

**TERMS OF REFERENCE  
FOR  
INTERNATIONAL CONSULTANT TO SUPPORT  
INSTITUTIONAL REFORMS FOR SECURED TRANSACTIONS  
IN SÃO TOMÉ AND PRÍNCIPE**

**1. Background**

The credit infrastructure in São Tomé and Príncipe (STP) is underdeveloped, which partly explains the low levels of access to finance in the country. Most micro, small, and medium enterprises (MSMEs) in STP do not have access to formal credit: the 2018 Financial Inclusion Survey reported that only 18 percent of MSN/IEs were registered and had a bank account, of which only 3 percent had access to formal credit. Out of the MSMEs that responded to the survey and had applied for a loan, only ten percent had their loan applications approved. Financial institutions traditionally request immovable assets as guarantee for loans, but most of MSMEs' assets are movable. As a result, loan recovery and collateral execution perform very poorly since there is no unified legal and regulatory framework for movable collateral nor a modern collateral registry.

Under a World Bank budget support program, the Government introduced reforms in credit infrastructure to enable increased access to credit. With World Bank technical assistance, in 2022 the government enacted a law which regulates the use of movable assets as collateral and enables the establishment of a registry for movable collateral ("collateral registry"). The movable collateral framework and registry are expected to contribute to increased access to finance, particularly for MSN&Es and other borrowers with movable assets that can be used as guarantee. In particular, it will contribute to addressing the gender gap in accessing finance given existing gender disparities with women owning fewer land and property titles while being more likely to manage businesses with moveable assets. An effective secured transactions framework ensures that security interests over movable assets are well defined, easily registered, and can be easily seized if default occurs without the necessity of a judicial procedure.

The Ministry of Justice—the institution tasked to manage the collateral registry— established a working group that is preparing the regulations and specifications for its operations. The collateral registry is expected to follow international good practices as recommended by the World Bank Group Knowledge Guide on Secured Transactions, Collateral Registries, and Movable Asset-Based Financing, including (i) be open for security interests granted over movable property by incorporated and nonincorporated entities; (ii) be unified geographically; (iii) be notice-based, i.e., a registry that files only a notice of the existence of a security interest (not the underlying documents) and does not perform a legal review of the transaction; (iv) publicize functional equivalents to security interests; (v) have modern features that allow secured creditors (or their representatives) to register, search, amend or cancel security interests online; and (vi) have an electronic database indexed by debtors' names.



The World Bank-funded Institutional Capacity Building Project aims to finance required investments for the collateral registry and is seeking an international secured transactions

consultant. The Project is managed by the Agência Fiduciária de Administração de Projetos (AFAP). It started in 2018 and is expected to close in June 2024.

## 2. Objective

The objective of the consultant's assignment is to assist the Ministry of Justice in designing and setting up a collateral registry that is sustainable and meets international good practices as recommended by the World Bank Group Knowledge Guide on Secured Transactions, Collateral Registries, and Movable Asset-Based Financing. \_\_\_\_\_  
The collateral registry is expected to be operational by December 2024.

## 3. Scope of work

The consultant is expected to:

### PHASE 1:

- Assess the current lending environment and models in STP.
- Assess the legal and regulatory framework.
- Assess current registries in STP, their functionalities, and their capacity to manage the collateral registry as part of its existing structure or to provide oversight to an outsourced manager.
- If there is no sufficient capacity within a public sector institution, consider alternative service delivery model, including outsourcing some or all of the registry services to the private sector.
- Develop a blueprint for the new collateral registry, as per the outline proposed in Annex, by the end of the third month of the assignment, in consultation with key stakeholders, including the World Bank.

### PHASE 2:

- Support the implementation of the collateral registry blueprint, as part of the secured transactions and collateral registry project.
- Provide recommendations tailored to and feasible in the local context, but based on international standards and best practices.
- Provide technical assistance in strengthening the collateral registry, including the ability to generally interpret alignment with requirements and the legal framework for the registry. • Support the procurement and deployment of the software solution and hardware for the collateral registry.
- Support the identification of a location for the collateral registry administration office.
- Support hiring of staff, as needed.
- Design and implement a training program to the Ministry of Justice and the collateral registry staff, including tools and modules, as well as general knowledge management



- activities such as workshops and conferences. • Prepare public awareness and training programs.
- Meet with relevant public and private sector stakeholders to understand better the project needs, convey key messages and maintain positive relationships to enhance the project delivery.
- Produce succinct, precise, and coherent reports every month.

The Ministry of Justice will provide the Consultant with office space during missions and access to legislation.

The assignment is intermittent in nature and last until December 2024 but will not exceed 60 working days. It will be undertaken as a time-based contract based on days worked and invoiced.

#### 4. Reporting and location of the assignment

The Consultant will report to AFAP and the Ministry of Justice. The assignment will be undertaken remotely with missions conducted in-person. The timing and scope for each mission will be determined in consultation with the authorities. The Consultant's travel expenses will be reimbursed following applicable procedures and guidelines.

City and Country	Working days inclusive of travel
Home office	30
São Tomé, São Tomé and Príncipe	30
Total	60

#### 5. Required qualifications

The consultant should have the following minimum qualifications:

- Bachelor's degree in relevant areas such as Business or Public Administration, Law, or Economics, with 12 years of relevant experience in credit infrastructure or equivalent combination of education and experience.
- Strong technical skills in technology-enabled credit infrastructure reforms and implementation of modern financial sector regimes.
- Knowledge and experience of credit risk assessment, lending practices and portfolio management (including specifically collateralised lending) in developing countries.
- Knowledge and Experience in Development - Influences the design and execution of policy and/or research initiatives; supports, conceives and promotes innovations in development policies, project design, organization and management to improve operational and sector work.
- Efficiency, organization, and capacity to communicate with high-level government officials and relevant stakeholders about policy and institutional reforms.



Working knowledge of Portuguese and experience with World Bank Group projects and standards would be desirable. Alternatively, working knowledge of English, French or Spanish would be useful.



## OUTLINE TABLE OF CONTENTS

### BLUEPRINT FOR COLLATERAL REGISTRY

Executive Summary (with Recommendations)

#### I. PROPOSED BUSINESS MODEL

- A. Profile of target users and their issues (problems to be solved, tasks to be completed, needs to be satisfied)
- B. Value proposition (description of service) and frequency for reviewing value proposition
- C. Business objectives and results framework (with KPIs)
- D. Key business rules (e.g., pricing)
- E. Key business/organizational processes (e.g., registration, query, payment of fees);
- F. Key required resources and skills
- G. Scope of strategic partnership with external parties (e.g., financial sector regulator)

#### II. GOVERNANCE ARRANGEMENTS AND RULES

- A. Oversight (composition and rules)
- B. Management (including terms of reference of key personnel)
- C. Internal control and risk management
- D. External audit
- E. Monitoring and evaluation

#### III. COST ESTIMATES AND FINANCING PLAN

#### IV. IMPLEMENTATION PLAN

- A. Key milestones
- B. Required skills for implementation stage

