

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

**MICRO, SMALL AND MEDIUM ENTERPRISES ACCESS TO FINANCE-  
EMERGENCY SUPPORT AND RECOVERY PROJECT  
(MSME A2F-ESR) IN LAO PDR [P174169]**

**TERMS OF REFERENCE**

**Part Time - National Consultant for Review of Sub-Loan Portfolios Submitted by  
Participating Financial Institutions (PFIs)  
(REF No. LA-DOSMEP-3.4.8.B-CS-INDV)**

**1. 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 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 aims to strengthen the capacity of financial institutions and MSMEs to sustain operations and recover from the COVID-19 emergency. The proposed project is 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 (DOSMEP) 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 project includes three components: (i) Emergency and Recovery Line of Credit to MSMEs; (ii) Strengthening BOL Capacity to Supervise PCG Facility; (iii) Technical Assistance (TA) and Project Management which to notably support capacity building of MSMEs, PFIs and DOSMEP. Particularly, a subcomponent of TA is to strengthening DOSMEP not only capabilities but also supporting DOSMEP to formulate and improve the SME development strategy, relevant legislation by engaging consultants. The proposed project will be managed by DOSMEP. The required service is part-time national consultant to be managed and selected by DOSMEP in accordance with the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 and August 2018 edition.

As a result, under component 3 of the project, DOSMEP intends to recruit experienced national consultant to support DOSMEP in reviewing “Sub-Loan Portfolios to be submitted by PFIs.

**2. Objective of the Assignment**

The selected consultant will work under the close supervision of DOSMEP in reviewing sub-loan portfolios to be submitted by the PFIs<sup>1</sup>.

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<sup>1</sup> It is expected that there will be 5 PFIs submitting sub-loans. Given the expected volume of sub-loans expected to be

### 3. Scope of Work

The consultant will review the sub-loan portfolios submitted by the PFIs to ensure that, all sub-loans submitted are eligible to be financed under the LOC as follows:

- The Sub-loans constitute, Micro-enterprises with an average annual labor force of 01-05 people, small-sized enterprises with an average annual labor force of 06-50 people, and medium-sized enterprises with an average annual labor force of 51-99 people;
- All sub-loans are to MSMEs (private ownership of more than 50 percent) and properly registered;
- The amount of an individual sub-loan to a single MSME shall not exceed equivalent of US\$200,000;
- All sub-loans will have a maturity of not more than nine (9) years, with a minimum one (01) year grace period;
- PFIs (or the relevant authorities) must certify that the MSMEs (sub-borrowers) and sub-projects meet environmental and social safeguards laws and standards in force in Lao PDR as well as in line with the Project ESMS;
- Sub-projects classified as World Bank’s Environmental Category A, included or involving dams and international waterways shall not be financed;
- Purchase of land, and goods, works, non-consulting services and consulting services on the negative list specified in the Project Operations Manual and ESMS shall not be eligible for financing and;
- Ensure that the sub-loans are in line with the other Sub-loan terms and conditions for PFIs’ Sub-project lending to MSMEs that is specified in the Sub-Financing Agreement (Annexes 2).
- Any other services as requested by the Project director and Project Manager.

The Consultant shall ascertain the eligibility of the sub-loans provided by PFIs to ensure that they meet the project requirements as mentioned above, but shall not conduct their own evaluation of sub-loans financial/economic viability.

### 4. Deliverables

The consultant will be expected to deliver the following outputs:

Outputs	Timeline
Review and produce a report on the eligibility of sub-loan portfolios submitted by PFIs, to be financed under the LOC	Within two weeks of the receipt of the sub-loan portfolios.

### 5. Duration of the Assignment

The PFIs will submit their sub-loan portfolios twice a year, by June 15<sup>th</sup> and December 15<sup>th</sup> of each year. Estimated input for this assignment is 66 working days over a period of 3 years on

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submitted by the PFIs and in order to avoid delays, the Project intends to select two consultants for this task.

a part-time intermittent basis. The number of days and duration could be extended based on the project needs and the performance of the Consultants.

## **6. Institutional Arrangement**

The consultants will work under the overall supervision of the Project Director of the PMU and Project Manager. The consultants will also be required to work in close collaboration with SME Fund team, including, but not limited to, key divisions, etc. The DOSMEP will provide the consultants with access to documents relevant to the assignment and will assist in facilitating meetings with key counterparts. DOSMEP will also provide the consultants the services of interpreter on need-based basis.

## **7. Confidentiality and Conflict of Interest**

The consultants undertake to comply with the World Bank's policies and rules with regard to corrupt and fraudulent practices, conflict of interest and confidentiality. The consultants shall maintain confidentiality 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 consultants will be discussed and cleared with DOSMEP before their final issue.

## **8. Qualifications and Experience Requirements**

The consultants shall have, at the minimum, the following qualification and experience criteria:

- University Degree in Finance, Business Administration, Public Policy Development, or other relevant disciplines.
- At least 10 years of experience with both public and private sectors in Laos, preferably SME related, with focus on financing.
- Have at least 5 years of experience working in financial services or banking.
- Similar assignments performed in the past 5 years for Government or Donor funded projects will be an asset.
- Good understanding of finance and banking, especially with respect to MSMEs.
- Proficiency and fluency in the English language.
- Excellent report writing, analytical and presentation skills.

## **9. Payment Procedures:**

DOSMEP will pay the consultants: (i) Fees based on the input and number of days and will be certified by DOSMEP at the agreed unit rate: and (ii) Reimbursables if any, based on the actual expenditure as agreed in the contract.