



Microfinance African Institutions Network (MAIN)
&
**Solidarité Internationale pour le Développement et
l'Investissement (SIDI)**
&
**Fonds Européen de Financement Solidaire pour l'Afrique
(FEFISOL)**
&
**Grameen Crédit Agricole Microfinance Foundation
(GCAMF)**

TERMS OF REFERENCE
**ORGANIZING A SERIES OF WEBINARS ON MANAGING
LIQUIDITY FOR 50 MFIS IN AFRICA**

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I. Context

MAIN (Microfinance African Institutions Network) is an international nonprofit making association established in 1995 through **the initiative of several institutions with long experience in microfinance and/or promoting microentreprises in Africa**. As at December 31st 2019, MAIN has **114 members in 29 countries**.

The mission of MAIN is to **help reinforce the social and economic role of the African microfinance institutions** by initiating an **African agenda** for microfinance promotion in the process of African overall development.

The MAIN activities revolve around the following:

- **Training** : aims at strengthening the internal capacities of the micro-finance institutions so that they can insure their viability and supply to their clients appropriate products.
- **Promotion of Transparency**
- **The peer learning**: through training and exchange visits, MAIN provides a unique opportunity for microfinance practitioners from different countries to discuss the challenges they face and the innovations they are implementing.
- **Communication**: the objective is to facilitate and promote exchange of information in the microfinance sector on issues related to financing African small and micro-economic actors.
- **Research & Development**: this approach calls for documentation of existing know how and the practices, and production of methodological materials

SIDI, International Solidarity for Development and Investment, is a French social investor. Created in 1993 by the CCFD-Terre Solidaire, a French development NGO, its mission is to contribute and promote an inclusive economy, giving its chance to excluded populations in developing countries. SIDI offers financial (equity, loans and guarantees) and technical services (tailor made support, technical assistance ...) to microfinance institutions, producers' organizations and rural SMEs mostly located in Latin America and Africa. In 2017, SIDI put the social and ecological transition as the central axis of its strategy and committed to support all of its partners in this path.

In order to strengthen its action on the African continent, SIDI created with two other European social investors FEFISOL, European Fund of Solidarity Funding for Africa. FEFISOL offers financial services in the form of loans and equity stakes to microfinance institutions and agricultural entities. The fund holds the following strategic objectives:

- Targeting vulnerable populations on the African continent, especially those living in rural areas and those involved in production/transformation activities in the agricultural sector;
- Providing appropriate financial services to targeted institutions, in particular middle term financing and local currency financing;
- Evaluating and managing the risks specific to the African continent;
- Reaching an ambitious economic and social result at the final beneficiaries level while ensuring an adequate financial return to its investors.



After nine years of activity, the fund is currently in its disinvestment phase. As such, at end of March 2020, its portfolio is around 20M EUR invested among around 40 clients.

In order to complement its financial offer, FEFISOL also offers technical services via its Technical Assistance Facility, dedicated to its clients' strengthening. With more than 2M EUR committed, funded mainly by the EIB, the PROPARCO and the government of Luxemburg, the Facility has financed over 100 TA tailor made projects for 50 client beneficiaries on very diverse topics, in order to fit our clients' needs.

Created by the Credit Agricole and Professor Yunus, Nobel Peace Prize, the **Grameen Crédit Agricole Foundation (FGCA)** contributes to the fight against poverty by promoting social entrepreneurship and financial inclusion. The Foundation **supports 87 microfinance institutions (MFIs) and social businesses in 40 countries** for a total portfolio of 101 million euros. The foundation targets MFIs serving mainly women and rural populations. These institutions bring financial services to more than 6 million clients, of which 81% are women and 81% live in rural areas.

The Grameen Credit Agricole Foundation coordinates technical assistance programs and offers technical services via several TA facilities aimed at strengthening its clients. The Foundation has notably implemented a technical assistance program named the African Facility, funded by **the French Development Agency**, geared towards 22 microfinance institutions in sub-Saharan Africa. The program targets small size microfinance institutions with a potential for development but with some weaknesses preventing them from being eligible to the Foundation funding, according to its classical investment criteria. The program aims to make available a loan linked to technical assistance services to these MFI, in order to support the institutional development of the MFI, to expand their activities and, eventually, to allow them to meet the Foundation's classical investment criteria.

Given the current crisis due to the COVID-19 pandemic, **the occurrence of a liquidity crisis** is one of the main risk that the MAIN's, GCAMF's, SIDI's and FEFISOL's (the consortium) partners are facing. In April 2020, the MAIN network sent its members a questionnaire in order to collect their needs and understand the kind of support the network might provide to them. The questionnaire analysis shown that a lot of interviewed MFI run into liquidity problems and wondered how they could continue to serve their clients in this context.

All partners of the consortium are not equipped with the necessary knowledge and tools to effectively manage their liquidity, develop scenarios and stress test analysis. The three funders are aware of the development of an online training offer, open and free for everyone, available on a series of platforms and networks (SPTF, Microfact, Microvision). However, the consortium has made the statement that the proposed format (short and theoretical) is not appropriate for the small size institutions targeted by the consortium.

The consortium wants to offer **to around 50 microfinance institutions** with which they are in partnership, mostly located in West Africa and in East Asia, a support regarding the **liquidity risk management**. The targeted institutions are mostly Tier 3 MFI (loan portfolio < €10 millions) with, on average, about one hundred employees, with a high presence in rural areas, with a low-level of profitability or which have not reached their break-event point yet. The MFI operate in the following

countries (this list could be completed later) : South Africa, Benin, Burkina Faso, Burundi, Cameroon, Ivory Coast, Ghana, Guinea, Kenya, Madagascar, Malawi, Mali, Morocco, Niger, Uganda, Congo, Democratic Republic of the Congo, Rwanda, Senegal, Sierra Leone, Tanzania, Togo, Zambia.

This support will consist in a series of webinars. The MFI will be put together in several English-speaking or French-speaking groups. The objective is that each group receives three training sessions. The group sizes will be limited in order to create an interactive environment. Moreover, to ensure a consistent support, all groups will be composed before the trainings take place. It will allow to put together MFI having similar issues and common characteristics.

II. Key objectives

The training will take place through three skills-building sessions for each group, in the form of webinars, the three main objectives will be:

- **Train the MFI management team** on the topic of **liquidity risk management** (making monthly liquidity projections over 12 months, building scenarios, developing liquidity stress tests, etc.).
- **Offer a simple assets/liabilities management toolkit for MFIs** (scenario analysis and liquidity gap analysis models), based on the tools developed by ADA Microfinance. As such, the development of a dashboard for a better liquidity management is expected.
- **Provide personalized support based on the deliverables from participating MFIs**

At the end of this training, participants should be able to:

- **Build a tailored dynamic dashboard allowing the tracking of relevant liquidity related information and data. The indicators will be defined according to the specificities of each MFI.**
- **Develop 12-month liquidity projections, scenarios and stress tests to simulate and analyze the impact of the crisis on their liquidity.**

III. Specific objectives

The service provider will have to adapt its offer to the specificities of the consortium's partner MFIs. In order to define their needs precisely, the consortium would like the selected service provider to define a set of data to be collected prior to the training session, or even tasks to be carried out in order to contribute to a dual objective:

- Ensure the motivation of partner institutions
- Allow the consultant to better understand the participants' profile.

Depending on this first session, the specific objectives to be achieved for each MFIs group will be clarified.



From a global point of view, the themes covered by this training will include at a minimum:

- Identifying all the risks and opportunities to be taken into account in building liquidity scenarios using appropriate tools;
- Customer segmentation;
- The construction of 12-months liquidity projections following three types of scenarios: optimistic, median (including bigger disturbances) and pessimistic;
- Analysis of liquidity gaps;
- An introduction to managing investor relations in times of crisis (liquidity reporting template);
- The development of a dashboard according to the needs of each institution:
 - Relevant indicators for liquidity management;
 - Indicators allowing to assess the consequences of the solutions envisaged by MFIs to meet their liquidity needs;

This training should allow better measurement and monitoring of liquidity risk, in order to better manage or even to reduce this risk.

The consortium underlies the importance of the dynamic aspect of this training's outcome. The tools and dashboards developed must be easy to fill on a regular basis for partner MFIs. These two contributions should enable the MFI to a better steering and should help in decision making.

IV. Organization

- Participating MFIs will be split in 5 groups: 2 groups of English speaking MFIs and 3 groups of French speaking MFIs as to limit the total amount of participants to 15 partners per session.
- Three webinars will be organized for each group:

1. First session : introduction

As mentioned earlier, before this session, the service provider will have to request the participating MFIs to provide a series of data to collect or a short preparatory work.

- ⇒ The main goal of this session will be to present or revise how to manage liquidity risk (stakeholder analysis, client segmentation, elements to be taken into account to build up scenarios, tools to elaborate dashboards, stress tests, liquidity projections, cooperation between the MFIs' departments in order to collect appropriate data). The level of deepening and detail of the issues raised and the content of this first session will have to be defined by the service provider. In the technical offer, examples of issues to be tackled depending on the MFIs' profiles would be appreciated.

At the end of this first session, MFIs will have to prepare their dashboards in order to submit them to the trainer before the second session.

2. Second session : putting into practice 1 – feedback on dashboards



⇒ This session will allow participants to explain the difficulties they encountered when preparing their dashboards. The consultant will remind elements to take into account when preparing these tools but will also go over how to fill them in efficiently and regularly. At the end of this second session, the consultant will go through/remind elements necessary to build up stress-tests, liquidity projections and scenarios in order to allow MFIs preparing these tools between the second and third session.

3. Third session : putting into practice II – elaborating liquidity projections, stress-tests, scenarios and general feedback

⇒ Before this third session, MFIs will have to elaborate their own liquidity projections, scenarios and stress tests. On the basis of what will be sent to the consultant, the objective of this session will be to come back to difficulties encountered by participants in putting into practices the elements and content presented during the first two sessions. The service provider would have had to go over the MFIs' deliverables in order to provide individual feedback.

V. Deliverables

The consultant(s) will submit the following deliverables:

- A dashboard tailored to the needs of each MFI;
- The dashboard filled by every MFI with the assistance of the service provider;
- The training materials (PowerPoint and documents shared with the participants);
- The evaluation of the workshops by the participants and a report on their attendance at the sessions.

VI. Additional details

- The sessions will be held remotely, through webinars on a platform such as Zoom.
- Depending on the groups, the sessions will be delivered either in French or in English. Please make sure to send a proposal for sessions in English only (6 sessions planned), in French only (9 sessions planned) or in both languages (French and English; 15 sessions in total).
- Each session has to be adapted to the specific features of the regions of operation of the MFIs (legal framework, exchange rate risk, etc.) and to the specific constraints of each MFI (Tier 3, operations in rural areas...).
- The sessions must be held as early as possible during the month of June 2020, with a maximum of 7 days between two sessions for a given group.
- The indicative budget for this project is €50,000.



VII. Selection process

- Send both your technical and financial offer by mail to:
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- Deadline: May 25, 2020
- The proposals can be submitted in French or in English
- Please include the resume(s) of the consultant(s) in charge of the mission
- Please provide references of institutions who have benefited from similar technical support from you in the past
- Please indicate your price in euros, net of taxes