



Terms of Reference

for

**‘Investment advisory and Treasury Management Services -
including Fund Mobilization, Credit Rating, Portfolio
Management and related activities’**

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1 Introduction

The SAARC Development Fund (SDF) Secretariat was inaugurated by the Heads of States/Governments of SAARC Member States in April 2010 during the 16th SAARC Summit in Thimphu.

The primary objectives of SDF are:

- to promote the welfare of the people of SAARC Region,
- to improve their quality of life, and
- to accelerate economic growth, social progress and poverty alleviation in the SAARC Region.

SDF has three funding Windows i.e. Social, Economic and Infrastructure.

2 Objectives

The objective of this exercise is to develop and implement a comprehensive strategy for the SDF for raising funds and possible rates at which SDF can lend to projects including co-financing, obtaining a credit rating, investing, managing (portfolio management) and fund deployment (for the different windows- Economic, Infrastructure and Social). This may be carried out by using the services of a fund manager to diversify the portfolio across geographies (across all 8 SAARC member states) and across instruments with a view to get higher returns and better portfolio management, within a given risk framework, and within the applicable rules and regulations.

3 Scope of work

a. Treasury management and investment advisory

- Conduct a comprehensive analysis of the Investment avenues in all eight SAARC Member States and make recommendations for investments
- Define a long term, medium term and short term strategy for the SDF to manage funds taking into account SDF rules and regulations, charter, bye laws, policies and processes, strategic objectives, existing methodology, and suggest a detailed policy for portfolio investment of SDF by
 - Optimizing the risk-return profile of the portfolio
 - Considering appropriate exposure norms / limits, risk limits (liquidity, credit, market, sovereign and operational risks) and
 - Diversification across geographies and instruments and institutions
 - Consideration of hedging requirements
 - To monitor the performance and makeup of the example portfolios and assess the requirements of change.
 - Exit strategy

- Make investments on behalf of and on the directions of SDF and build a portfolio of different investment options / instruments taking into account the portfolio investment strategy / policy
- To devise, review & monitor the investment portfolios and investment avenues, and advise the management in a professional manner on a periodic basis. To apprise the management of the continued effectiveness of the investments from time to time.
- Constantly monitor the portfolio to identify any risks and act on the investment decisions including exiting them(subsequent to reporting to SDF) based on instructions from SDF
- To advise & to give presentation to the management, with a view to monitoring the continued suitability of the investment strategy of the funds.
- Assist SDF in getting tax and exchange control exemptions (as per SDF Charter and Bye Laws) for opening bank accounts, making investments and in all aspects of portfolio management and deployment of funds
- Assist the SDF take necessary approvals of the respective statutory authorities (Exchange Control Authorities/Central Banks/Securities Regulators etc.) of the member states so that the SDF may be allowed to make these investments through intermediary entities, wherever applicable, authorized by the respective rules, regulations and/or laws of the respective jurisdictions in the member states.
- Assist in obtaining approvals and defining processes/policies for monies of the SDF in the different member states to ensure it is freely repatriable and remittable between the different member states as well as to / from the SDF's primary bank accounts as well as convertible from one currency to any other currency.
- Assist in filing returns or reports with respective regulators as required for the investments.
- To assist for ensuring that Funds are held, disbursed and accounted for in a transparent and efficient manner in line with requirements of the SDF.
- Assist in defining the policy for possible rates at which SDF can lend to projects including co-financing under three windows of SDF based on cost of funds on a dynamic basis (both for USD and local currency loans).
- A report on the best international practices followed by similar multilateral organizations to be provided to SDF.

b. Fund raising/mobilising

- Conduct a comprehensive analysis for Fund raising/mobilising avenues in all eight SAARC Member States including a contextual analysis of the fundraising environment and funding gaps
- Define a long , medium and short term strategy for fund including an action plan for raising the funds taking into account the rules and regulations of the SDF , objectives of the SDF, existing and future proposed projects under the Economic, Infrastructure and Social Windows from time to time and as per the strategic plan
- Assist the SDF in getting rated by international and national level (credit) rating agencies to facilitate raising of funds / resources by SDF
- Assist the SDF in raising funds / resources in a most cost effective manner considering the possible geographies, instruments etc.
- Carrying out the fund raising and treasury management strategies along with the overall strategic plan for SDF and in sync.

- Assist the SDF in getting regulatory (tax , exchange , etc.) clearances as per SDF Charter and Bye Laws and otherwise for raising funds
- Assist the Fund take necessary approvals of the respective statutory authorities (Exchange Control Authorities/Central Banks/Securities Regulators etc.) of the member states so that the Fund may be allowed to appoint intermediary entities, wherever applicable, authorized by the respective rules, regulations and/or laws of the respective jurisdictions in the member states and outside the SAARC region.
- Assist in filing returns or reports with respective regulators as required for the fund raising.
- Report needs to be provided on the best international practices followed by similar multilateral organization.
- The first role will be on a continuous basis involving regular dealings with SDF. The above exercise would require that the firm staff be meeting/interacting periodically with the SDF team to coordinate respective activities. The selected firm will bear the cost of any related travel and other related expenses of its staff for such meetings. The second role would first involve developing a strategy, however raising of funds and obtaining the credit rating would be subject to approvals from SDF.

4 Eligibility Criteria:

- Minimum experience of ten years is a must as investment adviser, fund manager, merchant banker and for fund raising.
- Demonstrated experience of working in SAARC countries or expertise in SAARC countries
- Experience of maintaining portfolio of Multilateral Institutions, MNC's, Central Banks, Funds, would be an added advantage
- Strong track record of regulatory compliances and having an independent team for compliance and legal requirements
- Ability to create and manage a diverse portfolio , with a wide range of available instruments across all eight SAARC member countries

5 Deliverables:

- Submission of Investment Strategy and fund raising/mobilization strategy
- Analysis of the Investment avenues, fund raising/mobilisation and recommendations for investments/fund raising
- Active portfolio management and investment advisory services
- Submit a credit rating plan and requirements
- Assist the SDF in getting rated by international and national level (credit) rating agencies
- Assist in defining the policy for possible rates at which SDF can lend to projects including co-financing
- Assist in meeting regulatory requirements and obtaining exemptions
- Presentation to SDF management
- Any other deliverable as mandated in the scope of work

6 Other Terms and conditions:

- The selected firm will be appointed for an initial period of six months. Extension of the contract beyond six months will be subject to satisfactory performance as determined by SDF.

- The SDF reserves a right to modify the terms of reference at any point of time.

7 Submission of proposal:

- If the proposals are sent by email the financial proposal shall be password protected and the password shall be separately called for by SDF in due course.
- If the proposals are sent by DHL courier the Technical and Financial proposals should be sent separately in sealed envelopes.
- Last date of submission of proposals is 15th September, 2015, 5:00 PM (BST) at the following address:

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