



CREDIT GUARANTEE FUND AFGHANISTAN

**Short-term Technical Assistance  
Terms of Reference / Scope of Work**

Date: December 09, 2024

<b>Assignment</b>	<b>OXUS Long-term Business Process Advisor</b>	
<b>Start Date</b>	01.03.2025	
<b>End Date</b>	28.02.2026, or the final acceptance of the final deliverable to be provided hereunder, whatever occurs later	
<b>Reports to</b>	<i>Name - Title:</i>	Jana Büssing, TA Analyst Kamaluddin Haidari, Head of Operations OXUS
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<b>Contract Type</b>	Lump sum as per the acceptance of the achieved deliverables	

**1. Background**

**1.1. EMERGE Project Background**

The Afghanistan Empowering Microfinance and Enterprises for Resilience and Growth (EMERGE) Project aims to build sustainable solutions for developing both the demand for and supply of finance for micro and small enterprises in Afghanistan, prioritizing women's financial inclusion. The project will bolster the stability of the microfinance sector by providing performance-based capital support grants (linked to sponsors' own capital injections). Additionally, the operation will provide support to Microfinance Providers (MFPs) as they transition to Islamic Finance through Shariah-compliant product development and operational capacity building. The project addresses gaps in access to finance, which disproportionately impact women. It also aims to improve economic agency and provide job opportunities to targeted female beneficiaries. The project aligns with the need to deliver to women and ensure the participation of women.

The component that ACGF implements will strengthen the supply of finance to micro and small enterprises in Afghanistan through provision of performance-based Capital Support Grants as well as Technical Assistance (TA). The TA Activities, of which this assignment will be part of, aim to deepen the sector and to enhance its outreach by focussing on the deployment of Shariah-compliant products, digitization, and operational capacity building.

## 1.2. Institutional Background

The ACGF - Afghan Credit Guarantee Foundation ("ACGF") was established in September 2014 by the German Federal Ministry for Economic Cooperation and Development ("BMZ") and DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH ("DEG") with approval and support from the Government of the Islamic Republic of Afghanistan and from the Central Bank of Afghanistan as well as from the Governments of both the United States of America and the Federal Republic of Germany.

ACGF has received all financial resources of a previous guarantee project managed by DEG, including its entire outstanding guarantee portfolio, and has been managing all operations since the beginning of 2015. ACGF provides partial guarantees to Afghan financial institutions which provide credit to local micro, small and medium enterprises ("MSMEs"). It also provides technical assistance ("TA") to Afghan financial and other institutions and matching grants to MSMEs. ACGF is supported by its 100 per cent subsidiary SME Client Support Afghanistan LLC ("SCSA"), a Kabul-based financial consulting company focused on providing ancillary services to ACGF in the areas of credit guarantee business including TA for Afghan PIs on behalf of ACGF.

ACGF's mandate is to contribute to strengthening the emerging financial sector and to developing private-sector capacity in Afghanistan, thus, to support the creation of employment and income. ACGF facilitates access to finance for Afghan MSMEs. ACGF's objectives are achieved mainly by sharing credit risk with the Afghan partner financial institutions ("PIs") by providing credit guarantees for MSMEs and by providing comprehensive technical assistance ("TA", training, coaching, product development, risk management improvements etc.).

As per the end of March 2024, ACGF (including its legal predecessor) has issued approx. 12,900 guarantees to support a combined disbursement of USD 267m in MSME loans. The market share of ACGF was approx. 50 per cent of all MSME loans outstanding by banks and MFIs in Afghanistan. The average net loss rate since inception is 6.3% p.a. ACGF estimates a retention of close to 52,000 employees of the guaranteed businesses and creation of approx. 12,000 additional jobs.

## 1.3. Background to Assignment

In order to reap the benefits of the currently evolving market opportunities in the Afghan MSME finance market, financial institutions in the country are undergoing groundbreaking structural transition processes with impact on all areas of operations, underlying business processes, organizational structures as well as staffing and competency requirements. OXUS has come a long way in this structural adjustment process and has successfully re-started its lending operations and is expecting growth increase over the foreseeable future.

Despite the remarkable successes, key challenges remain, in particular in light of the upcoming growth opportunities and an intensified competitive situation for the re-distribution of market shares in the Afghan MSME finance market. Some of those challenges are:

- Limited staff capacity in lending operations due to the brain drain in the country which leads to challenges in identifying the staff with the right skills
- High degree of centralization in financing decision process
- Low efficiency in financing origination and risk assessment processes
- Limited training capacities for financing assessment and risk management
- Vacancies in financing department not or not adequately filled
- Limited excess capacity of top management to address some of the key bottlenecks due to time constraints and overwhelming workload
- Insufficient capacity and/or experience at branch level for decision-making which demands high involvement of HO staff in day-to-day operations.

To address some of these challenges, close observation of the actual financing and related HR processes is assumed to generate relevant insights and starting points for improvements in operational efficiency as well as credit-related capacity building. Instead of issuing a range of short-term consultancy projects focusing on individual aspects of the lending process, the scope of the assignment proposed is broadened to take an in-depth look at OXUS' lending process to identify and undo structural obstacles to enhanced operational efficiency. This approach is deemed adequate as it will not only support OXUS management to identify improvement potential but will also allow to have such improvements implemented, drawing on external advisory resources embedded in its financing operations and under its control.

It is therefore proposed to place an external Long-term Business Process Advisor in OXUS' Financing Department. While ACGF will be conducting the recruitment based on an international competitive tender, OXUS is encouraged to participate in the approval of the ToR, and the review of the three most successful candidates. Operational embeddedness also means primary reporting line to OXUS Management.

The estimated total period of the placement is 9-12 months (9 months effective working time), with the first 3 months being dedicated to observation, assessment and respective reporting while the remainder of the time shall be dedicated to implementation of the improvement measures agreed with OXUS Management. <sup>1</sup>

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<sup>1</sup> The contract is initially concluded for a period of 4 months and will then be extended. This is linked to the contract duration of the EMERGE project. An extension is clearly envisaged and an availability of the Consultant for a period of 9-12 months is requested.



## 2. The Assignment

### 2.1. Summary

This project aims to support OXUS in maintaining and enhancing the effectiveness and efficiency of its operations. In particular, the assignment involves various activities related to OXUS’ lending activities and financing related HR capacities.

The Consultant will function as a long-term advisor and will closely work together with OXUS for a period of 9 months. After an initial phase in which current operational activities of OXUS are assessed regarding efficiency, effectiveness and risk the Consultant collaborates with OXUS to identify areas for improvement. The Consultant will closely work together with OXUS Management and develop and implement approaches to enhance the quality of lending activities and implement these.

### 2.2. Objectives

**Primary objectives** of this assignment are:

- to strengthen and enhance process efficiency of OXUS financing operations
- to improve compliance of financing operations with OXUS financing procedures
- to improve the OXUS Financing Department’s quantitative and qualitative staff capacity (by increasing headcount and improving skill levels)

**Secondary objective** of this assignment is for OXUS and ACGF to gain a better understanding of the bottlenecks in financing operations as guidance for the planning of future improvement support measures

### 2.3. Result Framework

#	Expected Results	Indicators of Achievement
1.	OXUS’ Lending Process is effective and efficient, and financing operations are compliant with OXUS financing procedures.	<p>Findings from the assessment report are addressed and solutions are implemented. Including but not limited to:</p> <ul style="list-style-type: none"> <li>- Strengthened appraisal methodology to facilitate transparent decision making, including cross-checks, assessment of irregular cash flows, E&amp;E appraisals, mandatory ratios, etc.</li> <li>- Reviewed decision and criteria structures</li> <li>- Disbursements procedures are aligned to Sharia principles</li> <li>- Strengthened monitoring and delinquency management activities to mitigate possible default</li> </ul>

		<p>risks and ensure efficiency, adequacy and proper documentation</p> <ul style="list-style-type: none"> <li>- Institutional control mechanisms</li> <li>- Data capture and document management</li> </ul>
<b>2.</b>	OXUS has an appropriate capacity building framework in place.	<p>Findings from the assessment report are addressed and solutions are implemented. Including, but not limited to:</p> <ul style="list-style-type: none"> <li>- Optimized recruitment process for Financing Officers</li> <li>- Potential for improvement in the training program identified to increase staff capacities</li> </ul> <p>Training for middle management structured and implemented</p>
<b>3.</b>	OXUS' is aware of additional possibilities to further optimize their operations.	Final Report includes recommendations for further interventions/ support measures.

### 3. The Proposed Implementation

#### 3.1. Work Plan

	Activities	Suggested Timeframe
<b>1.</b>	<b>Preparation</b>	Week 1
1.1	<p>Kick-off call with the Consultant, including:</p> <ul style="list-style-type: none"> <li>- Stakeholder introduction</li> <li>- Presentation of Work Plan</li> <li>- Presentation of Project Objectives</li> </ul>	Week 1
<b>2.</b>	<b>Inception Phase</b>	Week 1 - 4
2.1	The Consultant understands OXUS' lending policy and policy implementation (processes) through active participation.	Week 1 - 4
2.1.1	<p>HQ-Level: HR/Recruitment and Training departments, including but not limited to:</p> <p>Observe the definition of job profiles, recruitment process and criteria, available training plans, etc.</p> <p>HQ-Level: Financing Department, including but not limited to: Closely working together with the Head, Working directly with the Head to understand how the activities and done and coordinated with the</p>	Week 1 - 2

	branches. Attend CCs. Observe the coordination process with ACGF/SCSA	
<b>3.</b>	<b>Active Engagement in Operations Teams + Assessment</b>	Week 3 - 12
<b>3.1.</b>	<p>The Consultant is actively engaged in the operations teams (in various up-country branches) fulfilling the role of a team leader and performing all tasks related to it.</p> <p>Through active engagement, the Consultant continues to analyze strengths and weaknesses of the subject areas, agreed on in the previous step in this Work Plan. Besides providing and recommendations during the process, until Week 13, the Service Provider finalizes a gap assessment and develops improvement measures, in particular in the following areas:</p> <ul style="list-style-type: none"> <li>- Lending policy (related forms), policy implementation and organizational structures, e.g.:</li> <li>- Appraisal methodology (incl. Process efficiency and timeliness of approvals, review of adequacy of cross checks applicable ratios, decision and approval structures</li> <li>- Application of adequate risk and control structures (Capacity of risk officers, effectiveness of verifications, analysis of arrears portfolio and respective risk identification pre-disbursement, adequacy of risk capacity in light of procedural requirements)</li> <li>- Financing disbursement process/ execution (sharia-compliance of disbursement process)</li> <li>- Possible bottlenecks and delays in the loan appraisal and approval process are identified and processes defined to ensure fast turnaround times.</li> <li>- Post disbursement procedures and tools (monitoring, delinquency management)</li> <li>- Alignment to international best practices within the country context</li> <li>- Management tools and structures, including institutional control mechanisms to detect and tackle systematic deficiencies, fraud, etc.</li> <li>- Data capture and document management is strengthened to ensure that all necessary client information is available.</li> </ul> <ul style="list-style-type: none"> <li>- Capacity building framework and structures for financing staff and training department</li> <li>- Qualification and capacity of financing officers</li> <li>- Qualification and capacity of training officers</li> </ul>	Week 3 - 4

	<ul style="list-style-type: none"> <li>- Frequency of trainings</li> <li>- Content and instruments</li> <li>- Training department set-up</li> <li>- Mechanisms for training needs assessment, etc.</li> <li>- Credit-related recruitment strategy</li> </ul>	
3.1.1	<p>The Consultant drafts an Inception Report, presenting the current state and (preliminary) results of a first assessment of the lending policy and policy implementation (processes), including findings from shadowing lending activities and the capacity building framework of OXUS</p> <p><b>Deliverable 1:</b> Inception Report, including preliminary results of a gap assessment based on findings through active engagement in OXUS operations (presentation to be reviewed by OXUS Management and subsequently be delivered to OXUS Management and ACGF TA Department to determine any changes in the workplan for the remainder of the inception phase)</p>	Week 4
3.2	Branch B	Week 5-6
3.2.1	Branch C	Week 6-8
3.2.2	<b>Deliverable 2:</b> The Service Provider delivers a presentation to OXUS Management & ACGF about his preliminary findings from the Branch rotation.	Week 8
3.3	Branch D	Week 9-10
3.3.1	Information Documentation / Report writing	Week 11-12
3.3.2	<b>Deliverable 3:</b> Assessment Report, including detailed results of assessment and implementation plan for improvement measures	Week 12
	The Consultant presents the results of Assessment Report to OXUS and ACGF, based on the results, the subsequent steps in this Work Plan can be adapted.	Week 12
3.3.3	The Consultant, OXUS and ACGF agree on the next steps of the project implementation.	Week 12
4.	<b>Implementation of agreed Measures</b>	Week 14 - 26
4.1	The Consultant continues to work in the operations teams and implements the improvement measures, defined in the previous step in this Work Plan.	Week 14 - 26
4.2	The Consultant drafts an Interim Report, that reflects the interim status of the project implementation, highlights successes and challenges	Week 14- 26

	<p>and includes an implementation plan for the last three month of the project.</p> <p><b>Deliverable 3:</b> Interim Report, including progress report on implementation of improvement measures, discussion of possible adjustments</p>	
4.3	<p>The Consultant presents the results of the Interim Report to OXUS and ACGF</p> <p>The Service Provider, OXUS and ACGF agree on potential adjustment of the Work Plan.</p>	Week 26
4.4	<p>The Consultant implements the activities as agreed in the previous step of this Work Plan.</p>	Week 27 - 39
4.5	<p>The Consultant drafts a final report, reflecting on the project implementation and lines out future improvement needs and measures.</p>	Week 27 - 39
4.6	<p><b>Deliverable 4:</b> Final Report</p>	Week 39

The Consultant should be available to hold discussions and present deliverables over conference call with ACGF/SCSA and the assignment beneficiary, when necessary.

### 3.2. Technical Details of the Assignment

#### 3.2.1. Methodology

The above activities present the general outline for engagement of the Consultant. However, the explicit workload for each of the activities cannot be foreseen as they highly depend on the gap assessment as the first and second step of the Work Plan.

During an inception phase the Consultant shall gain deep inside into the operations of OXUS. For this, the Consultant shall shadow financing officers, conduct interviews with field officers, branch manager and deputy managers, as well as with OXUS' management. 4 weeks after the project start, the Consultant shall present preliminary findings based on an initial analysis.

The inception phase shall be followed by an in-depth analysis/ assessment of the focus areas of this assignment - lending policy, policy implementation and organizational structures & capacity building framework. After 8 weeks the Consultant shall present interim findings, after 13 weeks the Consultant shall present the detailed findings of the in-depth analysis, which should include results of a gap assessment and respective improvement measures. Subsequently, the Consultant, OXUS and





ACGF shall agree on measures that will be implemented in the later course of the project. Beside suggestions for improvement in policies and processes, the Consultant shall implement trainings (classroom and on-the-job) for field officers, branch managers and Deputy branch managers during the assignment.

Following the presentation of each deliverable, the Consultant, OXUS and ACGF should discuss whether an adaptation of the Work Plan is adequate. While the primary reporting line persists between the Consultant and OXUS, ACGF will participate in the presentations of the deliverables and will jointly with OXUS Management decide on the applicable adaptations of the Work Plan, in particular with regard to the determination of improvement measures to be implemented during the implementation phase.

The activities and deliverables of the assignment are anticipated to be conducted in one continuous intervention of the Service Provider. The Service Provider may propose additional activities, adapt the structure of the assignment if deemed necessary for a successful implementation of the assignment.

All communication as well as written documentation / deliverables will be in English.

### 3.2.2. Final outputs and Review Procedure

<b>Deliverable</b>	<b>Estimated Week of submission</b>
<b>Deliverable 1:</b> Inception Report (Presentation)	Week 4
<b>Deliverable 2:</b> Preliminary Findings (Presentation)	Week 8
<b>Deliverable 3:</b> Assessment Report	Week 12
<b>Deliverable 4:</b> Interim Report	Week 26
<b>Deliverable 5:</b> Final Report	Week 39

The Consultant will report to OXUS’ Focal Point as well as to ACGF’s TA Analyst.

The Consultant will be responsible for the timely delivery of activities and deliverables. The Consultant will give notice to ACGF in writing or via e-mail of the completion of a deliverables and request acceptance. An approval and/or acceptance of deliverables by ACGF may require several feedback and revision rounds until deliverables are considered final. Review and acceptance of a deliverable must take place no later than 15 days after the Consultant has given notice in writing or via email of a deliverable being ready for acceptance. Acceptance of a deliverables will be communicated in writing by ACGF’s TA Analyst.

Deliverables will be reviewed by the Review Committee comprising the following ACGF and PI staff:

- OXUS Management: CEO, Head of Operations, Head of Business Development, Head of Risk
- ACGF: Head of Transactions Management, Head of Guarantee Business & Business Development, ACGF TA Analyst

### **3.2.3. Logistics**

The assignment is anticipated to be conducted in one continuous intervention of the Consultant on-site in Afghanistan. The majority of the work will be done in Kabul, with occasional travels to other regions to work with different branches of OXUS.

All travel to Afghanistan, if applicable, will occur on the own risk of the Consultant and the Consultant will be responsible for taking all precautions and insurances necessary to ensure the safety.

Any on-site work of the Consultant will be conducted with logistical support from the relevant officers and managers of the PI. SCSA will be available to support, if needed. All communication, as well as written documentation/deliverables, will be in English.

During the first three months of project implementation a designated employee of the PI will support the consultant in logistics, access to documents and potentially required translation.

## **4. Application of Consultants**

ACGF reserve the right to decide to not implement the assignment or to terminate the procurement process if it is deemed appropriate.

ACGF's evaluation process is aligned with World Bank Procurement Regulations, it is fair, transparent, free of discrimination, and adheres to the provisions in this document. ACGF exercises the authority to evaluate and select the best proposal. The proposal will be the basis for negotiation and ultimately signing the contract with the selected Consultant.

### **4.1. Shortlisting Criteria**

- a) The Consultant shall provide proof of experience for the following Expert Profile:
  - a. Expertise in MSME lending, especially in microfinance (Min. 7 years of relevant working experience and/ or training)
  - b. Proven track record in managing MSME consultancy projects and organizational development (Min. two long-term assignments)
  - c. Ability to produce written documentation in English and present it to project stakeholders

- d. Knowledge of Islamic finance lending products (Min. 3 years of relevant experience)
- e. Knowledge of HR processes (Min. 1 year of relevant experience)
- f. Familiarity with Afghan financial sector and/or comparable markets (Track record of previous working experience)
- g. Local language skills (Dari and Pashto) are an asset
- h. Min. Master's degree in a subject related to the field of Economics, Business Administration, HR, or Finance; or alternatively professional training as bank officer with additional 5 years of management experience

The qualification of the Service Provider should be supported with a CV and references to relevant past assignments including (a) assignment synopsis, (b) duration and period, (c) client name and contact details, (d) relevance for underlying project and (e) expert's respective roles, responsibilities, and LoE.