

Terms of Reference

Languages Required: Proficiency in English and French. Working knowledge of other UN language desirable.

Duration: Total assignment is expected to last for approximately 40 days.

Location: Home-based with field visits when necessary.

1. Background

Within the context of SDG Financing, UNDP has launched the Finance Sector Hub, which is a finance and innovation platform that draws on a critical mass of UNDP expertise, initiatives, and partnerships to support the mobilization and leveraging of resources for the Sustainable Development Goals (SDGs) and lead the implementation of the new UNDP private sector strategy. As part of UNDP's Finance Sector Hub, development finance has a central role to play in delivering support to our member-countries, in leveraging new sources of capital, offsetting high debt burdens, and in innovating for long term solutions to challenges around climate change, disaster resilience, and fragile ecosystems.

The Istanbul International Center for Private Sector in Development (IICPSD) is the United Nations Development Programme (UNDP) global organization mandated to leverage the role of the private sector in development. The IICPSD was established in Istanbul, Turkey on the basis of the Partnership Framework Agreement signed between the Government of the Republic of Turkey and the United Nations Development Program in March 2011. The Center is one of the six global thematic centers of UNDP, advocating and facilitating the contribution of the private sector to human development and inclusive growth through the following thematic priority areas:

- Inclusive Business Models;
- Role of the Private Sector in Skills Development;
- Impact Investment;
- Private Sector Resilience and Crisis Response.

Furthermore, the Center supports the UNDP's Bureau for Policy and Programme Support (BPPS) by leading UNDP's strategic offer to partner and work with the private sector.

One such initiative is currently being developed in Djibouti. The country has experienced a strong and stable economic growth in recent years, notably as a result of its positioning as a transportation and logistical hub. However, the impact of COVID-19 pandemic on the Djiboutian economy disproportionately affected micro, small and medium enterprises (MSMEs) and the informal sector. Additionally, Djibouti has one of the lowest levels of financial inclusion in the MENA region with only 26% of the working age population having an active bank account, indicating the need to enable access to financial services.

As per the request of the UNDP Djibouti Country Office, UNDP's IICPSD will be providing technical assistance in several projects:

1. The Impact Investing Ecosystem Diagnostic

As per the request by UNDP Djibouti, IICPSD initiated “The Impact Investing Ecosystem in Djibouti” study in February 2021. Built on a comprehensive desk research and in-depth interviews with major stakeholders, this methodology showcases opportunities in the market for international and local impact investors, identifies high-potential areas and provides policy recommendations to foster the impact investing ecosystem. The ecosystem mapping and preliminary market analysis aims to:

- Showcase opportunities in specific markets for international impact investors,
- Exhibit adjacent impact investing activities by institutional investors, money managers and foundations in countries and align them with the impact investing agenda,
- Enable impact enterprises to access the global pool of impact capital,
- Provide policy recommendations for public bodies to actively engage in the design of a robust impact investing framework.

2. SDG Investor Map Djibouti

A country-level SDG Investor Map has been initiated in February 2021 by IICPSD as per the request of UNDP Djibouti to identify specific “investment opportunity areas” which are aligned with national priorities and SDG needs while carrying considerable investment potential in the country. SDG Investor Maps are in-depth reports developed by UNDP on SDG-enabling investment opportunities and conditions in target markets and sectors. Piloted in Brazil, the Maps are being rolled out in many countries including South Africa, Turkey, Jordan, Colombia, Armenia, China, India, Kenya, Uganda, Ghana, Tanzania and Nigeria. Overall, the SDG Investor Map:

- Provides investors with market intelligence (data, analysis, and evidence) about investment opportunities and business models that could advance the SDGs in a specific context.
- Identifies Investment Opportunity Areas and business models that respond to both SDG needs and policy priorities to guide domestic and foreign investor decision-making.
- Identifies opportunities and bottlenecks in the policy and regulatory environment that can guide UNDP support to governments.

3. Developing Islamic Microfinance in Djibouti

‘Developing Islamic Microfinance in Djibouti’ is part of the ‘Enhancing Economic Resilience of Vulnerable SMEs in Djibouti’ Project to respond and mitigate the emergency impacts of COVID-19. IICPSD is providing technical assistance covering an assessment study of the Islamic microfinance ecosystem in Djibouti and will develop a Strategy through identification and analysis of best practices in the global Islamic microfinance sector. IICPSD will be partnering with the Participation Banks Association of Turkey to facilitate the exchange of information, expertise and technical know-how of micro and SME financing practices of Turkish participation banks to contribute to the development of the sector in Djibouti.

4. Engaging Islamic Finance Modalities in the Djibouti Partial Credit Guarantee Fund (DPCGF)

Given that MSMEs are important for job creation and economic growth and to improve their access to finance, the Djibouti Partial Credit Guarantee Fund (DPCGF) has recently been established. However, the DPCGF does not include Islamic finance modalities. Considering that Islamic banking assets represent nearly 20% of total banking assets of the country, it is vital to engage these banks to

the DPCGF. This is also important to provide a level playing field for Islamic and conventional banks in the country.

IICPSD is providing technical assistance with the aim to enable the engagement of Islamic finance modalities in the DPCGF. The technical assistance further aims to transfer knowledge from best practice examples regarding the credit guarantee funds that include Islamic banks. An example of such practice is the Credit Guarantee Fund of Turkey (KGF), which enables linking SMEs to the formal financial sector. Dealing with both conventional and Islamic banks, KGF plays an important role in reducing risk of default of SMEs that find it reasonably difficult to receive credit from banks due to absence of collateral.

2. Duties and Responsibilities

Under the guidance of and reporting directly to the UNDP IICPSD Deputy Director, the Contractor will be responsible for, but not limited to, the following key tasks:

Support the overall implementation and development of the technical assistance projects; through providing research, analysis, field work and coordination support.

Detailed scope of the support for each project is provided below.

1 & 2) The Impact Investing Ecosystem Diagnostic & SDG Investor Map Djibouti

The Contractor is expected to provide research, analysis and coordination support regarding the local context of the (i) Impact Investing Ecosystem Study and (ii) SDG Investors Map to identify specific SDG-anchored investment opportunities. The scope of the support includes, but not limited to, the following:

- Identification of stakeholders for a series of stakeholder interviews across the categories below (the list is not exhaustive) (3 rounds of interviews are planned with around 30 stakeholders per round):
 - Government agencies
 - Financial regulators
 - Companies, enterprises
 - Investors
 - Banks, funds, other financiers
 - Multilateral development banks
 - International finance institutions
 - Funds etc.
- Finalize the list of stakeholders for interviews in consultation with the Project team and organize virtual or physical interviews depending on the availability of the participants
- Participate in and help navigate the interviews
- Provide research and analysis support to the Project team for the local context of the ecosystem study and the Map
- Provide research and data analysis support to the Project team for investment opportunity areas identified within the SDG Investors Map.

- With the guidance of the Project team, provide inputs from documents in the official language.
- With the request of the Project team, provide information, particularly on the local context that cannot be identified in desk research.

3) Developing Islamic Microfinance in Djibouti

The Contractor is expected to provide research, analysis and coordination support regarding the local context of the 'Developing Islamic Microfinance in Djibouti' project. The scope of the support includes, but not limited to, the following:

- Identification of relevant stakeholders from the public and private sector for interviews
- Finalize the list of stakeholders for interviews in consultation with the International Consultant and Project team, and organize virtual or physical interviews depending on the availability of the participants
- Participate in and help navigate the interviews
- Provide research and analysis support particularly for the local context of Islamic microfinance, examining national documents and database
- With the guidance of the International Consultant and Project team, conduct an empirical qualitative and quantitative survey involving microfinance clients and prospects in Djibouti. The goal is to appraise their preferences with regards to Islamic Microfinance products' attributes. Focus groups will provide a pretest setting for the quantitative survey, which will come afterwards.
- Conduct an assessment of Islamic microfinance customer's journey to map the full interaction with the Islamic microfinance institutions (IMFIs) across major and minor touchpoints to identify the challenges in the processes (client's onboarding, financing requests, financing approval, cash collection...). The Contractor shall conduct a focus group involving Islamic Microfinance clients in Djibouti to map and assess their interactions with IMFI. In addition to customers' inputs, the Contractor needs to put herself/himself in the shoes of clients by experiencing the customer's journey: Visiting the IMFI Point of sales, queuing, getting the necessary forms, calling the customer service...
- Provide answers to the specific microfinance questions of the International Consultant and Project team regarding the local context.
- With the guidance of the International Consultant and Project team, provide inputs from documents in the official language.
- With the request of the International Consultant and Project team, provide information, particularly on the local context that cannot be identified in desk research.

4) Engaging Islamic Finance Modalities in the Djibouti Partial Credit Guarantee Fund (DPCGF)

- Identification of relevant stakeholders from the public and private sector for interviews
- Finalize the list of stakeholders for interviews in consultation with the International Consultant and Project team, and organize virtual or physical interviews depending on the availability of the participants
- Participate in and help navigate the interviews
- Provide answers to the specific questions of the International Consultant and Project team, particularly for the local context of Islamic credit guarantee
- With the guidance of the International Consultant and Project team, provide inputs from

documents in the official language.
<ul style="list-style-type: none"> • With the request of the International Consultant and Project team, provide information, particularly on the local context that cannot be identified in desk research.

Experience:	<ul style="list-style-type: none"> • Excellent writing and speaking skills in English, as well as strong analytical aptitude and strong communication skills • Exposure to the local experience and familiarity with the public and private stakeholders in the economy. • Knowledge of the Islamic finance ecosystem and financial tools, particularly in the local Djibouti context. • Knowledge on the functioning of the Djibouti Partial Credit Guarantee Fund (DPCGF) • Results driven and ability to achieve project targets in its deadlines. • Ability to travel, if necessary.
Language Requirements:	Proficiency in English and French. Working knowledge of other UN language desirable.
Other:	<ul style="list-style-type: none"> • Experience in the usage of computers and office software packages (MS Word, Excel, etc.). • Experience in handling of web-based management systems. • Knowledge of the UN system would be an asset.