

## Terms of Reference

<b>Result area</b>	Sustainable public debt management
<b>Project</b>	Policy dialogue on strategies to broaden the investor base
<b>Objective</b>	Appoint a service provider to research and develop four country case studies on how governments are: <ul style="list-style-type: none"> <li>• Building and restoring trust and credibility in their public debt management operations;</li> <li>• Taking steps to attract a sound and diversified investor base;</li> <li>• Developing instruments to attract investors; and</li> <li>• Managing and maintaining a sound investor base.</li> </ul>

### 1. Introduction

CABRI works with African finance and budget ministries in developing and implementing reform initiatives that lead to more functional public financial management (PFM) systems. We facilitate peer learning and exchange and utilise problem-driven and iterative approaches to solving context-specific challenges.

The four case-studies will provide the necessary insights for a Policy Dialogue on Investor Management in Africa.

Policy dialogues provide a platform for practitioners from ministries of finance and budget (and a select number of line ministries) to share and learn from the experiences of their peers, and where appropriate, apply the lessons.

When it comes to peer learning through regional networks, CABRI has a comparative advantage in facilitating change by bringing together practitioners with experience in similar contexts and confronting similar PFM challenges (whether across or within countries or organizations). The voluntary nature of the network ensures that the participating budget and line-ministry officials engage openly and constructively and are committed to taking back what they have learned to their countries. While focusing on policy and implementation challenges within public debt management, the programme seeks to strengthen coordination between the debt office, budget office and market participants.

Against this background, CABRI is seeking a consultant to:

- a) Prepare four country case studies for the policy dialogue, and
- b) Jointly with the CABRI Secretariat, present the case studies at the policy dialogue event on 12 and 13 November 2018 in Nairobi.

### 2. Objective

CABRI's 2017 symposium on strengthening local-currency debt markets highlighted that: (i) the demand for government bonds are under-subscribed, (ii) interest rates in the local market are too high, (iii) the investor base is narrow and underdeveloped; and (iv) financial instruments on offer do not address the needs of investors. As a result, countries, particularly those that have graduated to lower middle-income status and now have limited access to concessional loans and grants, have

turned to foreign-currency debt. While this debt is associated with more favourable interest rates, there is increasing concern that exchange-rate risks and high borrowing costs in local markets may lead to unsustainable public debt portfolios.

Several factors contribute to the lack of demand for local debt and narrow investor base. One cause cited by public debt officials at the symposium was the lack of sound investor management strategies. In building and developing a sound investors base, it is important that governments understand what influences demand for their products and what they can do to proactively attract investors.

Investors seek to minimise risks and be able to buy and sell off their positions in the market when needed. Improving fundamentals like governance, transparency and accessibility to financial markets can improve investor confidence. Frequent communication with investors allows them to rationally and reasonably assess risks, which leads to more demand and reducing the risk premium of government instruments overtime.

### **3. Scope of work**

The country case studies will examine how South Africa, Morocco, Kenya, and Cote D'Ivoire have created an environment wherein the government is able to borrow at competitive rates and established a solid investor base for their local-currency securities.

More specifically, the case studies will focus on:

- a) The regulatory and supervisory frameworks that support the establishment of a savings sector;
- b) The impact of macroeconomic and financial market policies on specific countries' ability to deepen and diversify their local-currency investor base;
- c) The governance issues that matter most to potential investors;
- d) The strategies that countries have used to build a diversified and competitive investor base;
- e) The role and strategy of the debt office in building credibility, gaining the trust of the market and becoming a reliable borrower;
- f) How countries select, design and introduce borrowing instruments that attract investors to their markets;
- g) How countries can most effectively interact with rating agencies; and
- h) The potential for the above considerations to reduce government's borrowing rates over time.

The contact details of officials working in the debt offices of the respective countries are available from the CABRI Secretariat.

### **4. Deliverables**

The consultant will be expected to deliver the following:

- a) Four structured case studies (word limit 5 000 each)
- a) Inputs for the policy dialogue based on these case studies
- b) Attend and jointly present at the policy dialogue

## 5. Timelines

Task	Timeframe
Deadline for submission of proposals	14 September 2018
Appointment of consultant	21 September 2018
Draft of case studies	26 October 2018
Translation of case studies	7 November 2018
Policy dialogue	12-13 November 2018
Final case studies	30 November 2018

## 6. Requirements of the consultant

The consultant needs to meet the following requirements:

- a) Postgraduate degree in economics or related subjects
- b) Minimum of 5 years' experience in public debt, investor management or financial markets
- c) Fluency in English and French
- d) Strong interpersonal and communication skills

## 7. Contract Specifications

The contract duration is from 21 September to 31 December 2018. The total days of contract should not exceed 20 working days.

The terms and conditions will follow Rules and Procedures available from the CABRI Secretariat.

Payments will be made as follows: (a) preliminary case studies and (b) the final case studies.

The service provider will be expected to submit original invoices and payments will be made following prior approval of services to be performed and submission of outputs in line with milestones agreed in the contract. Depending on the timelines and quality of the deliverables, the CABRI Secretariat reserves the right to limit the scope of or terminate the assignment at any stage.

A technical and financial proposal should contain the following:

- a) Technical: CV, highlighting relevant and recent experience and qualifications, and the details for at least three references that CABRI may contact. Two papers authored by the service provider, preferably in the form of case studies.
- b) Financial: Total budget required for the assignment, with a breakdown of fees, expenses and number of days for each task.
- c) Proposals should be submitted to the CABRI secretariat via e-mail to Johan Krynauw ([Johan.Krynauw@CABRI-sbo.org](mailto:Johan.Krynauw@CABRI-sbo.org)).

Deadline for submitting the proposals is 3pm (GMT +2) on **14 September 2018**.

If you do not hear back from us after two weeks of close of tender, you may consider your application unsuccessful.