



Terms of Reference (TOR) for Development of Hirshabelle State Fiscal Decentralization Policy Consultant

Ministry of Interior and Local Government Hirshabelle State, Somalia

1. Background

Hirshabelle State Government is a two-tiered structure - the state level, represented by the State Executive and Parliament and the local government level, represented by district councils and municipal administrations. This system is intended to facilitate decentralisation of services and enhance service delivery to all districts, with state ministries providing oversight and strategic direction, and local governments managing day-to-day service delivery at the local level. Fiscal decentralization is a critical mechanism to build trust, bring government closer to the people, improve public service delivery and address historical grievances of marginalization and uneven development at the local level. It involves shifting certain expenditure and revenue responsibilities to lower levels of government and improving local authorities' capacities to deliver services to the public.

Presently in Hirshabelle State, there is a lack of a clear fiscal decentralization policy that delineates clear tax assignments and revenue sharing between state and local governments and guarantees fiscal transfers and fiscal federalism arrangement to improve public service delivery. These ambiguities result in overlapping roles and tensions between the state and local authorities over resource generation and distribution. Furthermore, these uncertainties and lack of clarity on fiscal federalism between the state and local authorities creates accountability concerns, hampers effective governance, undermines equitable resource sharing and service delivery and widen socio-economic disparities in the state.

Hirshabelle State is committed to strengthening local governance and improving public service delivery through effective fiscal decentralization strategy. A key pillar of this agenda is fiscal decentralization in enhancing the financial autonomy and

accountability of local governments. To support this goal, the Ministry of Interior and Local Government (MoILG) seeks an experienced consultant to lead the development of a comprehensive State Fiscal Decentralization Policy

2. Objective

The primary objective of this consultancy is to design a practical, context-specific Fiscal Decentralization Policy for Hirshabelle State that outlines clear policy directions, institutional roles, revenue-sharing mechanisms, intergovernmental fiscal transfers, and capacity development plans for local governments regarding the following outcomes of.

1. A clear, comprehensive policy and legal framework that clearly outlines the roles, responsibilities, and fiscal powers of both state and local governments within Hirshabelle State
2. revenue-sharing mechanisms and intergovernmental transfer systems, ensuring fairness and transparency.
3. Revenue Mobilization:
 - strengthened local tax systems, encouraging better collection methods, expanding the tax base, diversifying sources of revenue and weed out all illegal and informal tax collections agents
 - Support the establishment of local economic development strategies to enhance revenue generation capabilities.

3. Scope of Work

The Consultant will:

- I. **Conduct a situational analysis** of current fiscal arrangements, revenue sources, budgeting processes, and intergovernmental financial flows. This analysis should evaluate how effectively these arrangements support public services, infrastructure development, and economic stability, it is important to assess the equity and sustainability of revenue sources, as well as the transparency across different levels of government.
- II. **Comprehensive literature and desk review legal and policy frameworks** relevant to decentralization and public financial management at both federal

and state levels and local government law #004 act at Hirshabelle., revenue/tax act among others

III. **Conduct Stakeholder Consultations with diverse groups** including local governments, ministries, civil society groups (women, youth, businesspeople, traditional & religious leaders, marginalised and minority groups), and development partners. The stakeholder consultations will take place in Jowhar, Warsheikh, Beledweyne and Mataban districts, in the Hirshabelle state, participants from the district administrations / local government / district councils, community leaders and the office of the president technical members and line ministries who will undertake the development of a fiscal decentralization policy. The consultations aim to gather diverse perspectives and insights that will inform the policy's design and implementation. Participants will engage in discussions to identify key challenges and opportunities related to fiscal decentralization in the region. Consultation for Communities in Four target districts, two with elected DCs and two with nominated administrations, will be consulted on this strategy. Jowhar and Warsheikh represent the Middle Shabelle region, while Beledweyne and Mataban represent the Hiran region. The consultation seeks insights and input from local communities to ensure that the strategy meets their needs and goals. Engaging both elected and nominated administrations will provide a holistic view of the difficulties and opportunities in these regions.

IV. **Develop the Fiscal Decentralization Policy**, including:

- a. Vision, goals, and guiding principles
- b. Roles and responsibilities across levels of government
- c. Revenue generation and assignment
- d. Intergovernmental transfer systems
- e. Budgeting and expenditure management processes
- f. Oversight and accountability mechanisms
- g. Capacity-building roadmap

- V. **Facilitate validation workshops** to refine and finalize the strategy and validate the fiscal decentralization policy, 70 participants from community elders and line ministries will gather in Jowhar district. The goal of the workshop is to acquire useful insights and ensure that the strategy meets the requirements and expectations of the community. It will also encourage collaboration between local leaders and government authorities, supporting a common approach to fiscal management
- VI. **Translation of fiscal decentralization policy** to provide high-quality, accurate, and contextually appropriate translations of the fiscal decentralization policy and its related documents to support effective communication, policy implementation, and stakeholder engagement and conduct the following.
- ✓ Translate the complete fiscal decentralization policy document from English language to Somali language.
 - ✓ Translate supporting materials such as policy briefs, implementation guidelines, training manuals.
 - ✓ Review and proofread all translations for accuracy, grammar, and clarity.
 - ✓ Ensure translations maintain the original document's meaning, tone, and intent.
 - ✓ Make revisions based on feedback from technical experts or reviewers
 - ✓ Final translated version of the fiscal decentralization policy.
 - ✓ Summary of translation issues or recommendations for future reference.

4. Deliverables

- ✓ Inception report with work plan and methodology
- ✓ Stakeholder consultation report
- ✓ Draft Fiscal Decentralization Policy
- ✓ Final validated policy document
- ✓ Implementation plan and results framework

- ✓ Presentation of findings to MOILG and OOP Hirshabelle leadership
- ✓ Submission of final Fiscal Decentralization Policy
- ✓ Translation of the policy

5. Duration

The assignment will be for 35 working days over a period of 1 month, starting from the date of contract signing.

6. Reporting and Supervision

The Consultant will report to the Director General of the Ministry of Interior and Local Government of Hirshabelle state and work closely with the Fiscal Decentralization Technical Working Group.

7. Qualifications and Experience

- ✓ Advanced degree in Public Finance, Economics, Public policy and Administration, or a related field.
- ✓ Minimum 8 years of experience in fiscal decentralization, intergovernmental finance, or public financial management.
- ✓ Proven track record of developing decentralization policies or strategies in FGS and FMS in Somalia and fragile or developing country contexts.
- ✓ Strong analytical, communication, and stakeholder engagement skills.
- ✓ Familiarity with Somali governance structures and decentralization processes is a strong advantage.
- ✓ Fluency in English is required; knowledge of Somali is an asset.

8. Application Process

Interested candidates should submit a CV, cover letter, and a sample of previous relevant work to the email: procurement.moiq@gmail.com and copies Dq@moi.hs.so by Deadline for submission will be on **31 May 2025 at 5:00PM** hour's local time.