

## **Terms of Reference**

### **The Republic of the Union of Myanmar Provision of Consulting Services for**

### **Technical Advisory and Management Support for Corporatization of MPT (Ref. No. C.1.4.1)**

#### **Background**

Following the liberalization of the Myanmar telecommunications sector in 2013, the Government of the Union of Myanmar (Government) is in the process of corporatizing the state owned operator, Myanma Posts and Telecommunications (MPT) into a 100% government owned company. In July 2014, MPT entered into a Joint Operating Agreement (JOA) with a Japanese Consortium of KDDI and Sumitomo Corporation for a period of ten years.

MPT's monopoly has been replaced by a competitive market structure consisting of multiple operators (including Ooredoo and Telenor). The new operators received their licenses and have aggressively rolled out their networks in many urban and semi-urban areas of Myanmar at this time. MPT has also recently received a Network Facilities Service License (Individual) from the Posts and Telecommunications Department (PTD)

The Ministry of Communications and Information Technology (MCIT) fully understands that MPT needs assistance to become an autonomous commercial telecommunications operator to compete with the private operators in a dynamic multi-operator environment. In order to maintain MPT's competitiveness and role in the new scenario, the Government wants to transform MPT into a commercially oriented company, and possibly attract a strategic investor in the near future. MPT will for administrative purposes be registered as a 100% State-Owned Corporate Entity within 2015. At this time, work is underway to register MPT's telecommunications business under the Companies Act, as a state owned commercial entity.

As the telecommunications sector will change dramatically in the upcoming years, the Government had recently requested World Bank assistance to support MPT's transition from a government department to a corporate entity that is able to successfully operate in a competitive market.

The decision to corporatize MPT was made in 2014. Guidance was provided by the World Bank on business line separation strategy, asset valuation and accounting systems review for MPT.

### **Objective**

The main objective of this assignment is to provide strategic and hand holding support to MPT during its corporatization process and transformation into a autonomous, commercial telecommunications operator.

The proposed support, solutions and advice should be based on international best practices, especially in countries of similar size, economy, market and sector development.

### **Summary of Tasks**

The Consultant will provide support MPT's corporatization process, with a view towards an eventual privatization, through the following actions:

- a. Supporting MPT to define its business objectives and to support with strategic planning to achieve operational goals;
- b. Developing the opening balance sheet for the newly corporatized entity based on internationally acceptable standards; and
- c. Provide strategic support for human resources management.

### *Description of Activities*

#### **a. Supporting MPT to define and detail its strategic and business objectives**

- Supporting MPT to define a clear vision and mission
- Identifying short, mid, and long term specific, measurable, reasonable, and achievable commercial goals that are aligned to the vision and mission, and also to the goals defined in the Joint Operating Agreement.
- Recommending realistic milestones and timelines for achievement of each of the goals.
- Designing a High Level Strategic Plan, including business plans, for the next 10 years.
- Setting business priorities and mid and long-term corporate planning. This will include defining a business plan for MPT (sources and uses of funds, with underlying assumptions clearly identified)
- Outlining service and performance standards for the corporatized MPT.
- Strategic planning for capturing a fair share of the market opportunity in the short term, during the years of largest market growth driven by the sector liberalization and the introduction of competition.
- Preparing MPT for attracting a strategic partner in the short or mid-term; towards the end of 2016.

- Describing the internal and external resources needed to implement each step and achieve each milestone satisfactorily.
- Assessing which of those resources are available within MPT and which need to be outsourced or hired.
- List the steps to take and the milestones to reorganize MPT as a corporate entity.
- Describe with details the implication of each step and milestone for MPT's organizational structure, resources, business lines, and financial position.
- Describe the human, budgetary, and time resources needed to implement each step and to achieve each milestone.
- Identifying which internal human and budgetary resources are available and capable of implementing each corporatization process step, taking into account overlapping steps
- Design a detailed project management plan highlighting the interdependency and overlapping relations that may exist between different steps, the resources that will be needed at each phase, and the required corporate level of leadership to achieve each milestone.
- **Pensions:** Conduct a detailed review of MPT pension policies and recommend a sustainable pension policy and plan for MPT. Estimate the total pension liability for MPT. If pensions are to be administered by a third party, support MCIT and MPT to select a pension administrator

(i) Outputs

- Report with Goals for MPT and High Level Strategic Plan.
- Preliminary Staffing Assessment.
- Strategic Detailed Roadmap for corporatization.
- Pension Policy and Plan and estimate of total pension liabilities.

(\* References

- Assumptions, suggestions, and recommendations have to be supported with references to international cases.

**b. Developing the chart of accounts and opening balance sheet for the corporatized entity based on internationally acceptable standards**

- Drafting Financial Guidelines to support MPT to define assets and liabilities, to value assets, to transfer assets to the corporatized MPT, to adopt international accounting standards and to design and release comprehensive annual reports and financial statements.
- Prepare Chart of Accounts for MPT
- Support MPT to transfer its financial systems to one that is based on commercially and internationally acceptable practice. This will include supporting MPT in:
  - o Defining, describing and listing of all assets and liabilities. This deliverable will have to be based on the identification and valuation of

- assets and liabilities, including stores, receivables and payables, in all MPT facilities
  - Conducting a detailed asset valuation (based on appropriately adjusted accounting book values and/or estimation of market values).
  - Completing asset transfer and novation to the corporate entity
  - Adopting relevant accounting standards
  - Defining, designing and releasing comprehensive annual reports and financial statements.
- Training finance staff across MPT on relevant accounting standards and use of technology systems (ERP) that will be introduced to MPT.

(i) Outputs

- Financial Guidelines for MPT
- MPT's chart of accounts
- Balance Sheet for MPT based on commercial internationally accepted practice
- Detailed asset register for MPT

(\*) References

- Assumptions, suggestions, and recommendations have to be supported with references to academic papers or international cases.
- The MPT will share earlier work conducted on valuation methodologies etc.

**c. Support for human resources management**

- Taking into consideration the strategic plan for MPT, identify the human resource capabilities to deliver on the plan;
- Planning an organizational reform for enforcing strong governance at Board level. This will include support to define the legal rights and duties of the board of directors.
- Designing a Staffing Plan to restructure, reorganize, and replace part of the staff according to the corporatization process and new business needs.
- Amongst the internal human resources identified as available and capable of implementing the corporatization process steps, identifying who should receive additional training.
- Defining the nature, cost, length, and depth of the training for the internal human resources identified as available and capable to implement corporatization process steps.
- Defining the nature, cost, length, and depth of the training for the internal human resources identified as available and capable to carry out operational tasks once the corporatization process will be complete.

- Designing an organizational structure with clearly defined roles and responsibilities for staff of all designations.
- Drafting Staff Management Guidelines, including compensation schemes, performance monitoring metrics and incentives, benefits rules, salary rules, leave rules, and eligibility for training programs.
- Drafting forms of employment contracts for all levels of employees.

#### Training plan

- Designing and quoting a modular Training Plan for the staff profiles identified, adjustable to the changing needs of MPT, number of participants, and budget available. The plan should include a short intensive first phase, and a second phase of continued training. Content wise, the training programs will be divided into general skill training and specialized functional training.
- Providing the training to MPT staff.

#### Outputs

- Strategic Staffing and Organization Plan
- Training Plan
- Staff Management Guidelines

### **Corporate Documentation**

- Prepare all documentation and agreements necessary to give effect to the corporatized MPT as needed.

### **Transfers**

- Prepare all documentation and agreements necessary to effect the transfer and assignment of assets and liabilities and personnel to the newly corporatized MPT
- Assist the MCIT in the actual transfer and assignment of assets and liabilities and personnel

#### (\*) References

- Assumptions, suggestions, and recommendations have to be supported with references to academic papers or international cases.

### **Timing**

The entire assignment is scheduled to be completed **within 18 months** from the date of signing the agreement between the Client and the Consultant.

## **Counterparts**

The Consultant will report to the Client who in turn will

- a. facilitate coordination with other consultants, relevant government departments and agencies and sector stakeholders, including the private sector;
- b. facilitate access to legislation, reports, information, and data as appropriate and in a timely manner; and
- c. provide local administrative support.

The Consultant will have to engage deeply with MPT leadership and the MPT staff (middle and lower-level managers, technical staff etc.). All staff at the MPT will have to be appropriately engaged and consulted to ensure their understanding of the purpose of promoting such changes within the organization.

## **Consultant's Qualifications**

The consultants are expected to be a firm, with expertise in public entities corporatization and commercialization, deep knowledge of operations in the telecommunications sector (including the technical, financial, legal and HR matters referred to in these Terms of Reference), and strategic advisory services and will be selected based on its experience and capacity in carrying out this type of work; particularly in the telecommunications and postal public sector. The consultants' knowledge of, and direct experience in the telecommunications sector, particularly in developing countries, will be particularly important.

The consultants should have expertise in providing strategic, financial, accounting and auditing, human resources, technical, legal advisory services and will be selected based on its experience and capacity in carrying out this type of work. The firm's knowledge of, and direct experience in the telecommunications sector, particularly in developing countries, will be particularly important.

The firm should consist of team leaders for Strategic Advisory, Legal, Technical, Financial Auditor and Accounting, and Human Resources teams. The team leaders for each track should all have at least 10 years of work experience in each of their areas of competence. They should have a graduate degree and at least 5 years of work experience in developing countries.

The Strategic Advisor's team should consist of personnel with skills and experience in telecommunications sector policy, telecommunications operations, project management, strategic and business planning, valuations, and regulatory matters relevant to the situation in Myanmar.

The Financial Auditor and Accounting and Human Resource Advisors are expected to have knowledge and direct experience in completing their respective tasks as detailed above in

this Terms of Reference. The financial auditors and accounting team should be able to support MPT in

The technical and legal advisors teams are expected to have direct knowledge of corporatization, commercialization and valuations in the telecommunication sector. Preferably, the Consultant will be familiar with international best practices and with the country, government, sectoral, operational, and institutional framework. Relevant experience in the South East Asia region and particularly in Myanmar would be a plus. The consultant will have to travel often to Myanmar to liaise with the Client. While key team members may be based out of Myanmar, it will be important for the consultants to have presence in Myanmar, with staff who have worked in the telecommunications sector.