

Terms of Reference: National Consultant Capital Market Investment and Bond Appetites for Lao PDR

Location:	Vientiane Capital, Lao PDR
Type of Contract:	Individual Contract
Starting Date:	June 2020 (when the int'l consultant is on board)
Post Level:	National Consultant
Language Required:	English and Lao
Duration of Contract	25 working days including Saturdays
Expected Duration of Contract:	During June–December 2020 (up to 25 working days)

I. Background

UNCDF, the UN capital investment agency for the 48 least developed countries, provides seed capital and technical assistance to test new modalities of public and private financing for local development. These investments are designed to leverage innovative financial flows from the private sector, national governments and development partners, for maximum impact towards inducing sustainable growth and transformative impact via the localization of the SDGs. UNCDF discreetly operates two inter-connecting practice areas of; (1) inclusive finance, and (2) local development finance. The goals of UNCDFs local development finance practice is to; (i) support effective Public Financial Management Policy and Regulation, (ii) create effective and sustainable inter-governmental fiscal transfer systems and (iii) assist subnational governments to develop productive infrastructures and provide quality services that contribute towards transforming the economic structures of local economies and improving the quality of life of citizens.

UNCDF is currently implementing a project that is developing financing solutions for supply side capital to enable the Government of Laos to efficiently deliver on their social protection commitments as outlined within the National Social Protection Policy (NSPP). This project is funded by the UN Secretary General Sustainable Development Goals Fund (UN-SDGF) providing focus for social protection through SDG acceleration and attainment of SDG targets.

Lao PDR is currently implementing an austerity regime in terms of public sector finance. The government is embarked on a broad consolidation of the public budget that is minimising expenditure, optimising revenues whilst at the same time still delivering and maintaining public services. The consolidation is following a strict monetary and fiscal policy that is aimed at reducing budget deficits to less than 4% that will enable the government to maintain macro-economic stability and meet existing debt service obligations.

The consultancy opportunity is funded through the above mentioned project and aims at assessing the current appetites held in the regions capital markets to providing debt to enable capitalization of the National Social Protection Fund (NSPF) as outlined in the governments National Social Protection Strategy (NSPS). The consultancy will be implemented through a mix of activities to be carried out in Thailand and Lao PDR and out-reach research into neighboring capital markets (China and Singapore).

II. The UNCDF portfolio in ASEAN

Historically UNCDF have designed and implemented local development initiatives in a majority of the ASEAN member states both at national and sub-national levels. In particular, in alignment to its mandate, UNCDF has mainly operated in the Least Developed Countries, of the ASEAN region including (1) Cambodia, (2) Lao PDR, and (3) Myanmar.

In Lao PDR UNCDF has been engaged extensively in the government's decentralization process through the National Governance and Public Administration Reform Programme (NGPAR). The NGPAR process has supported the enhancement of inclusive service delivery and local development via the strengthening public administrations, fostering of inclusive dialogue, and facilitating dialogue between citizens and state for more effective, transparent, accountable and responsive service delivery.

UNCDF is working directly with the MoF within the sphere of the Public Finance Management Reform initiative that is following on from the 2019 National Public Expenditure and Financial Accountability (PEFA) assessment. UNCDF is also

working in partnership with the World Bank, the European Union and other Development Partners with the introduction of an IPSAS compliant CoA and a robust IFMIS that is under procurement.

Leveraging this positioning and work, UNCDF is supporting the SDG Fund UNJP *“Leaving no one behind: Establishing the basis for social protection floors in Lao PDR”* that is supporting the Ministry of Labor and Social Welfare to implement the social protection strategy. This strategy envisions the development of an inclusive social protection system that includes a continually capitalized fund to ensure timely payments are made to all groups covered by the strategy. UNCDF is assisting MoLSW and MoF to establish and capitalize the fund through various technical inputs.

III. Objective of the assignment

The main objective of the assignment is to support MoLSW and MoF to examine the potentials to secure funding through various transnational financial products to capitalize the proposed NSPF. The consultancy will explore regional capital markets; namely Thailand, China, Hong Kong and Singapore in the context of bonds and other debt financing instruments that can be accessed by the Government of Laos. This assignment will also complete a stocktake of existing general obligation and revenue bonds issued by the Government Lao PDR or any government entities and provide a succinct trend analysis of associated credit ratings.

IV. Duties and Responsibilities

The consultant will specifically work with the MoF’s Budget Department in coordination with the Department of Fiscal Policy and Law, and MoLSW to provide the following TA support:

1. Generate and implement a dedicated work plan inclusive of milestone deliverables required dialogues based on Laos and Thailand inputs;
2. Organise and implement a stocktaking exercise of current Lao issued bonds (general obligation and revenue) that includes, volume of each individual listing, place of issue, credit rating, tenure, coupon repayments and underwriters. This work includes dialogues and exchange of data with Lao MoF, Lao Securities Exchange, Thai Securities Exchange and the Ministry of Finance, Thailand;
3. Complete a trend analysis of Lao issued bonds in terms of yields and appetite in the markets where the bonds are issued;
4. Ascertain appetite for additional Lao debt especially in the Thai, China and Hing Kong capital markets through dialogue with key market advisors and the associated credit rating agencies;
5. Assist the government (MoF and MoLSW) to generate a draft policy paper that provides clear directions for the government to debt finance the capitalization NSPF over a short and medium term;
6. Organise a de-briefing event in Lao PDR or Bangkok being dependent on the lessons learned from the mission.

In addition, the National Consultant will be responsible to:

1. Identify, collect and partly analyze required data and information based on the needs by the international consultant;
2. Coordinate with relevant government officials and Ministry of Finance and other relevant organizations;
3. Make meeting arrangements and follow up with the appointments as required;
4. Support the UNJP team, MoLSW and MoF in organizing workshop(s) and/or meetings as required;
5. Interpret discussions during meetings;
6. Taking meeting notes during the workshops and translate it into English language;
7. Translate the final documents/reports generated/produced during the mission by the international consultant based on the required deliverables (refer to Item VI below);
8. Perform other tasks as assigned by the international consultant.

V. Duration of Assignment, Duty Station and Expected Places of Travel

Duration: June – December 2020 (up to 25 working days including Saturdays)

Duty Station and expected places of travel: Vientiane Capital, Lao PDR.

VI. Deliverables

The national consultant will contribute and support the international consultant to deliver the following jointly produced deliverables within the framework and by the end of the mission:

1. Submission or work plan indicating timebound milestone deliverables and list of required meetings and consultation to enable the work to be completed;
2. Stocktaking report of current Government of Lao PDR issued bonds (general obligation and revenue) that includes, volume of each individual listing, place of issue, credit rating, tenure, coupon repayments and underwriter (maximum 10-page report);
3. Trend analysis of Lao issued bonds in terms of yields and appetite in the markets where the bonds (maximum 10-page report);
4. An overview of capital market exposure held by the Lao Government (maximum 6-page report).
5. A draft policy advisory to capitalize the NSPF (to be develop with MoF and MoLSW);
6. A report on base debt structure for capitalization of the NSDF that anticipates public sector budget allocations and a start capital requirement (to be fulfilled by blending debt financing, ODA and public budget, base data of fund delivery will be provided by ILO).

VII. Provision of Monitoring and Progress Control

The national consultant will work under the supervision of the international consultant and in close consultation with the designated department of MoLSW, Budget Department, Department of Fiscal Policy and Law, MoF, UNCDF Programme Specialist. UNCDF at regional office and country office will provide overall direction and guidance of the consultancy and approve key outputs and deliverables. In addition, the consultant will also coordinate and collaborate with ILO and UNICEF in Laos as required.

Consultancy fees will be paid upon: (i) Certificate of Payment form (ii) review, approval, acceptance of output for each deliverable by UNCDF and (iii) authorization of payment disbursement directly from UNCDF.

VIII. Terms of Payment

The following terms of payment based upon the above-mentioned jointly produced deliverables will be applicable for this Terms of Reference and associated mission. Payments will be based upon a percentile of the contracted lump sum for each area as tabulated. The payment will only be made up on satisfactory completion and submission of the assignment and jointly produced deliverables as below.

Deliverable 1 Mission Planning		
Work Plan	Work plan for mission and setting of agreed delivery milestones Organize a Lao PDR based kick-off meeting for the mission for key leading counterparts and selected relevant stakeholders	30%
Total Deliverable 1		30 %
Deliverable 2 Technical Reviews of Government Debt Financing		
Stocktake	Stocktaking report of current Government of Lao PDR issued bonds (general obligation and revenue) that includes, volume of each individual listing, place of issue, credit rating, tenure, coupon repayments and underwriter (maximum 10-page report);	15%
Trend Analysis	Trend analysis of Lao issued bonds in terms of yields and appetite in the markets where the bonds are issued. The report needs to provide yield curves and yields over a suitable time series (maximum 10-page report);	15%
Capital Markets Exposure and Risk	Overview of capital market exposure and short risk analysis of the debt held by the Lao Government (maximum 6-page report). The generation of this report need include government, market and credit rating perspectives.	20%
Total Deliverable 2		50%
Deliverable 3 – Policy Advisory for NSPF Capitalization and Fund Structure		
Draft Policy	A draft policy advisory to capitalize the NSPF (3 pages max)	10%
NSPF Capitalization Structure	Report on base debt structure for capitalization of the NSDF that anticipates public sector budget allocations and a start capital requirement (to be fulfilled by	10%

	blending debt financing, ODA and public budget, base data of fund delivery will be provided by ILO (6 pages max)	
Total Deliverable 3		20%
Grand total		100%

IX. Competencies

- Possess a comprehensive knowledge of fund and business development with especial focus on business plan development;
- Ability to develop and formulate financial models and risk assessments in the context of either funds or businesses;
- Has general understanding and capacity to enable the sustainable structuring of funds that use blending options for recurrent costs and capitalization;
- Able to undertake peer reviews and analysis of business plans and finance models;
- Ability to contribute to the preparation of fund structure that possibly blends the following; public sector budget, GO bond issue, ODA, and an investor grade tranche;
- Ability to contribute to the development of standardised policy papers (short version) for government consumption;
- Has a proven understanding of generation of policy drafts or briefs to government.

X. Skills and Experience

- Advanced University's Degree in Finance related area/Public Finance/MBA or related fields;
- Minimum 7 years of professional experience with at least 5 years working within financial institutions and commercial banking sectors;
- Sound knowledge and understanding of bond market and investors in Laos and ASEAN;
- Good knowledge and sound working experiences in general obligation bond and or revenue bond design and issuances;
- Sound knowledge and experiences working with government and its working culture in Lao context;
- Good communication skills; sensitivity and willingness/flexibility to respond to client's needs;
- Fluent in English skills and Lao language.

X. Evaluation method

Evaluation method

Applications will be rated on both technical and financial submissions. The following selection method will be used: Highest rated proposal using the combined scoring method, which assigns the weight distribution between the technical and financial proposals. The weight distribution shall be 70% technical and 30% financial.

Step I: Longlisting/Shortlisting

Applications will be screened and only applicants meeting the following minimum criteria will be shortlisted:

- Advanced University's Degree in Finance related area/Public Finance/MBA or related fields;
- Minimum 7 years of professional experience with at least 5 years working within financial institutions and commercial banking sectors;

Step II: Technical Review of CVs by Desk Review

UNCDF will conduct a desk review to produce a shortlist of candidates by evaluating the following criteria with the corresponding points (70 points).

- Advanced University's Degree in Finance related area/Public Finance/MBA or related fields (10 points);
- Minimum 7 years of professional experience with at least 5 years working within financial institutions and commercial banking sectors (15 points);
- Sound knowledge and understanding of bond market and investors in Laos and ASEAN (15 points);
- Good knowledge and sound working experiences in general obligation bond and or revenue bond design and issuances (15 points);
- Good communication skills; sensitivity and willingness/flexibility to respond to client's needs (10 points);
- Fluency of English and Lao language skills (5 points).

Only the applicants achieving 70% of the points will be considered as technically qualified and will be reviewed further for financial evaluation.

Step III: Financial Evaluation

The following formula will be used to evaluate financial proposal: Lowest priced proposal/price of the proposal being evaluated x 30%. The Contract shall be awarded to the applicant who obtain the highest combined technical and financial scores.

XI. Estimated duration of contract

The estimated duration of contract is between June-December 2020 comprising of a mission of 25 working days including Saturdays and will spend the whole 25 days working with the international consultant during the in-country mission.

Any travel required under the assignment needs to be pre-approved and agreed by UNCDF. If the local travels to provinces and districts are required, the travel cost will be borne by UNCDF according to UNDP-UNCDF rules and regulations.

The consultant is expected to own and use his/her own equipment and travel arrangement during and after the assignment.

XII. Application

Interested individual consultants must submit the following documents/information to demonstrate their qualifications. Proposers who shall not submit below mentioned documents will not be considered for further evaluation.

- When applying for this consultancy position, please apply with your official name as shown in the government issued identification document (e.g. national ID card, passport and/or driver license). Contract award is subject to this verification;
- Brief statement of understanding of the TOR
- Curriculum Vitae or Completed P11 Personal History Form with names and current contacts of 3 referees (available from http://sas.undp.org/documents/p11_personal_history_form.doc)
- Confirmation of interest and Financial proposal:

Under section E of the *Offerer's letter to UNDP Confirming Interest and Availability for the Individual Contract (IC) Assignment*, please choose to indicate "An all-inclusive daily fee". The form can be accessed through the link below:

https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/PSU_%20Individual%20Contract_Offerors%20Letter%20to%20UNDP%20Confirming%20Interest%20and%20Availability.docx&action=default

- Earliest Availability receives priority

Please include all documents into one file while submitting your application.

References

UNDP's Individual Consultant's General Terms and Conditions are provided here:

<http://www.undp.org/content/dam/undp/documents/procurement/documents/IC%20-%20General%20Conditions.pdf>

XIII. Copyright

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.

XV. Consultant Presence Required on Duty Station/UNCDF Premise

The entire mission will be conducted in Lao PDR with the consultant working at MoLSW, MoF and UNCDF Country Office based on agreed workplan and workflows.
