



Ministry of Finance  
Male', Maldives

## **Terms of Reference**

### **SOE Reform Expert (International)**

#### **“To Implement a Comprehensive SOE Reform Program”**

**Invitation Number:** (IUL)13-PMU /13/2024/129

**Project:** Maldives Competitiveness and Growth Project (P179286)

**Loan No./Credit No./ Grant No.:** IDA-73050, IDA-E1690

**Assignment Title:** To Implement a Comprehensive SOE Reform Program

**Reference No:** MV-MOF-MV-411145-CS-INDV-2

#### **A. Background**

The Maldives Competitiveness and Growth Project (MCGP, “the project”) is a new 5-year investment project financed by the World Bank for the Government of Maldives (GoM) through Investment Project Financing (IPF) with Performance-Based Conditions (PBCs), declared effective on 23 June 2023 and to be implemented by the Ministry of Finance (MoF). The overall Project Development Objective (PDO) is to strengthen private participation in and financial sustainability of State-Owned Enterprises (SOEs), and the support mechanisms for the competitiveness of small and medium enterprises (SMEs). The project comprises of three components which are as follows:

#### **Component 1: Accelerating SOE Reforms**

- Sub-component 1.1: Increasing Private Participation in Ownership of Select SOEs
- Sub-component 1.2: Improving Governance of SOEs at the Program and Corporate level
- Sub-component 1.3: Reforming SOE Public Service Obligations

#### **Component 2: Fostering SME Competitiveness**

- Sub-component 2.1: Digital Financial Infrastructure
- Sub-component 2.2: SME Growth Acceleration Program

#### **Component 3: Project Management**

SOEs form a significant part of the Maldivian economy and are among the largest commercial entities in the country, engaged in infrastructure, financial services, tourism, fishing, petroleum, retail, construction, and property development among other sectors. In addition, SOEs are a significant player in the labor market with over 15,000 employees in the country. The GoM has two main agencies engaged with SOEs: (a) MoF, which has ownership of the GoM’s shares of SOEs and provides policy direction on SOEs, and (b) the Privatization and Corporatization Board

(PCB), which is tasked with carrying out privatization, corporatization, monitoring, evaluation, and selling of public shares from SOEs and monitoring the overall corporate governance of SOEs. At present, MoF has two departments related to SOE monitoring: (a) the State Shareholding Management Department (SSMD) which monitors and manages the GoM's share of SOEs, including the allocation of Government capital, evaluation of fiscal status, procedures related to distribution of dividends, and advising the Minister of Finance on SOE-related matters and (b) the Fiscal Affairs Department (FAD) which monitors the fiscal situation with SOEs and advises on fiscal risk and operating subsidies. Line ministries, the Maldives Monetary Authority (MMA), Capital Market Development Authority (CMDA), the President's Office and other Government agencies also play a key role in the policy-making, monitoring and regulating of SOEs.

There is considerable potential to strengthen the governance mechanisms of SOEs, enhance the accounting and financial reporting quality, and optimize resource utilization. Addressing these governance, financial management, and efficiency challenges would contribute significantly to strengthening the financial positions of SOEs and easing the fiscal constraints of the country.

Despite sporadic attempts at reform, progress in the SOE sector has been limited. Previous initiatives focused on private participation and governance improvements, but systemic challenges persisted. Recognizing the need for a comprehensive approach, the Maldives aims to reinvigorate its SOE reform program. Through MCGP, the GoM aims to strengthen private participation in and financial sustainability of SOEs. The project seeks to address the issues highlighted above by implementing strategic interventions focused on enhancing corporate governance, improving financial management practices, and fostering transparency and accountability across SOEs, thereby enhancing the financial viability, operational efficiency, and sustainability of SOEs, contributing to the economic growth and resilience of the Maldives.

## **B. Objectives**

The project is looking to utilize the services of an international SOE Reform Expert to support all subcomponents of the SOE reform component. The Expert shall assume the technical lead role in coordination with other relevant experts (legal, financial etc.) and GoM officials on:

- Preparation of policies, regulations, plans and other materials necessary for private participation.
- Providing advice on the design and implementation of SOE laws and regulations, guidelines, policies and toolkits necessary for strengthening corporate governance.
- Developing and implementing capacity building for SOEs, and PCB/MoF officials working with SOEs (seminars, procedural manuals, on-the-job training, etc.).
- Providing advisory services to MoF and PCB on SOE-related issues, including debt restructuring, dissolution etc.

## C. Scope of Work

- Assist the GoM and project team to identify specific SOEs to target for private participation under the project.
- Prepare comprehensive private participation plans for selected SOEs tailored to the GoM's objectives for each transaction and including the following elements:
  - i. Preliminary 'business plan' type assessment of the SOE
  - ii. Statement of Corporate Intent (SCI) developed together with the GoM and the SOE
  - iii. Key design, market, regulatory, and safeguards issues with the SOE
  - iv. Any necessary due diligence, restructuring, or other preparatory work
  - v. Appropriate modality of private participation
  - vi. Overall timeline and Procurement Plan for the various consulting and advisory inputs needed for the transactions
- Assist in undertaking necessary technical evaluations and due diligence (environmental, social, legal, financial, and technical) of select SOEs and facilitate, complement and support the work of the transaction advisors.
- Assess the current legal and regulatory environment on private participation and provide technical input in creating the necessary policies, including those related to land, labor, and debt, to create a more conducive environment for private participation in SOEs.
- Hold consultations with SOE employees and management, and provide technical input to develop a labor policy to protect essential worker rights during private participation transactions and ensure the benefits of private participation are earned by the workers as well.
- Assist the GoM and project team to identify specific SOEs to target for corporate governance reforms under the project.
- Develop guidelines to draft Corporate Governance Improvement (CGI) plans for SOEs to address existing corporate governance deficiencies.
- Provide technical input and guidance to PCB, CMDA, MoF and other key stakeholders in reviewing, updating and harmonizing SOE-related laws, regulations and guidelines as necessary to strengthen corporate governance and overall performance and competitiveness of SOEs, including the following areas:
  - i. SOE bill
  - ii. SOE classification framework
  - iii. SOE incorporation, divestment and dissolution policy to take action on loss-making SOEs
  - iv. State Ownership Policy for SOEs
  - v. SOE Corporate Governance (CG) Codes
  - vi. SOE procurement guidelines and developing a procurement monitoring and review toolkit
  - vii. Strategies to increase private sector access to SOE procurement opportunities
  - viii. Human Resources (HR) monitoring and review toolkit for SOEs
  - ix. Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) guideline and review toolkit for SOEs

- x. SOE Performance Index and performance evaluation mechanism
- xi. Risk reporting of SOEs
- Coordinate with the Maldives Stock Exchange (MSE) and CMDA to identify gaps in the local capital market and make recommendations to facilitate easier transactions through MSE for SOEs and other interested businesses as well.
- Provide technical input towards the Public Service Obligation (PSO) reform works undertaken by the project team and GoM officials as part of the project, and assist in preparing the PSO reform plans for specific SOEs.
- Provide technical input to the project’s communications team in preparing and implementing a comprehensive Communications Plan on SOE reform components including private participation and subsidy reform.
- Design and implement capacity building for GoM agencies responsible for owning and monitoring SOEs, to enhance overall governance of SOEs at the program level.
- Design and implement capacity building for SOE managers and key staff on effective governance, financial management, and operational efficiency.
- Train a cadre of local staff to transfer knowledge and continue the work carried out under this assignment on i) private participation and ii) corporate governance improvement.
- Liaise with the project team and World Bank in meetings with SOEs and Government institutions in SOE-related matters, on behalf of the project.
- All other tasks as assigned by the Project Director relevant to the assignment’s objectives.

#### D. Key Deliverables

The Expert will be responsible to provide the following key deliverables within the duration of their contract:

#	Deliverable*	Estimated Duration	Payment Breakdown (%)
1	Present and get approval for a detailed work plan for all tasks and phases of work, with agreed on-site visiting dates and specific deliverables and deadlines, <u>within 2 weeks of contract effectiveness</u>	2 weeks	5%
2	Conduct an assessment of the local capital market absorption capacity for private participation	1 months	10%
3	Conduct an assessment of the legal and regulatory environment on private participation	1 months	10%
4	<u>At least 1</u> consultation each with (a) SOE employees and (b) SOE management on relevant topics	1 month	5%

5	Develop comprehensive private participation plans for <u>at least 2</u> SOEs	6 months (3 months each)	25% (12.5% each)
6	Provide implementation support to execute the private participation plans.  <i>The Expert should advice on policy decisions the Government needs to make during the course of a private participation transaction, and help guide and manage the Government's decision-making process.</i>	Up to successful execution of private participation plans for 2 SOEs - OR - end of contract duration	-
7	Develop guidelines to draft Corporate Governance Improvement (CGI) plans for SOEs	1 month	10%
8	Provide implementation support to develop CGI plans for <u>at least 2</u> SOEs	6 months (3 months each)	25% (12.5% each)
9	Conduct <u>at least 1</u> capacity building exercise for GoM agencies responsible for owning and monitoring SOEs on a) private participation and b) corporate governance improvement	1 month	5%
10	Conduct <u>at least 1</u> capacity building exercise for SOE managers and key staff on effective governance, financial management, and operational efficiency	1 month	5%

\*Specific deliverables may be subject to change based on the Government policy decisions during the contract duration as agreed by the Government and the Expert.

### **E. Reporting & Working Arrangements**

The Expert will report to the Project Director of the MCGP Project Management Unit (PMU), with a regular update meeting to be held physically or virtually, at a frequency agreed with the Project Director. The Expert is expected to liaise with multiple SOE-related local consultants hired by the project, as well as various Working Groups of Government officials working on project activities.

The Expert is expected to work both on-site (in the Maldives) and off-site with substantial on-site presence, and is expected to be on-site for a minimum of 30 working days distributed to 3 trips as agreed on the detailed work plan, over the 1-year assignment.

## **F. Duration of Services and Payment Terms**

The Expert is expected to complete the deliverables specified in the ToR within 1 year, and renewal is based on needs and performance evaluation. The Expert is expected to commence their services in June 2024.

Payment for the Assignment will be tied to the key deliverables listed in Section D and paid upon approval from the PMU on completion of the deliverables. The Expert will be required to submit a monthly timesheet detailing the work undertaken during that time period.

## **G. Qualifications & Experience**

- Minimum Master's Degree in Economics, Finance, Accounting, Management, Corporate Law or equivalent professional qualification, or suitable equivalency from a recognized university or professional body.
- Minimum 10 years of demonstrable professional experience in SOE reform and/or private participation and/or transaction advisory and/or investment banking, in a management, consulting, financial advisory capacity and/or in a relevant field.
- Minimum 3 years of international experience working on SOE reform and policy or related initiatives.
- Proven expertise in designing and implementing comprehensive SOE reform programs, including policy development, legal and regulatory frameworks, and/or capacity building.
- Strong analytical and problem-solving skills, to formulate and execute strategies for improving SOE governance, financial performance, and operational efficiency.
- Excellent communication skills, both written and verbal, to convey politically sensitive and complex economic and policy concepts to diverse stakeholders in a diplomatic manner.
- In-depth knowledge of international best practices in SOE governance, private participation, and financial management.
- Familiarity with global regulatory environments and governance structures related to SOEs.
- Proficiency in using relevant economic modeling and analysis tools.
- Ability and willingness to adapt strategies to the local context and work collaboratively with diverse stakeholders.
- Previous experience working in the Maldives, developing countries, middle income economies and/or Small Island Developing States will be an added advantage.