



## Training Needs Assessment for MSMEs in the COMESA Region

### Terms of Reference

#### 1. Background

[AfricaNenda](#) is an independent, African-led organization created to accelerate the growth of instant and inclusive payment systems that will benefit all Africans, including the poorest and currently financially excluded. AfricaNenda believes that instant and inclusive payment systems can play a pivotal role in creating universal access to financial services for many financially excluded adults and are critical to achieving universal financial inclusion in Africa by 2030.

The United Nations Economic Commission for Africa (UNECA) is working with the African Union Commission on a Digital Identity, Digital Trade, and [Digital Economy initiative](#), through the Digital Centre for Excellence, to support member countries to fully harness the digital potential, and to exploit the benefits of digitalization for the continent's development, fostering of a vibrant and inclusive digital economy.

The [COMESA Business Council \(CBC\)](#) is the recognized Business Member Organization, established as a private sector institution of COMESA. It represents the interests of business sectors at a regional level. The services provided go beyond advocacy, to actively promote business participation in regional integration, investment, and global trade.

CBC is implementing a Digital Financial inclusion program that supports the design, development and deployment of an integrated regional digital financial services infrastructure that is low-cost, interoperable and fraud-resistant that serves Micro Small and Medium-sized Enterprises (MSMEs). The expected result of the program is to streamline cash-based MSMEs into digital markets that enjoy affordable, interoperable, transparent and real-time financial transactions. The expected impact is increased volumes of cross-border transactions, financial inclusion, increased visibility of African products within regional markets and the participation of SMEs in regional trade. This will directly respond to the intra- trade deficit in the region.

During the implementation of Phase I (The Business Case Study) and Phase II (The Business Model) of the program, it was noted that capacity strengthening for MSMEs was a key constraint that needed attention, to build a strong demand for the Digital Retail Payments platform. It is against this background that AfricaNenda and CBC with the support of UNECA, seek to conduct a training needs assessment exercise on MSMEs, to inform the design of CBC's capacity-building exercise necessary for the deployment of an integrated regional digital financial services infrastructure for MSMEs. The expected result is that 150,000 MSMEs are trained in the five (5) COMESA member states and ready to become users of the COMESA digital retail payments platform.

#### The MSME potential in Africa

MSMEs represent 90% of Africa's economy and employ 70% of the continent's total population.<sup>1</sup> However, a large proportion is not connected to and lacks the technical skills for using the digital infrastructure. As a result of this, they are constrained, because they need access to buyers, information on products, pricing knowledge, standards requirements, buyer-seller relationships that are sustainable, through the availability of professional digital interfaces with potential buyers.

According to recent research by Mastercard, after facing unprecedented changes in the wake of the COVID-19 pandemic, Micro, Small and Medium Enterprise (MSME) confidence in Sub-Saharan Africa is on the rise. The inaugural Middle East and Africa (MEA) SME Confidence Index<sup>2</sup> found 74% of SMEs in Sub-Saharan Africa are optimistic about the next 12 months. In fact, 68% of SMEs in Sub-Saharan Africa are projecting revenues that will either grow or hold steady. Almost half (48%) are projecting an

<sup>1</sup> [Promoting SME Competitiveness in Africa](#)

<sup>2</sup> [The inaugural Middle East and Africa \(MEA\) SME Confidence Index](#)

increase. However, it is worth noting that intra-regional trade by MSMEs in COMESA remains low, averaging about 6% of the global trade.<sup>3</sup>

The CBC project is concerned about the MSMEs and improving trade at all levels of the economic pyramid, within the COMESA region. It focuses on supporting the financial inclusion of MSMEs by meeting them at their point of need. It aims to create a seamless interaction between digital finance service providers, the users who are the merchants, and the customers thus ensuring that markets work for the poor.

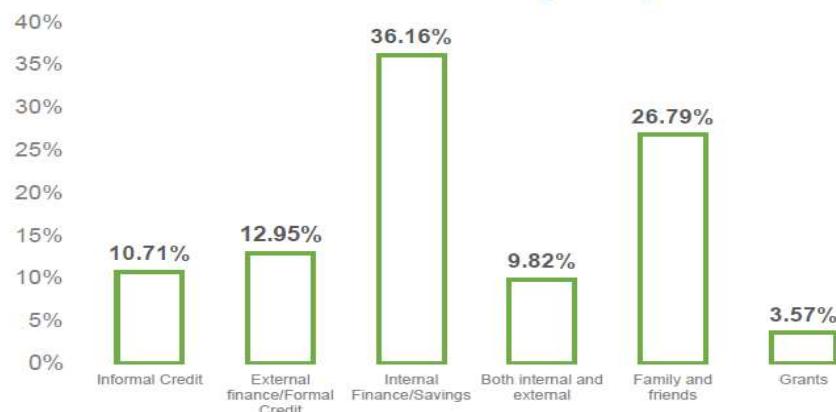
Micro, Small and Medium-sized Enterprises in Sub-Saharan Africa have identified upskilling for the future (73%), access to training and development support (69%), and easier access to credit (69%), as the top three drivers for growth.<sup>4</sup> Among all regions surveyed, Sub-Saharan Africa also saw the highest potential in being able to do business internationally (62%), which highlights opportunities for small businesses that arise from both internal transformation and global connections, as well as industry regulations and trends.

Significant value can be unlocked for MSMEs by enabling them strategically make or receive payments in a manner that attracts rewards, improves working capital, and drives efficiency or optimizes processes. An integrated, well-designed digital payments system in modern businesses, can enhance the operational efficiency of a business, which in turn translates to better pricing for customers, as well as making prompt payments.

### **MSME Constraints in Access to Finance and Digital Infrastructure**

According to recent research conducted by CBC<sup>5</sup> covering 205 MSMEs from 9 countries in the COMESA region, access to finance is the biggest challenge for MSMEs. This has an impact on the amounts invested in the business and growth prospects of the MSMEs.

### **Source of Start-Up Capital**



Other challenges for MSMEs trading regionally include lack of access to cost-effective cross-border payment platforms, which cater for the gap between what MSMEs require and what financial services providers offer, the lack of a regional integrated digital financial services infrastructure for MSMEs, scarcity of data that creates a challenge in the adoption of an integrated digital platform for MSMEs, particularly regarding MSME cross-border flows. According to COMESA, only two countries, Rwanda and Uganda, currently provide data flows in their main trade databases.

Other local or national MSME challenges include the below:

<sup>3</sup> [The Business Case for a Regional Digital Payments Policy for Micro, Small and Medium Enterprises \(MSMEs\) in COMESA](#)

<sup>4</sup> [Middle East and Africa \(MEA\) SME Confidence Index](#)

<sup>5</sup> [The Business Case for a Regional Digital Payments Policy for Micro, Small and Medium Enterprises \(MSMEs\) in COMESA](#)

- The MSMEs mostly operate informally, with minimal use of technology and associated business tools for effectiveness
- Mostly transacting using cash which is risky and through the use of inefficient channels when making payments
- Due to little access to formal financial services, MSMEs rely on costly informal finance which is unreliable as it delays the inception and scale of businesses
- Low digital financial literacy levels
- Limited access to markets from minimal information or market intelligence, among others

MSMEs have the potential to alleviate extreme poverty among the masses by generating employment opportunities for the poor. The cross-border market can be quite challenging for the MSMEs to penetrate. However, enterprises must take advantage of the ever-increasing acceptance of the digital space as the marketplace for trade to actively participate in it. They should also maximize on the fact that COMESA is made up of a mixture of landlocked, island and coastal countries, many of which have vast distances within and between them. Besides this, they have poor connections, because of the weak trade and logistics infrastructure in the region, and a high prevalence of non-tariff barriers.

## 2. Objectives

In pursuit of building the capacity of 150,000 MSMEs in the COMESA region, AfricaNenda and CBC with support from UNECA aim to understand the training needs of MSMEs to inform the design of the capacity-building exercise necessary for the deployment of an integrated regional digital financial services infrastructure, that will be used by MSMEs. The project, therefore, aims to enhance the competitiveness of MSMEs, ramp up the skills provided to MSME entrepreneurs and facilitate digital finance linkages to enterprises that are operating within five (5) countries in the COMESA region, namely Kenya, Malawi, Rwanda, Uganda and Zambia.

## 3. Scope of Work

Undertaking a training needs assessment exercise for at least 300 MSMEs in Kenya, Malawi, Rwanda, Uganda and Zambia, through robust qualitative research, involving in-person interviews with the MSMEs in the five (5) countries. At least 50% of these MSMEs should be women-owned enterprises.

The training needs assessment exercise aims to understand:

- Key challenges being faced by MSME entrepreneurs including early-stage MSMEs
- Key unique challenges being faced by women-owned business enterprises
- Their understanding of the implications for digital platforms/technology to their business and trade, as well as gaps
- Their understanding and familiarity of digital financial services e.g., mobile money offerings and payments
- Gaps in knowledge on guidelines and norms (i.e., Identity, business registration, etc.)
- Business practice and management skills gaps including financial management
- Personal productivity gaps
- Favorable adult-learning instructional design approaches to be used during the capacity building exercise
- The literacy level of target entrepreneurs to inform the development of training tools, ensuring that they are user-friendly and in interactive formats for adult-learning

The training needs assessment is to include:



- a. Bottom-up approach: engaging MSME entrepreneurs from select clusters on business practices and management as well as assessing various gaps regarding digital and financial services as described above
- b. Top-down approach: involving a gap analysis of existing entrepreneurship development and digital payment platforms programs
- c. Lessons learned from similar, global and local (Government/ Private) MSME entrepreneurship skill development and access to digital platforms programs

For the bottom-up approach, a representative sample of at least 300 MSMEs will be selected from the CBC database, where women-owned enterprises should constitute at least 50% of this number. The MSME numbers should be equal across the identified 5 COMESA countries.

The expected result of the assignment is to inform capacity-building content and approaches to streamline cash-based MSMEs into digital markets that enjoy affordable, interoperable, transparent, and real-time financial transactions. The expected impact is increased volumes of cross-border transactions, financial inclusion, increase visibility of African products within regional markets, and the participation of SMEs in regional trade. This will directly respond to the intra- trade deficit in the region.

#### 4. Project Outputs

The outputs of the project will be as follows:

- a. Inception report including a sample of 300 MSMEs (50% of these must be women-led enterprises) selected across the identified 5 COMESA countries, for the training needs assessment, based on a selection criterion determined by the consultant
- b. Research plan
- c. Consolidated report on the training needs of MSME entrepreneurs, to inform the design of AfricaNenda and CBC's capacity-building exercise necessary for the deployment of an integrated regional digital financial services infrastructure, that will be used by MSMEs.

#### 5. Project Timelines

The project is expected to run for 8 weeks, commencing in November 2021.

OUTPUT	DESCRIPTION	PERIOD	LOCATION DETAILS
Inception report	Report with the consultant's understanding of the project scope	The third week of November 2021	Home-based
Research plan	The training needs assessment plan documenting details of the approach to the project.	The first week of December 2021	Home-based
Consolidated project report	A report documenting the project approach, deliverables, the training needs of the engaged MSMEs by considering the project scope, a list of identified gaps in business and financial management, identified gaps in the use of	by January 31 <sup>st</sup> , 2022	Travel/In-country research

	digital financial services, lessons learned by other entrepreneurship skills development programs, among other insights.		
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## 6. Project Expertise Required

Experience in research and cross-border trade for MSMEs within Africa including expertise in Business Management, Digital Financial Inclusion, Regional Integration, and Payment Systems that involve bank and non-bank operators like MNOs and Fintechs, with a specific focus on the Infrastructure and ecosystems for common cross-border payment platforms.

The required qualifications and competencies are highlighted below:

### Core and Technical Competencies:

- Good research experience in identifying user pain-points e.g., behavioural research methods for financial inclusion
- Business management experience for low market segments that involves cross-border traders dominated by female and youth traders.
- Good understanding of digital financial literacy.
- Extensive experience in supporting the implementation of MSMEs business in sub-Saharan Africa and a good understanding of different digital payment solutions in other emerging economies e.g., Mobile money, agency banking and merchant payments. This involves their business models and general operations.
- Good understanding of Digital Platforms, Financial literacy, E-Commerce, Business Management, and Online Marketing
- Ability to establish and maintain effective working relations with private sector stakeholders across several countries
- Good understanding of regional integration, private sector development, trade, and the Africa Continental Free Trade Area Agreement (AfCFTA) mandate
- A good understanding of the business models and operational frameworks of banks and non-bank operators like MNOs and Fintechs.
- Strong communication and information-gathering skills, with the ability to work with MSMEs.

## 7. Project Reporting

The consultant will work under the direct supervision of the AfricaNenda team, to conduct a training needs assessment on MSMEs in the selected 5 member states.

## 8. Proposal Content

Firms should submit technical and financial proposals that address the objectives outlined above. While there is no minimum page limit for the proposal, the maximum page limit is 10 pages for the proposal which is expected to be clear and concise. The proposal should detail the firm's/ consultant's proposed approach to deliver the project, as outlined above. It must also focus on demonstrating how the firm/consultant will ensure that high levels of quality will be maintained at all stages in the project.

## 9. Risk Management

The technical proposal should contain a comprehensive list of project risks and mitigation measures

## 10. Process

### **Submissions**

Proposals should be submitted electronically by **8:00 am EAT on Monday, November 8th, 2021**, mentioning in the subject of the email "Name of the organization – Proposal for Training Needs Assessment for MSMEs in the COMESA Region" to [info@africanenda.org](mailto:info@africanenda.org). Any proposals received after the deadline, will not be considered. Proposal should not exceed 30 pages.

### **Queries**

Any queries relating to the preparation of the proposal should be submitted to AfricaNenda by email, to the above-provided email by **Tuesday November 2<sup>nd</sup>, 2021**.

### **Notification And Contracting**

All bidders will be notified of the outcome of their proposals by **Monday, November 15, 2021, latest**. AfricaNenda will issue a contract once the selection process has been completed.

## 11. Evaluation Criteria

All proposals will be evaluated based on the criteria listed in the table below.

Criteria	Weighting
<b>Quality of proposal:</b> Technical understanding of TOR, mechanisms for quality assurance, innovative approaches to data collection, assessment of risks and contingency planning	30%
<b>Competence and experience of the firm(s):</b> Experience/reputation of firm and existing client portfolio or consultant	20%
<b>Budget:</b> Comprehensive breakdown with justifications	10%
<b>Project resources and proposed team member CVs:</b> Demonstration of expertise for all key roles required for the project	15%
<b>Capability:</b> Demonstrated ability in behavioural science research and significant experience in projects supporting the implementation of MSMEs in Africa	25%
<b>Maximum Score</b>	<b>100%</b>

## Training Needs Assessment for MSMEs in the COMESA Region

### Questions and Answers

- Given the sample of 300 MSMEs covering five countries what is the ratio for allocation per country and rationale considering the different business and geographical spectrum. Or is it part of the Consultant's approach to allocating the ratio based on our experience as we cover all the listed countries; Kenya, Uganda, Zambia, Rwanda, and Malawi?

**The sample of 300 MSMEs involves equal allocation per country, i.e., 60 MSMEs per country where at least 50% of these should be women-owned MSMEs.**

- Could you please share the rationale for selecting the 300 MSMEs considering that the TNA will inform the training for 150,000 MSMEs

**The consultant will work with the CBC team on the selection of the 300 MSMEs.**

- Shall the assignment involve the profiling of the MSMEs to establish the 50% women-led, has this been already conducted, or the Consultant will have access to the CBC database and run the sample using different research methodology and tools but be cautious of the women inclusion as enterprise led entities?

**The consultant will work with the CBC team on the selection of the 300 MSMEs and segmentation.**

- Is there a budget indication or do we base it on the activities as will be befitting the undertaking to fulfil the objectives?

**There is no budget indication. The consultant is expected to develop a budget based on the developed project approach, on condition that the consultant provides concrete justification for the budget.**

- Timelines:** are the timelines still firm ... beginning with notification of the Tender outcome on Nov 15<sup>th</sup> and the inception report due in the 3rd week of November?

**The Inception report is due in the 4<sup>th</sup> week of November 2021.**

- Please define MSME:** annual sales range for Microenterprises is "xxxxx"; annual sales range for Small/Medium enterprises is "xxxxx"; is the definition the same in all countries?

**MSME classification varies across markets. We encourage the consultant to profile the MSMEs by country considering the respective MSME definitions in the project markets i.e. Kenya, Malawi, Rwanda, Uganda and Zambia.**

- Proposal length. Is it 10 pages (section 8) or 30 pages (section 10);

**The proposal length is a maximum of 30 pages including the C.Vs of project team members. Our sincere apologies for the typo in section 8.**

- Building a **Digital Retail Payments Platform**: please confirm the platform is in the development / scoping stage, i.e. the platform is not yet operational;

**The platform is not operational at the moment. It is in the development stage.**

- In what **currency** do we propose a budget?

**In USD.**

- Will you **share all questions/answers** submitted by all parties?

**All questions and answers will be published on the AfricaNenda website and therefore available to all.**

11. Shall the Technical and Financial Proposals be separate documents/submissions?

**We expect the consultant to share a concise proposal, constituting the technical and financial proposals. These two sections should be in one document.**

12. We would like to request for soft insights on MSME data base. (i) What sectors do the target MSMEs fall in? and (ii) What are the levels of literacy of the target MSMEs entrepreneurs?

**The MSME data will be shared at project inception with the final, selected consultant.**

13. Does the assignment require personal interviews (face-face) for the MSMEs in the target countries?

**Yes. In-country travel research is required.**

14. What is the total word limit and its breakdown between the technical and financial proposals and any annexes? The ToR states 10 pages and 30 pages in different places but it's not clear what is covered by these different limits.

**The RFP/TOR does not prescribe any word limits. The proposal length is a maximum of 30 pages including the C.Vs of project team members. Our sincere apologies for the typo in section 8**

15. Would it be possible to get access to the Draft Regional Digital Payment Policy for MSMEs in COMESA, even though it has not yet been approved?

**All relevant documents pertaining this assignment will be made available to the selected consultant as part of the project inception process**

16. What is the nature of the CBC database? Does it include the members of all its affiliate bodies? Does it include informal businesses? Does it include telephone numbers for all businesses?

**The selected consultant will work with the CBC team on the selection of the 300MSMEs. Therefore, all the relevant documents and information on the MSMEs will be shared at this point.**

17. The TOR mentions the need to do a training needs assessment for at least 300 MSMEs through qualitative research. Can there be consideration for a mixed methods approach; where we do qualitative interviews with a smaller number of MSMEs per country, and complement this with a quantitative survey to add nuance and robustness to our findings?

**The RFP/TOR document does not specifically prescribe the approach and methodology of this assignment. AfricaNenda expects the consultant to clearly articulate the most favorable approach and methodology to be considered in this project and to demonstrate capability in the best way possible.**

18. Given that the work will be multi-country and look at training needs from various angles, and that the usual slow down in business during Christmas will be worse due to Covid and the need for parents to homeschool their children, can the consultant suggest timelines by which this work would be implemented that may be beyond those stipulated in the TOR?

**From point 5 above, AfricaNenda expects to commence this work on the fourth week of November, 2021, and the project is expected run for 8 weeks with some consideration for a two-weeks off break (Christmas holiday).**

19. Is it possible to secure an extention to the 8th November deadline?

**Unfortunately this is not possible.**

20. What is the potential for collaboration with AfricaNenda beyond the 'Training Needs Assessment' phase, to deliver the full scope of the long-term objectives after the Consolidated Project Report?

**There is the potential for collaboration with AfricaNenda and its partners beyond the training needs assessment exercise. Insights from this exercise are expected to inform**



a capacity building engagement exercise with MSMEs in the COMESA region, as elaborated in the RFP/TOR. However, the potential for extended project partnership will depend on internal considerations between AfricaNenda and other project partners, project delivery, etc.

21. Is preference given to consultants with an existing local presence in one or all of the 5 countries?

**Preference is not given to any consulting firms. This RFP/TOR is open for all consulting firms or consulting consortiums.**

22. Does the inclusion of "innovative approaches to data collection" in the Evaluation Criteria, allow for digital surveys?

**The RFP/TOR shared does not prescribe specific approaches to data collection. The consultant is expected to clearly articulate the most favorable approach and methodology to be considered in this project and to demonstrate capability in the best way possible.**