

European Microfinance Network

Terms of Reference (TOR)

for engaging a Consultant to undertake research activities in the framework of the project “Assessing and improving the financial health of micro-entrepreneurs. Tools and methods for responsible financial and non-financial service providers”.

August 2018

1. Objective of the assignment

The [European Microfinance Network](#) (EMN) is seeking to recruit a consultant (“Lead Researcher”) to coordinate and carry out research activities in the framework of the project “*Assessing and improving the financial health of micro-entrepreneurs. Tools and methods for responsible financial and non-financial service providers*” (“Project”).

2. Background of the Project

EMN and [ADA](#) are carrying out a joint research project in the field of financial health of micro-entrepreneurs. The purpose of the project is to identify and share good practices among Financial Services Providers (FSP) and non-Financial Services Providers (NFSP) on the assessment of financial health and specific support provided to micro-entrepreneurs at risk or facing financial issues.

The Project will be structured as a cross-country research activity covering three continents (Europe, LATAM and Africa) and will involve a mix of FSP and NFSP (“project beneficiaries”).

Building on the existing literature on financial health and the current practices shared by project beneficiaries the project will endow the 16 project beneficiaries with a comprehensive and practical toolkit - composed of a self-assessment tool and an implementation guide – for improving their practices in assessing the financial health of micro-entrepreneurs and supporting those in financial crisis.

The methodology for the development of the self-assessment tool is a mix of a desk review of existing methodologies, interviews with key informants and field visits conducted in eight countries: France, Italy, Spain, UK, Argentina, Brazil, Mexico and South Africa. The field visits and desk review will also allow the drafting of case studies showcasing selected examples of successful financial health assessments and effective support provided to businesses in crisis.

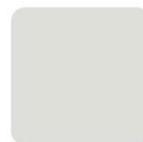
In terms of project management, a high level of commitment will be ensured by the presence of regional coordinators that will work closely together with researchers and project beneficiaries. Given the geographical scope of their activities, EMN will be in charge of the regional coordination for Europe, whilst ADA will be tasked with the same role for LATAM and Africa. In all the phases of the project an Expert Group will provide support, guidance and oversight ensuring quality deliverables focused on the needs of project beneficiaries.

The impact of the project will be assessed by an external evaluator that will monitor qualitative and quantitative indicators of target groups up to one year after the implementation of the activities.

3. Project outputs

The Lead Researcher will ensure the delivery the following main outputs:

- 1 study on the financial health of micro-entrepreneurs. The study shall address the issues given below:
 - ✓ Literature review/findings on best methods to assess financial health of micro-entrepreneurs and to support micro-entrepreneurs in financial crisis; main challenges faced by micro-entrepreneurs in targeted countries. In the presentation of the main findings, North/South differences in terms of profiles and best methods to assess financial health and support micro-entrepreneurs that are in financial crisis should be highlighted if deemed relevant.
 - ✓ Client segmentation focussing on microenterprises with fewer than 5 employees. The client segmentation matrix will be elaborated according to the mainstream research results (e.g. CFSI publication: "[Financial Health: A New Vision For Serving America's Small Businesses](#)"), relevant regional and sectorial characteristics and based on information/data provided by the FSPs, NFSPs and key informants involved in the project. A matrix table will be elaborated detailing (i) the different client profiles and (ii) the specific dimensions that have to be taken into consideration in order to appropriately assess the financial health of each profile identified.
 - ✓ Identification of best practices among the case studies analysed with an attempt to ensure geographical balance among the regions covered (Africa, Europe and LATAM) and practices presented (2 case studies on the best ways to assess financial health; 2 case studies on the best ways to support micro-entrepreneurs in crisis).
- 1 toolkit addressed to both FSP and NFSP composed of:
 - ✓ Self-assessment tool: an excel format originating from the client segmentation matrix. It presents for each client profile the dimensions that have to be analysed by FSP and NFSP in order to sufficiently assess their financial health. A score is associated to each dimension and a global score evaluates FSP and NFSP as not performer,



sufficient performer or best performer in the assessment of the financial health of micro-entrepreneurs.

- ✓ Self-assessment tool implementation guide: it provides the definitions of the clients' profiles and of the financial health dimensions. In addition, it provides instructions on how to fill in the self-assessment tool, how to interpret the score, and recommendations/best practices in terms of financial health assessment and support to micro-entrepreneurs according to the clients' profile and their financial health circumstances.

4. Key activities

The Lead Researcher will coordinate the research activities and ensure their homogeneous implementation across the eight countries targeted. The Lead Researcher will be in charge of conducting field visits in France, Italy, Spain, UK and is responsible for drafting/elaborating all the deliverables under the scope of this assignment.

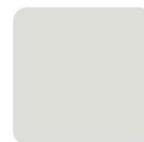
The Lead Researcher will be supported by a Field Researcher with specific knowledge on microfinance/inclusive finance in the South who will directly conduct field visits in Argentina, Brazil, Mexico and South Africa. For a more detailed description of the activities that will be undertaken by the Field Researcher see Annex 1.

The Lead Researcher is responsible for carrying out the research activities in close collaboration with the EMN and ADA Secretariats. The role of the EMN and ADA Secretariats will be to:

- Share relevant documents/information for the implementation of the project;
- Provide support in reaching project beneficiaries and key informants
- Share available information on project beneficiaries;
- Arrange all necessary project meetings/webinars/events

In addition, the project activities will be accompanied by an Expert Group whose role will be to:

- Provide inputs to the Lead Researcher;
- Help ensure the quality of the research outputs by reacting to methodology and validating research outputs.



5. Tasks

5.1 Detailed tasks

Tasks of the Lead Researcher would include:

- 1) Overview of existing methodologies:** to identify, select, compare and analyse the best practices in assessing and improving the financial health of micro-entrepreneurs.

Methodology will be a mixed-method approach including:

- ✓ Literature review;
- ✓ Exchanges with project beneficiaries;
- ✓ Interviews/meetings with key informants¹ that will be identified along with EMN and ADA secretariats in the course of the literature review and exchanges with project beneficiaries. In order to draw on the experience gained on these topics by the [Centre for Financial Services Innovation \(CFSI\)](#), a meeting with its representatives will be arranged in Brussels (2 working days).

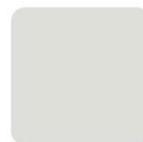
This task comprises the following:

- To identify and define main micro-entrepreneurs profile per country
- To identify and define main financial health issues of micro-entrepreneurs per country
- To identify and profile existing methods for assessing & improving financial health (Practice and tools)
- To profile/segment entrepreneurs against their main issues and the adapted solutions (Matrix)

- 2) Field survey methodology design:** the design and planning of field surveys in the countries targeted. This task comprises the following:

- Field survey design based on the results of the previous task
- Meeting with the Expert Group and integration of feedback received from on field survey methodology

¹ Key informants are innovative services providers, research centres or any other stakeholders that can provide relevant knowledge in the assessment of the financial health of entrepreneurs or in the support of entrepreneurs in financial crisis.



3) Field survey implementation: deployment of the survey in the field (4 working days per country in the field) that will mainly highlights:

- Awareness of the financial health concept and principles
- How FSP and NFSP assess the financial health of micro-entrepreneurs
- Tools and methods to support micro-entrepreneurs facing financial crisis
- Current market segmentation practices

This task comprises the following:

- Interviews with the staff of FSPs and NFSPs, which will cover on average 2 project beneficiaries per country: one FSP and one NFSP. The staff members interviewed will be the employees directly involved in providing services to micro-entrepreneurs (ex: trainers, loan officers) and the managers defining and coordinating these services. At least 4 interviews will be carried out per country.
- Survey/questionnaire administered to micro-entrepreneurs, clients of FSPs and NFSPs in the countries under responsibility. Clients participating in this activity will be selected following the segmentation defined in the course of task 1) **Overview of existing methodologies**. The survey/questionnaire will be conducted with at least 10 micro-entrepreneurs per country.

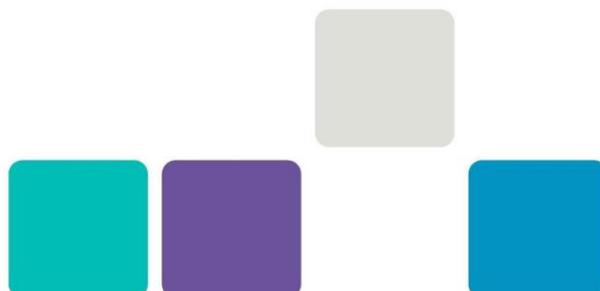
4) Toolkit development and testing: to develop a self-assessment tool and its implementation guide to be tested with project beneficiaries.

This task covers the following:

- Designing of the tool (excel format) that originated from the segmentation matrix.
- Drafting of an implementation guide.
- Elaboration of the study structure
- Meeting with the Expert Group and integration of feedback on the toolkit and study structure.
- Testing of the toolkit with project beneficiaries (webinars)
- Finalisation of the case studies (at least 4)

5) Finalisation of the toolkit and the study:

- Feedback received by project beneficiaries on the toolkit are integrated.
- Meeting with Expert Group and finalisation of the toolkit and the study after inputs received.



6) Dissemination and capacity building:

- The Lead Researcher will actively support the organisation and take part in a maximum of 2 webinars to facilitate the use and implementation of the tool by project beneficiaries.
- The contracted party will take part in a final event in the framework of the European Microfinance Week.

7) General Coordination:

- participate in meetings, at the request of the EMN and ADA Secretariats, on matters relevant to the project.
- Participate in the Expert Group meetings that will be held online (webinars).
- Provide relevant inputs to the external evaluator for the assessment of the impact of the project.
- Provide relevant inputs to the EMN and ADA secretariats for reporting to the funder.

5.2 Timing and duration

The time period for the assignment is sixteen (16) months: from September 2018 to December 2019.

5.3 Schedule of tasks and deliverable

Task / Deliverable	Time (month end)
1 st meeting with Expert Group	September 2018
<u>1) Overview of existing methodologies.</u> - Client segmentation matrix detailing clients' profiles and financial health dimensions. - Literature review on best methods to assess the financial health of micro-entrepreneurs and to support micro-entrepreneurs in financial crisis, main challenges faced by micro-entrepreneurs in targeted countries.	by November 2018
<u>2) Field survey methodology design</u>	by December 2018

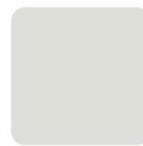
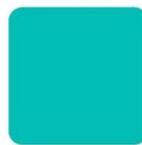
- Field survey methodology and work plan	
2nd meeting with Expert Group	December 2018
3) <u>Field survey implementation</u> - Consolidated dataset - First draft of the case studies	by May 2019
4) <u>Toolkit development and testing</u> - Self-assessment tool (beta version) - First draft of the implementation guide - First draft of the study structure - Final version of case studies Testing during the month of July/August 2019	by July 2019
3 rd meeting with Expert Group	July 2019
5) <u>Finalisation of the toolkit and the study</u> - Excel format self-assessment tool - Final version of the implementation guide - Final version of the Study	by October 2019
4 th meeting with Expert Group	October 2019
6) <u>Dissemination and capacity building</u> -Participation in 2 webinars and 1 final event	by December 2019

6. Budget and payment schedule

The sum allocated to this service should not exceed 33 500 EUR (VAT excl.)

Payment will be made as follows:

- 30% initial payment following the signature of the contract;
- 30% at the end of July 2019 once the toolkit and study structure have been validated by the Expert Group;



- 40% following the approval of the final outputs by the Expert Group and participation in the dissemination & capacity building events.

Payment will be made upon receipt and approval of a legally compliant invoice from the Lead Researcher. To be accepted invoices must display a VAT number recognised by the European VAT validation system.

The Lead Researcher will be reimbursed for travel expenses incurred for the assignment (e.g. field visits). EMN will cover these expenses if they are proportionate, justified and in relation with the mission performed. Approval in advance is needed to claim such costs. When responding to this call, the Lead Researcher is not expected to quote a price for travel expenses.

7. Response to the Terms of Reference

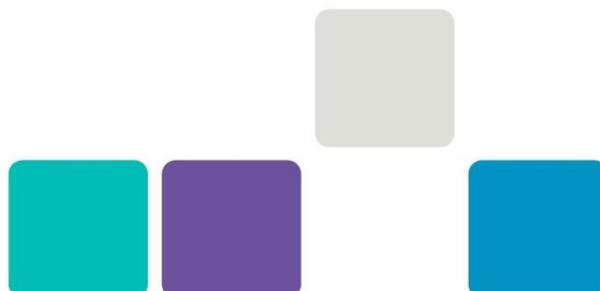
Interested candidates shall submit the following:

- A profile of the consultant (max 1 page) explaining why they are the most suitable for the work.
- Relevant Experience (max 2 pages).
- Recent CV (max 3 pages);
- Description of the proposed methodology and organisation of work (max 3-5 pages);
- Budget and breakdown of expenses by task (defined in section 5) detailing the number of working days. Please state VAT number that will be used to issue invoices.

8. Selection criteria

A selection committee composed of both practitioners and academic will assess the submitted proposals based on the criteria set out below.

Criteria	Rate
Demonstrated knowledge on Financial Health issues and microfinance in Europe and developing countries.	30%
Experience and skills in conducting research (especially cross-country), design and delivery of field surveys and development of self-assessment tools.	30%



Methodology and workplan, resources available in order to ensure the delivery of research outputs throughout the project duration.	30%
Financial offer	10%

Only applications that fit the budget requirements and scope of assignment will be considered during the selection process.

9. Deadline

Interested parties should send their proposals to the EMN secretariat no later than **Monday 20 August 2018 at 17:00 (Brussels time)** by email in **pdf format** to n.benaglio@european-microfinance.org.

10. Enquiries

If you have any questions concerning this call, please send them by email to n.benaglio@european-microfinance.org by **14 August 2018**. Telephone enquiries will not be answered.

Annex 1 – Field Researcher

Scope of the Work

The Field Researcher is knowledgeable on the financial health topic and microfinance/inclusive finance in the South. The Field Researcher will report directly to the Lead Researcher and will also work closely with the EMN and ADA Secretariats.

The Field Researcher will directly engage with project beneficiaries in Argentina, Brazil, Mexico, South Africa and will conduct field visits in these countries. Following the Lead Researcher's guidance, the Field Researcher will gather and elaborate relevant information (from project partners, key informants, other sources) in order to allow rigorous and consistent analysis and to produce findings.

The Field Researcher will be appointed by ADA.

Detailed tasks

- 1. Overview of existing methodologies:** provide necessary information related to the countries/beneficiaries under their purview in order to allow the Lead Researcher to draft the literature review and to prepare the client segmentation matrix.
- 2. Field survey methodology design:** work with the Lead Researcher in the design of the field survey methodology and workplan. Focus will be on the countries under the field researcher's responsibility and respective project beneficiaries.
- 3. Field survey implementation:** conduct field surveys in the four countries under their direct responsibility and accordingly work with the Lead Researcher in the consolidation of the dataset. The field researcher will gather and provide all the necessary information to draft case studies in countries under their responsibility.
- 4. Toolkit development and testing:** assist the Lead Researcher in the design and development of the self-assessment tool and in drafting the implementing guidelines e.g. inputs required on countries/project beneficiaries under their purview, provision of feedback on the material developed by the Lead Researcher, etc.

The Field Researcher will test the toolkit the FSPs and NFSPs under their direct responsibility and support the Lead Researcher in the integration of the feedback received both from project partners and the Expert Group.

5. Finalisation of the toolkit and study: provide relevant information on countries/beneficiaries under their purview to the Lead Researcher to ensure the finalisation of the toolkit and the drafting of the study.

6. Dissemination & capacity building: provide inputs in the preparation of training materials and other documents to be used in workshops and training sessions. Plan, coordinate, and implement necessary workshops and/or training sessions (webinars).

7. General Coordination:

- participate in meetings, at the request of the EMN and ADA Secretariats or the Lead Researcher, on matters relevant to the project.
- Participate in the Expert Group meetings that will be held online (webinars).
- Provide relevant inputs to the external evaluator for the assessment of the impact of the project.
- Provide relevant inputs to the EMN and ADA secretariats for reporting to the funder.