:

- ✓ Registered NGOs that have been involved in promoting PCR groups in Mozambique for at least 5 years, with verifiable evidence of having established at least 100 PCR groups, with an 80% survival rate, for 4 years .
- ✓ Experience of at least 3 years in promoting community savings banks, credit unions or SACCO in communities;
- ✓ Experience of at least 5 years in promoting financial education in communities;
- ✓ Experience of at least 5 years in terms of capacity building and training in communities;
- ✓ At least 2 years experience working with fishing communities.

6.1 Key Personnel

In order to carry out this activity, the NGO must have a technical team fluent in Portuguese, with experience in coastal and inland areas, mainly in the activities of the artisanal fishing and aquaculture value chain in Mozambique. The evaluation will be aligned with the experience of the technical team. The main technical team, which must be supported by field personnel duly trained to carry out actions in the field and must have the qualifications below:

Specialty	Minimum academic qualification	Experience
Team leader. Specialist in Informal Financial Services (PCR)/Community Development.	Master in Social Development, Finance, Administration and related areas.	Team leader with at least 7 years promoting PCR groups, experience in Community Development is an asset.
Specialist in Planning, Monitoring and Evaluation.	Degree in Business Administration and Social Development and related areas.	5 years of experience in planning, monitoring and evaluation in similar projects, working experience in fishing communities.
Community Development Officer.	Degree in Community Development, Social Sciences.	5 years of experience in mobilizing awareness, training and assistance to PCR groups.

6.2 Proposal for Deliverables

order	Activities	Period
1	Detailed activity plan and respective schedule	30 days after signing the contract
two	Detailed initial database of all groups in the project intervention area	30 days after signing the contract
3	PCR group diagnosis report	60 days after signing the contract
4	Report on the training of technicians and extension workers in the sector	Yearly
5	Report on the identification, distribution, and training of community facilitators	90 days after signing the contract
6	Updated and detailed database, including group survival rate and member retention rate	semester
7	Plan of activities with indicators of the project withdrawal strategy and sustainability of post-project groups	Yearly
8	Activity plans with concrete intervention indicators	Quarterly
9	Detailed activity report with concrete indicators, critical analysis of the groups' performance	Quarterly
10	Report of field histories that demonstrate the impact of the activities, with reports and photographic images that prove the improvement of the living conditions of the communities	Yearly
11	Report of the final diagnosis of the groups and evaluation of the results of the intervention	At the end of the project
12	Detailed final groups database	At the end of the project
13	Formal delivery report of the groups to the sector to IDEPA	At the end of the project
14	Final report	At the end of the project
15	Delivery of goods acquired by the project to IDEPA	At the end of the project

6.3 Applicable Procedures

A consultant will be selected based on the QCBS Method (Selection Based on Quality and Price as set out in the World Bank “Procurement Regulations for IPF Borrowers” of November 2020 (“Procurement Regulations”),