

## **REQUEST FOR PROPOSAL - TERMS OF REFERENCE CREDIT REVIEW AND ANALYSIS CONSULTANCY FOR THE AECF, KAKUMA KALOBYEI CHALLENGE FUND PROGRAMME OCTOBER 2021**

### **1. Background**

The AECF is a leading development finance organization that supports businesses to innovate, create jobs, and leverage investments to build resilience and sustainable incomes for rural and marginalized communities in Africa. AECF's goal is to bridge the investment gap between early-stage enterprise and business maturity for entrepreneurs serving the poorest communities.

The AECF provides patient capital to new and innovative business models in the agribusiness and renewable energy sectors across Sub-Saharan Africa through various financing instruments, which include grants, zero-interest loans, guarantees, and working capital facilities. AECF's financing products are supplemented by technical and investment advisory services. AECF has successfully implemented programs across 26 countries in Sub-Saharan Africa (SSA), supporting over 343 enterprises, raising US\$ 392 million in funding for programs, leveraging over \$753 million in additional capital and impacting 28 million lives.

The AECF is implementing the Kakuma Kalobeyei Challenge Fund (KKCF), an IFC-funded program, designed to strengthen and deepen local markets to enable better economic integration and self-reliance of refugees and host communities in the Kakuma and Kalobeyei areas in Turkana County of Kenya. KKCF will focus on three windows with one of the windows – the Local Enterprise Development Window (LED) – targeting to fund and support local small and medium-sized enterprises, working with existing or new providers of financial and business development services (banks, microfinance institutions, NGOs and others) to support the growth of the local businesses.

### **2. Objectives of the Assignment**

The AECF is looking for consultants to provide technical support for the KKCF Local Enterprise Development (LED) funding competition with credit review and analysis for shortlisted companies.

### **3. Scope of Work**

The Consultant will be tasked with assisting AECF's Internal Investment Review Committee (IIRC) in the technical credit review and analysis that will cover the below areas:

- a) Financial statement analysis and determination of creditworthiness.
- b) Non-financial evaluation of the businesses in respect of target market, credit history, industry analysis, market & competition analysis.
- c) Assess feasibility and viability through a detailed review of the business documents i.e., Balance Sheets, Profit and Loss Statements and Cash Flow Statements.
- d) Participate in the IIRC meetings as an advisory member in respect of the funding applications being reviewed.
- e) Provide the IIRC with expert advice concerning lending to small businesses covering cashflow cycles, financial analysis and any other factors that require consideration. This will include understanding the need for funding requested; recommending what funding a business requires; assessing if the needs are realistic, etc.
- f) Prepare a summary or abridged version of the IIRCs recommendations and decisions for every business evaluated.
- g) Provide independent advisory support to the IIRC to ensure quality businesses are on onboarded to the KKCF LED program.

#### 4. Outputs and Expected deliverables

- a) Assist the team to enhance and ensure the due diligence task lists, and scoring sheets are comprehensive.
- b) Ensure and provide adequate input into the structure of the funding memo that will be provided for approval.
- c) Prepare abridged funding memos for each of the companies, working with the KKCF team.
- d) Prepare and provide periodic reports on the status and progress of agreed milestones.

#### 5. Qualifications

- a) The Consultant will be an expert with experience in Micro, Small and Medium Enterprise (MSME) lending, credit risk assessment, financial analysis, micro-enterprise investment and analysis, micro-enterprise development.
- b) Over 10 years' experience in MSME lending, with at least 5 years in lending to or financial analysis of micro and small businesses across different sectors and in difficult markets (fragile contexts).
- c) Demonstrated experience in managing the end-to-end MSME lending process with detailed portfolio performance metrics and default rates.
- d) Demonstrated experience in developing and presenting investment decision documents to credit committees in the MSME financing industry.
- e) Demonstrated experience in credit appraisal and financial analysis for MSMEs.

#### 6. Reporting

The lead consultant will report to the Director, Investments Portfolio

#### 7. Duration of Service

The duration of this consultancy will be 60 days spread over a period of one year. This task is expected to commence in November 2021.

#### 8. Evaluation Criteria

An evaluation committee will be formed by the AECF and shall include its employees. All members will be bound by the same standards of confidentiality. The trainer/training provider 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 of 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 **70%** 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 **30%** and the proposals will be ranked in terms of total points scored.

The following criteria will be used for the evaluation:

No	CRITERIA FOR ASSESSMENT	Weighted Award
	<b>TECHNICAL PROPOSAL</b>	<b>70</b>
<b>1</b>	<b>Understanding of the terms of reference</b>	
	Description of problem to be solved	5
	Understanding of what AECF expects from the work	5
<b>2</b>	<b>Methodology and work plan that will deliver the best value on the assignment</b>	
	Relevance of the methodology proposed to the needs of the assignment	10
	Adequacy of the work plan, including key deliverables and capacity to deliver within a realistic timeline based on the consultancy days designated for the task	5
<b>3</b>	<b>Qualification and Experience</b>	
	Relevant tertiary level qualification and years of professional experience	10
	Registration and other relevant statutory documents (this applies to institutional consultants).	15
	Evidence of similar previous experience in the last 5 years including reference list indicating the scope and magnitude of similar assignments; specification of reporting capabilities; provide sample of the kind of reports they provide.	20
	<b>A. FINANCIAL PROPOSAL:</b> Clarity, relevance, reality to market value/ value for money of cost for the assignment (inclusive of any applicable tax, reimbursable and travel)	<b>30</b>
<b>TOTAL SCORE</b>		<b>100</b>

## 9. Proposal submission

Qualified firms are invited to submit the proposal that include the following

- a) Methodology and approach for conducting the assignment.
- b) Reference list of similar assignments done in the past,
- c) Technical and Financial proposals will need to be submitted as **separate documents**. Financial proposals will not be opened until the conclusion of the technical evaluation and thereafter open only proposals which are deemed qualified and responsive.
- d) The Financial proposals shall include all applicable taxes quoted separately. If taxes are not mentioned in the financial proposal, The AECF shall consider that they are included in the prices provided
- e) Financial proposal should be shared in USD

## 10. Pricing

The 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

## 11. Application

The AECF is an Equal Opportunity Employer. The AECF considers all interested candidates based on merit without regard to race, gender, colour, national origin, religion, age, marital status, disability or any other characteristic protected by applicable law

- a. Interested consultancy firms and individuals are requested to submit their technical and financial proposals to [aecfprocurement@aecfafrica.org](mailto:aecfprocurement@aecfafrica.org) by **5:00 PM E.A.T on 27<sup>th</sup> October 2021**.
- b. The **Subject of the email should read “Consultancy – Credit Review and Analysis”**. The AECF shall not be liable for not opening proposals that are submitted with a different subject.
- c. All questions and clarifications should be sent to [aecfprocurement@aecfafrica.org](mailto:aecfprocurement@aecfafrica.org)

## 12. Disclaimer

AECF reserves the right to determine the structure of the process, the 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.