

TERMS OF REFERENCE FOR CONSULTANTS

1. The transaction technical assistance will engage 19 person-months of international and 12 person-months of national consultants' services. All international and national consultants will be engaged on an individual basis in accordance with ADB'S Procurement policy (2017, as amended from time to time), and Procurement Regulations for ADB Borrowers (2017, as amended from time to time). ADB staff will oversee consultants work and quality and timely delivery of outputs. Technical and language translators, as needed, will be hired. Experience in the former CIS countries will be desirable for all international consultants. Experience with similar policy-based programs of ADB and /or other development partners will be an advantage.

1. International Consultants

2. **Pension Reform Specialist (international; 3.0 person-months, intermittent).** This position shall examine issues related to mandatory and voluntary pensions systems and their relationship with the existing universal pension system of the government. The main tasks to be undertaken by the specialist are to (i) coordinate and liaise with MOF, the Ministry of Economy and Sustainable Development, the National Bank of Georgia, and private sector stakeholders; (ii) develop the present and future cost of the government's universal pension system and review the gender differences in pensions eligibility; (iii) assess and review issues like membership contribution, tax considerations, benefits, gender, and relationship with universal pension system in designing a new private pension savings system; (iv) design a survey to gauge public opinion, targeting interest groups such as teachers and business organizations; (v) analyze the interaction between existing government pensions, a public sector-managed pillar II mandatory arrangement and privately managed pillar III products, where the pillar II mandatory arrangement may include voluntary contributions (a hybrid arrangement); (vi) assess matters to be included in the new pension plan, including asset allocation, risk management practices, resources required, and modes of asset management; (vii) review laws and regulations relating to pensions and developing a new plan; (viii) analyze the pension regulatory authority, its structure, and reporting lines; (ix) analyze commercial banks' and other financial institutions' roles in asset management, contribution collection, benefit payments, and in products established in pillar III; (x) design a communication strategy for raising public awareness on benefits of voluntary and mandatory occupational savings, including gender aspects; (xi) prepare a medium- and long-term action plan to implement the above reforms, including a section focusing on gender issue with regard to old age pensions; (xii) develop a medium- and long-term capacity building plan for stakeholders in implementing the action plan; and (xiii) conduct at least two workshops to build a broad consensus beyond government agencies on the policy and institutional development areas and on gender-related issues.

3. The specialist will have graduate qualifications in economics and finance. At least 10 years of experience is required in initiating pension reforms and developing pension strategies in the overall context of the financial sector, capital markets, and domestic resource mobilization in developing countries. Caucasus region experience will be preferred.

4. **Pension Legal Specialist (international, 3.0 person-months, intermittent).** The expert will support pension reform, provide technical advice to, build internal capacity of Financial Supervisory Agency (FSA) To draft legal regulations and laws relating to pensions, savings and investments.

5. The main tasks to be undertaken by the specialist are to: (i) coordinate closely with the national pension legal consultant to bring in the international perspective and good practices on

the proposed legislative amendments; (ii) liaise with MOF, the Ministry of Economy and Sustainable Development, the National Bank of Georgia, Financial Supervisory Agency and private sector stakeholders to discuss the local context and where it can benefit from an international perspective; (iii) drawing on relevant international experience and in consultation with the international pension policy expert recommend a legal framework for the administration of Pillar II pension system; (iv) in collaboration with the national legal expert to contribute to drafting the legal framework for the Pillar II pension system including any amendments required to any relevant existing laws; (v) drawing on relevant international experience and in consultation with the international pension policy expert recommend a legal framework for private Pillar III pensions including the supervision and monitoring of such pensions; and (vi) in collaboration with the national legal expert contribute to drafting the legal framework for private Pillar III pensions including any amendments required to any relevant existing laws.

6. At least 15 years of experience is required in drafting legal regulations and laws relating to the financial sector, pensions and investments. Caucasus region experience will be preferred.

7. Public-Private Partnership (PPP) Specialist (international, 3.0 person-months, intermittent). The public–private partnership (PPP) specialist will advise the Government of Georgia on the institutional framework to support public–private partnerships (PPPs) under Asian Development Bank technical assistance for Development of Public–Private Partnerships in the country. This policy advice will be based on an assessment of the government’s development priorities, the business environment, and PPP modalities that would add value to the provision of infrastructure and services in Georgia.

8. The specialist will (i) develop recommendations based on international good practice and the Georgian context for an institutional framework for better government support for PPPs that includes structured collaboration between the MOESD and the MOF; (ii) help the government develop a PPP framework, its institutional requirements, and performance parameters that include risk-sharing in consultation with key TA stakeholders and development partners working on PPPs; (iii) draft the terms of reference and operational guidelines for PPP focal units in agencies with potentially large PPP portfolios in consultation with key TA beneficiaries and stakeholders; (iv) advise on the design of a model PPP contract, key contract features and underlying principles, risk assessment and risk-sharing, and the tendering process and subsequent contract management in consultation with user ministries and agencies; (v) work with the PPP legal and PPP finance specialists in developing model concession agreements for three sectors—transport, roads, and health; (vi) design a comprehensive capacity development plan that includes on-the-job training and seminars for PPP focal staff and representatives from the ministries and agencies with PPP portfolios; (vii) provide on-the-job training to the PPP and MOF’s risk management unit staff on public sector management of PPPs; (viii) identify any online courses on PPPs that are similar to those provided by the Institute for Public–Private Partnerships in the United States and will be useful for TA stakeholders; (ix) design and conduct five training sessions (including one to train the trainers) and workshops on key aspects of PPPs, for public and private sector representatives, including legal professionals and finance sector representatives; and (x) carry out any related tasks.

9. The specialist will have a postgraduate degree in economics, finance, or a related field, as well as at least 10 years of relevant experience with project finance and PPPs. Previous work experience in the Caucasus region or Eastern Europe will be preferred.

10. PPP Finance Specialist (international, 3.0 person-months, intermittent). The PPP finance specialist will advise the government on financial models that may be used to support the

PPP pipeline in Georgia. The specialist will also make recommendations on strengthening the risk management framework, improving risk management processes, and the documentation required to assess the PPP projects at the evaluation stage with a specific focus on risk management.

11. The PPP Finance Specialist will (i) develop recommendations based on international good practice and the Georgian context for developing a financial framework to support PPPs, including funding for transaction advisory services and viability gap funding; (ii) draft a financial analysis framework, model or standardized financial analysis templates, and processes to assess the value-for-money of proposed PPP projects in consultation with key TA stakeholders; (iii) assess the effectiveness of the existing risk management framework in Georgia and recommend the needed improvements with a focus on legal, financial, and commercial risks; (iv) draft a comprehensive framework for identifying, assessing, monitoring, and managing key risks arising in PPPs; draft model or standardized risk assessment templates, risk manual, and risk assessment and management tool kits in consultation with the MOF; (v) draft a complete process for risk management in consultation with the MOF and the TA implementing agencies that covers risk identification, risk assessment, allocation of risks, risk mitigation measures, and overall risk management components; (vi) design a comprehensive capacity development plan for PPP focal staff that includes on-the-job training and seminars; (vii) provide on-the-job training to MOF's risk management unit staff risk assessment and management, including management of contingent liabilities; (viii) lead the preparation of the financial analyses templates and methodology for PPP projects, working closely with the PPP specialist and the PPP legal specialist; (ix) design and conduct five training sessions (including one to train trainers) and workshops on key aspects of PPPs for public and private sector representatives, including legal professionals and finance sector representatives; and (x) carry out related tasks.

12. The specialist will have a postgraduate degree in finance, business management, or a related field, and at least 10 years of experience in project finance, financial risk management, credit risk management, financial structuring of PPPs, and enterprise risk solutions. Work experience with public and private sector entities and regional experience in the Caucasus region or Eastern Europe will be preferred.

13. **PPP Legal Specialist (international, 1.0 person-months, intermittent).** The PPP legal specialist will work closely with the other PPP specialists in the team and advise the government on development and improvement of the legal framework for PPPs in Georgia, including the drafting of key regulations, amendments, and project and concession agreements.

14. The specialist will (i) draft model concession agreements and contracts for three sectors (including one infrastructure and one service sector), working closely with the PPP specialist and the PPP finance specialist; (ii) provide on-the-job training to legal professionals from the MOESD, the MOF, and other government agencies on effective use of these contracts; (iii) draft a process for the government to handle unsolicited PPP project proposals, working closely with the NASP, the PPP specialist, and the PPP finance specialist; (iv) design and conduct three training sessions and workshops for public and private sector representatives, including legal professionals and finance sector representatives; and (v) carry out related tasks.

15. The specialist will have an undergraduate or postgraduate degree in law and at least 10 years of experience as a qualified lawyer in commercial law and PPPs, preferably in developing countries. Previous work experience in the Caucasus region or Eastern Europe will be preferred.

16. **Capital Markets Specialist (international, 2.5 person-months, intermittent).** This expert's primary objective will be to formulate a long-term national capital market master plan. Before starting phase 2 of developing the hypothesis, as part of the research component in parallel with the phase 1, we need to incorporate international experience and specific country cases both with successful and failed strategies for capital market development. The countries should be comparable to the Georgian economy in regards of size, economy, level of savings and other characteristics (bank-based economies, with the similar level of development of insurance and pension systems, etc.). These insights are of particular importance while developing a concept for positioning Georgian financial market as a regional hub.

17. While developing capital market development strategy for Georgia, it is important to analyze and understand strengths, weaknesses, opportunities and threats in regional and international context from demand and supply perspective. Throughout this analysis, it will be essential to inspect specific capital market products as well as the market as a whole and whether we should focus on certain niche strategy. Such an assessment should be incorporated at each phase of the master plan. The strategic recommendations should incorporate assessment of potential linkages of the CM development strategy with the country's economic policy. Linkages with the policy could also be formed by supporting particular industries and company profiles (such as export exposure, size and other characteristics of the companies). Considering Georgia's reality, it should be assessed how the development stage and exposure of the banking system could affect the capital market development. Strategic recommendations should incorporate the firms' preferred financing choices within the bank-based financial system in regards of specific capital market products, opportunities and limitations in this regard.

18. The following three-phased approach will be adopted by the expert to develop this master plan:

- (i) **Phase 1—assess current state.** The expert will (a) conduct secondary desktop research to obtain benchmark data; (b) collate information provided by the National Bank of Georgia (NBG), the Ministry of Finance (MOF), the Georgian Securities Exchange (GSE); and other key stakeholders; (c) review regional trends and challenges; and (d) interview Georgia's capital market stakeholders.
- (ii) **Phase 2—develop hypothesis.** The expert will (a) analyze findings from research and interviews; (b) develop hypothesis; (c) confirm the vision of Georgia's capital market; and (d) develop preliminary objectives, recommendations, and implementation framework.
- (iii) **Phase 3—formulate strategic recommendations.** The expert will conduct two to three strategy workshops with Georgia's key capital market stakeholders including NBG, MOF, the Pension Fund Regulator, Insurance Sector Regulator to (a) obtain feedback from Georgia's capital market stakeholders through these workshops on the vision statement, objectives, recommendations, and implementation framework; and (b) arrive at a consensus with Georgia's key capital market stakeholders on the formulation of a long-term national capital market master plan.

19. The specialist will have a postgraduate degree in finance, business management, or a related field, and at least 10 years of experience in capital markets. Work experience with public and private sector entities and regional experience in the Caucasus region or Eastern Europe will be preferred.

20. **SME Finance Specialist: (international; 3.5 person-months, intermittent):** The specialist will help the government- Ministry of Economy and Sustainable Development (MOESD):

- (i) develop a detailed design for a self-sustainable SME risk-sharing facility best suited to the requirements/situation of Georgia (based on an assessment of various operating models for credit guarantees facilities, requirements evaluation for the target market, financial analysis, risk assessment and management, etc.) covering:
 - (a) ownership and governance structure (i.e., transparent management structure with limited, or, preferably, no government interference);
 - (b) capital structure and funding sources of the facility; and
 - (c) selection criteria for participating financial institutions.
- (ii) help MOESD establish the facility with a sound operational strategy, covering operational procedures (administration and financial management, contract drafts, procedures for complaints and disbursement, risk management, policies related to staff and code of conduct, etc.), operational tools including MIS, etc.;
- (iii) conduct stakeholder collaboration workshops to build consensus and promote credit guarantees as collateral alternatives (stakeholders will include the Ministry of Economy, Ministry of Finance, Central bank, etc., commercial banks, non-bank financial institutions, SMEs, private sector stakeholders and civil society organizations; and
- (iv) provide other outputs as may be requested by the ADB project team and agreed by the specialist to complete the assignment in efficient and timely manner.

21. **Pension Reforms Implementation Specialist (national, 3.0 person-months, intermittent).** The consultant will work with the Government of Georgia and in particular with the team leading the pension reform process. The consultant will provide project management support, consultation and advice on the establishment of the Pension Agency and the necessary steps to implement the reform once the new Pension Law is passed.

22. The expert will (i) create a detailed implementation roadmap for establishing the Pension Agency that includes but is not limited to, developing an implementation action plan with clearly defined key milestones and timelines, preparing a draft budget and staffing plan for the organization; (ii) create a detailed roadmap for hiring "Investment Board" members and the chief investment officer, including but not limited to ways of communication, headhunting, local and international outreach process and draft budget for remuneration; (iii) liaise with the Ministry of Economy and Sustainable Development (MOESD), Ministry of Finance (MOF), and consulting teams (supported by ADB) which is currently working to review and propose the necessary operational processes and ICT/MIS systems required to administer pension contributions within the Pension Agency and other related stakeholders; (iv) produce a list of possible existing ICT/MIS systems for internal individual account recordkeeping and reporting purposes of the Pension Agency based on the requirements defined by the IT consultants (the consultant will liaise with similar agencies in other countries which have experience in such procurement); (v) develop operational manual and protocols required for the operationalization of the Pension Agency, including but not limited to, defining all processes required for the implementation of the pension scheme, accounting of the pension scheme, internal control of the Pension Agency, providing information to members of the pension scheme; (vi) support the Government of Georgia in the implementation of the public information campaign, such as the placement of advertisements through selected media, printing of necessary pamphlets and other materials and

their nationwide distribution (a public information strategy has been prepared with USAID support); (vii) liaise with the National Bank of Georgia to establish necessary procedures for custodian services, procedures for clearance and settlements and registration of ownership/security rights for individual account assets managed by the Pension Agency; and (viii) liaise with donors on their pension reform support programs.

23. The national consultant will have at least a bachelor degree, preferably a master's degree in economics, business administration, law or a related field. The consultant will have preferably 7 years of practical experience in investment and the financial sector, and prior experience of working on government projects. Knowledge of international pension systems would be an advantage. Evidence of strong project planning, budgeting, management and delivery skills is required.

24. **PPP Specialist (national, 3.0 person-months, intermittent).** The consultant will actively participate in all discussions with the government and other stakeholders and provide inputs relevant to provide necessary inputs in the Georgia context, support on-the-job training, track progress on PPP developments in Georgia and worldwide, help in organizing government and other stakeholder meetings and translate reports/documents as needed. The expert will work with the Ministry of Finance, the Ministry of Economy and Sustainable Development, and all relevant sector ministries and agencies to ensure timely delivery of high-quality outputs in line with the milestones and timelines indicated in the TA project design and monitoring framework.

25. The consultant will work under the guidance of the team leader and support the (i) line agencies/ministries in screening public sector pipelines for projects with PPP potential; (ii) preparation of project briefs for potential PPP projects to enable consideration for prefeasibility/feasibility studies (including possibility of support under ADB's AP3F); (iii) preparation of model PPP documents including on PPP suitability filters/selection criteria, risk assessment and risk-sharing arrangements, contractual mechanisms, gender and environmental assessments, RFPs, and RFQs for technical, financial, legal, and transaction advisors; (iv) assessment of training needs, development of the capacity building strategy and conduct of training workshops; and (v) achievement of all tasks necessary for the effective implementation of the TA.

26. The consultant will have some understanding of the concepts and requirements of PPPs and at least 3 years of relevant experience in engagements with the government or the private sector. Knowledge of government processes relevant to PPPs in Georgia will be an advantage. The consultant will have a professional degree in an appropriate field that may include Master of Business Administration, finance, or economics from a recognized university; have a fair command of the English language; and have experience in coordinating with various government agencies on policy reforms.

27. **Capital Markets Specialist (national, 3.0 person-months, intermittent).** The expert will have first-rate experience and credentials in boosting knowledge and understanding of capital market principles and operations. In coordination with the team leader and the other team members, the expert will (a) conduct secondary desktop research to obtain benchmark data; (b) collate information provided by the National Bank of Georgia (NBG), the Ministry of Finance (MOF), the Georgian Securities Exchange (GSE); and other key stakeholders; (c) review regional trends and challenges; and (d) interview Georgia's capital market stakeholders. The expert will develop hypothesis and (a) analyze findings from research and interviews; (b) develop hypothesis; (c) confirm the vision of Georgia's capital market; and (d) develop preliminary objectives, recommendations, and implementation framework. The expert will formulate strategic

recommendations and conduct two to three strategy workshops with Georgia's key capital market stakeholders including NBG, MOF, the Pension Fund Regulator, Insurance Sector Regulator to (a) obtain feedback from Georgia's capital market stakeholders through these workshops on the vision statement, objectives, recommendations, and implementation framework; and (b) arrive at a consensus with Georgia's key capital market stakeholders on the formulation of a long-term national capital market master plan.

28. The specialist will have a postgraduate degree in finance, business management, or a related field, and at least 7 years of experience in capital markets. Work experience with public and private sector entities and regional experience in the Caucasus region or Eastern Europe will be preferred.

29. **Gender Specialist (national, 3.0 person-months, intermittent).** In coordination with the team leader and the other team members, key responsibilities of the specialist will include but not limited to: (i) conduct a gender sensitivity analysis of public expenditure programs of the government; (ii) create a sex-disaggregated database of private enterprises particularly micro and small and medium enterprises; and (iii) identify entry points for inclusion of substantive gender targets in the proposed policy actions (of the program).