Request for Expressions of Interest
[Individual Consultant]

African Development Bank www.afdb.org
Headquarters: Abidjan (Côte D'Ivoire)
Avenue Joseph Anoma, 01 BP. 1387, Abidjan 01 - Côte d'Ivoire

Regional Integration Coordination Office (RDRI)
And
NSO & Private Sector Support Department (PINS)

Expressions of Interest are being requested from Individual Consultants.

Title of the Assignment: Support in the creation of a Fund for the Regional Expansion of Mid-Sized Firms (FREMISF).

Description: To provide advisory services in the design of a Fund for the Regional Expansion of Mid-Sized Firms (FREMISF).

Place of Assignment: Home country and HQ, Abidjan, Côte d'Ivoire (after Covid-19 pandemic lockdown measures have been eased)

Duration: 3 months

Expected Date of Commencement: 20 July, 2020

Expressions of interest must be received at the address below (either electronically by email or hard copy by post) no later than 26th June 2020 17:00 hrs, Abidjan time and specifically mentioning “Support in the creation of a Fund for the Regional Expansion of Mid-Sized Firms (FREMISF)”:

For the attention of:
Mr. BOUILHOL Julien
Principal Regional Operations Management Officer (RDRI)
African Development Bank, Avenue Joseph Anoma, 01 BP 1387, Abidjan 01, Côte d'Ivoire
Tel: +225 20 26 55 32 - E-mail: J.BOUILHOL@AFDB.ORG

Copy to: Mrs. SOUNGALO Brou Marina, Administrative Assistante (RDRI)
E-mail: B.SOUNGALO@AFDB.ORG

Request for Expressions of Interest
Support in the creation of a Fund for the Regional Expansion of Mid-Sized Firms (FREMISF)

Deadline for Individual Consultatnt Applications: 26 June 2020 at 17:00 GMT
TERMS OF REFERENCE

Consultant to support the creation of a Fund for the Regional Expansion of Mid-Sized Firms

I. Background

The Africa Continental Free Trade Area (AfCFTA) is expected to create a continental market for goods and services with free movement of business persons and investments. When implemented, the AfCFTA shall include 55 member countries and cover a market of 1.2 billion people with a combined gross domestic product of $2.5 trillion.

Trade arrangements such as the AfCFTA have the potential to contribute to industrialization, job creation, poverty reduction and inclusive development. They have been particularly effective in promoting industrial transformation in Asia and Latin America. However, in Africa, the expected results have not materialized. A lot has been written about the causes of this poor performance. They include among others, low productivity, poor infrastructure, fragmented markets and the lack of affordable finance for African firms.

Africa’s private sector is dominated by small and medium-sized enterprises (SMEs) with a few large companies, and even fewer multinational firms. Apart from large firms, the entire spectrum of African firms, especially SMEs have difficulties accessing long-term, affordable credit. Mid-sized companies, those with capital requirements of $5 million or more, are often ready for regional expansion but find it especially difficult to secure the expertise and financing required to fuel their growth and expand to regional markets. They report access to capital to be one of their toughest challenges, one that often outranks electricity shortages and other concerns such as business environment, transport infrastructure or non-tariff barriers.

The International Finance Corporation MSNE Finance Gap estimates that the financing gap of Africa’s SME sector stands at $383 billion. With adequate support, African mid-sized firms could become Africa’s future multinational companies and help promote the expansion of intra-regional trade in value-added goods and services.

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II. The Bank’s experience

The Bank’s private sector approach traditionally focuses on providing direct investments and advisory services to large firms. On the investment side, the Bank helps to increase businesses’ access to financial services by providing funding for equity, loans, and mezzanine finance to institutions that focus on private sector lending. On the advisory side, the Bank helps to strengthen financial markets, promote knowledge sharing and drive financial literacy and inclusion.

Regarding SMEs, to promote efficiency and reduce transaction costs, the Bank’s support is generally provided through financial intermediaries such as local banks, microfinance institutions or private equity funds. Notable Bank initiatives in support of the SME sector include: the Fund for Private Sector Assistance, the Africa SME Programme, the African Guarantee Fund for SMEs or the Enhanced Private Sector Assistance for Africa (EPSA initiative).

III. The case for a Fund for Regional Expansion of Mid-sized Firms

The Bank’s initial analysis indicates that access to long-term affordable capital is one of the leading challenges of mid-sized firms seeking cross-border expansion. African firms with capital needs ranging from US$5 to US$10 million and over are often too big for microfinance organizations, too small for securing direct funding from DFIs and too risky to access enough growth capital from conventional debt and equity investors. They face unique challenges in accessing finance, talent and markets.

The Bank’s support to mid-sized firms could be further enhanced if the scope of available resources was increased and the approach was targeted at those firms that are ready for regional expansion and present the greatest potential to drive intra-regional trade in value-added goods and services.

In view of the above, the Bank is currently exploring the possibility of creating a Fund for the Regional Expansion of Mid-Sized Firms (FREMISF). The FREMISF will be the first structured attempt by the Bank to provide long-term financing to African mid-sized firms that are export-ready or seeking to capitalize on regional market opportunities. While the FREMISF will cover all sectors, it will focus on established tech, manufacturing or agro-industry firms that want to expand into new African markets.

IV. Description of the Fund for Regional Expansion of Mid-sized Firms

The FREMISF will be a blended-finance partnership focused on closing the financing gap faced by African mid-sized firms seeking regional expansion. Catalyzing access to finance for mid-sized firms, the facility will have the goal of driving intra-regional trade and generating thousands of new jobs in the sector. The facility shall dedicate its efforts towards underserved

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segments looking for cross-border expansion and with strong potential to drive regional trade in value-added goods or services.

The facility will be expected to provide funding, risk mitigation and advisory assistance to help mid-sized firms and/or financial institutions expand into challenging markets. In addition, the facility shall aid governments with improving their nations' and regions' financial infrastructure, enabling knowledge and capital to flow more efficiently to mid-sized firms.

V. Scope of the Assignment

The services of a Consultant are needed to provide a clear and coherent financing gap analysis for mid-sized firms that are ready for regional expansion. As part of the assignment, the Consultant will expected to define the scope of the proposed facility including its strategic orientation, operational arrangements, financial products/services, strategies for resources mobilization and client profiles.

The Consultant will leverage his/her experience in structuring similar investment vehicles or facilities to help the Bank identify the best options for the creation of the fund as well as the most appropriate approaches to mobilize resources.

The Consultant will be expected to consult extensively both externally with relevant DFIs as well as internally with the following complexes/departments/units:

i) the finance complex;
ii) the credit, operational and market units;
iii) the private sector support department;
iv) the financial sector development department;
v) the industrial and trade development department;
vi) the regional integration coordination office; and
vii) the office of the General Counsel and Legal Services.

VI. Timeframe and Deliverables

The Consultant will work under the overall guidance of the Director of the Regional Integration Coordination Office (RDRI) and the Director of Non-Sovereign Operations (PINS) and Private Sector Support Department.

The expected deliverables shall be:

1. Drawing on the Bank’s initial work, a financing and other gap analysis of African-based mid-sized firms seeking regional expansion as well as an indicative pipeline of mid-size companies/operations.
2. A proposal for the creation of the FREMISF as a way of filling this gap. The proposal shall include detailed information on the proposed strategic orientation, operational arrangements, resources mobilization, financial products and services as well as client profiles. The report should include multiple scenarios for establishing the FREMISF.

3. An action plan with a detailed road map for mobilizing resources and establishing the Fund. The action plan should provide timelines, expected outputs as well as the roles and responsibilities of individual departments and units. The action plan shall highlight all necessary internal and external processes required to establish the Fund.

4. A duly completed funding proposal to be submitted to the Fund for Private Sector Assistance in Africa (FAPA). The objective of the proposal will be to provide the Bank with the capital required for feasibility studies and cover the costs of establishing the Fund.

5. A detailed Request for Proposal (RFP), seeking the services of a consortium to establish the Fund.

The assignment is expected to start in July 2020 and last for a period of 3 months.

VII. Location:

Home country and Abidjan (after Covid-19 pandemic lockdown measures have been eased).

VIII. Qualification Requirements

- Master's degree in Business Administration (MBA), Finance or relevant fields; CFA a plus;
- At least 8 years of relevant experience in structured finance, investment banking, development finance or private equity, with a proven track record of sourcing, structuring and closing investments for SMEs/Mid-sized companies;
- Experience in designing or supporting the implementation of SME funds or facilities;
- Strong analytical skills and ability to review and analyze complex financial information;
- Knowledge and experience of global financial markets, including expertise in emerging markets and development finance;
- Good knowledge of the agro-industry, industrial manufacturing, logistics/distribution and ICT sectors;
- Broad understanding of Africa's regional integration architecture and the work of regional economic communities;
- Proven experience in preparing marketing documents including investor presentation, pitch books and private placement memorandums.

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IX. Evaluation of Offers and Performance

Individual Consultants are invited to indicate their interest in providing the above-described services.

The eligibility criteria, the establishment of a short list and the selection procedure shall be in conformity with the Bank’s Rules and Procedure for the Selection of Corporate Consultants. Interest expressed by a Consultant does not imply any obligation on the part of the Bank to include him/her in the shortlist.

Interested consultants should provide information on their qualifications and experience demonstrating their ability to undertake the assignment (documents, reference to similar services, experience in similar assignments, etc.).

A shortlist of three to six individual consultants will be established at the end the request of expressions of interest. The consultants on the shortlist will be judged on the following criteria based on their updated resume.

<table>
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<tr>
<th>Criteria</th>
<th>Weight</th>
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<tbody>
<tr>
<td>General qualification and suitability for the Task to be performed</td>
<td>30%</td>
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<tr>
<td>Specific experience in assignments similar to the TOR</td>
<td>40%</td>
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<tr>
<td>Experience with international donor agencies</td>
<td>10%</td>
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<tr>
<td>Knowledge of the region</td>
<td>10%</td>
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<tr>
<td>Language capacity</td>
<td>10%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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Only consultants scoring a mark of 75 points or more will be considered for the assignment. All consultants will be ranked and the first on the list will be selected for the assignment if his/her fee rate is within the budget.

X. Fees & Payments

The applicant should submit their financial proposal consisting of their professional fees. The consultant shall meet the cost of any insurance and medical examination, or treatment required by him/her in the course of performing the Services.

The Consultant shall seek and obtain any visas or resident permits that he/she may be required to carry out the Services and perform his/her obligations under the Contract. The Bank shall, as necessary, assist the Consultant in obtaining such visas and/or permits.

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