**Ministry of Finance**

Republic of Maldives

**Maldives: PFM Systems Strengthening Project**

**Terms of Reference (ToR)**

**Consultancy for Developing a Public Service Remuneration Framework (International Firm)**
*(Ref no: PSSP-AF/2.2/C/01)*

1. **Background**

The Government of Maldives (GoM) has been undertaking several initiatives to reforming the public financial management in order to enhance budget credibility, transparency, financial reporting and controls of central government finances. As such, the Ministry of Finance (MoF) has been implementing the Maldives – Public Finance Management Systems Strengthening Project (PSSP) funded by The World Bank.

The Government of Maldives (GoM) has received credit from the International Development Association (IDA) of the World Bank towards the cost of the Maldives PFM Systems Strengthening Project (PSSP) and wish to apply part of the proceeds towards the cost for recruiting a public service remuneration consulting firm to support the National Pay Commission (NPC) in the Maldives.

The Government of Maldives has established NPC under the National Pay Policy Act (Act no. 11/2016). The commission’s secretariat operates under the Ministry of Finance and the commission is chaired by Minister of Finance. The commission has been mandated with public service pay structure reform, including but not limited to; the executive, judiciary, parliamentary service, civil service, independent commissions and other statutory bodies. The Act was ratified in April 2016 and NPC established in October 2016. The implementation of this Act would be an important step towards harmonizing salaries and allowances across the public service. The lack of a consolidated remuneration framework so far, has led to significant hikes in the total wage bill. The work of the NPC is intended to be a major component of the governance reform agenda.

1. **Objectives**

The primary objective of this project is to review and evaluate the existing pay classification structures in the Maldivian public service, and formulate a standardized and consolidated public service remuneration framework (that includes the basic salary and allowances) consistent with standards set out in the National Pay Policy Act. Based on that framework, the project is also expected to propose a public service financial management job cadre/family that is intended to enable the recruitment and retention of scarce skills required for the effective performance of the core financial management functions.

1. **Deliverables, tasks, expected timeframes, outcomes, submission deadlines and payment schedule**

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| **Main deliverables[[1]](#footnote-1)** | **Tasks** | **Expected timeframes[[2]](#footnote-2)** | **Outcomes** | **Submission deadlines** | **Payment[[3]](#footnote-3) (% of the total contract amount)** |
| 1. Submission of a comprehensive work plan (for deliverables 2 to 7)
 | Submit a comprehensive work plan that includes:* Specific tasks for each deliverable
* Relevant base line data and source of information for each task
* Schedule of work for each task
* Schedule specified in section C of this TOR
* Specific resources required for each task
 | 4 weeks | A work plan to deliver deliverables 2 to 7 clearly identified.  | Before the end of week 4 of the project | 10 |
| 1. Review and analyze the current pay structures
 | Submit a report that includes:* A detail analysis of the salary structures across the public service
* A detail analysis of the allowances across the public service
* A detail analysis of salary and allowances of all jobs related to public service, including public financial management functions
* A preliminary proposal on policy changes needed for the allowances
* A preliminary proposal on changes needed to specific allowances (including 1. which allowances needs to be abolished, increased, merged; 2. Institutions that should be eligible for each allowance)
* A detailed analysis of gender disaggregated pay structure and identify disparities
 | 3 months | * All salary structure reviewed
* Important changes required for the allowances identified
* A comprehensive review of salary and allowances of jobs related to public service, including public financial management functions is completed
 | Before the end of week 20 of the project | 10 |
| 1. Perform market-related salary survey
 | 1. Conduct market surveys for all major job families, including for the public service financial management job family (the consulting firm is expected to design the survey, determine the job families to be surveyed, train local surveyors, monitor and guide surveying, and analyze results).
2. Based on the market survey, provide a preliminary broad budgetary estimate for migrating to the new standardized and consolidated public service remuneration framework (i.e. in deliverable 7). This will include 3 main possible scenarios agreed upon by NPC.
3. Submit a report that includes:
* Methodologies used for survey
* Analysis of the results
* Findings of the survey
* Market pay for all major job families (including the public service financial management job family)
* Budgetary estimates and financing options for each scenario (specified in b)
 | 3 months | * Market pay for all major job families identified (including public service financial management job family)
* 3 possible scenarios for migrating to a new remuneration framework proposed
* Direct and indirect fiscal impact estimated for each scenario, including pension liabilities
* Budget and financing options for migrating to the new remuneration framework estimated for each scenario
 | Before the end of week 27 of the project | 10 |
| 1. Conduct job evaluation and develop a consolidated job classification and job ranking framework
 | 1. Conduct job evaluation of Maldives public service jobs (the consulting firms is expected to develop methodologies for job evaluation, determine samples for evaluation, train local evaluation teams, monitor and guide evaluation teams, and analyze results).
2. Submit a report that includes:
* A list of all the sample jobs evaluated, with their job evaluation points
* A list of all public service jobs along with the jobs evaluation points (after extrapolating the results)
* Classification and ranking of all public service jobs
* A framework on how jobs are classified and ranked based on job evaluation
* A list of all the job families in the public service
* A document for each job family (that include all the jobs in the family, their specifications, skills levels, and career progression paths)
 | 5 months | * All public service jobs ranked, with their job evaluation points
* All job families, including the public financial management job family identified and developed
 | Before the end of week 35 of the project | 25 |
| 1. Review and analyze the different performance appraisal systems currently used
 | Submit a report that includes:* An analysis of the different performance appraisal systems currently in use across the public service
* A proposal on how those various appraisal systems can be re-aligned with a performance-based pay framework (which shall be one of the feature of the new standardized and consolidated public service remuneration framework)
 | 3 weeks | Specific changes required to the performance appraisal systems identified | Before the end of week 39 of the project | 5 |
| 1. Develop methodologies / policies on how the factors specified in the Act will be incorporated into the new public service remuneration framework
 | Submit a report that includes the methodologies/policies on how the following factors shall be used to vary pay:* public finance (i.e. government revenue, proportion of total wage bill in relation to the total budget)
* cost of living expenses
* labour market trends
* scarce skills
* geography of the archipelago
* physical demands of the job
* professional requirements of the job
* work-related risks, including fiduciary
* extent/scarcity of employment opportunities
* return on investment (i.e. labour cost & investment on employees vs productivity of employees)
 | 2 months | Pay variation methodologies / policies clearly identified | Before the end of week 44 of the project | 15 |
| 1. Formulate a standardized and consolidated public service remuneration framework
 | 1. Based on deliverables 2 to 6, formulate 3 options for a standardized and consolidated public service remuneration framework. The framework is expected to be fiscally sustainable, equitable and incorporates provision for performance-oriented progression, as well as addressing gender disparities.
2. Submit a final report that includes:
* the proposed 3 options for a standardized and consolidated public service remuneration framework
* a transition plan on how the current jobs can be integrated into each of the proposed options
* detail budget required and financing modalities for each option
 | 2 months | * A new proposed standardized and consolidated public service remuneration framework, including for the public financial management cadres and reducing gender disparities.
* A transition plan formulated
* Budgetary implications identified
 | Before the end of week 50 of the project | 25 |

1. **Services and equipment provided by the employer**
* NPC will organize all meetings with relevant stakeholders that includes the President’s Office, Ministry of Finance, Civil Service Commission, and other statutory institutions.
* NPC will organize and provide all resources for trainings
* NPC will provide work stations with PCs, basic stationaries, and access for printing
* NPC will provide assistance in administrative tasks
* Upon prior requests by the consulting firm, NPC will fund and hire locals who can be used as job evaluators and surveyors
1. **Additional expectations from the consulting firm**
* During the project period, transfer of knowledge to NPC secretariat staff and other local staff involved during the project
* During the project period, conduct training sessions for local staff on job evaluation, market surveying and other related topics
* During the project period, work under the direct supervision of the NPC members and Secretary General and liaise closely with the Project Management Unit
1. **Duration of the project**

The project is expected to be commenced in September 2019.

The project is expected to be completed within 12 months. The members of the consulting firm are expected, as required, to spend a significant time in the Maldives working at NPC. The firm is expected to submit to the NPC a detail schedule (that will include the periods consultants will be physically present at NPC) within the first month of the consultancy. Continuation of the consultancy will be subject to the approval of the schedule by NPC.

The consultants are also expected to be reachable through e-mail, audio and video calls during the periods away from the Maldives. Throughout the project period, the consultants are expected to report to the Secretary General of NPC.

1. **Requirement of the Firm**
* A minimum of 5 years proven international experience in executing projects for government agencies in the field of remuneration frameworks and management;
* Experience in higher middle income country wage bill and salary structure reform;
* Experience in small-island economies would be an advantage.
1. **Required Expertise of the consultants**

The firm is expected to propose a core team comprising of 1 team leader and a minimum of 2 senior thematic experts. The firm may also propose non-key junior experts, if required.

The core team (i.e. team leader and senior thematic experts) are expected to acquire skills and knowledge that include: public service reform, human capital management, public service job cadre/family (including public financial management job family/cadre), public service job evaluation/classification/ranking, market surveying, wage bill management and reform, financial analysis and econometric modeling.

The core requirement of each consultant (i.e. team leader and senior thematic experts) is:

* A minimum 5 years of relevant experience in one of the above mentioned fields
* A minimum bachelor’s degree in a field directly relevant for this assignment and for their specific role in the team

Additional requirements upon which the team will be evaluated upon are as follows:

1. Team leader
	1. Demonstrable international experience in leading projects related to compensation, remuneration, rewards or econometrics.
	2. Have published academic papers or written professional reports in topics related to compensation, remuneration, rewards or econometrics.
2. Senior Thematic Experts
	1. At least one expert with experience on payroll management software such as SAP.
	2. At least one expert with demonstrable experience in linking up public sector salaries, allowances and benefits with national budget through public sector wage models.
	3. At least one expert with demonstrable experience in econometric modeling.
	4. At least one expert with international experience in formulating pay scales or wage benchmarking.
	5. At least one expert with demonstrable experience in job evaluation.
	6. At least one expert with demonstrable experience in performance management systems.
	7. At least one expert with demonstrable experience in labour/job market survey.

The firm is expected to provide references for related work undertaken recently as supporting information.

1. The firm can decide the sequence of deliverables 2 to 7. However, it needs to be clearly specified in the work plan to be submitted in deliverable 1. [↑](#footnote-ref-1)
2. The specified expected timeframe is more than 12 months because the firm is expected to continue work on multiple deliverables concurrently. [↑](#footnote-ref-2)
3. Each payment will be made upon approval by NPC that the deliverable have been fully achieved. [↑](#footnote-ref-3)