



OXFAM
Novib

ToR

**Business development for
Impact Investment and SME
Support Programmes**

The Terms of Reference for consultancy assignment on
Business development for Impact Investment and SME
Support Programmes

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1 Project Background

1.1 Background and rationale

Oxfam Novib supports the people who stand up for equality. We stand for a world in which prosperity is equally distributed. Together with partners, we strive for an economy that focuses on well-being and sustainability. The cluster Impact Investments is a sub-team within the FAIR thematic program stream that hosts the Impact SME development program and Oxfam Novib Impact Investments. In 2023 a new fund, the Pepea fund, was added to the investments portfolio. It targets the financing of impact-driven Small and Medium Sized Enterprises (SMEs) in East-Africa. With this new addition, there is an increased need to leverage synergies between our program that support impact-driven SMEs and our investment funds that fund Micro Small and Medium Sized Enterprises (MSMEs). Concretely, there is a need to strengthen Oxfam Novib's proposition on pre- and post-investment technical assistance and other risk-mitigation instruments for MSMEs so that we are better positioned to attract funding for our interventions.

The assignment will be part of a wider strategic trajectory of the impact investment cluster with the aim to increase the synergies between 3 interventions:

1. The Oxfam Novib Fund: financial and non-financial support to MSMEs via Micro Finance Institutions (MFIs) with a focus on building climate resilience. The country scope is all official development assistance (ODA) recipient countries¹.
2. The Pepea Fund: financial and non-financial support to SMEs with a focus on gender and climate. The country scope is Kenya, Uganda and Ethiopia.
3. The Impact SME Development Program: business development support and access to finance support to impact-driven SMEs and influencing the ecosystem for impact-driven SMEs. The program has so far been in Egypt, Somaliland, Nigeria, Kenya, Uganda, Pakistan, Cambodia and Vietnam.

The outcome of the services provided should be a market scan of the ecosystem of de-risking mechanisms to support funding of the “missing middle” SMEs and a concept note of Oxfam Novib’s pre- and post-investment support and de-risking package to “missing middle” SMEs in ODA recipient countries².

Missing middle finance problem statement

“Missing middle” SMEs refer to SMEs that are considered too large for microfinance and too small and/or too risky for commercial finance. As a result, an enormous finance gap exists for this group. The annual finance gap attributed to formal MSMEs in developing countries is valued at \$ 5.2 trillion by IFC³. For Small and Growing Businesses (SGBs)⁴ in emerging and frontier markets this is

¹ Per 30-09-2023 investments in the following countries were active: Uganda, Myanmar, Indonesia, Madagascar, Timor-Leste, India, Guatemala, Zambia, Colombia, Nicaragua, Cambodia, Mali, Kenya, Burkina Faso, Honduras, Bolivia, Ecuador, Angola, Phillipines, Senegal, Tanzania, Pakistan, Mexico, Sierra Leone, Congo, Dem. Rep., Tonga

² [DAC List of ODA Recipients - OECD](#)

³ [MSME Finance \(ifc.org\)](#)

⁴ SGBs are defined as businesses between 5 and 250 employees that typically seek capital in the range of \$20,000 to \$w million and are often referred to as the “missing middle” in frontier and emerging markets (quote from: [The Missing Middles - Full Report - Segmenting Enterprises to Better Understand Their Financial Needs | Publication | DGGF](#))

valued at \$ 930 billion. For agri-SMEs in SSA this is estimated at \$65 billion⁵.

SMEs are no homogenous group in terms of their scale potential, level of product/market innovation and ambition. The publication "the Missing Middles: Segmenting Enterprises to Better Understand Their Financial Needs"⁶ commissioned by the Dutch Good Growth Fund is a good first attempt to provide a segmentation of four different groups of SMEs that are considered part of the "missing middle".

The lack of funding is not the only barrier for SMEs to grow and reach their impact potential. The lack of targeted non-financial support and de-risking mechanisms also contribute to the "missing middle" finance problem to persist.

History

Oxfam Novib has a longstanding track record driving system transformation for MSMEs. In 1970, Oxfam Novib started its microfinance programming, supporting the institutional capacity and the influencing power of MFIs. In 1998 the Oxfam Novib Fund (ONF) was founded. The initial focus was on professionalizing tier-3 MFIs. Up to the end of 2023, ONF disbursed EUR 250 mio to 230 MFIs. More than 760,000 end-clients access to credit since 2016, of which 78% women, 67% in rural areas (measured from 2016 to 2023).

In 2012, Oxfam Novib started with business development support through impact SME development program. Up to the end of 2023, 453 SMEs were supported in 8 countries with training and tailored consultancy. In 2019 the Superstar Impact Business competition was launched in which SME participants from the program could receive grants for innovative projects combined with business development support.

In 2021, the Oxfam Novib Funded adoption a new investment strategy that is focused on enhancing climate resilience of the MFIs and the end-clients. Furthermore, a new SME fund (the Pepea fund) was launched in 2023. The Pepea fund has adopted climate and gender as the main impact themes. The aim is to disburse funding of approximately EUR 20 mio to 36 SMEs in East-Africa up to 2028.

2 Project Definition

2.1 Objective and scope

The objective of this assignment is to build a proposition for a pre- and post-investment support and de-risking package to "missing middle" SMEs in ODA recipient countries. This proposition will include a market scan and a concept note:

1. Market scan: an overview of the funding and support needs of different type of SMEs, trends and organizations (including donors) that are active in this field, including a menu of options for offering pre-and post-investment and de-risking support that would fit Oxfam Novib.

⁵ https://aceliafrica.ams3.digitaloceanspaces.com/wp-content/uploads/2020/09/08173725/Aceli-Africa_Full-Benchmarking-Report.pdf

⁶ [The Missing Middles - Full Report - Segmenting Enterprises to Better Understand Their Financial Needs | Publication | DGGF](#)

2. Concept note: a concept note detailing the potential programs and funding mechanisms that combine our 3 interventions. It should be based on the findings from the market scan and follow the requirements of an existing and relevant Call for Proposals (please refer to methodology for a list of examples). It should include a list of funding opportunities to submit this concept note to.

This assignment is not an evaluation of our current interventions, but rather an attempt to design our future interventions that are well suited to Oxfam's Novib's added value (as enabler), the needs of the SMEs (demand-side) and the available funding opportunities (supply side).

2.2 Methodology

Desk research

This could include a literature study, a review of relevant internal strategic documents, donor scanning and a review of call for proposals.

List of relevant Call for Proposals:

In order to effectively write an concept note, the consultant should respond to an actual Call for Proposal. This could be one of the following (non-exhaustive) list:

- [Design and implementation of a first loss facility to catalyze agri-SME investments in Africa](#)
- [Call for proposals - Innovation and Entrepreneurship on food, blue economy, renewable energy, clean cooking solutions, climate adaptation and environment in Sub-Saharan Africa](#)
- [SWITCH Asia - Promoting Sustainable Consumption and Production](#)
- [SYSTEMIC APPROACH TO BRIDGING ACCESS TO INCLUSIVE FINANCIAL SERVICES IN GHANA PROGRAM](#)

Workshops/interviews:

Workshops/interviews with members of the impact investment cluster and potential other relevant stakeholders.

2.3 Components & deliverables

The different components of this assignment are:

1. Data collection: includes a kick-off meeting to align the process and interviews/workshops and a desk study.
2. Writing and presentation: includes the writing of the required reports and the final presentation.

The different deliverables of this assignment are:

1. Kick-off session that contains a:
 - a. Updated work plan and methodology to undertake this study
 - b. Updated timelines
2. Market scan that includes:
 - a. Quick scan of different segmentations of SMEs' needs in relationship to funding and non-financial support

- b. Key trends and organizations that are active in pre- and post-investment support for SMEs in OCA countries
 - c. Key trends and organizations that are active in other de-risking support (e.g. first loss guarantees and currency risk guarantees) for SMEs in OCA countries
 - d. Key donors that are having funding opportunities for pre- and post-investment support and de-risking support for “missing middle” SMEs, including a summary of their strategy on missing middle finance and key requirements based on previous CfPs
 - e. Menu of options for Oxfam Novib in pre- and post-investment support and other de-risking support per SME segmentation group, sector and region, including high-over recommendations for Oxfam Novib’s role and minimum capacities to conduct this type of support
3. A concept note that includes:
 - a. A concept note that reflects the objectives, design and requirements of a recent and relevant call for Proposals with a maximum amount of 10 pages
 4. A presentation to the Impact Investment Cluster that includes a summary of the market scan, a summary of the concept note, the reason behind certain choices in the concept notes, and a list of upcoming call for proposals to submit an adapted version of the concept note

2.4 Preliminary Planning

Phase	Deliverables	Time frame (indicative)	Number of working days (indicative)
Advertising ToR		8 February – 22 February	
Selection and contracting of consultant		26 February – 8 March	
Component 1: Data collection	Deliverable 1: Kick-off session	Second & Third week of March	3 days
Component 2: Writing and presentation	Deliverable 2: Market Scan Report Deliverable 3: Concept note Deliverable 4: Presentation	Fourth week of March - First week of April	3 days

Remuneration is based on submission of final deliverables as mentioned in the preliminary planning.

3 Purchase procedure

3.1 Procedure

This procurement procedure is organised to contract “Business development for Impact Investment and SME Support Programmes”. After careful consideration and pre-selection a selection of potential suppliers are asked to take part in the competitive negotiated procedure for the above

mentioned contract. These potential suppliers are asked to make a quotation based in the administrative criteria, selection criteria and the award criteria mentioned below. These quotations are assessed on their compliance, quality and price. The contract will in principle be awarded to the organisation with the economically most advantageous quotation. This means that not only the price, but all award criteria will be taken into consideration. Oxfam Novib withholds the right to conduct interviews with one or more potential suppliers before an award decision is made. Purpose of the interview is to seek further clarification on the submitted quotations and learn more about the background and previous experiences of the potential suppliers and their teams.

3.2 Administrative criteria

3.2.1 Deadlines

- Any questions, remarks or requests for clarification can be sent to michelle.steggerda@oxfamnovib.nl
- Quotations should reach Oxfam Novib no later than **22/02/2024**

3.2.2 Contents of quotation

The following should be included in applications:

- At least two relevant reference assignment previously performed by the supplier that are comparable in content, time and money.
- Copy of the registration with the Chamber of Commerce
- A technical proposal, including the approach, a time planning based on this ToR and the CV('s) of the proposed consultant(s), proving relevant experience and/or diplomas. See also chapter 3.3, award criteria: [a], [b], [c], [d], [e], [f]Financial proposal with the total price. Accompanied with a cost brake down in days or hours spend and the related fee.

Quotations should be submitted by e-mail with the subject line "Business development for Impact Investment and SME Support Programmes" to: michelle.steggerda@oxfamnovib.nl.

3.3 Award criteria

The evaluation of the quotations will be based on the best value for money criterion covering technical quality (the evaluation methodology and the CV of the consultant) and price of the quotation.

3.3.1 Assessment of the technical proposal

The assessment of the technical proposal will be based on the following criteria. The best fitting technical proposal for the assignment will be given the most points.

- 1) Understanding of the assignment
- 2) Realistic time planning, given the assignment and
- 3) Sound methodology

3.3.2 Assessment of the CV's

The assessment of the CV's will be based on appropriateness of the proposed consultants based on the following criteria. The best fitting CV for the assignment will be given the most points. The following competencies should be made clear in the CV's provided:

Required

- a) >3 year experience with proposal writing
- b) > 5 years work experience in the field of impact investment and/or business development support in OCA countries
- c) Experience with other I (I)NGO's and/or Development Finance Institutions
- d) Good writing and communicative skills
- e) Good command of English

3.3.3 Assessment of the Prices

The maximum budget for this evaluation is €5,000 (excluding VAT). The contractor will have to make provisions for covering all costs associated with the assignment. This includes, but is not limited to, the following:

- Research, instrument development, data collection and analysis, report writing and editing costs.
- Secretarial/office-related costs which may include communications (phone, fax, telecommunications, mail, photocopying, courier etc), report production and secretarial services both in the Contractor's Headquarters and/or consultant's home office and in Dakar are considered to be included within the fee rate of the consultant. No costs of this nature may be charged in addition. No office, secretarial or communication facilities will be provided by Oxfam Novib or partner NGOs.
- The consultant will be in charge of the secretarial and logistic arrangements for all consultations with stakeholders.

Remuneration is based on submission of final deliverables as mentioned in chapter 2.3.

3.4 Selection and assessment

The assessment of the quotations will start with an assessment of the administrative criteria, mentioned in chapter 3.2. These criteria are all Knock-out criteria. That means that if these criteria aren't met in your quotation, this quotation will be put aside and the award criteria of this quotation will not be assessed.

The quotations that meet the administrative criteria will be assessed against the award criteria. The award criteria are assessed according to the following distribution of points.

Criteria	Knock out (KO) / Max. Point
Administrative criteria	
Quotation received within deadline	KO
At least two relevant reference assignment previously performed by the supplier that are comparable in content, time and money.	KO
Copy of the registration with the Chamber of Commerce	KO
Information about the financial stability of the company	KO
An technical proposal, including a time planning based on this ToR	KO
CV('s) of the proposed consultant(s), proving relevant experience and/or diplomas	KO

Financial proposal is within budget		KO
Award criteria		
Technical proposal appr	Approach	70 out of 100
	CV's	30 out of 100
Financial proposal		100 out of 100

4 Disclaimers

Oxfam Novib may require the supplier to clarify its quotation and/or provide supporting documentation. However the supplier may not modify its quotation after the deadline for submission of quotations mentioned in chapter 3.2.1, third bullet.

Oxfam Novib reserves the right to stop the purchase procedure completely or partly, temporarily or permanently until the moment of contract signing. In these situations suppliers are not entitled to reimbursement of any costs or damages incurred in connection with this purchase procedure.

Quotations should be valid for at least three months after the deadline for handing in quotations mentioned in chapter 3.2.1, third bullet.

Oxfam Novib cannot be charged in any way for costs related to preparation and submission of a quotation. This can also include interviews and/or providing further information about the quotation.

The risk of any costs and/or damages which may arise by not awarding this contract to a supplier lay solely with the supplier. Oxfam Novib can not be held responsible for any such costs or damages.

By submitting a quotation the Supplier agrees all the terms and conditions specified in this procedure and the provisions of the contract template. The quotation will not contain any reservation(s) to these terms and conditions. A quotation with one or more reservations can be excluded from the procedure.