



REQUEST FOR EXPRESSIONS OF INTEREST (CONSULTING SERVICES -INDIVIDUAL CONSULTANT SELECTION)

REPUBLIC OF RWANDA

BUSINESS DEVELOPMENT FUND

ACCESS TO FINANCE FOR RECOVERY AND RESILIENCE

Loan No./Credit No./ Grant No.: **IDA-69260**

Assignment Title: *International expert to undertake guarantee product review (model, procedures, pricing structure, etc....) (re-advertised)*

Reference No.: RW-BDF-274516-CS-INDV

The **BUSINESS DEVELOPMENT FUND (BDF)** has received financing from the World Bank toward the cost of the *Access to finance for recovery and resilience* and intends to apply part of the proceeds for consulting services.

The consulting services (“the Services”) include *to determine why the uptake is low and to carry out an overhaul of the partial credit guarantee that will lead to a totally restructured product, revised policy and procedures, and new agreements with the participating financial institutions (PFIs), within a period of 3 months, the assignment is expected to start immediately after contract signing.*

The Terms of Reference (TOR) for the selection of individual consultant for the assignment are *attached to this request for expressions of interest.*

The **BUSINESS DEVELOPMENT FUND (BDF)** now invites eligible (“Individual Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services and the financial proposal in a separate envelop which shall be opened only for successful candidate after technical evaluation. The selection criteria are detailed in the ToR herewith attached.

The selection shall be done in accordance with BDF procurement policy.

Further information can be obtained at the address below during office hours [08:00 to 18:00 hours].

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Expressions of interest and financial proposal must be delivered in a written form to the address below (in person, by mail or by email (if submitted by email the consultant must protect his bid by a password which s/he shall disclose at the opening day)) by 14/072022, not later than 10:00, Kigali time.

BDF Procurement office

Attn: Chief Executive Officer, BDF

5th Floor, M-Peace Plaza, KN 4 Av,

P.O. Box 966 Kigali - Rwanda,

Email: info@bdf.rw

Tel: Tel: +250 252 579 870/71

Done at Kigali on 22/06...../2022



Vincent MUNYESHYAKA
For Chief Executive Officer

Rosalie SEMIGABO
Deputy CEO





PROJECT FOR ACCESS TO FINANCE FOR RECOVERY AND RESILIENCE (AFIRR)

TERMS OF REFERENCE FOR TECHNICAL REVIEW AND REDESIGN OF THE BDF PARTIAL CREDIT GUARANTEE SCHEME (PCGG)

June 2022

1. Project background

BDF was established in 2011 with a mandate to facilitate SMEs to access finance through provision of financial products such as guarantees, matching grants, MFI/SACCO refinancing, debt and equity participation. While the end beneficiaries of these products are the MSMEs; participating financial institutions (PFIs-i.e., Banks, MFIs, and SACCOs) are the key partners and primary beneficiaries of BDF's core product-partial credit guarantee (PCGG).

Over the last five years, BDF has witnessed a declining appetite by the PFIs to uptake the partial credit guarantee, and this has affected MSMEs' access to finance, especially during the Covid-19 pandemic that has led to closure of operations of most businesses.

The World Bank under the Access to Finance for Recovery and Resilience (AFIRR) Project is financing a review and redesign of the partial credit guarantee with a view to enhance and scale up consumption of the partial credit guarantee by PFIs.

2. Purpose

The purpose of the assignment is to determine why the uptake is low and to carry out an overhaul of the partial credit guarantee that will lead to a totally restructured product, revised policy and procedures, and new agreements with the participating financial institutions (PFIs).

3. Objectives

Objectives of the assignment are:

- i. To assess the effectiveness of the existing partial credit guarantee product, its strengths, weaknesses, and provide recommendations based on the assessment
- ii. To analyse the feasibility of scaling up consumption of the partial credit guarantee in light of the set targets for the next five years, and propose possible avenues to achieve the targets
- iii. To analyse the existing partial credit guarantee model used by BDF with reference to international best practices and propose the ideal model (individual vs portfolio model) that could effectively contribute to SME access to finance

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- iv. To propose necessary revisions in the guarantee products and PCG policy and procedures, and support amendments to the MoU with PFIs
- v. To propose appropriate structures for risk management, lender oversight and internal controls.

4. Scope of work

The scope of the assignment will include, but not limited to the following:

- Provide technical inputs to the PFI survey execution, analysis and reporting. This survey will be conducted by BDF since the findings from the survey will be used in PCG redesign, review and revision of policies and procedures. Terms of reference for this survey will be shared for reference.
- Conduct a thorough review of the policies and procedures of the BDF PCG.
 - Review all the relevant BDF documents that define the rules and procedures of the PCG including policy/procedural documents, other rules and manuals, and MoU with PFIs, etc.
 - Examine the results and observations from the PFI satisfaction survey and the past external assessments of the PCG such as the World Bank's review of the BDF in 2016.
 - Conduct interviews with the BDF staff to assess the details of the execution of the PCG. Follow-up interviews with PFIs and end-users of the PCG shall be conducted as required.

The thorough review should cover, at a minimum: (a) guarantee processing policies and procedures including the eligible PFIs, eligible use of funds, limits on the size of the loans that can be guaranteed, and suitable debt service and guarantee coverage; and (b) guidance for PFIs including guarantee fees, reporting requirements, handling of loan defaults, procedure and requirements for claims, and loan recovery.

- **Compare the findings from the review with international experience.**
 - Summarize the findings from the above review and compare the key BDF PCG policies, processes, and rules with those of the PCGs in other countries. The consultant is expected to suggest comparable schemes in other countries from his/her experiences and collect necessary information for the review through desk study and/or remote interviews.
 - Suggest necessary revisions in the BDF PCG and consult the BDF staff and the key stakeholders such as PFIs about the suggested revisions.
 - Conduct financial analysis to assess the impact of the proposed changes on PCG sustainability as required. (A financial model is available).
- **Define the key contents of the revised policies and procedures.**

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- o Support BDF to decide the key revisions in its PCC, and based on the decision, develop a technical note that (1) highlights the necessary revisions in the BDF PCC policies and procedures; (2) suggests how these changes should be reflected in the BDF documents such as operational manuals, MOUs with PFIs, etc...; and (3) indicate expected impact on the execution and usability of the PCC.
- **Support the drafting of the amendments.**
 - o Provide technical guidance to BDF staff who will draft the amendments in the BDF documents.
 - o Provide technical inputs to the BDF staff for securing approval of the revised PCC policies and procedures by the BDF Board of Directors.

5. Methodology

While the consultant is at liberty to propose his/her own approach that would adequately result in the expected deliverables outlined in these terms of reference, the consultant will at a minimum involve a thorough analysis of available documents (e.g., the guarantee policy and procedures, PFI MoUs, guarantee evaluation notes, investment committee minutes, etc....).

The consultant will also review and suggest necessary revisions in the partial credit guarantee in light of the findings from the PFI satisfaction survey report and will draw from the experience of successful credit guarantee institutions at an international stage.

To complement the document analysis, the consultant will hold interviews with the BDF board of directors, senior management, staff, PFIs, borrowers (end beneficiaries of the PCC such as MSMEs and farmers) and other stakeholders such as the Ministry of Finance and Economic Planning (MINECOFIN), Ministry of Commerce and Industry (MINICOM), and Ministry of Agriculture and Animal Resources (MINAGRI).

Given the current conditions where travels are persistently restricted due to Covid-19, review of websites, video interviews, and any other electronic means will be used for this analysis.

6. Deliverables and timeline

- a. Inception report: A short report that describes the workplan based on the ToR and the initial review of the key BDF PCC documents. This report is due 7 business days after signing the contract.
- b. A one-page report listing the issues raised in the PFI survey, sorted by bank, SACCO, etc. This report is due 12 business days after signing the contract.
- c. A one-page report listing programs or policies at other PCC schemes that may be considered for recommendation to the BDF. The report should identify the program or policy and the PCC currently using it. This report is due 25 business days after signing the contract.

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- d. Assessment report of the BDF PCG including the comparison with other PCGs and a discussion of the reasons for the low uptake by financial institutions, and recommendations for changes including, among others, a guarantee fee, guarantee coverage rate, maximum tenor, etc... to reflect the objectives in Item 3 above. A first draft of the report is due two weeks before the termination of the contract. The BDF staff will have one week to review and comment on the draft. The consultant will have one week to respond to the comments and prepare the final report.
- e. Final technical note
- f. All reports will be in English.

7. Specific inputs provided by the project

BDF will share the relevant documents and assist with organizing meetings with relevant BDF staff and key stakeholders.

8. Time Span

This assignment is expected to be carried out for a period of 3 months. The consultant will work closely with the Executive Management, the head of funds department, and the head of Legal/M&E department as well as other concerned BDF department as needed. The Head of Department of Business Development and Advisory will be a project manager.

9. Qualifications and Experience

The consultant should be qualified and competent to carry out this assignment. Selection of the consultant will follow the BDF procurement policy and procedures. The consultant should meet the minimum requirements as indicated below:

9.1 Academic qualifications

- Holder of a master's degree in business administration, economics, or any other related field (justified by a notified degree from a recognised university)

9.2 Experience

- At least five (5) years' experience in providing technical assistance in related assignments
- 5 years prior working experience and an in-depth technical knowledge of the credit guarantee schemes is required. The banking sector experience specifically in SME financing in emerging markets will be an added advantage.
- Strong oral and written communication skills, including report writing and presentation skills
- Proven ability to engage effectively with different stakeholders, including private and public sector officials
- Fluency in English is required
- Previous experience of working in Africa, or a good knowledge of Rwanda, is desirable

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Evaluation criteria

Evaluation criteria	Means of verification	Marks
Holder of a master's degree in business administration, economics, or any other related field	A degree from a recognised university	20
At least five (5) years' experience in providing technical assistance in credit guarantee schemes is required.	At least three (3) certificates of good completion of the assignments performed during last five (5) years (10pts each)	30
5 years prior working experience and an in-depth technical knowledge of the credit guarantee schemes is required.	At least three (3) certificates of good completion of the assignments performed during last five (5) years in the field of guarantee. (10pts each).	30
The banking sector experience specifically in SME financing in emerging markets will be an added advantage	At least one (1) certificates of good completion of the assignments performed during last five (5) years in the field.	5
Strong oral and written communication skills, including report writing and presentation skills	Comments on the terms of reference justifying his understanding of the later	5
Proven ability to engage effectively with different stakeholders, including private and public sector officials	Clear and smart Methodology	5
Previous experience of working in Africa, or a good knowledge of Rwanda, is desirable	At least two (2) certificates of good completion of the assignments performed in Rwanda or in Africa (2.5pts each)	5
Total		100

- The minimum technical score required to pass is: **80%**

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