



REPUBLIC OF CABO VERDE

TECHNICAL ASSISTANCE TO PRO-CAPITAL

TERMS OF REFERENCE

SENIOR INVESTMENT SPECIALIST

- **Introduction**

The Government of Cabo Verde has received from the International Development Association - IDA / World Bank (hereafter named "World Bank"), an additional credit to fund the Access to Finance for Micro, Small and Medium-Sized Enterprises Project ("the Project") and intends to apply part of the projects fund for consulting services. The objective of the Project is to increase access to finance for Micro, Small and Medium Enterprises (MSMEs).

Sociedade de Capital de Riscos, S.A. (abbreviated to PRÓ-CAPITAL), is a State owned Venture Capital Company created through Decree Law no. 28/2017, dated June 30, amended by Decree no. 50/2018 dated September 20, with a share capital of CVE 551,000,000 (five hundred and fifty-one million Escudos, Pró-Capital was incorporated and licensed to operate by the Central Bank of Cabo Verde in May of 2018, The State is, thus far, the sole shareholder with a US\$5 million investment, but one of the strategic objectives going forward is to seek additional partners and funding sources.

The company makes up the third and last pillar of the Government MSME support framework, within a Financial Ecosystem that includes Pró-Garante and Pró-Empresa, and has a specific mandate to jumpstart risk capital in Cabo Verde by investing, up to a maximum of 49 percent of share capital, in sustainable local enterprises during a maximum period of 12 years before divestiture.

As a venture capital company, its objective is the participation in the share capital of Cabo Verdean companies, namely

- a) Participate in the share capital of potentially viable companies undergoing difficult financial situations;
- b) Participate in the capital of *Start-Ups*;
- c) Participate in investments of Cabo Verdean diaspora;
- d) Provide financial, technical, administrative, and commercial management assistance to companies in which it has a stake;
- e) Carry out technical and economic feasibility studies for companies or new investment projects, as well as the conditions and modalities of their financing and studies or projects aimed at reorganizing;
- f) Anything else provided by law.

PRO-CAPITAL may also seek, receive and manage funds to support general or specific business initiatives, public or private, local or foreign, under the terms of agreements approved by its Board of Directors. In the course of its activities, PRO-CAPITAL may carry out all operations not prohibited to venture capital companies. The company may participate, directly or through representation, in the corporate bodies of companies in which it holds an equity interest.

- **Objectives and tasks**

The general objective of this consultancy is to carry out a diagnosis of all the instruments and procedures in use at PRÓ-CAPITAL in the evaluation of investment projects, and in the monitoring of participated companies and propose their replacement with new models, instruments and procedures that reflect state of the art trends in the analysis of investment projects and follow-up methodologies of participated companies, from a Venture Capital perspective.

Based on the diagnosis, the Consultant will develop and implement on-the-job training programs targeting the technical staff of departments and organs charged with investment projects analysis, approval, and follow-up.

- **Consultant Roles and Tasks:**

- Assess and put forward recommendations regarding overall project risk analysis
- Assist the analysts in pre-investment and post-investment operations, as well as divestment transactions, providing technical assistance and working closely with the project evaluation team.
- Advise in PRÓ-CAPITAL risk mitigation and institutional capacity building with regards to Private Equity financing transactions. Recommend to the Board of Directors new and improved risk assessment procedures, when appropriate.
- Sharing knowledge about state of the art practices regarding private equity financing and company valuation

- **Detailed job description and main responsibilities**

- Carry out an assessment of processes underlying PRÓ-CAPITAL analysis, due diligence, approval, implementation and investment management,
- Monitor and evaluate the analytical process supporting the management and supervision of private equity products (performance / IRR, risk and portfolio analysis, etc.),
- Support in the structuring of investment opportunities, with reinforcement of investment risk analysis and portfolio characteristics,
- Implement detailed financial analysis methodologies,
- Review all relevant financial information as well as techniques for collecting such information
- Institute financial models needed to evaluate companies at various stages of their life cycle.
- Implement valuation techniques for private company investments, including discounted cash flow analysis, comparable company valuation, comparable transaction valuation, other valuation techniques.
- Evaluate due diligence procedures for companies/projects, sectors of activity and the business environment in general,
- Evaluate the supporting documents for investment and divestment, including legal documents, shareholder agreements, and financial documents.

- Recommend advanced financial analysis software/models.
- On-the-job training and qualification of Financial Analysts.
- Evaluate investments negotiation and structuring ensuring compliance with the investment strategy, environmental and social safeguard requirements, and recommend remedial actions

- **Consultant Profile**

The Individual Consultant to be hired must have the following profile:

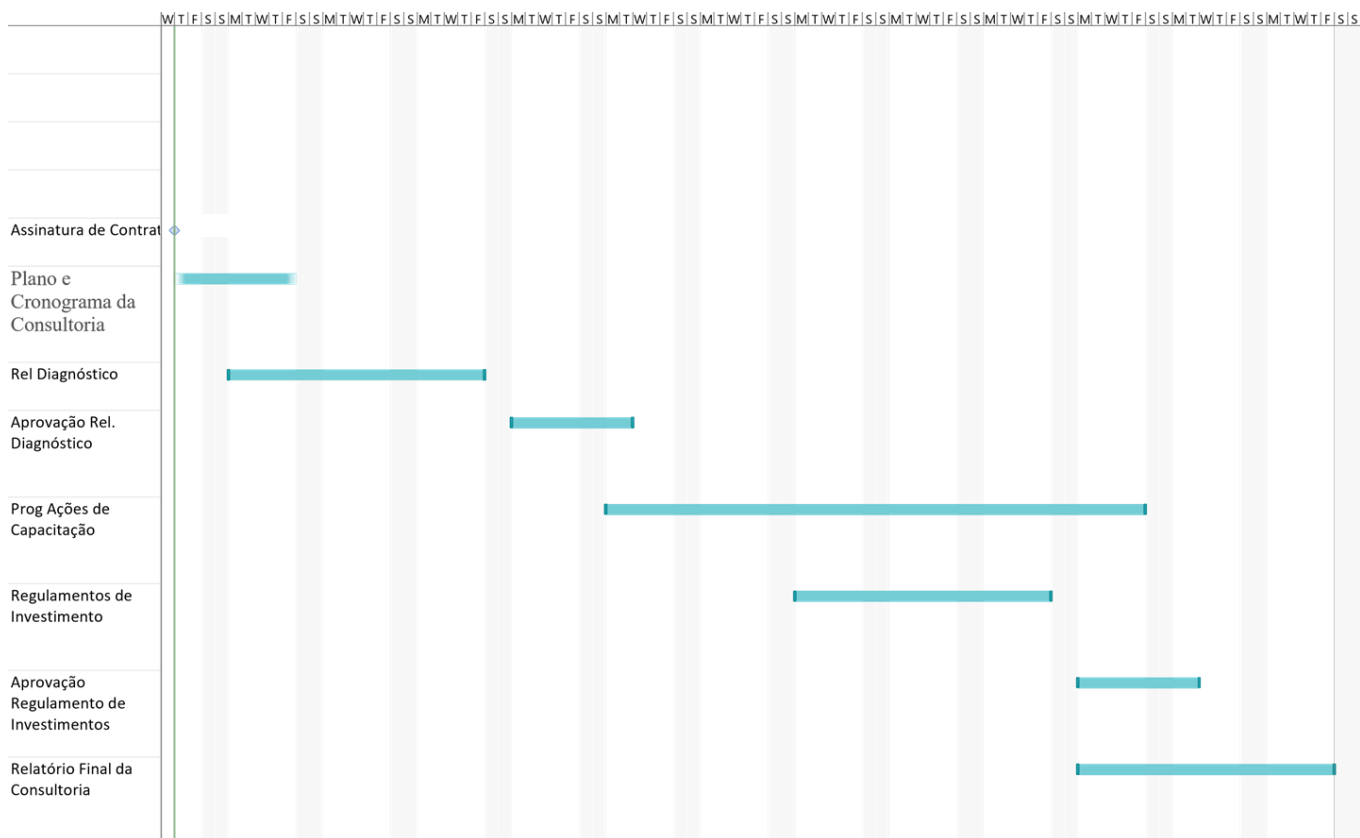
Have a minimum of 10 years of private equity investment experience either in investment funds or private equity societies covering the following matters:

- Advanced university degree (minimum Master's degree) in Economics, Finance, Financial Engineering, Business Administration, or a related field;
- Experience in analyzing capital structures associated with Private Equity / Venture Capital transactions;
- Knowledge of investment fund and private equity financial regulation;
- In-depth knowledge of related software programs including Risk Analysis;
- Strong knowledge of theoretical and practical valuation concepts and standards, including invested capital analysis and business valuation;
- Mastery of the Portuguese language and fluency in a second language (English, or French, or Spanish).
- Experience working in venture capital and/or banking; Experience in private lending or investment capital;
- Experience in project evaluation and/or in the development of investment opportunities,
- Experience in setting up investment funds,
- Knowledge of financial markets and private sector financing,
- Ability to work in a multicultural environment

- **Time and Deliverables**

The assignment is expected to take about 8 weeks to complete.

- Deliverables and deadlines
 1. Inception report - Consulting Plan and Timeline - 1 week after signing the contract;
 2. Diagnostic Reports - Diagnosis of instruments and procedures in use at PRÓ-CAPITAL - 4 weeks after signing the contract;
 3. Program of different Capacity Building actions - 1 week after approval of the Diagnostic Report;
 4. Implementation of the on the job training and institutional capacity building programs - 6 weeks after signing the contract;
 5. Regulations for PRO-CAPITAL Investments Update - 2 weeks, during implementations of the on the job training and institutional capacity building programs;
 6. Final Report describing the tasks performed and the results of the Training and Capacity Building actions - 8 weeks after signing the contract



- **Contract Types**

A Lump-Sum form of Contract shall be signed, payments of the Consultant fees are tied to the approval of deliverables, and the payment of reimbursable expenses are made upon presentation of expenses receipts incurred at the real cost.