



REPUBLIC OF CABO VERDE

**MINISTRY OF FINANCE**

## **Terms of Reference**

### **Technical Assistance for the design and implementation of SOE sector reforms implementation plan**

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#### Background

The Government of Cabo Verde (GovCV), with the support of the World Bank, is implementing the State-owned Enterprise (SOE) Related Fiscal Management Project with the overall objective to strengthen SOE related fiscal management.

Cabo Verde SOE's are confronting financial and operational challenges and service delivery issues which pose fiscal constraints to public finances, exacerbated by the COVID-19 crisis. Considering the following up of improving fiscal management process directed to State-owned Enterprise (SOE) reforms, aimed to boost the performance of the SOE sector, the Government of Cabo Verde through improved governance arrangements, with clear objectives and KPIs, financial and non-financial, with a modern legal and regulatory framework is seen by as the right way to lead to better economic and social outcomes in the country.

To this regard, the Government contracted a Consultant Firm to undertake a deep diagnosis of the SOE sector.

The Consultant's Final Report main conclusions and recommendations are:

- ✓ Clear definition of UASE's attributions and responsibilities;
- ✓ Creation of guidelines and analysis methodologies for UASE;
- ✓ Review of current aggregate reporting tools and creation of aggregate analysis guidelines and methodologies;
- ✓ Creation of the UASE website and definition of dissemination standards;
- ✓ Design and implementation of IT solutions for monitoring the SOE Sector;
- ✓ Definition of KPI's for SOE'S;
- ✓ Definition of UASE Procedures for monitoring the SOE'S management cycle;
- ✓ Increase and improve the transparency of the relationship between government and public companies;
- ✓ Increase rigor regarding the status of public managers
- ✓ Improve control mechanisms
- ✓ Improve the contracting procedure for public managers
- ✓ Improve the remuneration system of public managers, with special emphasis on the use of the variable component as an element to correct the evaluations produced

## Objectives

The purpose of the assignment is to prepare a systematized implementation plan with the respective execution schedule and monitoring criteria defined, based on the recommendations and conclusions of the Consultant's Final Report, and from other international organizations such as World Bank and IMF. The scope of work will include an actions plan, its implementation, monitoring and evaluation with focus in UASE (State Owned Enterprises Monitoring Unit), at Ministry of Finances, as the Unit that has the mandate to monitor the SOE Sector.

This assignment will consider two main tasks:

**Task 1** - Regarding the recommendations report, the consultancy firm is expected to:

- Develop an integrated recommendations report addressing all recommendations proposed by the Technical Support for the elaboration of comprehensive SOE Policy for diagnosis of SOE Portfolio and Proposals for Structure and Function of Future SOE Oversight/Holding Arrangements, World Bank and IMF reports, through:
  - analysis of documentation already available;
  - benchmarking of SOE governance recommendations in Cabo Verde with OCDE countries;
  - 4-5 interviews with national entities, National Directorate of Planning, General Directorate of Treasury, and the Secretary of State for Finances (DNP, DGT e SEF) and international entities (FMI, World Bank, UTAM and PARPÚBLICA, S.A. from Portugal).

**Task 2** - Regarding the implementation action plan, the consultancy firm is expected to:

- Organize workshops with UASE and Ministry of Finance for:
  - validation and prioritization of the action plan;
  - characterize each action with a description, length, owner and participants and cost estimate.
- Prepare a draft document with planned initiatives and respective prioritization.
- Organize engagement sessions with UASE for systematization of the main activities per each action, their indicative duration, main outputs, financial KPIs and non-financial and potential risks;
- Prepare a template fiche per action;
- Present findings to the Ministry of Finance, IMF and Bank World;

## Organization of the assignment

The firm shall undertake the assignments in close consultation with the UASE – State Owned Enterprises Oversight Unit and report to Unidade de Gestão de Projetos Especiais (UGPE) for contract administration. The consultant's proposals are expected to be detailed with the activities, time allocation of each expert, and costs, clearly outlined by stages.

## Time and Deliverables

The assignment is expected to take about 12 weeks to complete, including the approval time by the client of the delivered products.

The following outputs/deliverables is expected from the tasks during the engagement:

- a) Deliverable 1 - Inception Report which includes a description of the methodology for carrying out this consultancy (1 week after the contract signature);

- b) Deliverable 2: Task 1: Aggregated Report with recommendation for the governance and oversight of SOE in Cabo Verde, (3 weeks after the approval of the deliverable 1);
- c) Deliverable 3: Task 2: Draft preliminary report with main actions, measures and their prioritization, cost estimate, responsible entities, capacity building plan (2 weeks after the approval by the client of deliverable 2);
- d) Deliverable 4: Task 2 - Final Report which includes the implementation plan, with all the details of the planned actions (3 weeks after the approval by the client deliverable 3);

#### Qualification of the company the consulting firm

The assignment will require a consulting firm with at least 15 years of experience with a multi-disciplinary team of experts with experience in legal, regulation, financial, SOE's Governance, Privatization and PPP's. They should also have experience in working on similar projects and countries.

The team should be comprised of the following key experts:

- **Team Leader** – Must have at least 15 years of experience and a Master's degree in finance, economics, business; should have management experience in similar projects and reforms of SOEs. Fluency in Portuguese and English.
- **Technical SOE Expert** - Must have at least 10 years of experience in SOE consulting projects. Shall also have Master's degree in economy, management, accounting or related fields with excellent public company's governance background. Fluency in Portuguese and English.
- **Financial Expert** – Must have at least 10 years of experience in finance, economics, business administration, and/or accounting; extensive experience in business and asset valuation, financial modeling, dashboards and accounting and, at a minimum, a Master's degree in finance, economics, business administration, and/or accounting; extensive experience in business and asset valuation, financial modeling, and accounting with respect to public company's governance in Cabo Verde. Fluency in Portuguese and English.

#### Contract Types

A Contract shall be signed, payments of the Consultant fees are tied to the approval of deliverables, and the payment of reimbursable expenses are made upon presentation of expenses receipts incurred at the real cost.