



# RESERVE BANK OF VANUATU

PMB 9062 – PIERRE BRUNET STREET– PORT VILA – VANUATU  
TEL: (678) 23333 – FAX: (678) 24231  
EMAIL: [rbvinfo@rbv.gov.vu](mailto:rbvinfo@rbv.gov.vu)  
WEBSITE: [www.rbv.gov.vu](http://www.rbv.gov.vu)

03<sup>rd</sup> August 2021

## INDIVIDUAL CONSULTANT PROCUREMENT NOTICE

For **individual consultants** and **individual consultants assigned by consulting firms / institutions**

Country:	Vanuatu
Description of the assignment:	A consultant to conduct a feasibility study to establish the need for a dedicated financing facility for MSMEs in Vanuatu
Project Name:	MSME Financing Facility – Feasibility Study
Post Title:	Consultant
Period of Assignment / Services (if applicable):	2.5 Months Contract (50 working Days)
Report to:	The specialist / consultant will report to the Governor of the Reserve Bank of Vanuatu, Mr. Simeon Athy and will coordinate with the Financial Inclusion Unit Manager

1. Submissions should be sent by email to: [abaniuri@rbv.gov.vu](mailto:abaniuri@rbv.gov.vu) and [amolisa@rbv.gov.vu](mailto:amolisa@rbv.gov.vu) on or before:

**13<sup>th</sup> August 2021 (5pm, Vanuatu Time)**

**With subject line: MSME Financing Facility – Feasibility Study**

Submissions received after that date or submissions not in conformity with the requirements specified in this document will not be considered.

2. Please find attached the relevant documents:
  - Terms of Reference
  - Financial Offer
3. Interested individual consultants must submit the following documents / information (in English PDF format) to demonstrate their qualifications:
  - Signed curriculum vitae
  - Reference contacts of past 2 clients for whom you have rendered preferably the similar service (including name, title, email, telephone number address...)



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- Financial Proposal (with your signature), specifying a total lump sum amount in US Dollars for the consultant including consultancy fees and all associated costs i.e. consultancy fee, tax, insurance, consumables, communication etc. (Refer format of financial offer in Annex II). If quoted in other currency, prices shall be converted to the above currency at the RBV exchange rate at the submission deadline.
4. Payment  
The Reserve Bank shall effect payments to the consultant (by Bank transfer to the consultant's bank account).
5. Your proposals are received on the basis that you fully understand and accept these terms and conditions.



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## **Annex I: Terms of Reference**

### **General Introduction**

There are five commercial banks in Vanuatu (ANZ Bank, Bank South Pacific, National Bank of Vanuatu, Bred Bank, Wanfuteng Bank) and the Vanuatu Agriculture Development Bank (VADB), recently undergoing reform. Beside these banks, there is one regulated Non-bank finance company (Credit Corporation), as well as a couple of unregulated NBFIs/ Microfinance institutions.

Although Vanuatu's SME / MSME sector comprises a large component of business establishments and contributes significantly to employment, there remains a lot of potential to improve. It is believed that if well supported by the Government and other stakeholders, we could witness a vast development in this sector.

One of the main challenges as identified by the *2016 Financial Services Demand Side Survey* and the *Vanuatu 2016 MSME Finance Survey* was MSMEs' access to finance was severely lacking. The surveys showed that one of the main reasons for inadequate lending by the formal financial institutions to the MSME sector were due to the perceived credit risks or high risk profiles of MSME customers and because banks do not usually provide start – up capital for MSMEs.

The above surveys also show that MSMEs refrained from going to the formal financial institutions for financial assistance and they find it difficult to meet the institutions requirements and even if they do, the cost of credit is usually high due to the perceived financial risks associated with the particular sector.

As such, the Reserve Bank of Vanuatu with assistance from the Alliance for Financial Inclusion (AFI) are exploring the setting up of a MSME Financing Facility to facilitate the MSME sector access to basic banking and financing services. This ToR aims to scope out the feasibility for setting up such a financing facility in Vanuatu.

### **Objective and Scope of the work**

#### **Overall objective:**

To conduct a feasibility study for the establishment of a 'MSME Financing Facility' in Vanuatu and develop a strategy and action plan for establishing a MSME financing facility if found feasible.



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The consultant hired by RBV will be required to undertake a feasibility assessment to establish the need for a dedicated financing facility for MSMEs in Vanuatu.

This consultant is expected to conduct extensive desk research and stakeholder engagements. The specialist / consultant will be supported and advised by the Financial Inclusion Unit throughout the assignment and will have access to Reserve Bank of Vanuatu's knowledge database related to and for the purposes of this assignment. Reserve Bank of Vanuatu will facilitate and arrange any interviews with stakeholders and commercial financial institutions.

## **Approach, Expected Outputs and deliverables**

### Approach:

The specialist/consultant will be required to undertake extensive desk research. Firstly, the specialist / consultant will be required to scour all relevant documents and reports relating to the MSME market in Vanuatu, such as:

- Existing legislations pertaining to MSME sector, banking regulations;
- Documents and information regarding various Government grants, loans and incentive schemes and policies for the MSME sector.

In undertaking research, the specialist / consultant will be required to undertake stakeholder engagements with relevant Government departments, Reserve Bank of Vanuatu, commercial banks, other financial institutions, agencies dealing with MSME sector, donors and development partners and a sample of MSME businesses.

### Expected Outputs:

Under this contract, the national consultant is expected to complete key tasks as below:

- Assessment reports on the desk research and stakeholder engagement findings
- Strategy and an Action Plan report on the MSME financing facility in Vanuatu, reflecting specific recommendations on:
  - ❖ Potential changes regarding Government interventions;
  - ❖ Potential changes to legal and regulatory environment;
  - ❖ The need for a dedicated MSME Financing facility or alternative ways to cater to the financing needs of the MSME sector as opposed to setting up a new dedicated MSME Financing Centre.
  - ❖ An M&E work plan to assess the MSME Financing Facility Project
- Draft policy on regulatory framework
- Stakeholder presentation to present the findings, recommendations of the assessment report and policy on regulatory framework



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## Specific Tasks:

In the initial scoping phase, the consultant will be expected to:

- Uncover the status of the MSME landscape in Vanuatu;
- Untangle the motivation for setting up of an MSME Financing Facility (e.g. Government's MSME policy framework and initiatives, constraints that inhibit MSME lending, etc.);
- Assess the current financing landscape in Vanuatu through the desk research and stakeholder research to understand liquidity and risk appetite of lending to MSMEs in the market and reasons why the MSME sector is not adequately served with required access to finance by existing institutions;
- Study the existing Government interventions as well as those from international development partners (e.g. ADB, IFC, WBG, etc.), such as various grants, loans and other financing schemes aimed to support the MSME sector and suggest their convergence or how these could be channeled through the new proposed facility;
- Study the legal and regulatory landscape in Vanuatu and identify constraints or changes required to facilitate the setup of an MSME Financing facility or converting an existing institution into a dedicated MSME financing facility;
- Study the credit infrastructure and enabler to mitigate MSME credit risk and facilitate access to finance;
- Establish the need for a dedicated MSME Financing facility, referring to international best practices; highlight the capital needs, possible funding sources, business viability cases in different scenarios;
- Assess the impact on the existing market in terms of profitability and competition in the financial services sector. Example, the impact on second tier financiers such as Credit Corp Vanuatu Limited (CCVL) and Vanuatu Agriculture Development Bank (VADB);
- Analyze alternative ways to cater to the financing needs of the MSME sector as opposed to setting up a new financing facility. Example, through existing financial institutions such as commercial banks, VADB or financing companies;
- Propose for a Strategy and an Action Plan to develop the MSME Financing Facility Project.

## Activities & Dates due

Activity	Person Responsible	Due Date
1. Consultant Onboarding/ Inception meeting	RBV & Consultant	24-Aug-21



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2. Scoping Study (Desk Research)	Consultant	26-Aug-21
3. Stakeholder Interviews	Consultant & RBV	13-Sep-21
4. Draft Report on Findings	Consultant	15-Sep-21
5. Stakeholder Review of Draft Findings Report (Week 1)	Consultant & RBV	22-Sep-21
6. Final Finding Report	Consultant	06-Oct-21
7. Consultant Review of Draft Policy on Regulatory Framework	Consultant	26-Oct-21
8. Consultation and Workshop among stakeholders	Consultant	01-Nov-21
9. Consultant Update Meeting (Final Policy)	AFI & RBV	12-Nov-21

## Duration

The specialist / consultant will require a total of 50 working days to complete this project from research to report submission and presentation.

## Administrative Arrangement

The Reserve Bank will provide administrative support, technical instruction to the consultant throughout the implementation of this consultancy service. This includes making appointments, organizing discussions, consultation meetings and stakeholder engagements.

## Reporting

The specialist / consultant will report to the Governor of the Reserve Bank of Vanuatu, Mr. Simeon Athy and will coordinate with the Financial Inclusion Unit Manager.

## Qualifications and selection criteria

This ToR requests services of a senior specialist / consultant with the following profiles:

- Advanced degree in a field related to Economics, Public Policy, International Development, or another related discipline.
- Minimum 5+ years of professional experience in broad MSME Finance regulatory and policy interventions (e.g. developing reports on MSME finance policy or conducting training/program on MSME finance policy).



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- A senior specialist / consultant with minimum 5+ years specific experience in MSME policy development and access to finance for MSME, strategy development for commercial banks focusing on MSME.
- Must have sound analytical and skills.
- Excellent written and presentation skills in the English language. (Writing experience. Submit working papers or research relevant to this assignment).
- The project demands evidence-based recommendations and a detailed-oriented strategy development to be presented to senior Government/regulatory officials; therefore, the candidate(s) must be able to present ideas with strong analytical foundation.

## Payment Milestones and Authority

The consultant will need to send a financial proposal which will quote an all-inclusive Daily Fee for the contract period.

The Reserve Bank shall affect payments to the successful consultant upon the Bank's satisfaction with expected deliverables set above. Payments shall be made in phases by outputs:

Phase	Indicative Payment Schedule
Phase 1	20% after desk research report is submitted
Phase 2	30% after final finding report is submitted
Phase 3	30% after draft policy on regulatory framework is submitted
Phase 4	20% after the project is completed





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## Annex II: Financial Offer

Having examined the solicitation Documents, I, the undersigned, offer to provide all the services in the TOR for the sum of ..... USD.

This is a lump sum offer covering all associated costs for the required service (Consultancy fee, taxes, communications, consumables, etc.)

### Cost breakdown:

No.	Description	Quantity	Unit Rate (USD)	Total
1.	Consultancy Fee			
2.	Out of pocket expenses			
3.	Full medical examination and Statement of Fitness to work for consultants from and above 65 years of age			
4.	Others (Please specify)			
	TOTAL			

I undertake, if my proposal is accepted, to commence and complete delivery of all services specified in the contract within the timeframe stipulated.

I agree to abide by this proposal for a period of 50 working days from the submission deadline of the proposals.

Dated this day / month

of year

Signature

*(The costs should only cover the requirements identified in the Terms of Reference (TOR) Travel Expenses are not required if the consultant will be working from home).*