



REQUEST FOR A PROPOSAL - CONSULTANCY FOR WORKING CAPITAL MANAGEMENT

1.0 The Africa Enterprise Challenge Fund

AECF is a development institution that builds the resilience of rural and marginalized communities by catalyzing innovative private sector business models with patient capital and growth support services across Sub-Saharan Africa. Launched in 2008, the AECF has mobilized over US \$356 million to date, leveraging more than US \$658 million in matching capital and improving the lives of more than 19 million people in 2018 alone through jobs and increased household incomes. The AECF has so far supported 268 companies in 26 countries in sub-Saharan Africa across 40 value chains in our focal sectors of agribusiness and renewable energy.

To deliver on our strategy, we will continue to focus on the agribusiness and renewable energy sectors, increase support to climate-smart technologies, refine our challenge model, expand regional presence, deepen the focus on gender, youth and employment by expanding our products and partnership approach to better meet our investees' current needs; and ensure they rapidly scale and transition to external financing and sustainability thereby attaining our vision of *'a prosperous, enterprising and resilient Africa'*.

2.0 About Investments Advisory Services

In delivering on the strategy, AECF's Investments Advisory Services (IAS) department is increasingly providing value added support to AECF investee companies in Africa to accelerate their business growth, resilience and impact delivery. The IAS team works with the investee companies to identify capacity gaps through conducting business diagnostics, prioritizing of capacity needs and planning for delivery of services that will increase business performance and sustainable delivery of social impact. Based on the emerging priority needs of our investees, key advisory services have been categorized under strategy & strategic management; financial management; marketing, distribution & customer service; leadership and organization development; production and operations; integration of environmental and social management; and investment readiness & capital raising.

3.0 About the REACT Kenya Relief Fund

The REACT Kenya Relief Fund (KRF) is providing emergency grants to distributed energy service companies who are struggling to maintain access to energy to their thousands of rural customers because of the unprecedented disruptions and challenges from operating during the COVID-19 pandemic. Since 2011, AECF has been supporting Kenyan businesses reach off-grid rural communities with low cost, clean energy products and services. By providing patient capital in the forms of grants and zero interest loans to a carefully selected portfolio of companies, AECF has been able to contribute to enhanced energy access for over 700,000 off-grid households, create thousands of new jobs and opportunities for young people, and improve incomes and health conditions for rural communities.

The Covid-19 pandemic threatens to reverse this valuable progress and increase energy poverty and inequality across Kenya. Supply chains and distribution networks have been restricted by lockdowns, curfews, and social distancing measures. Rural customers are struggling with steep decreases in income and cannot afford even micro-payments to access lighting for their homes. They risk losing the access to the energy and information services that they need to better sustain themselves during the pandemic.

The REACT Kenya Relief Fund is a USD2 million initiative that has awarded emergency grants to companies operating in Kenya that can demonstrate that (i) they are serving the energy needs of off-grid households in poor rural and peri-urban areas and (ii) they need financial support if they are to safeguard jobs and essential services during the coronavirus pandemic.

Funded by Sweden, and managed by AECF, support is being provided through disbursements of emergency grants (USD50,000 –USD200,000) to cover short-term working capital needs (3-12 months) and technical assistance for business continuity and resilience.

The specific objectives of the fund are to:

- a) Provide relief to off-grid energy companies so that their employees, customers, and supply chains are not adversely affected by Covid-19 economic shocks.
- b) Guarantee energy access as an essential service (lighting, cooking and productive use of power) during the COVID-19 emergency.
- c) Provide targeted technical assistance to enable companies to develop solid strategies of coping with the COVID-19 pandemic.
- d) Understand the impacts that COVID-19 has had on low-income, off-grid households.

4.0 About the assignment

4.1 Purpose of the assignment

AECF is seeking the services of **a consulting firm** to support eight REACT KRF investee companies to develop robust working capital management (WCM) strategies and systems for their operations. The assignment will commence with an assessment of the companies' internal WCM gap analysis and end with a comprehensive WCM strategy, policy, operational plan and functional system for management of the key components of WCM/liquidity management. The services will be delivered by a firm, whose team will plug into the AECF's Investment Advisory Services (IAS) delivery team at AECF. The assignment will be considered as one engagement and not separate engagements for the different investees, and this should be reflected in the proposal.

4.2 Specific duties and responsibilities (the "Services") of the consultant

For each of the eight companies, the consultant will be expected to deliver on the following scope of the assignment.

- a) Assess the status of the company's working capital cycle and its working capital management policies, systems and staff capacity.
- b) Assess health and risks of the different working capital components (cash and cash equivalents, Inventory, accounts receivables, accounts payables)
- c) prepare bespoke working capital management strategies and policy for each company (based on size of the company, business model, target market, aspirations etc.).
- d) Align the developed strategies to help the companies deal with COVID 19 working capital challenges.
- e) Develop a comprehensive working capital management policy and operational plan.
- f) Train and coach the team in working capital management.
- g) Prepare a short learning paper from this assignment, presenting key insights on working capital management for SMEs in this sector, in the current business environment.

4.3 Specific deliverables

For each of the companies, the deliverables/outputs for this assignment are outlined below:

- a) A gap analysis report on the current working capital strategies, policies, cycle, system, team capacities.
- b) A report for each company giving the various working capital benchmarks discussed in comparison to the best practices in the industry. Sample benchmarks will include: (Days Payables Outstanding (DPO), Days Sales Outstanding (DSO), Percent Past Due, Days Inventory Outstanding, Repossession rate, Collection rate, Churn, Average Credit period, Receivables at risk, provisions policy etc.)
- c) Bespoke working capital management strategies for each company
- d) Fully integrated, functional and tested working capital system and policy for each company, accompanied by working capital cycle report, to show how the cycle would look like with the policy applied.
- e) Training report and materials for use by the investee companies for onward refresher trainings
- f) A short learning paper on capital preservation and Financial management for SMEs

4.4 Duration of the assignment

The assignment is expected to commence in March and end in June 2021.

5.0 Proposal submission

Qualified consulting firms are invited to submit a proposal that includes the following:

- a) Qualification and experience of the individual.
- b) Approach and methodology to undertake this assignment underpinned by a demonstration of value for money.
- c) Previous experience in similar assignment(s) with SMEs, including if any, those in the renewable energy sector.
- d) A detailed financial budget (in USD) and work plan.
- e) The technical and financial proposals will need to be submitted as **separate documents**.

6.0 Qualifications and experience

The minimum competencies and qualifications include:

- a) Master's degree in Finance
- b) Professional certification in aspects such as accounting, and supply chain management will be an added advantage.
- c) Good analytical and presentation skills
- d) More than 8 years of experience in Financial Management, 5 of which should be in working capital management for SMEs in SSA – preference for individuals with experience in capital raising for SMEs in emerging economies.
- e) Experience in training and coaching of Senior and Middle Management teams in working capital and liquidity management.
- f) Experience in developing training material.
- g) Experience in supporting companies in Renewable Energy subsector is preferred.

7.0 Reporting

The consultant will report to the Advisory Manager - IAS.

8.0 Evaluation Criteria

An evaluation committee will be formed by the AECF and may include employees of the businesses to be supported. All members will be bound by the same standards of confidentiality. The consultant should ensure that they fully respond to all criteria to be comprehensively evaluated.

The AECF may request and receive clarification from any consultant when evaluating a proposal. The evaluation committee may invite some or all the consultants to appear before the committee to clarify their proposals. In such event, the evaluation committee may consider such clarifications in evaluating proposals.

In deciding the final selection of qualified bidder, the technical quality of the proposal will be given a weighting of 80% based on the evaluation criteria. Only the financial proposal of those bidders who qualify technically will be opened. The financial proposal will be allocated a weighting of 20% and the proposals will be ranked in terms of total points scored.

The mandatory and desirable criteria against which proposals will be evaluated are identified in the table below.

Key Areas for Evaluation/ Assessment	Weighted Award
(A) TECHNIAL PROPOSAL	80
a) An understanding of the consultancy requirements;	15
<ul style="list-style-type: none"> Demonstrate an understanding of the assignment 	5
<ul style="list-style-type: none"> An in-depth understanding of the working of financing renewable energy and clean cooking models, including Aygo models, their working capital management strategies, their financial modelling, a working capital policy that ensures business continuity, liquidity analysis. General understanding of Renewable Energy, PAYGo models and clean cooking sub-sectors in sub-Saharan Africa will be added advantage. 	10
ii) Methodology and work-plan that will deliver the best value on the assignment:	30
<ul style="list-style-type: none"> Demonstrate the strategy and capacity to deliver each of the task(s) within a realistic timeline, underpinned by value for money and innovation in pivoting financial management to new disruptions of COVID-19 	20
iv) Relevant services undertaken by the bidder in the past engagements:	25
<ul style="list-style-type: none"> Demonstrate relevant experience and recent engagements with private sector companies in working capital management, liquidity analysis, training. Experience in supporting companies in the Renewable Energy and clean cooking sub-sectors in sub-Saharan Africa is added advantage. 	25
v) Detailed reference list indicating the scope and magnitude of similar assignments:	10

<ul style="list-style-type: none"> List of references from comparable companies supported before. At least 2 Letters of reference from past customers or associates to the consultant 	10
(A) FINANCIAL PROPOSAL	20
<ul style="list-style-type: none"> Clarity, relevance, reality to market value/ value for money of cost for the assignment (inclusive of any applicable tax) 	20

9.0 Application details

To be considered, your proposal reference “[REQUEST FOR A PROPOSAL – CONSULTANCY FOR WORKING CAPITAL MANAGEMENT](#)” must be addressed to procurement@aecfafrica.org by 1700Hrs (EAT), 18th February 2021.

10.0 Tax

The AECF is obliged by the Kenyan tax authorities to withhold taxes on service contract fees as well as ensure that VAT, 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.

11.0 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.