

Terms of Reference

Consulting assignment for developing agri-lending manual, launching the manual, knowledge dissemination event and capacity building of the bank and financial institution's staff on agri-lending

Swisscontact, established in 1959 in Switzerland, is a leading partner organisation for the implementation of international development projects. The organisation promotes inclusive economic, social, and ecological development to make an effective contribution towards sustainable and widespread prosperity in developing and emerging economies. It strengthens the competencies of people, improving their employability, increases the competitiveness of enterprises, growing their business, and fosters social and economic systems, promoting inclusive development.

Swisscontact, registered as an International Non-Governmental Organisation in Nepal, has been operating since 1991 and is currently implementing six development programmes across all seven provinces of Nepal

1. Nepal Agricultural Market Development Programme (NAMDP)

The Nepal Agricultural Market Development Programme (NAMDP), also known as Sahaj (Nepali for 'facilitate' or 'make easier'), is designed with three successive phases spanning across a 12-year horizon. Sahaj's objectives are based on a vision of a thriving and inclusive agriculture sector, aiming to grow employment and income for Nepal's rural population.

Sahaj operates under a bilateral agreement between the Government of Nepal and the Government of Switzerland. Sahaj is a Swiss Agency for Development and Cooperation (SDC) project, implemented by a consortium of Swisscontact (as the lead agency) and the Center for Environmental and Agricultural Policy Research, Extension and Development (CEAPRED). The programme focuses in the Koshi Province.

Sahaj Phase I (March 2016 - November 2020) aimed to increase farmers' income by integrating them into commercial agriculture markets and networks. Using an approach that makes private sector markets work better for the poor (also known as a Market Systems Development or MSD), the programme supported market-based solutions around inputs and farming. The impact targeted smallholder farmers, including women and people from disadvantaged backgrounds. The programme's activities boosted on-farm productivity and increased the marketing potential of their agricultural products. Sahaj Phase II partnered with over 75 private sector and 10 public sector actors through around 50 interventions. It covered over 50 districts of Nepal, including 12 of the 14 districts in the Koshi Province. The programme created 1,800 new jobs, and increased farm-income of 45,800 households.

Sahaj Phase II builds on the work done in the previous phase but shifts focus towards growth and investment in forward market linkages, strengthening the country's commercialisation, processing and export of value-added agriculture products. The second phase will run from December 2020 until November 2024. The programme will provide financial and technical support towards increased provision of services and access to innovation for agri-SMEs in the Koshi Province. This will increase demand for smallholders' produce, including them in value-added supply chains and building resilience in rural communities through higher employment and income.

Sahaj Phase II objective is to support market system transformation to achieve the goal: **"women and men, including from disadvantaged groups, find employment and increase income."**

Three interlinked outcomes contribute to this goal, with Outcome 2 & 3 acting as steppingstones to achieve the goal.

- **Outcome 1:** Agribusinesses, particularly SMEs increase trade value of agricultural produce in key value chains.
- **Outcome 2:** Agriculture and Non-Agriculture Service Providers offer innovative services/products.
- **Outcome 3:** Sub-national and national government provide a more enabling environment for businesses and SME growth, particularly in agriculture.

2. Context of this assignment

The Government of Nepal (GoN), like most governments worldwide, recognises the important role small and medium enterprises (SMEs) play in economic development and employment generation. Small and medium enterprises (SMEs) are a vital component of Nepal's economy. As per Nepal Rastra Bank's (NRB) 2019 study on *SME financing in Nepal*, it is estimated that SMEs account for 22 percent of GDP and employ approximately 1.7 million people in Nepal.

Studies have been carried out which have estimated a credit gap in tune of NPR 400 billion for SMEs in Nepal. Agri-SMEs fall within this gambit. Given that this estimate is based on a survey asking whether respondents would ideally like more credit (and did not include any reference point of interest rate and other relevant conditions), it is difficult to adopt this conclusion entirely. Nonetheless, the amount showcases that there is a demand and supply mismatch: Agri-SMEs have difficulty accessing credit through formal channels due to various reasons including the inability to demonstrate creditworthiness owing to lack of proper book-keeping, high collateral requirements, and often a lack of prior experience accessing formal finance. Banks, on the other hand, lack credit products focused on agri-SMEs, and consider lending to agri-SMEs or any SMEs as riskier and costlier compared to lending to larger businesses. The credit gap, thus, illustrates that the financial intermediation done by bank and financial institutions (BFIs) is not optimal.

Sahaj partnered with four different BFIs to address the constraints that hinder credit to Agri SMEs. Sahaj collaborated with Muktinath Bikas Bank Ltd. (MNBBL), Nabil Bank Ltd. (Nabil), Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd. (SKBBL) and Sanima Bank (Sanima) to increase access to loans for agri-SMEs in the Koshi Province. During the partnerships, activities like digitization (attempts to reduce turn-around-time for loan disbursements, which allows the partner to improve their service delivery), staff capacity building (allows front line officers to enhance their soft skills such as relationship building and technical skills such as credit assessment to on-board and retain agri-SMEs), business and financial literacy session to old and new loan clients (reduces the perception of documentation hassles and allows the agri-SMEs to improve their business plans) and promotional activities (publicize better service and appropriate loan products to agri-SMEs) were carried out to improve access to loans. The activities can be considered as proof-of-concepts in the Access to Finance (A2F) intervention to increase the uptake of loans amongst the agri-SMEs.

During the implementation, the programme team realized that one of the main constraints which has hindered credit for agri-SMEs is that the credit officers who appraise the credit applications do not have the right skills to evaluate business proposals of agri-SMEs. Whilst the four partnerships include(d) an activity which upskills the credit evaluation/assessment ability of the credit officers of our partner banks, to have a more systemic effect, the project intends to partner with a bidder that has the mandate to provide such trainings to more bank staffs.

As per the internal survey of Access to Finance Impact Study (August 2023), in which 31 banking officials from Nabil and MNBBL of Koshi province were interviewed, the respondents acknowledged that the staff training as highly valuable. They acquired a range of practical skills from the training which they are applying in their everyday work. The most practically implementable skills were related to enhancing their knowledge of agricultural sector, analysis of agricultural loan and nature of agriculture business, and understanding the scope of client files and possibilities of lending.

Furthermore, to increase and reinforce the adoption of proof-of-concepts (activities by aforementioned partner banks), the project intends to work with the same bidder to conduct a knowledge dissemination event where guest speakers will discuss the current state of agri-lending and the proof-of-concepts which has increased credit for agri-SMEs so that non-partner banks adopt entire or few of the proof-of-concepts in their agri-lending strategy.

3. Objective of the assignment

The main objective of the assignment is to design and deliver the first ever agri-lending manual/course to banking and financial institutes (specifically A class commercial banks, B class development banks and D class micro finance institutes) of Nepal, capacitate the banking and financial institute's credit officers via the developed manual through trainings and disseminate knowledge to influence non partner banks to increase access to finance to agri-SMEs.

The bidder must also have the ability to convene senior management of Nepali BFIs, other training institutes and other players in the A2F ecosystem to complete the objectives and the scope of work.

4. Scope of the work

The scope of work for the assignment can be divided into two phases comprising of 3 activities.

A. Phase I

- **Develop Agri Lending Specific Manual:** The project believes that till now a specific agri-lending manual has not been developed in Nepal. A comprehensive agri-lending manual should provide a clear and structured framework for extending credit to agri-SMEs. Agri-SMEs would include not only farmers but also other actors in the agriculture value chain such as processors, traders, collectors etc. The manual should also provide information on the central bank's regulation on agri-lending, credit origination and appraisal, risks in agri-lending, causes of loan defaults and loan management, amongst others. This manual could also offer standardised procedures for evaluating loan applications, assessing collateral, and managing risks.

The winning bidder agrees that the manual shall be a public document and shall ensure its public accessibility with free download facility through Swisscontact's website and its own website/and or public owned websites. The ownership of the manual shall not be under the monopoly of the firm/bidder. Any individual/firm can use the training manual to capacitate themselves and/or the banking staff on agri lending. This is envisaged to promote its widespread use throughout the nation. By making the manual public, the project foresees that other qualified firms may also provide agri-lending trainings to BFI staffs based either entirely on the manual or its modified parts. Whilst the winning bidder is not allowed to generate any income from sales of the manual (during and after the assignment), it can charge interested BFIs for training their staff using the manual.

Swisscontact Nepal's internal team will be responsible for listing the manual on Swisscontact's website. Additionally, the manual shall acknowledge both the donor and the implementing agency (including logo). It should also include below disclaimers

- 'The views and opinions expressed herein are those of the author(s), and do not necessarily state or reflect those of the SDC. Further, the SDC does not assume any legal liability or responsibility for the accuracy, completeness of any information, data, methodologies, analysis and conclusions.'
- The views expressed are those of the author(s) and do not reflect those of Swisscontact. Swisscontact assumes no liability for the accuracy or completeness of the information provided.

- **Knowledge Dissemination:**

Sahaj has contributed towards increasing access to finance to Agri SMEs in Koshi province by partnering with four banks and financial institutions. However, the project believes that convening a knowledge dissemination event is one of the most effective promotional tools to increase credit to agri-SMEs. The main goal of the event is to facilitate discussions around the current state of agri-lending, and also allow the representatives of the partner banks to showcase proof-of-concepts which has increased credit for agri-SMEs so that non-partner banks adopt entire or few of the proof-of-concepts in their agri-lending strategy. This event will also be used as launching event of the agri lending manual.

B. Phase II

- **Strengthening capacity of credit officers on agri lending:**

Based on the manual, the overall aim of the training is to roll out training programme to the credit officers of various BFIs (specifically A class commercial banks, B class development banks and D class micro finance institutes) of the Koshi Province to enhance their existing skills and knowledge in order to make them more capacitated and competent in technical and lending areas of agriculture so that they increase credit to agri-SMEs. The bidder will conduct 6 trainings consisting of at least 25 staffs in each training resulting in training of 150 uniquely trained credit officers.

Developing the manual may not be solely sufficient to capacitate the credit officers as it only provides theoretical knowledge and guidelines, serving as valuable reference. To equip them with practical skills, interactive learning through training is necessary which helps credit officers understand how to apply the knowledge from the manual effectively.

The deliverables for this assignment can be divided into following stages:

Phase I (A): Develop Agri Lending Specific Manual	Timeline
Develop workplan with milestones and timeline (share with Sahaj)	At the time of submission of the proposal
Team formation: Identify and on-board experts/team members (banking, agriculture, risk, legal etc) who can help in designing and developing the manual. CV and agreement to be shared with Sahaj	At the time of submission of the proposal
Prepare the content of the manual. The content to compulsorily incorporate policy, regulatory, GESI	Within 21 days of signing the agreement

and climate factor among others. Joint review with Sahaj on the content is required	
Draft the manual.	Within 10-12 weeks of signing of the agreement or by 30'Oct-2024.
Final inputs from Sahaj on the manual is required. Finalize the manual.	
Print the manual (150 pcs)	7 days after finalization of the manual
List the manual in Swisscontact Nepal's website and or public owned websites as a public document.	7 days after finalization of the manual
Promote the manual to the banking and financial institute via email, SMS, visits etc.	November 2024

Phase I (B): Launching the manual & Knowledge Dissemination Event	Timeline
Design the concept of the event incl. Press meet on launching the Manual (If required, hire program presenter/facilitator/emcee) (Share the CV to Sahaj) Draft programme could include panel discussion, presentation, followed by a networking lunch	Within 1 week after finalization of the manual
Develop program itinerary for launching and knowledge dissemination.	Within 1 week after finalization of the manual
Create a marketing plan (development of brochures, booklets, and media coverage)	Within 2 weeks after finalization of the manual
Identify the target audience/participants (for example, 2 officials from each banking and financial institution, 1 from senior management and 1 from mid-level management), other relevant players from the A2F ecosystem Invite the target audience via email, sms, calls etc including reminder and follow up Share and agree the list of participants with Sahaj	Within 2 weeks after finalization of the manual
Identify the venue and arrange logistics as required	Within 2 weeks after finalization of the manual
Conduct the event (panel discussion) on knowledge dissemination and launching the manual and announcement of its public accessibility. Dedicate personnel for registration, logistic and contingencies. Conclude the event with FAQ sessions	On 3 rd week after the finalization of the manual
Completion and learning report of the knowledge dissemination event to be submitted to Sahaj	Within 1 week after completion of the event

Phase II: Capacitating banking staff on agri lending (Koshi Province)	Timeline
Develop training plan and timeline (At least 6 training event/session in Koshi Province)	Within 1 week of start of the second phase

Hire the experts (who develop and design the manual) to train the banking staffs. CV and agreement to be shared to Sahaj	Within 2 weeks of start of the second phase
Identify the locations. The location to be reviewed and approved by Sahaj	Within 2 weeks of start of the second phase
Identify the target audience (2 per branch ,1 credit officer and 1 branch manager). Include at least 50% of women participants. Share the list of participants with Sahaj	Within 3 weeks of start of the second phase
Design a pre and post assessment survey in coordination with Sahaj to be sent to the invitees	Within 3 weeks of start of the second phase
Arrange logistics including accommodation, food, stationery, venue	Within 4 weeks of start of the second phase
Roll out pre assessment survey before the training	Within 4 weeks of start of the second phase
Conduct the 1.5 days (residential) training event. Dedicate personnel for registration, logistic and contingencies	Within 5-10 weeks of the start of the second phase
Roll out the post assessment survey	After 15 days of the training session
Event completion report to be shared with Sahaj. Analyse the pre and post assessment survey and prepare a report and present it to Sahaj	Within 30 days of the session completion

5. Mode of implementation

The potential and interested firm have the flexibility of completing the deliverables on their own or through further hiring consultants and/or staff. The bidder will be liable to Sahaj while the extra hiring that the bidder makes will be liable to them.

The project has proposed two phases of deliverables as it is currently under negotiation for a no cost extension with the Government of Nepal (GoN) beyond the current project duration of November 2024.

Till November 2024, it is envisaged that the interested firm will only be able to complete and develop the agri-lending manual and the knowledge dissemination event (under phase I). The second phase will begin after the project receives no cost extension from GoN.

Accordingly, the project will sign two agreements with the interested firm. The first agreement will cover the deliverables under phase I. Subject to approval of the no cost extension from the GoN, the project will sign the second agreement with the same firm for the deliverables under phase II.

The project nonetheless intends to award the contract to only one firm that will be responsible for execution of both phases.

6. Required expertise

- A thorough understanding and work experience related to researching, designing and developing lending manuals, implementing, and managing events and training sessions specifically in themes related to Banking and Financial Institutes of Nepal.
- Legally registered in Nepal with over 5 years standing experience

- Exemplary network with banking and financial institute, media and relevant actors, associations etc
- Ability to convene high-level delegates of the financial ecosystem
- Ability to handle tasks independently
- Availability of resources to conduct the activities efficiently
- Excellent analytical, communication and report writing skills
- Understanding of business, economic and financial aspects
- Prior experience working with development partners would be an added advantage
- Prior work experience in Koshi Province will be an advantage

7. Deliverables

The deliverables for this assignment will be as per the table outlined in the duties and responsibilities (section 4, scope of work). Additionally, the bidder will provide following deliverables to Sahaj:

For Phase I

- Agri Lending Manual printed and public accessibility through the websites
- Event reports - Press meet on launching the manual and knowledge dissemination
- Marketing & promotional materials (brochures, booklets etc)
- Completion and Learning report

For Phase II

- Pre and Post assessment survey analysis report of staff training
- Training completion report of each staff training incl. attendance, presentations
- Final completion report

8. Request for Proposal

The potential and interested bidders are requested to submit documents showing their keen interest in undertaking the proposed assignment as listed below. The proposal should include following:

1. Cover letter expressing interest
2. Eligibility criteria list (documents mentioned in section 9)
3. Technical proposal (70% of the weightage)
4. Financial proposal (30% of the weightage).

9. Selection method

Both files must be submitted in two separate PDF files. The financial proposal will be opened only after the technical proposal is rated. Technical proposals with score less than 50 marks will not be further evaluated.

The bidders are required to submit both the technical and financial proposal within the stipulated deadline. Sahaj shall employ Quality-Cost-Based-Selection (QCBS) method [Technical Proposal Weightage: 70% and Financial Proposal Weightage: 30%].

Following legal/statutory documents need to be submitted along with technical and financial proposals within the date stipulated in this RfP:

- Organisational profile
- Legal/registration and renewal (as and if applicable) certificate

- VAT registration certificate
- Tax clearance Certificate 2079/80
- Declaration of Independence (template attached)

The bidder that does not/fails to submit technical and financial proposals within the mentioned period will be outrightly disqualified.

Before awarding and signing the contract with the selected bidder, Sahaj may undertake an assessment of the bidder's financial and management capacity and the relevant practices, through one or more meetings and visits.

Sahaj reserves the right to negotiate budget with the bidder(s) prior to awarding the contract. In case of unsuccessful negotiation with the first placed bidder, the bidder with the next highest scored bidder will be invited for negotiation.

10. Structure of Proposals

For Technical Proposal

Cover Page

Table of Content

List of Tables (If required)

List of Figures (If required)

Abbreviations

- A. Organisational Profile
 - Provide an overview of bidder.
 - Highlight relevant knowledge and work experiences related to manual development, training implementation and high-level event management.
 - List of previous clients
 - Highlight your proficiency in relevant activities.
- B. Methodology and detail work plan along with timelines for conducting the relevant events as outlined in the assignment (section 4).
- C. CV/s of the proposed consultant/team who will be in this assignment.
- D. Annexes (If required)

For Financial Proposal

S.No.	Activities	% of time	Qty	Rate	Amount	Remarks
A	Manual Development					
1	Experts					
2	Facilitation and Coordination					
3	Printing					
4	List the manual in own websites as a public document					
5	Others (Please specify)					
	Total (A)					
B	Launching and Knowledge Dissemination event					
1	Venue and Food/Hi-tea					

2	Facilitation and Coordination					
3	Program Presenter & Moderator					
4	Media					
5	Others (Please specify)					
Total (B)						
C	Staff Capacity Building					
1	Transportation					
2	Venue					
3	Accommodation					
4	Food & Snacks					
5	Trainer Charge					
6	Facilitation and Coordination					
7	Stationeries					
8	Media					
9	Pre and Post assessment survey					
10	Others (Please specify) e.g. marketing to generate leads/participants for trainings					
Total (C)						
Sub Total (D=A+B+C)						
VAT (E)						
GRAND TOTAL (D+E)						

11. Scoring criteria

For technical proposal

S.N.	Instructions	Full Marks
1	<ul style="list-style-type: none"> Overall understanding of the assignment by the proposer and alignment of the proposal with the ToR. Overall concord between ToR requirements and proposal 	10
2	<p>The organisational and relevant skills and past work experience of the bidder:</p> <ul style="list-style-type: none"> Review of Organizational Profile and General work experience: relevancy, organizational structure incl. engagement and investment of key persons, work experience in credit manual, trainings and event management Specific work experience: Relevant work experience in mentioned activities under scope of work 	<p>General: 5</p> <p>Specific: 10</p>

3	<p>Relevant skills and past work experience of the key personnel and the bidder</p> <ul style="list-style-type: none"> • Qualifications of the proposed team for the assignment • Specific work experience: Relevant work experiences in manual development, training and high-level event management <p>Relevant experience and qualifications of the proposed team for the assignment. May include:</p> <p>Team Leader/Focal Point-responsible for project, thought leadership and liaison with Sahaj;</p> <p>Technical experts responsible for designing and developing the manual and providing training</p> <p>Internal team or external moderator for facilitating event.</p>	<p>Qualifications: 7</p> <p>Work experience: 8</p>
4	Proposed Methodology and Approach	25
	<p>Work plan showing detail deliverables, implementation plan in line with the assignment stated under scope of work (section 3)</p> <p>In addition, the proposal should also include the following:</p> <ul style="list-style-type: none"> -Concept plan -Strategies and modality of execution -Activity details, action plan and workplan 	
5	Gender Equality and Social Inclusion (GESI)	5
	<p>Relevant GESI personnel and GESI related work experiences</p> <ul style="list-style-type: none"> • Organization structure (Board/Management/Senior level) • Internal GESI policies/strategies • GESI related work experiences in the past • Team composition for this assignment from GESI perspective 	
	Total	70

For financial proposal

SN	Basis for Scoring/Criteria	Marks	Remarks
1	Total budget	10	Lowest will get highest score.
2	Consistency with technical proposal: Is the budget in line with the technical proposal? Are there enough resources allocated to be able to implement the proposed activity? The quality of conducting event/training, marketing/promotion of the manual and their proposed cost will be considered here.	20	Highest consistency will get higher scores.
	Total	30	

In terms of scoring the total budget criteria (SN 1), the lowest bidder of the total budget will get 10 marks. Financial proposals from the other bidders will receive pro-rated points on the relationship of the bidder's prices to that of the lowest evaluated cost. In case of scoring the consistency of the proposed budget with the technical proposal criteria (SN 2), assessment panel members shall use their judgement to provide scores. The bidders will ensure that activities are allocated a reasonable and qualitative budget and align with the technical proposal.

12. Deadline for submitting the proposal

Cover letter, eligibility criteria along with technical and financial proposals along with other details and documents must be submitted in PDF format addressed to np.info@swisscontact.org by 11:59 PM of July 03, 2024.

13. Contractual arrangement

The assignment is expected to be completed in two phases. The first phase from the date of agreement till Nov'24. Sahaj is in the process of receiving no cost extension. The agreement for the second phase will be signed once the project receives no cost extension. Both phases shall be awarded to a single winner through this TOR.

The detailed timeline depends on the proposed work plan and will be discussed after the first meeting with the selected bidder and is subject to change as per need.

14. Terms of payment

The payments will be made as per Sahaj's rules and regulations and will be discussed with the winning bidder before signing the contract. There will be a formal contract for the service. The payments will be made on a milestone basis as mentioned in section 4 and the total value of the service will be paid by a bank transfer to the firm's bank account.

15. Payment Modality

The project will release payment to the bidder after the satisfactory completion of the assignment as mentioned in the timeline (section 4) by the Sahaj. Applicable taxes will be deducted before making payment to the bidder.

16. Rejection of proposals, tender cancellation

Should any proposal fail to comply with terms and conditions stipulated in this RfP, or be incomplete, conditional or obscure, or contain additions not called for or irregularities of any kind or does not respond to important aspects of the RfP, or if the bidder does not meet the eligible criteria, or if it fails to achieve the minimum technical score, it may be rejected as non-responsive.

Sahaj reserves the right to accept or reject any proposal, and to annul the bidding process and reject all proposals at any time prior to contract award, without thereby incurring any liability to the participating bidder(s).

17. Reporting and communication

The bidder shall prepare and submit the deliverables as within the stipulated deadline and a project completion report after the completion of the assignment. The project team will review and provide feedback and comments if any to incorporate in the deliverables and report.

Annex 1

Re: Declaration of Independence for Bidders/Suppliers

We hereby declare that we as an organization and our staff do not have **any conflict of interest**¹ with Swisscontact/(NAMDP project), its key management team or its staff directly related to the execution of the proposed assignment (Assignment name, detail on published date).

We further declare that we do not have any business, professional, personal, or other interest, including, but not limited to, the representation of other clients, that would conflict in any manner or degree with the performance of its obligations under the proposed assignment. (In case of any conflict of interest, please specify)

In addition, we further declare that we have not been punished for an offense relating to the concerned profession or business and that our Company/Firm has not been declared ineligible by any law of the land. (In case of any offense, please specify)

We ensure that if any such actual or potential conflict of interest arises during this assignment, we shall immediately inform Swisscontact/(NAMDP) in writing.

We are aware and accept that if we fail to declare any information mentioned above or if, in the reasonable judgment of Swisscontact/(NAMDP), such conflict poses a material risk to the performance and obligations under this Agreement, then Swisscontact/NAMDP may terminate the Agreement immediately upon written notice to Contractor.

Authorized Signature:

Name and Title of Signatory:

Name of Firm/Company/Institute:

Address:

Telephone:

Email:

Date:

¹ “Conflict of Interest” refers to a situation in which an organization or individual or close relative of such individual has competing personal or financial interests that could potentially compromise their ability to make impartial decisions or act in the best interests of others.

“Close relative” means a partition shareholder in a joint family or husband, wife, father, mother, mother-in-law, father-in-law, elder brother, younger brother, elder sister, younger sister, sister-in-law,(elder or younger brother’s wife), brother-in-law, sister-in-law, brother-in-law, (husband of elder sister), uncle, aunt, maternal uncle, maternal aunt, son, daughter, daughter-in-law, grandson, grand-daughter, grand-daughter in-law or son-in-law