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## **TERMS OF REFERENCE FOR AN INDEPENDENT BUSINESS REVIEW (IBR) OF CLINIQUE AND DIAGNOSTIC CENTRE IN DJIBOUTI**

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### **ABOUT THE BANK**

The Trade and Development Bank (TDB) was established on 6th November 1985 following the provisions of the Treaty of 1981 establishing the Preferential Trade Area (PTA), which has since been transformed into the Common Market for Eastern and Southern African States (COMESA), as a financial arm of the regional economic integration arrangement. The Bank has two principal offices, in Bujumbura (Burundi) and Ebene (Mauritius). In addition, the Bank has regional and operational hubs in Nairobi (Kenya), Harare (Zimbabwe), Addis Ababa (Ethiopia) and Kinshasa (Democratic Republic of Congo). TDB is a specialized African multilateral financial institution serving most of the Eastern and Southern Africa. The Bank's objective is to provide short, medium, and long-term financing to viable projects and trade finance activities in its 22-member states.

The Bank's main product lines comprise Short Term Loans (Trade Finance), Long Term Loans (Project & Infrastructural Finance) and, to a lesser extent, Equity Finance and Guarantees. TDB's portfolio is spread across 23-Member States and 14 economic sectors which include Banking and Financial Services, Sovereign, Manufacturing and Heavy Industries, Agribusiness, Infrastructure, Energy, Petrochemical, ICT, Transport & Logistics, Hospitality, Real Estate, Mining & Quarrying, Education, Health Services amongst other development sectors.

### **PROJECT BRIEF**

The assignment entails conducting an Independent Business Review (IBR) and making practical recommendations to the Bank and the project. The Bank co-financed a Clinic and Diagnostic Centre in Djibouti 'the Project' or 'the Clinic'. The Clinic is fully implemented and operational. The Clinic is currently experiencing performance challenges evidenced by non-servicing of debt.

### **OBJECTIVES OF THE IBR**

The objective of the assignment is to conduct a review of the market, governance, cashflow (financial) and operations of the clinic. The Bank commissions IBRs, majorly conducted by experts in the health sector with sound financial and turnaround skills to get an independent review, analysis and recommendations to implement practical alternative remedies for projects demonstrating performance challenges.

### **TERMS OF REFERENCE**

#### **1. Sector Analysis and Review**

- Conduct a health sector review of Djibouti.

- Conduct regulatory review- legislation, regulation, policies, and standards.
- Conduct markets analysis and market share for the Clinic vis -a- vis availability of similar services in the Country and the neighboring countries.
- Assess potential demand for the clinic from the neighboring countries that may benefit from the clinic's services.

## **2. Management and Governance**

- Assess the management of the company and recommend a succession plan.
- Assess the current management and directorship of the company.
- Review the relevant experience of management.
- Analyse current arrangements with professional medical personnel and how these may have affected the operational and financial performance of the Clinic.

## **3. Finance & Operations**

- Review of historical financial performance of the project since inception. This includes analysis of client levels, turnovers, costs and cash, in addition to other performance indicators.
- Identify the root cause of underperformance.
- Develop a base case financial model and sensitivity analysis with valid assumptions among others in respect to client levels, fees, expenditures.
- Review the supply chain of the clinic such as pharmaceuticals and consumables.
- Assess available medical equipment, condition, and remaining service life.
- Equipment that may need replacement in and replacement cost.
- Turn around strategies that could be considered by the Clinic.
- Possibility of a turnaround, time to recovery.
- Evaluate the current capacity and the optimal capacity including analysis of break-even production levels.

## **4. Review of contracts**

Review historical and current related companies' transactions and contracts such as:

- Service level agreements equipment suppliers
- Warranty provided by equipment suppliers.
- Supply of pharmaceuticals and consumables.
- Agreements with professional medical personnel, particularly, doctors.

## **5. Financing arrangements**

- Identify all sources of financing used by the company.
- Review debt equity structure and recommend optimal capital structure for the project.

## **6. Value adding expert contribution.**

- Any other value-adding and relevant information from the consultant's previous experience on similar IBRs.
- Identification of Potential Partners/Equity Investors

### **Expected Deliverables**

- Inception report
- Draft IBR report
- Final IBR report and presentation to the Bank

### **Duration and Location**

21 days. Djibouti.

### **Proposal Requirements and Expertise**

Interested Consultancy firms are requested to submit two separate **Technical** and **Financial** proposals, clearly specifying:

1. Technical proposal specifying the timeline to execute the assignment, project plan, approach and methodology including technical competencies including but not limited to insolvency, turnaround, industry expertise, corporate finance, and audit.
2. Demonstrable relevant experience in similar assignments, by providing traceable references.
3. Demonstrate prior experience, working with lenders to refinance, restructure or exit debt, in the health sector.
4. Expertise required- insolvency, corporate finance, turnaround or business rescue, financial analysis, corporate governance, audit. Since Djibouti is a francophone country, knowledge of the French language is essential.
5. Financial proposal indicating the total all-inclusive US Dollar fixed cost for the engagement, exclusive of VAT.

### **Submission**

Interested Consultancy Firms are requested to submit their proposals in soft copy with the requisite information, addressed to **The Executive, Portfolio Management Department** on **procurement@tdbgroup.org** not later than 17.00 hours EAT by Friday, 19<sup>th</sup> May 2023.