
Terms of Reference (ToR)

A. Project Title:

Hiring an external Training Service Provider, to provide and conduct training regarding credit risk and credit analysis with an emerging market focus

B. Background Information and Rationale, Project Description:

About UNCDF

Founded in 1966, UNCDF is the UN's development finance arm, primarily for the 47 LDCs, out of which 32 are in Africa. The organization was created by the UN General Assembly during a decade where newly created independent nations sought a development finance advocate given (at the time) the limited options available in Africa and Asia for agile development capital. As a part of the UN family, the organization believes that the maintenance of international peace and security in the world extends to promoting economic development through the SDGs.

Through its programmes UNCDF is de-risking the local investment space, attracting public and private, as well as domestic and international finance to scale up what works by:

- promoting financing models that support start-up business models and SMEs and reveal markets to investors;
- incentivizing businesses to reach poor and underserved households and;
- developing a pipeline of transformational infrastructure projects through structured project finance, innovations in fiscal decentralization, and municipal finance.

To make finance work for the poor the organization deploys a combination of:

- grants;
- reimbursable grants;
- concessional loans and;
- guarantees.

UNCDF has a long history of working with, investing in, and building the capacities of local governments and private sector partners in LDCs. For instance, in 2014-2017, UNCDF engaged with over 140 private sector partners including financial service providers, mobile network operators, and SMEs, as well as some 800 subnational-level local governments to promote financial inclusion and local development. Through this experience, it has first-hand knowledge of the investment context, established networks for market intelligence and partnerships, and deployed an innovative set of investment tools and mitigation measures to prepare against risk while maximizing impact.

Investment sourcing is driven using open competitions, like challenge funds, request for proposals, or market scans, and focuses on proactively identifying investment opportunities in sectors that are congruent with UNCDF's development mandate. For that purpose, an established network of investment

officers was deployed in key LDCs to help identify and structure investment opportunities. The investment team is complemented by a technical team comprising of approximately project officers and technical advisors on specific sectors (food security, climate change, agriculture finance, women economic empowerment, local economic development, youth empowerment) that backed up by regional hubs for investment, technical and administrative support in Asia and Africa (East and West). Furthermore, a team of investment professionals, based in the New York headquarters, with transactional expertise in LDCs and SMEs function to provide independent credit risk evaluations to help structure the decision-making process. The investment process uses a dual key system whereby each investment is vetted for impact potential and also vetted for bankability and investability.

Also, UNCDF develops new partnerships as a way to attract catalytic leverage for the missing middle and SDGs in LDCs. UNCDF has established an investment vehicle to attract commercial finance to the UNCDF pipeline of SMEs, financial service providers, and local infrastructure projects. In 2018, it launched the UN's first-ever exchange-traded fund on the New York Stock Exchange to screen companies against a set of rigorous selection criteria reflecting customized environmental, social, and corporate governance indicators in alignment with the SDGs. UNCDF is also working with a global coalition of municipal governments to establish an institutional basis for accessing municipal finance for secondary cities and below so that local governments can provide essential infrastructure and services.

The LDC Investment Platform

UNCDF accomplishes its catalytic investment activities through the LDC Investment Platform (LDC IP). The LDC IP provides the technical know-how to expand the deployment of capital instruments to a growing pipeline of companies and projects in the "last mile" in LDCs. The platform rests on UNCDF's enterprise risk management and investment policies; strengthened due diligence processes for vetting and assessing risks of potential investment opportunities; investment monitoring systems; and dedicated and growing capacities to manage and oversee a portfolio of capital investments and ensure robust accountability. The platform has a team of investment professionals with significant transactional expertise in LDCs and impact investing backgrounds. They have a dual day-to-day role: (i) an advisory function to support UNCDF's country teams in the structuring, the due diligence and the monitoring of the transactions (ii) a risk control function through an independent evaluation and risk appraisal for each transaction proposed by the country teams.

Overall, the aim of the LDC IP is to be part of an ecosystem that (a) demonstrates to domestic and international investors that LDC markets can and do generate returns, provide opportunities for successful investment, and merit the attention of a wider range of investors; (b) uses those demonstration effects to support policy and regulatory improvements and scale up of what works by other actors; and (c) helps a number of companies advance to the next level of growth where more commercial funding will replace the concessional funding.

C. Objective:

In order to develop and further enhance the skills and knowledge of the team of Investment Specialists at LDC IP, UNCDF is seeking the services of a Training Service Provider to provide and conduct training regarding the following overall areas with an emerging market focus:

- The design of Loan structures and guarantee structures
- Credit risks and rating methodology
- Financial statement analysis
- Macroeconomic indicators
- Pricing of PD/LGD
- Financial distress
- Restructuring and monitoring

The target to be achieved is to strengthen the participants' competence within the overall areas stated. Providing training to facilitate such output is the major activities expected to be undertaken by contractor.

D. Scope of Services:

UNCDF is looking to engage a Training Service Provider to organize a training session over 5 days in total – spread in 2-3 intermittent sessions over a maximum of one-month period, with the objective to strengthen the organizations capability by increasing the understanding of the following expected concepts and outputs:

- 1) Capital structure
- 2) Business Risk Analysis
- 3) Reliability of financial statement (Balance sheet, cashflow statement and P&L).
- 4) Assessing and Measuring Credit Risk
- 5) Financial Risk Assessment
- 6) Debt Capacity and Debt Service Analysis
- 7) Cash flow analysis
- 8) Cash flow projections
- 9) Sustainability analysis
- 10) Bank capital Adequacy and key areas of vulnerability for Financial institutions/Banks in emerging markets in emerging markets
- 11) Rating methodology
- 12) Sovereign and country risk in emerging markets (Key macro drivers, FX, Interest etc.)
- 13) Legal system emerging markets: Bankruptcy process, recovery ratios etc.
- 14) IFRS compared to local GAAP.
- 15) Perform Due diligence process regarding risk management process Financial institutions/Banks in emerging markets
- 16) Group Structure Risk
- 17) Structure Framework for transactions regarding Loans, guarantees and other structural

enhancements, including covenants and collateral.

18) Types of and perfecting of Collateral generally and in emerging/frontier markets

19) Causes and Signs of Financial Distress

20) The effects of financial distress and potential options to mitigate risk

21) Action to protect creditors position.

22) Corporate governance

23) Financial restructuring and elements of a successful financial restructuring.

24) Financial impact of COVID 19 in Low income countries.

In general, it is expected that each training event will have up to 15 participants.

The training provider is required to take full responsibility for the content and quality of the training material as well as the quality standards and availability of trainers and speakers. Trainer(s)/speaker(s) must be fluent in spoken and written English. The training seminars and training materials must be made available in English.

Training sessions will be virtual given the context of the Pandemic. The contractor is expected to provide a digital platform in which the training session will be performed.

The corresponding target delivery from expected output is strengthened competency within the unit in relation to the expected output stated.

E. Expected Outputs and Target Completion:

The table below outlines the key activities, deliverables and estimated timelines. Please also note that the training will be performed digitally, on training platform provided by the contractor:

Activity	Deliverables	Timelines
5-day training for up to 15 participants	<p>Strengthened competence of the participants within the overall areas of:</p> <ul style="list-style-type: none"> • The design of Loan structures and guarantee structures • Credit risks and rating methodology • Financial statement analysis • Macroeconomic indicators • Pricing of PD/LGD • Financial distress • Restructuring and monitoring 	5 days, with the duration from 1 Feb until 1 March 2021

F. Provision of Monitoring and Progress Controls

- The Training Service Provider will be supervised by the Head of the LDCIP Unit.
- Payment is linked with deliverables and will be paid upon full and successful completion of the requested training program and as per certification and evaluation of the direct supervisor. Final payment shall require a signed performance evaluation of the training service provider.
- The following supporting documents will serve as conditions for disbursement:
 - Submission of an invoice and Certificate of Payment (COP);
 - Review, approval and written acceptance of each deliverable/report by the Head of the LDCIP Unit.

G. Expected duration of the contract/assignment

- The duration of the training is 5 days, separated in two or three sessions with time lapse in-between over a period of one month in total.
- The target commencement is 1st February 2021 and the expected completion date is 1st March 2021.
- The average turn around for output revision by UNCDF will be one week.

H. Location of Work

At the service provider's location with virtual training sessions given the context of the Pandemic. The Training Services provider is expected to provide a digital platform in which the training session will be performed.

No facilities will be provided by UNCDF.

I. Price and Schedule of Payments

- a) The contract price for this assignment is a fixed output-based price regardless of extension of the specific duration if required by the Training Service Provider and accepted by UNCDF.
- b) Cost components shall include purely professional fees, course fees and course materials, etc.
- c) Payment will be made within 30 days from meeting the following conditions and will be structured as follows:

Deliverable	Timeline	% payment	Condition for payment release
5 - day training covering 24 topics in the 7 areas as described in the TOR above	1st Feb-1st March 2021	100%	Upon full completion of the services: submission of a completion report and supportive evidences on the full training sessions accomplished.

			and receipt of written acceptance of each deliverable and final evaluation report by the Head of the LDCIP Unit.
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J. Professional Qualifications of the Successful Contractor and its key personnel

The request for proposals is open to entities that fulfil the prequalification criteria as specified below:

- Minimum 3 years of experience in providing / conducting training and developing training guidelines
- Demonstrated practical and training experience within the fields of Loan structures and guarantee structures, Credit risks and rating methodology, Financial statement analysis, Pricing of PD/LGD, Restructuring and monitoring related to emerging markets/LDC would be an advantage
- Excellent writing, editing, and oral communication skills in English
- The Training Service provider must have a well-functioning digital platform in which the training session will be performed.
- The training service provider must provide CVs of its key personnel (of up to 2 trainers) and submit a complete application comprising technical, financial proposals and all the required documents. The qualification requirements of the key personnel are as follows:
 - At least 3 years of relevant experience from financial transactions or financial risks analysis in emerging markets/low income countries.
 - At least 3 years of relevant experience in training in the fields described in the section D – Required Services.

K. Recommended Presentation of Proposal

Interested training service providers must submit the following: a detailed proposal made up of documentation to demonstrate the qualifications of the prospective proposer, to enable appraisal of competing proposals. This should include technical and financial proposals, details of which are listed below. It is to be mentioned here that proposers must follow the instruction for submitting the proposals as outlined above on pages 11 of the RFP document.

1. Technical Proposal

- (i) Name and Profile of the training service provider, details of registration, address and bank account; business registration certificate and corporate documents (Articles of Association or other founding authority);
- (ii) A detailed agenda/ methods and approaches to be adopted in delivering the training / timeline with the list of topics to be covered each day of the 5-day training.

- (iii) Course outline, course contents, training delivery schedule
- (iv) Description of relevant experience in projects of a comparable nature, with specific description of technical specialization of the training service provider in the required overall areas with an emerging market focus;
- (v) List of current and past assignments of the Training Service Provider;
- (vi) Latest Audited Financial Statement;
- (vii) CVs of the proposed key personnel, delivering the trainings.
- (viii) Written Self-Declaration that the company is not in the UN Security Council 1267/1989 List, UN Procurement Division List or Other UN Ineligibility List

2. Financial Proposal (including fees, travel cost, DSA, and other relevant expenses)

- (i) The financial proposal shall specify a total delivery amount in USD (including consultancy fees and all associated costs) i.e. professional fees, course materials, and other expenses, etc.
- (ii) In order to assist UNCDF in the comparison of financial proposals, the financial proposal will include a breakdown of this amount, disclosing the key assumption employed in costing the working. This must at least specify: the daily rates and number of anticipated working days (for each professional team member). Payments will be based upon output, i.e. upon complete delivery of the services specified in the ToR.

L. Evaluation and Award Criteria

The proposals will be rated on both technical and financial submissions. The following selection method will be used: Highest rate proposal using the combined scoring method, which assigns the weight distribution between the technical and financial proposals. The overall combined score will be 100 points, where weight distribution shall be 70% technical and 30% financial, as per steps below:

Step 1: Technical Proposals (70% of the total score)

LDCIP will conduct a review of the proposals received as per detailed below:

a) Experience (50 points total):

- Experience in providing / conducting training and developing training guidelines of minimum 3 years. *(15 points)*
- Demonstrated practical and training experience within the fields of Loan structures and guarantee structures, Credit risks and rating methodology, Financial statement analysis, Pricing of PD/LGD, Restructuring and monitoring related to emerging markets/LDC would be an advantage *(20 points)*
- The Training Service provider must have a well-functioning digital platform in which the training session will be performed *(10 points)*
- Excellent writing, editing, and oral communication skills in English *(5 points)*

b) Methodology **(20 points total)**:

- Course content relevant to the objectives and expected outputs of the training *(10 points)*
- Structure of training regarding the content – the content should be structured to allow the participants the best utilization of the materials from the course in relation to the expected outputs *(10 points)*

c) Qualification of Key personnel **(30 points total)**:

- At least 3 years of relevant experience from financial transactions or financial risks analysis in emerging markets/low income countries. *(15 points)*
- At least 3 years of relevant experience in training in the fields described in the section D – Required Services. *(15 points)*

Step 2: Financial Proposal (30%)

In the second stage, financial proposals of all proposers, who have attained the minimum 70% score in the technical evaluation will be evaluated. The following formula will be used to evaluate financial proposal:

Lowest priced proposal / price of the proposal being evaluated x 30%

The contract will be awarded based on the Cumulative Analysis weighted-scoring method. The award of the contract will be made to the tenderer, whose offer has been evaluated and determined as:

- i) Responsive / compliant / acceptable with reference to this ToR, and;
- ii) Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation, with the ratio set at 70:30 respectively in technical and financial offer (this is to reflect the high-level skills mix required).

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