

**THE INVESTMENT FOR INDUSTRIAL TRANSFORMATION AND
EMPLOYMENT (INVITE) PROJECT**

TERMS OF REFERENCE (TORs)

**FOR THE INDEPENDENT INVESTMENT COMMITTEE (IIC) MEMBERS OF
THE INVITE TRUST**

1. BACKGROUND

The Government of the Republic of Uganda (GoU) received financing from the International Development Association (IDA) and other development partners under the Multi-Donor Trust Fund (MDTF), including the Netherlands, United Kingdom and Sweden, toward the cost of the Investment for Industrial Transformation & Employment (INVITE) Project.

The INVITE Project Development Objective (PDO) is to mitigate the effects of COVID-19 on Private Sector Investment and Employment and support new economic opportunities, including in refugee and host communities.

The Project is being implemented by the Ministry of Finance, Planning and Economic Development (MoFPED) and Bank of Uganda (BoU) through the INVITE Trust and the Private Sector Foundation Uganda (PSFU). Additional information about the Project may be obtained from <https://invite.go.ug;https://projects.worldbank.org/en/projects-operations/documentdetail/P171607?type=projects>.

As part of the implementation arrangements, the GoU established the INVITE Trust as a special-purpose vehicle through which the investments, transactions, and other financing operations related to Credit Windows of the INVITE Project as listed below will be implemented:

Window 1.1: Amortization Extension

Window 1.2: Re-Start Discount Line of Credit

Window 1.3: Receivables Financing

Window 2.1: Credit Guarantee Facility

Window 2.2: Long-term Subordinated Loan Facility

Pursuant to the provisions of the Trust deed, an Investment Committee (IC) shall be constituted to oversee the activities of the INVITE Trust. The IC will be the highest decision-making body of the INVITE Trust. The IC will ensure transparency and objectivity in the Trust's management and will approve all of the Trust's activities.

2. COMPOSITION OF THE IC

The IC will be comprised of no less than five members: two members nominated by MoFPED (in a non-chair role), and three independent members selected by limited competition: one each with financial sector skills and qualifications, with legal expertise, and the private sector expertise.

2.1 Reporting

The IC will report to the Trustees of the INVITE Trust.

2.2 IC Sub-Committees

At a minimum, the IC shall have a Risk Subcommittee and an Audit Subcommittee, both of which shall be chaired by independent members. The Risk Subcommittee shall be responsible for, inter alia, advising the IC on the Trust's overall current and future risk appetite and overseeing the strategies for capital and liquidity management as well as for all relevant risks of the Trust, to ensure they are consistent with the stated risk appetite.

The Audit Subcommittee shall be responsible for, inter alia, overseeing financial reporting, internal control systems, and the audit process and ensuring that the Trust complies with all applicable laws and regulations.

The IC shall have the power to make rules about the operation, composition, and any other aspects of the Risk and Audit Subcommittees and to create other Subcommittees.

3. RESPONSIBILITIES OF THE IC

The IC members and Trustees each severally and independently acknowledge and agree that they owe a fiduciary duty of loyalty to act in the best interests of the Trust and of the Project. In keeping with such duty, they shall strictly refrain from self-dealing, unauthorised profits, and conflicts of interest. The Trustees shall not enter into, and the IC shall not sanction, a transaction inconsistent with their fiduciary duties.

The IC members shall be individually and severally responsible for executing the functions of the IC as outlined in the Trust Deed, INVITE Financing Agreement, Grant Financing Agreement and the Project Appraisal Document (PAD).

The IC shall:

- i. Provide oversight to the management of the INVITE Trust and ensure that the Trust maintains the strategic context and diligence in managing all financial assets and liabilities associated with INVITE Trust.

- ii. Support the INVITE Trust Manager in the smooth intermediation of Project funds through the balance sheets of financial intermediaries.
- iii. Subject to the concurrence of the Trustees, approve the hiring and payment (at the expense of the Trust) of any agent (including attorneys, advocates, barristers, lawyers, accountants, brokers, banks, insurers, trusts, companies or other agents) to carry out any business or perform any act required for the execution of the Trust's activities.
- iv. Review and approve the appropriateness of investment strategies to support the Trust's investments.
- v. Evaluate, approve or reject applications for each Window under the Trust's purview in accordance with the eligibility criteria set out in the Project Operations Manual (POM).
- vi. Authorize the transfer of funds between the Trust's accounts.
- vii. Keep records of all applications to the Trust and of all decisions of the IC.
- viii. Monitor the results of each of the Windows and ensure that the Trust tracks performance in accordance with the PDO Level Indicators.
- ix. Support the INVITE Trust Manager to implement the Communication Strategy and Public Relations activities.
- x. Ensure the establishment of a risk management framework.
- xi. Approve financial statements depicting the financial status of each of the INVITE Trust's Windows.
- xii. Evaluate and rate the performance of the INVITE Trust Manager.
- xiii. Recommend to the Trustees a firm of Certified Public Accounts of international repute for appointment as the External Auditors of the Trust.
- xiv. Perform any other duties under the INVITE Project, including, but not limited to, the provision in the POM.

4. IIC MEMBER COMPETENCY PROFILE

All IIC members shall, at a minimum, demonstrate a deep knowledge of the functioning of the financial sector with experience in strategic, analytic, and management roles; have certified professional credentials in finance or legal fields; and have impeccable ethics and professional records.

IIC members shall not have any potential or actual conflicts of interest in terms of any existing, potential or recent affiliation or relationship with potential beneficiaries of the Trust operations.

The IIC members must have impeccable ethics and professional records, as demonstrated by the absence of any legal, disciplinary, or ethics procedure, of any adopted measures by any authority, and by the records of their respective professional associations.

The IIC candidates must demonstrate experience working as member of Boards of Directors or in high-level positions. Each of these members shall, at a minimum, have fifteen years of experience in the relevant domain with a background in a wide range of strategic, analytic, and management roles, with certified professional credentials in finance or legal fields (e.g. CFA, CPA, FRM, JD, etc.) and with impeccable ethics and professional records, duly verified.. The additional specific competency requirements for sector experts are summarised below.

4.1 Additional Competency Requirements for the Financial Sector Expert

The IIC member who is the Financial Sector Expert shall fulfil the following additional requirements:

- i. Experience in an investment, fiduciary, and/or risk management committee of a private financial sector institution and
- ii. Fifteen years of experience as an executive at a business (profit-making) unit financial institution, such as lending or investments or
- iii. Fifteen years of experience in portfolio, fund, or asset management; and
- iv. Background in loan origination or credit risk management, asset management operations, marketing and product management, business strategy and development, or
- v. Background in investment research and due diligence, strategic financial planning, credit risk analysis, credit transactions, and/or treasury liquidity management; or
- vi. Background in due diligence, contract drafting or negotiation for a financial close of credit and/or guarantee transaction; and
- vii. Experience with factoring, credit guarantees, and/or subordinated loan financial products, and
- viii. Impeccable ethics and professional records, as demonstrated by the absence of any legal, disciplinary or ethics procedure and of any adopted measures by any authority and by his or her respective professional association's records.

4.2 Additional Competency Requirements for the Legal Expert

The IIC member who is the Legal Expert shall fulfil the following additional requirements.

- i. At least fifteen years experience as a lawyer, reaching a high-level position such as Chief Counsel, Director/Head of Legal and
- ii. At least three years working in the financial sector or with exposure to the financial sector with an understanding of regulatory requirements for financial institutions or
- iii. At least three years in negotiation or litigation for corporations that involved the public sector as a counterparty and
- iv. Deep knowledge of corporate reporting practices and international best practices in legal corporate reporting and
- v. Relevant experience showing a deep understanding of Trust Law with some experience or training in Fund law best practices as applied in other commonwealth countries and
- vi. Impeccable ethics and professional records, as demonstrated by the absence of any legal, disciplinary or ethics procedure and any adopted measures in his or her respective professional association's records.

4.3 Additional Competency Requirements for the Private Sector Expert

The IIC member who is the Private Sector Expert shall fulfil the following additional requirements:

- i. At least 15 years of experience in a mid-to large-size corporation, including high-level positions such as managing director, chief executive officer, chief financial officer, chief of operations, etc.
- ii. Deep knowledge of financing, financial reporting, financing constraints, leveraging needs of corporations, investment processes, and project management; and
- iii. Deep knowledge of value chains and activities of targeted sectors of the INVITE Project, such as manufacturing, agro-processing and exporting ones; and
- iv. Impeccable ethics and professional records, as demonstrated by the absence of any legal, disciplinary or ethics procedure and any adopted measures in his or her respective professional association's records.

5. FIT-AND-PROPER AND KNOWLEDGE CRITERIA

IIC Members must comply with the fit-and-proper and knowledge criteria as specified in the INVITE Trust deed.

- i. Knowledge of the functioning of the financial sector is demonstrated by experience of at least 15 years in strategic, analytic, and management roles of financial sector companies or financial sector policy units and by certified professional credentials in finance or legal fields (CFA, FRM, JD, etc.) as outlined in Section 4 above.
- ii. The Trustees shall perform a fit and proper assessment for the appointment of IC members as prescribed in the Financial Institutions (Amendment of Third Schedule) Instrument, SI. No. 110 of 2022 under section 132 (2) of the Financial Institutions Act, 2004, Uganda.
- iii. The fit-and-proper criteria will further be established through background checks, including the criminal records (local, regional and global, such as INTERPOL lists), binding lists (US Treasury, OFAC, UN, etc.), credit report lists, commercial relations with investigated or sanctioned entities and by checking potential or actual conflicts of interest, in terms of any existing, potential or recent affiliation or relationship with potential beneficiaries of the Trust operations and by ascertaining impeccable ethics and professional records demonstrated by the absence of any legal, disciplinary or ethics procedure and of any adopted measures in the respective association's records.

6. BEHAVIOURAL EXPECTATIONS

6.1 Independence

In the execution of their role, the IIC members will be required to 'stand apart' from inappropriate influences and be able to make correct and uncontaminated decisions. A member shall be considered Independent if she/he is not affiliated with any Ministry, Department or Agency (MDA) of the GoU. Persons formerly affiliated with any MDA must have wholly severed their affiliation for at least two years before seeking to join the IC.

6.2 Anonymity and Confidentiality

The Committee members must operate with the utmost discretion and will be expected to sign a non-disclosure agreement. The IC has the authority to investigate and verify any matter within the scope of these ToRs and to access all information deemed relevant to the execution of the roles. Further, the Committee will be empowered to seek professional advice and invite external consultants with relevant expertise as and when required.

7. MEETINGS OF THE IC

- i. The IC will meet to review the business plans/project proposals and the accompanying documentation, evaluate the projects, and make financing decisions.

- ii. The frequency of the meetings shall be determined by the IC and approved by the Trustees.
- iii. The quorum for the meetings shall consist of three (3) members of the IC and the Secretary.

8. REMUNERATION

The IIC members will be offered competitive remuneration consistent with industry rates. The compensation may include a monthly retainer and duty facilitating allowance for every attended session.

9. TERMS OF ENGAGEMENT

- i. None of the IIC members will be employees of the INVITE Trust, and no labour relations will be established between the INVITE Trust and the IIC members.
- ii. Members of the IC will be appointed for a period not exceeding four years starting with a two-year term that will be renewed subject to satisfactory performance and continued need.
- iii. IIC members can only be removed by the Trustees before the end of their terms in accordance with the causalities stated in clause 7.9 in the Trust deed, which names specific criminal behaviour. They can also cease to hold office according to clause 7.10 of the Trust deed, which includes, among other reasons, incapacitation or failure to attend more than three consecutive meetings without proper justification.