TERMS OF REFERENCE

INDIVIDUAL CONSULTANT SELECTION

Assignment Title: Technical Assistance to Support the Development Bank of Nigeria in the Implementation of its Non-Interest Banking Framework and building of internal capacity on NIB lending

REFERENCE No: NG-DBN-325540-CS-INDV

Selection of an individual consultant to support the DBN with the Implementation of its NIB Framework and lending to Non-Interest Banks in line with regulatory requirements & global best practises.

1. Background

The World Bank-funded US$500 million Development Finance Project supports the establishment of the Development Bank of Nigeria (DBN), a Wholesale Development Finance Institution licensed and supervised by the Central Bank of Nigeria, with the objective of addressing the access to finance gaps of underserved Micro, Small and Medium Enterprises (MSMEs) in Nigeria. The DBN provides private sector lenders with longer term financing in local currency and partial credit guarantees (through its wholly-owned subsidiary Impact Credit Guarantee Company – "IMPACT") in order to expand its outreach to MSMEs. With business and governance models based on internationally recognized good practice and substantial commitment of capital, the DBN strives to perform a catalytic role with potentially transformational impact by facilitating financially sustainable and transparent access to finance for underserved MSMEs.

In addition to the World Bank funding, the DBN is also being supported by funding provided by other development partners, namely: the African Development Bank, the German Development Bank (KFW), the French Development Agency (AFD) and the European Investment Bank (EIB). Together with the World Bank, these partner institutions are providing contributions in the form of debt, equity, and technical assistance for a combined value of over US$1.3 billion.

The DBN Non-Interest Banking (NIB) Framework was approved by the Board in July 2022 as an approach to lending to Non-Interest Banks thereby expanding the bank's channels and reach in line with the bank's mandate. This is also in alignment with one of the bank's strategic priorities which is to provide access to MSMEs in economically and financially excluded locations in Nigeria in a bid to promote financial inclusion.

Other objectives for the inclusion of Non-Interest Banks (NIBs) as channels for DBN disbursements include:

- To harness economic growth: Non-Interest Banking is on many occasions hinged on illiquid assets which creates real assets and inventories. Such assets are often linked to real sector development projects in sectors such as manufacturing, agriculture etc., which have significant impact on economic growth.

- To foster sustainability: Non-Interest banking is often considered to be an equitable and stable mode of financing that can contribute to a large extent in the reduction of the existing MSME funding gap.

Working with NIB experts Metropolitan Law Firm (Metlaw) engaged by the Bank, and followed by NIB training received by Key stakeholders in the Bank, the NIB Framework and legal documentation (The Master Financing Agreement & The Supplementary Financing Agreements) were developed to ensure compliance to the Central Bank Act 2007, the Banks, and Other Financial Institutions Act ("BOFIA") 2020, the Central Bank on Nigeria ("CBN") Guidelines on Non – Interest Banking in Nigeria and in line with DBN's policies.

These were subsequently approved by the Board to facilitate DBN's on-financing to the Non-Interest Banks with the recommendation to engage a suitably qualified consultant to support DBN's implementation of the NIB framework and help to develop internal capacity in NIB lending.

The Consultant should have adequate experience working with Non-Interest Banking and possess adequate knowledge of global NIB acceptable practices and structures.

2. Main Objectives and Scope of Work

The Development Bank of Nigeria is seeking to employ the services of an expert in Non-Interest Banking to provide support to DBN in the implementation of its NIB framework in the financing of NIBs, and also build internal capacity within DBN in NIB lending.

Areas of support required under the Technical Assistance would include:

- Support in the implementation of the NIB Framework in line with the regulatory framework in Nigeria, and global best practice.
- Support in engaging with the regulators on the implementation of the Framework and financing arrangements.
- Support set-up of the NIB desk within the bank.
- Provide assistance with the engagements, on-boarding and initial financing arrangements with NIBs.
- Capacity building of DBN staff in NIB lending.
- May recommend on-financing arrangements / NIB offerings to DBN for more efficiency and mileage.

The detailed scope of the project is below:

	ACTIVITY	DELIVERABLE
PHASE 1	**Review of NIB framework, legal documentation and engagements with regulatory authorities on the implementation of the NIB framework**	The Consultant would conduct a market assessment to determine the needs of the market, review DBN's NIB Framework and Legal documentation (MFA & SFA) and engage with regulatory authorities to ensure DBN's readiness for implementation of NIB financing. Key Activities include: • Market Assessment of NIB Banks in Nigeria to determine market opportunities, needs and propose DBN's framework of engagement with the NIBs. • Review the NIB Framework and SLA in line with regulatory requirements and best practice. • Engage with all units within DBN, review policies, procedures and obtain all other relevant information for better understanding of DBN's structure and operations, assess Staff capacity, as well as to determine DBN's readiness to commence the implementation of the NIB framework. • Engage regulatory authorities as required to ensure DBN is positioned to commence NIB financing. • Document findings in a summary report. • Draft detailed work plan for the project To complete this phase, the Consultant is expected to have delivered on the following: • Submission of NIB Market Assessment report. • Summary report on review of NIB framework, legal documentation and engagements with regulatory authorities on the implementation of the NIB framework in DBN. • Project Workplan.
PHASE 2	**Capacity Building**	Based on the identified areas of need, the Consultant will draw up a training plan, and conduct trainings for DBN staff to enhance their capacities for NIB lending.

		Key Activities include: • Engage stakeholder units to determine training needs. • Draft Staff Training plan for the Capacity Building Programs. • Organize training for DBN staff based on identified training needs. To complete this phase, the Consultant is expected to have delivered on the following: • Creation of a Training Plan for DBN Staff. • Completion of Training Programs for DBN Staff.
PHASE 3	**Implementation of the NIB Framework**	Following review of framework, documentation, regulatory engagements & staff training, the consultant would assist with the set-up of the NIB desk in DBN and subsequently support the implementation of the framework and NIB financing arrangements. Key Activities include: • Support NIB desk. • Support engagements relating to on-boarding and on-financing to NIBs both new & existing. • Monitor portfolio of DBN's NIB financing arrangements To complete this phase, the Consultant is expected to have delivered on the following: • On-boarding and disbursements to NIBs. • Portfolio report with recommendations.
PHASE 4	**Business Continuity Plan (BCP) and Handover**	The Consultant would conduct activities to ensure Business Continuity for DBN; to continue to manage and expand its portfolio of NIBs. Key Activities include:

		• Draft Business Continuity plan for submission to DBN management detailing responsible parties, goals and milestones, etc. • Draft detailed handover for DBN use subsequent to project completion. To complete this phase, the Consultant will be expected to have delivered on the following: • Detailed Handover • Business Continuity Plan.
PHASE 5	**Completion report and Recommendation**	The Consultant will review the Banks performance on the NIB financing arrangements. The Consultant would also document in a detailed Project Completion Report, details of the portfolio review, findings, project activities and recommendations for DBN's use. Key Activities include: • Draft Completion Report on all activities carried out during the period of the project and submit to DBN as scheduled. • Document recommendations for adoption by DBN • Organize close-out session with stakeholders in DBN to discuss key deliverables, performance and feedback. At the end of this phase, the Consultant would be expected to have delivered on the following: • Submission of a Comprehensive TA Completion Report.

3. Reporting Requirement

The Consultant will work with the DBN's Operations Department on all milestones and activities indicated above. He/She will also be required to submit weekly and monthly reports at the various phases of the assignment. There would be a final report at the close of the project with a detailed handover and recommendations for DBN's use to ensure continuity.

List of reports to be submitted are as listed below:

- Summary Report on review of NIB framework, legal documentation and engagements with regulatory authorities on the implementation of the NIB framework in DBN.
- Detailed Project Work Plan.
- Staff Training Plan.
- Report on the review of Portfolio Performance upon completion.
- Handover & Business Continuity Plan.
- Project Completion Report
- Weekly Reports on all activities and engagements.
- Monthly Progress Reports.

4. Payment Milestones & Timelines

The assignment is for an estimated duration of five (5) months and payment shall be time based. All deliverables shall be submitted to DBN upon completion according to the timelines for submission as stated below:

Phase 1 – Review of NIB framework, legal documentation and engagements with regulatory authorities on the implementation of the NIB framework.

- **Submission of Summary Report:** Report on review of NIB framework, legal documentation and engagements with regulatory authorities on the implementation of the NIB framework in DBN.
  Timeline – within thirty (30) calendar days from execution of documents in respect of contract of employment.

- **Submission of Detailed Project Work Plan**: Outlining step by step activities for the duration and execution of the project
  Timeline – within thirty (30) calendar days from execution of documents in respect of contract of employment.

Phase 2 – Capacity Building:

- **Staff Trainings**: Submit DBN Staff Training Plan based on project requirements & identified needs.
  Timeline – within sixty (60) days from execution of documents in respect of contract of employment.

Phase 3 – Implementation of the NIB Framework:

- **Set-up**: Support set-up of NIB desk, commence engagements & financing of NIBs.
  Timeline - within one-hundred and twenty (90) days from execution of contract documents.

- **Portfolio Performance:** Submit Report of Portfolio Performance review with recommendations.
  Timeline- within one-hundred and twenty (90) days from execution of contract documents.

Phase 4 – Business Continuity Plan and Handover:

- **Submit Business Continuity Plan** document to DBN
  Timeline- within one-hundred and fifty (120) days from execution of contract documents.

- **Submit Handover Report** to DBN
  Timeline- within one-hundred and fifty (120) days from execution of contract documents.

Phase 5 – Completion reports / Recommendations:

- **Draft and submit Project Completion** Report with recommendations – to be discussed at close-out session.
  Timeline- within one-hundred and eighty (150) days from execution of contract documents.

- **Organize Closeout Session**
  Timeline- within one-hundred and eighty (150) days from execution of contract documents.

5. Qualification and Experience:

The Consultant must have previous experience at the expert level in this area and conversant with current standards applicable.

Minimum Educational Requirement:

Minimum of a master's degree in Finance or related fields such as Business, Management, Economics, Development Finance, Public Administration and Policy and NIB certification.

Work Experience:

- A minimum of Seven (5) years experience working with Islamic financial institutions globally or in Nigeria. Minimum of three (3) years working in the NIB financing landscape in Nigeria is a plus.
- Experience working with structuring on-financing arrangements for NIBs particularly in Nigeria.
- Past experience working in a Business Development and/or portfolio management role.

Core Competencies:

- The Consultant must possess extensive knowledge and competency in the area of NIB / Islamic Finance in line with global best practice.
- The consultant must be familiar with the regulatory landscape and implementation of on-financing arrangements to NIBs in Nigeria.
- Consultant must be proficient in structuring NIB financing and on-financing arrangements, determining efficient pricing models and managing the portfolio.
- Consultant must have a good knowledge of the MSME business as ultimate beneficiaries.
- Consultant must possess Business Development skills.
- The Consultant must exhibit excellent communication skills, and ability to impact training in the areas of specialty.
- The consultant must possess excellent writing and presentation skills.
- Consultant should possess excellent analytical skills.
- Excellent command of both oral and written English is mandatory.