

**MINISTRY OF INDUSTRY AND COMMERCE  
DEPARTMENT OF SME PROMOTION**

**MSME ACCESS TO FINANCE EMERGENCY SUPPORT AND RECOVERY PROJECT  
(MSME A2F-ESR PROJECT) IN LAO PDR**

**TERMS OF REFERENCE**

**Part-time National Consultant**

**To Assist in the Design and Establishment of a Partial Credit Guarantee Facility (PCGF) and  
developing the Legislation, Regulations, Guidelines and to train the relevant staff of the BOL to  
Supervise the Partial Credit Guarantee Facility (PCGF)  
(REF: LA-DOSMEP-2.3-CS-INDV)**

**1. Project Background**

The Government of Lao PDR received financing from the World Bank Group's International Development Association (IDA) for a proposed project to assist Micro, Small and Medium Enterprises (MSMEs) and the Financial Sector, specifically Participating Financial Institutions (PFIs). The proposed Project's development objective is to provide long-term funding sources for banks to provide long-term credit to Micro, MSMEs to overcome the impact of the COVID 19 Pandemic. Negative impacts of the global COVID-19 pandemic are expected to exacerbate Lao PDR's weak fundamentals and lead to a deterioration in the macroeconomic situation, including the SME and Financial sectors. The proposed project's aims are to strengthen the capacity of financial institutions and MSMEs to sustain operations and recover from the COVID-19 emergency. The proposed project is expected to support the recovery and growth of privately-owned MSMEs by increasing the supply of long-term finance provided by commercial banks and by strengthening the capability of Department of SME Promotion to formulate and implement public policies that promote access to finance for MSMEs and strengthen the banking sector to recover from the effects of the COVID 19 Pandemic.

The proposed Project is expected to include three components: (i) Emergency and Recovery Line of Credit to MSMEs; (ii) Strengthening BOL Capacity to Supervise PCG Facility; (iii) Technical Assistance and Project Management. This project is being implemented and managed by the Department of SME Promotion (DOSMEP).

**The Objective of a Lao PCGF** is to support credit worthy loan-constrained MSMEs, MSMEs, in the targeted sectors, by providing credit guarantees to those that lack sufficient collateral even without a guarantee and supports these MSMEs under the Project to develop their financial skills through the provision of technical assistance. Proposed capital for the Lao PCGF is for US \$10 million, with the capital sought from the Government of Lao PDR. A possible funding source for Government of Lao PDR could be through the World Bank supported current MSME A2F-ESR Project via the Department of MSME Promotion (DOMSMEP).

**Functions of a LAO PCGF:** A Lao PCGF would offer guarantees to banks for long term MSME loans. The PCGF will draw on the World Bank's "Principles for Public Credit Guarantee Schemes for SMEs", tailored to the Lao context. BOL established a Decision on the establishment of Credit Guarantee Companies on December 21<sup>st</sup>, 2020, which specifies principles, regulations and measures for business establishment application and activities of credit guarantee companies.

## **2. Objective of the Assignment**

The overall objective of the assignment is to support two international consultants (to be selected under separate TORs) to provide technical assistance to DOSMEP and BOL with a view to:

- Assist an International Consultant to assist DOSMEP in the design and establishment of a Partial Credit Guarantee Facility (PCGF), based upon the Feasibility Study for the Establishment of a Partial Credit Guarantee Facility (PCGF) which was completed on December 26, 2020.
- Assist an International Consultant to assist BOL in developing the Legislation, Regulations, Guidelines and to train the relevant staff of the BOL to Supervise the Partial Credit Guarantee Facility (PCGF).

## **3. Scope of Work**

The National Consultant is expected to assist and support the both International Consultants. The detailed scope of work of the local consultant will be finalized, once both international consultants are recruited. The scope of work listed below are general in nature. The PMU will hold a joint virtual meeting to agree on the final activities and deliverables of the local consultant, which will then be an addendum to the contract of the local consultant. Some of the general activities to be carried out by the local consultant are to:

- Be the liaison person between DOSMEP, both Consultants and stakeholders for the two assignments;
- Provide basic interpretation services to the consultants as required, especially when visiting stakeholders, where language may be an issue;
- Assist the ICs in gathering other relevant information as requested by the ICs to assist them to design and establish the new PCG scheme and develop the Legislation, Regulations, Guidelines and to train the relevant staff of the BOL to Supervise the Partial Credit Guarantee Facility (PCGF).
- Accompany the consultant team on all visits to meet relevant stakeholders (once COVID 19 travel restrictions are lifted);
- Other detailed tasks maybe incorporated into the TOR as an addendum, once the two international consultants are selected and tripartite meeting can be organized between the two consultants and the local consultant.
- Any other tasks assigned by the Project Director of DOSMEP.

## **4. Deliverables:**

As mentioned above, the final list of deliverables for the local consultant will be specified, once both consultants (including the International Consultants) are recruited.

## **5. Institutional Arrangements and Client's inputs**

The selected Local Consultant will work under the overall supervision of Director of MSMEA2F ESR and Project Manager. The selected Consultant will also be required to work in close collaboration with the ICs and other key stakeholders involved in the MOF, BOL PFIs, World Bank Team- Laos, Commercial Banks, and SMEs, etc as required. DOSMEP will provide the selected Consultant with access to documents relevant to the assignment and will assist in facilitating meetings with key counterparts and selected PFIs, MSMEs, and other stakeholders and will work cooperatively with the consultant to ensure effective delivery of contract deliverables. DOSMEP will also provide the selected Consultant with office space and furniture,

including internet access for work purposes. Contractual arrangement will be managed by the National Implementation Unit (NIU), Department of Planning and Cooperation, Ministry of Industry and Commerce.

6. **Duration of the Assignment.**

The assignment will be on a part time basis, for 24 months to be extended if required, Consultant is expected to provide an input of **120 days during** the period of the assignment. Details of the deliverables will be specified in the contract to be signed between the consultant and DOSMEP. This contract period can be extended if required, during the period of the project. Time required may be adjusted subject to project requirements. During the period of contract under the project, the number of working days can be amended according to requirements and with mutual agreement between the Firm and DOSMEP, subject to approval by the World Bank.

7. **Confidentiality and Conflict of Interest**

The consultant undertakes to comply with the World Bank's policies and rules with regard to corrupt and fraudulent practices, conflict of interest and confidentially. The consultant shall maintain confidentially on all sensitive information obtained during the assignment and shall not publish wholly or in part the findings or such information, without prior written consent by DOSMEP. Any draft reports and other documents produced by the consultant will be discussed and cleared with DOSMEP before their final issue

8. **Experience and Qualification Requirements**

To be considered for the position, candidates shall meet the following qualification requirements:

- Minimum under-graduate degree in management, economics, finance, banking or a relevant discipline.
- At least 5 years of experience in financial sector, preferably with commercial banks
- In-depth understanding of the financial/banking sector.
- Knowledge of PCGFs will be an advantage.
- Working experience with MSMEs will be an advantage.
- Experience in designing, managing and implementing complex assignments will be an advantage
- Excellent (English) verbal and written communication skills.
- Advanced experience of Microsoft Excel/Word/Power Point or similar programs.
- Excellent work planning, organization sense, reporting, interpersonal and team working skills in differing cultural context.

9. **PAYMENT PROCEDURE:**

Details of payments and deliverables will be stated in the contract to be signed between the Consultant and DOSMEP. DOSMEP will pay the consultant: (i) Fees based on the input and number of days certified by DOSMEP at the agreed unit rate: and (ii) Reimbursables based on the actual expenditure as agreed in the contract.