

TERMS OF REFERENCE FOR CONSULTANTS

I. INTERNATIONAL CONSULTANTS

A. International Debt Management Specialist (8 person-months)

a. Objective and Purpose of the Assignment

1. The objective of the assignment is to support the Ministry of Finance (MOF) State Borrowing Department (SBD) to develop a comprehensive medium-term debt strategy (MTDS) and borrowing program. This will guide state borrowing to meet the government's financing needs at least cost, based on the desired risk profile, diversification of the debt portfolio and composition (i.e. foreign vs. domestic debt share), while ensuring compliance with the government's fiscal rules.

b. Scope of Work

2. The MTDS will cover public sector debt and estimate the risk to public debt from government contingent liabilities, including from state-owned enterprises (SOE) and other sources (e.g. systemically important banks). The expert will also provide training and workshops to strengthen SBD staff capacity for preparing and implementing the MTDS, and identify further reforms required to operationalize the MTDS and improve debt management.

c. Detailed Tasks and/or Expected Output

3. Major responsibilities include, though not limited to, the following activities:
- (i) Review the legal framework to identify any gaps related to external and domestic borrowing and contingent liabilities, including from SOEs, and provide recommendations for any changes needed;
 - (ii) Design a capacity building plan for SBD, including improving analytical capacity in both external and domestic borrowing, estimation of implicit contingent liabilities from SOEs, development of the domestic market for government bonds, and institutional arrangements;
 - (iii) Prepare a medium-term debt management strategy (MTDS) and borrowing program for the MOF State Borrowing Department (SBD) based on fiscal risk preferences and fiscal rules, building on any previous work done. The MTDS should include (i) detailed situation analysis techniques and tools, (ii) detailed borrowing strategies under alternative scenarios, (iii) detailed plan for legislation/business process changes, (iv) detailed plan of human resource requirements for SBD, and (v) a detailed plan for institutional coordination;
 - (iv) Develop recommendations to improve the debt management information system, structure, and its integration with treasury and budget systems; and provide hands-on training on the debt management information system operation for government officials;
 - (v) Provide training for SBD staff on operationalization of the MTDS and uses of the IT-based debt monitoring management information systems;
 - (vi) Coordinate with other government agencies, development partners and other technical advisors to ensure consistency and collaboration of planned and ongoing work in the topic areas. Coordinate with Ministry of National Economy on latest debt policy and legislation changes and planned reforms.

d. Minimum Qualification Requirements

4. The expert will have (i) at least 10 years of experience working on public debt management, (ii) a relevant education background, and (iii) a deep understanding of issues pertaining to government finance. A strong background working in the areas of debt management, cash management and government securities will be preferred. He/she must also demonstrate strong writing skills, as evidenced by publications of relevant reports and/or articles. He/she must have strong speaking, and applied training skills.

e. Deliverables

- (i) Report on the debt management legal and operational framework (including capacity building plan);
- (ii) Draft and final medium-term debt strategy; and
- (iii) Training workshops delivered

B. International Capital Markets (government securities) Specialist (6 person-months)

a. Objective and Purpose of the Assignment

5. The objective of the assignment is to support MOF and other stakeholders to develop the government securities market. A more developed government securities market will reduce debt portfolio risks, increase access to other sources of funds, reduce financing costs and provide greater resilience to financial crisis. A more liquid government bond market will enable greater borrowing and lending options for the private sector and increase competition with the banking sector.

b. Scope of Work

6. The expert will prepare an action plan and provide capacity building training and workshops for SBD to achieve its objectives of expanding and diversifying the investor base for government securities, including to resident and non-resident investors. The action plan will align with SBD's plans to relocate issuance of MOF securities from the Kazakhstan Stock Exchange (KASE) to the new Astana International Exchange (AIX, majority owned by MOF) and assess infrastructure needs. The expert will advise SBD on how to develop a regular securities auctions calendar and develop investor relations.

c. Detailed Tasks and/or Expected Output

7. Major responsibilities include, though not limited to, the following activities:
- (i) Review legislation related to capital markets/government securities markets, and prepare proposals for any amendments or improvements needed;
 - (ii) Develop an action plan for government securities market development with clear steps and guidance on how to achieve SBD's objectives of relocation of securities to the Astana International Exchange (AIX), increasing and diversifying the investor base including international and domestic investors, and reducing the share of external debt. The action plan will be linked to the MOF borrowing program to be developed under the MTDS. The plan should include (i) detailed actions with sequencing and timelines, (ii) an institutional reorganizing plan, and (iii) proposals for legislation/ business process changes;

- (iii) Provide technical advice to MOF and SBD on how to transfer securities issuance from KASE to the new AIX exchange under the Astana International Financial Centre (AIFC) with minimal disruption, and least cost to MOF;
- (iv) Prepare an auction calendar for SBD for government securities issues. This should ensure issuance timing is well coordinated with cash management needs, and with maturity dates to maximize potential re-issue of MOF bonds. The expert should meet with investors and potential investors to develop the investor network;
- (v) Provide training activities and workshops to SBD staff related to implementing the action plan;
- (vi) Conduct an analysis of the investment management and portfolio characteristics of the main off budget funds i.e. unified pension fund and state social insurance fund. Provide recommendations to Government of Kazakhstan on the optimal management of the funds, and links to support development of the government securities market and capital markets in general;
- (vii) Support MOF to identify important upgrades required to capital market infrastructure, IT-related systems and regulations;
- (viii) Coordinate with development partners and other technical advisors to ensure consistency and collaboration of planned and ongoing work in the topic areas.

d. Minimum Qualification Requirements

8. The expert will have (i) at least 10 years of experience of working on capital market development in several countries including developing countries (experience in the region will be an advantage), (ii) a relevant education background, and (iii) a deep understanding of issues pertaining to government finance and government securities. He/she will have strong analytical and proven leadership expertise in identifying strategic policy options, preparing action plans for development of financial markets, and capacity building. He/ she must also demonstrate strong writing skills, as evidenced by publications of relevant reports and/or articles. He/ she must have strong speaking, team coordination and applied training skills.

e. Deliverables

- (i) Action plan for government securities market development (including detailed actions, institutional reorganization plan and legislative proposals);
- (ii) Government securities auction calendar; and
- (iii) Training workshops delivered

C. International Public Management Specialist (institutional coordination) (4 person-months)

a. Objective and Purpose of the Assignment

9. The objective of the assignment is to help improve institutional coordination between MOF and the National Bank of Kazakhstan (NBK) related to debt management and to coordinate fiscal and monetary policy objectives (i.e. financial sector liquidity management).

b. Scope of Work

10. The expert will develop an agreed coordination plan (consistent with the MTDS) to avoid conflicting objectives (e.g. auctions timing), and improve dialogue related to government

securities market development (e.g. through a MOF-NBK working group). The expert will also provide capacity building support to SBD.

c. Detailed Tasks and/or Expected Output

11. Major responsibilities include, though not limited to, the following activities:
- (i) Draft the institutional coordination action plan (consistent with the MTDS) and propose working groups or MoUs between agencies/ departments as necessary. Highlight benefits of operationalizing the MTDS with other stakeholders;
 - (ii) In preparation of the coordination plan, facilitate consultation and discussions between SBD and NBK to better coordinate timing of securities issuance and propose effective two-way exchange of information, including updated information on NBK's monetary policy and liquidity management plans;
 - (iii) Facilitate coordination between SBD and Treasury Committee on cash management, forecasting and plans. Provide recommendations on the role and decision-making responsibility SBD should take in holding auctions and issuing government securities and propose any reforms needed for improving and harmonizing cash and debt management;
 - (iv) Conduct workshops for key stakeholders for disseminating the agency coordination plan;
 - (v) Coordinate with the debt management specialist and capital markets specialist to ensure consistency in advice to SBD in the topic areas.

d. Minimum Qualification Requirements

12. The expert will have (i) at least 7 years of experience of working on public management in several countries (experience in the region will be an advantage), (ii) a relevant education background, and (iii) a deep understanding of issues pertaining to government finance and institutional coordination. He/she will have strong analytical and proven leadership expertise in identifying coordination issues between public sector agencies and proposing solutions. He/ she must also demonstrate strong writing skills, as evidenced by publications of relevant reports and/or articles. He/ she must have strong speaking, team coordination and applied training skills.

e. Deliverables

- (i) Action plan for institutional coordination; and
- (ii) Workshops delivered

II. NATIONAL CONSULTANTS

A. National public debt management specialist and project coordinator (14 person-months)

a. Objective and Purpose of the Assignment

13. The objective of the assignment is to support the Ministry of Finance (MOF) State Borrowing Department (SBD) to develop a comprehensive medium-term debt strategy (MTDS) and borrowing program. This will guide state borrowing to meet the government's financing needs at least cost, based on the desired risk profile, diversification of the debt portfolio and composition (i.e. foreign vs. domestic debt share), while ensuring compliance with the government's fiscal rules.

b. Scope of Work

14. The national expert will support the international public debt management specialist to deliver the draft and final MTDS, providing on the ground support and inputs as required. As project coordinator, the national expert will be responsible for coordinating all activities of the TA, regularly reviewing the milestone reports and activities of other components and ensure timely completion of deliverables as indicated in the corresponding design and monitoring framework outputs.

c. Detailed Tasks and/or Expected Output

15. Major responsibilities include, though not limited to, the following activities:
- (i) Assist the international public debt management specialist to deliver the assignments as detailed in their TORs;
 - (ii) Contribute to report writing by working on relevant report sections, as and where needed;
 - (iii) Organize stakeholder consultations/ workshops/ trainings in consultation with the international consultant and the concerned government officials;
 - (iv) Collect background information and data required for preparation of reports and other outputs;
 - (v) Liaise with the concerned government departments and officials;
 - (vi) Prepare background notes/reports;
 - (vii) Ensure quality and integrity of translated documents to be shared with the government;
 - (viii) Assist the government's executing department with implementing the TA; and
 - (ix) Coordinate all outputs of the TA including deliverables from international and national consultants and liaise regularly with the ADB project manager.

d. Minimum Qualification Requirements

16. The national consultant should have at least 5 years of experience in their areas of expertise, good writing skills in English and Russian and strong speaking and applied training skills.

e. Deliverables

- (i) Inputs to report on the debt management legal and operational framework (including capacity building plan);
- (ii) Inputs to draft and final MTDS; and
- (iii) Assist with training workshops

B. National capital markets specialist (8 person-months)

a. Objective and Purpose of the Assignment

17. The objective of the assignment is to support MOF and other stakeholders to develop the government securities market. A more developed government securities market will reduce debt portfolio risks, increase access to other sources of funds, reduce financing costs and provide greater resilience to financial crisis. A more liquid government bond market will enable greater borrowing and lending options for the private sector and increase competition with the banking sector.

b. Scope of Work

18. The national expert will support the international capital markets specialist to deliver the action plan for government securities market development, providing on the ground support and inputs as required.

c. Detailed Tasks and/or Expected Output

19. Major responsibilities include, though not limited to, the following activities:
- (i) Assist the international consultant to deliver the assignments as detailed in their TORs;
 - (ii) Contribute to report writing by working on relevant report sections, as and where needed;
 - (iii) Organize stakeholder consultations/ workshops/ trainings in consultation with the international consultant and the concerned government officials;
 - (iv) Collect background information and data required for preparation of reports and other outputs;
 - (v) Liaise with the concerned government departments and officials;
 - (vi) Prepare background notes/reports;
 - (vii) Ensure quality and integrity of translated documents to be shared with the government; and
 - (viii) Assist the government's executing department with implementing the TA.

d. Minimum Qualification Requirements

20. The national consultant should have at least 5 years of experience in their areas of expertise, good writing skills in English and Russian and strong speaking and applied training skills.

e. Deliverables

- (i) Inputs to action plan for government securities market development (including detailed actions, institutional reorganizing plan and legislative proposals); and
- (ii) Support training workshops

C. National public management specialist (institutional coordination) (6 person-months)

a. Objective and Purpose of the Assignment

21. The objective of the assignment is to help improve institutional coordination between MOF and the National Bank of Kazakhstan (NBK) related to debt management and to coordinate fiscal and monetary policy objectives (i.e. financial sector liquidity management).

b. Scope of Work

22. The national expert will support the international public management specialist to deliver the action plan for institutional coordination, providing on the ground support and inputs as required.

c. Detailed Tasks and/or Expected Output

23. Major responsibilities include, though not limited to, the following activities:
- (i) Assist the international consultant to deliver the assignments as detailed in their TORs;
 - (ii) Contribute to report writing by working on relevant report sections, as and where needed;
 - (iii) Organize stakeholder consultations/ workshops/ trainings in consultation with the international consultant and the concerned government officials;
 - (iv) Collect background information and data required for preparation of reports and other outputs;
 - (v) Liaise with the concerned government departments and officials;
 - (vi) Prepare background notes/reports;
 - (vii) Ensure quality and integrity of translated documents to be shared with the government; and
 - (viii) Assist the government's executing department with implementing the TA.

d. Minimum Qualification Requirements

24. The national consultant should have at least 5 years of experience in their areas of expertise, good writing skills in English and Russian and strong speaking and applied training skills.

e. Deliverables

- (i) Inputs to action plan for institutional coordination; and
- (ii) Support workshops