

## TERMS OF REFERENCE FOR CONSULTANTS

1. A team of twelve specialists and one firm are required to meet the program's outputs and activities. Individual consultants will include at least seven international experts (for a total of 15 person-months) and at least seven national experts (for a total of 19 person-months). The Asian Development Bank (ADB) will engage the services of international and national consultants, mostly on an individual basis, as the required consultants' skills mix and qualifications are diverse and difficult to source from one consulting firm. However, for particular training activities (e.g., training of staff of the Public Debt Management Department (PDMD) and the Fiscal Risks Management Department) specialized entities will be engaged directly as firms.

Nationals	PMs
<i>0.1 Program Coordinator</i>	5
<i>0.2 Legal Expert</i>	2
<i>1.3 Public Procurement Specialist</i>	1
<i>1.1 Project Finance Specialists (Legal) X2</i>	3
<i>1.2 Project Finance Specialists (Finance) X2</i>	3
<i>2.1 Legal Opinions</i>	2
<i>3.1 Corporate Finance Specialists</i>	3
Internationals	PMs
<i>1.1 Public Debt Management Experts (Public Debt, Treasury/Cash Management)</i>	2.5
<i>1.2 Fiscal Risk Management Experts</i>	3
<i>1.3 PPP Policy and Institutional Experts</i>	3
<i>2.1 Money-Markets Development Advisor</i>	2
<i>2.2 Capital Markets Infrastructure Specialist</i>	1.5
<i>2.3 Financial and Capital Markets Strategy Development Expert</i>	1.5
<i>3.1 Capital Markets Taxation and Legal Expert</i>	1.5
<b>UNCTAD</b>	<b>Output</b>
<b>Legal Firm</b>	<b>Output</b>

2. All consultants will be required to assess the gaps in and binding constraints to the financial sector development within their area of expertise, assess the arrangements in their particular area and compare these with international best practice to help strengthen the policy matrix for consultations with the government, especially in connection with the objective of helping the government develop and approve a Financial and Capital Markets Development Strategy. After the policy matrix has been agreed, the consultants will support the government in implementing the program. The terms of reference that follow are indicative and is the proposed number of person-months and round trips (RTs).

### ***Output 1: Strengthening Public Debt & Fiscal Risk Management Policies and Practices***

3. **Public debt management experts (international, 2.5 person-months, intermittent).** The specialist will support Ministry of Finance's (MOF) PDMD in improving its debt operations, with a focus on developing the analytical capacities of the Medium-Term Debt Strategy process. This will include developing capacity within MOF on the drivers of pricing in the domestic debt market and how to reduce, over time, the liquidity premiums currently priced in sovereign debt securities, and develop the inter-temporal arbitrage possibilities of market participants to better anchor the yield curve. In addition, the specialist will support PDMD in developing redemption options for MOF's consideration, and highlight implicit trade-offs and the technically superior options. Further, support efforts in improving the implementation of

the Retail Treasury Bill Program and the primary dealer (market-making) framework through recommendations and analysis. This will require the specialist to work closely with other departments in MOF (treasury and the state revenue committee), Central Bank of Armenia (CBA) officials, and other ADB specialists supporting these reforms. The expert will have a postgraduate degree in economics, public policy, or a related field, and at least 10 years of relevant sector experience.

**4. Fiscal Risks Management experts (international, 3 person-months, intermittent).**

The specialist will work with MOF's new fiscal risk management department to develop their analytical and institutional capacity to establish an integrated Fiscal Risk Management Framework. The expert is also expected to map the needs and provide training and other inputs. This will include the development of a ledger of required skills for the new department and a training plan to be discussed with MOF's senior management. Finally, the expert is to support the implementation of the recently-approved Fiscal Risk Assessment Guide and to finalize the preparation of a full-fledged risk vetting and monitoring framework for public-private partnerships (PPPs). The specialist will have a postgraduate degree in economics, public policy, or a related field, and at least 10 years of relevant experience.

**5. Private Partnership Policy and Institutional Specialists (international, 3 person-months intermittent):**

Specialists will work with the Ministry of Economy (MOE) in applying and complementing the newly established legal and regulatory framework to PPP pipeline development. The specialist will develop the capacity to identify PPP concepts within the existing investment planning functions of key line ministries, and support the functions of MOE to work with key line ministries in PPP pipeline development. This will include institutionalizing a process within MOE to vet and structure PPP proposals and conceptualize the type of pre-feasibility tasks that must be executed to improve the PPP pipeline. The expert will have a post-graduate degree in economics, finance, or similar discipline. Broad international experience in working with governments on PPPs is required.

**6. Procurement Law Specialist (national, 1 person-month, intermittent):**

A specialist will work with the MOE to review the current procurement law, regulations and procedures to ascertain whether and to what extent they permit private sector investment in public owned assets/services consistent with international best practice. The specialist will provide recommendations for the appropriate institutional framework; amendments to the procurement law, regulations and procedures; and provide a review of draft PPP law and amendments thereto, and provide these recommendations, with a brief report, to the MOE. The expert will have a post-graduate degree in economics, finance, or similar discipline. Broad international experience in working with governments on PPPs is required.

**7. Project Finance Specialists: Legal (national, 3 person-month, intermittent):**

Two specialists will provide legal support to the implementing authorities. Specifically, the specialists will provide legal advice to MOF's PDMD on the development of redemption options and assess the legal implications of intertemporal arbitrage options of market participants. The specialists will also support MOE and MOF strengthening Armenia's PPP and Procurement frameworks. They will assist with reviewing the draft PPP law, draft secondary legislation as needed and assist with change management aimed ensuring institutionalisation of the new framework. The specialists will also review and assist with amending the current law, regulations and procedures guiding the procurement process. This will be used to inform the development of the e-procurement module currently being developed. The specialists will have a postgraduate degree in law or public policy and professional experience (at least 7 years) providing legal expertise in the areas of PPP, public procurement and capital markets. Familiarity with the Armenian context is required.

**8. Project Finance Specialists: Finance (national, 3 person-month, intermittent):**

Two national project finance specialists will be required to ensure adequate institutional

assimilation of the new fiscal risk management framework. To do so, the specialists will conduct a capacity-gap analysis of the new Fiscal Risk Management Department and develop and implement a change management strategy. The specialists will also support PDMD develop a Medium-Term Debt Strategy. More specifically, they will help identify key drivers of pricing in the domestic debt market and provide recommendations on what strategies can be followed to reduce liquidity premiums on sovereign debt securities. In addition to this, the specialists will also assist PDMD develop redemption options and implement the Retail Treasury Bill Program. The specialists will have a post-graduate degree in economics, finance, or similar discipline at least 7 years work experience in money and debt markets in Armenia.

9. **United Nations Conference on Trade and Development (UNCTAD):** UNCTAD will be required to provide technical training of the Debt Management and Financial Analysis System (DMFAS) currently used by the government for debt management purposes. UNCTAD will be expected to develop a tailored training which includes reference material for DMFAS administration as well as operation and maintenance of the DMFAS 6 software. UNCTAD's services will be procured through the Single Source Selection method, in line with Para 86 of the Staff Instructions on ADB-administered Consulting Services. This method is justified because UNCTAD is the developer of the debt management system in use by the MOF.

### ***Output 2: Improving Government Securities Market and Money-Market Infrastructure***

10. **Money-Markets Development Advisor (international, 2 person-months, intermittent).** An international specialist will be required to support CBA in designing, implementing, and analysing operational frameworks for systemic liquidity management (and interest rate targeting in money markets) and MOF's cash management and treasury capacity. This will extend to reviewing capital markets listing and issuance processes and regulations, legislation related to capital and money markets, and prepare proposals for improvement. This will include concrete proposals for systematizing and institutionalizing CBA's communication practices about its money market activity, especially in terms of process, frequency, and the scope of information. The expert will have a postgraduate degree in economics or finance and professional experience (at least 10 years) in money-market operations in the context of monetary policy implementation.

11. **Capital Markets Infrastructure Specialist (international, 1.5 person-months, intermittent).** The expert will assess issues in several elements of money and capital markets infrastructure (mapping the different IT platforms and qualifying the effectiveness of interconnections) and submit concrete IT-enhancement proposals. The expert will have a post-graduate degree in economics or finance and experience improving capital market infrastructure in developing countries.

12. **Capital Markets Specialist (international, 1.5 person-months, intermittent).** The expert will lead a program of work with CBA on financial market development and dollarization/market imperfection. The expert will have a postgraduate degree in economics or finance and professional experience (at least 10 years) in CBA in the context of monetary policy implementation.

13. **Legal Firm (firm).** The firm will provide a legal review of capital markets legislation applicable to Armenia. This includes a thorough review of capital markets listing and issuance processes and regulations currently in place as well as legislation related to capital and money markets. The firm will also provide detailed recommendations and proposals for improvement of existing legislation and assist with drafting legal documents when required. The firm will support for the Global Master Repo Agreement legal review, a precursor to the issuance of the Global Master Repo Agreement Legal Opinion.

***Output 3: Broadening the Base of Instruments and Investors and Enhancing Corporate Transparency***

14. **Capital Markets Taxation Specialist (international, 1.5 person months):** The specialist will conduct a full review of tax impediments or disincentives to securities' trading or to securities issuance, and implementation, alongside improving revenue forecasting. The expert will have a postgraduate degree in economics or finance and professional experience (at least 10 years) in money-market operations in the context of monetary policy implementation.

*Overall Coordination*

15. **Public Efficiency and Financial Sector Development Expert (national, 5 person-months, intermittent).** The specialist will support international advisors in their deliverables, with a focus on ensuring that pertinent information on the Armenian context is incorporated where necessary. The expert will assist with meeting policy output objectives and veracity of translated documents. The specialist will have a postgraduate degree in economics, public policy, or a related field and at least 6 years of relevant experience. Proficiency in English is a requirement.

16. **Legal Specialist (national, 2 person-months, intermittent).** The specialist will provide legal advice to international and national advisors to ensure recommended procedural and policy reforms are according to Armenian jurisdiction. The Specialist will work closely with advisors providing assistance to the implementing authorities in issues that require legal amendments or may have legal implications. The expert will have a postgraduate degree in Law and at least 7 years of relevant experience in Armenia. Proficiency in English is a requirement.