



## TERMS OF REFERENCE

- A. Job Title:** Access to Finance National Consultant  
**B. Duty Station:** Chisinau  
**C. Project reference:** UNDP Advanced Cross-river Capacities for Trade Project  
**D. Contract type:** Individual Contract (IC)  
**E. Duration of assignment:** April – August 2023 (estimated workload: up to 35 working days)

### F. Background:

Micro, small and medium enterprises (MSMEs) are the backbone of the economy of the Republic of Moldova, accounting for 98% of all companies and more than 60.1% of employment in the entire country, significantly contributing to job creation. MSMEs operate primarily in low value-added sectors like retail and wholesale (accounting for 24% of total employment), agriculture, followed by manufacturing and construction. They have limited opportunities, skills, and resources to innovate, either in terms of products, internal business processes or markets. Only 1.2% of SMEs are innovative, with 52.4% activating in various industries. These factors make Moldovan SMEs rather uncompetitive, hindering their integration in regional and global value chains. The growth of the productivity of MSMEs is therefore a worthwhile objective to be pursued.

Republic of Moldova has reduced the administrative burden on MSMEs by simplifying business licensing procedures, halving the number of organizations with inspection rights, and simplifying reporting requirements. At the same time, financing capacities of the Government, but also of the financial sector, have increased. Access to financing is an essential precondition for the technological development of MSMEs, increasing their productivity and performance, and supporting exports.

Support for Private Sector finance is heavily donor-dependent, though expanding the Credit Guarantee Fund is a positive step in mitigating the perceived risks of lending. SME support programmes are offered through virtually every major bank, though they tend to be both donor-funded and target a particular segment or use. The government support schemes also include interest rate subsidies, which are generally considered to be a less sustainable mechanism<sup>1</sup>. Moldova's banking sector remains vulnerable and is a major constraint on Private Sector development. Credit activity has declined partly due to broader macro and political uncertainty, weak business demand, and tightened lending policies in large banks. The problem is particularly acute for small firms, which typically face interest rates of around 11 % for local currency loans. The banking sector remains underdeveloped from the perspective of product offering, reliance on collateral-based lending, and weak risk management practices<sup>2</sup>.

The impact of the war in Ukraine on the local MSMEs is multifaceted. All companies, independently from the sector, are already facing a drop in the population's purchasing power, a phenomenon determined by the population's declining incomes and a significant increase in inflation. Access to capital is complicated

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<sup>1</sup> <https://www.oecd-ilibrary.org/docserver/8b45614b-en.pdf?expires=1656518502&id=id&accname=guest&checksum=87CA2903B9F403F8ED0ED46AA41F6D23>

<sup>2</sup> <https://www.ebrd.com/where-we-are/moldova/overview.html>

due to a significant rise in interest rates; access to capital for innovation and business is also complicated. Due to persistent negative demographic trends, migration, quality of education, skills mismatch, and other aspects, many companies face growing uncertainties and difficulties accessing a skilled labour force in the local market. Affected supply chains due to the war are particularly impacting some economic sectors and many companies, including agricultural producers, the ICT sector, etc. In addition, MSMEs are largely affected by drought and increase of energy prices and vulnerability of supplies, that increase financing gap.

Several evaluations, including the UNDP study "*Mapping of financing instruments and practice for MSMEs in the Republic of Moldova*", conducted in partnership with PwC, show the need to accelerate institutional and regulatory reforms to accelerate MSMEs development. The study identifies that the bank loan is the preferred type of external financing when needed, the main limiting factor in obtaining funding is the cost of financing. Respectively, special attention should be paid to enhancing traditional financing. At the same time, alternatives for traditional asset-based financing should be examined, especially supply-chain financing and equity financing, and availability of MSMEs financing is accessible along its entire lifecycle.

UNDP Moldova is working to improve the institutional and regulatory aspects of business environment, by facilitating the public-private dialogue at the local and regional level, but also by strengthening the advocacy capacities of business associations. The expert will support UNDP work in this area, by developing more in-depth the above-mentioned study recommendations to ensure their implementation in the form of programmatic interventions, and practically advise how to integrate these elements programmatically from a portfolio approach angle.

## **G. Scope of Work:**

The **overall objective** of the consultancy is to support UNDP Moldova with provision of technical expertise and advice in the access to finance area, with the purpose of developing a roadmap and subsequent programmatic interventions, with the intention of filling the funding gap created by the COVID19 crisis and war in Ukraine value chain disruption, and nurturing sustainability and further development and growth of MSMEs.

The interventions should include, but not be limited to promotion of women run/owned business, as well as better access of young people, retuning migrants and refugees to financial resources including for MSME creation or sustainability.

Both development of traditional and alternative sources of financing have to be explored.

### **KEY ACTIVITIES AND EXPECTED OUTPUTS**

The main role of the Consultant is to assist the UNDP Programme team providing policy and programmatic recommendations to enhance access to finance and to identify opportunities and entry points for UNDP intervention with the purpose of filling the funding gap created by the COVID19 crisis, and nurturing sustainability and further development and growth of MSMEs.

Thus, there are **four groups of policy proposals**:

- 1) Enhance traditional asset-based finance instruments (Basel III, procedures);
- 2) Developing alternative asset-based finance instruments (factoring, crowdfunding, Private Pension Funds, Private Equity Fund, business angels);
- 3) Government direct support (i.e. opportunity for establishing the Government Development Fund, corporate tax relief, VAT exemptions);

4) Technological innovation funds - for large scale investment in modernization of production processes and automation of management procedures, in medium and big companies.

**H. Expected Deliverables:**

Tasks, Activities & Deliverables	Estimated work volume	Tentative timeframe
<p><b>I. Provide expert support in identifying potential programmatic interventions for portfolio development based on the recommendations of the study "Mapping of financing instruments and practice for MSMEs in the Republic of Moldova" by drafting a roadmap for UNDP Moldova</b> to engage and support various stakeholders <i>vertically, i.e.</i>, national government and Private Sector, Private Sector and development, and <i>horizontally</i>, engagement with business associations and investment groups, corporations, SMEs and other.</p> <p>The road map should outline two major categories of entry points: 1) policy, legal and regulatory recommendations and specific actions to be recommended to the Government for implementation; and 2) entry points for UNDP Moldova's ongoing programmes and projects, as well suggestions on the potential new areas that could be further explored with the view to further expand UNDP's portfolio in the access to finance for SMEs field.</p> <p><i>Deliverables: Roadmap for UNDP in the area of access to finance developed</i></p>	up to 10 working days	
<p><b>II. Organize and participate in consultation sessions with stakeholders (MEI, NBM, NCFM, Business associations, Financing institutions, etc.) to identify and discuss needed support to facilitate access to finance for MSMEs</b></p> <p><i>Deliverables: Consultation with stakeholders conducted, participation in and contribution to one policy dialogue event ensured</i></p>	up to 10 working days	
<p><b>Deliverable I: 1st Intermediate Progress Report and Roadmap submitted, consultation conducted</b></p>		By 31 May 2023
<p><b>III. Develop at least two programmatic interventions in the format of programme / project proposals aiming at improving the access to finance for MSMEs</b></p> <p><i>Deliverables: Two brief concept notes developed</i></p>	up to 8 working days	
<p><b>IV. Organize and participate in consultation sessions with main UNDP Moldova counterparts for the practical operationalization of the proposed above interventions, aiming to discuss needed support to facilitate access to finance for MSMEs, including in the format of at least one policy dialogue exercise</b></p> <p><i>Deliverables: Consultation with stakeholders conducted, participation in and contribution to one policy dialogue event ensured</i></p>	up to 7 working days	
<p><b>Deliverable II: Final Progress Report on the conducted activities submitted, consultation conducted</b></p>		By 31 August 2023

**Language of the deliverables:** All deliverables shall be submitted in **English language**.

The activities under the present assignment are expected to commence in April 2023 and be fully completed by end of August 2023. The volume of consultancy has been estimated at up to **35 working days**.

## **I. Financial arrangements:**

Payments will be made post factum on a lump-sum basis (periodicity will be agreed with the selected Consultants), upon submission and approval of the deliverables as described above, taking into the account the proposed timeframe and certification by the Cluster Lead that the services have been satisfactorily performed.

## **Travel**

No travel outside Chisinau will be required.

## **J. Confidentiality**

Materials provided to the Consultant and all proceedings within the consultancy contract shall be regarded as confidential, both during and after the consultancy. Violation of confidentiality requirements may result in immediate termination of contract.

## **K. Qualifications and skills required:**

### ***Academic Qualification:***

- University Degree in Economics, Business Administration, Public Administration, Financial Management, Law, or other relevant related area.

### ***Experience:***

- At least 10 years of practical experience in the fields related to financial, banking and/or non-banking crediting organizations (working with public and private actors);
- At least 7 years of experience in Access to Finance of MSEMS, granting programs or support programs for private sector using private or public funds (*evidence: list of relevant institutions the Consultant has been cooperating with, including the topic and year must be presented together with the application package*);
- At least 5 years of work experience in providing services to business environment, business capacity development (working with public/private actors).;
- Experience of working with UN agencies and/or international organizations, and/or donor funded development projects/programmes will be considered a strong asset.

### ***Competences:***

- Computer proficiency, including knowledge of MS Office products (Word, Power Point) as well as e-mails literacy;
- High level of responsibility and organization capacities, creative approach to solving issues, teamwork;
- Excellent communication and reporting skills;
- Ability to meet deadlines and prioritize multiple tasks;
- Ability to maintain the confidentiality of information obtained on a business basis and to protect the interests of the employer (in this case UNDP).

### ***Language requirements:***

- Excellent command of written and spoken Romanian and English are required. Knowledge of Russian is an asset.

The United Nations Development Programme in Moldova is committed to workforce diversity. Women

and men, persons with different types of disabilities, LGBT, Roma and other ethnic, linguistic or religious minorities, persons living with HIV, as well as refugees and other non-citizens legally entitled to work in the Republic of Moldova, are particularly encouraged to apply.

## L. Application process

Interested individual consultants must submit the following documents/ information to demonstrate their qualifications:

- Offeror's letter to UNDP confirming interest and availability for the individual contractor (IC) assignment, incorporating Financial proposal in Annex 2.  
Upload the signed version of the filled in Offeror's letter to UNDP confirming interest and availability for the individual contractor (IC) assignment. Annex 2 to the Offeror's letter, incorporating the Financial Proposal, shall be filled in mandatorily and includes the detailed breakdown of costs supporting the all inclusive financial proposal.  
The Financial Proposal shall be additionally submitted directly in the system. Please ensure there are no mathematical errors and that amounts from Offeror's Letter to UNDP Confirming Interest and Availability match with your offer in the system;
- Proposal (Motivation Letter): explaining why they are the most suitable for the work including previous experience in similar Projects (please provide brief information on each of the above qualifications, item by item, including information, links/copies of documents for similar comprehensive studies);
- CV and at least 3 references.

**Important notice:** The applicants who have the statute of Government Official / Public Servant prior to appointment will be asked to submit the following documentation:

- a no-objection letter in respect of the applicant received from the Government, and;
- the applicant is certified in writing by the Government to be on official leave without pay for the entire duration of the Individual Contract.

## M. Evaluation

Initially, individual consultants will be **short-listed** based on the following qualification criteria:

- University Degree in Economics, Business Administration, Public Administration, Financial Management, Law, or other relevant related area.

At least 10 years of practical experience in the fields related to financial, banking and/or non-banking crediting organizations (working with public and private actors);

The short-listed individual consultants will be further evaluated based on the following methodology:

### Cumulative analysis

The award of the contract shall be made to the individual consultant whose offer has been evaluated and determined as:

- a) responsive/ compliant/ acceptable, and
- b) having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation.

\* Technical Criteria weight – 60% (300 pts);

\* Financial Criteria weight – 40% (200 pts).

Only candidates obtaining a minimum of 210 points would be considered for the Financial Evaluation.

Criteria	Scoring	Maximum Points Obtainable
<b>Technical</b>		
University Degree in Economics, Business Administration, Public Administration, Financial Management, Law, or other relevant related area	Bachelor's Degree – 40 pts. Master's Degree – <b>50 pts.</b>	<b>50</b>
At least 10 years of practical experience in the fields related to financial, banking and/or non-banking crediting organizations (working with public and private actors)	10 years – 40 pts., each additional year – 10 pts., up to max. <b>60 pts.</b>	<b>60</b>
At least 7 years of experience in Access to Finance of MSEMS, granting programs or support programs for private sector using private or public funds	7 years – 40 pts., each additional year – 10 pts., up to max. <b>60 pts.</b>	<b>60</b>
At least 5 years of work experience in providing services to business environment, business capacity development, (working with public/private actors).	5 years – 40 pts., each additional year – 10 pts., up to max. <b>60 pts.</b>	<b>60</b>
Experience of working with UN agencies and/or international organizations, and/or donor funded development projects/programmes will be considered a strong asset.	No experience – 0 pts. Yes – <b>30 pts;</b>	<b>30</b>
Fluency in English, Romanian and Russian languages	10 pts. per language, up to max. <b>30 pts;</b>	<b>30</b>
Belonging to the group(s) under-represented in the UN Moldova and/or the area of assignment*	(no – 0 pts., to one group – 5 pts., to two or more groups – <b>10 pts.</b> )	<b>10</b>
<b>Maximum Total Technical Scoring</b>		<b>300</b>

<b>Financial</b>	
Evaluation of submitted financial offers will be done based on the following formula: <b><math>S = F_{min} / F * 200</math></b> <b>S</b> – score received on financial evaluation; <b>F<sub>min</sub></b> – the lowest financial offer out of all the submitted offers qualified over the technical evaluation round; <b>F</b> – financial offer under consideration	<b>200</b>

*\*Under-represented group in the area of assignment are women. Under-represented groups in UN Moldova are persons with disabilities, LGBTI, ethnic and linguistic minorities, especially ethnic Gagauzians, Bulgarians, Roma, Jews, people of African descent, people living with HIV, religious minorities, especially Muslim women, refugees, and other non-citizens*

#### Winning candidate

The winning candidate will be the candidate, who has accumulated the highest aggregated score (technical scoring + financial scoring).