

# **TERMS OF REFERENCE TO DOCUMENT IMPACT STORIES OF AGF INVESTMENTS AT BENEFICIARY LEVEL**

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## **1.0 INTRODUCTION**

The African Guarantee Fund for Small and Medium-sized Enterprises (AGF) is incorporated and licensed in Mauritius as a limited liability company and has its office of operation in Nairobi, Kenya. Its products and services provide financial institutions with the means which they can leverage in bringing their African SME financing interventions to the required scale.

AGF contributes to the promotion of economic development, vital for prosperity, stability and poverty reduction in Africa through two lines of activity:

- a) Provision of a mix of financial guarantees and other products which reduce the risks supported by the financial sector when lending to SMEs that have insufficient collateral. These guarantees contribute to reduce the inability of SMEs to provide acceptable guarantees to financial institutions. Loan Guarantee based on a hybrid approach, Bank's Fund Raising Guarantee and Equity Guarantees are offered.
- b) Support for capacity development of the client financial institutions.

AGF operates according to market principles and is a commercially viable venture with operations in a number of countries in Africa and its gradually expanding to other countries to cover the whole of Africa. The African Development Bank (AfDB) together with the governments of Denmark (through DANIDA), Spain (through AECID), and France (through AFD) are the main shareholders of AGF.

## **2.0 OBJECTIVES OF AGF**

As a private company with a development mandate assigned to it by its founders/shareholders, the African Guarantee Fund has the following strategic objectives:

1. To develop business partnerships with financial institutions to operate risk-sharing financial guarantees targeting SMEs;
2. To build AGF as a profitable and self-sustaining financial institution;
3. To support capacity development of participating Financial Institutions and SMEs in critical technical and managerial gaps to mitigate risks associated with the guarantee utilization.

### **3.0 A SNAPSHOT OF ACHIEVEMENTS TO-DATE**

Within a period of close to five years, since it opened doors in 2012, AGF currently operates in 35 out of the 54 countries in Africa. To-date, it has issued guarantees to 45 PFIs amounting to over US\$260million, making available over US\$520million of financing to SMEs. This has enabled PFIs to increase their loan tenor to SMEs from an average of 12 months to 36 months. Furthermore, 2,486 SMEs have benefited from AGF guarantee products through PFIs and their subsidiaries, and the numbers are growing steadily. Of this number of SMEs supported, about 30% are owned by women, while about 65% are owned or managed by youths, hence contributing to overall national youth employment in the countries where AGF operates. An estimated 24,000 jobs have been created by the SMEs who have benefited from AGF guaranteed loans, and more than twice that number have been maintained in employment. SMEs supported are also contributing immensely to environmental protection and extending other social responsibility support to communities around or beyond their business location.

In view of the above short to medium-term achievements, AGF would like to engage the services of a reputable media house, or team of consultants to capture and document these social-economic results as told by its partners (i.e. PFIs and SMEs). The exercise has been dubbed, *“AGF @ 5 – The Voices Behind the Numbers”*.

### **4.0 OBJECTIVE OF THE ASSIGNMENT**

The main objective of the assignment is to document, in audio, video and narrative illustrations of the AGF achievements as told by the beneficiaries of its products. The outputs from the case studies shall highlight the achievements registered by AGF during the five years of operation. The products will also be shared with AGF Board and Shareholders to show-case the impacts of the Company’s business products, and to mobilize more resources to fund its ever growing operations in Africa.

Capturing of the success stories shall be through a qualitative rapid assessment of selected SMEs and PFIs, and shall focus on the most significant changes relating to: **a)** increase in SME lending portfolio; **b)** increased skills/knowledge in SME assessment and loan management **c)** additional jobs created/maintained by SMEs; **d)** increase in youth and women ownership of SMEs; **e)** additional investments in productive assets; **f)** increased SME returns on investment **g)** business expansion; and **h)** other social impacts at the communities where SMEs operate.

These stories will serve as the narrative descriptions to support the quantitative output data generated by AGF through our routine monitoring activities.

### 3.1 SPECIFIC OBJECTIVES

The assignment to document the impact/success stories aims to achieve the following specific objectives:

- (a) To provide real time stories of beneficiaries of AGF financial guarantee products, and what they consider as the most significant changes occurring at their business levels as a result of using any or a combination of the products;
- (b) To provide qualitative information that supports the already existing quantitative data generated through the existing monitoring mechanisms;
- (c) To provide a ready source of materials for knowledge management, accountability, resource mobilization and up-scaling of proven interventions.

### 3.2 TARGET AUDIENCE

The publications produced from this documentation will be useful to show-case AGF's early impacts among the PFIs and SMEs in the African countries where it currently operates. Besides decision-making, learning and accountability purposes by AGF management to its shareholders, the documentation will attract support from other donors, governments, international development agencies, and other stakeholders interested in supporting SMEs work in African.

### 4.0 METHODOLOGY

The proposed methodology to accomplish this assignment shall be qualitative, and shall take the form of a rapid assessment of purposefully selected PFIs and SMEs. A draft Questionnaire/Interview guide to facilitate Consultants has been prepared and will be shared with the selected team. The Success/ impact stories to be documented shall entail:

- (i) Visit the selected **PFIs** that have benefited from AGF guarantee products and capture their impact stories; e.g.:
  - Comparative experience working with SMEs prior to, and after AGF guarantee support (e.g. size of the SMEs department, if it existed)
  - SME loan portfolio prior to working with AGF as compared to now
  - New SME products (if any) introduced with the support from AGF
  - Other branches of the PFIs where AGF loan guarantee is implemented
  - Views on whether the PFI will continue financing more SMEs after the expiry of the AGF guarantee
  - Other areas of further collaboration with AGF to enhance SME access to finance

- (ii) Visit the selected successful **SMEs** that have benefited from AGF guaranteed loan and capture their stories and tangible social impacts; e.g.:
- Additional jobs created (disaggregated for youth, women.)
  - Estimate of revenue increase after acquisition of loan (s) (as testified by the owners);
  - Business expansion or technology improvements;
  - Production assets acquired or enhanced after the loan acquisition
  - Environment protection initiatives (if any) undertaken by the SME (e.g. use of renewable energy such as solar, biogas, etc.; energy-saving technology, improved waste disposal, recycling or using recycled products, etc.
  - Social responsibility services extended to the community where the SME operates etc. (may include: water, electricity, play-ground, health facility, road improvement etc.).

Given the sensitive nature of AGF's work, the selected consultants shall be provided with strict guidance on ethical considerations regarding information-sharing during and after the term of this assignment.

## **5.0 SCOPE OF WORK**

The documentation will cover PFIs and SMEs in the following countries: Kenya, Tanzania, Zambia, Zimbabwe, Cote d'Ivoire, Cameroon, Gabon, and Nigeria. Our preference is to obtain a firm/ a team of consultants to focus on a single region, but using a harmonized tool of inquiry (Questionnaire). AGF will ensure that the two teams are in close contact to maintain quality, coherence, and consistence of the deliverables. The regions are: East & Southern Africa, and the West African region. The specific PFIs and SMEs selected for the assignment will be shared with the selected firm/Consultants but the plan is to meet at least 2PFIs and 3 SMEs per country.

## **6.0 DURATION OF THE ASSIGNMENT**

The documentation is expected to be completed within a period of 30 days (weekends inclusive) from the date of contract signature.

## **7.0 REQUIRED QUALIFICATION AND EXPERIENCE**

The assignment shall require a person with advanced qualification and experience in qualitative data collection and narrative description of success/impact stories. An individual with a degree and working experience in communication or journalism, partnering with a team of writers and video producers will be preferred.

## **8.0 IN-HOUSE SUPPORT**

AGF will write letters to PFIs requesting for interviews, specifically with the Chief Executive Officer (CEO) or any other designate senior person. AGF will also request the PFIs to provide guidance to reach the selected SMEs for further interviews. The consultants should factor in their proposal and budget, all the logistical requirements regarding this assignment. AGF will also allocate focal points to facilitate the consultants throughout the assignment.

## **9.0 KEY DELIVERABLES**

The expected deliverables for this assignment include:

- a) Write ups of the key stories documented
- b) A photo album of each of the results/stories documented with captions
- c) Electronic copies of the stories documented on CDs
- d) Video documentary of the stories captured

## **10.0 MODE OF APPLICATION**

Interested consultants with the required qualification and experience may submit their **technical expressions of interest and budget** to the following address: [info@africanguaranteefund.com](mailto:info@africanguaranteefund.com) on or before **6<sup>th</sup> February 2017 (17.00Hrs E.A.S.T)**.