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## Terms of Reference | SADC ESD Toolbox Guidelines and Indicators

Develop a measurement indicators toolbox for in-country enterprise and supplier development programmes

RFP ID: SCOPINGAND DESIGN\_ESDtoolbox2021

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Prepared by FinMark Trust

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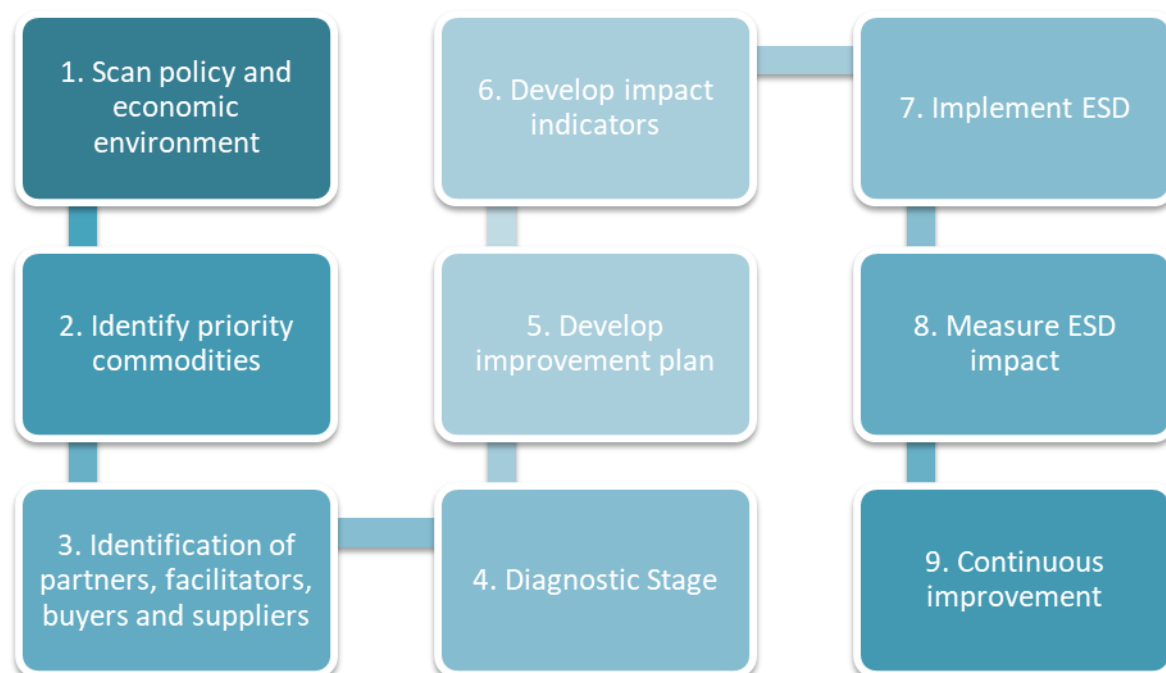
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## 1. About FinMark Trust

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 prevents 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 consumers.

## 2. Background and Contextual Information

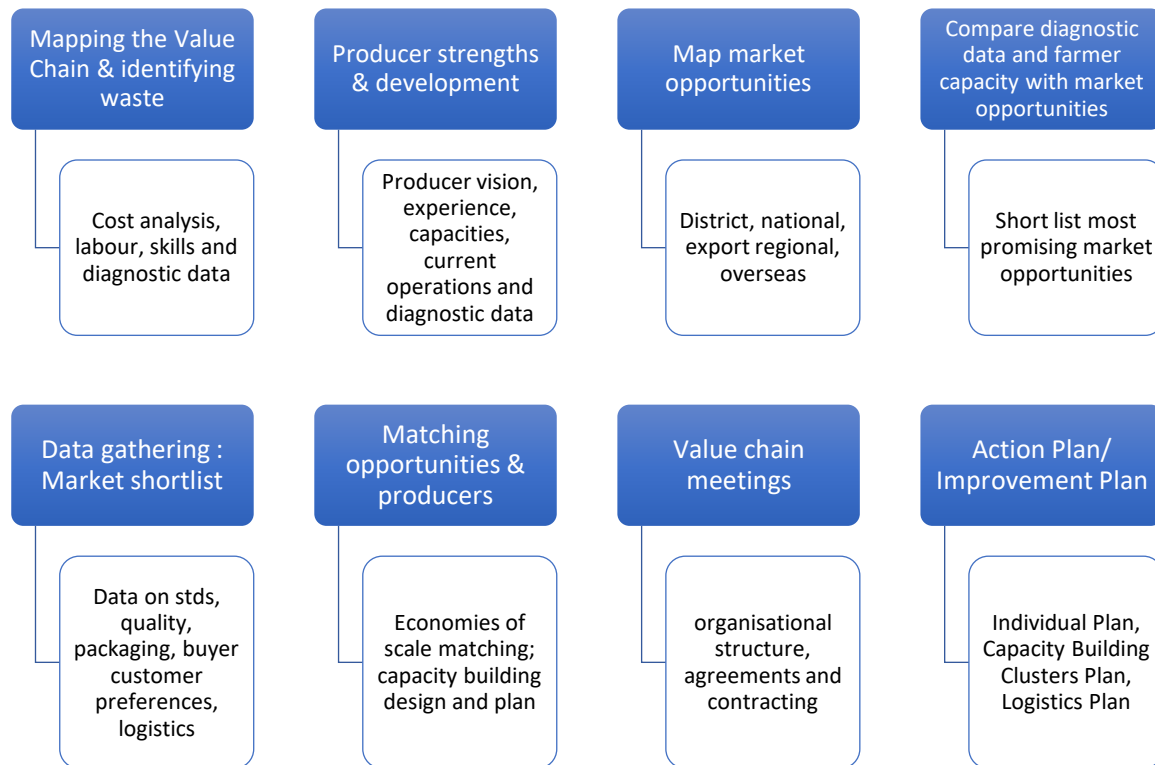
A typical implementation framework for both direct and indirect Enterprise Supplier Development Programmes usually involves recruitment of existing or potential suppliers, diagnosis of the enterprise and supply relation (where existing), development of an improvement plan, training and implementation, monitoring and evaluation and improving market linkages to potential buyers. FinMark Trust has developed an Enterprise Supplier Development model which follows a nine stage approach:



Various outcomes result from each stage of the implementation. The policy and economic environment scan identified in Stage 1 also identifies inclusive growth policies and strategies e.g. indigenisation policies, priority commodities and enabling development strategies. It also identifies ecosystem challenges which hamper SME participation in value chains. The improvement plan stage covers a wide range of areas from capacity building for market standards adherence to logistics planning. It is informed by the diagnostic undertaken to identify deficiencies in the enterprise internally at a micro level. An improvement plan details the areas the farmer groups and suppliers should improve on in order to better position them to access identified target domestic and export markets. These are items within their control, and need to be monitored. The results of the diagnostic may also identify actions within the

ecosystem that provide a challenge for enterprises. The programme facilitators will map solutions within the scope of the programme usually those within the value chain, for example pooling produce for greater scale of supply, engagement of retailers regarding pricing strategies and developing joint logistics plans. They will engage with other stakeholders in the ecosystem to address challenges outside of their control.

The Improvement Plan follows a broad 8 stage process:



In line with FinMark's strategy to partner with local programmes to build in-country supplier development capacity of SMMEs and smallholders toward greater inclusive growth, FMT has embarked on a SADC Enterprise Supplier Development programme with pilots in 3 countries; a Local Supplier Development Programme (LSDP) in Lesotho; a Small Market Led Programme in Eswatini and a Supplier Development Programme in Botswana. In addition to the strategy of developing local and national institutional capacity for longer term sustainability, the strategy enables FinMark to pool limited resources with other country partners in order to have wider reach and achieve ecosystem impact.

Within a SADC context, various trade instruments exist to achieve greater integration and inclusive growth in the economy. SADC encourages the following strategies as a way to foster trade throughout Southern Africa:

- Gradual elimination of tariffs;
- Adoption of common rules of origin;
- Harmonisation of customs rules and procedures;
- Attainment of internationally acceptable standards, quality, accreditation, and metrology;
- Harmonisation of sanitary and phyto-sanitary measures;

- Elimination of non-tariff barriers (i.e., any barrier to trade other than import and export duties); and
- Liberalisation of trade in services.

The ESD programme builds on existing programmes within the national and regional contexts and work in organisations mandated to undertake SMME, enterprise and agricultural value chain development work. Part of the desired outcomes are to utilize limited resources more efficiently, achieve coordination and cohesion between participating organisations, and tap into diversity of expertise to maximise local productivity capacity and development impact.

### 3. ESD Intervention areas and Improvement Plans:

The ESD interventions and improvement plans will vary across countries. The common objective of the improvement plans is to promote a value chains approach to achieve greater scale, deeper inclusion and overall raised standards of living within the clusters. This approach entails groups of enterprises and farmers working together toward positive outcomes, rather than working to undercut each other in, for example, individual pricing wars. Each ESD pilot has identified priority commodities in which a value chains approach is undertaken.

Improvement Plans are developed around the following intervention areas:

- (i) **Capacity Building, Innovative Culture, Technology Uptake and Technical Assistance:** to enhance business operations towards better business and development outcomes and new business models. The programme will develop and implement capacity building programmes for development of business management skills, financial literacy, greening and ecological practice, marketing, pricing and sustainability. The programme will also facilitate access to technological solutions enabling suppliers to take advantage of technological developments and platforms for business development.
- (ii) **Access to Markets:** In collaboration with various players, the programme will generate intelligence on market opportunities and demand available at local, regional & global platforms that may be accessible to the local suppliers. As a collaborative initiative, the programme will encourage local sourcing to promote production standards and capacities of suppliers (smallholders and SMME's) to meet the local market. It will also develop capacity for those with export potential to meet international standards in order to access international market opportunities. Linkages will be established to the various #buylocal country chapters. The programme will work with the private sector and government to facilitate certification of local suppliers based *on predefined criteria and standards*.
- (iii) **Access to Finance:** The programme will facilitate access to finance by exposing suppliers to available financial services. It is also anticipated that the programme will develop innovative financing models and jointly mobilise resources to unlock the obstacles that smallholders and SME's face in accessing traditional forms of finance.

- (iv) **Knowledge Creation and Networking:** Through multi-stakeholder platforms and peer support, the programme will identify and encourage value chain partnership between suppliers to enable sharing of knowledge, developing new knowledge and tapping into diverse expertise amongst partner organisations and the network of programme participants. The programme will also identify and set out to develop solutions to bridge existing systemic challenges, limited information access and limited understanding of available support.
- (v) **Policy and Regulatory Environment:** The programme will further facilitate ecosystem development through continuous policy dialogues and stakeholder roundtables between the private sector, government, and large enterprises, to inform policy change and inclusion. This will also enable advocacy and improved corporate practices.

#### 4. Problem Statement

Economies in Southern Africa continue to be characterised by inequality, low growth and high unemployment. Across the SADC countries, growing unemployment and slow economic growth exacerbate the unequal participation of youth and women in the economy. Many economies will further shed jobs in certain sectors as a result of the impacts of Covid-19. The African continent faces the challenge of not only needing to increase efforts to keep up the pace of projected growth and economic recovery, but it also has to try to achieve inclusive and productive growth for its sustainability and economic and political stability.

Key for African countries is to develop strategies to create productive employment and livelihoods for the almost 27 million people looking to enter productive employment or generate incomes annually. With only limited prospects of the established sector creating new jobs, greater attention is being paid to the SME sector of the economy which constitute the largest percentage of enterprises. Small and medium-sized enterprises represent more than 90% of businesses and employ about 60% of workers, many of whom are women and youth. SMEs are key players in the economy and the wider eco-system of firms. Enabling them to adapt and thrive in a more open environment and participate more actively, including in innovation and digital transformation, is essential for boosting economic growth and delivering a more inclusive economy.

Targeted interventions are required to transform SMEs to become productive, growth-oriented businesses that are able to contribute to improved livelihoods, decent work and increased revenues. “Informality”, informal economic spaces and informal work dominate the African urban landscape with limited rewards for participants, often as a result of saturated markets and the absence of capital, skills and technology (Grant, 2010; Meagher, 2010; Turok, 2010). In addition as a result of limited access to skills, markets and finance, many SME’s remain trapped in supplying to low value markets.

Enterprise and supplier development are part of the strategies employed to achieve greater inclusive growth and to assist enterprises to grow and achieve greater scale. The challenges they face span across organisational challenges as well as those present in supply chains and the broader eco-system. Across the range of ESD interventions, several challenges emerge which are different dependent on the context in which the programme is inserted.

The UNDP Botswana Supplier programme, for example, examined the supply relationship. Some of the key challenges faced by SMME’s participating in the programme which emerged during the diagnostic stage was:

<b>BUYER RELATIONSHIP</b>	<b>INTERNAL OPERATIONS</b>
Delayed payments	Ineffective cash flow management
Unfavorable payment terms	Limited expansion capital or low profit
Unclear procurement policies	Low demand for products from SME segment
Unclear grading systems/criteria for suppliers	High admin & compliance process for suppliers
Inconsistent quality standards	Inconsistent quality standards adherence

Given the limited access to diverse skills, many SME’s are able to identify some of these challenges through facilitated enterprise and supplier development programmes. However, the mentors and facilitators are available to them for a limited period of time. Given the nature and size of the enterprise, it is also difficult to adopt improvement indicators for larger enterprises that are more widely available as these are not relevant for their businesses. In addition funders of ESD programmes do not have indicators which enable them to measure how these incremental changes do impact greater economic inclusion and other macro-level inclusive growth strategies. ESD programme interventions are varied and are targeted at solving different challenges. It is important therefore to develop toolboxes that contain a varied set of indicators that enable measurement at the micro level with

checkboxes that entrepreneurs can access during and beyond the incubation and mentorship interventions, as well as to guide programme funders. Sets of indicators can be selected from the broader toolbox as per the programme interventions and desired success measures in the various countries to establish their M and E frameworks.

## 5. Objective and Scope of Work

It is proposed that an Indicators Toolbox is developed taking into account the SADC context and SMME frameworks designed to achieve greater integration of SMME's into the mainstream economy, and the objectives of the ESD country pilots in Botswana, Eswatini and Lesotho.

The Indicators Toolbox would include improvement checklists and indicators of progress at the micro level that act as a resource which producers and facilitators can use initially, and then SME's themselves for continuous monitoring and improvement. An additional layer of indicators should be developed for the ecosystem. These should specifically relate to financial inclusion, inclusive growth and alignment with development targets in line with FinMark Trust's efforts to impact the SADC regional ecosystem.

To this end, it is required that a broader suite of indicators are developed to allow ESD interventions in the various countries to measure progress across a range of key success factors. It is required that these must include a suite of indicators at the internal micro-level for farmer groups within a value chains approach, and ecosystemic measures informed by the principles of the ESD programme:

- Poverty eradication
- Economic inclusion
- Financial inclusion
- Local economic development & job creation
- Guaranteed offtake
- Local procurement
- Build climate resilience and achieve sustainable development outcomes
- Value chain transformation
- Regional economic integration
- Inclusive growth
- System wide change

The toolbox and framework of indicators should also be informed by the success factors and objectives defined by the country pilots. Some specific success factors defined within the ESD programmes are:

- Increased returns from sustainable farm and non-farm enterprise for rural people
- Gender and youth inclusion
- Job creation
- Resilient links to markets
- Access to appropriate financial services suitable for the structure and needs of smallholder farmers
- Number of local suppliers that are registered on the Local Suppliers Development Programme and certified for #buylocal
- Number of local market channels established for local suppliers
- Number of LSDP programme graduates supplying international markets
- Number of private sector companies affiliating to the LSD Programme per sector
- Value of business and quantities generated through the LSD Programme
- Changes in policy and regulatory environment, resulting from the LSD Programme
- Changes in sustainability practices adopted by enterprises
- Shift toward Value Chain collaboration amongst stakeholders

Given the number of dimensions relevant to the toolbox, it is expected that measurability of indicators is a key consideration. Therefore, it is expected that the process of how the indicators will be populated is provided. It is also expected that data sharing opportunities are identified to support a successful implementation of the toolkit.

## 6. Approach

This project work will entail the use of primary and secondary research sources which will include a review of the SMME frameworks, individual country programme documents as well as examples of frameworks used to measure micro and macro level improvements in ESD programme interventions in similar contexts. If there is a rationale for other approaches, the consultant should motivate for it in the proposal.

## 7. Outputs

The output envisaged for this study comprise:

- An improvement checklist for the ESD pilots in Botswana, Lesotho and Eswatini
- Impact and improvement Indicators addressing the micro-level for farmer groups
- Ecosystemic measures informed by the principles of the ESD programme In line with FinMark Trust's efforts to impact the SADC regional ecosystem.
- Monitoring and Evaluation Framework for the ESD pilots in Lesotho and Eswatini
- A report to FMT capturing the activities that were undertaken in order to allow for replication



## 8. Proposal Content

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;
- A detailed overview of key stakeholders who will be approached for 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 highlighting evidence of innovation in solutions mapping for development, including examples of similar work previously undertaken;
- Name and qualifications of individuals 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.

## 9. Skills Required

The intended service provider should have experience in working with pro poor development; and creating accessible checklists and Monitoring and Evaluation frameworks for measuring micro and macro level progress.

Applications from interested individuals must provide evidence of the technical capacity to undertake this exercise. This includes capacity to deliver the results in the timeframe provided, as well as some indication of prior experience in developing enterprise and supplier development toolboxes and measurement frameworks.

- College or University degree in Monitoring and Evaluation, Economics, Development or other relevant fields;
- At least five years of relevant experience in any SME or agriculture value chains enterprise development, or supplier development, is advantageous;
- Experience in developing monitoring and evaluation frameworks and measuring impact at micro and macro levels is required.
- An innovation and solutions mapping orientation. Experience in solutions mapping to address development challenges particularly for poor and rural communities and businesses will be advantageous;
- Excellent computer literacy, including research and report writing skills;
- Personal commitment to pro-poor development, efficiency and flexibility, teamwork spirit with the ability to work independently or under minimum supervision; and
- Excellent communication, written and verbal skills both **in English is essential.**

## 10. Selection Criteria

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

	Criteria	Weighting
1	Competence and previous experience	30%
2	Knowledge of the local ESD environment, agriculture, and monitoring and evaluation or related fields.	30%
3	Local capacity in eSwatini	10%
4	Budget	30%
	<b>Maximum score</b>	<b>100%</b>

## 11. Submission

Proposals: Proposals for the project should be submitted by close of business on 20<sup>th</sup> September 2021 at 17:00 (SAST) by email to Mr. Damola Owolade ([DamolaO@finmark.org.za](mailto:DamolaO@finmark.org.za)). The successful bidder will be notified by 27<sup>th</sup> September 2021. It is envisaged that the project duration will be eight weeks from the date of notification of appointment.

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 Mr. Damola Owolade by email: [DamolaO@finmark.org.za](mailto:DamolaO@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.

## 12. Safeguarding

Service providers undertaking this assignment have the responsibility to consider and be aware of potential safeguarding issues in this document and be able to demonstrate due diligence in relation to the protection and safeguarding of children and vulnerable groups as per agreed set of actions and strategies designed to support and manage ongoing risk and abuse, exploitation or neglect of participants in this research project.

## 13. COVID-19

Service providers undertaking this assignment recognize the need to minimize the spread of the Corona Virus and should strictly adhere to COVID-19 protocol during the course of this assignment.

### 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 past 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 on 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.*

#### **14. Important to Note**

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