

**TERMS OF REFERENCE FOR A SENIOR TECHNICAL ADVISOR – MICROFINANCE
JANUARY 2020**

1. The Africa Enterprise Challenge Fund

The Africa Enterprise Challenge Fund (AECF) is a non-profit organization, with its headquarters in Nairobi supporting early and growth-stage businesses in the agribusiness and renewable energy sectors. Our aim is reducing poverty, promoting resilient communities and creating jobs through private sector investment. AECFs' goal is to transform lives by providing funding and technical assistance to businesses that improve the lives of rural communities and display potential for credible commercial viability and growth.

AECF's strategy is focused on agribusiness/agriculture and renewable energy sectors with increased support to climate technologies, deepened focus on gender, youth, and employment, aimed at attaining the institution's vision of 'A Prosperous and Enterprising Rural Africa'.

Recently, The AECF was awarded a grant to implement the Finance for Inclusive Growth in Somalia (FIG – Somalia) funded by the European Union.

2. About Finance for Inclusive Growth in Somalia (FIG – Somalia)

Finance for Inclusive Growth in Somalia (FIG – Somalia) is a pilot programme component under the European Union's Inclusive Local and Economic Development (ILED) programme, whose objective is to contribute to stability in Somalia by extending state authority and services, promoting local reconciliation and peacebuilding, creating inclusive economic opportunities and protecting the most vulnerable.

Objectives of FIG Somalia

The specific objectives of FIG Somalia programme are:

- a) Facilitate access to finance for women and youth in business and producers¹ both at the financial institution level and enterprise level using the revolving loan fund and the partial guarantee facility with selected partner financial institutions.
- b) To enhance access to relevant business development services mainly through training and business mentorship
- c) Build the capacity of the partner financial institutions to increasingly provide appropriate financial services for a wider scope of customers include those living in rural and decentralized areas in Somalia.
- d) To design and offer appropriate and sustainable products and services to clients through Somali Financial Institutions and ensure targeted clients are growing and becoming more bankable.

FIG-Somalia seeks to work through participating financial institutions to fill a financing gap in Somalia by providing them with access to a revolving fund for credit to be used for the sole

¹ Refers to farmers, fishermen, pastoralists and auxiliary small businesses along the value chains, e.g. fish shop, transporter, processing activity e.t.c.

purpose of providing onward lending to women and youth in business and producers. We are therefore seeking a Senior Technical Advisor to support the AECF programme team based in Somalia as it seeks to build capacity of local financial institutions to reach this target market.

3. About the Assignment

The Senior Technical Advisor will work with AECF Programme Team based in Somalia, providing dedicated microfinance expertise and technical assistance to the team and partner financial institutions. The Advisor will have vast knowledge of MFI products and policies, to steer and ensure the programme interventions are executed efficiently and effectively. The Advisor will work closely with the MFI consultant who has been retained for the earlier period of the program.

The initial deliverables relate to the six-month inception phase of the programme and can be extended for a further six months should the advisor deliver exceptionally and within set timelines.

3.1. Scope of Work

The scope will entail:

1) Capacity Building of the Partner Financial Institutions / AECF Somalia Programme Team

- i. The Advisor will provide technical advisory services to enhance the long-term sustainability, profitability, and productivity of the programme; this will include building the capacity of the partner financial institutions and building the capacity of the AECF Programme Team in Somalia through knowledge transfer and technical advisory support. Strengthen the financial and managerial capacity of the selected Partner financial institution so as to ensure that the final beneficiaries are served by sustainable, responsible and well managed financial institutions;
- ii. Provide technical backstopping to the programme and MFI consultant to ensure that targets set forth are met.
- iii. In respect of programme activities, provide inputs and advice based on international microfinance best practices adapted to the local context.

2) Institutional Analysis and Operational Procedures and Policies

- i. Support the initial capacity needs assessment/gap analysis of the financial institutions informing the development or updating of partner financial institutions procedures and policies;
- ii. Based on findings from market assessment, support the Microfinance Consultant in the development of the microfinance products (market definition, market research, product prototype, costing and pricing, pilot testing, rollout, marketing and lifecycle management) and clarify the impact of introducing new products on the MFI (human resources, corporate culture, operations and systems, financial results, and operating results).
- iii. Support the partner financial institutions in the implementation of the recommendations arising from institutional gap analysis and assessment.
- iv. Support in designing effective organizational microfinance unit structures for each Partner financial institution based on proposed processes and procedures, as well as an analysis of operations model/approach to inform a product rollout.
- v. Ensure subsequent to the products rollout and redesign of internal systems and structures, that loans facilities are deployed efficiently to meet the targets of the FIG programme.
- vi. Facilitate effective partnership between AECF program team and partner financial institutions.
- vii. Create training content and execute workshops for all relevant partner financial institutions leadership and staff to ensure effective change management.

- viii. Provide thought partnership to the partner financial institutions on development of talent that will match the demands of growth presented by launch of new products and serving redefined market segments.
 - i. Provide technical backstopping and advisory in the development of the adult training techniques and best practices (ToT), Business Coaching Toolkit, lending best practice training, etc.
 - ii. Work with the MFI Consultant in the development of a comprehensive business coaching toolkit and lead the mapping of Business Development Services providers in Somalia for delivery of the said business coaching toolkit.

3) Pilot Phase Preparation

Provide support and planning for the next phase of the programme, with a heavy forward-looking perspective on product development and continued capacity building.

3.2. Specific Deliverables of the Assignment

The deliverables will be as follows:

- 1) A detailed work plan for every partner financial institution arising from the implementation road map as presented by the MFI Consultant.
- 2) A shortlist BDS providers for execution of the Business Coaching Toolkit.
- 3) Monthly and quarterly performance and tracker reports on partner financial institutions implementation activities – for internal and external reporting.
- 4) Quarterly progress reports on overall FIG program.
- 5) Bi-monthly report on progress of FIG Program objectives and key insights drawn.
- 6) Effective support on the designing, planning and delivery of workshops and events.
- 7) A final report (report at the end of the assignment) of key insights, and recommendations for EU and AECF engagement going forward.

4. Duration of Service

The assignment will run for a duration of six months, to commence no later than January 2021. Upon successful delivery of the initial scope of work, there will be an opportunity to renew incrementally for an additional six months, up to a maximum of 24 months.

5. Proposal Submission

Qualified consultants (individuals) are invited to submit the proposal that includes the following:

- 1) Methodology and approach for conducting the assignment.
- 2) Reference list of similar assignments done in the past.
- 3) Relevant services undertaken in the past five (5) years.
- 4) Financial proposal clearly showing the budgeted cost for the work to be conducted under the scope of work above.

Please note, technical and Financial proposals should be submitted as separate documents.

6. Qualification and Experience

- A master's degree in Business Administration, Finance, Economics, or related field.
- Relevant professional experience with a minimum of 10 years with a microfinance institution or an inclusive finance TA provider, with a specific focus on new products development, financial analysis and micro and small lending, loan management, identification of key lending risks.

- Good management skills of microfinance entities, especially in the areas of business development, operations, and risk management.
- Previous experience working in or with the Somalia Financial Industry required.
- Knowledge of microfinance institutional administration, operations, and procedures.
- Experience in financial planning, management, and analysis of financial institutions.
- Excellent analytical, communication and interpersonal skills, and experience in people management.
- Fluency in English, with strong written and verbal communication skills
- Knowledge of Somali/Arabic is an asset.
- Ability to work in a challenging environment with poor infrastructure and human capacities and difficult security conditions.
- Highly motivated with a strong interest in development and social issues.
- Experience in matters related to the transformation of MFIs will be a distinct advantage.

The consultant will be accountable to the Head Investment Advisory Services.

7. Pricing

AECF is obliged by the Kenyan tax authorities to withhold taxes on service contract fees as well as ensure VAT, at 16%, is charged where applicable. Applicants are advised to ensure that they have a clear understanding of their tax position with regards to provisions of Kenya tax legislation when developing their proposals.

8. Evaluation Criteria

An evaluation committee will be formed by the AECF and shall include employees. All members will be bound by the same standards of confidentiality. Bidders should ensure that they fully respond to all criteria in order to be comprehensively evaluated.

In deciding the final selection of qualified bidder, the technical quality of the proposal will be given a weighting of 70% based on the evaluation criteria below. Only the financial proposal of those bidders who qualify technically will be opened. The financial proposal will be allocated a weighting of 30% and the proposals will be ranked in terms of total points scored.

NO.	CRITERIA FOR ASSESSMENT	Weighted Award
A. TECHNICAL PROPOSAL		70
1. An understanding of the terms of reference		
1.1	Demonstrate understanding of the assignment and expected outcomes.	5
1.2	Demonstrate an in-depth understanding of microfinance or inclusive finance for products development, financial analysis and micro and small lending, loan management and identification of key lending risks	10
2. Methodology and work-plan that will deliver the best value on the assignment		
2.1	Demonstrate the capacity to deliver the task in a timely and efficient manner. Demonstrate best and most practical approach to the assignment. Provide a workplan on the key deliverables.	15
3. Qualification and Experience		
3.1	Demonstrate capabilities and past relevant experience in tackling the assignment.	10

3.2	Demonstrate relevant experience in conducting similar engagements. Provide evidence of similar previous experience including reference list indicating the scope and magnitude of similar assignments; specification of reporting capabilities	30
A. FINANCIAL PROPOSAL: Clarity, relevance, reality to market value/ value for money of cost for the assignment (inclusive of any applicable tax, reimbursables and travel).		30
Total Score		100

9. Disclaimer

AECF reserves the right to determine the structure of the process, number of short-listed participants, the right to withdraw from the proposal process, the right to change this timetable at any time without notice and reserves the right to withdraw this tender at any time, without prior notice and without liability to compensate and/or reimburse any party.

10. Application

AECF invites qualified consultants/firms to send a proposal to aecfprocurement@aecfafrica.org , clearly marked “**Terms of Reference for Senior Technical Advisor - Microfinance**” to be received no later than **5th February 2021 by 5.00 pm East Africa Time (GMT +3)** addressed to **The AECF, Procurement Department**