

## Terms of reference

### Recruitment of a consultant for the launching of Cabo Verde Diaspora Bonds

#### CONSULTANCY INFORMATION

<b>Title:</b>	Launching of Diaspora Bonds
<b>Department/Unit:</b>	Governance Unit
<b>Reports to:</b>	Head of Governance Unit
<b>Duty Station:</b>	Praia, Cabo Verde
<b>Expected Places of Travel:</b>	General Direction of Treasure / Joint Office of UNDP/UNICEF/UNFPA
<b>Duration of Assignment:</b>	30 working days
<b>Closing Date:</b>	September 21 <sup>st</sup> 2017

#### 1. Context and Justification

Cape Verde is a small archipelagic nation that lacks natural 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 roughly 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 and it is expected to reach 124% in 2017 and risks to enter the middle-income trap is real, challenging the country's development financial capability.

The Government has made use of treasury bonds. Diaspora Bonds, as expressed in the UNDP discussion paper on innovative financing for development, can also finance development. Cabo Verde has a small but organized capital market. Although the lack of scale efficiencies required for deeper and more liquid market, there is potentiality for the development of the Diaspora bonds market considering the emigrants' patriotism, the credibility of the State financial management, the tax exemption granted to treasury bonds, the interest rate and the political stability.

Indeed, given the economic situation of the country as well as its very limited fiscal space, it is imperative for Cabo Verde to explore new and creative avenues for resource mobilization, both domestically and internationally, to fund its development strategy and the achievement of the SDGs.

## **2. Objectives and technical approach**

Cape Verdean Diaspora usually use their savings in Cabo Verde for nonproductive investments. Through this innovation initiative, the objective is to test and demonstrate the potential of Diaspora involvement for the development of Cabo Verde, through structured investments that can contribute to building productive assets and financing the development priorities of the country

The development outcome of this innovation is expected to increase resources mobilization for the implementation of SDGs through a more productive use of the Diaspora savings. The idea is to launch the Diaspora bonds into a targeted community abroad as a pilot experience. It is then expected that more communities will adhere to the program. If Diaspora bonds are capable at reorienting the Diaspora savings and remittances away from consumption, it will be possible to finance more economically and socially productive investments.

In order to launch the Diaspora Bonds in one significant Cape Verdean community abroad as a pilot experience, it will be necessary to undertake an analysis of the potential of issuing Diaspora Bonds first and of which nature and scope, and then design a pilot Diaspora bond facility.

## **3. Methodology**

Under the guidance of the General Direction of Treasury and UNDP the consultant will initially collect data on the volume, variation and nature of emigrants' savings among commercial banks as well as at the Central Bank and Money Transfer companies and will analyze the possibility of investing these savings into treasure bonds.

The consultant will collect information on the major Diaspora communities at the Ministry of Foreign Affairs, commercial banks and others relevant sources and do an analysis on the Diaspora history and behavior concerning their investing propensity either in Cabo Verde bonds or other bonds issued in their country of residency, in order to evaluate the potentiality of launching Diaspora Bonds. The consultant will also have to assess within the different nature of diaspora bond, the exact instrument that might best fits Cabo Verde financing objective (for example treasury sectorial specific bond like health bonds, or Development Impact Bond in connection to PPP, municipality bond, etc.)

Among the different communities existing overseas, the consultant will indicate the one that presents the most promising conditions for the successful launching of the pilot experience and substantiate the findings.

The consultant will assist the General Direction of Treasure in the design of the Diaspora Treasure bonds including the definition of interest rates and others attractive conditions, the mechanisms of operationalization, monitoring and evaluation and the communication strategy required to launch the Diaspora Bonds.

The design of the Diaspora Bonds should be aligned with the existing bonds program in the General Direction of Treasure and built upon best internationally practice and success stories, especially among other similar developing countries/small islands developing states.

The produced documents should be discussed in a meeting in the General Direction of Treasure, convened by the General Director of Treasure with others stakeholders.

At the end of the consultancy the consultant should submit a report to the UNDP with the specified products and recommendations with a detailed chronogram for the design, implementation and consolidation/extension of the Diaspora Bonds program.

#### **4. Institutional arrangements**

The consultancy will be working under the supervision of the United Nations Development Programme (UNDP)-Head of Democratic Governance Unit- and in close cooperation with the Senior Economist; and in the field with the General Director of Treasury, Ministry of Finance.

#### **5. Consultant Profile**

##### **Academic Qualifications:**

- Degree or master's degree Economics, Finance, Law or other similarly relevant fields.

##### **Years of experience:**

- At least 10 years of specific professional experience in capital market, debt management and bonds issuance;
- Solid knowledge of Diaspora issues;
- Knowledge on communication strategies **Competencies**

##### **Language:**

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

##### **Core Competencies:**

- Demonstrates integrity by modelling the UN's values and ethical standards;
- Promotes the vision, mission, and strategic goals of UNDP;
- 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.

#### **6. 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 are fully accomplished to effectively allow the successfully launching the Diaspora Bonds.
- Will organize the needed meetings and workshops
- Will ensure the access to all relevant information pertaining to internal procedures, regulations, for Diaspora bonds issuance.
- Will ensure the required connections with the Central Bank for the necessary discussions on the correct integration of the Diaspora Bonds in the package of financial products and public debt management;
- 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;

## **7. Results**

From this consultancy, the following products are expected:

- Analysis elaborated of the quantity and quality of the Cape-Verdean emigrant's savings and investments, with a specific focus on treasury bonds.
- Analysis elaborated of Cape Verdean Diaspora community's financial behavior with indication of the best community in which the pilot experience of launching of Diaspora Bonds should occur.
- An assessment of the different diaspora-related bonds products that could best fit Cabo Verde development objective and time frame.
- Design of an attractive and sustainable scheme for successfully issuing Diaspora Bonds among the Cabo Verde Diaspora communities, including the mechanisms and organizational framework needed to that end in term of implementation and management

- A structured communication and sensitization plan for the targeted pilot community on investing in Diaspora Bonds
- A structured plan for an expansion of Diaspora Bonds issuance in additional communities.

## **8. Payment modality**

Payments are based upon output, i.e. upon delivery of the services specified above and deliverables accepted and upon certification of satisfactory completion by the manager.

## **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.

## **10 Evaluation Criteria**

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

### **Technical evaluation - Total 70% (70 points):**

- Analysis of the Curriculum Vitae (**Max 30 points**) - divided by:
  - i) academic qualifications (5 pts);
  - ii) experience in capital market (15pts);
  - iii) experience in communication (5 pts)
  - iv) experience in similar work (5 pts);
- Quality of the technical proposal (**Max 40 points**) divided by:
  - 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:

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

p = points for the financial proposal being evaluated

y = maximum number of points for the financial proposal

$\mu$  = 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 out of a pre-determined set of weighted technical and financial criteria specific to this solicitation.

## **11. Recommended Presentation of Proposal**

Proposal should be submitted to the following email address, by the individual: [procurement.cv@cv.jo.un.org](mailto:procurement.cv@cv.jo.un.org) no later than **September 21<sup>st</sup> 2017, 23:59Hrs Cape Verde Time**.

Please write “**Consultancy for the launching of Cabo Verde Diaspora Bonds**” in the subject line of the email.

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

The dossier should include the following elements:

1. Curriculum Vitae, which must include the qualifications, experience and detailed expertise.
2. P11 form filled (Template attached).
3. A methodological note presenting with clarity and precision the organization and work management, procedure, tools and tasks to accomplish. Including a calendar of activities, considering the deadline, which is 30 working days.
5. A financial proposal: the financial proposal must be expressed in the following pricing option: Lump Sum Amount. The lump sum amount must be “all-inclusive” (honorariums, living allowance, trips, health insurance, etc.); the price should be in USD indicates the all-inclusive fixed total contract price, supported by a breakdown of costs, as per template provided (Template attached).
6. Duly accomplished Letter of Confirmation of Interest and Availability using the template provided by UNDP (Template attached).

## **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.

Any request for clarification must be sent by email to [unoffice.cv@one.un.org](mailto:unoffice.cv@one.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.