



Republic of Maldives
Ministry of Finance & Treasury
Maldives Economic Recovery Program
Loan No: 2598 MLD (SF)

Terms of Reference for the Strengthening Privatization Committee and Assisting Privatization of Targeted State Owned Enterprises (Componen -1)

1. State Owned Enterprises (SOE) Privatization and Capacity Building Specialist/Team Leader (5 person-months, international)

1. As a team leader, the consultant's tasks will include:

- (i) Coordinate the inputs of all the consultants to develop an SOE privatization program, manage implementation of that program, and prepare all required reports.
- (ii) Coordinate with the designated government agency to ensure timely implementation of the reforms program; and
- (iii) Participate in discussions with ADB on the program's progress, outcome, and outputs.

2. As the international SOE privatization and capacity building specialist, the consultant's tasks will include:

- (iv) Undertake a holistic review of the SOE privatization being undertaken, and, in consultation with Privatization Committee and Public Enterprises Monitoring and Evaluation Board, design the road map for the privatization.
- (v) Finalize the privatization policy of SOE with a clear statement of intentions and to include guidelines on the privatization process.
- (vi) Improve existing privatization orders on the categorization framework of SOEs, guidelines for financial restructuring, and framing of a redundancy package.
- (vii) Strengthen functions and organizational structure of Public Enterprises Monitoring and Evaluation Board (PEMEB) and the Public Private Partnership (PPP) Unit.
- (viii) Examine relevant international standards and best practices in SOE privatization reforms, with a view to incorporating the learning from these experiences into the Maldives program, and facilitate implementing SOE reform measures through coordinating the efforts of other specialists engaged in the assignment.

- (ix) For SOEs identified for privatization, recommend transaction structures, including to (a) evaluate the needs to bring in strategic partners; (b) recommend privatization strategies (i.e., sale of shares with management control to strategic partner, sale of shares through public offer, or combination of both); (c) propose quantities of government shares to be divested; (d) propose measures to enhance the enterprises' attractiveness to prospective investors; and (e) identify investor categories to be targeted for divestment of shares.
- (x) For SOEs identified to be restructured while being retained under Government ownership as part of the pilot phase, prepare administrative restructuring plans after considering the recommendations on business restructuring. Capacity building and administrative restructuring measures will include (a) developing new organizational structures based on the recommended business-restructuring measures; (b) recommendations on staffing requirements that include skill and competency requirements; (c) recommendations on compositions of boards of directors; (d) recommendations for introducing corporate governance; (e) recommendations on introducing staff performance evaluation mechanisms along with performance-based compensation mechanisms; and
- (xi) For SOEs identified for privatization through public offering, recommend (i) compositions of boards of directors, and (ii) measures for introducing corporate governance.
- (xii) For SOEs identified for privatization, recommend the transaction structure including (i) evaluating need for inducting a strategic partner; (ii) recommended privatization strategy i.e. sale of shares with management control to strategic partner, sale of shares through public offer or combination of both; (iii) quantum of Government shares to be divested; (iv) measures to be taken for enhancing the attractiveness of the enterprise to prospective investors; and (v) identifying investor categories to be targeted for divestment of shares, etc.

3. Deliverables: The Team Leader will prepare and submit an inception report within 10 days during his or her initial mission to Maldives. The inception report will include a work plan that will show how the TL intends to implement the tasks outlined above. The inception report will also discuss how the TL's work will be coordinated with the work of the Transaction Specialist and the Sector Specialists. The consultant will also submit a final report 15 days before the conclusion of his or her assignment for review by the Government and ADB. The consultant will make a presentation as needed on the results of the assignment. Based on any feedback from the Government and ADB, the consultant will prepare and submit a final report.

2. Transaction Specialist (4 person-months, an international consultant to be supported by 1 national transaction specialists having an involvement of 7 person-months)

1. A transaction specialist will have a graduate degree in management, finance, or accounting and other relevant field, and extensive experience in infrastructure transaction structuring. Prior experience relating to capacity building with public sector comparators as well as experience in evaluating and negotiating infrastructure projects will be required. The specialist will be required to have experience in competitive bidding for privatization purposes. Tasks will include developing, based on government objectives, optimal transaction structures and strategies for the enterprises to be privatized in the pilot phase.
2. For enterprises where entry of strategic partners is proposed, the tasks of the specialist will include:
 - (i) Regulatory framework on power sector (electricity regulation) and other sectors for privatization as identified under this project.
 - (ii) Prepare a Value for Money analysis for the identified project(s)
 - (iii) Prepare any baseline studies that may be required for the specific PPP or privatization project(s).
 - (iv) Prepare preliminary information memorandums for the individual enterprises, including drafting advertisements inviting expressions of interests (EOIs).
 - (v) Evaluate EOIs received and forward recommendations on qualified interested parties to the Government.
 - (vi) Assist in finalizing the bid evaluation framework and transaction documentation in consultation with international and national legal specialists.
 - (vii) Develop steps in the privatization processes in line with prevailing best practices in transparent competitive bidding and prepare information memorandums.
 - (viii) Provide guidance to the respective enterprises' management teams for data room preparation and staffing as part of the due diligence processes.
 - (ix) Participate in bidder meetings with the Government's representatives.
 - (x) Assess the business valuations and recommend reserve prices.
 - (xi) Assist in bid evaluation and recommend selections of successful bidders
 - (xii) Facilitate closing of the transactions.
 - (xiii) For enterprises proposed to be privatized through public offering, assess business valuations and recommend the prices at which and how shares are to be offered to the public.

3. The specialist will assist in designing the entire bidding process, developing, and framing bidding strategy and bidding documents, and assist the following tasks:
 - (i) Once the preferred project structuring agreement has been agreed and the potential players identified, the expert needs to prepare, in consultation with the Government, the request for proposals (RFP) document.
 - (ii) Prepare a detailed procurement process and timetable, starting from project preparation through the preparation and the evaluation criteria for selection of potential players.
 - (iii) Prepare and assemble the full set of tender documents (e.g., bid pack in consultation with the Government and for their final approval).
 - (iv) Lead the evaluation process using the evaluation criteria as mentioned in the RFP; and
 - (v) Once the preferred bidder has been approved by the Government, the expert needs to assist the Government in negotiations with the preferred bidder.
4. **Deliverables:** The consultant will prepare and submit an inception report within 10 days during his or her initial mission to Maldives. The inception report will include a work plan that will show how the consultant intends to implement the tasks outlined above. The consultant will also submit a final report 15 days before the conclusion of his or her assignment for review by the Government and ADB. The consultant will make a presentation as needed on the results of the assignment. Based on any feedback from the Government and ADB, the consultant will prepare and submit a final report.

3. Sectoral Experts (3 International; 2 person-months for power sector, 1 person-month each for other sectors)

1. The sectoral experts would assist in assisting the Team Leader and Deputy Team Leader in designing sectoral approaches and project development. The experts will have a graduate degree in related sectors (fisheries and power), and extensive experience in infrastructure transaction structuring. Prior experience relating to capacity building with public sector comparators will be required. The consultant team should include one sector expert each from transport and power sectors.
2. The tasks of the Fisheries Sector Expert will include the following:
 - (i) Critically examine past data and studies.
 - (ii) Assess demand and distribution patterns for the Fisheries sector.
 - (iii) Detailed surveys on the field to assess the feasibility of the projects suggested, and manage data collection, survey design, and analysis.
 - (iv) Prepare any baseline studies that may be required for the project.
 - (v) Identify key requirements.
 - (vi) Identify type and level of service to be provided across the Maldives.
 - (vii) Develop cost benefit analysis to evaluate various options;

- (viii) Prepare project feasibility reports covering key issues like average export ranges, the key zones which need to be covered, and the technology to be used by the private party.
- (ix) Assess overall investment required for the project and the timelines for implementation.
- (x) Make presentations and detailed discussions on the suggested project design to the relevant authorities to get the approvals on the overall project design.
- (xi) Bring on board the relevant international experience in the execution of the similar projects elsewhere and, if similar systems are in use, benchmark the suggested system with similar systems in use elsewhere; and
- (xii) Other tasks requested by the Government to implement the PSDP.

3. The tasks of the Power Sector Expert will include the following:

- (i) Critically examine the past power data and reports/feasibilities.
- (ii) Assess power demand and distribution patterns.
- (iii) Prepare detailed project feasibility reports covering key issues like the source of energy (diesel, solar, wind, and hybrid systems), size and capacity for the project, identification of sources for raw materials, overall investment required for the project and the timelines for implementation.
- (iv) Design and develop various power generation and supply options for various levels of demand and distribution patterns.
- (v) Carry out cost-benefit analysis of various options and suggest/recommend options.
- (vi) Critically examine the designs prepared by the project design consultants and lead the overall project feasibility work.
- (vii) Carry out detailed surveys on the field to assess the feasibility of the project designs being suggested.
- (viii) Make presentations and detailed discussions on the suggested project design to the relevant authorities to get the requisite approvals on the overall project design.
- (ix) Bring on board the relevant international experience in the execution of the similar projects elsewhere and, if similar systems are in use, benchmark the suggested system with similar systems in use elsewhere; and
- (x) Other tasks requested by the Government to implement the PSDP.

4. Deliverables: The Sector Experts will prepare and submit an inception report within 5 days at the onset of their respective missions. The inception report will include a work plan that will show how the consultant intends to implement the tasks outlined above. Each of the consultants will also submit a final report 5 days before the conclusion of his or her assignment for review by the Government and ADB. The consultants will make a presentation as needed on the results of the assignment. Based on any feedback from the Government and ADB, the consultants will prepare and submit a final report.

4. Legal Specialist (3 person-months; national)

1. The expert should have expertise in law and regulatory frameworks, including application, for at least 10 years. The expert should have demonstrated familiarity with the legal issues surrounding privatization and public private partnership (PPP) and how to avoid possible pitfalls. The tasks will include:
 - (i) Handle matters concerning local laws and regulations, including interpretation of local laws.
 - (ii) Wherever necessary for the purpose of the transactions, draft government orders, laws, and the like under guidance of the Government.
 - (iii) Assist and advise the SOEs' management teams on secretarial matters, including drafting in accordance with applicable laws and regulations notices for board meetings, resolutions, and like documents as required for the transaction.
 - (iv) Assess all PPP proposals and possible projects from a legal perspective, including giving recommendations on how to resolve any issues.
 - (v) Provide expert opinion on the prevailing legal and regulatory environment, including identifying key bottlenecks in the regulatory environment related to PPP interventions in infrastructure.
 - (vi) Provide necessary support in facilitating and simplifying legal and procedural frameworks in the work of the PPP cell.
 - (vii) Advise on legal issues related to competitive bidding and transparency in PPP processes.
 - (viii) Review guidelines and documents on procurement, contracting, safeguards, compliance, etc. that have to do with PPP projects; and
 - (ix) Other tasks requested by the Government to implement the Private Sector Development Project (PSDP) Loan.

5. National Transaction Specialist (7 person-months, national)

1. The tasks will include assisting the international transaction specialist in developing, based on the Government's objectives, the optimal transaction structure and strategy for the enterprises to be privatized in the pilot phase.
2. For enterprises where attracting strategic partners is proposed, the specialist will assist the international transaction specialist as follows:
 - (i) Prepare the preliminary information memorandums for the individual enterprises, including drafting advertisements inviting expressions of interest.
 - (ii) Evaluate EOIs received and forward to the Government recommendations on qualified interested parties.

- (iii) Assist in finalizing the bid evaluation framework and transaction documentation in consultation with the legal specialists.
 - (iv) Develop the steps in the privatization process in line with prevalent best practices for transparent competitive bidding and prepare the information memorandums.
 - (v) Provide guidance to the respective management teams of the enterprises for data room preparation and staffing as part of the due diligence process.
 - (vi) Participate in bidder meetings with the Government's representatives.
 - (vii) Assess the business valuations and recommend reserve prices to the Government, assist in bid evaluations, and facilitate closing of the transactions.
3. For enterprises proposed to be privatized through public offering, the specialist will assist the international transaction specialist in providing inputs, including assessments of the business valuations and recommending the prices at which shares are to be offered to the public.