Draft Terms of Reference for Development Finance Resource Center (DFRC)

Procurement of Professional Resource Mobilization Consultancy (Re-advertisement)

February, 2021
Introduction

In December 2020, the DFRC issued a ToR to engage the professional services of a resource mobilization consultant, however, due to Covid-19 and the time of year, potential service providers requested an extension and re-advertiment of the bid. Therefore the DFRC is reissuing the ToR and extends the deadline for submission to March 18th, 2021.

The SADC DFRC recently launched a new Five-Year Strategic Plan (2019-2024) with a vision to be a “Centre of Excellence for Development Finance Solutions”. The plan envisages the DFRC, while continuing to focus on the SADC region, to spread its area of influence to other regional economic communities, including COMESA and the East African Community. Its statement of intent “To generate sustainable resources for programme delivery and establishment as a regional research and knowledge center for development finance by 2024” is premised on three fundamental strategic pillars, viz. (i) Resource Mobilization, (ii) Strategic Partnerships, and (iii) Innovation.

Implementation of activities under the strategic pillars for the eventual attainment of the plan goals, envisages the development of a Stakeholder Plan and a Marketing Strategic Plan to provide guidance and ensure optimum impact and evaluation. It is in recognition of the critical importance of these two areas which are mutually dependent that this study is being undertaken. Both, therefore, constitute an integral part of the DFRC strategic plan.

Background

The DFRC is a subsidiary organization of the Southern African Development Community (SADC), a regional economic community (REC) organization. It is owned collectively by the SADC Development Finance Institutions (DFIs) Network, consisting of national DFIs across all SADC member states, presently forty-one (41) of them in total. Both the DFRC and the DFI Network are recognized under the SADC Protocol on Finance and Investment (the FIP). The DFIs in the Network are of varying asset levels with mandates spanning industrial, agriculture, infrastructure (economic and social) and small and medium enterprises development.

The mandate of the DFI Network, as established by the SADC Committee of Ministers of Finance and Investment, to whom it reports, encompasses a number of activities, chief among them, are to:

a) Collaborate on cross-border and in-country financing of projects in SADC;
b) Pool resources to mobilize intra- and extra-regional funds for development projects;
c) Share experiences and develop common best practices - risk management. corporate governance, project appraisal etc.; and
d) To strengthen and build creditworthiness of members with the ultimate goal of obtaining good international credit ratings.

On the other hand, the DFRC performs the following core functions:

a) Secretariat of SADC DFI Network;
b) Capacity building and institutional strengthening; and
c) Advisory Services, Policy Research and Advocacy.

The principal stakeholders of the DFRC as outlined under the FIP are the DFIs, the shareholders so to speak, and member governments, with the latter extended to incorporate state – owned enterprises (SOEs). Other stakeholders include technical partners, international cooperating partners and service providers such as facilitators for training programmes and technical experts for research and advisory services.

As a relatively small organization, the DFRC has a small core staff of professionals and relies on external experts and partner technical organization to deliver on its mandate. In addition, while its administrative financial resources are sourced from member DFIs through contributions, it also relies on donor support and internally – generated income to meet its programme activities.

The DFRC, therefore, has a wide spectrum of stakeholders with varying expectations depending on their relationship with it. And as such some like member DFIs and member states are viewed as having a close relationship while others are at the periphery of its sphere of influence. However, all in one way or another influence the operations of the DFRC and more specifically, its capacity to deliver its programmes and to ensure it fulfils its mandate while at the same time remaining financially sustainable.

Against this background, it is critical that the DFRC develop a plan to effectively engage stakeholders with a view to understand their needs, expectations and interests with the objective that its activities and engagements meet these with a high degree of satisfaction and that the DFRC continues to meet its mandate and remain relevant to the changing development finance space in the region. This will also assist the DFRC to provide more value and source additional funds.

The Development Finance Resource Center (DFRC) was established in 2003 under the SADC Finance and Investment Protocol (FIP) to act as the secretariat to the Development Finance Intuitions (DFI’s) Network. The mandate of the DFRC was the following:

- Provide capacity building for DFI’s to empower them to deliver on their mandates for development, both nationally and regionally;
- Act as a body which would manage policy issues for DFI’s that needed to be brought to the attention of the Ministers of Finance and Investment (COMFI);
- Undertake an advocacy role for DFI’s in the region;
- Become an institution which undertook research in the region and become a center of excellence through a knowledge repository;
- Create “Communities of Practice” for the regional DFI’s to exchange, knowledge, ideas and develop networks that enhanced each other’s ability to deliver on their mandates;
- Support the growth and development of Small Medium and Micro Enterprises; and
- Assist with the preparation of bankable infrastructure projects through the use of Public Private Partnerships (PPPs), which encouraged private sector participation.
- Acting as a catalyst for infrastructure project preparation and development in the region.
In 2018, the DFRC finalized its new five-year Strategic Plan to guide the institution forward and add more value to its stakeholders till 2024. It is based upon the following four strategic pillars:

1. **A Financial Perspective which will assist the DFRC to diversify its revenue model and increase its income;**
2. A Stakeholder Perspective to broaden the outreach of the DFRC’s service delivery model and enhance its stakeholder base;
3. An Internal Process Perspective which will use Information Technology platforms to streamline internal processes and enhance efficiencies; and
4. A People Perspective that seeks to inculcate a greater level of service delivery and develop improved research and advisory capacity and create new technology platforms for communities of practice, knowledge sharing and e-learning programmes.

**Scope of Work and Methodology**

Given that the new strategy is based upon securing the long-term financial viability of the DFRC, it is the basis upon which all the other aspects of the plan will be realized. The majority of the DFRC funding comes from subscriptions from members of the SADC Development Finance Institutions Network, for which it is the secretariat. Small amounts of additional funding come from the provision of capacity building activities and advisory fees. During the past number of years, the institution has been able to raise limited funds from International Co-operating Partners (ICP’s) to support its regional mandate. Such ICP’s included the World Bank, the Danish International Development Agency (DANIDA), the German Agency for Co-operation (GIZ), the Japanese International Co-operation Agency (JICA), other DFI’s such as the Development Bank of Southern Africa (DBSA), the African Development Bank (AfDB) and PPIAF (Public-Private Infrastructure Advisory Services) an additional arm of the World Bank.

However, there has been increasing “Donor Fatigue”, in recent times, resulting in fewer funding opportunities for institutions such as the DFRC. It has been suggested that the DFRC simply expand its services into other areas, such as providing capacity building to private sector financial institutions. While this will undoubtedly be part of the process, it should be noted that the DFRC is a non-profit organization incorporated as a SADC subsidiary, enjoying tax-free status and therefore cannot be a profit driven entity.

Given that the key pillar of the DFRC’s new strategy is financial stability, it is vital that this goal be realized. Based upon this new perspective the DFRC is looking for suitably qualified business consultants to assist the DFRC with mobilization of financial resources in the medium to long-term. This will include, but not be limited to the following services:

- Provide the DFRC with a comprehensive list of possible financial partners and donor agencies outside the traditional ICP’s. It should be noted, however, that if new approaches can be developed to access funds from these entities the consultants will provide these;
- Provide a clear set of criteria on how to obtain funding from the identified organizations:
• The service provider will provide a short, medium and long-term plan, to access funding to ensure the financial sustainability of the DFRC;
• The consultant will also apply for such funding on behalf of the DFRC using our branding and letter heads;
• The services provider will review the DFRC budget and identify additional sources of internal funding; and
• Obtain funding for the institution measured against the plans developed.

**Deliverables and Timeframes**

**The Service Provider must commit and adhere to the following timeframes:**

• Obtain a minimum of $500,000 in the first six months of being retained;
• Provide monthly updates on the progress of applications for funding;
• Work according to the plan developed and show milestones and achievements on a quarterly basis; and
• Provide quarterly updates on any new areas where the DFRC may obtain funding opportunities.

**Service Provider Qualifications**

The service provider must have the following qualified staff:

• A business qualification at a Masters Level;
• A relevantly qualified team with at least ten (10) years proven experience in financial resource mobilization;
• A Team Leader who will be the single point of contact and responsible to the relevant DFRC manager;
• The proposed team will be dedicated to the DFRC project and not be distracted by other projects and provide five (5) past or current clients that the DFRC can contact for references and results achieved by the consultants.

**Pricing of the Project**

The DFRC shall engage the consultants at a mobilization fee of $10,000 USD. This fee will be payable upon the appointment of the consultant and the signing of the contract.

The consultants will be entitled to ten percent (10%) of funds raised and actually paid into the DFRC accounts. This fee shall be disclosed to potential funders beforehand and written into all funding agreements.

**Bidding Process**

The DFRC will run an open bidding process. The potential service providers will have fourteen (14) days from the date the procurement documents are published and all bids must be submitted no later than the close of business on the **March 18th 2021**. No bids will be accepted
after the stipulated date. Bids may be received in either hard copy or soft copy to kpillay@sadc-dfrc.org.

All queries will be directed to Mr. Kogan Pillay in writing at kpillay@sadc-dfrc.org. He may also be contacted at +267-319-1146.

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