



FOUNDATION FOR PARTNERSHIP INITIATIVES IN THE NIGER DELTA

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## TERMS OF REFERENCE

### Engagement of a Consultant to Operationalize Sombreiro Kapital

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## PROJECT BACKGROUND

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PIND is a Nigerian non-profit Foundation established in 2010 with initial funding by Chevron Corporation to support a portfolio of socio-economic development programs for Nigeria's Niger Delta to improve standards of living of communities in the region. PIND supports projects in collaboration with a diverse range of donor partners including bilateral and multilateral aid agencies, federal and state government agencies in Nigeria, private companies and foundations. With an overarching goal of increasing income and employment in the region, the Foundation has two distinct but interrelated program areas, and enablers. They are:

- An **economic development program** focused on generating opportunities for pro-poor market development and employment generation.
- A **peace-building program** that strengthens conflict resolution mechanisms for enabling integrated peace and economic growth
- **The enablers:** PIND's program delivery is enabled by an integrated approach that encompasses capacity building, advocacy, communications, gender, and social inclusion.

PIND has been successful at implementing economic development and peacebuilding programs in the nine Niger Delta States since 2010. In the economic development program, access to Finance has been identified as a major binding constraint across all activity levels within the agricultural value chains in which PIND operates. Factors which are inimical to access exist on both the demand and supply side of the financial services market.

Sombreiro Kapital (SK) is the product of the decision by the PIND and the DFID Market Development Program for the Niger Delta (MADE) to incorporate an independent Special Purpose Vehicle (SPV) for innovations in smallholders Agricultural Value Chain Financing. The decision to set up SK was informed by a situational analysis commissioned by PIND and MADE in 2017 and led by Mark Rostal, a development finance expert from DAI, to identify sustainable solutions to the financing challenges faced by smallholder farmers and SMEs. Recommendations from the analysis indicated the need for the incorporation of an independent SPV which would be strategically positioned to utilize philanthropic and public resources to catalyze and leverage private-sector capital in pursuit of development results and financial returns across different agricultural value chains.

Subsequently, on July 27<sup>th</sup>, 2018, Sombreiro Kapital was incorporated as a company limited by guarantee, with an overarching purpose of improving access to finance for smallholder farmers within the Niger Delta. An initial take-off fund was provided by PIND Foundation to enable SK to commence operations. The company is expected to mobilize funds from other sources (in addition to the seed fund by PIND) and develop appropriate products to:

- Serve as counterparty credit guarantees to financial institutions willing to engage and lend to the target beneficiaries in the Niger Delta;
- Support partner financial institutions to design and develop appropriate agricultural value chain financing products suitable for the target beneficiaries;
- Build the capacity of partner financial institutions (including support for training and development of human resource) within the institutions; and
- Design other products as appropriate to carry out its mission and sustain its operations

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## PURPOSE OBJECTIVES OF THIS ACTIVITY

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To begin the process of operationalizing Sombreiro Kapital, PIND and DFID-MADE engaged Consultants in March 2019 to develop processes and framework for operationalizing Sombreiro Kapital, including identifying and structuring pilot transactions and developing suitable financial products. Over six months, the consultants engaged key market actors (banks, farmers, SMEs, business and technical Services Providers, Input producers, agro-dealers, agro-equipment dealers and fabricators, government development institutions, etc) to get a good understanding of the financing challenges affecting smallholder farmers and to identify opportunities to support Sombreiro Kapital to design sustainable financing solutions for agribusinesses in the Niger Delta.

At the end of the assignment, pilot transactions were identified and designed for SK, including financial products, institutional frameworks, and a draft operational and credit manual. Partner financial institutions and input companies were also on-boarded and draft MOUs were developed.

PIND is now seeking the services of a consultant to implement the pilot transactions and to further develop and implement strategies to grow the initial seed fund to broaden and deepen SK's operations and impacts.

## SCOPE OF WORK

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The preferred consultant will amongst other things carry the following activities

### 1. Implement pilot transaction to test-out SK's business model and products

- I. Review the report on the recommended pilot transactions and design the set of activities to achieve the objectives.
- II. Lead the implementation of the intervention activities to achieve the set of objectives for the pilot transactions, managing the expectations of farmers and funding parties, and also managing transactions based on established best practice models.
- III. Identify, engage and on-board all the stakeholders needed for the roll-out and successful execution of the pilot transactions (farmers, services providers, agro-input retailers, input manufacturers, farmers associations and co-operatives, financial institutions, etc)
- IV. Work with PIND to develop and agree the performance metrics and targets for the pilot activities and take actions to deliver on them.
- V. Develop and implement a monitoring system consistent with PIND's monitoring framework to track and report the performance of the pilot intervention activities

### 2. Manage and grow the initial seed fund to expand SK's operations

- I. Develop and implement a strategy for growing the initial seed fund contributed by PIND and for expanding the operations of SK into new sectors and states.
- II. Identify, engage and on-board different categories of funding parties to grow the seed fund and to support the operations of SK. These would include donor organizations seeking

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collaborative programs to improve access to finance to smallholder farmers, developmental financial institutions (CBN, NIRSAL, Development Bank of Nigeria, BOI, etc), Commercial Deposit Money Banks, Microfinance Banks, Cooperatives, etc

III. Develop and implement a system for tracking and reporting the performance of the fund

IV. Maintain a database of existing and potential funders for SK

**3. Develop and Implement a framework to support the operational sustainability of SK in the short (pilot phase) and long term**

I. Set up an operational structure that would in the short term leverage PIND’s resources on administration, logistics, legal services, and information technology to drive the operations of SK

II. Develop long term sustainability and operational strategy for SK

III. Constitute a management and credit administration board and other supporting structures to enable the operations of SK in the short and longer-term

IV. Review the draft operational and credit manual and develop a robust operational and credit process to support the operations of SK. This should help improve the quality of loans supported by SK, safeguard its assets, and also ensure the sustainability of the company’s operations.

**Activities and Timelines**

The scope of work above is broken down to key activities and timeline set against them, with the total number of days required to deliver each:

Table A

S/N	Description of activities	No of days	Associated Deliverables (Codes)
T1.	Implement pilot transaction to test-out out SK’s business model and products	50 days	D1
T2.	Manage and grow the initial seed fund to expand SK’s operations	35 days	D2
T3.	Develop and Implement a framework to support the operational sustainability of SK in the short (pilot phase) and long term	35 days	D3

**DELIVERABLES**

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Deliverables stated in table B below are directly linked to specific tasks in the previous section.

Table B

Item		Due date
D1.	Monthly report on the progress of the pilot transactions show  closeout report on the pilot laying out the achievements against agreed targets and plans for the scale-up of activities	Fourth week of every month  2 <sup>nd</sup> week in November 2020
D2.	Monthly report on the fund management activities showing the number of funding partners engaged and on-boarded and total amount of additional funds leveraged/ raised  A close-out report showing at least 20% overall growth of the initial seed fund of N100m	Fourth week of every month  2 <sup>nd</sup> week in November 2020
D3.	Monthly report on the progress on T3	Fourth week of every month

## DURATION

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It is expected that a total of 120 working days spread over 9 months will be required to complete the assignment and achieve the deliverables. This is scheduled out in table A, however, the number of days per activity is not cast in stone, and can be utilized across the three key activities in as much as the total number of days for the entire assignment does not exceed 120. Any extension will require PIND's management approval.

## COST

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Interested individual(s) should propose daily fees for the assignment which shall be subject to PIND's procurement rates. Travels and associated costs (accommodation and per-diem) will be borne by PIND in line with its internal rates for travel. The consultant will also be entitled to a monthly stipend for phone calls capped at PIND's internal rate.

All other administrative and project implementation costs will be borne by PIND.

## QUALIFICATIONS/ SUBMISSION AND EVALUATION OF PROPOSALS

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It is expected that the consultant to implement the assignment will have the following expertise:

- At least ten years of relevant professional experience with skills and competencies in financial and business development services, financial product development, financial portfolio management, credit creation and administration, fund and investment management, trade and investment policy and research, and private sector development approaches in the international development community.
- Requisite skills and experience in carrying out the economic analysis and supporting agricultural value chain financing.
- Networking, financial products, and portfolio marketing
- Strong analytical ability
- Excellent report writing skills
- Excellent communications skills
- Knowledge of market systems development approaches will be a strong advantage

### HOW TO APPLY

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Interested persons should submit Expression of interest to [procurement@pindfoundation.org](mailto:procurement@pindfoundation.org) by 13<sup>th</sup> March 2020. The proposal must address justification for participation, previous and current engagements/experience, organizational affiliation (if any), how skills gained will be used and any other information viewed by an applicant to be useful in helping PIND make a decision on participation. Please use “SK Consultancy\_\_LastNameFirstName” as the subject of your email.

**The proposal should outline the following:**

- Technical proposal – clearly stating a methodology to conduct each component of the assignment
- Financial Proposal (Budget with activity-based costs, and fees)
- Proposed time frame
- Consultant’s profile
- Capability statement including records of similar on-going and past similar assignments/projects, in Nigeria
- Minimum lead time for mobilization and completion of assignment
- A work plan showing an indicative timeline for each part of the assignment in line with the assigned LoE.

**Please note:** The selected consultant will work from Warri, Delta State.

### EVALUATION OF PROPOSALS

Criteria	Value of Criteria
1. Technical	60
2. Financial Proposal	20
3. Experience: Evidence of similar role performed in the past	20

**In addition, these mandatory items MUST be submitted along application documents:**

1. Means of personal identification
2. CV of the individual consultant(s)
3. Most recent Tax clearance certificate
4. Tax identification number
5. Full physical contact address
6. Bank reference letter addressed to Finance Manager, Foundation for PIND

**Non-Discriminatory Clause:**

PIND Foundation provides equal opportunity in employment and engagement for all persons, vendors, and contractors, and prohibits unlawful discrimination and harassment in all aspects of a contractual engagement or employment because of age, sex, gender, marital status, disability, nationality, race, religion or any fact

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