



Terms of Reference

Recruitment of a consultant for preparation of some important instruments on the dynamization of secondary market of bonds in the scope of modernization of capital market, to frame the Diaspora Bonds

Title: Preparation of important instruments for the dynamization of secondary market of bonds in the scope of modernization of capital market to better frame the Diaspora Bonds in Cabo Verde

Department/Unit: Governance Unit

Reports to: Head of Governance Unit

Duty Station: Cabo Verde

Expected Places of work (Travel if applicable): General Direction of Treasure and Joint Office UNDP/UNFPA/UNICEF

Duration of Assignment: 20 working days

Closing Date: April 13 2018

1. Project Title and Project Description

2.Context and Justification

Cape Verde is a small archipelagic nation that lacks resources. The economy is service-oriented accounting for about three-fourths of GDP. Given its economic structure Cape Verde regularly runs budget deficit that is financed by foreign aid, loans and remittances from emigrants. The emigrants' remittances represents 10% of GDP. The drop-in development assistance following the graduation from LDC status has not been compensated by an increase in domestic resources. Revenues of central government declined by ECV2.4billion between the last quarter of 2010 and 2013 mostly due to the drop of ECV5.6billion in grants. The country public debt has rapidly increased in recent years in an uncomfortable level, reaching 128% in 2017 and so the risks to enter the middle-income trap is real, challenging the country's development financial capability. In fact, Cabo Verde did not adequately prepare itself for when its window of concessional borrowing closes within the next two years, in 2019.

Given its economic situation and limited fiscal space, Cabo Verde must urgently find innovative financing solutions to support its economic transformation, fund upgrades to recently built public infrastructure, reduce poverty and meet other Sustainable Development Goals.

Cabo Verde has a small and organized capital market. Although the lack of scale efficiencies required for deeper and more liquid market, there is potentiality for the development of the capital market and others treasure product including Diaspora bonds and to put more dynamism

in the financial market. The modernization of capital market though is the expressed priority of the Government to allow more participation of foreign investors including from its Diaspora.

Cabo Verde should rapidly catch the lost opportunity for its development and to solve the preoccupant level of unemployment particularly among youth. It is particularly important for the country to harness its demographic dividend and accelerate its socio-economic transformation. In fact, Cabo Verde should benefit now from its young population in the moment when the fertility and mortality declines rapidly. Investments in human capital in education and job creation is a must to assure strong purchasing power and feed the economy.

3. Objectives and technical approach

The Government since years 1990s has issued the bonds and treasury bills as one of the ways to finance the investments and government expenses. The idea behind the issuance of bonds was that banks would buy them in the primary market and would place them in the secondary market, allowing small and medium businesses and individual citizens to have the opportunity to invest in Treasury financial products. The rate of interest was very attractive then, 10%, and were tax free which helped the above-mentioned institutions to have alternative of investments in capital market. However, they kept for themselves the bonds and did not helped develop the secondary market as was the wish of the government.

The development outcome of this innovation is expected to increase resources mobilization for the implementation of the national strategic plan for sustainable development, PEDS, and the SDGs through dynamization of the capital markets, allowing the treasury of the State to have more resources for financial operations. It is absolutely necessary the dynamization of the secondary market of treasury bonds and bills in a more ambitious program of capital market modernization, allowing accessibility to citizens to those treasury financial products.

This consultancy for the preparation of the specific instruments for the dynamization of secondary market of bonds, in the scope of modernization of capital market, is complementary to the study on Diaspora Bonds elaborated with UNDP support and will frame appropriately the launching of Diaspora Bonds.

4. Methodology (Scope of Work)

1-Under the guidance of the General Direction of Treasury and UNDP the consultant will initially collect data on the volume and frequency of issuance of Bonds and Treasury Bills placed in primary and secondary market, the main investors in capital market and their behavior, the legislation and the main constrains for the insufficient dynamism of capital market, the characteristics of the capeverdean financial market, the financial literacy of capeverdeans, the instruments of attraction of investors etc, so that the consultant may elaborate on the characteristics of capital market in Cabo Verde

2-Based on the characteristics of the capital market, the consultant will meet the main countries' authorities for capital market policies to understand the ultimate wishes in the domain, to discuss the ways out for the real dynamization and modernization of the capital

market, by the best international practices that may be applied to Cabo Verde and in accordance to the national authority's perspectives.

3-More specifically the consultant will collect the essential information on the functioning of capital market, particularly on the main constraints regarding the secondary market of treasure bonds and bills.

4-The produced documents should be discussed in a meeting in the General Direction of Treasure, convened by the General Director of Treasure, with the participation of others State institutions in charge of capital market and other stakeholders.

6-At the end of the consultancy the consultant should submit a report to the UNDP with the specified products and recommendations and a detailed chronogram for the implementation.

5. Institutional arrangements

The consultancy will be working under the supervision of the United Nations Development Programme (UNDP)-Head of Democratic Governance Unit, with the orientations of the General Director of Treasury and of the UNDP Senior Economist.

6. Consultant Profile (Qualifications of the Successful Individual Contractor)

Academic Qualifications:

- Master's degree Economics, specialized in capital market;

Years of experience:

- At least 10 years of specific professional experience in capital market, debt management and bonds issuance,

Language:

- Fluency in written and spoken English is required;
- Working knowledge of Portuguese would be an asset.

Core Competencies:

- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability;
- Demonstrated ability to interact with individuals of different national and cultural backgrounds and beliefs, which includes the willingness to understand different views and opinions;

Functional Competences:

- Demonstrates a rigorous analytical approach, systemic thinking and good judgement in reviewing secondary sources;
- Displays self-management, including capacity to plan and adhere to deadlines;
- Displays emotional intelligence;
- Self-motivated, proactive and reliable with good communication skills.

7. Management and Organization

UNDP

- UNDP will be responsible for overall contract management to ensure that the consultancy is delivered as per the terms of reference.
- UNDP will be responsible for the contextual alignment of the assessment to international standards and principles such as national ownership, effectiveness and efficiency, as well as sustainable development priorities.
- UNDP will issue the necessary credentials for collection of information and data for consultancy

The Ministry of Finance- General Direction of Treasury

- The General Direction of Treasury will indicate a staff responsible for this consultancy that will work directly with the consultant, to assure that the terms of reference be fully accomplished, so that the Government may have effectively, solid technical proposals to modernize the capital market.
- Will organize the needed meetings and workshops
- Will ensure the access to all relevant information pertaining to internal procedures, regulations, for bonds and bill of treasury issuance.
- Will ensure the access to all legislations regarding both capital market;
- Will ensure that required questionnaires if needed, will be timely filled in and sent out to the consultant;
- Will facilitate the internal work processes of the Consultancy to ensure timely and qualitative inputs.
- Will provide to the consultant with working space, access to Internet, a printer and a telephone line.
- Will organize and ensure a workshop will be organized at the end of the assignment to present main findings to relevant stakeholders, if needed

The Consultant

- Will ensure that the tasks are performed timely as agreed in the work plan and in the contract.
- Will treat any documentation and information related to the assignment as confidential;

8. Results (Expected Outputs and Deliverables)

From this consultancy, the following products are expected, which will affect the payments to be made:

- Proposal of regulation that approves the Model Market Contract and determines the form of its disclosure;
- Proposal of Terms and Conditions of the Special Issued Batch;
- Terms and Conditions of the Special Lot to Promote Market;
- Elaboration of a proposal on General Audit of the capital market, AGMVM, in the central bank understanding on the legitimacy of holding meetings and executing Buyback Agreements through the meeting in the secondary market; and
- Proposal of terms and conditions to be established for the participation of foreign institutions that are not financial intermediaries as Development Operators, through a market operator.
- Minute of a Model for the clearance of authorization from Development Operators and Liquidity Operators; and
- Preparation and disclosure of an exemplary draft of the Repurchase Agreement (non-binding).

9. Work place and Duration

The consultancy is to be carried out in Praia, Cabo Verde in the General Direction of Treasure, Ministry of Finance, during 20 working days.

10. Evaluation Criteria

Applications will be assessed according to the below criteria and scores:

Combined Scoring method – Technical proposal will be weighted a max. of 70%, and combined with the Financial offer which will be weighted a max of 30%;

Technical evaluation - Total 70% (70 points):

- Analysis of the Curriculum Vitae (**Max 30 points**):
 - i) academic qualifications (5 pts);
 - ii) experience in capital market (10pts);
 - iii) experience in communication (5 pts)
 - iv) experience in similar work (10 pts);
- Quality of the technical proposal (**Max 40 points**):
 - i) alignment with the reference terms (10pts);
 - ii) methodological proposal, including the work plan (30pts).

Candidates obtaining a minimum of 70% (49 points) of the maximum obtainable points for the technical criteria (70 points) shall be considered for the financial evaluation.

Financial evaluation - Total 30%

The following formula will be used to evaluate financial proposal:

$$p = y (\mu/z), \text{ where}$$

p = points for the financial proposal being evaluated
y = maximum number of points for the financial proposal
 μ = price of the lowest priced proposal
z = price of the proposal being evaluated

Contract Award

The award of contract will be made to the individual consultant whose offer has been evaluated and determined as responsive, compliant, and acceptable; having received the highest combined score from the sum of the technical plus financial criteria specified above.

11. Payment modality (Scope of Price Proposal and Schedule of Payments)

In order to have a fair basis for comparison, proposals must be expressed in the following pricing option:

- Lump Sum Amount (must be all-inclusive (professional fees, travel costs, living allowances, communications, consummables, etc.);
- The contract price is fixed regardless of changes in the cost components.

Payments are based upon the following:

- upon delivery of the services;
- upon deliverables accepted; and
- upon certification of satisfactory completion by the manager.

12. Subcontracting

In the event that the Individual contractor requires the services of subcontractors to perform any obligations under the Contract, the Individual contractor shall obtain the prior written approval of UNDP for any such subcontractors.

13. Recommended Presentation of Proposal

Proposal should be submitted to the email address indicated below, by the consultant, no later than **April 13, 2018, 23:59Hrs Cabo Verde Time.**

Email: procurement.cv@cv.jo.un.org

Please write in the subject line of the email the name of the consultancy: **“Consultancy for preparation of some important instruments on the dynamization of secondary market of bonds”**.

Interested individual consultants must submit the following documents/information to demonstrate their qualifications:

- Duly accomplished Letter of Confirmation of Interest and Availability using the template annexed;
- Personal CV** (which must include the qualifications, experience and detailed expertise) and **P11 form**, duly signed and indicating all past experience from similar

projects, as well as the contact details (email and telephone number) of the Candidate and at least three (3) professional references, template annexed;

•**Brief description** of why the Candidate considers him/herself as the most suitable for the assignment, and a **brief methodological** proposal on how the assignment will be approached and completed, presenting with clarity and precision the organization and work management, procedure, tools and tasks to accomplish. Including a calendar of activities, considering the deadline;

•**Financial Proposal** (that indicates the all-inclusive fixed total contract price, supported by a breakdown of costs, as per template provided. If an Offeror is employed by an organization/company/institution, and he/she expects his/her employer to charge a management fee in the process of releasing him/her to UNDP under Reimbursable Loan Agreement (RLA), the Offeror must indicate at this point, and ensure that all such costs are duly incorporated in the financial proposal submitted to UNDP. Template annexed.

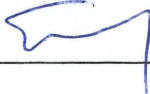
Incomplete applications or applications received after the closing date will not be accepted.

Any request for clarification must be sent by email to registry.cv@cv.jo.un.org

The Procurement Unit will respond by email and will send written copies of the response, including an explanation of the query without identifying the source of inquiry, to all applicants.

Elaborated by:

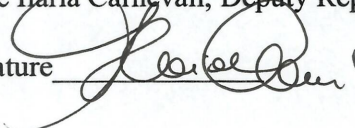
Name: Elisabete Silva Mendes, Head of Democratic Governance Unit

Signature 

Date 21/03/2018

Approved by

Name Ilaria Carnevali, Deputy Representative Resident UNDP, UNICEF, UNFPA

Signature 

Date 21/3/2018