

TERMS OF REFERENCE

Individual Contractor

1. Assignment Information

Assignment Title:	International Consultant Credit Rating Support for MEF Cambodia
Cluster/Project:	UNCDF
Post Level:	Specialist
Contract Type:	Individual Contractor (IC)
Duty Station:	Homebase with possible travel to Cambodia
Expected Place of Travel:	Possible travel to Phnom Penh, Cambodia
Contract Duration:	45 working days over period of 1 July – 31 December 2022 (Deliverable based payment)

2. Project Description

UNCDF is the United Nations capital investment agency for the world's least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localized investments—through fiscal decentralization, innovative municipal finance, and structured project finance—can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have a transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs;

UNCDF is currently implementing a project in Lao PDR financed under the UNJP SDG Fund that is supporting the development of the Integrated National Financing Framework (INFF) for Cambodia PDR. The project **INFF for SCSDG attainment** provides the technical framework for the mission as a diagnostic and capacity development exercise to inform the financing strategy of the current implications and requirements related to sovereign credit ratings and their impacts on enhancing capital market flows for the CSDGs. The mission will contribute to;

- (1) Highlighting key policy components for the INFF financing strategy
- (2) Determine policy and capacity gaps related to MEF abilities to manage sovereign ratings
- (3) Establish a sustainable network between the rating agencies and the MEF
- (4) Develop policy solutions and internal competencies within MEF to manage sovereign ratings

3. Scope of Work

Working under the direct supervision of the LTF Senior Regional Advisor for Asia based in Bangkok, the consultant will be responsible for providing high-quality advisory and technical inputs as follows;

Develop a peer group list of countries that can be used for comparison of key credit rating metrics, the five-page note needs to provide the rationale for each country to be considered a peer, presenting comparable metrics in alignment to a credit rating methodology

Task 1: Identify a peer country group consisting of five countries for comparative analysis related to the credit rating methodology

Task 2: Generation of a paper that describes the attributes, pros and cons of rating agencies in the region. The 10-page document needs to (i) describe the corporate identity of the rating agency, (ii) determine if they work with sovereign, sub-sovereign ratings, private sector, bonds etc, (iii) description of active regional portfolio and where appropriate a client list including sovereigns and (iv) their strategic vision and appetite for Cambodia

Task 3: Facilitate the organisation of virtual presentations (aligning to deliverable 2) between the government and the rating agencies and facilitate a SWOT exercise with the government post-presentation by each rating agency.

Task 4: Provide advisory to the government for deep-dive partnership dialogues with government selected agencies

Task 5: Develop a methodology and MS excel solution for the government to generate an internal proxy credit rating applying similar metrics and algorithms as the rating agencies

Task 6: Provide training and learning to government staff related to the methodology and MS Excel solution, this will include the development of a training manual for the methodology and MS Excel solution and presentations

Each component will be discussed in detail and agreed upon with the Ministry prior to work commencing, especially in relation to the internal credit rating methodology and MS Excel solution.

The UNCDF Senior Regional Adviser (SRA) based in Bangkok, will be the contact point for the mission, providing necessary management support, guidance, and oversight of the mission. The RTA Unit will be responsible for reviewing intermediate and final products and providing approvals for payment based upon the deliverables under VI.

4. Expected Outputs and Deliverables

UNCDF Local Transformative Finance (LTF) practice works to unlock regional and domestic capital to finance productive infrastructures at the sub-national level and within municipal territories that complement and support the national development projects and CSDGs. UNCDF's advisory and financial instruments are able to be deployed to originate, financially close and implement economically feasible projects that can be developed solely by the private sector or local governments or via public-private partnerships. Central to this feature is the emergence of debt financing policies by the royal government and their articulation of the issue of a local currency bond in 2022. Debt financing is a new policy instrument that is being developed by the royal government to replace dwindling ODA and also to help fill financing gaps in order to reduce and maintain at suitable levels public sector year on year fiscal deficits.

The objective of the mission is to provide the MEF represented by the Department of International Relations and Public Debt Management

- Provide advisory to the government to create an active partnership with the credit rating agencies to support debt financing through both short and medium to long term policy directives of the government.
- To provide TA to enhance internal government capacity to effectively manage and monitor credit ratings

- To support the government to address critical institutional issues that can unlock improved ratings.

The consultant will deliver the following within the framework of the mission: -

1. Identify a peer country group consisting of five countries for comparative analysis related to the credit rating methodology
2. Generate a matrix report of regional credit rating agencies providing pros and cons in relation to their portfolios and strategic plans to develop the Cambodian market
3. Facilitate dialogues and consultations between the government and the regional credit rating agencies initially through the organization of virtual presentations and further through deep dive partnership meetings
4. Develop an internal credit rating methodology and MS Excel-based solution that the government can use to generate internally their own proxy covering credit rating
5. Provide in country training and consultation on the implementation of the above solution
6. Provide advisory as requested by the government to finalise partnership arrangements between the government and selected rating agencies.

5. Institutional Arrangement

- The consultant will work in close consultation with the UNCDF Senior Regional Advisor who will provide overall supervision of the consultancy and approve key outputs and deliverables.
- All products and reports related to the mission will be provided to UNCDF and be subject to associated copyrights. The contractor will not use, without prior permission of UNCDF, any the materials or data produced during the mission for any other purpose than furnishing UNCDF with a project delivery. Any use or reference to the information contained within the presented mission documents must be prior clarified and approved by UNCDF and clearly reference UNCDF as the source.

6. Duration of the Work

- The estimated duration of contract is to cover for the period of 5 months from July-December 2022 (Lump Sum payment based on deliverables)
- Applicants are requested to indicate the expected lump sum fee to undertake this assignment.
- Travel cost will be reimbursable based on actual cost upon presentation and submission of receipts, the
- The consultant is expected to own and use his/her own equipment during and after the assignment.

7. Duty Station

- Homebase with possible travel to Phnom Penh, Cambodia. Travel to Phnom Penh, Cambodia will be facilitated by UNCDF.
- Selected individual contract(s) who is expected to travel to the Country Office (CO) to undertake the assignment in the country (Cambodia) is required to undertake the BSAFE training.
<https://training.dss.un.org/course/category/6> prior to travelling.

8. Minimum Qualifications of the Individual Contractor

Education:	Master in Finance or similar MBA will be considered in addition to 10 years work experience within the financial field
Experience:	<ul style="list-style-type: none"> • 10 years of professional experience with at least 5 years working within capital markets that include ratings and or risk management

Competencies:	<ul style="list-style-type: none"> • Owns a comprehensive knowledge of rating methods deployed by rating agencies • High-level interpersonal skills to facilitate dialogues between government and capital market participants • Have a comprehensive network developed in the region in terms of ratings and capital markets • Have analytical skills required to develop rating metrics and to develop a comprehensive sovereign rating system on MS Excel • IT Skills especially in relation to MS Excel • Proven track record of providing advice to government • Work experience in regional capital markets • Good communication skills; sensitivity and willingness/flexibility to respond to client's needs. • Working and technical \ knowledge of South East Asia capital markets will be considered as an asset
Language Requirement:	<ul style="list-style-type: none"> • Fluent in written and spoken English.Language needs
Other Requirements (if any):	<ul style="list-style-type: none"> • None

9. Criteria for Evaluation of Level of Technical Compliance of Individual Contractor

Technical Evaluation Criteria	Obtainable Score
Master in Finance or similar MBA will be considered in addition to 10 years work experience within the financial field	20
10 years of professional experience with at least 5 years working within capital markets that include ratings and or risk management	50
<ul style="list-style-type: none"> • Have a comprehensive network developed in the region in terms of ratings and capital markets • Proven track record of providing advice to government and work experience to be shown through employment history 	30
Total Obtainable Score:	100

10. Payment Milestones

This is a fixed out-put based contract price regardless of extension of the herein specific duration. The consultant will be paid on a lump sum basis under the following installments.

Ref	Delivery Description	Number of working days to be completed	Target Due Date	Amount percentage
D1	Identify a peer country group consisting of five countries for comparative analysis related to the credit rating methodology (6 page report, intro and 1 page per-peer country)	5	July 30, 2022	10 %

D2	Generation of a paper that describes the attributes, pros and cons of rating agencies in the region (10 pages)	5	July 30, 2022	10 %
D3	Facilitate the organisation of virtual presentations (aligning to deliverable 2) between the government and the rating agencies and facilitate a SWOT exercise with the government post-presentation by each rating agency. (SWOT exercise on 1 page per agency for proof of delivery)	5	Aug 30, 2022	10 %
D4	Policy advisory paper to the government for deep-dive partnership dialogues with government selected agencies (3 pages)	5	Aug 30, 2022	10 %
D5	Methodological note – Rating Methodology for Cambodia (8 to 10 pages) MS Excel solution for developing internal sovereign rating for Cambodia	20	Sept 30, 2022	40 %
D6	Training on the above includes the development of MS Excel solution manual and 2 presentations that cover (i) methodology and (ii) MS Excel solution	5	Oct 30, 2022	20%
Total		45 days		

Payment will be 2 weeks after the submission of the report with a satisfactory rating. Note that D1 and D2 will be combined into 1 payment as well as D3 and D4