



REPUBLIC OF ANGOLA
MINISTRY OF PLANNING
ACCELERATE ECONOMIC DIVERSIFICATION AND JOB CREATION PROJECT
TERMS OF REFERENCE

Consultancy to prepare a study on the leasing market

REF: 43CS1/MINPLAN/24

1. CONTEXT

The Angolan government has signed a contract with the International Bank for Reconstruction and Development (IBRD) of the World Bank Group to finance the Project to Accelerate Economic Diversification and Job Creation, for a total of US\$ 300,000,000 (Three hundred million US dollars), to be implemented by December 2029.

The project aims to increase private investment and the growth of Micro, Small and Medium-sized Enterprises (MSMEs) in non-oil sectors, with a focus on the Lobito corridor (Benguela, Huambo, Bié and Moxico provinces).

The project comprises 4 components, described below:

Component 1 - Favorable environment for trade, investment and financing, which has the following sub-components:

i. Trade facilitation:

- a) Regulatory improvements to increase efficiency levels in the import/export/transit of goods processes;
- b) Technical assistance and IT systems (JUCE and Customs/AGT support systems), equipment and small works to implement the CNFC action plan, priority reforms of border infrastructure;

ii. Improving the environment for companies to enter and operate:

Simplification of procedures for company registration, licensing, granting of surface rights and systems/equipment, to raise the efficiency levels of G2B services in the focus provinces;

iii. Development of financial services:

- a) Technical assistance to support access to finance, including revisions to the regulatory framework and investments in financial infrastructures (CRGM, digital payments);
- b) Development of new financial products for MSMEs;
- c) Support for the implementation of the insolvency legal framework

Component 2 - Catalytic investments in productive infrastructures, which has the following sub-components:

- i. **Strengthening the government's capacity to implement productive infrastructures in the form of PPPs** to develop, for example, analytical studies on logistics strategy, climate risk, etc., through technical assistance, capacity building and training;
- ii. **Due diligence for productive infrastructure PPPs**, including technical feasibility studies and support for structuring PPPs and tenders for launching PPPs (e.g. Luau and Caála PL). Establishment of the Project Preparation Fund and possible support for the public partner to enable private investment in PPPs;
- iii. **Public investment in Last Mile infrastructure**: public infrastructure and services (access to road and rail, water and electricity; basic sanitation; solid waste collection) to make private investment viable.

Component 3 - Strengthening companies' capacities and access to finance, which has the following sub-components:

- i. **Strengthening business capacity and technology adoption**: the sub-component includes a diagnosis of business capacity, development of management skills and technological adoption to facilitate access to new markets, access to finance and connection to market opportunities;
- ii. **Partial credit guarantees - risk sharing to promote loans to companies**: capitalization of a window dedicated to the Project and technical assistance to strengthen the capacity of the Credit Guarantee Fund.

Component 4 - Project Management, Monitoring and Evaluation, focusing on Project Management, Monitoring and Evaluation (M&E). The component covers project management, environmental and social safeguards, public procurement, financial management, monitoring and evaluation and capacity building of implementing entities. It will include support for the preparation and implementation of instruments to mitigate environmental and social risks and impacts related to project implementation, including a grievance redress mechanism (GRM).

2. BASIS

The Component 1 stands out - Favorable environment for trade, investment and financing, which includes the financial services development point.

In this area, we would highlight the implementation of new financial products for MSMEs, with the *Leasing* service having been identified as a critical product for supporting the growth of MSMEs. *Leasing* plays an essential role in building the value chain in developing economies, as it allows access to alternative sources of finance with a positive impact on MSMEs' cash flow. Its dynamization tends to have a positive impact on reducing the importance of guarantees when negotiating financing, flexibility and preserving companies' working capital.

From this perspective, for the reality of the Angolan market, there are some short and medium-term *leasing* options for companies and individuals. However, there is a need to expand and develop this service. Therefore, the economic dynamics have indicated the need to boost the leasing market in Angola through a study on the current state of the market and which presents solutions for the development of this product/instrument in the local market.

This initiative requires a comprehensive diagnosis and strategic policy recommendations to promote an environment conducive to *leasing* in Angola. For this reason, this Terms of Reference (ToR) has been drawn up for the contracting of a consultancy service to carry out this study, with the hope of obtaining a clear identification of the main market constraints to the massification of this instrument, as well as presenting a set of recommendations that could be implemented in our market.

3. OBJECTIVE

The aim of this initiative is to support the Angolan government in boosting the market for leasing products for MSMEs, with a view to providing them with additional financial options for their growth. Its specific objectives are:

- Identify the main limitations and challenges associated with *leasing* in the Angolan market;
- Indicate the operability of the new mechanisms for implementing *leasing* and identify the main sectors with potential demand;
- Ensure that the solutions presented are in line with the National Financial Inclusion Strategy (ENIF) and the productivity expected from MSMEs;
- Indicate the main gains for the Angolan economy with the implementation of these new products/instruments.

4. SCOPE / METHODOLOGY

Scope of application

The study will be carried out with a view to addressing the reality of the Angolan market in its national dimension. During the data collection process, the Consultant should always record the dates of data collection to facilitate archiving.

In this context, the concept of *Leasing* will be considered, as it is a contract that grants the right to an entity to use an asset for a fixed period, with the possibility of purchasing it at the end of the contract. The product aims to provide access to the necessary machinery and equipment without the immediate need for total capital investment.

There are, however, two types of *leasing*:

- (1) Financial *Leasing*, in which the Lessor¹ or Financial Institution mediates between the Lessor² of the asset and the Lessee³, with the Lessee ultimately being able to opt to buy the asset for an amount already determined in the contract;
- (2) Operational *Leasing*, where the contract is made directly between the owner of the asset and the client, where the lessee normally does not intend to buy the asset at the end of the contract and

¹ Financial *leasing* company that will acquire the asset from the supplier, according to the specifics of the entity or person wishing to use the asset

² Person or entity that makes an asset available for rent to third parties, if they own it.

³ Person or entity that uses the property of a third party, in exchange for a monthly payment agreed between the parties with an option to buy at the end.

therefore, after the period of use of the asset, the lessee can exercise the option to buy at market value.

In the development of the study, the consultant should address the following in the project design phase:

- i. The Financial Institutions to align the application of the solutions presented, profiling them to the reality and short-term potential of the Angolan financial system;
- ii. MSMEs aim to ensure that the solutions presented meet their real needs, contributing to the diversification of the economy.

Without prejudice to the above, the project should also analyze the best way to create Financial Leasing Companies.

Methodology

The work will be carried out in close collaboration with the Minplan and BNA experts assigned to the project, and to this end meetings and technical meetings will be held for alignment purposes. The working language and the language in which all the documents produced as part of the consultancy will be recorded will be Portuguese. English may be a complementary working language, if necessary.

The aim is for this research to consist of a detailed study that allows for the analysis and interpretation of data, in order to provide a broad understanding of the current diagnosis of the *leasing* market, as well as indicating solutions for its development.

The following will therefore take place:

- Survey of banking and non-banking financial institutions in order to obtain their views on the main challenges in creating and making available/offering *leasing* products;
- Evaluate the business models behind the creation of these products;
- Define the data collection model, which could be hybrid, face-to-face or online;
- To survey the studies and information available on the Angolan market on the subject;
- Analyze all the regulations intrinsic to the processes inherent to the activities under study.

Project Execution (Tasks)

The contractor will carry out the project in four phases over a period of 21-25 weeks:

Phase 1: Design, planning and data collection (6 weeks)

The contractor must, in collaboration with the related authorities and the PIU, develop the project approach and draw up a plan for carrying out the study and define the work strategy for the research.

In this phase, the contractor must carry out the following micro tasks:

- Scheduling activities, i.e. preparing and planning the study;

- Drawing up an inventory of existing and relevant documents on *leasing* (including reports or relevant studies on the matters in question in similar countries);
- Survey of the current situation regarding access to and use of *leasing* for MSMEs;
- To analyze the existing legal and regulatory framework for *leasing* contracts in Angola, as well as to assess the tax treatment of these operations;
- Identify the main Angolan industries with potential *leasing* demand based on their machinery and vehicle needs;
- Define the research strategy and procedures (questionnaires, profile and sample size);
- Assess the existence and efficiency of secondary markets for *leased* assets, with a focus on repossession and resale by *leasing* companies;
- Identify and consult the relevant *stakeholders* and map them (Initial contact with the regulatory bodies involved in this study);
- Preparation of the Initial Report (for a global project).

Phase 2: Strategic Analysis/Implementation: (7 weeks)

- Carrying out the surveys/data collection;
- Analyze data entry;
- Identify the needs and perspectives of all the players after mapping them;
- Identify the main constraints on the development of this market;
- Identify the risks and points of improvement for the massification of *leasing*;
- Identify and list lessons learned from previous studies and initiatives;
- Identify possible solutions;
- List the set of proposed new instruments and present the strategic model for their implementation;
- Make a link between the solutions presented and the priority sectors of the Angolan economy.

Phase 3: Preparation for the final report (6 weeks)

- Synthesize the results of the diagnostic assessment and stakeholder consultations.
- Preparation of the *draft* project and discussion of the main results;
- Presentation of preliminary recommendations;
- Preparation of the final report.

Phase 4: Presentation of Results (2 weeks)

- Present the results of the study to the PIU and the competent Angolan authorities;
- Present the policy notes with conclusions and recommendations; and
- Presentation of results at training seminars; and
- Incorporate collected comments and finalize the policy note.

5. RESULTS (DELIVERABLES)

The proposed studies are expected to present a clear and feasible strategy for the development/massification of the *leasing* market, aimed at MSMEs, through new financing instruments.

In addition, the study should present the main constraints identified for the development of this market by financial and/or non-financial institutions. The policy note should present a roadmap for development and implementation.

In this context, the project's deliverables will consist of:

i. Initial report (Immersion): Phase 1.

The consultant must provide the PIU with an initial report containing detailed information on the *leasing* framework. This report should mainly contain a component on how the study is planned and developed in its various dimensions, taking into account the following components:

- Scope, Concepts and Development of the Study;
- Methodological approach, objectives, results and products to be presented;
- The study's assumptions and challenges;
- Techniques and instruments for collecting information (data collection methodology);
- Target audience and sampling;
- Activity planning and timetable;
- Organizational structure of the study;
- Study management and monitoring system;
- It summarizes the initial conclusions of the diagnostic assessment and stakeholder consultations.
- Expected results.

ii. Strategic Orientation Report (Interim): (Phase 2 and 3)

In this report, the consultant must present the following points:

- Main notes on the information collected;
- Main constraints facing the market (market analysis and diagnosis);
- Identify the assumptions for the formulation of the *leasing* massification strategy;
- Include proposals for improving and boosting current products;
- Present the list of new products to be implemented as part of the *lease*;
- Present the implementation strategy (in line with FIs and MSMEs);
- Draft policy note with detailed recommendations, as well as the version that includes the reactions of the stakeholders and the relevant authorities.

iii. Final Report (Phase 4):

Present the results of the study (Final Report) to the PIU within two weeks of approval of the implementation strategy, as well as presenting the results at training seminars (*workshop* model).

6. QUALIFICATIONS

The aim is to hire a specialist, in the form of an individual consultant, who has expertise in *leasing* associated with MSMEs.

The consultant must have extensive international experience in *leasing*. However, in order to obtain specialized knowledge of the Angolan economy, they may subcontract some local services, provided this is justified and validated by the PIU. The following qualifications will therefore be required:

- Advanced degree in law, economics, finance or a related field, strong analytical, communication and *stakeholder* engagement skills and proficiency in English;
- Extensive experience (at least 7 years) in designing, implementing and carrying out studies on new financial instruments (*leasing* and similar solutions), preferably in developing countries;
- Excellent knowledge of commercial banking processes and procedures, regulations, accounting and finance;
- Experience (at least 3 years) of working in the area of credit, with a focus on the processes of contracting these instruments.

7. DURATION AND PLACES OF ASSIGNMENT

The assignment is expected to last eight months and is intermittent in nature. For international experts, timing and scope of travel to Angola will be determined in consultation with MINPLAN and BNA.

8. APPLICATIONS

Interested parties may submit their applications until November 27, 2024 to the email address aquisicoes@diversificamais.ao, with the following documentation:

- a) Curriculum Vitae;
- b) Copy of Identity Card or equivalent;
- c) Copy of school documents.