

African Guarantee Fund (AGF)

Terms of References

AFAWA (Affirmative Finance Action for Women in Africa)

November 15, 2022

Background

In emerging economies, small businesses; especially those owned or led by women; are critical to growth, employment, and development. In Sub-Saharan Africa (SSA), small and medium enterprises account for up to 90 percent of all businesses.

Access to finance remains a key barrier to women's empowerment in SSA countries where there is an estimated USD 42 billion financing gap hindering women and female entrepreneurs from optimizing their potential or profitable investment opportunities. Collateral requirements often impede WSMEs from accessing finance. In most Sub-Saharan countries, women own fewer assets than men due to discriminations encoded in property laws which hinders them to secure larger loans. Other times, they are required to present a more significant collateral for the same size loan, further limiting their access to capital.

Addressing women entrepreneurs' barrier to accessing finance requires financial intermediaries to consider gender-segmented approaches in market research, product design and marketing, and developing a business case for serving the women's market. Capacity building activities targeted to women entrepreneurs to address the educational and skills gaps are also vital.

AGF and AFAWA

To address the challenges described above and improve Women MSMEs access to finance and knowledge in the SSA region, African Development Bank (AfDB) launched the Affirmative Finance Action for Women in Africa (AFAWA) in 2016. AFAWA takes an integrated approach based on boosting access to finance for women-owned and women-led businesses; strengthening the capacity of women entrepreneurs and financial institutions; and mobilizing and supporting African governments to enact the legal, political and regulatory reforms needed for the development of women's entrepreneurship.

The African Development Bank's Affirmative Finance Action for Women in Africa (AFAWA) program entered a joint agreement with the African Guarantee Fund (AGF) to unlock USD 1.3 to USD 2 billion in loans to women-owned Small and Medium Sized Enterprises (SMEs) in Africa, by working with financial institutions to enhance their ability to lend to women.

African Guarantee Fund is a non-bank financial institution whose objective is to promote economic development, increase employment and reduce poverty in Africa by providing financial institutions with guarantee products and capacity development assistance specifically intended to support MSMEs in Africa. AGF has always been cognizant of the importance of supporting women MSMEs to enable them to fully play their role as drivers of economic growth.

Objectives

In order to address the underlying challenges described above, and improve women entrepreneurs' (MSMEs') access to finance, skills and markets, AGF is seeking a consulting firm to develop the capacities of partner financial intermediaries (PFIs) to provide gender sensitive financial services that respond to the needs of women entrepreneurs as well as enhance gender mainstreaming within its organization.

The Assignment will aim to:

- Support women MSMEs in accessing finance for their sustainable growth and job creation;
- Develop sustainable credit mechanisms targeted to women, women MSMEs through capacity building support to PFIs; and
- Support women, women MSMEs in accessing expertise, non-financial business development services and networking opportunities to position them to access finance to ensure business growth and development.

The accompanying G4G (Guarantee for Growth) will enable PFIs to test the adaptation of terms and requirements of finance to women businesses, thus improving their access to finance.

The eligibility criteria for the G4G are based on the 2X criteria which is described here <https://www.2xchallenge.org/criteria>.

This framework is the critical part of the AFAWA program and it is imperative that the PFI has a clear understanding of the 2X criteria so they can clearly establish whether an MSME qualifies for the same or not.

The specific objectives of the assignment aim to:

- 1) Strengthening PFIs' capacity to service women, women MSMEs by facilitating the development of a sustainable gender-smart strategy to provide improved and inclusive financial and non-financial services to women, women MSMEs
- 2) Implement a respective marketing and visibility strategy as well as a monitoring and evaluation framework
- 3) Ensure effective synergies between the G4G, the application of the 2x criteria and the technical capacity building measures

Scope of Services

To achieve the objectives of the assignment, the consulting firm is expected to perform the following duties under the supervision of AGF:

1. **Inception report** outlining the approach and methodology and updating the detailed work plan.
2. **Institutional Review and Market Assessment**

Based on the initial assessment of the PFI done by AGF, the consultant will assess the status quo to understand the gender mainstreaming practices at the PFI, the current product offer and assess current lending practices, delivery mechanisms and other factors that could limit access to finance for women MSMEs.

Conduct a portfolio analysis disaggregated by sex (if data are available) and establish a baseline.

Conduct a market level assessment that aims to systematically describe patterns in women and men-led MSMEs' use and access to credit or lack thereof. Based on these findings, recommend how the PFI can improve its delivery of financial and non-financial products and services to women-led MSMEs, and explain the reasons behind gender gaps in the use and access to credit and non-financial services.

3. Capacity Building

3.1 Institutional strengthening for Women, WSME strategy and business model

Capacity building and other measures will encompass some or all the below elements and the specific work plans of capacity building measures will be designed in coordination with and tailored to the needs of the PFI.

- To support the PFI in designing and developing appropriate organizational structures, business models, strategies, and procedures to efficiently start or continue and expand financial services, in particular lending to the women, women MSMEs segment.
- Develop and deliver training programme and tools to the PFI to build awareness, capacity and capability to provide gender smart solutions to women, women MSME. This will include but not be limited to training, including Training of Trainers capacity building measures.

3.2 Product Development

The consulting firm shall support the PFI to develop new products and/or to adapt existing products to better serve women entrepreneurs (e.g., marketing, segmentation, pricing, new

delivery channels). Targeted support will be provided on the following indicative list, as requested by the financial intermediaries:

- Build the customer value proposition for serving women MSMEs by designing new products and/or review existing products with a view to enhancing women entrepreneurs' access to finance;
- Update or design all policies and procedures related to the implementation of women entrepreneur tailored products and services.

3.3 Awareness Rising and Marketing strategies.

The consulting firm shall develop, test and rollout a marketing and communication strategy to build awareness within the organization, the community and amongst the target segments. This could include the design of market initiatives, campaigns as well as knowledge sharing events for women entrepreneurs.

Visibility activities further can include support in developing case studies highlighting success stories of women entrepreneurs benefited from the FI's redesigned targeted value proposition as well as the development or adjustment of the FI's website, Facebook page or others to disseminate information and generate awareness.

3.4 Support the PFI in capacity development of women MSME clients and pipeline building

The consulting firm shall propose a methodology to the PFI for the delivery of non-financial services such as training, mentoring, and networking activities for their women MSME clients. The provision of the capacity development for women MSME clients has as objective to strengthen the women entrepreneurs and to build a pipeline of potential clients for further bank products and cross-selling.

3.5 Development of a monitoring and evaluation framework

The consulting firm shall develop a result-based framework to allow monitoring and tracking of results on a regular basis which should be integrated into the PFI's reporting tool. The results-based framework will be based on and in line with the monitoring and evaluation framework of AFAWA.

4. Expected Deliverables on TA interventions

The Consultant shall be aware of the AFAWA Programme and the G4G context. The Consultant will address all areas specified in the Scope of Work and deliver the following at the minimum:

- Institutional review including findings from the market assessment

- Based on the findings and recommendations from the baseline assessment, develop a work plan for the Capacity Building support
- Conduct a Strategic Planning session with the PFI management to discuss findings of the baseline and support the bank in planning a women’s banking strategy.
- Product development have at least one product adjusted or developed to respond to women’ s needs and challenges to be assessed and piloted
- Training: hold at least 3 training workshops for staff and mangers on gender awareness, gender responsive sales and communication including the development of training manuals and materials
- Marketing and Communication: developed a communication and marketing strategy aiming to increase awareness and visibility of the “women initiative at the FI” as well as implement an internal gender awareness and communication strategy
- Non-financial services: designed and developed training and networking events for women entrepreneurs to enhance their capacities and skills (this could include also strategic partnerships with business development providers or other networks)

5. Reporting

Reporting will include specific reports (Inception and Final reports) and regular reports (Quarterly Updates and Semi-annual Reports) to cover the whole spectrum of activities throughout the Assignment and ensure proper monitoring and steering of the implementation, as follows:

Deliverables		Deadline
Deliverable 1	Inception report including methodology for the assessment and work plan	Within 2 weeks after starting the assignment
Deliverable 2	Baseline assessment and proposed tailored capacity building plan and activities	4 weeks after starting the assignment
Deliverable 3	Developed /adjusted products and services (financial and non-financial services)	12 weeks after starting the assignment
Deliverable 4	Training and Capacity Building Plan and implementation	x weeks after starting the assignment
Deliverable 5	Marketing and Visibility Strategy implemented	X weeks after starting the assignment
Deliverable 6	Pilot testing of developed products and marketing strategy	X weeks after starting the assignment
Deliverable 7	Final report and power point presentation	X weeks after starting the assignment

6. Key Experts and Qualifications

The Consultant(s)'s expert team is expected to include key experts with in-depth knowledge of the region's financial sector or similar markets, as well as experience implementing of women MSME programmes, female entrepreneurship and financial inclusion initiatives.

The Consulting firm should ensure that the qualified experts are available, as required, for each of the different tasks outlined above.

We foresee the following key experts to be part of the team:

	Experts
1.	Project Manager/ Team Leader
2.	Gender Finance Expert
3.	Expert in digital delivery of financial services
4.	Expert in non-financial services provision
5.	Expert in communications and marketing
6.	Expert in monitoring and evaluation

7. Budget

The consulting firm shall quote a daily and a monthly rate for each of the six categories of Key Experts. The full set of daily and monthly rates quoted for each category of Key Staff and Consultant constitutes the Financial Proposal.

In the event that consultants are requested to travel, the travel budget will be pre-approved by AGF.

8. Implementation arrangement and duration of the assignment

The technical assistance will be executed over a year period. The Consulting Firm would normally be retained for a 1-year renewable period. The contract shall be reviewed against performance on a yearly basis and is cancellable if Key Performance Indicators (KPIs) have not been achieved. It should also be noted that the actual remuneration will be based on actual work conducted, both in terms of number of FIs and in terms of work per FI. However, the cost as quoted for the average daily or monthly rate for staff will be adhered to in the contract for the winning firm and used as a basis for the actual remuneration for executed work.

Outsourcing of parts of assignments may occur at the request of the consulting firm or PFI. PFIs may also know local or regional companies they want to deliver specific services. This is to be promoted as it supports local development of consulting services. In all these cases, the consulting firm may outsource the services to such firms and may maintain a 15% percentage of



fees for oversight and administration work. The percentage of outsourcing can be max. 30% of the budget.