

TERMS OF REFERENCE (TOR)

For The Access to Finance Constraints Analysis Consultant

I. Background

Sustainable Development Account Moldova (SDA Moldova) is the successor of Millennium Challenge Account Moldova, which was a public entity established by the Government of the Republic of Moldova (GOM) in 2010 to implement the Compact Program in Moldova financed by the Millennium Challenge Corporation (MCC), a US Government funded agency. The SDA Moldova goals upon finalization of the Compact Program implementation period in December 2015 represent, among others, the promotion of public implementation capacity of projects based on the successful experience of Compact Program implementation, expansion of irrigation infrastructure, ensuring sustainability of Compact investments and facilitation of access to finance for agricultural businesses.

One of activities to be performed by the SDA Moldova in the next two years is the *Access to Finance Activity (AFA)*, under which efforts will be made towards further facilitation of access to finance (or *AF*) in agriculture. Under the AFA, SDA Moldova will (a) *continue implementing the Hire-Purchase Program* in partnership with Project for Increase of Food Production Implementation and Administration Unit (2KR) by funding irrigation and other High Value Agriculture (HVA) equipment to be hire-purchased to Micro, Small and Medium Enterprises (MSMEs) according to the Irrigation HVA 2KR Hire-Purchase Operations Manual for Post-Compact, (b) *continue monitoring and collecting Compact loans* made under the Credit Program during the Compact Program according to Post-Harvest HVA Credit Program Policies and Procedures Manual for Post-Compact, and (c) *initiate efforts on embracing, supporting and promoting a more systemic, complex and coordinated approach to design, approve and implement efficient policy reforms aimed at facilitated agriculture access to finance*.

II. General Description and Scope of assignment

In order to implement the above-mentioned activity c) under the AFA, SDA Moldova intends to procure consultant services of an expert in access to finance (hereinafter - *Access to Finance Constraints Analysis (AFCA) Consultant*), who is mainly expected to develop (i) a study that would offer a clear and comprehensive overview of the current status of access to finance, highlighting each and all, direct and indirect constraints in access to finance, including agriculture (hereinafter – *AF Study*) and (ii) a comprehensive plan of actions executable in a determined realistic timeframe that would allow reaching significantly facilitated access to finance, including agriculture (hereinafter – *the Action Plan*). Sectors to be considered for the AF Study are banking, microfinance and leasing (collectively named as **Credit Institutions**).

He/she will work under the overall management, supervision and guidance of and report directly to the SDA Moldova AFA Lead.

The scope of this assignment is to contribute to boosting facilitation of access to finance by developing a background document, which could serve as a foundation for further design of systemic, complex, correlated and efficient policy reforms in access to finance.

III. Tasks of assignment

The AFCA Consultant is expected to perform the following main tasks:

1. Review relevant support documents (reports, studies, surveys, reviews etc.) describing or referring to, directly or indirectly, the access to finance in Moldova or

the subjects connected to access to finance. Special attention is recommended to be paid to the World Bank's "Republic of Moldova. Enterprise Access to Finance" Background Note, June 2013, Doing Business, FSAP, as well as GOM's "Constraints to Agriculture Finance, March 2009 and other relevant reports. SDA Moldova will assist the AFCA Consultant in identification and receipt of these reports;

2. Develop an Inception Report, presenting, amongst other, (i) a clear description of how the AFCA Consultant is going to perform the tasks (mentioned under this Section III of these TOR) and submit the deliverables (mentioned under Section VI of these TOR) in a timely fashion in order to reach the scope of assignment, (ii) a draft content of the AF Study and (iii) a tentative list of institutions, authorities and individuals the AFCA Consultant is going to meet with. The Inception Report shall be approved by SDA Moldova;
3. Develop the AF Study that shall cover, but not be limited to the following main subjects:
 - (a) Detailed review of private sector constraints in access to finance. Special focus shall be made on constraints in agriculture access to finance;
 - (b) Detailed review of Credit Institutions' constraints in access to finance;
 - (c) Review and update on regulatory banking and non-banking framework and financial infrastructure. Impacts over access to finance;
 - (d) Overview of Government and development partners' efforts related to policy reforms aimed at facilitation of access to finance. Brief description of implemented policy reforms, as well as those developed and proposed, but rejected or suspended, and why, if any;
 - (e) Overview of on-going reforms aimed at facilitation of access to finance (including draft legislation and activities), if any and key recommendations to follow-on.
4. Develop the draft Action Plan, which would provide (i) detailed actions and specific recommendations to them (where relevant) in short-, medium- and long - run to mitigate or liquidate existent constraints (as described in the AF Study) and avoid occurrence of new constraints in access to finance and (ii) key stakeholders to be involved in these actions. Specific attention shall be dedicated to actions dealing with constraints in agriculture access to finance;
5. Make a presentation on the AF Study (highlighting the main constraints and solutions & recommendations to them) and the Action Plan (highlighting the tasks/groups of tasks, timeframe and key stakeholders). Adjust the AF Study and the Action Plan as per suggestions received, if considered appropriate;
6. Develop requested deliverables and submit them to SDA Moldova, as provided by Section VI of these TOR;

IV. Qualifications and Experience Required:

The AFCA Consultant shall meet the following qualifications and experience requirements:

1. Education

- a) University degree in banking, finance, economics or business administration.
- b) Master or Doctor degree in banking, finance, economics or business administration will be considered as advantage;

2. *Work Experience*

- a) Minimum 5 (five) years of technical expert work in development or implementation of programs, projects or activities in access to finance of businesses;
- b) Experience in MSME lending (banking and/or microfinance);
- c) Experience in developing policy reform papers, or background documents (studies, reviews, notes etc.) with recommendations and action plans, for public authorities, aimed at mitigation or removal of constraints in access to finance of businesses;
- d) Activities related to development finance or financial inclusion would be considered as advantage;

3. *Knowledge and Skills*

- a) Extensive and detailed knowledge of constraints in access to finance of businesses in Moldova;
- b) Working knowledge of banking, microfinance and leasing legislation in Moldova;
- c) Knowledge in private sector development and business climate will be considered as advantage;
- d) Knowledge of MD - EU Association Agreement provisions related to financial services will be considered as advantage;
- e) Experience of working with central public authorities, business community, development partners, other international financial institutions and foreign investors;
- f) Good command of oral and written communications skills in Romanian and English;

4. *Additional requirements*

- a) Be of outstanding character and integrity;
- b) Be free of and committed to avoid or disclose any conflict of interest.
- c) Be committed to protecting the integrity and reputation of SDA Moldova, GOM, MCC, US Government and Compact Program.

V. *Duration of assignment and Level of Effort*

It is tentatively expected that the overall duration of the assignment will consist of 4 (four) months from the contract signing date, with a Level of Effort estimated at sixty (60) working days.

The AFCA Consultant is free to provide the services (i) at the SDA-Moldova office in Chisinau and/or (ii) elsewhere, provided permanent communication with AFA Lead is maintained and weekly meetings held, as set up in Section VI.(a) of these TOR.

VI. *Reporting & Communication, Deliverables and Payments*

(a) Reporting & Communication

The AFCA Consultant shall report to and maintain permanent communication with the AFA Lead (the "Contract Coordinator"). Also, he/she will communicate with SDA-Moldova management on matters related to this assignment, as necessary or requested.

During the entire duration of assignment, the AFCA Consultant and the AFA Lead will hold meetings to coordinate each and all technical, procedural and other aspects. Those meetings will be held (i) *mandatorily*, once a week, as set up by the AFA Lead and (ii) *voluntarily*, whenever needed or requested by the AFCA Consultant or AFA Lead.

(b) Deliverables

The AFCA Consultant must develop and submit the following deliverables to SDA Moldova (AFA Lead) in compliance with the provisions of this Section VI.(b).

| # | Deliverable | Content | Deadline to be delivered to SDA Moldova |
|----|---------------------|--|--|
| 1. | Inception Report; | - Content the AF Study (annex); - List of interviewees (annex); | Eight (8) working days from contract signing date ; |
| 2. | Progress Report #1; | - AF Study – first draft (annex); | Seventeen (17) working days upon approval of Deliverable #1; |
| 3. | Progress Report #2; | - AF Study – second (improved) draft (annex); - Draft Action Plan (annex); | Twenty (20) working days upon approval of Deliverable #2; |
| 4. | Presentation | - Presentation of the AF Study and Action Plan; | Three (3) working days upon approval of Deliverable #3; |
| 5. | Final Report | - AF Study – Final Version (annex); - Action Plan – Final Version (annex); - Presentation on the AF Study (annex); | Five (5) working days upon delivery of Deliverable #4; |

All deliverables, at all times, shall be developed in English, except for Deliverable #5 (including annexes), which shall be developed in Romanian version too.

The approved Final Deliverables, incorporating SDA Moldova’s comments (if any), shall be signed, scanned in pdf format by the AFCA Consultant and emailed to the AFA Lead.

(c) Payments

The SDA Moldova will pay the AFCA Consultant based on the following Payment Schedule, provided each and all Deliverables (#1 - #5), as described in par.(b) of this section VI, are approved by the SDA Moldova Executive Director according to established procedures:

| # | Deliverable | Size of payment |
|----|---------------|--|
| 1. | Deliverable 1 | Ten percent (10%) of contract amount; |
| 2. | Deliverable 2 | Twenty percent (20%) of contract amount; |
| 3. | Deliverable 3 | Thirty percent (30%) of contract amount; |
| 4 | Deliverable 4 | Ten percent (10%) of contract amount |
| 5 | Deliverable 5 | Thirty percent (30%) of contract amount; |

VII. Facilities to be Provided to the AFCA Consultant

The SDA-Moldova shall provide to the AFCA Consultant the services and facilities as follows:

- SDA Moldova will assist the AFCA Consultant in identifying and receiving/obtaining documents pertaining to the AFCA Consultant’s mandate in hard or electronic copy (where appropriate). The documents deemed MCA-Moldova/SDA-Moldova property will remain the property of the SDA-Moldova as appropriate. The AFCA Consultant may not dispose of or otherwise make use of such documents without the prior written approval of SDA-Moldova, as appropriate.
- SDA-Moldova shall provide to the AFCA Consultant a fully furnished working place with access to international phone/fax/internet at the SDA-Moldova premises in Chisinau for the duration of the assignment.

- SDA-Moldova will also avail its printer and paper for printing of handouts as required by the AFCA Consultant.
- SDA-Moldova shall arrange and cover the cost of land phone and internet communication expenditures, directly related to execution of assignment duties.
- SDA Moldova will cover no other costs than those mentioned above in this Section VII.