



AFRICAN DEVELOPMENT BANK GROUP

REQUEST FOR EXPRESSION OF INTEREST

CONSULTING SERVICES

MINISTRY OF FINANCE & DEVELOPMENT PLANNING

Institutional Support Project For Debt and Expenditure Management (ISPDEM)

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AFRICAN DEVELOPMENT FUND

Financing Agreement Number: [2100150043244](#)

Project ID Number: [P-LS-KF0-005](#)

The Ministry of Finance and Development Planning hereby invites Individual Consultants to indicate their interest in the following Assignment:

Management of Contingent Liabilities Consultant

Consultant Location: **Maseru**

Publication Date: **17-January-2024**

Closing Date: **01-February-2024**

TERMS OF REFERENCE

I. Background

There are mainly two sources of contingent liabilities closely related to the debt management department in Lesotho, namely Guarantees and On-lend Debt. The provision of these two instruments is legally permitted. They are both specifically extended to the SOEs, while guarantees may also be provided to the private companies and individuals who are legally eligible to apply. The Debt Management Department is responsible for monitoring and reporting the government guarantees, and on-lend debt therefore they must be incorporated into the regular process of public debt management.

The Ministry of Finance wishes to contract services of an individual consultant to assist in the development of debt management strategies to facilitate analysis and risk quantification of sovereign contingent liabilities and on-lend debt in support of effective and sustainable fiscal risk management.

The expert will have proven experience in government contingent liabilities management and in developing related policies, particularly in the MEFMI region. The expert will work alongside the Public Debt Management Department of the Ministry of Finance.

II. Objectives of Consultancy

The consultant assistance is required to improve the overall management operations, especially the establishment of a framework that will guide in handling the existing stock of government guarantees, on-lent debt and any other contingent liabilities relevant in the Ministry of Finance as well as those that maybe anticipated in the future, while working alongside MoF staff for their capacity development. The expert is also expected to assist in the analysis and reporting of the contingent liabilities.

III. Deliverables

1. Recommend measures to strengthen institutional and legal framework for contingent liabilities to ensure effective and efficient fiscal risk management.
2. Develop procedures, guidelines/policies and contribute to the formulation of regulations for operationalizing effective contingent liability management.
3. Analysis of macro-economic environment (monetary policy, fiscal policy, exchange rate policy, nominal and real interest rates, yield curves) for better management of contingent liabilities.
4. Analysis of relevant financial institution regulatory capital requirements (both at country level as well as international).
5. Advice on the structuring of loan and guarantee agreements to minimise operational and credit risks.
6. Provide capacity building to the PDAMD staff across varied sources of sovereign contingent liability including (amongst others): legal risks, pensions risk, natural disasters, debt and other forms of guarantees, public, private partnerships.
7. Provide quantitative/analytical systems (via Excel or other software solutions) for modelling and risk assessment of contingent liabilities.
8. Provide quantitative and systems assistance in testing contingent liability risk routines in the Meridian debt management system.
9. Develop risk rating models for assessing the credit risk of state-owned entities, private companies (including micro, small, medium and large)
10. Analysis of loans and guarantees, legal and other databases containing details of contingent liabilities of member countries.
11. Prepare at the end of a mission a comprehensive report on findings with summary of recommendations and a road map of reforms for the effective management of sovereign contingent liabilities.

The consultant will prepare an inception report which includes an assignment plan with a timeline in order to structure and deliver the work plan. Consultant will prepare and submit monthly progress reports on the tasks and deliverables above as per the assignment plan and finally a comprehensive completion report detailing the activities carried out and findings with the summary of recommendations and roadmap of reforms for the effective management of contingent liabilities in the consultancy at the end of the assignment.

IV. Duration and Payment Terms

This is a competitive selection contract. The assignment will be for 1 year, with possible extension if required.

V. Work Plan

The consultant will work in the Public Debt Management Department, Ministry of Finance as agreed.

I. Consultant's Reporting Obligations

The Consultant shall carry out the reporting obligations as follows:

- The Consultant shall report to the office of the Director- Public Debt Management Department and Project Coordinator on the status of the assignment on a weekly basis; and to the Office of the Principal Secretary on monthly basis on the status of the assignment;
- The consultant is expected to report for work to Ministry of Finance not later than 0800 hours on week-days other than public holidays and provide services to the client during the working hours. Consultant may have to work extra hours in order to complete the tasks assigned without any extra payments.

VI. Qualification and Experience Requirement

- At minimum, a Master's Degree in Accounting, Finance, Financial Management, or suitable equivalency from a recognized university with at least 7 years of practical experience gained working in the area public debt management with at least 3 years' exposure to sovereign contingent liabilities;
- Good working knowledge of loan and guarantee agreements;
- Demonstrable experience of credit risk rating methodologies and their application to different types of obligors;
- Demonstrable experience of market, operational, legal and other key forms of risks inherent in the management of sovereign contingent liabilities;
- Skills to carry out quantitative risk analysis of varied types of contingent liabilities;
- Practical and strong theoretical knowledge of yield curves and macro-economics;
- Good working knowledge of underwriting project financing loans;
- Good working knowledge of structuring public, private partnerships including minimum revenue guarantees and other contingent liabilities embedded in PPPs;

- Demonstrable experience of the use of stochastic analysis in the modelling of financial and macro-economic parameters;
- Knowledge of public sector fiscal management;
- Possess strong analytical, administrative and computer skills including proficiency in using software applications;
- Extensive working knowledge of financial modelling and Excel;
- Strong leadership, management, and communication skills in presenting, discussing, and resolving difficult issues and could work efficiently and effectively with a multi-disciplinary team.

Eligibility criteria, establishment of the short-list and the selection procedure shall be in accordance with the African Development Bank's "Rules and Procedures for the use of Consultants" available on the Bank's website at <http://www.afdb.org>.

VII. ESTABLISHMENT OF THE SHORTLIST

The evaluation of the candidates will be conducted based on the criteria outlined in the table below. To aid the evaluation, the candidates are requested to submit the following:

- Detailed Curriculum Vitae
- Two Reference letters

| Evaluation Criteria | Score % | Award Score % |
|--|----------------|----------------------|
| General qualifications and adequacy for the assignment to be undertaken | 15 | |
| Experience in the specific assignment described in the Terms of Reference (TOR) | 40 | |
| Assignment implementation plan/methodology Key activities and milestone for each stage Anticipated timelines on each stage | 40 | |
| Experience in the region | 5 | |
| Total | 100 | |

Table 1: scoring table:

Minimum Technical score required = 70%

Interested consultants may obtain further information at the address below during office hours 08.00 hours to 16.30 hours.

The Expression of Interest together with CVs must be delivered to the address below by 1st February 2023 at 16.30 hours and mention **“Management of Contingent Liabilities Consultant”**.

**Attn: The Procurement Manager
The Institutional Support Project for Debt and Expenditure Management
Ministry of Finance & Development Planning
Government Office Complex, Finance House,
Corner Kingsway and High Court Road
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