TERMS OF REFERENCE

Technical Assistance Advisor

(Ref. No: NG-DBN- 319456-CS-INDV)

Hiring of an individual consultant to support the design, delivery, and oversight of technical assistance to financial institutions.

1. Background

The Development Bank of Nigeria (DBN) Plc. is a wholesale development finance institution licensed the Central Bank of Nigeria (CBN) and set up for the sole purpose of financing the Micro, Small and Medium Enterprises (MSMEs) in Nigeria in a sustainable manner.

DBN's operating model leverages on partnerships with Participating Financial Institutions (PFIs) to service the MSMEs. The strategic engagements with these PFIs as outlined by DBN are threefold:

1. On-lending Facilities through the PFIs to fund the MSME businesses.
2. Partial Credit Guarantees to support shortfalls in collateral requirements for MSMEs requiring funding from the PFIs. This is being administered by the Impact Credit Guarantee Company, a subsidiary of DBN set up for this purpose.
3. Technical Assistance (TA) Programs.

The Technical Assistance (TA) Program will support PFIs capacity to maximize their new and existing MSME portfolios through more specialized offerings and processes thereby expanding their reach to this segment. This is a key deliverable for the bank in achieving its mandate of increasing access to finance for MSMEs.

In recent times, there has been an increase in MSME lending amongst banks, partially as a result of the current regulatory requirements relating to minimum Loan to Deposit Ratio (LDR) requirements for the banks in Nigeria. There are differentiated MSME specific products in the market. These products are typically characterized by minimal collateral requirements with more emphasis on business proceeds / cashflows, in some cases lower interest rates, and opportunities for market linkages.
CBN MSME specific intervention funds as well as funding from other DFIs have further contributed to the increased lending to MSMEs and focus on real sectors such as Agriculture, Manufacturing, Exports, and budding sectors such as Renewable Energy / Energy Efficiency amongst others.

This TA program is therefore being proposed to support the downscaling of PFIs by enhancing their capacity in the MSME space.

The objective is to enhance the banks' capacities to:

- Identify and properly appraise profitable MSME businesses.
- Better recognize risk profiles of the MSME businesses and adequately mitigate same.
- Increase capacity to finance budding business sectors.
- Provide support in the development of differentiated MSME loan products that will support PFIs' business growth and uptake of DBN funding.
- Overall increase efficiency of their MSME portfolios (Lower Non-Performing Loans and increased profitability) amongst others.

Five (5) Participating Financial Institutions (Deposit Money Banks) have been selected for the program based on eligibility and their expression of interest in the downscaling technical assistance program. A consulting firm will be retained for an 18-month period to design and implement the TA program. A TA Advisor is to be engaged to oversee the activities of the TA Consulting firm and interface with DBN on the TA program throughout the engagement period.

The TA Advisor (TAA) will be expected to support the design and Implementation of DBN's TA program for the PFIs. The outlined TA program has been broken down into four phases.

The TA Advisor's responsibility on each phase will be as follows:

PHASE	ACTIVITY	TA DELIVERABLE	TAA'S RESPONSIBILITY
PHASE 1	**Diagnostic & Reporting**	The TA consulting firm will be required to conduct an assessment of the respective banks and detail specific work plans for each PFI. This will involve data collection and analysis through initial engagements with the PFIs, surveys / questionnaires, research, etc. This will provide better understanding of the PFIs portfolios, their processes and procedures and other information as deemed relevant by the TAA in deriving diagnosis of the PFIs MSME business portfolio.	In this regard, the TAA will be required to visit banks independently or alongside the TA consultants to follow up on the progress of the TA program. He/she will review reports developed by the TA consultant detailing recommendations and providing input (where required) for incorporation into the final submission. TAA will also provide monthly progress reports to DBN senior management on the progress of the TA program and identify – pro-actively- possible bottlenecks that might implicate timely implementation of the TA.
PHASE 2	**Support development of the revised MSME business model for PFIs**	Following from the Diagnostic reporting, and building on identified areas of focus, the Consultant will develop a robust framework for the TA Program that will support the PFIs MSME Business model and carry out all activities required for pilot of same.	TAA will provide support / valuable input to the consultants (as required), based on independent observations from PFI engagement and feedback. The TAA will be tasked to follow through the implementation schedule of the TA program and ensure timelines are met and include this in the monthly progress report to DBN senior management.
PHASE 3	**Pilot of MSME business model recommended for the bank.**	In this phase, the TA Consultant will be required to pilot new / revised products & services, perform M&E and conduct overall assessment.	The TAA will oversee activities in this regard to ensure scheduled delivery of the pilot phase and review subsequent assessment of same and report

			to DBN senior management on progress of the pilot as part of his/her monthly reporting.
PHASE 4	**Implementation and General Oversight of the PFI TA Program**	This will be to support full roll-out of the revised business case, building on the learnings from the Pilot Phase.	The TAA will provide support in this regard and maintain general oversight on all TA program activities across the 5 PFIs selected for the TA Program and report to the DBN senior management on monthly basis.

2. Main Objectives and Scope of Work

DBN seeks to hire an individual consultant to take up the role of TA Technical Advisor (TAA) and support as well as oversee the activities of the consulting firm throughout the design and implementation of the TA program in line with the TOR outlined for the consulting firm.

The TAA must have previous international experience in supporting Financial Institutions to grow their MSME portfolios. Please see below detailed scope of work:

Phase 1

- Undertake Independent PFI visits to attain proper understanding and assessment of the PFIs. He/She will also be required to obtain data and information on the macroeconomic environment and relate to PFIs performance towards MSME lending.
- Frequent engagements / follow-up with the TA consulting firm in review of business units such as MSME, Risk Management, etc., to achieve a full view on gaps in products/processes and specific areas for Technical Assistance as identified by TA consultant.
- Review of TAs reports on diagnosis and detailed work plan for Technical Assistance for respective PFIs, liaise with DBN on same and provide required feedback to the TA consultant.
- Review Cooperation agreement drafted by TA consultant, liaise with DBN to obtain the required input from DBN's Legal Team.
- Ensure all deliverables above: Diagnostic report, work plan and cooperation agreement are submitted by the TA consultants on schedule.
- Achieve weekly updates from TA consulting firm on all activities in this stage and provide weekly reporting to DBN on same.
- Verification of job done by the TA consultant and approval of invoices tied to all deliverables for this phase.
- Provide monthly report to DBN senior management on progress of implementation of phase 1 of the TA program and any highlight any possible bottlenecks in implementation and propose remedy actions as feasible and clarify in his/her basis on which the TA invoices were cleared as well as document an overview on the quality of the deliverables to DBN's senior management.

Phase 2

- Review draft framework of engagements with PFIs as drafted by the TA consultant, building on findings of diagnostic report and liaise with DBN for same for feedback to the TA consultant.
- Ensure all required documentation for TA agreement between DBN and PFIs (as required) are drafted and executed by both parties.
- Review and support TA consultants' recommendations on review of PFI policy procedures / processes and MSME products (particular emphasis to support gender initiatives) as well as advise on enhancement of technology platforms for more efficient delivery of products and services to enhance customer experience.
- Review plan for and ensure that PFI staff training programs are conducted by the TA consultant on revised products and/or processes.
- Review and provide advise on TA consultant's plan to support PFIs' MSME customers to enhance borrowing capacity and ensure same is carried out as planned.
- Support and interface with TA consultant on all activities itemized in this project phase and report to DBN weekly or as required.
- Verification of work done by TA and approval of invoices tied to all deliverables for this phase.
- Provide monthly report to DBN senior management on progress of implementation of phase II and update DBN's management on possible bottlenecks. The consultant should clarify in his/her report basis on which the TA invoices were cleared as well as document an overview on the quality of the deliverables to DBN's senior management.

Phase 3

- Review and support draft of Pilot Test Plan, advise in line with feedback from DBN and ensure final document is submitted to DBN as scheduled.
- Interface with TA consultant on Pilot program test in specific locations, appraise deliverables in line with outlined timelines on pilot plan and provide updates in weekly status reports to DBN.
- Support and analyse TA consultant's review of monitoring and evaluation test on PFIs' MSMEs offerings.
- Review TA consultant's final document on PFIs MSME Business case, provide feedback for incorporation as required and ensure final report is delivered on schedule.
- Liaise with DBN to organize presentation of final assessment report on pilot program to DBN Management Committee.
- Maintain general oversight over the pilot program and all activities in this phase and provide weekly update reports to DBN.
- Verification of work done by TA and approval of invoices tied to all deliverables for this phase.
- Provide monthly report to DBN senior management on progress of implementation of phase III and update DBN's management on possible bottlenecks. The consultant should clarify in his/her

report basis on which the TA invoices were cleared as well as document an overview on the quality of the deliverables to DBN's senior management.

Phase 4

- Review detailed work plan for full roll-out as recommended by the TA consultant, building from the previous phases and advise accordingly.
- Advise and support TA consultants activities in the restructuring of PFIs MSME units as required.
- Provide support / advise with respect to training sessions organized by TA consultant for PFI staff to enhance internal capacity in respective job functions.
- Provide advise to TA consultant and report to DBN weekly on all activities relating to the full roll-out/go-live of the TA program to the PFIs.
- Review and ensure completion report is done by TA program consultant and submitted to DBN as scheduled.
- Provide final report to DBN on independent activities and feedback.
- Verification of work done by TA and approval of invoices tied to all deliverables for this phase.
- Provide monthly report to DBN senior management on progress of implementation of phase IV and and update DBN's management on possible bottlenecks. The consultant should clarify in his/her report basis on which the TA invoices were cleared as well as document an overview on the quality of the deliverables to DBN's senior management.

3. Accountabilities:

The TA Advisor will be engaged for the duration of the TA program and report directly to DBN's Chief Operating Officer (COO). During this period, he/she will provide updates/ reports weekly, monthly and periodically as will be required for monitoring and reporting to the World Bank.

4. Reporting, Deliverables & Timelines

The TA Advisor's reporting requirements and deliverables will be as follows:

- Weekly reporting on all activities of the TA consultant on the TA program.
- Monthly report on milestones and standard operating activities of the TA Program (across phases of TA implementation - see Section 2)
- Periodic reports on specific milestone deliverables of the TA Consultant e.g., Training Programs, MSME Engagements, etc.
- Close out report at the end of the period of the TA on all activities carried out during the TA program
- In addition, the TAA will work with the TA Consultant to ensure that all deliverables of the TA Program listed below are received from the TA consultant (Please refer to Annex 1 for TA consultants detailed deliverables timelines) reviewed and submitted to DBN as scheduled.

- **Diagnostic Testing & Report:** Submission of Diagnostic report

- **Draft Technical Cooperation Agreement:** Submission of Cooperation Agreement.

- **Draft Framework of Engagements / PFI TA program:** Submission of revised workplan/Framework of engagement detailing scheme of work for respective PFIs.

- **Outline plan for TA program Pilot:** Submission of roll-out plan for pilot phase of TA program

- **Submission of report on TA program Pilot:** Submission of report on pilot program detailing findings, recommendations, and proposed reviews for go-live stage.

- **Performance reporting on TA program:** Obtain quarterly performance reports on TA Program, detailing performance of new MSME products, process / procedures, technology review, etc., from TA consultant,

- **Impact reporting on TA activities for MSME:** Obtain quarterly Impact performance reports on activities of TA Program to PFIs. from TA consultant,

- **Final report on TA program**, Final reporting on entire TA program detailing impact and recommendation on a going forward basis.

5. Payment Schedule:

The Technical Assistance Adviser will be engaged on a fixed fee for the period of the contract, payable upon submission and approval of monthly progress reports, required deliverables scheduled for the month, monthly timesheets and invoices approved by DBN's COO.

6. Qualification and Experience:

Education:

Minimum requirement of Master Degree in Finance or related field such as Business, Management, Economics, Development Finance, Public Administration and Policy, or Law.

Work Experience:

- A minimum of 15 years' experience working with financial institutions with minimum of 7 years working with banks in Nigeria.
- History of work experience (minimum of 7 years) working with global /regional financial institutions.
- Minimum of 10 years' experience in a senior management position and/or advisory role. Experience with rebuilding / restructuring of portfolios within commercial banking is a plus.

- Previous work experience in the areas of training, capacity building and advisory for MSMEs.
- Relevant working experience in managerial capacity for large and complex projects, preferably with donors.
- Previous experience in advising on DFI funded MSME projects.
- Excellent command of both oral and written English is mandatory.

Core Competencies:

- The TA Adviser should demonstrate high knowledge and competence in MSME finance, loan product development and risk management.
- TA Adviser should possess excellent analytical skills and ability to advise on MSME related issues.
- Strong knowledge of Nigeria's micro and macroeconomic environment in relation to MSME businesses in the country.
- Must be able to organize and deliver training programs to key bank staff
- Ability to demonstrate influence and respect from key stakeholders in PFIs and identified MSMEs.
- Formal education in Development Finance, Finance, Management or Business will be a plus.

APPENDIX 1-TA Consultant's Detailed Deliverables and Timelines

PHASE	ACTIVITY	DELIVERABLES	TIMELINES
PHASE 1	**Institutional Assessment & Formulation detailed of TA Work Plan**	• Ensure delivery of Inception report and revised work plan • Draft Technical Cooperation Agreement	• December 14, 2022 • December 30, 2022
PHASE 2	**Design & Initial Implementation**	• Report detailing Initial TA Design, Proposed Products, Services & Required training per PFI. • PFI staff Training • Financial Advisory to PFIs. MSME clients	• May 30, 2023 • May 30, 2023 • May 30, 2023
PHASE 3	**Pilot Testing & Evaluation**	• Report detailing Pilot Test Plan for each bank. • Assessment report on success of the pilot phase and recommendations.	• April 30, 2023 • April 30, 2023
PHASE 4	**Completion**	• Draft completion report and provide recommendations for adoptions by PFIs. • Final Report assessing overall outcomes of the TA program.	• May 21, 2023 • May 30, 2023