

# **REQUEST FOR PROPOSAL**

## **TENDER FOR CONSULTANCY TO UNDERTAKE GREEN FINANCING EVALUATION/DIAGNOSTIC ASSESSMENT FOR FINANCIAL INSTITUTIONS**

**REF: AGF/RFP/CD/2024/007**

**Launching Date: Monday, 14<sup>th</sup> October 2024**

**Closing Date: Friday, 25<sup>th</sup> October 2024**

**1700Hrs EAT**

# TERMS OF REFERENCE FOR CONSULTANCY TO UNDERTAKE GREEN FINANCING EVALUATION/DIAGNOSTIC ASSESSMENT FOR FINANCIAL INSTITUTIONS

## **Introduction**

Climate action, emission reduction and sustainable investment are no longer optional cost burdens. It is inevitable - and essential - that Africa and its private sector stays ahead of the curve.

The full implementation of the Paris Agreement, for Africa, requires active participation of the private sector, particularly Small and Medium Enterprises (SMEs) who are globally recognized as the key drivers of economic growth in Africa. SMEs make up over 90% of enterprises and account for up to 60% of job creation and economic development. Their ability to reduce emissions and mitigate the environmental impact of their operations is a major determinant of Africa's progress in climate change mitigation and adaptation.

In 2016, the Nordic Development Fund (NDF) became African Guarantee Fund's (AGF) fifth shareholder. Under NDF's leadership, AGF launched a Green Guarantee Facility to unlock financing for SMEs investing in climate and green growth-oriented economy. AGF has since then substantially fostered sustainable growth by offering the Green Guarantee Facility to lending institutions to enable them ease access to finance for Green SMEs. The Green Guarantee Facility aims to increase sustainable private-sector led economic growth in Africa, through efficient utilization of untapped clean energy resources and other climate-resilient development initiatives.

The Green Guarantee Facility is embedded in the existing AGF guarantee products – i.e. Loan guarantee, Bank Fundraising Guarantee, and Equity guarantees. In addition, the GGF includes a capacity development component, which is a grant to PFIs to build staff knowledge and enhance capacity of banks in Africa to scale up lending to the green economy.

## About the African Guarantee Fund

African Guarantee Fund (AGF) is a specialized guarantee provider whose mission is to facilitate economic development and poverty reduction in Africa. To achieve this, AGF increases access to finance for Small and Medium-sized Enterprises (SMEs) across key economic sectors through its guaranteed products and capacity development assistance.

Since inception, AGF has issued a guarantee portfolio of approximately USD 2.5 billion, unlocking about USD 4 billion in SME financing, through partnerships with more than 200 partner financial institutions in 40 African countries. AGF also fosters sustainable growth by offering a green guarantee facility to lending institutions to enable them increase access to finance for SMEs investing in climate and green growth-oriented economy.

AGF is backed by the following shareholders and sponsors: Danish International Development Agency (DANIDA), Spanish Agency for International Cooperation (AECID), the African Development Bank (AfDB), French Development Agency (AFD), Nordic Development Fund (NDF), Investment Fund for Developing Countries (IFU), German Development Bank (KfW), French Agency for Private Sector (PROPARCO), West African Development Bank (BOAD), Global Affairs Canada (GAC) and USAID's West Africa Trade & Investment Hub (WATIH).

African Guarantee Fund is rated AA- by globally renowned Fitch Ratings.

## The RFP and its Objectives

AGF through this assignment is to evaluate participating PFI's green financing initiatives and identify areas of improvement. AGF will assist the PFIs gain a comprehensive understanding of the effectiveness and impact of their green financing activities, identify gaps and challenges and create tailored strategies for improvement. Absence of such a diagnostic assessment report may result in missed opportunities for PFIs to align their practices with industry best practices, overcome challenges, and capitalize on the growing market demand for sustainable financing options.

In summary, the following are the objectives of the assignment:

1. Reviewing of PFI's existing policies and practices related to green financing.
2. Identify the PFIs strengths in lending to green SMEs,

3. Capture areas of improvements in as far as serving Green SMEs,
4. In order of priority, identify specific capacity development interventions,
5. Provide an analysis of the PFI's green financing portfolio and its impact on environmental sustainability.
6. Determine the PFI's level of ESG integration and Carbon Credit adoption.

### Expected Deliverables of the assignment

The assignment deliverables include the following:

1. A high-level landscape assessment of SME and specifically Green MSME lending in the country the PFI is operating to determine the opportunity available for the PFI,
2. Demonstrate innovative approaches to undertake the Diagnostic Assessment or Evaluation with the intention to at least cover among others the following areas:
  - a. SME context and strategy,
  - b. Green lending structure,
  - c. Staff capacity analysis,
  - d. Credit and other operational analysis,
  - e. etc
3. Conduct the assessment/evaluation of the PFI's readiness to undertake effective Green financing business,
4. Identify priority capacity development/technical assistance needs of the PFI,
5. Based on 3 above, propose an appropriate capacity development delivery model or program for the PFI,
6. Develop a detailed CD delivery plan for the PFI with clear short-, medium- and long-term goals, and
7. Assess the PFI's level of integration of ESG integration and undertaking Green MSME lending.

In summary, the Report should contain the following outputs:

- SME and specifically Green MSME financing landscape of the country where PFI is operating in,
- The PFI's areas of strength in Green MSME lending,
- The PFI's areas of improvement and recommended practical CD needs,
- Comprehensive CD program & plan for the PFI in order of priority.

## **Geographical Scope**

Applications are welcome from all African countries. Consulting firms need to indicate which countries they operate in.

## **Evaluation Criteria**

In evaluating technical proposals received from invited consultants, AGF shall consider mainly each consultant's current professional qualifications, its recent performance on similar assignments, its understanding of the assignment at hand, and the qualification of the staff assigned to the work.

As a guide to evaluating proposals, AGF shall use numerical ratings for each of the following technical evaluation criteria:

- a) experience of the consulting firm in the same field as that of the assignment and on similar projects,
- b) professional reputation of the firm and previous performance and experience,
- c) knowledge of the project environment in the country and region and their implications for the project,
- d) understanding of the terms of reference,
- e) overall quality of proposal, quality of work plan and methodology proposed,
- f) qualification of experts and experience in the field of the assignment,
- g) ability to deal with national personnel and agencies; and language proficiency.

The Expressions of interest received will be assessed based on set criteria as indicated in the Annexure.

## **Qualifications and experience**

The successful consultant/firm must have the following competencies: -

1. The consultant/firm must have a minimum of degree qualification in Business Management, Strategic Management, or any other related field from a recognized institution. In cases of a firm submitting the bid, each member of the proposed team should meet the minimum, education qualification stated.
2. The Service Provider must provide:

- a) Names and qualifications of the key personnel that will perform the services indicating who is Team Leader, who are supporting, etc.;
  - b) CVs demonstrating qualifications must be submitted as required by the RFP; and
  - c) Written confirmation from each personnel that they are available for the entire duration of the contract.
3. At least 10 years working for or with commercial banks or other financial institutions at a senior management level,
  4. At least 5 years of progressive experience in undertaking financing to Green MSMEs.
  5. Understanding of challenges and opportunities for Green MSMEs.
  6. Good networking skills to engage with Green MSMEs and other partners.
  7. Excellent communication and report writing skills.

### **Request for Proposal**

AGF now invites eligible consultants to indicate their interest in providing these services. Interested consultants must provide information indicating that they are qualified to perform the services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). The proposal should be structured to clearly address each of the requirements.

### **Submission and Review Process**

All Proposals should include:

### **Technical and Financial Proposals**

- The technical proposal should highlight among any other necessary information: brief profile of the consultant, previous experience, understanding of the ToR.
- The proposal should be brief and precise with the technical proposal being a maximum of 15 pages excluding annexes.
- Statutory compliance documents (Tax Authority PIN, Tax compliance, business registration, registration to professional bodies etc.) are to be submitted as annexes.
- The financial proposal should provide cost estimates for the services to be rendered.
- All costs must be inclusive of any tax obligations.

- Both technical and financial proposal should be sent as a single document in Portable Document Folder (PDF) format.
- Correspondence should be addressed to ‘The Procurement Committee’.
- Application proposals can be submitted either in English or French.

Application proposals should be submitted via email **by 1700HRS EAT on 25<sup>th</sup> October 2024 to:**  
[procurement@africanguaranteefund.com](mailto:procurement@africanguaranteefund.com)

Awardees will be contacted directly via email. Short-listing and selection shall be done in accordance with AGF’s policies, rules and procedures.

**NOTE: -**

AGF reserves, at its sole discretion, the right to select or reject, either in totality or partially, any or all proposals made in the context of this RFP. Any such decisions made will be final and no correspondence will be engaged into, other than to inform the bidders of the outcome of the process.

**Annexure: RFP Assessment Criteria**

<b>1. Experience of the consulting firm in the same field as that of the assignment and on similar projects</b>	<b>10</b>
1.1. At least 5 years of progressive experience in providing financial services to Green Small and Medium enterprises	5
1.2. Experience working with the AGF, international organizations, UN organizations, government organizations or other similar institutions	5
<b>2. Professional reputation of the firm and previous performance and experience in undertaking Green Financing Diagnostic Assessment for Financial Institutions and Market Analysis</b>	<b>30</b>
2.1. The bidder's history of successful completion of similar projects; history of producing high-quality results in similar assignments and other deliverables; history of staying on schedule and within budget. Similar projects must convey similarity in topic, dollar value, workload, duration, and complexity.	10
2.2. Provide at least three recommendations letters from previous clients	5
2.3. Availability and use of a Diagnostic Assessment Tool/Model	10
2.4. Demonstrate experience in undertaking country Market Assessment or Landscape study in financial services	5
<b>3. Knowledge of the project environment in the country and region and their implications for the project;</b>	<b>10</b>
3.1. Knowledge of the Region/Country is KEY	5
3.2. A thorough understanding of the Green/Climate financing environment of the Region/Country	5
<b>4. Understanding of the terms of reference</b>	<b>5</b>
4.1. Understanding of the work, including creativity and thoroughness shown in understanding the objectives of the TOR and specific tasks, and planned execution of the project.	5
<b>5. Overall quality of proposal, quality of work plan and methodology proposed;</b>	<b>20</b>



5.1. Provide a detailed description of the methodology for how the firm will achieve the TOR, keeping in mind the appropriateness to local conditions and project environment.	10
5.2. Evidence of specific methods and techniques for completing each discrete task, to include such items as quality assurance, and customer-service.	10
<b>6. Qualification of experts and experience in the field of the assignment</b>	<b>15</b>
6.1. <b>General qualifications:</b> this includes education and training, length of experience, type of position held, time with the firm, etc., CVs demonstrating qualifications must be submitted	5
6.2. <b>Adequacy for the project:</b> the suitability to perform the duties for the particular assignment; and	5
6.3. Minimum of 5 years' experience in undertaking Diagnostic Assessment for financial institutions	5
<b>7. Ability to deal with national personnel and agencies; and language proficiency</b>	<b>10</b>
7.1. Language and experience in the region: this includes background experience in developing countries similar to the country in which the assignment is to be conducted and corresponding linguistic ability.	10
<b>Total Marks</b>	<b>100</b>