

Kurdistan Region: Socio-Economic Infrastructure Needs Assessment, 2014 (SEINA II)

TORs: Individual specialized consultant: Finance, banking, and credit specialist

Background:

In order to sustain the significant gains that the Kurdistan Region has registered in promoting investment and in expanding the supply of basic services and to ensure the continuity of its development strategy, the KRG launched the Regional Development Vision for 2020, which provides a framework for policy development, defines priorities, and outlines a strategy to improve opportunities for the people.

To identify institutional and human capacity gaps and remove barriers hampering private investment and public-private partnerships for development, the Ministry of Planning commissioned the Socio-Economic Infrastructure Needs Assessment (SEINA) that was produced jointly with UNDP Iraq and released in 2012. Since then, progress has been registered in certain sectors whereas public investment in other areas has not attracted private capital as expected, the uneven impact prompting the need for a new assessment of development infrastructure gaps. Consequently, the Ministry of Planning decided to undertake three studies in 2014 which, together make-up the KR Sustainable Development Initiative (KR-SDI). They are:

- A revised SEINA II designed to update the gap/solutions analysis conducted in SEINA I, to add some sectors not studied in 2012 (ICT, financial services), and additional analysis of some strategic sectors, also in the light of RDV2020 goals;
- The Skills Needs Assessment (SNA), and,
- The Kurdistan Region Enterprise Census (KREC).

UNDP has launched a Strategy and Global Initiative to guide its work on Extractive Industries for Sustainable Development. The UNDP Global Initiative will provide programme management for SEINA II and SNA. The consultant will report the Senior Economist/Team Coordinator with primary responsibility for the carrying-out of SEINA 2014, including the preparation of the task and leadership of the main field mission.

The SEINA 2014 will be a follow-up and update to the SEINA 2012 and include all the sectors, covered previously:

- Hard infrastructure: Electricity, Water and Wastewater, Natural resources (water, hydrocarbons), Transportation, Telecommunications); and support to the three leading growth sectors of Agriculture, Industry, and Tourism;
- Hard infrastructure of the social sectors Health and Education; and
- Institutional infrastructure (Financial services, Industrial zones, Environment, Skills Supply).

To ensure consistency in the socio-economic infrastructure needs assessment exercise, SEINA 2014 will employ the same methodology used for the 2012 version (and use largely the same team of experts) while widening the scope of the study to include sectors that are critical to a modern economy, namely ICT and financial services. Data analyses, interviews, scouting missions and

studies done by/for others will be used for this study. Innovative financing solutions for the infrastructure investment needs will be sought.

For the conduct of this task, it has been decided to acquire the services of a Finance, Money and Credit Specialist for a period of 45 days, of which approximately 25 days in the field in Kurdistan, in the period April-May 2015. The consultant will travel to Erbil and the Kurdistan Region, visiting institutions, persons, and infrastructural facilities as necessary. S/he will plan a meeting in person or via telecommunications, with staff/management of the Central Bank of Iraq. S/he will take note of the work performed under SEINA I..

TERMS OF REFERENCE: SEINA

Draft Terms of Reference:

The consultant will travel to Erbil and the Kurdistan Region, visiting banking/financial institutions, as well as people and firms in need of financial services, to assess the demand side. S/he will also analyze the financial services needs of leading sectors including Industry, Tourism, Agriculture and Housing/Urban development.

More specifically the Financial Expert will:

1. Review the Kurdistan Region Financial Sector including: (a) Bank and Non-bank Financial Sector; (b) the Economy; and, (c) bank-related, cash-handling security in Kurdistan; Plan to meet with senior representatives of donor agencies involved in KRG financial sector including USAID, WB, IMF et al. Summarize findings. Review and analyze Major Financial Sector Issues and challenges in light of the fact that KRG's recent high economic growth has not been reflected in the financial sector development, and that credit is almost no-existent.
2. Review relationship between Central Bank of Iraq (CBI) and the public/private banks in Kurdistan, and examine the dynamics. Conduct a comprehensive review of so-called Central Bank Branch in Kurdistan, including visiting the branch manager and analyzing issues at hand. Interview (by telephone or Skype) some of the managers of the CBI who are responsible for supervising banks in KR. Review legal/regulatory framework linking CBI and the private banks in Kurdistan – assessment of the legal framework consists of identifying the laws, decrees and regulations applicable to the individual banks highlighting criteria set out in internationally recognized bank regulatory principles. Summarize findings/recommendations.
3. Strategically explore the range of possibilities/options that KRG might consider to strengthen its financial sector short of creating its own central bank, but including the creation of a genuine branch of the Iraq Central Bank in the Kurdistan Region, to conduct many central banking functions for the benefit of the KRG. Meet with government officials, senior management players/regulators, banks/non-banks and international donors involved in the KRG financial sector to discuss (as appropriate) and to develop a plan to address the most important regulatory elements.
4. Identify key obstacles and impediments that constrain the growth and development of the Kurdistan financial sector and develop strategic recommendations to overcome those obstacles and impediments; identify financial constraints to industrial, commercial, and SME (real economy) growth and development; determine measures for improving

efficiency and performance of financial sector in the absence of Regulatory and Fiscal Independence, Regulations to strengthen the private banks in Kurdistan, Skill Gaps, Technology, Training, Capital Adequacy, Liquidity, and Related Party Transactions – Summarize findings/recommendations.

5. Carry out a comprehensive review to address the following banking system issues: (a) lack of capital flow and liquidity; (b) lack of public trust in the public and private banks; (c) limited role of the private banks as opposed to the government-owned banks and the need to create a level playing field, and, (d) adequacy of financial regulations for a functioning banking sector. Propose the necessary reforms that need to be designed and strategically phased-in. Summarize the recommended regulatory changes.
6. Propose appropriate outreach program to educate banks as to the role and contribution expected of them in supporting the development of the real economy (credit and supply of capital for business); and public/private businesses on the vital importance of a healthy and vibrant financial sector, and how using it can help growth and profitability.
7. Conduct a comprehensive review of the KRG fiscal situation and policies: attempt to estimate fiscal flows between Kurdistan and the Central Treasury. Analyze KRG collections and payment procedures (via private bank? a government-owned bank?). Suggest any obvious improvements, and low-cost, no-cost measures.

At the end of the field mission, the consultant will draft a preliminary report for the Team Coordinator containing initial/preliminary major findings, conclusions and recommendations. Further, within two months of the end of the field mission, the consultant will draft a final report. This final report will restate/confirm the preliminary findings, analyze the current situation, outlining any constraints (for priority attention), and define a program of measures and policy changes to be effected over the next 2-3 years, to bring financial sector improvements in support of the real economy.

Required Skills and Experience

Must have an advanced degree in business, finance, economics, or similar with more than 10 years' experience in developing, middle-income country bank, credit and financial problems. Familiar with Middle Eastern economies. Fluent spoken and written English is required. Must be willing and able to travel in the Kurdistan Region of Iraq.

- Theoretical and practical experience in drafting, implementing, monitoring and evaluating public policies, strategies or concepts relevant to the selected thematic area;
- Excellent drafting and formulation skills; proven record of drafting official reports or papers/studies in the selected area;
- Experience working as a public official or as a staff member of an international financial organization; working/collaborating with governments is considered an advantage;
- UN experience an asset;
- Experience with training and facilitation is an asset.

Languages:

Fluency in spoken and written English is a must, knowledge of other UN Languages, a plus

Core Competencies:**Ethics & Values:**

- Demonstrating / Safeguarding Ethics and Integrity;
- Demonstrates and promotes the highest standard of integrity, impartiality, fairness and incorruptibility in all matters affecting his/her work and status.

Organizational Awareness:

- Excellent knowledge of development issues and internationally-agreed development goals;
- Good knowledge of information and communication technology/applications;

Developing & Empowering People/Coaching and Mentoring:

- Self-development, initiative-taking;
- Takes appropriate risk in developing new or adapting existing methods and approaches to more effectively perform tasks or to solve problems in new and unique ways.

Working in Teams:

- Acting as a team player and facilitating team work;
- Works collaboratively with colleagues inside UN/UNDP as well as its partners and other stakeholders to pursue common goals.

Communicating Information and Ideas:

- Facilitating and encouraging open communication in the team, communicating effectively;
- Delivers verbal/written information in a timely, clear, organized and easily understood manner;
- Excellent oral and written skills to develop knowledge products in relevant areas.

Self-Management & Emotional Intelligence:

- Creating synergies through self-control tolerates conditions of stress, uncertainty or ambiguity and continues to maintain a positive outlook and to work productively.

Knowledge Sharing & Continuous Learning:

- Learning and sharing knowledge and encourage the learning of others;
- Demonstrates commitment to ongoing professional development and keeps abreast of new developments in his/her professional field.

Application procedures:

Individual Consultants are responsible for ensuring they have vaccinations/inoculations when travelling to certain countries, as designated by the UN Medical Director. They should also have

their own accident/health insurance coverage. Consultants are also required to comply with the UN security directives set forth under dss.un.org.

UNDP is committed to achieving workforce diversity in terms of gender, nationality and culture. Individuals from minority groups, indigenous groups and persons with disabilities are equally encouraged to apply. All applications will be treated with strictest confidence.