

TERMS OF REFERENCE

Technical Assistance for the creation of a National Housing Fund (FNH), with the capacity to mobilize resources to be channeled to the development of public housing programs and projects and to address market failure.

1. Preliminary Context

The Government of Cabo Verde (GOVCV) has received from the International Development Association (IDA), a member of the World Bank Group (WBG) and hereafter so designated, an additional credit¹ to finance the fiscal management project related to State Owned enterprises, whose main objective is to strengthen the capacities of the State² enterprise sector in terms of the effective and efficient management of its processes and obligations in fiscal matters. As part of the preparations for the additional financing agreement with the WBG in September 2021, the GOVCV, through the Ministry of Infrastructure, Territorial Planning and Housing (MIOTH), proposed that Component 4 (four)³ of the Project should include specialized technical assistance and consulting services to create the National Housing Fund (FNH) of Cabo Verde. The creation of the FNH, which for the country will be the main public instrument for financing housing development, derives from the strategic options assumed by the GOVCV in the context of the preparation of the National Housing Policy (PNH)⁴ and that were later consolidated in the recently approved National Housing Plan (LANAH)⁵ 2021-2030. It is in this context, of continuous search for the improvement and sustainability of the current public mechanism of financing the objectives outlined for the housing sector, that the hiring of consulting services to support the creation of the FNH of Cabo Verde is sought.

2. Previous Work

In operational terms, it is alerted to the fact that housing policies in Cabo Verde, especially those promoted by the central government, have not had at their disposal a consolidated instrumental entity that had as a mission the sustained and continuous financing of programs and public housing projects. It was only at the formal level and through Decree-Law No. 27/2010 of August 23, which creates the National System of Social Housing Interest (SNHIS), that the Social Interest Housing Fund (FHIS) was also created and established the bases for defining the conditions of access of lower income households and promoting entities, to the benefits and incentives for the production and acquisition of social housing. The referred legal diploma also foresaw the creation of a Housing Guarantee and Security Fund (FGSH), which likewise ended up not materializing effectively. Years later, through an official statement of Expiry of Authorization issued by the Central Bank of Cabo Verde (BCV), it became public on May 24 of 2017, that the Sociedade Gestora do Fundo de Habitação de Interesse Social, SA (SoFHIS Gere, SA) dissolved itself voluntarily. The aforementioned Decree-Law, which may be examined by the Consultant responsible for the technical assistance to be contracted, should not, however, serve as a basis nor guide

¹ Credit nº 6924-CV.

² Hereinafter also referred to as "the Project".

³ Imobiliária Fundiária e Habitat, SA (IFH) and Reform of the Housing Sector.

⁴ Published through Resolution No. 25/2020, February 18.

⁵ Approved by the Council of Ministers on August 12, 2021 and awaiting the summary version for publication in the Official Gazette.

the work to be developed under the present Terms of Reference (ToR), since, unlike what occurred previously, now intends that the initiatives aiming at the materialization of a financing instrument for the development of the housing sector, comes effectively, to be transformed into reality.

3. Objective of the consultancy

The purpose of this specialized technical assistance is to create the conditions that will enable the formal and operational creation of the FNH of Cabo Verde, which will be for the State, and its central and local governments, the main financing instrument for the development of the housing sector in the country. The creation of the FNH comes to fill the current vacuum in the public financing mechanism for housing programs and projects, especially those of social interest, which do not currently count on an effective and efficient system for the mobilization and continuous management of public financial resources destined exclusively to guarantee the constitutional right to decent housing for Cape Verdeans and the consequent improvement of their habitat.

4. Scope of Services Provided

For the objective outlined, it is demanded of the consultancy to provide specialized technical assistance services that comply with the following tasks:

Diagnosis:

- I. Conducting an analysis of the income, expenses and public financing needs of the housing sector in Cabo Verde;
- II. Effective calculation of the existing gap between the financial resources periodically raised and the dynamics of evolution of public investment needs regarding:
 - Construction of social housing;
 - Urbanization of residential areas;
 - Habitat regeneration (rehabilitation of housing and requalification of the surrounding environment);
 - Elaboration and monitoring of urban plans; and
 - Strengthening the legal and institutional framework to support the development of the housing sector.
- III. Projection of the gap calculated for the period 2022-2026, taking into account the current dynamics of raising financial resources for public funding of housing sector development;
- IV. Critical evaluation of the efficiency and effectiveness of the current mechanisms, national and local, of mobilization and allocation of financial resources in favor of the promotion of initiatives (programs and projects) of public investment in the housing sector in Cabo Verde.

Recommendation:

- V. Elaboration of an Economic Feasibility Study for the horizon 2022-2026, aimed at the concrete identification of alternatives for diversification, maximization and optimization of the State's financial resources aimed at financing the development of the housing sector in Cabo Verde;
- VI. Projection of the impact of the temporal implementation of the alternatives of diversification, maximization and optimization of the sources of public funding for the implementation of

initiatives aimed at promoting the development of the housing sector in the country, on the gap calculated in relation to the investment needs targeted for the period 2022-2026;

- VII. Elaboration of a Strategic and Action Plan for the FNH of Cabo Verde for the 2026 horizon, clearly identifying the actions to be implemented in the short, medium and long term, in order to fulfill the mission stipulated in the PNH and PLANAH;
- VIII. Preparation of the proposed legal diploma that creates and approves the Statutes of the FNH of Cabo Verde, taking as a reference the legal framework in force, particularly Law No. 109/VIII/2016, of January 28, which establishes the general legal regime of autonomous funds;
- IX. Elaboration of a study for the identification, characterization and guidance on/of the preparation process of the main management instruments of the FNH of Cabo Verde, contemplating, at least, those presented below:
 - Regiments of the governing bodies;
 - Procedural manuals of the service structures;
 - Annual and multi-annual activity plans
 - Budget and financial disbursement program;
 - Investment and procurement plans; and
 - Strategic plan of communication and sectoral marketing.
- X. Conducting a study to support the creation, as a special product for guarantee companies to be supported by the FNH of Cabo Verde, of credit lines to cover financing aimed at promoting access to decent housing in the country.

5. Expected results and products

It is intended, for the achievement of the objective set for the consultancy and the scope delimited to the services rendered, that the results are presented and the following products are delivered⁶:

I. Preliminary Report

Submission by the consultant of an initial report summarizing the plan of activities, methodology and schedule of the proposed technical assistance, accompanied by an initial analysis of relevant documentation and information, within 4 (four) weeks from the date of signing the contract.

II. Progress Report

Submission by the consultant of an interim report presenting the results of the diagnostic tasks, within twelve (12) weeks of the date of signing the contract, notably:

- Analysis of the income, expenses and public financing needs of the housing sector in Cabo Verde;
- Calculation and projection, for the period 2022-2026, of the existing gap between the financial resources periodically raised and the dynamics of evolution of the needs for public investment in housing; and

⁶ In English and Portuguese, for those that make up the Final Report.

- Evaluation of the current public mechanism for financing for the development of the housing sector in Cabo Verde.

III. Final Report

Submission by the consulting entity of the main report, containing the results of the recommendation tasks, within 22 (twenty-two) weeks from the date of signature of the contract, namely:

- The economic feasibility study for the financing of the housing sector in Cabo Verde in the 2022-2026 horizon;
- The projection of the impact of the implementation for the alternatives of diversification, maximization and optimization of the financing sources for the housing sector on the gap calculated for the investment needs targeted for the 2022-2026 period;
- The Strategic and Action Plan for the FNH of Cabo Verde for the 2022-2026 horizon;
- The proposed legal diploma that creates and approves the statutes of the FNH of Cabo Verde;
- The study to identify, characterize and guide the process of preparing the main management instruments for FNH Cabo Verde; and
- The study to support the creation of special guarantee products for the development of credit lines with the financial market, which aim to cover financing that promotes access to decent housing.

The reports shall be submitted through email to UGPE, with MHIOT in copy.

IV. Public Presentation

Organization of a socialization event of the results and products of the technical assistance carried out, for the actors and stakeholders of the governance model of the housing sector in Cabo Verde, within 24 (twenty-four) weeks after the signing of the contract.

6. Dates and Deadlines

The consulting services should take place within a maximum period of 6 (six) months. The expected results and products must be presented and delivered⁷ within 24 weeks after the signature of the contract.

7. Methodological aspects

MIOH expects from the consultancy that the contracted specialized technical assistance services are to be conducted in a process marked by the following characteristics:

- I. The technical assistance and consulting services to be provided should be customized and tailored to local needs, therefore taking into account the circumstances and the economic environment in which it is inserted and the reality of the legal and institutional frameworks of Cabo Verde;

⁷In addition to the established dates and deadlines, a period of two (2) weeks is reserved for the official review and approval of the products.

- II. *Benchmarking* of other realities is welcome and will be appreciated, however, transplants of solutions implemented in other realities and not worked out in a customized manner for Cabo Verde will not be accepted from the technical assistance/consultancy;
- III. The realization of multiple direct and face-to-face meetings, or through videoconferences, with the actors and intervenient of the governance model of the housing sector in Cabo Verde, among which are cited, and others, MIOTH and institutions under its jurisdiction, the Municipalities and the entities of the financial market, in order to outline a customized consultancy to the reality of the country is imperative in order to achieve the outlined objective;
- IV. With a minimum frequency of once a month and from the beginning of the consultancy services, it will be necessary to hold a face-to-face meeting or a videoconference with MIOTH for the submission, presentation, and discussion of the progress reports of the work developed, according to the schedule that will be approved;
- V. For the monthly meetings held in person or via videoconference, MIOTH may, whenever it considers necessary, involve the participation of more institutions that operate in the housing sector in Cabo Verde;
- VI. The consultancy must, whenever requested and throughout the period of technical assistance, support with advice/assessments any decision of MIOTH that will influence directly or indirectly the results for which it will be working.

8. Profile of the Consulting Firm

In order to qualify to provide the services, the technical assistance/consultancy must:

- Constitute itself as being an active consulting firm (company) for the last 5 (five) years, at least; and
- Prove the reputation and experience of the team that will be responsible for carrying out the work.

The characterization of the consulting team responsible for providing the technical assistance services to be contracted:

- I. The main consulting team must be formed by a minimum of three (3) senior elements possessing the following technical-professional characteristics:

- Element 1 (Team Leader)

Should have a minimum of a master's degree in economics, management or related areas, with preference for specialization in housing economics, real estate economics or similar. Must have proven experience in providing consulting services in developing countries, be familiar with Cabo Verde's public sector procedures and development partners on housing issues. Minimum experience of at least 5 (five) years as a Senior Consultant in the previously mentioned areas of expertise and with proven experience in managing or setting up funds.

- Element 2

Must have a Master's degree in civil engineering, architecture or related areas, with preference for specialization as a designer of social interest housing or similar. Have a minimum of five (5)

years of experience, preferably in housing program and project management. Proof of adherence/membership to a professional body/order (local or international) is required and proven work experience in developing countries will be appreciated.

● Element 3

Master's degree in Law, with a minimum of five (5) years of specialization and experience in Cape Verdean public law. Proof of membership in the Cape Verdean Bar Association (OACV) is required and experience working with other developing countries will be appreciated.

II. Two additional support staff members with the following characteristics are also considered key service and support staff to the main consulting team:

● Support Element 1

Financial analyst with proven professional experience of at least three (3) years. Proof of adherence/membership of a professional body/order and experience working in developing countries will be appreciated.

● Support Element 2

Research Assistant with a degree in economics and/or civil engineering with a minimum of three (3) years of experience in conducting studies and research in developing countries and in data analysis through the use of multiple management software. Also, excellent communication skills, good interpersonal relations, proven immersion and experience in other cultures and knowledge of multiple foreign languages, being imperative the command of the Portuguese and English language.

A Contract shall be signed, the payments of the Consultant remuneration are linked to approval of deliverables, and the payment of reimbursable expenses are made upon presentation of the receipt of the expenses occurred at the real cost.

MIOTh shall follow and support the assignment. The Consultant will report to Unidade de Gestão de Projetos Especiais (UGPE) for contract administration.