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Individual Consultant Procurement Notice
[International Consultant, Training in Microfinance Audit and Analysis]
Date: 31.01. 2012

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|---------------------------------------|---|
| Location: | LAO PDR, Vientiane Capital |
| Application deadline: | 15 February 2012 |
| Type of Contract: | Individual Contract (IC) [International Consultant] |
| Period of assignment/Duration: | 10 working days in-country and shall be completed before 31 March 2012 |
| Starting Date : | 1 March 2012 |
| | |

Background:

"Making Access to Finance more Inclusive for Poor People" is a joint programme of UNCDF and UNDP, nationally implemented by the Bank of the Lao PDR (BOL) on behalf of the Government of the Lao PDR (GOL). The programme was approved by the Bank of Lao PDR on 5 July 2010.

Operating under the UNCDF Inclusive Finance initiative, MAFIPP is designed to expand financial services outreach to low income households and entrepreneurs in Lao PDR on an equitable and sustainable basis. Specific targets include an expansion of the microfinance sector by an additional 140,000 active savings clients and 70,000 additional loan clients by 2014. To achieve this, the joint-programme has adopted a sector based approach to deliver change at the macro, meso and micro levels through three mutually reinforcing programme outputs, including:

- a. **Macro-level Output: Policy makers more able to improve the policy and regulatory environment in line with operational realities of financial service providers nationally and accepted good practice internationally;**
- b. **Meso-level Output:** The financial sector development infrastructure more capable to meet the needs of financial service providers;
- c. **Micro-level Output:** Financial service providers more responsive to the financial service needs of poor households and micro-entrepreneurs.

The joint-programme will give practical expression to the Vientiane and Paris Declarations by establishing a pooled funding mechanism to facilitate donor coordination and provide a framework for more coherent programming, which will provide strategic capital and technical assistance to:

- a. BOL to strengthen its capacity to act as a channel for consolidating sector recommendations and facilitating dialogue among regulators and multiple stakeholders.
- b. Financial institutions and business support service providers to scale-up delivery of sustainable credit and non-credit products to poor households and micro-entrepreneurs.
- c. Support the Microfinance Working Group for microfinance providers, enabling retailers to make a positive contribution to the overall development of the sector.

Objectives of the assignment:

The Bank of Laos recognizes that training and TA is needed to promote an inclusive and sustainable microfinance sector in Lao PDR and has requested UNCDF to support the Financial Institutions Supervision Department (FISD) of BoL and local service providers, including local audit firms. This Terms of Reference (TOR) has been developed in response to an assessment of the required training

and TA requirements of the sector institutions for the period 2011-2014 for enhancing the capacity of financial sector professionals and increasing the pool of trained and competent financial sector professionals in Lao-PDR.

The microfinance Financial Service Providers (FSP) in Lao-PDR are comprised of 08 deposit taking MFIs, 13 Savings and Credit Unions and 10 registered non-deposit taking MFIs, all monitored and regulated by BOL. Besides regulated FSPs, approximately 5000 Village Banks (VBs) called Village Savings and Credit Groups and Village Revolving Funds, thousands of savings and credit groups promoted by the Lao Womens Union (LWU) and other projects are providing limited financial services in rural areas. The Agricultural Promotion Bank (APB) and some commercial banks also provide loans to micro-entrepreneurs on a limited scale. However, only a small percentage of total demand for financial services is being met by formal and semi-formal providers.

Enabling systematic linkages between public institutions and FSPs—both non-profit and for-profit requires the establishment of a supportive financial infrastructure, including credit information bureaus, independent audit and ratings services, training facilities, etc.

Various microfinance sector studies have concluded that the microfinance sector in the Lao-PDR is still in its infancy. Studies have stated that the outreach, portfolio quality and sustainability of MFIs in Lao-PDR are far below the average performance in the region. Institutional capacity of FSPs, availability of microfinance professionals including qualified auditors, use of innovative products and delivery mechanisms, appropriate MIS, capacity of regulatory and supervisory authority, capacity of the support service providers such as independent auditors, ratings firms and to some extent training providers are also limited, adversely affecting the ability to promote an inclusive and sustainable microfinance sector in Lao PDR.

The Programme Management Committee (PMC) has requested UNCDF to provide support for accessing training for the sector including the goals and deliverables outlined under this TOR. MAFIPP is seeking a Consultant to provide support services based on a needs assessment conducted by the BOL. The objectives of this assignment are to conduct training in “auditing principles and on-site examination” for FIRD staff together with local audit firms as participants. The content of the training shall focus on “on-site examination” including audit standards and principles contained in the CGAP Handbook, “External Audits of Microfinance Institutions” while taking a risk-based approach toward the audit function.

The detailed deliverables/final outputs for this assignment are listed in Section 5 of this TOR

Scope of work:

The training shall cover the following topics as contained in the CGAP Handbook and include lecture, demonstrations, exercises and case study examples.

1. Audit principles and the difference between internal and external audit functions;
2. Various stakeholder interests in the audit process;
3. Understanding MFI audits with a focus on the unique characteristics of MFI loan portfolios;The “risk based” audit approach, including the relative importance of various areas of risk and risk management; Understanding MFI financial statements, including deposit taking and non-deposit taking MFIs and savings and credit unions;
6. Tools and exercises around the audit process and risk assessment skills;
7. Case studies relating to the audit process and skills building exercises to develop risk analysis skills for auditors and examiners;
8. Risk assessment in a Lao PDR context.

Further to item 8 above, the Consultant will help the participants gain a better understanding of the range of risks encountered by MFIs in Laos and develop methods for FIRD supervisory staff to assess, manage and where necessary reduce these risks. The risks addressed in the training include, but are not limited to, Credit, Interest Rate, Liquidity, Operational and Market risk, as well as risks which are unique to the microfinance sector, including among others, Subsidy Dependence risk.

In addition to the points listed above, the Consultant will accompany FIRD staff to supervise an on-site audit in Vientiane capital to review the capacity of local FSPs and their interaction with local independent auditors.

For detailed information, please refer to Annex 1- Terms of Reference (TOR)

TOR and General Terms and Conditions for Individual Consultants can be also downloaded at <http://www.undplao.org/vacancies/procurementnotice.php>

Requirements for experience and qualifications:

I. Academic Qualifications:

- At least Master's Degree or equivalent in Banking, Finance, Economics or related field

II. Years of experience:

- At least 5-7 years experience in microfinance, with a concentration on the audit function, preferably from a supervisory perspective;

III. Competencies:

- Sound knowledge and experience with audit practices in microfinance;
- Good knowledge and sound understanding of the microfinance sector in the region;
- Experience of working with central banks, banking institutions and donors organizations with training needs assessments and providing training and technical assistance;
- Solid experience in developing a curriculum and conducting training in microfinance audit;
- Demonstrated ability to translate theories on microfinance audit into practice;
- Outstanding presentation and training skills;
- Excellent interpersonal communication skills;

Fluent in English, knowledge of Lao language preferred but not required.

Requirements for submission of applications:

All interested and qualified candidates should apply on-line through the UNDP website at <http://www.undplao.org/vacancies/procurementnotice.php> or <http://jobs.undp.org/> **UNDP Lao PDR will only accept applications submitted on-line.** Documents to be included when submitting the proposals:

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

1) Proposal:

- (i) Explaining why they are the most suitable for the work;
- (ii) Provide a brief methodology on how they will approach and conduct the work (if applicable);

- 2) CV including past experience in similar project and at least 3 references;

- 3) Detailed financial proposal: Lump sum offer with clear cost breakdown (international travel, consultancy fee and per diem).

Note: The financial proposal shall specify a total lump sum amount, and payment terms around specific and measurable (qualitative and quantitative) deliverables (i.e. whether payments fall in installments or upon completion of the entire contract). Payments are based upon output, i.e. upon delivery of the services specified in the TOR. In order to assist the requesting unit in the comparison of financial proposals, the financial proposal will include a breakdown of this lump sum amount (including travel, per diems, and number of anticipated working days). All envisaged travel costs must be included in the financial proposal. UNDP accept travel costs not exceeding of an economy class ticket.

Instructions for on-line applications:

Step 1: Please prepare all required documents electronically;

Step 2: Combine all documents in ONE SINGLE FILE (preferably in PDF however, Word formats can be also accepted) and upload to the UNDP Jobs using the link above;

Step 3: After that, you will receive an auto reply from the UNDP jobs if it was received successfully.

Evaluation of Proposals:

Individual consultants will be evaluated based on the following methodologies:

Cumulative analysis

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

- a) responsive/compliant/acceptable, and
- b) Having received the highest cumulative score out of a pre-determined set of weighted technical and financial criteria specified below:

* Technical Criteria weight; [0.7]

* Financial Criteria weight; [0.3]

Only candidates obtaining a minimum of 49 points would be considered for the Financial Evaluation

| Criteria | Weight | Max. Point |
|---|------------|------------|
| 1. Technical | 0.7 | 70 |
| • Relevant background and education | 25% | 17.5 |
| • Practical previous experiences relevant to the announced TORs | 25% | 17.5 |
| • Knowledge and training skills in auditing microfinance sectors | 25% | 17.5 |
| • Required language and other technical skills | 25% | 17.5 |
| 2. Financial | 0.3 | 30 |
| Financial | 1.0 | 100 |

Note: Any request for clarification must be sent in writing to the following e-mail [e-mail address of the officer in charge]. UNDP Lao PDR will respond in writing by standard electronic mail and will send written copies of the response, including an explanation of the query without identifying the source of inquiry, to all consultants.

The copies of the response will be also placed on our web-site at <http://www.undplao.org/vacancies/procurementnotice.php> and linked to the current Procurement Notice.

All interested candidates are encouraged to visit the above web-site for updates.

Please note that only short-listed candidates will be notified. Qualified female candidates are strongly encouraged to apply.

For more detailed information about UNDP Lao PDR please visit our website at <http://www.undplao.org>