

# TERMS OF REFERENCE

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## THE ORGANIZATION OF A LOCAL AUTONOMOUS FINANCING SYSTEM FOR THE POPULATIONS OF THE NORTH-WEST REGION AND FOR A NORTH WEST REGIONAL DEVELOPMENT AND INVESTMENT FUND (NOWEDIF)

### SOMMARY

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## **I- GENERAL CONTEXT AND JUSTIFICATION**

### **1. LEGAL FRAMEWORK OF THE REGION**

The North-West Regional Assembly, placed under the supervision of the Governor of the North-West Region as Representative of State, is organized by Law No. 2019/024 of December 24, 2019, bearing on the General Code of Regional and Local Authorities, which, within the framework of its Special Status, establishes the competences of the Region, in addition to the powers devolved thereunto, as follows:

- Participate in the formulation of national policies related to the Anglophone education sub-system.
- Set up and manage Regional Development Authorities.
- Participate in defining the status of traditional chiefdoms.
- Be involved in the management of public services established in the Region.
- Initiate and promote economic, social and cultural development programmes and projects.

The Region is freely administered by bodies elected in an autonomous Regional Assembly, which includes:

- The Regional Assembly, composed of 90 Regional Councilors, including 70 from the "House of Divisional Representatives" from the seven Divisions of the North-West Region; and 20 from the "House of Chiefs," elected by their peers. This makes up the deliberative organ of the Region.

The Regional Executive Council, elected by the Regional Assembly, is the executive body of the Region, made up of: the President, who chairs the Regional Assembly; the Vice-President, who is President of the House of Chiefs; a Commissioner responsible for economic development; a Commissioner responsible for health and social development; a Commissioner responsible for educational, sports and cultural development; two Secretaries and a Questor.

This Regional Assembly is therefore competent to initiate this study with the objective of autonomous financing of the development of the populations of its region of competence.

### **2. GENERAL CONTEXT ANALYSIS**

Cameroon is currently undergoing the pangs of the health crisis due to the Covid-19 pandemic which has restricted economic and social activities. This situation has worsened with a global security crisis from the Russia-Ukraine war that began in February 2022, which has a negative impact on the Cameroonian economy by inducing an increase in the prices of consumer products imported by the country. These products represent 25% of the household basket according to the Ministry of Economy, Planning and Regional Development<sup>1</sup>. Cameroon is thus facing high inflation due to the increase in the price of wheat (45% imported from Russia), by-products, bread,

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<sup>1</sup>Ministry of Economy, Planning and Regional Development. The Russo-Ukrainian conflict and the Cameroonian economy. Series: working paper. General Directorate of Economy and Public Investment Programming. March 2022.

barley, corn and agricultural inputs. This difficult state is complicated by the drop in export prices for cocoa, coffee and bananas in particular, the main sources of the country's foreign currency. According to the National Institute of Statistics (NIS) in a study in March 2022 entitled « Foreign Trade: Commercial Exchanges between Cameroon, Ukraine and Russia »<sup>2</sup>, the structural deficit of Cameroon's trade balance with Russia and Ukraine strengthened in 2020 with an amount of 96.5 billion FCFA and 64.1 billion FCFA respectively. Russia is Cameroon's leading supplier of wheat and fertilizers, while Ukraine has this rank in the country's imports of iron, cast iron and steel. This situation leads Cameroon to accelerate the implementation of the import substitution policy provided for in the National Development Strategy 2030 (NDS 30). The country must therefore develop its own production particularly that which it consumes, and rely more on its own means, including financial resources.

In terms of financing, the microfinance sector in the Economic and Monetary Commission of Central Africa (EMCCA) has experienced strong growth in recent decades. Since 1992, the date of the adoption of the first regulations specific to this sector and the implementation of accompanying measures, the number of Microfinance Institutions (MFIs) has increased considerably, leading to an increase in offer of local financial services and, subsequently, the access of populations to these financial services.

The increase in the number of MFIs continued with the entry into force of the new Community legal framework under the supervision of the Central African Banking Commission (CABC) in 2002, which will be reviewed in 2017 for better control of the sector, which as it develops, is increasingly exposed to risks. This regulation, which abolishes independent first category microfinance establishments while forcing them to exist and evolve only in a network with an umbrella body, came into force in 2020. There are more than 800 microfinance establishments in Cameroon in 2021.

With regard to banks, Cameroon has 15 banks whose branches are concentrated in the regional capitals and timidly exist in other cities. The Cameroonian Bank of Small and Medium Enterprises (BC-PME SA) created by the State and opened in 2015 has branches only in the cities of Yaoundé and Douala. His interventions are still very timid.

In terms of financial institutions, the country has very few organizations. Regarding the National Investment Company (NIC), its actions are less felt in the North West Region. More active in the Region than the NIC, “Crédit Foncier du Cameroun” provides still timid support for the promotion of social housing.

### **3. ANALYSIS OF THE SPECIFIC CONTEXT OF THE NORTH-WEST REGION**

The North-West Region is governed by Law No. 2019/024 of December 24, 2019, on the General Code of Regions and Local Authorities.

Economically, the North-West Region has a very important agricultural potential. It produces for local consumption and the country, especially for export with regard to coffee and tea. However, it has a large food crop sector that is not sufficiently supported, mainly comprising:

- Potatoes, which do not yet fill the national deficit in consumption;
- Rice;
- Oku white honey;
- Beans;

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<sup>2</sup>See attached document.

- Cocoyam;
- Maize;
- Yams;
- Vegetables;
- Cassava.

The Region, located in a humid savannah zone, has great potential in the production of local foodstuffs. It can achieve food self-sufficiency and feed Cameroon. However, food sovereignty can only be implemented if autonomous financial resources for the acquisition of improved seeds and the inputs necessary for production are well mobilized and available. It also needs companies specializing in the evacuation of products from the fields or production localities to the marketing and consumption centers.

It is therefore important not only to increase agricultural yields and the quantity of products, but also to limit post-production losses to a percentage below 5%. Achieving this objective obviously requires the support of an autonomous fund.

This Autonomous Regional Development and Investment Fund, which would ensure the dynamism of the activities of local businesses and artisans, should take into account the following context:

- The Region is still under a security crisis, cultural conflicts and indiscipline;
- Banks have a weak geographic coverage, mainly concentrated in the capitals of certain Divisions, with a banking rate of 10%, which marginalizes more than 2/3 of the population of the North-West Region;
- People's access to banks is limited by culture, geography and income;
- The conditions for granting loans in banks and other financial institutions are incomprehensible with regard to the culture of the locality;
- The orientation of funding at the local level rather encourages export of agricultural products such as coffee and tea to the detriment of food products and basic necessities that the populations need;
- The cooperatives are organized rather around cash crops such as coffee, tea and others;
- 70% of the population of the locality work in the agricultural sector and encounter enormous difficulties in financing their activities.

In view of these observations, and taking into account the fact that the populations of the Region have a great culture of savings and work, mutual aid and solidarity, it is useful to provide them with an independent financing body linked to their culture, tapping into the spirit and management principles of JANGI. This organization will take into account the cultural impact as far as the North West Region is concerned.

There is need to provide the North-West with a Local Autonomous Fund. It is timely because it comes at a time when, economically, Cameroon is seeking its food and financial sovereignty within the framework of a National Development Strategy for 2030 (SND 30).

#### **4. THE NORTH-WEST REGION IN THE NATIONAL DEVELOPMENT STRATEGY 2030 (SND30)**

It is important in the context of this study to take into account the main lines of NDS 30, guided by the following guiding principles:

- Consistency in the planning, programming and implementation of development actions;
- The harmonious, balanced and equitable development of the territory;
- Taking into account catch-up needs for regions affected by security and socio-political crises;
- Development planning aligned with decentralization;
- Strengthening unity in diversity.

NDS 30 then plans to increase, before 2025, to at least 60% the share of public procurement of locally produced goods and services, including for the defense and security forces. The North-West Region will then have to seize this approach and this opportunity to find resources for growers or farmers, craftsmen, small and medium-sized enterprises (SMEs), small and medium-sized industries (SMEs), individual entrepreneurs and start-ups of young people to increase local production, offer many jobs in the locality and create abundance. This is how the North-West Regional Assembly decided to intensify its efforts in the implementation of this policy.

The North-West will have to align itself with the import substitution policy of the NDS 30. It is then a question of seizing the facilities offered by this policy to make effective the contribution of the North-West Region to the production of what Cameroon consumes and the consumption of what Cameroon produces. The interest of the production being local, the financing can, first of all, only be local. Needs first, projects after. So, directing productions to the needs of the Region would also mean finding the corresponding funding; but also, easily ensure the evacuation of products to consumption centers by limiting post-harvest losses.

The Region then undertakes to set up this type of Fund, which will be complementary and consistent with the public funding of the existing Regional and Local Authorities, and the local autonomous funding system.

## **5. REGULATIONS IN FORCE FOR THE PUBLIC FUNDING OF DECENTRALIZED TERRITORIAL AUTHORITIES**

The public financing system of the North-West Region is determined in the areas in force, in particular:

- Law No. 2019/024 of December 24, 2019, on the General Code of Regional and Local Authorities;
- The finance laws of the Republic of Cameroon fixing the share of resources transferred to the Regional and Local Authorities and certain development projects such as the North-West Development Mission (MIDENO);
- Conventions, laws and regulations on decentralized cooperation;
- The Conventions of the Economic and Monetary Community of Central Africa (CEMAC), the Central African Monetary Union (UMAC) and the Central African Banking Commission (COBAC) on microfinance institutions and Credit Institutions, as well as the laws and regulations of Cameroon.
- The Presidential Plan for the reconstruction and development of the North-West, South-West and Far-North Regions, responsible in particular for the rehabilitation and development of basic infrastructure, equipment and the revival of socio-economic activities in these areas of the country: it is operational by Order No. 031/CAB/PM of April

3, 2020 setting the organic framework for the implementation of the Presidential Plan for the reconstruction and development of the North-West, South-West and Extreme- North Regions. The Presidential Plan receives significant resources from the State budget for its field of action.

## **II- OBJECTIVES AND TARGETS**

Specifically, this study will:

### **1) At the development level,**

- Determine the different profitable speculations that meet the needs of the populations of the North-West Region;
- Determine the different forms of mutual aid and solidarity in the rural areas of the North-West Region;
- Evaluate the interest rates, loans and borrowings practiced in the different forms of Njangi in the North-West Region;
- Determine the barrier resources that allow the satisfaction of the basic needs of the population of the North-West Region;
- Propose solutions for the improvement of the system of tontines called Njangi in the North-West Region, which contribute to the development and the distancing of poverty from the populations;
- Propose a local autonomous financing system, which improves the resources available to finance the agricultural activities of the populations and which is based on the Njangi system in the North-West Region;
- Determine the organization and operation of the local financing system supported by the populations themselves;
- Determine and ensure the transfer of skills to the actors of the local autonomous financial system by organizing appropriation seminars and technical support sessions at the level of its operation;
- Propose a plan for monitoring the operation of the local financing system over three years.

### **2) At the Monitoring stage,**

- Determine the technical assistance and procedures for the implementation of the proposed local autonomous financing system;
- Determine the development of new specific IT functionalities to deal with the implementation of new micro-financial products and services by the bodies of the local autonomous financing system;
- Determine and ensure the transfer to personnel skills in maintaining the information system of the local autonomous financing system at the end of three years of monitoring;

- Monitor the implementation of the local autonomous financing system of the North-West Region;
- Participate in the external control and the annual evaluation of the autonomous and local financing system in execution.

### **III- BENEFITS EXPECTED FROM THE FINANCING SYSTEM**

#### **1. SUPPLY OF A LOCAL AUTONOMOUS FINANCING SYSTEM WITH A COMPUTER SOLUTION FOR THE MANAGEMENT OF ITS ACTIVITIES, which allows:**

- The strengthening of the autonomy of the North-West Region in the resources necessary for its development;
- Strengthening the creation of wealth and abundance by the populations of the North-West Region on their own funds;
- The increase in agricultural production meeting the needs of local populations and leaving profitable agricultural surpluses;
- The food self-sufficiency of the North-West Region;
- To make the North-West Region the breadbasket of Cameroon;
- The remoteness of the poverty of the populations of the North-West Region;
- Competitive complementarities of existing financial and banking institutions in the North-West Region;
- Increasing the potential of the North-West Region to create microfinance establishments, financial establishments and banks;
- The collection of financial and non-financial data according to the framework defined in the specifications of the local autonomous financing system;
- Performance in local financing;
- Efficiency in the implementation of digital finance in the North-West Region;
- Popularization of electronic money;
- Data processing.

#### **2. PROVISION OF IMPLEMENTATION SERVICES**

As part of this study, the service provider must:

- Participate in the implementation of the proposed local autonomous financing system;
- Attend the annual evaluation of the Local Autonomous Financing System;
- Propose improvements in a timely manner to make the proposed local autonomous financing system more efficient and have greater confidence in the target populations;
- Lead the receipt of the computer application;
- Propose a corrective and evolutionary maintenance plan for the IT solution of the proposed Local Autonomous Financing System.
- Assist in the external control of the Local Autonomous Financing System.

### **3. MAINTENANCE OF THE LOCAL AUTONOMOUS FINANCING SYSTEM INFORMATION SYSTEM SOFTWARE**

The selected service provider will support the project for a period of three (03) years renewable after evaluation. During this period he will ensure the maintenance of the computer software of the local autonomous financing system and according to the validated maintenance plan.

### **4. PROVISION OF DOCUMENTATION OF THE LOCAL AUTONOMOUS FINANCING SYSTEM**

The service provider must provide the following documentation:

- The specification file for the framework for collecting financial and non-financial information from the local autonomous financing system;
- Savings and credit procedures manuals;
- Accounting manuals;
- The internal control manual;
- The list of texts regulating the organs of the Local Autonomous Financing System;
- The detailed functional and technical specifications file of the computer solution proposed for the real-time processing of information from the Local Autonomous Financing System;
- User manuals and training materials;
- Installation, operation and configuration guides;
- The detailed specifications file of the necessary adaptations and interfaces in relation to the COBAC software.

The documentation must be provided in French and English and in paper and electronic format.

### **IV- FIELDS OF ACTIVITY OF THE SPECIFIC PROJECTS TO BE REALIZED**

For the Local Autonomous Financing System, the areas of activity are:

- Savings;
- Credit;
- The transfer of funds;
- Electronic payment;
- Financial investments;
- Financial arrangements.

With regard to the information system of the Local Autonomous Financing System, the areas of activity will be:

- **Activity 1:** Develop the coherent database of all the information of the Local Autonomous Financing System;
- **Activity 2:** Train a pool of technicians for skills transfer on software configuration for future needs (database configuration mode, functionality, limits and constraints), and the parameter axes:



- Train the pool of technicians on how to configure the software's encoding screens (modification, deletion, creation of input masks).
- Train the pool of technicians on the methods of setting up the software output screens (modification, deletion) by referring to the list of essential indicators of micro-financial activities in the form of pre-established tables for feedback.
- Show members of the pool of technicians how to install/uninstall the software and the office settings if necessary.

## **V- EXPECTED RESULTS**

The results of the study are:

- The presentation of the Local Autonomous Financing System with its scheme;
- The bodies making up the proposed Local Autonomous Financing System and their legal supports;
- The origin at the level of the populations of the resources of the Local Autonomous Financing System;
- The cultural impact assessment report;
- The document showing the complementarities with the other financial and banking institutions existing in the North-West Region;
- The list of texts of deliberations to be taken to organize and determine the functioning of the Local Autonomous Financing System of the North-West Region;
- The proposed Local Autonomous Financing System Implementation Plan;
- The computer system of the autonomous financing system (software) proposed;
- The necessary training and the training plan for the actors of the proposed Local Autonomous Financing System.

For the information system of the Local Autonomous Financing System, the consultant will provide software which must integrate the data collection system (Input), the types of processing (Processing), the information storage system (Conservation), the output or the result resulting from the processing (Output), the recipients of the information with the appropriate forms of communication (Communication) and the uses of the information communicated (Use), having the following minimum characteristics:

- The software to be provided must contain at least the following modules:
  - User management;
  - Management of account movements;
  - Management of disbursements;
  - Mail management ;
  - Payroll management;
  - Fund transfer management;
  - Staff management ;
  - Accounting management;

- Management of electronic payment.
- The management of privileges for the staff of the Local Autonomous Financing System;

In addition to supplying and installing the software and training users (taking control of the system), the service provider must provide:

- A user guide for the software,
- A guide to setting up and configuring the software,
- A copy of the software on CD,
- Modalities of maintenance.

At the end of his mission, the consultant must submit a report outlining all the installation work carried out, with particular emphasis on the difficulties encountered, the key elements to follow.

## **VI- METHODOLOGY**

The methodology of the study will be structured by the field surveys, the documentary analysis and the key people met.

The study will be conducted by surveys of populations or groups of people practicing Njangi in the seven Divisions that make up the North-West Region. The data collected in Bamenda and in certain cities of the other Divisions of the Region previously selected will be analyzed in the direction of a generalization of a Local Autonomous Financing System based on the culture of the Njangi which is more effective.

Given the unfavorable security context, data collection will be done via mobile phones. The North-West Regional Assembly will designate representatives of each of the seven (07) Divisions to be the focal points of the people to be investigated. The City of Bamenda will provide a focal point of three (03) Regional Councilors.

The field surveys will be supplemented in the analysis by certain experiences obtained in African countries such as Rwanda, Kenya and Benin.

Five (05) Fons from the House of Chiefs will be appointed to advise on the nature of the guarantees in keeping with the culture of the Region and linked to the operation of the proposed Local Autonomous Financing System.

Cultural impact study for the adhesion and the efficiency of the system.

## **VII- DURATION OF THE BENEFIT**

Given the security risks, the duration of the study is four (04) calendar months. The first three (03) months will be devoted to documentary research, field surveys and the application of the data collected as well as the development of the experiences observed in the countries visited. An interim report will be presented at the end of the second half of the fourth month and the final report at the end of the study.

## **VIII- QUALIFICATION CRITERIA**

The qualification criteria are called essential criteria which make it possible to evaluate the technical capacity of the bidder and to ensure that they will carry out a relevant study leading to a

proposal which meets the needs of the client. Those are:

The general experience of the consultant as a manager for at least fifteen years of a cooperative-type microfinance institution;

1. Detailed descriptions of the methodology and the proposed model consistent with the ToRs;
2. The specific experience of the consultant in the field of studies and publication of works concerning Njangi (tontines) and currency;
3. Human resources;
4. The logistical means available;
5. Understanding of the mission, proposed methodology as well as the execution time;
6. Presentation of the offer.

## **IX- EXPERT PROFILE**

The Consultant shall:

- Be at least an Economist Statistician Engineer or a holder of a Doctorate in Economics and Statistics and justifying a professional experience of at least thirty (30) years;
- Have been a manager for at least fifteen years of a cooperative-type microfinance institution approved and recognized in Cameroon;
- Having made several publications on tontines and carried out several studies supported by the World Bank or a United Nations institution on traditional decentralized financial systems;
- Have a good knowledge of the currency and the CFA Franc through at least two publications in these fields;
- Have a perfect knowledge of macroeconomic management and the public investment budget of Cameroon;
- Have sufficient qualified staff, in particular a computer specialist in microfinance, a technician in rural economy and a statistician in finance;
- Have sufficient and efficient computer equipment for the mission.

The Head of Mission, key person of the project, must justify a long general experience and a proven specific experience of at least 20 years in the economic and financial supervision of the State; justify a perfect knowledge of the Cameroonian financial system, and present satisfactory references in the matter. Thus, the project team should include:

- 1) One (01) Head of Mission, Financial Economist Statistician, with proven publications including at least five articles and five books published in the field of macroeconomics, tontines, currency and statistics, with 30 at least years of experience.
- 2) One (01) expert financial statistician, assistant to the Head of Mission (BAC+5 at least or equivalent) with at least 10 years of experience;
- 3) One (01) financial IT expert (Bac+4 at least or equivalent) with at least 10 years of experience;

- 4) One (01) senior technician in agriculture/rural engineering (Bac+2 at least or equivalent) with at least five years of experience;
- 5) One (01) assistant accountant (Bac +2 at least or equivalent) with at least 3 years of experience, support staff;
- 6) An administrative and financial assistant (Bac +2 at least or equivalent) with at least 5 years of experience, support staff.

Each member of the mission team will provide a dated and signed Curriculum Vitae.

#### **X- STUDY BUDGET**

The budget for the study is to be determined. However, it must cover the cost of studying and monitoring the implementation of the proposed solution. This cost is split into two parts.

**1. For the first part related to the study, it will take into account the expenses related to the following elements:**

- Staff, including expert staff and support staff;
- Equipment, documentation and monitoring and control services;
- The costs of field surveys related to the preparation of the questionnaire, data collection, control and supervision of the data collected, analysis, conservation and survey report;
- Travel, mission and documentation expenses;
- Costs of data entry, reproduction and preparation of study reports;
- The costs of organizing meetings to review the interim report and the final report of the study in Bamenda;
- Rent and service operating costs (rent, energy, water, internet, computer consumables, and other office supplies related to the study);
- Taxes and duties (VAT, income tax, etc.).

**2. With regard to the second part related to the follow-up over three years of the implementation of the proposed solution, it will take into account the following elements:**

- Expert staff and support staff;
- Equipment, documentation and monitoring and control services;
- Travel and mission expenses;
- Costs of training actors;
- Security costs in the North-West Region;
- Accommodation and travel expenses in the North-West Region;
- Insurance costs;
- Costs of entering, reproducing and preparing annual monitoring reports;
- The costs of organizing meetings for the presentation of annual monitoring reports in Bamenda;
- Rent and service operating costs (rent, energy, water, internet, computer consumables, and other office supplies related to monitoring);

- Taxes and duties (VAT, income tax, etc.).

## **XI- COMPOSITION OF THE OFFER AND METHODOLOGY FOR EVALUATION OF TECHNICAL OFFERS AND FINANCIAL OFFERS**

### **1. COMPOSITION OF OFFERS**

The service provider will provide a technical offer and a separate financial offer in accordance with the Public Procurement Code in force.

#### **1.1. Technical Offer**

The service provider's technical offer must contain the following documents:

- The references of the consultant or the Head of Mission in the management of cooperative-type microfinance establishments accompanied by all documents that can justify the realization of such an experience;
- Detailed descriptions of the proposed methodology and model consistent with the ToRs;
- The references of the Head of Mission in terms of publications of books and works in the fields of currency, tontines and statistics; in support, the 1st page and the back cover for each of the books; the references and the journals in which the articles have been published as well as their respective subjects;
- The document describing the understanding of the purpose of the mission, the approach and the schedule for carrying out the mission;
- The qualification and experience of the IT personnel in charge of the computerization of the proposed local autonomous financing system;
- The methodology to be implemented for the conduct of the various training courses as well as the execution schedule;
- Dated and signed curriculum vitae and certified copies of the diplomas of the study staff.
- The technical references provide at least proof of two similar services by the Head of Mission supported by reports (presentation of the references of the contracting authorities of the said consultations).

#### **1.2. Financial offer**

The provider's financial offer must be as detailed as possible in order to allow a good reading of the cost structure. This offer must comply with the Public Procurement Code and contain in particular:

- The Unit Price Schedule;
- Quantitative and estimated detail;
- The sub-detail of the prices and/or the breakdown of the fixed prices.

### **2. EVALUATION METHODOLOGY OF TECHNICAL OFFERS**

The technical offers will be evaluated on a total of 100 points and in accordance with the Standard DAO of the Public Procurement Regulatory Agency (ARMP) and taking into account the scoring structure below:

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|----|--|------------|
| 1  | General presentation of bid                                  | 5 pts      |
| 2  | Financial guarantee  | 20 pts     |
| 3  | Organization, methodology and planning of execution of works | 25 pts     |
| 4  | Human and material resources                                 | 40 pts     |
| 5  | Bidder's reference   | 10 pts     |
|    | TOTAL  | 100 % pts  |

The Technical offers must obtain a score of 80 points out of the total of 100 points to be retained for a financial analysis.

### **3. EVALUATION METHODOLOGY OF FINANCIAL OFFERS**

The score of 100 points will be awarded to the lowest priced financial offer deemed to be compliant. The ratio of the amount of the lowest financial offer to the amount of each financial offer multiplied by 100 will give the number of points for this financial offer.

### **4. BID EVALUATION METHODOLOGY**

The bid evaluation methodology that will be used is that of the best value for money (combined score). Being a study of such importance, the technical offer will have a weighting with a weight of 75% (0.75) and the financial offer a weighting with a weight of 25% (0.25).

Which is  $0.75+0.25=1$ .

The score of each qualified bidder will be the sum of the weighted scores of the technical bid and the financial bid.

### **XII- TRAINING.**

The consultant will have to provide an adapted and complete training program for the personnel in charge of monitoring this financing system as well as the users. A training plan on the various training modules must be presented in the study by the service provider.

### **XIII- DOCUMENTATION**

Law No. 2019/024 of December 24, 2019 on the General Code of Regional and Local Authorities sets the legal framework for the North-West Region.

Conventions, laws and regulations on the microfinance sectors, the sector of credit institutions and COBAC texts;

Otherusefultexts.

# TERMS OF REFERENCE

## FOR A NORTH WEST REGIONAL DEVELOPMENT AND INVESTMENT FUND

### SUMMARY

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## **I- GENERAL CONTEXT AND JUSTIFICATION**

### **1. LEGAL FRAMEWORK OF THE REGION**

The North-West Regional Assembly, placed under the supervision of the Governor of the North-West Region as Representative of State, is organized by Law No. 2019/024 of December 24, 2019, bearing on the General Code of Regional and Local Authorities, which, within the framework of its Special Status, establishes the competences of the Region, in addition to the powers devolved thereunto, as follows:

- Participate in the formulation of national policies related to the Anglophone education sub-system.
- Set up and manage Regional Development Authorities.
- Participate in defining the status of traditional chiefdoms.
- Be involved in the management of public services established in the Region.
- Initiate and promote economic, social and cultural development programmes and projects.

The Region is freely administered by bodies elected in an autonomous Regional Assembly, which includes:

- The Regional Assembly, composed of 90 Regional Councilors, including 70 from the "House of Divisional Representatives" from the seven Divisions of the North-West Region; and 20 from the "House of Chiefs," elected by their peers. This makes up the deliberative organ of the Region.
- The Regional Executive Council, elected by the Regional Assembly, is the executive body of the Region, made up of: the President, who chairs the Regional Assembly; the Vice-President, who is President of the House of Chiefs; a Commissioner responsible for economic development; a Commissioner responsible for health and social development; a Commissioner responsible for educational, sports and cultural development; two Secretaries and a Questor.

Invested with powers to initiate and promote development programs and projects, to set up and manage regional development authorities, the Regional Assembly has therefore decided to initiate this study with the objective of creating and organizing of a Development and Investment Fund of the North-West Region.

### **2. GENERAL CONTEXT ANALYSIS**

Cameroon is currently experiencing the pangs of the health crisis due to the covid-19 pandemic, which has restricted economic and social activities. This situation has worsened with a global security crisis from the Russia-Ukraine war that began in February 2022, which has a negative impact on the Cameroonian economy by inducing an increase in the prices of consumer products imported by the country. These products represent 25% of the household basket according to the Ministry of Economy, Planning and Regional Development. Cameroon is thus facing high



inflation due to the increase in the price of wheat (45% imported from Russia), by-products, bread, barley, corn and agricultural inputs. This difficult state is complicated by the drop in export prices for cocoa, coffee and bananas in particular, the main sources of the country's foreign currency.

According to the National Institute of Statistics (INS) in a study in March 2022 entitled "Foreign Trade: Commercial Exchanges between Cameroon, Ukraine and Russia," the structural deficit of Cameroon's trade balance with Russia and Ukraine strengthened in 2020 with an amount of 96.5 billion FCFA and 64.1 billion FCFA respectively. Russia is Cameroon's leading supplier of wheat and fertilizers, while Ukraine has this rank in the country's imports of iron, cast iron and steel. This situation leads Cameroon to accelerate the implementation of the import substitution policy provided for in the National Development Strategy 2030 (SND 30). The country must therefore develop its own production, in particular that which it consumes, and rely more on its own means, including financial resources.

In terms of financing, the microfinance sector in the Economic and Monetary Commission of Central Africa (EMCCA) has experienced strong growth in recent decades. Since 1992, the date of the adoption of the first regulations specific to this sector and the implementation of accompanying measures, the number of Microfinance Institutions (MFIs) has increased considerably, leading to an increase in offer of local financial services and, subsequently, people's access to these financial services.

The increase in the number of MFIs continued with the entry into force of the new community legal framework under the supervision of the Central African Banking Commission (COBAC) in 2002, which will be reviewed in 2017 for better control of the sector, which as it develops, is increasingly exposed to risks. This regulation, which abolishes independent first category microfinance establishments while forcing them to exist and evolve only in a network with an umbrella body, came into force in 2020. There are more than 800 microfinance establishments in Cameroon in 2021.

With regard to banks, Cameroon has 15 banks whose branches are concentrated in the regional capitals and timidly exist in other cities. The Bank of Small and Medium Enterprises (BC-PME SA) created by the State and opened in 2015 with 100% of the share capital belonging to the State, has branches only in the cities of Yaoundé and Douala. Its interventions are still very timid.

In terms of financial institutions, the country has very few organizations. Regarding the National Investment Company (SNI), its actions are less felt in the North-West Region. More active in the Region than the SNI, "Crédit Foncier du Cameroun" provides still timid support for the promotion of social housing.

A significant void then exists, with regard to an adequate and specific financial organization, to support initiatives, in particular agricultural SMEs, craftsmen, very small businesses, individual entrepreneurs and young start-ups who want to promote local productions.

### **3. ANALYSIS OF THE SPECIFIC CONTEXT OF THE NORTH-WEST REGION**

Economically, the North-West Region has a very important agricultural potential. It produces for local consumption and the country, especially for export with regard to coffee and tea. However, it has a large food crop sector that is not sufficiently supported, mainly comprising:

- Potatoes, which do not yet fill the national deficit in consumption;
- Rice;
- Oku white honey;
- Beans;

- Cocoyam;
- Maize;
- Yams;
- Vegetables;
- Cassava.

The Region, located in a humid savannah zone, has great potential in the production of local foodstuffs. It can achieve food self-sufficiency and feed Cameroon. However, food sovereignty can only be implemented if autonomous financial resources for the acquisition of improved seeds and the inputs necessary for production are well mobilized and available. It also needs companies specializing in the evacuation of products from the fields or production localities to the marketing and consumption centers.

It is therefore important not only to increase agricultural yields and the quantity of products, but also to limit post-production losses to a percentage below 5%. Achieving this objective obviously requires the support of an autonomous fund.

This Autonomous Regional Development and Investment Fund, which would ensure the dynamism of the activities of local businesses and artisans, should take into account the following context:

- The Region is still under a security crisis, cultural conflicts and indiscipline;
- Banks have a weak geographic coverage, mainly concentrated in the capitals of certain Divisions, with a banking rate of 10%, which marginalizes more than 2/3 of the population of the North-West Region;
- People's access to banks is limited by culture, geography and income;
- The conditions for granting loans in banks and other financial institutions are incomprehensible with regard to the culture of the locality;
- The orientation of funding at the local level rather encourages export of agricultural products such as coffee and tea to the detriment of food products and basic necessities that the populations need;
- The cooperatives are organized rather around cash crops such as coffee, tea and others;
- 70% of the population of the locality work in the agricultural sector and encounter enormous difficulties in financing their activities.

In view of these observations, and taking into account the fact that the populations of the Region have a great culture of savings and work, mutual aid and solidarity, it is useful to provide them with an independent financing body linked to their culture, tapping into the spirit and management principles of JANGI. This organization will take into account the cultural impact as far as the North West Region is concerned.

There is need to provide the North-West with a Local Autonomous Fund. It is timely because it comes at a time when, economically, Cameroon is seeking its food and financial sovereignty within the framework of a National Development Strategy for 2030 (SND 30).

#### **4. THE NORTH-WEST REGION IN THE NATIONAL DEVELOPMENT STRATEGY 2030 (NDS30)**

It is important in the context of this study to take into account the main lines of NDS 30, guided by the following guiding principles:

- Consistency in the planning, programming and implementation of development actions;
- The harmonious, balanced and equitable development of the territory;
- Taking into account catch-up needs for regions affected by security and socio-political crises;
- Development planning aligned with decentralization;
- Strengthening unity in diversity.

NDS 30 then plans to increase, before 2025, to at least 60% the share of public procurement of locally produced goods and services, including for the defense and security forces. The North-West Region will then have to seize this approach and this opportunity to find resources for growers or farmers, craftsmen, small and medium-sized enterprises (SMEs), small and medium-sized industries (SMEs), individual entrepreneurs and start-ups of young people to increase local production, offer many jobs in the locality and create abundance. This is how the North-West Regional Assembly decided to intensify its efforts in the implementation of this policy.

The North-West will have to align itself with the import substitution policy of the NDS 30. It is then a question of seizing the facilities offered by this policy to make effective the contribution of the North-West Region to the production of what Cameroon consumes and the consumption of what Cameroon produces. The interest of the production being local, the financing can, first of all, only be local. Needs first, projects after. So, directing productions to the needs of the Region would also mean finding the corresponding funding; but also, easily ensure the evacuation of products to consumption centers by limiting post-harvest losses.

The Region then undertakes to set up this type of Fund, which will be complementary and consistent with the public funding of the existing Regional and Local Authorities, and the local autonomous funding system.

## **5. REGULATIONS IN FORCE FOR THE PUBLIC FUNDING OF DECENTRALIZED TERRITORIAL AUTHORITIES**

The public financing system of the North-West Region is determined in the areas in force, in particular:

- Law No. 2019/024 of December 24, 2019, on the General Code of Regional and Local Authorities;
- The finance laws of the Republic of Cameroon fixing the share of resources transferred to the Regional and Local Authorities and certain development projects such as the North-West Development Mission (MIDENO);
- Conventions, laws and regulations on decentralized cooperation;
- The Conventions of the Economic and Monetary Community of Central Africa (CEMAC), the Central African Monetary Union (UMAC) and the Central African Banking Commission (COBAC) on microfinance institutions and Credit Institutions, as well as the laws and regulations of Cameroon.
- The Presidential Plan for the reconstruction and development of the North-West, South-West and Far-North Regions, responsible in particular for the rehabilitation and development of basic infrastructure, equipment and the revival of socio-economic activities in these areas of the country: it is operational by Order No. 031/CAB/PM of April

3, 2020 setting the organic framework for the implementation of the Presidential Plan for the reconstruction and development of the North-West, South-West and Extreme- North Regions. The Presidential Plan receives significant resources from the State budget for its field of action.

## **II- OBJECTIVES AND TARGETS**

Specifically, this study will:

- Determine the various profitable speculations that meet the needs of the populations of the North-West Region;
- Determine the cultural impact of the proposed Fund;
- Evaluate the interest rates, loans and borrowings practiced in the other financial institutions present in the North-West Region;
- Determine the legal form of the Fund;
- Determine the different uses and the type of operations to be financed by the Fund in the Region;
- Determine the resources of the Fund and their structure, as well as their mobilization strategies;
- Determine the organization and operation of the Fund;
- Determine the organizational document allowing soliciting the adhesion of the elite of the Region and local investors interested in the Local Autonomous Fund;
- Propose a plan for monitoring the operation of the Fund over three years.

## **III- EXPECTED BENEFITS FROM THE FUND**

### **PROVISION OF A REGIONAL AUTONOMOUS FUND**

This fund will allow:

- The strengthening of the autonomy of the North-West Region in the financial resources necessary for its development;
- The reinforcement of the creation of wealth and abundance by the companies of the North-West Region on the funds of the populations of the Region;
- The increase in agricultural production meeting the needs of local populations and leaving profitable agricultural surpluses;
- The food self-sufficiency of the North-West Region;
- To make the North-West Region the attic or granary of Cameroon;
- Covering at least the basic needs (health, food, clothing, housing, education and information) of the populations of the North-West Region;
- Competitive complementarities with existing financial and banking institutions in the North-West Region;
- Equity participation in State projects and companies operating in the North-West Region;
- Support for the training of craftsmen and trade learning centers created in the North-West Region;

- Support for start-ups developed in the North-West Region, in particular by young people;
- Increasing the potential of the North-West Region to create microfinance establishments, financial establishments and banks;
- Performance in local financing.

#### **IV- FIELDS OF ACTIVITY OF THE SPECIFIC PROJECTS TO BE REALIZED**

For the Fund, the areas of activity are:

- Businesses;
- Craftsmen;
- Target projects;
- Transfers of funds;
- Electronic payment;
- Financial investments;
- Financial arrangements;
- Digital finance.

#### **V- EXPECTED RESULTS**

- A report on the Autonomous Development and Local Investment Fund of the North-West Region;
- The geography of the Fund's capital;
- The list of Fund usage;
- The headquarters of the Fund;
- Fund governance.

#### **VI- METHODOLOGY**

The methodology of the study will be structured by the field surveys, the documentary analysis and the key people met.

The study will be conducted by surveys of certain companies and development actors in the seven Divisions that make up the North-West Region. The data collected in Bamenda and in certain cities of the other Divisions of the Region previously selected will be analyzed to have the tendencies on the Fund.

Given the unfavorable security context, data collection will be done via mobile phones. The North-West Regional Assembly will designate representatives of each of the seven (07) Divisions to be the focal points of the people to be investigated. The City of Bamenda will provide a focal point of three (03) Regional Councilors.

The field surveys will be supplemented in the analysis by certain experiences obtained in African countries such as Rwanda, Kenya and Benin.

Five (05) Fons from the House of Chiefs will be appointed to advise on the nature of the guarantees in keeping with the culture of the Region and linked to the operation of an autonomous local development and investment fund.

## **VII- DURATION OF THE BENEFIT**

Given the security risks, the duration of the study is four (04) calendar months. The first three (03) months will be devoted to documentary research, field surveys and the application of the data collected as well as the development of the experiences observed in the countries visited. An interim report will be presented at the end of the second half of the fourth month and the final report at the end of the study.

## **VIII- QUALIFICATION CRITERIA**

The qualification criteria are called essential criteria, which make it possible to evaluate the technical capacity of the tenderer and to ensure that the bidder will carry out a relevant study leading to a proposal which meets the needs of the client. Those are:

1. The general experience of the consultant as a manager for at least fifteen years of a cooperative-type microfinance institution or a bank;
2. Detailed descriptions of the methodology and the proposed model consistent with the ToRs;
3. The specific experience of the consultant in the field of studies and publication of works on macro-economics, finance and currency;
4. Human resources;
5. The logistical means available;
6. Understanding of the mission, proposed methodology as well as the execution time;
7. Presentation of the offer.

## **IX- EXPERT PROFILE**

The Consultant shall:

- Be at least an Economist Statistician Engineer or a holder of a PHD in Economics and Statistics, specializing in finance and having published a relevant original economic system for the promotion of the African economy, and justifying a professional experience of thirty (30 ) years at least;
- Have been a manager for at least fifteen years of an approved cooperative-type microfinance institution or a recognized bank in Cameroon;
- Have made several publications on financing, macro-economics, tontines and carried out several studies supported by the World Bank or a United Nations institution on development issues;
- Have a good knowledge of the currency and the CFA Franc through at least two books published in these fields;
- Have a perfect knowledge of macroeconomic management and the public investment budget of Cameroon;
- Have sufficient and efficient computer equipment for the mission.

The Head of Mission, key person of the project, must justify a long general experience and a proven specific experience of at least 20 years in the economic and financial supervision of the State; justify a perfect knowledge of the Cameroonian financial system, and present satisfactory references in the matter. Thus, the project team should include:

- 7) One (01) Head of Mission, Financial Economist Statistician, with proven publications including at least five articles and five books published in the field of macroeconomics, tontines, currency and statistics, with 30 at least years of experience.
- 8) One (01) expert financial statistician, assistant to the Head of Mission (BAC+5 at least or equivalent) with at least 10 years of experience;
- 9) One (01) financial IT expert (Bac+4 at least or equivalent) with at least 10 years of experience;
- 10) One (01) senior technician in agriculture/rural engineering (Bac+2 at least or equivalent) with at least five years of experience;
- 11) One (01) assistant accountant (Bac +2 at least or equivalent) with at least 3 years of experience, support staff;
- 12) An administrative and financial assistant (Bac+2 at least or equivalent) with at least 5 years of experience, support staff.

Each member of the mission team will provide a dated and signed Curriculum Vitae.

## **X- STUDY BUDGET**

The budget for the study is to be determined. However, it must cover the cost of the study, which will take into account the expenses related to the following elements:

- Staff, including expert staff and support staff;
- Equipment, documentation and monitoring and control services;
- The costs of field surveys related to the preparation of the questionnaire, data collection, control and supervision of the data collected, analysis, conservation and survey report;
- Travel, mission and documentation expenses;
- Costs of data entry, reproduction and preparation of study reports;
- The costs of organizing meetings to review the interim report and the final report of the study in Bamenda;
- Rent and service operating costs (rent, energy, water, internet, computer consumables, and other office supplies related to the study);
- Taxes and duties (VAT, income tax, etc.).

## **XI- COMPOSITION OF THE BID AND EVALUATION METHODOLOGY OF TECHNICAL BID AND FINANCIAL BID**

### **1. COMPOSITION OF BID**

The service provider will provide a technical bid and a separate financial bid in accordance with the Public Procurement Code in force.

### 1.1. Technical Offer

The service provider's technical bid must contain the following documents:

- The references of the consultant or the Head of Mission in the management of microfinance establishments of the cooperative or bank type accompanied by all documents that can justify the realization of such an experience and the macro-economic and financial supervision;
- Detailed descriptions of the proposed methodology and model consistent with the ToRs;
- The references of the Head of Mission in terms of publications of books and works in the fields of macro-economics, currency, tontines and statistics; in support, the 1st page and the back cover for each of the books; the references and the journals in which the articles have been published as well as their respective subjects;
- The document describing the understanding of the purpose of the mission, the approach and the schedule for carrying out the mission;
- The qualification and experience of IT personnel;
- The methodology to be implemented for the conduct of the various training courses as well as the execution schedule;
- Dated and signed curriculum vitae and certified copies of the diplomas of the study staff.

### 1.2. Financial bid

The provider's financial bid must be as detailed as possible in order to allow a good reading of the cost structure. This bid must comply with the Public Procurement Code and contain in particular:

- The Unit Price Schedule;
- Quantitative and estimated detail;
- The sub-detail of the prices and/or the breakdown of the package prices.

## 2. EVALUATION METHODOLOGY OF TECHNICAL BID

The technical bid will be evaluated on a total of 100 points and in accordance with the Standard DAO of the Public Procurement Regulatory Agency (ARMP) and taking into account the scoring structure below:

| N0 | CRETERIA   | EVALUATION |
|----|--|------------|
| 1  | General presentation of bid                                  | 5 pts      |
| 2  | Financial guarantee  | 20 pts     |
| 3  | Organization, methodology and planning of execution of works | 25 pts     |
| 4  | Human and material resources                                 | 40 pts     |
| 5  | Bidder's reference   | 10 pts     |
|    | TOTAL  | 100 % pts  |

The Technical bid must obtain a score of 80 points out of the total of 100 points to be retained for a financial analysis.

## 3. EVALUATION METHODOLOGY OF FINANCIAL BID



The score of 100 points will be awarded to the financial conforming bid and the lowest priced. The ratio of the amount of the lowest financial bid to the amount of each financial bid multiplied by 100 will give the number of points for this financial bid.

#### **4. BID EVALUATION METHODOLOGY**

The bid evaluation methodology that will be used is that of the best value for money (combined score). Being a study of such importance, the technical bid will have a weighting with a weight of 75% (0.75) and the financial bid a weighting with a weight of 25% (0.25).

Which is  $0.75+0.25=1$ .

The score of each qualified bidder will be the sum of the weighted scores of the technical bid and the financial bid.

#### **XII- TRAINING.**

The consultant should provide a suitable and comprehensive training program for staff responsible for monitoring the Fund.

#### **XIII- DOCUMENTATION**

- Law No. 2019/024 of December 24, 2019 on the General Code of Regional and Local Authorities sets the legal framework for the North-West Region.
- Conventions, laws and regulations on the microfinance sectors, the sector of credit institutions and COBAC texts;
- Other useful texts.

## **TERMS OF REFERENCE**

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**THE ORGANIZATION OF A LOCAL AUTONOMOUS  
FINANCING SYSTEM FOR THE POPULATIONS OF  
THE NORTH-WEST REGION AND FOR A NORTH  
WEST REGIONAL DEVELOPMENT AND  
INVESTMENT FUND (NOWEDIF)**