

# TERMS OF REFERENCE

## FINANCIAL SERVICES AND PRODUCTS STUDY FOR AGS PROGRAMME IMPLEMENTATION

Assignment reference: Access to Finance

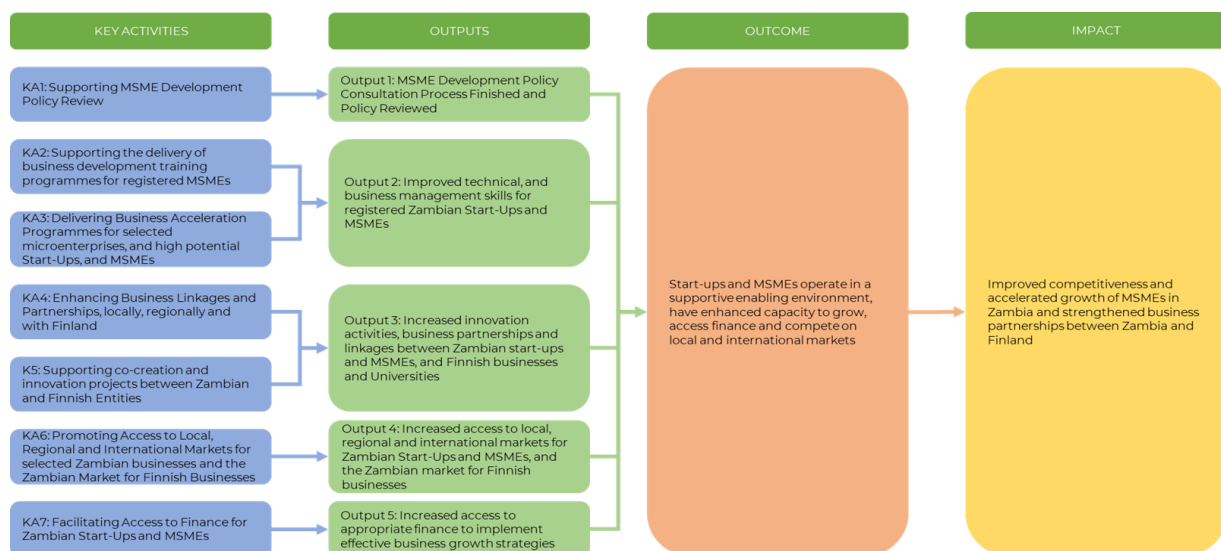
Result Area: KA 7 Facilitating Access to Finance for Zambian Start Ups and MSMEs

### 1. Programme Background

The Government of Zambia through its Seventh National Development Plan (7NDP) intends to pursue an integrated development approach. The goal of the 7NDP is “to create a diversified and resilient economy for sustained advanced growth and socio-economic development”. The Finnish Country Strategy for Development Cooperation with Zambia (2016-19) explicitly **supports the 7NDP and other policies and strategies of the Government of Zambia**. An important focus of the Country Strategy is to strengthen the Zambian private sector which is critical to promote job creation and competitiveness.

The Accelerated Growth for SMEs In Zambia (AGS) Programme is a Finnish Government funded private sector development initiative implemented in partnership with the Ministry of Commerce, Trade and Industry (MCTI) of the Government of the Republic of Zambia (GRZ). It aims to directly support start-ups, and Micro, Small and Medium Enterprises (MSMEs) to accelerate their growth and expand their contribution to job and wealth creation in the Zambian economy.

The expected Impact of the Programme is: **Improved competitiveness and accelerated growth of MSMEs in Zambia and strengthened business partnerships between Zambia and Finland**. The expected Outcome contributing to the expected impact is: Selected MSMEs have enhanced capacity to grow, to access finance and to compete on local and international markets. The key activity areas and expected outputs of the programme are highlighted in the theory of change hierarchy herein.



The AGS Programme will work with **growth orientated MSMEs** in the following sectors: **agribusiness, mining services, forestry, renewable energy, and the circular economy**. ICT and education have been included as cross-cutting, horizontal sectors that will add value to other sectors. The geographical focus of the AGS programme will be limited to the Lusaka, Copperbelt and North-Western provinces.

The expected results of the AGS programme include.

- The creation of 1,000 new decent jobs,
- Participating companies achieve a 20% increase in annual revenue,
- The participation of 300 companies in various business development training activities and the Business Acceleration Programme,
- The creation of 45 new Zambia-Finland business partnerships,
- The participation of 300 companies in networking and partnering activities between Zambia and Finland, and
- The achievement of commercial agreements in new markets by 100 companies.

## **2. Rationale of the assignment**

The AGS Programme takes access to finance as a cross-cutting key activity that is vital to the growth of targeted MSMEs. The AGS programme is hinged on risk mitigation through various business development capacity building and linkages activities aimed at supporting MSME growth. An earlier study conducted by the programme in 2018 provided that MSMEs were mostly aware about financial services and products provided by the Banks. The study did not go further to identify the specific products provided by specific institutions and any other services/products provided by various other intermediaries whether standalone or blended like the commodities fund that is a part of the Business Acceleration Programme.

In the past such information on business development and financial services was made available by the International Labour Organisation in their publication titled “**The Directory of Advice and Assistance**” targeting small and medium enterprises.

At present the AGS programme has entered into cooperation agreements with some financial service providers to support the programme as part of reducing the needs communication gap between MSME and Financial Service Providers. The financial services market today includes a lot of providers both bank and non-bank including specialised grant facilities supported by different development agencies and operated by entities. It is the intention of the AGS programme to avail information to MSMEs of all options available on the market today by institution, product/service, conditions, and eligibility criteria.

## **3. Objectives and Scope of the assignment**

The objective of this assignment is to make available financial services and product information for targeted MSME growth in the prescribed provinces and sectors. This study will build off the earlier study conducted by the programme in 2018, and other resources available from the Bank of Zambia, government Ministries and statutory bodies, the Financial Sector Deepening Zambia (FSDZ), the International Labour Organisation and the International Fund for Agricultural Development funded Rural Finance Expansion Programme.

The study will also include registered Financial Service Providers, equity investors, angel investors, venture capital funds, crowdfunding and different funds supported by Zambia’s cooperating partners and Multi-laterals, i.e., the Enterprise Zambia Challenge Fund, Green Climate Fund, Finnfund, the Energy and Environment Trust Fund etc.

The study should also elaborate on incentives available in Zambia to support MSME development in institutions such as the Development Bank of Zambia, Zambia Credit Guarantee Scheme, Zambia Development Agency, the Zambia Revenue Authority etc.

The materials to be developed will be used largely by Business Development Service Providers and business mentors as they engage with the targeted MSMEs. The said materials will also be available for the general use of MSMEs in Zambia through the AGS Programme, Zambia Development Agency (ZDA) and Business Development Providers websites.

**The overall objective of the assignment;** The AGS programme requires the services of a suitably qualified and experienced consulting firm to collate information about available financial services providers/programmes their services and products including eligibility criteria, cost of services, decision turnaround time and funding threshold for MSME growth within the core programme provinces and with specific reference to the identified programme sectors.

#### **4. Scope of work**

The service provider is expected to undertake the following:

1. Gathering and analysis of secondary data and reports on Financial Services, incentives, and Products in the targeted products
2. Research on bank and non-bank financial services, incentives, and products suitable for MSMEs in the identified sectors and provinces.
3. Development of fact sheets of financial service providers, services and products, eligibility criteria, decision turnaround time and any other requirements suitable to support growth MSMEs in the identified sectors and provinces.
4. Conduct two validation meetings (Lusaka and Kitwe) comprising MSMEs, Financial Service Providers and other key stakeholders on the Factsheets by the 22<sup>nd</sup> October 2021.
5. Submit detailed draft reports and fact sheets by 1<sup>st</sup> November 2021, and final report by the 8<sup>th</sup> of November 2021.
6. AGS will provide comments to reports and other deliverables within 5 working days. Report approval will be done by email by the AGS Team Leader.

#### **5. Timeline**

The timeline for the study is from the October 2021 to December 2021. Total duration for the study covers 60 person days.

#### **6. Outputs**

The main outputs will be:

- a. An Inception Report covering in detail the methodology and workplan. The inception report should be handed in five days after the project start.
- b. Minutes of a progress meeting to be held at the midline point of the assignment
- c. Raw Data collected in field including photographs & contact list of interviewees, workshop participants, etc.
- d. Fact sheets on each class of services, detailing the salient features and providers (factsheet of 5-10 pages and PowerPoint presentations
- e. Final Report
- f. Fact sheets of financial services, incentives, and products.
- g. Conduct and document two stakeholder workshops (Lusaka and Kitwe)

#### **7. Methodology**

The service provider will work and communicate closely with AGS TA team Leader and will report to the Business Development Expert. Exact work plan with time schedule and deliverables will be elaborated by the service provider in their technical proposal. The workplan will be refined at the inception meeting prior to submission of the inception report .

#### **8. Required Service Providers Qualifications and Experience of Staff**

##### **8.1. Company capability**

- Must be registered to do business in Zambia
- Company has demonstrated capacity and capability in conducting private sector programming and research of at least 5 years.
- Demonstrated capability and experience in working with International development assistance organisations
- Letters of availability from Experts for the duration of the study.
- Technical description of approach and Gantt Chart

## **8.2. Staff Experience**

### **8.2.1. Lead Expert**

#### **Education:**

- Master's Degree in economics/finance or a related field

#### **Professional experience:**

- At least 10 years working experience in the Zambian Financial Services sector
- Professional experience in experience in;
  - financial service or product development
  - Leading and conducting private sector development studies
- Experience of working with development programmes
- Proven ability to lead on a team
- Experience of working in Zambia

#### **Language skills**

- English (Written and Spoken)

### **6.2.2. Additional Expert(s)**

#### **Education:**

- University degree in any social science

#### **Professional experience:**

- Minimum three years professional experience in private sector development
- Proven experience in conducting research studies

#### **Language skills**

- English (Written and Spoken)

## **9. Technical Inputs needed from AGS**

AGS will provides necessary letters of introduction, reports of any study conducted and a list of some institutions to be contacted.

## **10. Submission Guidelines**

The service providers must submit a technical proposal only, any attempt to include financial information in the technical proposal will be deemed as being non-compliant. Only responsive bidders will be communicated to and requested to submit a financial proposal.

## **12: Evaluation Criteria**

- Capability Statement – 25%
- Technical approach - 50%
- Staff Experience - 25%

Applications from women and youth led organisations that meet the minimum requirements are encouraged to apply. Applicants should include women and youth as experts, where possible.

Capability statements should be no longer than 4 pages, the technical approach should be no more than 6 pages, and staff resumes should be no longer than 3 pages each.