

**REQUEST FOR EXPRESSIONS OF INTEREST
AFRICAN DEVELOPMENT BANK**

Avenue Jean-Paul II, 01 B.P. 1387, Abidjan, Côte d'Ivoire
Making Finance Work for Africa (MFW4A) / PIFD
Email: d.ashiagbor@afdb.org
Tel: (+225) 20 26 24 19

1. The African Development Bank now invites Individual Consultants to express their interest in the following Assignment: **Enterprise Finance Specialist for Long-Term Finance** -Country Diagnostic in Ghana, within the Making Finance Work for Africa (MFW4A) Partnership Secretariat.
2. The African Development Bank in partnership with the MFW4A Partnership, the Financial Sector Deepening Africa (FSD Africa) and the German Development Cooperation (GIZ) has initiated a project entitled the "Long Term Finance Initiative" ("the project" hereafter) consisting of two parallel activities. The first activity consists in carrying out detailed Country Diagnostics which are geared at documenting the state of Long-Term Finance (LTF) markets in individual African countries, documenting the availability of such financing to the benefit of 3 key segments (infrastructure, housing and enterprise finance), and identifying constraints and potential opportunities to further develop such funding. The second activity consists in developing a database with country Scorecard capturing data on LTF in individual countries.
3. The assignment described in these terms of reference focuses on the second Country Diagnostic under the Long-Term Finance Initiative to be undertaken in Ghana in early 2019. The team undertaking this assignment will consist of a lead consultant with overall responsibility for coordinating the work to be undertaken by the LTF team and for providing technical guidance on the deliverables. In addition, the team will consist of three consultants with respective specializations in the areas of infrastructure, housing and enterprise finance ("*sector experts*"), a local consultant and financial sector experts from AfDB and GIZ.
4. The role of the *enterprise finance specialist* is to contribute to the delivery of the LTF country diagnostic in Ghana with his/her sector expertise. The resulting diagnostic report on LTF in Ghana will identify major hurdles to the deepening of domestic markets for long-term finance and make recommendations how to alleviate the identified hurdles with a view to strengthening the development of domestic markets for long-term finance. **For more information on the assignment please refer to Annex 1.** The consultant will report to the Lead Consultant and Project Manager.
5. The MFW4A Partnership invites Individual Consultants to submit their interest in providing the services described above. Interested Individual Consultants must provide information on their capacity and experience indicating that they are qualified to perform the services (resume, description of similar assignments, experience in similar conditions, availability of appropriate skills, etc.). The candidate should have at least a minimum of 10 years of relevant experience, with strong focus on financial sector.
6. Eligibility criteria, establishment of the short-list and the selection procedure shall be in accordance with the "**Rules and Procedures for these of Consultants**", for projects financed under the African Development Bank window, May 2008 edition, revised in July 2012 which is available on the Bank's website at (<http://www.afdb.org>) The Bank is under no obligation to shortlist any consultant who expresses interest.
7. The duration of the mission is 09 months, and the commencement date is planned for **January 21st, 2019**.
8. Interested individual consultants may obtain further information at the address below during office hours: *09.00 to 17.00 local time*.
9. Expressions of interest must be delivered by email to the address below by **Wednesday 26th of December 2018** at 17.00 local hours, and mention "**Application for Enterprise Finance Specialist for LTF Country Diagnostic in Ghana, within MFW4A**".

For the attention of: **Mr. David ASHIAGBOR**
African Development Bank
PIFD / MFW4A
Avenue Jean-Paul II, 01 B.P. 1387, Abidjan, Côte d'Ivoire
Town: Abidjan
Country: Côte d'Ivoire
E-mail: d.ashiagbor@afdb.org / cc : a.floris@afdb.org ; m.o.agrebi@afdb.org



MAKING FINANCE WORK FOR AFRICA (MFW4A) PARTNERSHIP ENTERPRISE FINANCE SPECIALIST FOR LONG-TERM FINANCE -COUNTRY DIAGNOSTIC IN GHANA-

TERMS OF REFERENCE

1. About Making Finance Work for Africa Partnership

The Making Finance Work for Africa Partnership (MFW4A) was established in 2007 by the African Development Bank (AfDB), German Federal Ministry of Economic Cooperation and Development (BMZ) and the World Bank to:

- Facilitate joint actions between development partners and African financial sector stakeholders;
- Advocate for financial sector development to financial sector policymakers and regulators; and
- Provide a platform for knowledge sharing, cooperation and networking amongst African financial sector stakeholders and donors.

MFW4A Partners share a common vision of innovative, sustainable, competitive, and diverse African financial systems, providing near universal access by 2030 and offering a full range of products and services for the continent.

A Secretariat supports the activities of the Partnership and is hosted by the African Development Bank (AfDB) in Abidjan, Cote d'Ivoire. The Secretariat, headed by the Programme Coordinator, promotes closer cooperation among development partners and fosters exchanges amongst stakeholders.

2. Introduction

While markets for short-term finance in Africa are far from fully developed, considerable progress has been made over the past decade, partly driven by financial innovation. Access to finance has been enhanced through traditional sources, predominantly banks, as well as through the increasing prevalence and adoption of intermediation models pioneered by microfinance institutions, savings and credit cooperatives, and through the provision of mobile financial services. However, there has been less progress in developing long-term finance (LTF) on the continent.

The long-term finance agenda has received increasing attention in recent years resulting in the establishment of the Africa Long-Term Finance Initiative co-funded by the *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH* and DFID's Financial Sector Deeping Trust for Africa (FSDA). The Initiative is also supported by the in-kind contributions of the African Development Bank which hosts the initiative. The overall objective of the LTF Initiative is to support the development of local financial markets in Africa with a view to more efficiently mobilizing and allocating investment capital to businesses and projects that drive economic growth. The ambition is to enable similar progress as regards engagement and interest in the long-term finance (LTF) in Africa as has been achieved in the past decade on financial inclusion.

The initiative pursues a two-pronged approach:

- Enhancing market transparency through the development of a **LTF Database and Scoreboard** that will improve the availability of public data on LTF markets in Africa and allow countries to benchmark their performance against comparator countries.

- Developing country reform programs based on a new type of analytical studies, the **LTF country diagnostics**. The diagnostic reports identify key challenges to the provision of long-term finance and develop recommendations aimed at strengthening the development of domestic markets for long-term finance. The diagnostics have a particular focus on LTF for investments in infrastructure, housing and enterprises.

The two components of the project are highly synergetic as the country diagnostics will benefit from improved data coverage and the development of the Scoreboard will be informed by insights gained from the in-depth analysis carried out in individual countries. The LTF Database and Scoreboard is being developed with and hosted by the AfDB. The LTF country diagnostics are carried out by a team of international consultants in a number of African countries. The first country diagnostic was completed in Côte d'Ivoire in 2018 and a similar analytical approach and process is envisaged for the LTF diagnostic in Ghana.

The assignment described in these terms of reference focuses on the second Country Diagnostic under the Long-Term Finance Initiative to be undertaken in Ghana in early 2019. The team undertaking this assignment will consist of a lead consultant with overall responsibility for coordinating the work to be undertaken by the LTF team and for providing technical guidance on the deliverables. In addition, the team will consist of three consultants with respective specializations in the areas of infrastructure, housing and enterprise finance (“*sector experts*”), a local consultant and financial sector experts from AfDB and GIZ.

The maturity of the financing should approximate the economic life of the underlying asset. Given the broad coverage of sectors, LTF Initiative adopts a broad definition of LTF. The minimum threshold for long-term financing as applied to the enterprise sector is considered to be one year, cognizant of the fact that in the real estate or infrastructure sector the relevant thresholds will be higher (10-30 years). The ambition is in any case to lengthen maturities to the extent that tenors more closely match the lifetime of the productive assets they are financing. Where this is not the case investors, firms and projects are exposed to liquidity and interest rates risks that severely constrain investment.

The diagnostic will be anchored in the private sector’s experience with specific enterprise finance transactions, instruments and products. This “bottom up” approach is designed to reveal challenges in the provision of long-term finance and requires working directly with the private sector stakeholders on the demand side (enterprises) and the supply side (financiers). Drawing on the private sector, the intention is to assemble information about hurdles to the provision of finance and lessons learnt in overcoming these challenges. The focus on actual funding operations is primarily justified by the experience that broad-based legal/regulatory and institutional diagnostic exercises have largely failed to provide the specific guidance needed to relieve bottlenecks and hindrances in the process of increasing the availability of long-term finance from a private-sector perspective. While the focus will be on specific financing vehicles and instruments, the purpose is to draw more broadly-applicable lessons from these case-studies and chart specific actions encouraging policy-makers and private sector stakeholders to remove relevant hindrances that stand in the way of providing ‘patient’ capital to SMEs.

An important element of the country diagnostic will be to encourage innovation and international knowledge transfer by drawing on successful approaches, instruments and good practices from other countries. The consultant is expected to assemble relevant experiences relating to financing vehicles in other countries, where innovation in LTF has moved ahead more rapidly. The intention is that these international good practice examples will drill down on information relating to financial instruments and policies, and put them into the Ghanaian country context, thereby supporting cross-fertilization of country experiences.

3. Objective and Scope of Work

The role of the *enterprise finance specialist* is to contribute to the delivery of the LTF country diagnostic in Ghana with his/her sector expertise. The resulting diagnostic report on LTF in Ghana will identify major hurdles to the deepening of domestic markets for long-term finance and make recommendations how to alleviate the identified hurdles with a view to strengthening the development of domestic markets for long-term finance.

The scope of work of the consultant is responsible for will encompass:

- A. **Preparing the country diagnostic in Ghana:** Mission planning will involve assembling and reviewing relevant reports and data on LTF of the enterprise sector in Ghana, identifying key stakeholders for on-site meetings and engaging with the team to coordinate and establish a common understanding of the objectives

and analytical framework for the assessment. Mission preparation will also involve reviewing and providing feedback on the two issues papers prepared by the housing finance and infrastructure finance specialists.

B. Developing an issues paper on enterprise finance in Ghana: The consultant is expected to develop an issues paper ahead of the diagnostic mission. The issues paper should summarize the key information available from existing reports and data sources, identify knowledge gaps, and formulate hypotheses and issues to be explored further during the diagnostic mission. Based on the in-country assessment, additional information and feedback from the team, the consultant will fill the identified knowledge gaps and develop a revised paper to be shared and discussed with the team before the end of the diagnostic mission. The issues paper will thus serve as an input to preparing the LTF diagnostic report.

The issue paper should cover aspects such as:

- The extent of long-term financing currently made available to the enterprise sector in Ghana, particularly MSMEs, as well as the potential demand for such financing and the resulting financing gap;
- Key hindrances and bottlenecks to the availability of LTF for enterprises, with a focus on augmenting the provision of domestic financing;
- Identification of potential solutions to overcome long-term financing challenges and as appropriate propose alternative possible financing options.

For an illustrative list of questions to be addressed in the issues paper, see Annex 1.

C. Participating in diagnostic mission: Working with the LTF team, the consultant will participate in a two-week diagnostic mission to Ghana. During the mission, the consultant will meet with the relevant authorities (ministries, regulators, supervisors), current providers of long-term funding (public/private lenders, private equity firms/funds, institutional investors etc.) to the enterprise sector, and other relevant parties (professional associations, credit bureau operators, individual enterprises) to fully explore the subject areas outlined in these terms of reference. As part of the team, the consultant will participate in team meetings and contribute his/her expert views. Based on these interactions the consultant will produce the revised, more comprehensive issues paper incorporating both comments made by the team to the initial issues paper as well as mission findings. This revised issues paper will be shared with team so as to allow for thorough discussion and coordination across the team as to the main messages of the diagnostic in Accra before the end of the diagnostic mission. During the planned subsequent mission the consultant will present key findings on enterprise findings and participate in stakeholder consultations.

D. Contributions to the LTF diagnostic report: The consultant's main contribution to the diagnostic report will be based on the (revised and re-worked) issues paper. However, following the discussion of the issues papers additional contributions on topics cutting across the three areas of focus may be required. Following the main mission, the consultant will work with the LTF team in finalizing the diagnostic report under the guidance of the lead consultant. This will entail *inter alia* incorporating feedback received, clarifying findings, and adding materials relating to case-studies and good practices from other countries found to be relevant to the experiences of Ghana.

E. Country stakeholder consultations: The consultant will participate in a second mission to present the key findings and consult with country stakeholders. The purpose of the second mission is to validate the findings of the diagnostic report and establish a common understanding on possible next steps in following up on the report's findings among local authorities, the private sector and donors.

F. Methodology review: Subsequent to completing the country diagnostic the consultant will contribute to reviewing the methodology of the diagnostic approach with a view to proposing improvements that can be incorporated in subsequent country diagnostics.

4. Methodology

The country diagnostic will be based on

- a review of available literature and reports,
- off-site collection and review of data, where possible supplemented by additional data obtained during the missions,
- engagement with key stakeholders and on-site dialogue, including semi-structured interviews and focus group discussions with key stakeholders.

Information will be collected about the current situation as regards financing of investments by enterprises (sources of funding, costs and conditions, constraints etc.); the perspectives of enterprises in searching for long-term funding; and the role of the enabling environment, regulation and public policy.

5. Conduct of Work

The consultant will interact with the whole LTF team on as needed basis by phone, email and during the missions in Accra. The enterprise finance consultant will report to the lead consultant and to Makaio Witte (GIZ).

Activities undertaken by the LTF team will require close collaboration with the AfDB, the MFW4A Partnership, GIZ and FSD Africa as well as with stakeholders in Ghana. The consultant will be expected to interact with these and other relevant parties taking into account the different institutional perspectives.

The consultant will be expected to travel to Ghana twice in the course of this assignment to i) carry out the main diagnostic mission on-site and ii) to present the findings of the diagnostics to stakeholders in Ghana. The exact timing and duration of the missions will be coordinated between AfDB, the LTF project team, GIZ and the consultant.

6. Qualifications and experience

- At least 10 years of experience in consulting with a strong focus on the financial sector.
- Additional work experience in the financial industry and first-hand experience in structuring enterprise investments is considered a strong advantage.
- In-depth knowledge of the policies, instruments, products and approaches applied to finance enterprises in developing and emerging markets in Africa and globally
- Advanced skills in data analysis and data visualization
- Demonstrable track-record in writing analyses, research pieces and policy reports in an accessible language for readers unfamiliar without a strong technical background
- Full proficiency in written and spoken English

7. Time line and Deliverables (time line indicative)

Time frame: 21/01/2019 – 31/10/2019

The deliverables are grouped around the main mission involving the visit of the team of international consultants planned for February/March 2019:

Prior to the main mission:

- Prepare issues paper on enterprise finance in Ghana (5-10 pages) to be submitted two weeks before the main mission (February 2019)
- Provide written feedback on issues papers on housing and infrastructure finance in Ghana provided by the two respective sector experts
- Assemble list of key stakeholders in the area of enterprise finance in Ghana working with the team, including the local consultant in Accra

During the main mission (February/March 2019):

- Participate in two-week diagnostic mission as part of LTF team (February/March 2019)
- Prepare revised and extended issues paper on enterprise finance in Ghana for discussion with the team before the end of the diagnostic mission, including learnings from the mission and feedback from the team (March 2019).
- Prepare comments on and participate in discussion of the revised issues papers prepared by the team.

Subsequent to the main mission:

- Prepare contributions to the final report on those aspects referring to enterprise finance. As with other sector specialists the enterprise specialist will be expected to develop contributions to cross-cutting themes supporting the diagnostic report's central findings
- Prepare Power Point presentation summarizing the paper's findings on enterprise finance (15-20 slides, April 2019)
- Review of and contributions to the full diagnostic report on LTF in Ghana (draft versions and final report, in the period March-May 2019)
- Participation in second mission and presentation of findings to stakeholders in Ghana (July 2019).

ANNEX 2: Illustrative list of issues to be addressed in the issues papers

- Bottlenecks from a private sector point of view (capacity, data, financing, framework conditions etc.). Are there private or public initiatives that effectively address these?
- Current capacity to support preparation of enterprise investments ('bankable projects');
- Business environment and the informal sector;
- Current available channels (vehicles and instruments) of financing for enterprise investments;
- Potential for financing from local institutional investors;
- Liquidity and long term resources of financial institutions;
- Specific credit risk issues of SME borrowers;
- Credit reporting systems and other financial infrastructure issues;
- Existing risk mitigants including collateral;
- Hindrances to the deepening of current financing methods and uptake of new modes of financing as well as identification of remedies (supporting institutional, legal and regulatory changes);
- Specific types of capacity missing in the private sector and in government
- Whether there are lessons to be learnt from successful business models, products or financing structures
- Current and prospective government and IFI support schemes focusing on their track-record, design strengths and weaknesses, and financial sustainability.