



REQUEST FOR PROPOSAL (RFP)

Date: 02 September 2015

Dear Sir / Madam:

We kindly request you to submit your Proposal for **“Designing and developing training modules on Agriculture Value Chain Finance (AVCF) for financial institutions (FIs) and Micro, Small and Medium Enterprises (MSMEs).”** Along with the training modules, a Standard Operating Procedures for organizing training programs on Agriculture Value Chain (AVC) and Agriculture Value Chain Finance (AVCF) for MSMEs and FIs, has to be developed. Furthermore, the service provider/consulting firm will train the UNNATI- Access to Finance (A2F) Project team, staffs of selected FIs including representatives from Value Chain Component team members on the modules so that they can understand and implement the same.

Please be guided by the form attached hereto as Annex 2, in preparing your Proposal.

Proposals may be submitted on or before **Thursday, October 01, 2015** via email to the address below:

United Nations Capital Development Fund

uncdf.procurement@uncdf.org

Attention: Mrs. Akku Sansybayeva-Saha, Procurement Associate

Your Proposal must be expressed in the English language, and valid for a minimum period of 120 days.

Proposals submitted by email must be limited to a maximum of 4 MB, virus-free and no more than 2 email transmissions. They must be free from any form of virus or corrupted contents, or the quotations shall be rejected. The Subject line of the E-mail(s) should state -- **“Technical proposal- RFP/UNCDF/MSU/ 2015 “Designing and developing training modules on Agriculture Value Chain Finance (AVCF) for financial institutions (FIs) and Micro, Small and Medium Enterprises (MSMEs).”**

And in a separate email or envelope

“Financial proposal - RFP/UNCDF/MSU/2015 -“Designing and developing training modules on Agriculture Value Chain Finance (AVCF) for financial institutions (FIs) and Micro, Small and Medium Enterprises (MSMEs)” - DO NOT OPEN”

In the course of preparing your Proposal, it shall remain your responsibility to ensure that it reaches the address above on or before the deadline. Proposals that are received by UNCDF after the deadline indicated above, for whatever reason, shall not be considered for evaluation. If you are

submitting your Proposal by email, kindly ensure that they are signed and in the .pdf format, and free from any virus or corrupted files.

Services proposed shall be reviewed and evaluated based on completeness and compliance of the Proposal and responsiveness with the requirements of the RFP and all other annexes providing details of UNCDF requirements.

The Proposal that complies with all of the requirements meets all the evaluation criteria and offers the best value for money shall be selected and awarded the contract. Any offer that does not meet the requirements shall be rejected.

Any discrepancy between the unit price and the total price shall be re-computed by UNCDF, and the unit price shall prevail and the total price shall be corrected. If the Service Provider does not accept the final price based on UNCDF's re-computation and correction of errors, its Proposal will be rejected.

No price variation due to escalation, inflation, fluctuation in exchange rates, or any other market factors shall be accepted by UNCDF after it has received the Proposal. At the time of Award of Contract or Purchase Order, UNCDF reserves the right to vary (increase or decrease) the quantity of services and/or goods, by up to a maximum twenty five per cent (25%) of the total offer, without any change in the unit price or other terms and conditions.

Any Contract or Purchase Order that will be issued as a result of this RFP shall be subject to the General Terms and Conditions attached hereto. The mere act of submission of a Proposal implies that the Service Provider accepts without question the General Terms and Conditions of UNCDF, herein attached as Annex 4.

Please be advised that UNCDF is not bound to accept any Proposal, nor award a contract or Purchase Order, nor be responsible for any costs associated with a Service Providers preparation and submission of a Proposal, regardless of the outcome or the manner of conducting the selection process.

UNCDF's vendor protest procedure is intended to afford an opportunity to appeal for persons or firms not awarded a Purchase Order or Contract in a competitive procurement process. In the event that you believe you have not been fairly treated, you can find detailed information about vendor protest procedures in the following link: <http://www.undp.org/procurement/protest.shtml>.

UNCDF encourages every prospective Service Provider to prevent and avoid conflicts of interest, by disclosing to UNCDF if you, or any of your affiliates or personnel, were involved in the preparation of the requirements, design, cost estimates, and other information used in this RFP.

UNCDF implements a zero tolerance on fraud and other proscribed practices, and is committed to preventing, identifying and addressing all such acts and practices against UNCDF, as well as third parties involved in UNCDF activities. UNCDF expects its Service Providers to adhere to the UN Supplier Code of Conduct found in this link: http://www.un.org/depts/ptd/pdf/conduct_english.pdf

Thank you and we look forward to receiving your Proposal.

Sincerely yours,

Henri Dommel
Director, Inclusive Finance
9/3/2015

Description of Requirements

Context of the Requirement	Developing Training module on Agriculture Value Chain Finance (AVCF) for Micro Small and Medium Enterprises (MSMEs) and Financial Institutions (FIs) for expanding frontiers of agricultural finance and value chain finance by financial institutions in Nepal.
Brief Description of the Required Services ¹	<p>UNNATI- Access to Finance (UNNATI -A2F) seeks the assistance to design and develop training modules on Agriculture Value Chain Development (AVC) and Agriculture Value Chain Financing (AVCF) for Financial Institutions (FIs) and MSMEs. Along with the training modules, the standard operating procedures and a set of separate PowerPoint presentation for organizing training programs on AVC and AVCF for MSMEs and FIs should be developed.</p> <p>The training module and subsequent trainings to FIs and MSMEs is expected to result in:</p> <ul style="list-style-type: none"> • Increased knowledge and skills on AVCF, other agriculture financing products, processes, institutional mechanisms and requirements of FIs leading to increased access to agriculture finance by smallholder farmers and MSMEs, and • Enhanced understanding of the needs of various value chain actors within AVC with focus on smallholder farmers and MSMEs leading to improved AVC Finance portfolio performance of the FIs. <p>In order to achieve the above mentioned objectives, the service provider/consulting firm will:</p> <ul style="list-style-type: none"> • Participate in an inception meeting with UNNATI-A2F team members to agree on the roll-out plan of the assignment, including the toolkits to be developed, as well as to clarify expectations and fine tune the deliverables; • Review relevant documents to familiarize him/her with the context for the consultancy and programme purpose; • Have meetings with financial institutions to map their present attitude, skills and knowledge, agri-finance services channels and methodology, financing constraints related to AVC and AVCF. Also explore existing AVCF products in the market; • Have meetings with MSMEs to map their present attitude, skills and

¹ A detailed TOR is attached.

	<p>knowledge, financial institutions linkages and financial access constraints, related to AVC and AVCF;</p> <ul style="list-style-type: none"> • Map institutional level requirements in terms of training requirements and duration of such events preferred, and come out with a Training Needs Assessment report; • Develop training packages on AVC and AVCF for MSMEs and Financial Institution's management staffs; • Develop ToT manual on AVC and AVCF and provide training to UNNATI -A2F staffs; • Organize one training program for Financial Institutions on AVC and AVCF, and • Organize one training program for MSMEs on AVC and AVCF.
List and Description of Expected Outputs to be Delivered	<p>The service provider/consulting firm will support UNNATI-A2F in designing and developing training modules on Agriculture Value Chain Development (AVC) and Agriculture Value Chain Finance (AVCF) for financial institutions (FIs) and Micro Small and Medium Enterprises (MSMEs) described in the previous sections. To this end, the service provider will be responsible for delivering the following outputs:</p> <p>Output 1: <i>Conducting a Training Needs Assessment for MSMEs and FIs on agriculture value chain and agriculture value chain finance</i> – The service provider/consulting firm with its international and national consultant will conduct a desk review of present requirements and existing modules if available. Additionally, research will be conducted on the existing products of agriculture and value chain finance in the Nepali market. An interaction with identified MSMEs and FIs targeted by UNNATI-A2F project will be conducted by the service provider/consulting firm, in order to come up with a training needs assessment report. The service provider will also review UNNATI- A2F – Agriculture Value Chain Finance (AVCF) supply side report's study findings as inputs to design and develop training modules on AVC and AVCF for MSMEs and FIs.</p> <p>Output 2: <i>Develop training modules on Agriculture Value Chain (AVC) and Agriculture Value Chain Finance (AVCF) for MSMEs and Financial Institutions which will also include developing a TOT manual on AVC and AVCF for MSMEs and FIs</i> - The module should give a profound introduction to the concept and theories, methodology, required and necessary lending criteria and guidelines for FIs on various agriculture commodities lending (Orthodox Tea, Ginger, Dairy and Cardamom value chains) and practice including case studies of overall AVC and AVCF suitable with respect to Nepalese context specifically to UNNATI- A2F project. The TOT manual will further support in AVC and AVCF training/facilitation through structuring the facilitation process and applying practical and professional tools.</p>

	<p>Along with the training modules, the Standard Operating Procedures for organizing training programs and a set of Power Point presentation of training, will also be developed by the service provider/consulting firm.</p> <p>Output 3: <i>Organize training programs for Financial Institutions on AVC and AVCF</i> - following the development of the TOT manual, the service provider/consulting firm will hold one training for the UNNATI-A2F staffs and also deliver one training programme for staffs of selected financial institutions including representatives from Value Chain Component team members on the modules- so that they can understand and implement the same. Based on the modules developed and TOT received, the training program will be organized for senior management and team of financial institutions and A2F-UNNATI project staff as well. The objective is to initiate and to focus on AVCF by developing further understanding on AVCF that can be done by financial institutions.</p> <p>Output 4: <i>Organize one training programs for MSMEs on AVC and AVCF</i> - To build capacities of MSMEs on AVCF products and services available and proposed in Nepal which they can access based on their economic requirements, training will be imparted to MSMEs. This will enable better understanding of financial institutions requirements for providing loans and meeting collateral and other risk mitigating requirements expected by the FIs. The MSMEs to participate in AVCF trainings will be nominated by team of Value Chain Component 1.1, and will be held at regional or district level.</p> <p>After the abovementioned trainings with MSMEs and FIs are completed, the service provider is required to revise the training package, based on the learnings of output 3 and output 4. The project will have training modules on AVC and AVCF which should include the following elements:</p> <ol style="list-style-type: none"> 1. Training Content – training manual with PowerPoint presentation 2. Training program details with pedagogy requirements 3. Trainer Kit on AVC 4. Trainee kit on AVCF 5. ToT module 6. Post training assessment toolkit <p>Furthermore, the training guidelines will provide the tools and technics for the training facilitation.</p>
Person to Supervise the Work/Performance of the Service Provider	National Programme Coordinator, UNCDF Nepal
Frequency of Reporting	<p><u>Outputs 1&2:</u> First draft by second week of November, 2015/ Final draft by third week of December, 2015.</p> <p><u>Output 3:</u> by first week of January 2016.</p> <p><u>Output 4:</u> by second week of January 2016.</p>
Progress Reporting Requirements	Meetings and Skype call: Bi-weekly and monthly reports

Location of work	<input type="checkbox"/> Exact Address/es <i>[pls. specify]</i> <input checked="" type="checkbox"/> At Contractor's Location											
Expected duration of work	50 days for international consultant and 60 days for national consultant.											
Target start date	15 October 2015											
Latest completion date	31 January 2016											
Travels Expected	<table border="1"> <thead> <tr> <th>Destination/s</th> <th>Estimated Duration</th> <th>Brief Description of Purpose of the Travel</th> <th>Target Date/s</th> </tr> </thead> <tbody> <tr> <td>Travel to Nepal: Kathmandu and Eastern Development Region</td> <td>To be mentioned by the Provider in their proposal</td> <td>Consultation with Stakeholders</td> <td>To be mentioned by the Service Provider in the activity plan as part of their proposal</td> </tr> </tbody> </table>	Destination/s	Estimated Duration	Brief Description of Purpose of the Travel	Target Date/s	Travel to Nepal: Kathmandu and Eastern Development Region	To be mentioned by the Provider in their proposal	Consultation with Stakeholders	To be mentioned by the Service Provider in the activity plan as part of their proposal			
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Special Security Requirements	<input type="checkbox"/> Security Clearance from UN prior to travelling <input type="checkbox"/> Completion of UN's Basic and Advanced Security Training <input checked="" type="checkbox"/> Comprehensive Travel Insurance to be borne by Consulting firm <input type="checkbox"/> Others <i>[pls. specify]</i>											
Facilities to be Provided by UNCDF (i.e., must be excluded from Price Proposal)	<input type="checkbox"/> Office space and facilities <input type="checkbox"/> Land Transportation on <input type="checkbox"/> Others <i>[pls. specify]</i> N/A											
Implementation Schedule indicating breakdown and timing of activities/sub-activities	<input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required											
Names and curriculum vitae of individuals who will be involved in completing the services	<input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required											
Currency of Proposal	<input checked="" type="checkbox"/> United States Dollars <input type="checkbox"/> Euro <input type="checkbox"/> Local Currency											
Value Added Tax on Price Proposal ²	<input type="checkbox"/> must be inclusive of VAT and other applicable indirect taxes <input checked="" type="checkbox"/> must be exclusive of VAT and other applicable indirect taxes											
Validity Period of Proposals (Counting for the last day of submission of quotes)	<input type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input checked="" type="checkbox"/> 120 days											

² VAT exemption status varies from one country to another. Pls. check whatever is applicable to the UNCDF CO/BU requiring the service.

	In exceptional circumstances, UNCDF may request the Proposer to extend the validity of the Proposal beyond what has been initially indicated in this RFP. The Proposal shall then confirm the extension in writing, without any modification whatsoever on the Proposal.										
Partial Quotes	<input checked="" type="checkbox"/> Not permitted <input type="checkbox"/> Permitted										
Payment Terms ³	<table border="1"> <thead> <tr> <th>Outputs</th><th>Percentage</th><th>Condition for Payment Release</th></tr> </thead> <tbody> <tr> <td>Training Needs Assessment report with a proposed annotated table of contents for the deliverables</td><td>20%</td><td rowspan="3"> Within thirty (30) days from the date of meeting the following conditions: a) UNCDF's written acceptance (i.e., not mere receipt) of the quality of the outputs; and b) Receipt of invoice from the Service Provider </td></tr> <tr> <td>Completion of Training Modules, TOT Manual and related background materials/toolkits including the SOP, PowerPoint presentation.</td><td>50%</td></tr> <tr> <td>Completion of TOT, training to UNNATI- A2F staff, Training to FIs, and MSMEs with updated manual</td><td>30%</td></tr> </tbody> </table>	Outputs	Percentage	Condition for Payment Release	Training Needs Assessment report with a proposed annotated table of contents for the deliverables	20%	Within thirty (30) days from the date of meeting the following conditions: a) UNCDF's written acceptance (i.e., not mere receipt) of the quality of the outputs; and b) Receipt of invoice from the Service Provider	Completion of Training Modules, TOT Manual and related background materials/toolkits including the SOP, PowerPoint presentation.	50%	Completion of TOT, training to UNNATI- A2F staff, Training to FIs, and MSMEs with updated manual	30%
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Person(s) to review/inspect/ approve outputs/completed services and authorize the disbursement of payment	Senior Regional Technical Advisor, Inclusive Finance UNCDF, Bangkok										
Type of Contract to be Signed	<input type="checkbox"/> Purchase Order <input type="checkbox"/> Institutional Contract <input checked="" type="checkbox"/> Contract for Professional Services <input type="checkbox"/> Long-Term Agreement ⁴ <input type="checkbox"/> Other Type of Contract										
Criteria for Contract Award	<input type="checkbox"/> Lowest Price Quote among technically responsive offers										

³ UNCDF preference is not to pay any amount in advance upon signing of contract. If the Service Provider strictly requires payment in advance, it will be limited only up to 20% of the total price quoted. For any higher percentage, or any amount advanced exceeding \$30,000, UNCDF shall require the Service Provider to submit a bank guarantee or bank cheque payable to UNCDF, in the same amount as the payment advanced by UNCDF to the Service Provider.

⁴ Minimum of one (1) year period and may be extended up to a maximum of three (3) years subject to satisfactory performance evaluation. This RFP may be used for LTAs if the annual purchases will not exceed \$100,000.00.

	<input checked="" type="checkbox"/> Highest Combined Score (based on the 70% technical offer and 30% price weight distribution) <input checked="" type="checkbox"/> Full acceptance of the UNCDF Contract General Terms and Conditions (GTC). This is a mandatory criterion and cannot be deleted regardless of the nature of services required. Non acceptance of the GTC may be grounds for the rejection of the Proposal.
Criteria for the Assessment of Proposal	<p><u>Technical Proposal (70%)</u></p> <input checked="" type="checkbox"/> Demonstrated evidence of professional experience to date in financial inclusion and agricultural markets and finance. Experience in designing training modules and TOT manuals especially on AVC and AVCF and experience in training delivery on AVC and AVCF. 10% <input checked="" type="checkbox"/> Methodology, Its Appropriateness to the Condition and Timeliness of the training and TOT module design and delivery Implementation Plan. 20% <input checked="" type="checkbox"/> CVs of the team members that will be working on the project and their expertise in this area and total number of days that will be spent by team members. 60% <input checked="" type="checkbox"/> A proposed annotated table of contents for the training module, TOT manual outline, and the trainer kit contents. 10%
	<p><i>For detailed Scoring matrix, please refer to Annex 3.</i></p> <p><u>Financial Proposal (30%)</u></p> <p>FP Rating = (Lowest Priced Offer / Price of the Offer Being Reviewed) x 100</p> <p><u>Total Combined Score:</u></p> <p>(TP Rating) x (Weight of TP, e.g. 70%)</p> <p>+ (FP Rating) x (Weight of FP, e.g., 30%) _____</p> <p><u>Total Combined and Final Rating of the Proposal</u></p>
UNCDF will award the contract to:	<input checked="" type="checkbox"/> One and only one Service Provider (International consultant will be hired and in order to support him one national consultant also be hired depend upon the situation).

Annexes to this RFP ⁵	<input checked="" type="checkbox"/> Description of Requirements (Annex 1) <input checked="" type="checkbox"/> Form for Submission of Proposal (Annex 2) <input checked="" type="checkbox"/> Scoring matrix for Technical evaluation (annex 3) <input checked="" type="checkbox"/> General Terms and Conditions / Special Conditions (Annex 4) ⁶ <input checked="" type="checkbox"/> Detailed TOR (Annex 5)
Contact Person for Inquiries (Written inquiries only) ⁷	<p><i>Feisal Hussain</i> <i>UNCDF Senior Regional Technical Advisor</i> <i>feisal.hussain@uncdf.org</i></p> <p>Any delay in UNCDF's response shall be not used as a reason for extending the deadline for submission, unless UNCDF determines that such an extension is necessary and communicates a new deadline to the Proposers.</p>
Other Information [pls. specify]	

⁵ Where the information is available in the web, a URL for the information may simply be provided.

⁶ Service Providers are alerted that non-acceptance of the terms of the General Terms and Conditions (GTC) may be grounds for disqualification from this procurement process.

⁷ This contact person and address is officially designated by UNCDF. If inquiries are sent to other person/s or address/es, even if they are UNCDF staff, UNCDF shall have no obligation to respond nor can UNCDF confirm that the query was received.

FORM FOR SUBMITTING SERVICE PROVIDER'S PROPOSAL⁸

(This Form must be submitted only using the Service Provider's Official Letterhead/Stationery⁹)

[insert: Location].

[insert: Date]

To: [insert: Name and Address of UNDP focal point]

Dear Sir/Madam:

We, the undersigned, hereby offer to render the following services to UNCDF in conformity with the requirements defined in the RFP dated [specify date], and all of its attachments, as well as the provisions of the UNCDF General Contract Terms and Conditions:

A. Qualifications of the Service Provider

The Service Provider must describe and explain how and why they are the best entity that can deliver the requirements of UNCDF by indicating the following:

- a) *Profile – describing the nature of business, field of expertise, licenses, certifications, accreditations;*
- b) *Business Licenses – Registration Papers, Tax Payment Certification, etc.*
- c) *Latest Audited Financial Statement – income statement and balance sheet to indicate its financial stability, liquidity, credit standing, and market reputation, etc. ;*
- d) *Track Record – list of clients for similar services as those required by UNCDF, indicating description of contract scope, contract duration, contract value, contact references;*
- e) *Certificates and Accreditation – including Quality Certificates, Patent Registrations, Environmental Sustainability Certificates, etc.*
- f) *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.*

B. Proposed Methodology for the Completion of Services

The Service Provider must describe how it will address/deliver the demands of the RFP; providing a detailed description of the essential performance characteristics, reporting conditions and quality assurance mechanisms that will be put in place, while demonstrating that the proposed methodology will be appropriate to the local conditions and context of the work.

⁸ This serves as a guide to the Service Provider in preparing the Proposal.

⁹ Official Letterhead/Stationery must indicate contact details – addresses, email, phone and fax numbers – for verification purposes

C. Qualifications of Key Personnel

If required by the RFP, the Service Provider must provide:

- a) Names and qualifications of the key personnel that will perform the services indicating who is Team Leader, who are supporting, etc.;*
- b) CVs demonstrating qualifications must be submitted if required by the RFP; and*
- c) Written confirmation from each personnel that they are available for the entire duration of the contract.*

D. Cost Breakdown per Deliverable*

	Deliverables [list them as referred to in the RFP]	Percentage of Total Price (Weight for payment)	Price (Lump Sum, All Inclusive)
1	Training Needs Assessment report with a proposed annotated table of contents for the deliverables	20	
2	Completion of Training Modules, TOT Manual and related background materials/toolkits including the SOP, PowerPoint presentation.	50	
3	Completion of TOT, training to UNNATI- A2F staff, Training to FIs, and MSMEs with updated manual	30	
	Total	100%	

**This shall be the basis of the payment tranches*

E. Cost Breakdown by Cost Component [This is only an Example]:

Description of Activity	Remuneration per Unit of Time	Total Period of Engagement	No. of Personnel	Total Rate
I. Personnel Services				
1. Services from Consultants home based				
a. International Consultant				
b. National Consultant				
2. Services from Field Offices				
a. Expertise 1				
b. Expertise 2				
3. Services from Overseas				
a. Expertise 1				
b. Expertise 2				
II. Out of Pocket Expenses				
1. Travel Costs				
2. Daily Allowance				
3. Communications				
5. Equipment Lease				
6. Others				
III. Other Related Costs				

[Name and Signature of the Service Provider's Authorized Person]

[Designation]

[Date]

Annex 3

Scoring matrix for Technical evaluation

Summary of Technical Proposal Evaluation Forms		Score Weight	Points Obtainable
1.	Expertise of Firm / Organization	10%	100
2.	Proposed Work Plan and Approach/Methodology	20%	200
3.	Management Structure and Key Personnel	60%	600
4.	Annotated table of contents for the training module, TOT manual outline, and the trainer kit contents	10%	100
Total			1000

1. Expertise of firm / organization submitting proposal (Points obtainable 100 Points)	
1.1 Have previous experience in related assignments, minimum of 3 years	25
1.2 Quality assurance procedures and control mechanisms with adequate backstopping support	50
1.3 Experience in working with the private sector and development partners on delivering agriculture based assignments.	25
i. Sub-total for Expertise of firm / organization submitting proposal (I)	100
2. Proposed Work Plan and Approach/ Methodology (Points obtainable 200 Points)	
2.1 To what degree does the Offeror understand the task?	30
2.2 Have the important aspects of the task been addressed in sufficient detail?	30
2.3 Is there evidence that the proposal been prepared based on an in-depth understanding and prior knowledge of the project environment?	40
2.4 Is the scope of task well defined and does it correspond to the TOR?	40
2.5 Is the proposal clear and is in the sequence of activities and the planning logical, realistic and promise efficient implementation to the project?	60
ii. Sub-total for Proposed Work Plan and Approach (II)	200
3. Personnel (Points obtainable 300 Points)	
3.1 Team Leader	
Academic Qualification	30
Professional Experience in the area of specialization	100
Proven knowledge and experience of agriculture sector and financial sector in SAARC region	60

Experiences with similar assignments in other countries	50
Proven skills and experience in training manual development, report writing and facilitating training courses	50
Language Qualifications	10
iii a. Sub Total for Team Leader	300
3.2 Team Member	
Academic Qualification	30
Professional Experience in the area of specialization	100
Proven knowledge and experience of designing training for financial sector	60
Experiences with similar assignments	50
Proven skills and experience in training manual development, report writing and facilitating training courses	50
Language Qualifications	10
iii b. Sub Total for Team Member	300
iii. Subtotal Total for Personnel	600
4. Proposed table of content	
4.1 Annotated table of contents for the training module	25
4.2 Annotated table of contents for the TOT manuals outline and trainer kit manual	75
iv Subtotal Total for Proposed annotated table of contents	100
Grand Total (I+II+III+IV)	1000

General Terms and Conditions for Services

1.0 LEGAL STATUS:

The Contractor shall be considered as having the legal status of an independent contractor vis-à-vis the United Nations Capital Development Fund (UNCDF). The Contractor's personnel and sub-contractors shall not be considered in any respect as being the employees or agents of UNCDF or the United Nations.

2.0 SOURCE OF INSTRUCTIONS:

The Contractor shall neither seek nor accept instructions from any authority external to UNCDF in connection with the performance of its services under this Contract. The Contractor shall refrain from any action that may adversely affect UNCDF or the United Nations and shall fulfill its commitments with the fullest regard to the interests of UNCDF.

3.0 CONTRACTOR'S RESPONSIBILITY FOR EMPLOYEES:

The Contractor shall be responsible for the professional and technical competence of its employees and will select, for work under this Contract, reliable individuals who will perform effectively in the implementation of this Contract, respect the local customs, and conform to a high standard of moral and ethical conduct.

4.0 ASSIGNMENT:

The Contractor shall not assign, transfer, pledge or make other disposition of this Contract or any part thereof, or any of the Contractor's rights, claims or obligations under this Contract except with the prior written consent of UNCDF.

5.0 SUB-CONTRACTING:

In the event the Contractor requires the services of sub-contractors, the Contractor shall obtain the prior written approval and clearance of UNCDF for all sub-contractors. The approval of UNCDF of a sub-contractor shall not relieve the Contractor of any of its obligations under this Contract. The terms of any sub-contract shall be subject to and conform to the provisions of this Contract.

6.0 OFFICIALS NOT TO BENEFIT:

The Contractor warrants that no official of UNCDF or the United Nations has received or will be offered by the Contractor any direct or indirect benefit arising from this Contract or the award thereof. The Contractor agrees that breach of this provision is a breach of an essential term of this Contract.

7.0 INDEMNIFICATION:

The Contractor shall indemnify, hold and save harmless, and defend, at its own expense, UNCDF, its officials, agents, servants and employees from and against all suits, claims, demands, and liability of any nature or kind, including their costs and expenses, arising out of acts or omissions of the Contractor, or the Contractor's employees, officers, agents or sub-contractors, in the performance of this Contract. This provision shall extend, inter alia, to claims and liability in the nature of workmen's compensation, products liability and liability arising out of the use of patented inventions or devices, copyrighted material or other intellectual property by the Contractor, its employees, officers, agents, servants or sub-contractors. The obligations under this Article do not lapse upon termination of this Contract.

8.0 INSURANCE AND LIABILITIES TO THIRD PARTIES:

- 8.1** The Contractor shall provide and thereafter maintain insurance against all risks in respect of its property and any equipment used for the execution of this Contract.
- 8.2** The Contractor shall provide and thereafter maintain all appropriate workmen's compensation insurance, or the equivalent, with respect to its employees to cover claims for personal injury or death in connection with this Contract.
- 8.3** The Contractor shall also provide and thereafter maintain liability insurance in an adequate amount to cover third party claims for death or bodily injury, or loss of or damage to property, arising from or in connection with the provision of services under this Contract or the operation of any vehicles, boats, airplanes or other equipment owned or leased by the Contractor or its agents, servants, employees or sub-contractors performing work or services in connection with this Contract.
- 8.4** Except for the workmen's compensation insurance, the insurance policies under this Article shall:
 - 8.4.1** Name UNCDF as additional insured;
 - 8.4.2** Include a waiver of subrogation of the Contractor's rights to the insurance carrier against the UNCDF;
 - 8.4.3** Provide that the UNCDF shall receive thirty (30) days written notice from the insurers prior to any cancellation or change of coverage.
- 8.5** The Contractor shall, upon request, provide the UNCDF with satisfactory evidence of the insurance required under this Article.

9.0 ENCUMBRANCES/LIENS:

The Contractor shall not cause or permit any lien, attachment or other encumbrance by any person to be placed on file or to remain on file in any public office or on file with the UNCDF against any monies due or to become due for any work done or materials furnished under this Contract, or by reason of any other claim or demand against the Contractor.

10.0 TITLE TO EQUIPMENT:

Title to any equipment and supplies that may be furnished by UNCDF shall rest with UNCDF and any such equipment shall be returned to UNCDF at the conclusion of this Contract or when no longer needed by the Contractor. Such equipment, when returned to UNCDF, shall be in the same condition as when delivered to the Contractor, subject to normal wear and tear. The Contractor shall be liable to compensate UNCDF for equipment determined to be damaged or degraded

beyond normal wear and tear.

11.0 COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS:

- 11.1** Except as is otherwise expressly provided in writing in the Contract, the UNCDF shall be entitled to all intellectual property and other proprietary rights including, but not limited to, patents, copyrights, and trademarks, with regard to products, processes, inventions, ideas, know-how, or documents and other materials which the Contractor has developed for the UNCDF under the Contract and which bear a direct relation to or are produced or prepared or collected in consequence of, or during the course of, the performance of the Contract, and the Contractor acknowledges and agrees that such products, documents and other materials constitute works made for hire for the UNCDF.
- 11.2** To the extent that any such intellectual property or other proprietary rights consist of any intellectual property or other proprietary rights of the Contractor: (i) that pre-existed the performance by the Contractor of its obligations under the Contract, or (ii) that the Contractor may develop or acquire, or may have developed or acquired, independently of the performance of its obligations under the Contract, the UNCDF does not and shall not claim any ownership interest thereto, and the Contractor grants to the UNCDF a perpetual license to use such intellectual property or other proprietary right solely for the purposes of and in accordance with the requirements of the Contract.
- 11.3** At the request of the UNCDF; the Contractor shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring or licensing them to the UNCDF in compliance with the requirements of the applicable law and of the Contract.
- 11.4** Subject to the foregoing provisions, all maps, drawings, photographs, mosaics, plans, reports, estimates, recommendations, documents, and all other data compiled by or received by the Contractor under the Contract shall be the property of the UNCDF, shall be made available for use or inspection by the UNCDF at reasonable times and in reasonable places, shall be treated as confidential, and shall be delivered only to UNCDF authorized officials on completion of work under the Contract.

12.0 USE OF NAME, EMBLEM OR OFFICIAL SEAL OF UNCDF OR THE UNITED NATIONS:

The Contractor shall not advertise or otherwise make public the fact that it is a Contractor with UNCDF, nor shall the Contractor, in any manner whatsoever use the name, emblem or official seal of UNCDF or THE United Nations, or any abbreviation of the name of UNCDF or United Nations in connection with its business or otherwise.

13.0 CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION:

Information and data that is considered proprietary by either Party or that is delivered or disclosed by one Party ("Discloser") to the other Party ("Recipient") during the course of performance of the Contract, and that is designated as confidential ("Information"), shall be held in confidence by that Party and shall be handled as follows:

- 13.1** The recipient ("Recipient") of such information shall:

- 13.1.1 use the same care and discretion to avoid disclosure, publication or dissemination of the Discloser's Information as it uses with its own similar information that it does not wish to disclose, publish or disseminate; and,
 - 13.1.2 use the Discloser's Information solely for the purpose for which it was disclosed.
- 13.2 Provided that the Recipient has a written agreement with the following persons or entities requiring them to treat the Information confidential in accordance with the Contract and this Article 13, the Recipient may disclose Information to:
 - 13.2.1 any other party with the Discloser's prior written consent; and,
 - 13.2.2 the Recipient's employees, officials, representatives and agents who have a need to know such Information for purposes of performing obligations under the Contract, and employees officials, representatives and agents of any legal entity that it controls controls it, or with which it is under common control, who have a need to know such Information for purposes of performing obligations under the Contract, provided that, for these purposes a controlled legal entity means:
 - 13.2.2.1 a corporate entity in which the Party owns or otherwise controls, whether directly or indirectly, over fifty percent (50%) of voting shares thereof; or,
 - 13.2.2.2 any entity over which the Party exercises effective managerial control; or,
 - 13.2.2.3 for the UNCDF, an affiliated Fund such as UNCDF, UNIFEM and UNV.
- 13.3 The Contractor may disclose Information to the extent required by law, provided that, subject to and without any waiver of the privileges and immunities of the United Nations, the Contractor will give the UNCDF sufficient prior notice of a request for the disclosure of Information in order to allow the UNCDF to have a reasonable opportunity to take protective measures or such other action as may be appropriate before any such disclosure is made.
- 13.4 The UNCDF may disclose Information to the extent as required pursuant to the Charter of the UN, resolutions or regulations of the General Assembly, or rules promulgated by the Secretary-General.
- 13.5 The Recipient shall not be precluded from disclosing Information that is obtained by the Recipient from a third party without restriction, is disclosed by the Discloser to a third party without any obligation of confidentiality, is previously known by the Recipient, or at any time is developed by the Recipient completely independently of any disclosures hereunder.
- 13.6 These obligations and restrictions of confidentiality shall be effective during the term of the Contract, including any extension thereof, and, unless otherwise provided in the Contract, shall remain effective following any termination of the Contract.

14.0 FORCE MAJEURE; OTHER CHANGES IN CONDITIONS

- 14.1 In the event of and as soon as possible after the occurrence of any cause constituting force majeure, the Contractor shall give notice and full particulars in writing to the UNCDF, of such occurrence or change if the Contractor is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Contract. The

Contractor shall also notify the UNCDF of any other changes in conditions or the occurrence of any event that interferes or threatens to interfere with its performance of this Contract. On receipt of the notice required under this Article, the UNCDF shall take such action as, in its sole discretion; it considers to be appropriate or necessary in the circumstances, including the granting to the Contractor of a reasonable extension of time in which to perform its obligations under this Contract.

- 14.2** If the Contractor is rendered permanently unable, wholly, or in part, by reason of force majeure to perform its obligations and meet its responsibilities under this Contract, the UNCDF shall have the right to suspend or terminate this Contract on the same terms and conditions as are provided for in Article 15, "Termination", except that the period of notice shall be seven (7) days instead of thirty (30) days.
- 14.3** Force majeure as used in this Article means acts of God, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force.
- 14.4** The Contractor acknowledges and agrees that, with respect to any obligations under the Contract that the Contractor must perform in or for any areas in which the UNCDF is engaged in, preparing to engage in, or disengaging from any peacekeeping, humanitarian or similar operations, any delays or failure to perform such obligations arising from or relating to harsh conditions within such areas or to any incidents of civil unrest occurring in such areas shall not, in and of itself, constitute force majeure under the Contract..

15.0 TERMINATION

- 15.1** Either party may terminate this Contract for cause, in whole or in part, upon thirty (30) days' notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article 16.2 ("Arbitration"), below, shall not be deemed a termination of this Contract.
- 15.2** UNCDF reserves the right to terminate without cause this Contract at any time upon 15 days prior written notice to the Contractor, in which case UNCDF shall reimburse the Contractor for all reasonable costs incurred by the Contractor prior to receipt of the notice of termination.
- 15.3** In the event of any termination by UNCDF under this Article, no payment shall be due from UNCDF to the Contractor except for work and services satisfactorily performed in conformity with the express terms of this Contract.
- 15.4** Should the Contractor be adjudged bankrupt, or be liquidated or become insolvent, or should the Contractor make an assignment for the benefit of its creditors, or should a Receiver be appointed on account of the insolvency of the Contractor, the UNCDF may, without prejudice to any other right or remedy it may have under the terms of these conditions, terminate this Contract forthwith. The Contractor shall immediately inform the UNCDF of the occurrence of any of the above events.

16.0 SETTLEMENT OF DISPUTES

- 16.1 Amicable Settlement:** The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of this Contract or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through

conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the parties.

- 16.2 Arbitration:** Any dispute, controversy, or claim between the Parties arising out of the Contract or the breach, termination, or invalidity thereof, unless settled amicably under Article 16.1, above, within sixty (60) days after receipt by one Party of the other Party's written request for such amicable settlement, shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The decisions of the arbitral tribunal shall be based on general principles of international commercial law. For all evidentiary questions, the arbitral tribunal shall be guided by the Supplementary Rules Governing the Presentation and Reception of Evidence in International Commercial Arbitration of the International Bar Association, 28 May 1983 edition. The arbitral tribunal shall be empowered to order the return or destruction of goods or any property, whether tangible or intangible, or of any confidential information provided under the Contract, order the termination of the Contract, or order that any other protective measures be taken with respect to the goods, services or any other property, whether tangible or intangible, or of any confidential information provided under the Contract, as appropriate, all in accordance with the authority of the arbitral tribunal pursuant to Article 26 ("Interim Measures of Protection") and Article 32 ("Form and Effect of the Award") of the UNCITRAL Arbitration Rules. The arbitral tribunal shall have no authority to award punitive damages. In addition, unless otherwise expressly provided in the Contract, the arbitral tribunal shall have no authority to award interest in excess of the London Inter-Bank Offered Rate ("LIBOR") then prevailing, and any such interest shall be simple interest only. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute, controversy, or claim.

17.0 PRIVILEGES AND IMMUNITIES:

Nothing in or relating to this Contract shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including its subsidiary organs.

18.0 TAX EXEMPTION

- 18.1** Section 7 of the Convention on the Privileges and Immunities of the United Nations provides inter-alia that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognize the United Nations exemption from such taxes, duties or charges, the Contractor shall immediately consult with the UNCDF to determine a mutually acceptable procedure.

- 18.2** Accordingly, the Contractor authorizes UNCDF to deduct from the Contractor's invoice any amount representing such taxes, duties or charges, unless the Contractor has consulted with the UNCDF before the payment thereof and the UNCDF has, in each instance, specifically authorized the Contractor to pay such taxes, duties or charges under protest. In that event, the Contractor shall provide the UNCDF with written evidence that payment of such taxes, duties or charges has been made and appropriately authorized.

19.0 CHILD LABOUR

19.1 The Contractor represents and warrants that neither it, nor any of its suppliers is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, inter alia, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical mental, spiritual, moral or social development.

19.2 Any breach of this representation and warranty shall entitle UNCDF to terminate this Contract immediately upon notice to the Contractor, at no cost to UNCDF.

20.0 MINES:

20.1 The Contractor represents and warrants that neither it nor any of its suppliers is actively and directly engaged in patent activities, development, assembly, production, trade or manufacture of mines or in such activities in respect of components primarily utilized in the manufacture of Mines. The term "Mines" means those devices defined in Article 2, Paragraphs 1, 4 and 5 of Protocol II annexed to the Convention on Prohibitions and Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects of 1980.

20.2 Any breach of this representation and warranty shall entitle UNCDF to terminate this Contract immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind of UNCDF.

21.0 OBSERVANCE OF THE LAW:

The Contractor shall comply with all laws, ordinances, rules, and regulations bearing upon the performance of its obligations under the terms of this Contract.

22.0 SEXUAL EXPLOITATION:

22.1 The Contractor shall take all appropriate measures to prevent sexual exploitation or abuse of anyone by it or by any of its employees or any other persons who may be engaged by the Contractor to perform any services under the Contract. For these purposes, sexual activity with any person less than eighteen years of age, regardless of any laws relating to consent, shall constitute the sexual exploitation and abuse of such person. In addition, the Contractor shall refrain from, and shall take all appropriate measures to prohibit its employees or other persons engaged by it from, exchanging any money, goods, services, offers of employment or other things of value, for sexual favors or activities, or from engaging in any sexual activities that are exploitive or degrading to any person. The Contractor acknowledges and agrees that the provisions hereof constitute an essential term of the Contract and that any breach of this representation and warranty shall entitle UNCDF to terminate the Contract immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind.

22.2 The UNCDF shall not apply the foregoing standard relating to age in any case in which the Contractor's personnel or any other person who may be engaged by the Contractor to perform any services under the Contract is married to the person less than the age of

eighteen years with whom sexual activity has occurred and in which such marriage is recognized as valid under the laws of the country of citizenship of such Contractor's personnel or such other person who may be engaged by the Contractor to perform any services under the Contract.

23.0 AUTHORITY TO MODIFY:

Pursuant to the Financial Regulations and Rules of UNCDF, only the UNCDF Authorized Official possesses the authority to agree on behalf of UNCDF to any modification of or change in this Contract, to a waiver of any of its provisions or to any additional contractual relationship of any kind with the Contractor. Accordingly, no modification or change in this Contract shall be valid and enforceable against UNCDF unless provided by an amendment to this Contract signed by the Contractor and jointly by the UNCDF Authorized Official.

Detailed Terms of Reference

Access to Finance (A2F) – UNNATI

**I. Information**

Title: UNNATI- Access to Finance Programme in Nepal
Organizational Unit: UNCDF Nepal

Expected Starting date: 15 October 2015
Expected duration of assignment: 50 days for International Consultant and 60 days for National Consultant

II. Organizational Context

The UN Capital Development Fund (UNCDF) is the UN's capital investment agency for the world's 48 least developed countries. It creates new opportunities for poor people and their communities by increasing access to microfinance and investment capital. UNCDF focuses on Africa and the poorest countries of Asia, with a special commitment to countries emerging from conflict or crisis. It provides seed capital – grants and loans – and technical support to help financial service providers reach more poor households and small businesses, and local governments finance the capital investments that will improve poor peoples' lives. Financial inclusion means universal access, at a reasonable cost, to a wide range of financial services, provided by a variety of sound and sustainable institutions. The range of financial services includes savings, credit, insurance, payments, local money transfers and international remittances.

Background

Agriculture is the largest economic sector in Nepal contributing to more than one third of GDP (32% - 36%) and employment and livelihood opportunities to more than two thirds of its population (76%)¹⁰. Given that many Nepalese depend on agriculture for their livelihoods, the investment into the development of the sector can make a difference in the lives of millions of people¹¹. The sector, however is largely dominated by the smallholder farmers hence an accelerated growth of agriculture and its multiplier effects will require market oriented production, value addition and equitable distribution of benefits. While opportunities exist, the agricultural sector faces some major challenges such as weak governance, limited capacity and human resources, access to quality input and market access as well as constraints to access suitable financial products and services. Hence, the current competitiveness of Nepal agricultural products is low and declining.

¹⁰ DANIDA, Component Description MLVA, Septembre, 2012, page 1.

¹¹ Ibid

The expansion of financial services to low-income households across Nepal is a high priority for the Government of Nepal (GoN). The GoN seeks to expand financial services particularly in rural areas. UNCDF guided by the priorities of GoN conducted a rapid assessment of the financial sector that highlighted the following:

- Nepal's formal financial sector has grown rapidly over the past two decades. The number of financial institutions has increased from only two in 1980 to 272 in 2011. Governed by the Banks and Financial Sector Institutions Act – BIFA (2006) and regulated by the Nepal Rastra Bank (NRB), the banking sector comprises of four types of Financial Institutions (FIs): Class A commercial banks, Class B development banks, Class C finance companies and Class D microfinance development banks (MFDBs). Despite this growth, the financial service providers (FSPs) are still mainly concentrated in the urban or semi – urban areas where geographical access is relatively easy. As a result, **urban areas are often over – saturated with FSPs while there is a lack of FSPs in rural areas**. Further, only 26% of households have deposit account in formal financial institutions, and only 25% borrowed from formal financial institutions (World Bank, 2006)¹². In hills and mountains, around 80% of the people have no access to formal financial institutions, and **predominately depend on the informal sources**;
- Commercial banks serve large and medium exporters, wholesalers, larger producers (and it is not uncommon for a commercial bank to have a partnership with a larger producer or exporter. Producers/exporters commonly issue a corporate guarantee for a loan that would then be on-lend to value chain actors.
- Micro Finance Institutions (MFIs) and cooperatives serve agricultural occupations, enterprises and small holder farmers to some extent. However, their products and services have a number of limitations;
- In the **Eastern Development Region (EDR) of Nepal, financial services are more easily accessible in the urban and semi – urban areas**, for example there is abundance of service providers in Ilam. However, as one moves further away from urban centers the access reduces. Here, **attention must be paid to an important distinction between access and use**. “Access” refers to availability of service in the area, while “use” refers to actual utilization of a financial product. **Access is linked to existence of providers in an area, while use is linked to existence of suitable and affordable products to meet specific needs. Often these two do not come in pair.**
- The demand for agricultural finance varies across the different areas of Nepal. There is a general **lack of data and information on demand and needs of consumers making it difficult** to predict the size of the demand. Additionally, **lack of understanding of financial products and services, differentiation between institutions and their roles and offerings is acute in Nepal**. In instances where formal financial institutions are present users of those services are not familiar with terms and conditions. They lack understanding of different forms of financial products, financial planning, budgeting and the like.
- **MFDBs, SCCs, FINGOs, and semi-formal financial institutions are the most important credit providers in rural areas especially for low-income households**; they too for the most part **suffer from weak capacity, and limited outreach and scale of operations, especially in more remote areas**¹³, that adversely affects their viability and sustainability.
- Use of mobile banking is in beginning stages in Nepal however **commercial banks are increasing their investment and involvement in the area**.

¹² The last Access to Finance Survey was conducted by the World Bank in 2006. Since then there were no other assessment of access to finance. However, 2010/2011 NLSS reports that around 38% of Nepalese have access to financial services.

¹³ ADB, Assessment of Agricultural Finance, 2011

- On the value chain side, **fragmented value chains result in lack of confidence among lenders to support value chain activities**. The lack of confidence coupled with limited understanding of financial requirements to support value chain activities leads to lack of action and innovations in financing value chains.

The Inclusive Growth Programme in Nepal (UNNATI) is funded by the Government of Denmark to overcome the challenges faced by the agriculture sector in Nepal. The Government of Denmark has made an allocation of DKK 400 million (approx. US\$ 73.8 million) for support to UNNATI Programme. The proposed objective of UNNATI is *“Promotion of sustainable inclusive growth that reduces poverty and raises living standards.”* UNNATI has three components each comprising three sub-components described as follows:

- **Component 1: The Value Chain Component:** 1.1: Commercialisation of selected value chains (ginger, orthodox tea, dairy and cardamom); 1.2: Access to financial services
- **Component 2: Infrastructure Component:** 2.1: Rural transport infrastructure; 2.2: Public Market related infrastructure.
- **Component 3: The Enabling Environment Component:** 3.1 Public-private dialogues and 3.2: Advocacy for rights and good corporate governance.

The Value Chain Component comprises of two sub-components, namely:

Sub-component 1.1: Commercialization of selected value chains. This sub-component provides support to three value chains, namely 1) Orthodox Tea, 2) Ginger and 3) Dairy and 4) newly identified value chain as Large Cardamom. Additionally, it is envisaged that one more value chains would be included in the second implementation year. An opening portfolio of outputs and activities has been defined for each of the four value chains. Outputs and activities will be further refined during implementation depending on market opportunities. A Management Contractor (MC) will facilitate the support to the four value chains. The support modalities will comprise i) A Value Chain Development Fund for provision of grants and ii) Funds for technical assistance, facilitation and networking, training, capacity development, research, and possible other modalities to be defined during implementation. Most of the above-mentioned services will be provided through selected service providers.

Sub-component 1.2: UNNATI- Access to Finance (A2F) project which is a sub-component of **The Value Chain Component**. The project is implemented in partnership with Nepal Rastra Bank (Central Bank of Nepal) and UN Capital Development Fund (UNCDF) to address issues of the agricultural and value chain financing.

About UNNATI - A2F

Value Chains in agriculture are being promoted as the preferred business development framework in the agri-food sector. There is also an increased focus on marketing, product differentiation and product niche development. All these developments in this sector calls for solid structural framework to ensure access to financial products and services by the value chain actors. The product wide market linkages in the value chains will enhance competitiveness and efficiency at each level which reduces the risks and helps the financial institutions to take the decisions based on the value addition of the business that is being invested rather than collaterals and loan history of the value chain actors.

There is need for financial institutions in Nepal to understand the functioning and requirements of value chain actors including input suppliers, growers, traders, processors, transporters, wholesalers, retailers and final consumers, some of these are small holder farmers and Micro Small and Medium Enterprises (MSMEs). Additionally, there is also a need for analyzing the end markets, business enabling environments, horizontal & vertical linkages, supporting markets, value chain governance, inter-farm relationships, and firms and industry level upgrading requirements. Without the overall understanding of agriculture value chains, the financial

institutions will not be able to design and delivery customized products that will ultimately benefit the smallholder farmers and MSMEs.

AVCF can improve the overall effectiveness and efficiency of both those providing financing to and within the chain but also those operating in the agricultural chain by: identifying financing needs for strengthening the chain, tailoring financial products to fit the needs, reducing costs through direct discount repayments and delivery of financial services and using value chain processes and participants to mitigate risks to businesses in the chain and to their production and value addition activities. Financial institutions need to understand the various models and different financial instruments that can be used like product financing, receivable financing, physical assets collateralization, risk mitigation products and structured finances so that new financial products could be imparted. On the other hand, MSMEs and smallholder farmers within the agriculture value chain need to understand their role as actors of the value chain and build capacity to demand and assess different types of financial services from the service providers - banks, MFIs, cooperatives etc.

In case of Nepal, the understanding of AVC and AVCF is at an underdeveloped stage. Training and capacity building, both of FIs and MSMEs working in the agriculture value chain, is felt a need required to increase investment in agriculture value chains resulting in improved competitiveness and profitability to value chain actors especially smallholder farmers and MSMEs.

UNNATI-Access to Finance (A2F) for commercialization of the agricultural sector is a major constraint. The lack of rural accessibility to financial services providers, insufficient collateral for the amiable financial products, lack of understanding of agricultural business by the financial sector and lack of appropriate financial products and services suitable for agricultural finance all contribute to limited expansion of financial services. To address these issues, UN Capital Development Fund's (UNCDF) jointly with Nepal Rastra Bank will work on improving access to financial services in the agricultural sector.

The purpose of the UNNATI-A2F project is **to support financial service providers i.e. commercial banks, development banks, microfinance institutions, cooperatives, Financial Intermediary NGOs (FINGOs) etc. to more effectively serve the agricultural value chain actors with appropriate financial products thereby enabling smallholder farmers and MSMEs especially involved in orthodox tea, ginger, dairy and cardamom value chains to invest into their value chain activities leading to the sustained improvement in competitiveness of selected value chains.** Thereby creating an inclusive financial system that will support private sector driven, pro – poor growth. The programme interventions will have national impact with a specific focus given to the EDR region of Nepal, under umbrella of UNATTI, specifically in the seven districts of Mechi and Kosi corridor - Ilam, Panchthar, Terhathum, Bhojpur and Dhankuta (located in the mid – hills) and Taplejung and Sankhuwasabha (located in the mountain region).

UNNATI - A2F project results will be:

- Additional 250,000 clients are reached by the end of 2018 where:
 - 150,000 smallholder farmers and MSMEs (out of which at least 55% are women) actively use appropriate and affordable financial products to support their value chain activities on a national level. Out of these 150,000 clients - 100,000 are located in the EDR UNNATI districts;
 - Additional 100,000 clients enroll in mobile and branchless banking service out of which 45,000 are located in EDR. Out of 100,000 at least 25,000 are actively using mobile banking services. Out of 25,000 at least 15,000 are located in the EDR UNNATI districts;
- Out of 150,000 clients at least 75,000 disadvantaged caste/ethnic groups actively use financial services and 50,000 are located in the EDR UNNATI districts;
- Additional 10 bank and/or microfinance branches points are operational in the EDR UNNATI districts;

- Additional 15 branchless access points (e.g. agents) are operational in EDR UNNATI districts;
- 150,000 smallholder farmers and MSMEs have improved financial competencies nationally, and 80,000 are located in the EDR UNNATI districts;
- The amount of agricultural portfolio of financial service providers shows positive growth;
- Five agricultural products are developed and used;
- National Financial Inclusion Road Map is developed and at least 3; recommendations are implemented by the NRB.

UNCDF in collaboration with NRB will achieve these results through the activities organized around the three following outputs:

Output 1: Deepened Financial Services for Smallholder farmers and MSMEs

Output 2: Improved Capacity of Financial Institutions, and

Output 3: Broadened Financial Services for Smallholder farmers and MSMEs

The activities under **Output 1: Deepening Financial Services** will focus on improving product value proposition by developing and offering appropriate financial products that meet the financial needs of smallholder farmers and MSMEs supplemented by strengthening of their financial capabilities to make best use of the financial services on offer. In effect, activities under this output will not only improve access to financial services but will, also lead to improvement in the use of these services.

The activities under **Output 2: Improved Capacity of Financial Institutions** will focus on strengthening the management systems and skills needed by financial institutions to take new products to market and to manage banking operations sustainably. Agriculture Value Chain Development and Agriculture Value Chain Finance training modules fall under this output.

The activities under **Output 3: Broadened financial services** will focus on establishment of branches and agent networks needed to take new products to market. This will be done through a competitive fund in the form of direct grants to enable financial institutions to expand their financial services.

III. Functions/Key Results Expected

A) Objectives of the Assignment

UNNATI- Access to Finance project seeks assistance to develop training modules on Agriculture Value Chain Development (AVC) and Agriculture Value Chain Financing (AVCF) for MSMEs and FIs with a focus in Eastern Development Region emphasising on agricultural finance and agriculture value chain finance in the seven UNNATI supported districts i.e. Dhankuta, Taplejung, Bhojpur, Ilam, Tehrathum, Sankhuwasava, Panchthar districts of Nepal to increase access to and usage of financial services for agriculture value chain actors especially targeting in boosting financial services for agricultural value chains such as Orthodox tea, Ginger, Dairy and Cardamom value chains. The assignment will also include ToT to senior team members of project, Financial Institution and MSMEs on AVCF.

The specific objective of assignment will be as follows:

- Develop training modules** on Agriculture Value Chain Development (AVC) and Agriculture Value Chain Financing (AVCF) for MSMEs and FIs after conducting a training needs assessment of MSMEs and FIs on AVC and AVCF. Along with the training modules, the TOT manual with Standard Operating Procedures and training Power Point Presentation for organizing training programs for FIs and MSMEs on AVCF (as specified above in the deliverables) that will be developed by the servicing firm. Agriculture Value Chain Finance Training Module and TOT manual will provide tools and techniques to the FIS for providing training to its staff and clients.

MSMEs include inputs providers, smallholder farmers, primary and secondary processors, traders, wholesalers, distributors, exporters and retailers of identified four value chains namely Orthodox Tea, Ginger, Dairy and Cardamom.

FIs includes Commercial Banks, Microfinance Development Banks, Financial Intermediaries NGOs (FINGOs), Cooperatives and Insurance Companies that lower the cost of financial intermediation for providing agriculture value chain finance to the value chain actors in the selected agriculture value chains as explained above so as to improve the overall competitiveness of the entire value chain.

- b) **Organize training program** on AVC and AVCF for the senior management and team of financial institutions and MSMEs. The training will focus on customized Agriculture Value Chain Finance (AVCF) and related financial products. The training will also focus on but not limiting to financial products such as savings, credit, warehouse receipt, leasing and insurance especially on livestock and agriculture insurance.

B) Scope of Work

The service provider will support UNNATI -A2F- Project in designing and developing training modules on Agriculture Value Chain Development (AVC) and Agriculture Value Chain Finance (AVCF) for financial institutions (FIs) and Micro Small and Medium Enterprises (MSMEs) described in the previous sections. To this end, the service provider will be responsible for delivering the following outputs:

Output 1: *Conducting a Training Needs Assessment for MSMEs and FIs on agriculture value chain and agriculture value chain finance* – The service provider with its international and national consultant will conduct a desk review of present requirements and existing modules if available. Additionally, research will be conducted on the existing products of agriculture and value chain finance in the Nepali market. The service provider will also review UNNATI- A2F – Agriculture Value Chain Finance (AVCF) supply side report's study findings as inputs to design and develop the content of the training modules on AVC and AVCF for MSMEs and FIs. An interaction with identified MSMEs and FIs targeted by UNNATI project will be conducted by the service provider, in order to come up with a training needs assessment report.

Output 2: *Develop training modules on Agriculture Value Chain (AVC) and Agriculture Value Chain Finance (AVCF) for MSMEs and Financial Institutions which will also include developing a TOT manual on AVCF for MSMEs and FIs* - The module should give a profound introduction to the concept and theories, methodology, required and necessary lending criteria and guidelines for FIs on various agriculture commodities lending (Orthodox Tea, Ginger, Dairy and Cardamom value chains) and practice including case studies of overall AVC and AVCF suitable with respect to Nepalese context specifically to A2F – UNNATI project.

Along with the training modules, the Standard Operating Procedures for organizing training programs and a set of Power Point presentation of training, will also be developed by the service provider. The TOT manual will further support in AVCF training/facilitation through structuring the facilitation process and applying practical and professional tools.

Output 3: *Organize one training programs for Financial Institutions on AVC and AVCF* - Based on the modules developed and TOT Manual designed, the service provider/consulting firm will organize training programs for senior management and team of financial institutions and for A2F-UNNATI project staff as well. The objective is

to initiate and to focus on AVCF by developing further understanding on AVCF that can be done by financial institutions.

Output 4: *Organize one training programs for MSMEs on AVC and AVCF* - To build capacities of MSMEs on AVCF products and services available and proposed in Nepal which they can access based on their economic requirements, training will be imparted to MSMEs. This will enable better understanding of financial institutions requirements for providing loans and meeting collateral and other risk mitigating requirements expected by the FIs. The MSMEs to participate in AVCF trainings will be nominated by team of Value Chain Component 1.1, and will be held at regional or district level.

After the abovementioned trainings to MSMEs and FIs are completed, the service provider is required to revise the training package, based on the learnings of output 3 and output 4. The project will have training package covering AVC and AVCF which should include the following elements:

1. Training Content – training manual with powerpoint presentation
2. Training program details with pedagogy requirements
3. Trainer Kit on AVC and AVCF
4. Trainee kit on AVC and AVCF
5. ToT kit
6. Post training assessment toolkit

The broad and indicative details of the Training Module could be the following:

- Module 1: Understanding an Agriculture Value Chain Development system and major areas of intervention around it (conceptual framework), including value chain actors benefits, constraints etc. This should also include good practice and approaches for Agriculture Value Chain Development (AVC), and key features and consideration for FIs to lend in the identified agriculture commodities.
- Module 2: Understanding Agriculture Value Chain Financial system, at different stages and by value chain actors on financial aspects and products i.e. savings, credit, warehouse receipt, leasing, insurance, etc. This should also include good practice and approaches for Agriculture Value Chain Development (AVC) and Agriculture Value Chain Finance (AVCF) and key features and consideration for FIs to lend in the identified agriculture commodities.
- Module 3: How to strengthen AVC and access AVCF/financial services for growth and minimization of risk by MSMEs; to benefit value chain actors.
- Module 4: How to strengthen AVC, identify, develop and provide financial services to range of value chain actors in selected AVCs, at minimal risk with portfolio increase, by Financial Institutions.

The training module should also provide information with regards to understanding financial risks, assessing a value chain finance, identifying opportunities and managing risks, understanding market needs, designing appropriate financial products and strategies for selling financial products, etc. The above mentioned modules should have incorporated sub-modules i.e. Overview of Agricultural Value Chains, AVCF Context and Concept, AVCF Business Models, AVC Overview of AVCF Instruments and Use of Product Financing Instruments, Risk Mitigation in AVCF Tools etc.

The Service provider should submit in their proposal, a table of content of the training module, ToT outline, and the trainer kit contents.

C. Methodology

A desk review of the existing agricultural value chain financing system and/or mechanisms, knowledge and training content available with specific focus in the Nepal and in EDR region; analysis of the existing data and research reports; qualitative interviews with enterprises and financial services providers and its value chain stakeholders; and stakeholders involved in agriculture value chain financing capacity building sector; will feed into the design of training modules on AVC and AVCF for MSMEs and FIs.

D. Payments

- Training Needs Assessment report with proposed contents of training package - (20 %)
- Completion of Training Modules, TOT Manuals and related background materials/toolkits including the SOP, PowerPoint presentation - (50%)
- Completion of TOT, training to UNNATI- A2F staff, Training to FIs, and MSMEs, and final report (30%)

IV. Impact of Results

- This assignment will have impact on UNCDF and NRB's work on increasing access to and usage of financial services in Nepal impacting on agriculture and value chain financing.

V. Competencies

Corporate Responsibility and Teamwork:	<ul style="list-style-type: none">• Plans, prioritizes, and delivers tasks on time• Conceptualizes and analyses problems to identify key issues, underlying problems and how they relate to each other• Demonstrates effective written and oral communication skills
Results-Orientation:	<ul style="list-style-type: none">• Plans and produces quality results to meet established goals• Generates innovative, practical solutions to challenging situations

VI. Recruitment Qualifications

Education and experience of team members:	<p>Two team members (one international and one national):</p> <p>Team Leader: International Consultant</p> <ul style="list-style-type: none">○ Should have at least a Master's Degree in Agriculture, Agriculture Economic, Economics, Finance, Investment, Business administration or related discipline.○ A minimum of 7 years relevant, practical working experience with agriculture based value chain development having specific component on agriculture/value chain financing programmes/projects.○ Past experience and proven technical knowledge on designing value chain and value chain finance training manuals and modules in the agriculture sector;○ Proven knowledge and experience of agriculture sector and financial sector in SAARC region○ Experiences with similar assignments in other countries○ Proven skills and experience in training manual development and report writing○ Past experience in facilitating training courses
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	<ul style="list-style-type: none"> ○ Excellent command in English language <p>Team Member: National Consultant</p> <ul style="list-style-type: none"> ○ Should have at least a Master's Degree in Agriculture, Agriculture Economic, Economics, Finance, Investment, Business administration or related discipline. ○ A minimum of 5 years of relevant, practical working experience with the financial sector, having dealt with the agriculture/MSME lending sector in Nepal. ○ Past experience and proven technical knowledge on designing training modules/packages for financial sector; ○ Experiences with similar assignments ○ Proven skills and experience in training manual development and report writing ○ Past experience in facilitating training courses ○ Excellent command in English and Nepali language
Expertise of the Service Provider/ Consulting firm:	<ul style="list-style-type: none"> ● The Service Provider/ Consulting Firm should have a minimum of 3 years of experience on designing and delivering similar assignments. ● The firm should have worked previously with the private sector and development partners on delivering agriculture based assignments. ● The firm should ensure quality control mechanism as part of their proposal with adequate backstopping support ● The firm should possess all the legal firm registration documents mentioned in this RFP. ● The firm should have a team of minimum two team members dedicated to this assignment for person days mentioned in the document, comprising of one international and one national consultant.
Language Requirements:	<ul style="list-style-type: none"> ▪ English
VI. Submission	
<p>Please email one submission document that includes:</p> <ul style="list-style-type: none"> ● Demonstrated evidence of company experience to date in developing broad training modules on AVC and AVCF for MSMEs and FIs; ● CV of consultants and/or team members that will be working on the project and their expertise in this area and total number of days that will be spent by team members; ● A detailed outline of the methodology; ● A proposed annotated table of contents for the deliverables; a table of content of the training module, ToT outline, and the trainer kit contents. 	