

REQUEST FOR EXPRESSIONS OF INTEREST (CONSULTING SERVICES – INDIVIDUAL CONSULTANT SELECTION)

UKRAINE

**Strengthening Public Resource Management Project, Part B: Support to PFM Strategy
Implementation**

Grant No.: TF0A5324

Assignment Title: Cash Management Consultant

Reference No. (as per Procurement Plan): MF-IC-3

The Government of Ukraine has received financing from the World Bank acting as administrator of the grant funds provided by the European Commission on behalf of the European Union under the EC - World Bank Partnership Program for Europe and Central Asia Programmatic Single-Donor Trust Fund (EU Programme for the Reform of Public Administration and Finances (EUroPAF) toward the cost of the Strengthening Public Resource Management Project, and intends to apply part of the proceeds for consulting services.

The consulting services (“the Services”) include provision of consultancy services to the Ministry of Finance of Ukraine on institutional capacity building and methodological support of cash management process, including analysis of business processes, development of road map for implementation of treasury single account cash forecasting and management function and reforms, building the capacity of MoF liquidity management unit and streamlining inter-agency information exchange. The detailed Terms of Reference (TOR) for the assignment is attached to this request for expressions of interest.

The Ministry of Finance of Ukraine now invites individual international consultants (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. The shortlisting criteria are:

- At least ten years’ experience in reforming PFM systems with focus on cash and debt management, treasury servicing of budget execution, accounting.
- Strong practical experience with government cash flow forecasting and planning.
- Understanding of interlinks between cash management, debt management and monetary policy proven by track record.
- At least Bachelor’s degree in public finance, economics, finance, business administration or a related field.
- Fluency in English.

The attention of interested Consultants is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank’s “Procurement Regulations for IPF Borrowers” July 2016 (“Procurement Regulations”), setting forth the World Bank’s policy on conflict of interest.

A Consultant will be selected in accordance with the Selection of Individual Consultants method (IC) set out in the Procurement Regulations.

Further information can be obtained at the address below during office hours 10:00 to 17:00 hours local time.

Expressions of interest must be delivered in a written form to the address below (by e-mail, by mail or in person with digital copies of the Expression of Interest) by **17:00 local time on March 25, 2019**:

Ministry of Finance of Ukraine

Attn: Mr. Igor Shevliakov, Head, Expert Group for EU Integration, Directorate for Strategic Planning and European Integration

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MINISTRY OF FINANCE OF UKRAINE

TERMS OF REFERENCE for Cash Management Consultant (contract reference: MF-IC-3)

Project: Strengthening Public Resource Management / EUroPAF TF Grant # TF0A5324
Part B. Support to PFM Strategy Implementation

1. Background

Ukraine has received financial assistance from the International Bank for Reconstruction and Development (“World Bank”), acting as administrator of the grant funds provided by the European Commission on behalf of the European Union (“Donor”) under the EC - World Bank Partnership Program for Europe and Central Asia Programmatic Single-Donor Trust Fund (EU Programme for the Reform of Public Administration and Finances (EUroPAF), in an amount of three million and thirty thousand six hundred sixty-one Euro (EUR 3,030,661) (“Grant”) toward the cost of Strengthening Public Resource Management Project (“Project”). The Project consists of two parts: Part A “Strengthening Human Resource Management in Public Administration Institutions” (Project’s Part A) and Part B “Support to PFM Strategy Implementation” (Project’s Part B).

Project’s Part B, implemented by the Ministry of Finance of Ukraine (MoF) and totaling one million one hundred and ten thousand six hundred eighteen (EUR 1,110,618) Euro equivalent. It is aimed at supporting the MoF in implementing 2017-2020 Public Finance Management Reform Strategy and identifying future investment needs in ICT for public finance management area through conducting ICT Audit, modernization of existing ICT equipment to ensure MoF business continuity, as well as building capacity of ICT systems for budget planning, forecasting and cash management, etc.

One of the main priorities stipulated in the Public Finance Management Reform Strategy (“PFM Strategy”) is increasing the predictability and availability of funding for performance of government functions by improving the mechanism of cash flow forecasting, determining efficient tools for placement of idle balances and improving the coordination between liquidity management and debt management.

MoF (“the Client”) in order to get support in institutional capacity building and methodological support of cash management process is going to contract through competitive selection an individual international consultant (“Consultant”) experienced in providing advisory services on cash management to governments. This assignment will serve as a preparatory stage to determining information flow requirements and strengthening ICT systems’ capabilities of MoF and other related agencies to ensure timely information exchange needed for cash management and forecasting.

2. Problem Description

Given Ukraine’s scarce public financial resources and high cost of government borrowing in

capital markets, effectiveness of cash management of the treasury single account (“TSA”) and government foreign currency accounts requires additional attention.

Cash flow forecasting in Ukraine has emphasis on short-term needs. State Treasury prepares daily TSA cash flow projections for the current calendar month, which are used to plan budget execution and government bonds issuance. Reliable daily cash flow projections in 3-month horizon do not exist.

Main problems in this area include:

- poor quality of financial planning by key spending units does not allow to make reliable daily projections of TSA balances beyond 1-month horizon;
- coordination between domestic government bonds issuance program and TSA cash flow is weak, annual borrowing plan is mostly guided by debt repayment schedule;
- insufficient analytical and institutional capacity of the MoF to guide the TSA cash forecasting and management process (relevant unit at MoF is staffed by only one employee);
- lack of legal framework enabling active transactions for liquidity management of TSA and foreign currency government accounts and strategy for such transactions.

As a result, conditions are missing for efficient TSA cash management, including through active operations, and for potential reduction of public debt servicing costs.

3. Objective of the Assignment

Objective of this assignment is to provide consultancy services to the MoF on institutional capacity building and methodological support of cash management process, including analysis of business processes, development of road map for implementation of TSA cash forecasting and management function and reforms, building the capacity of MoF liquidity management unit and streamlining inter-agency information exchange.

4. Scope of Services and Tasks

Cash Management Consultant shall have the following tasks:

- Review the existing procedures, responsibilities, business processes and information flows related to cash management both within the MoF and between MoF and other stakeholders;
- Analyze the objectives of 2017-2020 PFM Reform Strategy and provide recommendations on necessary changes to existing processes and procedures together with implementation approaches, taking into account recommendations of international partners, in particular, IMF, World Bank and EU;
- Provide recommendations on institutional framework of cash management process, including tasks and functions of the MoF liquidity management unit, appropriate staffing levels, staff profiles and competences. as well as on ensuring inter-agency cooperation
- Consolidate and analyze data on actual TSA cash flows for the past three years and identify regularities, provide recommendations on cash management based on analysis performed;
- Develop an instruction manual which will detail the methodology for TSA cash flow

forecasting, including the forecasting models and tools, and necessary instruments and measures to streamline information exchange and improve compliance;

- Coordinate with other donor initiatives that provide assistance in cash and liquidity management in Ukraine to ensure complementarity and synergy.

Consultant shall prepare the following outputs:

| No. | Output | Deadline for submission (from contract commencement) |
|-----|--|--|
| 1. | Analysis of TSA cash flows including templates to be used as models for future analysis | Within 1 calendar month |
| 2. | Concept for the effective implementation of cash forecasting and management in MoF including function and road map with key steps, timeframe for delivery and implementers based on the analysis performed. Recommendations regarding related areas of reform that will improve cash management and forecasting should also be included (i.e. procurement planning, commitment controls, due date for payments, public debt management etc.) | Within 2 calendar months |
| 3. | Proposals on the staffing levels, tasks and functions of the MoF liquidity management unit and its staff profiles and competencies | Within 3 calendar months |
| 4. | Methodology for TSA cash flow forecasting for various terms (annual by month, three-month by weeks/days, and daily) to be included in an instruction manual | Within 5 calendar months |

5. *Qualification Requirements*

Cash Management Consultant shall have the following qualifications:

- At least ten years' experience in reforming PFM systems with focus on cash and debt management, treasury servicing of budget execution, accounting.
- Strong practical experience with government cash flow forecasting and planning.
- Understanding of interlinks between cash management, debt management and monetary policy proven by track record.
- At least Bachelor's degree in public finance, economics, finance, business administration or a related field.
- Fluency in English.

6. *Client's Input*

MoF shall provide the Consultant with the following: i) all relevant documentation and data, in line with the requirements of current legislation of Ukraine, ii) access to Client's premises, and iii) equipped working place in the office, computer and office equipment, communication facilities

(including an access to the Internet), consumables and stationery goods required to fulfill the contractual obligations under this assignment.

The MoF shall provide continuous support to the Consultant to carry out this assignment including availability for regular meetings to discuss progress, issues and proposed actions.

7. Reporting Requirements

All reports shall be submitted electronically (in doc/docx formats) and in hard copy in English to the Project Manager/Coordinator, appointed by the Client.

The Client shall consider reports submitted by the Consultant not later than 15 days from the day of the submission of a given report and shall either provide its acceptance of the report or comments to be addressed by the Consultant. In case of no feedback from the Client during the specified period the report shall be deemed accepted.

8. Working Arrangements, Duration and Remuneration

The Consultant will be selected on the competitive basis in accordance with the World Bank rules and procedures set forth or referred to in the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 and August 2018 (“Procurement Regulations”). The estimated duration of the assignment is 50 work days, including mission days, for the period from March till August, 2019 or any other period as may be subsequently agreed by the parties in writing. The assignment will be a combination of home based desk work and missions to Ukraine.

The Consultant will be reporting to the MoF Project Coordinator Deputy Minister Yuriy Heletiy.

The remuneration will be defined upon negotiations with the selected individual.

The Consultant shall be responsible for all the logistics and accommodations that will be required to carry out the assignment in Kyiv, as well as for interpretation and translation services.