



Terms of Reference

Business Pulse Botswana

MSME COVID-19 impact and recovery in-depth research to “build back better”

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Prepared by FinMark Trust

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1. **About FinMark Trust**

FinMark Trust (FMT) is an independent trust whose purpose is to make financial markets work for the poor by promoting financial inclusion and regional financial integration. FMT does this by conducting research to identify the systemic constraints that prevent consumers from accessing financial markets, and by advocating for change based on research findings. Thus, FMT has a catalytic role, driven by its purpose to start processes of change that ultimately lead to the development of inclusive financial systems that can benefit all sectors.

2. **Background and contextual information**

Micro, Small, and Medium Enterprises are a critical component of economic growth in the SADC region yet business conditions for MSMEs are often challenging. The challenges faced by MSMEs are exacerbated by the COVID-19 pandemic and the recovery of the MSME sector is of critical importance to economic growth in Botswana and the SADC region.

Early in 2021 FMT conducted the Botswana Business Pulse survey. This survey consisted of n=831 telephonic interviews with MSMEs from a list. While the survey was not representative and it skewed heavily to formal MSMEs it indicated that formal MSME business closures following the outbreak of COVID-19 were twice as likely as closures had been in 2019 and before. 79% of still operational formal MSMEs saw a decrease in revenue due to the pandemic and 68% of still operational formal MSMEs have severe or major challenges to liquidity. 7 out of 10 formal MSMEs with credit have sought debt relief or have defaulted on their loans following the outbreak of COVID-19 and women business owners appear to be less able to service their loans. Nearly 4 in 10 formal MSMEs have applied for government support. It can be assumed that the impact of the pandemic is similar, or more severe in the informal sector.

FMT now seeks to gain a more in-depth understanding of the plight of MSMEs and stakeholder responses to this.

3. **Problem statement**

MSMEs are a major contributor to the African economy making up 90% of companies in Africa and employing almost 80% of the workforce. A market landscaping study of MSMEs in Botswana has not, as yet, been conducted however the FinScope Consumer 2021 survey revealed that 14% of Botswanan people are self-employed and this is an increase from 10% in 2014. Of those who are self-employed 35% have formal businesses, revealing that a great deal of MSME activity is informal.

COVID-19 has had a largely negative economic impact and recovery will rely heavily on the recovery of MSMEs.

An in-depth understanding of the operations and needs of MSMEs as well as the policy and development support challenges faced by stakeholders in government and the private sector is required to enhance decision making around these programmes in the wake of the pandemic and beyond.

4. **Objectives**

The objectives of this research are to:

- Understand the state and dynamics of MSMEs in Botswana in the wake of the COVID-19 pandemic, with a focus on both those MSMEs that are and are not registered businesses (formal and informal businesses).
 - Understand key barriers to formalisation
 - Understand inhibitors to access and usage of formal financial services
 - Understand how digital tools such as mobile phones are, or are not, being used to enable MSME business operations
 - Understand how, if at all, the COVID-19 pandemic has driven or limited the use of digital tools
 - Understand the role of cooperatives in MSMEs coping strategies as they strive to continue to operate through the COVID-19 pandemic
 - Understand what, if any, unique challenges are faced by cross-border traders in the wake of the COVID-19 pandemic
- Understand how key government institutions, private sector bodies, FSPs, and MSME cooperatives have responded to the economic crisis brought on by COVID-19, with a specific focus on policies, practices, and support programmes for MSMEs in the wake of the pandemic
- Understand how the COVID-19 pandemic, and its impact on MSMEs, has influenced operations, revenue, and decision making for key government institutions, private sector bodies, FSPs, and MSME cooperatives

- Define the key policy questions for these key stakeholders related to the development and support of MSMEs as they navigate the COVID-19 pandemic and the economic recovery efforts to allow Botswana to “build back better”.
 - o Translate these policy questions into questions that can be used in upcoming market landscape survey research on MSMEs in Botswana

5. **Scope of Work/Approach**

We believe a qualitative method using a combination of key informant interviews (KIIs) with key stakeholders and ethnographic in-depth interviews with MSME owners will be best placed to meet the above objectives however we are open to alternative recommendations.

We expect to be able to secure time with up to ten key informants for the KIIs and are looking for recommendations on the sample size for MSME owners.

The MSME owner sample must include a mix of:

- Formal MSME owners (the MSME is registered)
- Informal MSME owners (the MSME is not registered)
- Cross-border traders and
- In-country traders

Within cross-border traders we would like a mix of formal and informal but anticipate a skew to informal traders as they are more likely to be informal. With-in in-country traders we would like a mix of formal and informal businesses, this can skew towards formal businesses.

We will also be looking for traders who are supported by or are members of co-operatives but not all respondents need to meet this criterion.

A mix of male and female business owners is required with at least half of the sample being women.

For the development of potential survey questions for future research partnerships with plain language, experts are welcome. Please cost for this element of the project as a separate and optional cost.

6. Output/ Deliverables

The core deliverable of this project is a comprehensive research report, clearly outlining; the methodological approach employed, a detailed description, analysis, and insights from the research. In addition, we require:

- Full and translated to English transcripts of all interviews conducted.
- The inclusion of Vox Pops to bring the data to life will be appreciated but is not a critical selection criterion.

7. Proposal Content

Organisations/Individuals should submit a detailed technical and financial proposal. The technical proposal is expected to be clear and concise and should be a **maximum of 10 pages**. It should include:

- Methodology: the approach to be implemented in conducting the scoping exercise;
- Sample design for the mini-demand and supply-side diagnostic: a detailed overview of key stakeholders who will be approached for in-person engagements;
- Timeline: a detailed timeline for executing all project activities;
- Risk management: a comprehensive list of anticipated project risks and contingency plans;
- Skills and qualifications: evidence of technical capacity to undertake this study;
- Name and qualifications of staff members responsible (i) for overseeing the work; (ii) for undertaking the work;
- Output: outline and structure of the comprehensive research report, and
- Financial proposal: detailed costing for each activity, broken down by professional fees and expenses.

8. Safeguarding

The selected service provider has the responsibility to consider and be aware of potential safeguarding issues and the project's potential to integrate gender dimensions and contribute to the advancement of gender equality in addressing the Terms of Reference and be able to demonstrate due diligence in relation to the protection and safeguarding of children and vulnerable groups as per strategies designed to support and manage ongoing risk and abuse, exploitation or neglect of participants in this research project.

9. **COVID-19**

The selected service provider and FinMark trust recognize the need to minimize the spread of the Corona Virus and the parties will agree on appropriate non-face-to-face methods of communications and completion of required tasks to ensure that work on the project is able to continue effectively. The situation however will be closely monitored by both parties on an ongoing basis.

10. **Required skills and qualifications**

Applications from interested individuals must provide evidence of the technical capacity to undertake this exercise. This includes the capacity to deliver the results in the timeframe provided, as well as some indication of prior experience in coordinating qualitative projects and supporting stakeholder engagements. Individuals /core team members' CVs must be included, as well as a description of any further resources that may be required. Required skills/qualifications include the following:

- College or University degree in Economics, International Trade, Social Science, Development Finance, International Development, or another relevant field;
- A minimum of ten years of relevant experience in qualitative research and financial inclusion is advantageous;
- Demonstrated capacity to apply gender analytical frameworks;
- Experience in project management is required;
- Excellent computer literacy, including research and report writing skills;
- Personal commitment, efficiency and flexibility, teamwork spirit with the ability to work independently or under minimum supervision; and
- Excellent communication, written, and verbal skills in English are essential.

11. Selection criteria

Contract selection criteria and award will be made based on the following scoring mechanism:

	Criteria	Weighting
1	Competence and previous experience	30%
2	Knowledge of the small business environment	20%
3	Local capacity	20%
4	Budget	30%
	Maximum score	100%

12. Submission and timing

Proposals: Proposals for the project should be submitted by close of business on 15 October 2021 at 17:00 (SAST) by email to **Shirley Jeoffreys-Leach; ShirleyJ@FinMark.org.za**. The successful bidder will be notified by 1 November 2021.

Timing: It is envisaged that the project duration will be **8 weeks** from the date of contract signature.

The selected consultant must be prepared to meet with FMT on a date to be announced, for a briefing. Once the selection process has been completed, FMT will issue a contract confirming the appointment of the consultant. Any queries relating to the preparation of the application should be referred to **Shirley Jeoffreys-Leach; ShirleyJ@FinMark.org.za**.

In line with FMT's policy of transparency, answers to queries from one candidate will be circulated to all who indicated their intention to submit a proposal.

Guidance notes to bidders

FinMark Trust reserves the absolute right to use its discretion in the interpretation of these award criteria. The following notes are intended to provide broad guidance only on how proposals will be evaluated. Bidders may be required to clarify their proposals by way of a telephone call or presentation.

“Relevant demonstrated competence of firm(s) in this area” - you should aim to demonstrate how the firm’s collective experience can be applied (or adapted) to address the specific brief set out in the terms of reference. You are welcome to describe the firm’s general experience of financial sector development issues (e.g. in other geographies or topical areas) but the evaluation will focus particularly on the application of that experience for the specific task at hand.

“Demonstrated expertise of key individuals to be involved in this project” – the evaluation places considerable emphasis on the role and demonstrated expertise (i.e. track record) of the key individuals to be involved in the project rather than on the expertise of the firm itself.

“Use of local professional capacity (consulting, analysis, coordination, etc.)” – FinMark Trust wishes to ensure that local capacity is used and developed. International firms are therefore encouraged to partner with local organisations.

“Content, quality, and originality of proposal” – proposals should address the brief set out in the terms of reference in a comprehensive manner. Bidders should aim for innovation as well as professional presentation. Whilst similar, relevant experience in other markets will be an advantage for a bidder, each market is different and so proposals need to reflect the particular characteristics of that market, as well as the challenge set by the terms of reference.

“Fee basis” – value for money, as well as absolute cost, will be taken into account.

13. Important to note

If no communication has been received from FMT after 1 month of your submission, please consider yourself unsuccessful.