



**ASEAN AUSTRALIA DEVELOPMENT COOPERATION PROGRAM (AADCP)
PHASE II**

**TERMS OF REFERENCE
FOR
*Development of Financial Literacy Programmes for Growing Micro Enterprises***

The ASEAN Secretariat and the Australian Government, through AADCP II, invite applications from individuals/entities as Consultant for the above-referenced project.

a. Project Context

Financial literacy is defined as possessing an awareness of financial risks and opportunities; to make informed choices; to know where to go for help; and to know how to take effective actions to improve one's financial well-being. The Organisation for Economic Co-operation and Development (OECD) has identified the lack of financial literacy as one of the leading reasons why micro, small and medium enterprises (MSMEs) are unable to grow. This is a significant issue, considering that MSMEs represent the majority (95-99 percent) of enterprises in ASEAN and contribute significantly to employment and economic growth.

Financial literacy is particularly low in CLMV countries. While there hasn't been a precise study on financial literacy of enterprises, a recent Standard & Poor's study on financial literacy (at a consumer level) reported that Cambodia and Viet Nam had the lowest level of financial literacy among the ASEAN Member States surveyed; only 18 percent and 24 percent of adults were considered to be financially literate in Cambodia and Viet Nam respectively.

CLMV governments are increasing their efforts to improve financial literacy for enterprises. Governments have been working to provide bookkeeping and financial risk management programmes through small and medium enterprise (SME) agencies, SME training academies, and business associations.

At a national level, there have been several initiatives to improve financial literacy for MSMEs in all four CLMV countries:

Cambodia:

- The Ministry of Economy developed accounting standards for SME financial reporting and has started regulating microfinance institutions to reduce errant lending practices
- Cambodia has convened SME training forums including Cambodia International Business Summit, Cambodia Private Sector Forum, and Green Business Forum
- The government is in the planning stages of implementing an SME Support programme for five agricultural sectors. Financial literacy training is a component of this programme.

Lao PDR:

- ADB is working to improve the financial literacy of rice millers in six provinces. Training includes lessons on budgeting and financial planning.
- Lao PDR's SME agency is teaching SMEs on proper business planning (a form of financial literacy) to increase their likelihood of accessing loans and growing their enterprise.
- The Bank of Lao is working with the GIZ Microfinance in Rural Areas – Access to Finance for the Poor project to improve financial literacy and enhance the utility of sustainable financial services provided by village banks. The project is currently assisting the Bank of Lao to establish a national strategy for financial literacy. The project has conducted financial literacy training (consisting of six modules on basic financial management skills) to more than 17,000 people in the target villages, including teachers in 17 rural vocational schools. In addition to financial literacy training, promotion of financial literacy is also conducted through TV dramas and videos.

Myanmar:

- The United Nations Capital Development Fund (UNCDF) is working with the government to develop a national strategy for financial inclusion with financial literacy and MSMEs as a central pillar of this strategy.
- Several ministries in Myanmar are working with the national chamber of commerce, Union of Myanmar Federation Chamber of Commerce and Industry (UMFCCI), to deliver financial literacy programmes for enterprises
- USAID is working with the government to develop a toolkit to teach MSMEs on basic financial literacy topics.

Viet Nam:

- Business associations, such as Viet Nam Chamber of Commerce and Industry (VCCI) and Viet Nam Young Entrepreneurs Association, are working with government agencies and other independent associations to provide financial literacy education for enterprises – even if they are not part of any association.
- VCCI is also working with consultants to provide hands-on training and development of business plans for key industries (e.g., livestock feed, fisheries and handicrafts sector).

In addition to government-led initiatives, there are other initiatives led by non-governmental or multilateral stakeholders. UNCDF, for instance, recently completed a business literacy training project in Cambodia for SMEs in the textile industry. The project included customised training relevant to SMEs. Topics include managing cash flow issues, ensuring adequate liquidity for operational and logistics purposes. Other LMV countries have also expressed their interest to conduct similar training sessions for key industries in the region.

In general, three challenges persist in strengthening SMEs financial literacy:

- **Access.** Women entrepreneurs tend to remain marginalised, as they are more likely to be excluded from formal education. Moreover, most training programmes are only focused in large cities and do not extend to enterprises based outside of it. This marginalises rural-based enterprises, like agro-businesses.
- **Scope.** Most programmes conducted in CLMV countries have been ad-hoc workshops which were narrow in scope, and without sufficient opportunities for hands-on learning. These programmes have been found to have a limited impact on financial literacy. The International Labour Organisation's Women's Entrepreneurial Development (ILO-WED) Programme identified that a common characteristic of effective financial literacy programmes required a holistic approach incorporating a combination of financial literacy education together with business training, mentoring, peer support and follow up assistance.
- **Relevance to micro enterprises.** Micro enterprises often do not have sufficient financial literacy (e.g., book keeping for management purposes, managing working capital, financial risk management, etc.) to conduct business efficiently and to grow into small or medium enterprises. The lack of these skills also has the unintended result of diminishing micro enterprises' ability to apply for credit, which would prevent them from expanding their role in the value chain. While existing financial literacy programmes do not discriminate against micro enterprises, the main beneficiaries tend to be larger enterprises who have the resources to participate in these programmes. Most financial literacy programmes are also focused only on the topic of bookkeeping for tax purposes – rather than business planning and book keeping for management purposes. While filing taxes is important, it is less relevant for micro enterprises, especially since the amount of taxes that micro enterprises pay is generally marginal or fixed sum.

Relevance to micro enterprises is critical. Micro' enterprises constitute a substantial number of enterprises in the ASEAN Member States (AMS), yet limited data is available on the state of micro-enterprises in the AMS. Definitions of micro-enterprises only exist in a few AMS, and they vary among AMS. There is a clear need to better understand micro enterprises, specifically their information needs in financial literacy, and how best to provide this information to them and ensure uptake.

This project aims to help CLMV governments develop or improve their financial literacy programmes to address specific knowledge gaps in micro-enterprises, or a sub-group of it, based on identified needs of targeted micro-enterprises, good practices and lessons from existing/ past financial literacy initiatives across the four AMS. It will propose scope of contents, effective approaches for delivery of the information including the most effective channels and media to reach the beneficiary, and propose strategic partnerships for the delivery of these information packages, preferably into existing financial literacy programmes.

I. Needs and Objectives

The goal of this project is to improve the financial literacy of micro-enterprises in order to increase the potential for growth and support their participation in the local economy. The project aims to establish a dataset for CLMV governments to promote financial literacy programmes to micro enterprises, and suggest approaches that would enable them to make informed, evidence based policy choices to improve financial literacy for micro-enterprises.

II. Outputs

The project will produce a report title "Financial Literacy Strengthening Programme Design for CLMV countries".

The project will be implemented by a selected contractor, preferably an entity, who will be responsible for producing outputs. The consultant will be required to produce the project inception report and project completion report.

Activities to be undertaken for the production of outputs and reporting may include the following:

1. Identify national commitments and resource availability within the next 5 years, by identifying:
 - a. Each CLMV governments' current and future strategies, plans and potential commitments on MSME financial literacy strengthening particularly for micro-enterprises;
 - b. Relevant regional and national (and if necessary, sub-national) stakeholders (i.e. development partners, multilateral agencies, NGOs, etc.), strategies, plans and potential commitments on MSME financial literacy strengthening particularly for micro-enterprises;
2. Provide an in-depth analysis of micro-enterprises, particularly in determining:
 - a. the sub-grouping of micro-enterprises (if any) that would benefit most from a financial literacy strengthening programme, and would be an appropriate target beneficiary.
 - b. the most critical financial literacy topics for targeted micro-enterprises, based on past and existing financial literacy education/training and gap analysis.
 - c. lessons learned from MSME financial literacy strengthening programmes in AMS, particularly on effective programme coverage of micro enterprises and effective programme design and implementation.
3. Map out scope, reach and lessons from past and existing financial education/financial literacy strengthening programmes across the CLMV countries, by:
 - a. Mapping target beneficiaries to identify any coverage gaps particularly amongst micro-enterprises;
 - b. Mapping scope of financial literacy topics, to identify any gaps on critical financial literacy topics;
 - c. Collecting best practices and lessons learned from each programme, including but not limited to targeting and implementation approaches, partnership arrangements, delivery methods, management arrangements etc.
4. Based on the above data, prepare an assessment report by country, with commonalities clearly identified.
5. In close consultation with IAI & NDG Division and IAI Task Force, suggest design of a financial literacy strengthening programme for targeted micro-enterprises for CLMV countries, taking into account the unique context within each country including government priorities and resource availability, micro-enterprise environment, regulations and laws etc. The design should at least include a clear description of:
 - a. The specific group (or sub-group) of target beneficiary within micro-enterprises, based on the country's definition of micro-enterprises.
 - b. The critical financial literacy topics addressing a clearly identified knowledge gap amongst the target beneficiary.
 - c. Implementation approach, which may include management arrangements, partnership arrangements, funding schemes, delivery methods and tools. To address resource constraints, expansion or replication of existing activities, approach or tools may be considered.

The design should specifically highlight any commonalities in topics, approach or beneficiaries between the 4 country-specific programmes (or at least between two countries), which will be the basis of designing a follow-up ASEAN project to produce specific tools or materials aimed to improve financial literacy among micro-enterprises in CLMV.

6. Conduct regional workshop to present the country assessment report and proposed financial literacy strengthening programme designed for the CLMV countries. At the regional workshop, the CLMV officials would be asked to confirm on the findings based on the assessments, provide their feedback on the proposed programme, and confirm two CLMV countries for implementation of a project to pilot the proposed programmed.
7. Based on the feedback from regional workshop, prepare a draft project concept to pilot the proposed programme at two CLMV countries chosen for implementation of pilot project.

III. Tasks/Activities

The following activities will need to be undertaken to achieve the outputs presented above. The bidder should provide details on its approach to each activity in its bid and is free to recommend additional activities.

	Output	Activity	Person working weeks	Completion Date	Person(s) responsible
1	Inception Report	Setting expectations on the project with consultant	1 week	2 weeks after signing of the Special Services Agreement (SSA)	Consultant
		Preparation of Inception Report			
		Finalisation and submission of Inception Report			
	<i>Approval of Inception Report by ASEC (3 weeks)</i>				
2	Country Assessment Report	Data collection, which may include desk review, survey/ questionnaire, FGD, interviews etc.	24 weeks	Week 13	Consultant
		Preparation and submission of draft country assessment report	3.5 weeks	Week 15	
		Feedback on draft country assessment report from CLMV countries	-	Week 17	IAI&NDG Division and CLMV countries
		Finalisation of draft country assessment report	0.5 week	Week 18	Consultant
	<i>Approval of Country Assessment Report by ASEC (3 weeks)</i>				
3	Final Report	Preparation of draft proposed design of a financial literacy strengthening programme	7 weeks	Week 25	Consultant
		Preparation and conduct of regional workshop to verify assessment findings and agree on proposed programme and countries for pilot project	6 weeks	Week 29	
		Completion of final report (programme design and country assessment report)	3 weeks	Week 31	
	<i>Approval of Final Report (Program Design and Country Assessment Report) by ASEC (3 weeks)</i>				
4	Draft Project Concepts for Piloting Programme	Preparation and submission of draft project concepts for piloting proposed programme.	4 weeks	Week 38	Consultant
		<i>Approval of Draft Project Concepts for Piloting Programme by ASEC (3 weeks)</i>			
5	Project Completion Report	Preparation and finalisation of Project Completion Report which records the project achievements against the project's original intended purpose, work plan and outputs. It should assist in assessing impact, draw out conclusions and lessons learned that may be valuable in designing new related initiatives.	1 week	Week 43	Consultant
		<i>Approval of Project Completion Report by ASEC (3 weeks)</i>			
<p>** The number of person working weeks is intended to indicate the amount of relative effort required to deliver the corresponding outputs. The calculation is based on assumption of 5 person days per week. Actual time will be agreed in negotiation with the successful bidder.</p>					

IV. Reporting

The consultant is expected to produce reports in accordance with Section III and IV above. The timing of delivery is indicative and can be adjusted when the consultant's work plan is developed, subject to mutual agreement.

All reports will be submitted based on ASEAN Australia Development Cooperation Program II (AADCP II) Guidelines for Contractors in draft format to the ASEAN Secretariat, IAI &NDG Division (with a copy to AADCP II) and, following ASEC approval, in final form. All outputs and reports must be suitable for publication, although the decision on publication lies with the ASEAN.

The contractor will also provide regular (weekly, bi-monthly or as agreed with ASEC) summation of activities undertaken and issues that have arisen. These will be submitted to IAI & NDG Division and AADCP II via email.

Financial reports will be submitted at invoicing in line with a payment schedule to be specified in the Special Services Agreement (SSA).

V. Project Management

The project will be funded by the AADCP II and managed by the IAI & NDG Division of ASEC. The consultant should be responsible for organising and conducting the scheduled activities in collaboration with the host countries and the ASEAN Secretariat.

VI. Scope of Services

The consultancy will be undertaken over **a continuous effective period of 11 calendar months with approximately 50 person weeks**. Work will commence immediately after contract signing.

VII. Qualifications

In its proposal the bidder should demonstrate experience in:

- *In-depth knowledge and proven experience in financial literacy core concepts;*
- *Extensive and relevant work experience in financial literacy, strengthening financial management in CLMV countries;*
- *Experience in working with business associations, preferably in CLMV countries;*
- *Experience in the analysis, design, implementation and evaluation of financial literacy strengthening/capacity building programmes;*
- *Proven track record in data collection and analysis;*
- *Proven experience in facilitating discussions/consultations;*
- *Extensive knowledge and experience in project development; and*
- *Proven skills in report writing and conversing in English.*

VIII. Bidding

Interested consulting firms are invited to submit a proposal in response to these Terms of Reference. This proposal should be in two parts: **Technical** and **Financial components**.

The Technical component should present the following information:

- A brief discussion indicating the bidder's understanding of the needs of the project;
- A brief analysis of key issues;
- A methodological discussion of how the bidder proposes to address those needs including assessment of key issues, analytical strategies that will underlie the project, specific techniques to be utilised, and practical discussion of possible limitations in carrying out the project;
- A detailed work plan that specifies activities to be undertaken, expected outputs and deliverables, resources to be utilised and timing;
- Staffing and management plan;
- A discussion on how measures to ensure the future sustainability of the outcomes of the project will be addressed;
- CVs of all proposed experts;
- Brief discussion of firm's past experience in undertaking similar work and brief summaries of all projects undertaken.

The Financial component should specify:

- 1) Professional fees of expert(s);
- 2) Management and/or operational fees (if any), which include all costs incurred by the person/entity/company for internal coordination, communication, travels and any other associated project management cost;
- 3) Applicable taxes such as VAT, GST, PPN. See Section IX point 3 for an additional note on tax liability.

Activity costs for experts and participants such as reimbursable expenses for airfare, other travel costs and daily subsistence allowance for workshops, meetings, and all other agreed activities do not need to be included in the Financial Component. These items will be discussed with the preferred contractor during the finalisation of the scope of services. Costs will be based on prevailing ASEC rates.

IX. Submission of Application

Applicants should send their application with a cover letter, materials specified in Section IX above and other supporting documents with "***Development of Financial Literacy Programmes for Growing Micro Enterprises***" as the subject via email to tender@aadcp2.org, **no later than 30 November 2018 at 05:00pm Jakarta time**. Applicants should also mail/courier 4 (four) copies of the above mentioned documents to ASEAN-Australia Development Cooperation Program Phase II, ASEAN Secretariat, 2nd floor, Jl. Sisingamangaraja 70A, Jakarta 12110, Indonesia, within 5 (five) working days of the submission deadline. Please note that only short-listed candidates will be notified.

For Frequently Asked Questions (FAQ), please visit <http://aadcp2.org/aadcp-ii-tender-frequency-asked-questions/>

Any queries on the TOR should be sent to contact@aadcp2.org with the subject line: "***Query Development of Financial Literacy Programmes for Growing Micro Enterprises***."

IX. Additional Notes on Terms and Conditions of the Project

1. Any future studies/reports/analysis in any form of intellectual property rights (including but not limited to patents, copyright and any related rights) submitted by the Contractor to ASEAN arising out of or in connection to the services performed by the Consultant to ASEAN shall belong to ASEC under the name of **ASEAN** only;
2. Successful bidder shall agree to be bound and sign the Special Services Agreement (SSA) with all requirements under the terms and conditions provided therein, including but not limited to the AADCP II Guidelines for the Contractors attached to the SSA.
3. As an intergovernmental organisation, ASEAN shall not be responsible for any tax(es), levy, tax claim or any tax liability which may be imposed by any law in relation to any amount payable by the ASEC.