



TERMS OF REFERENCE

Feasibility Study on Establishment of an Endowment Fund for the Regional Scholarship and Innovation Fund for Applied Sciences, Engineering and Technology

Position:	International Firm
Location:	Nairobi, Kenya
Type of Contract:	Firm contract
Expected Duration:	Six months
Languages Required:	English and French
Expected start date:	18 April 2019
Application deadline:	15 February 2019

1. Background

The Regional Scholarship and Innovation Fund (RSIF – <https://www.rsif-paset.org/>) is one of the flagship programs of the Partnership for skills in Applied Sciences, Engineering and Technology (PASET), an initiative by African governments to address systemic gaps in skills and knowledge necessary for long-term, sustained economic growth in sub-Saharan Africa (SSA). PASET was launched in 2013 by the governments of Senegal, Ethiopia and Rwanda. The governments of Kenya and Ivory Coast have since joined the initiative, while several others have expressed commitment to enter the partnership.

Currently funded by African governments, the World Bank and the Government of South Korea, and with other contributing partners expected to join, RSIF supports PhD training, and research and innovation in competitively selected African universities in fields identified by PASET as priority economic sectors for growth and development, covering ICTs including big data and artificial intelligence; food security and agribusiness; minerals, mining and materials engineering; energy; and climate change.

A competitive grants scheme, RSIF has two components: (i) the general fund, which supports PhD training, research and innovation projects annually; and (ii) the permanent or endowment fund, whose returns will be transferred to the general fund to continue funding the PhD scholarships, research grants and innovation grants while preserving the principal of the fund.

In July 2018, the International Centre of Insect Physiology and Ecology (*icipe*, www.icipe.org) - was selected as the Regional Coordination Unit (RCU) of the RSIF. The mandate of *icipe* includes managing the two funds (general and permanent) and supporting the capacity of the universities and partnering institutions to administer the PhD scholarships, research grants and innovation grants. *icipe* will also create partnerships with governments, universities, private sector and national and international research organizations to support capacity building, research and

innovation at African universities. In addition, *icipe* will work towards introducing more African governments and other potential strategic partners to PASET to expand funding and to ensure continued continent-wide support.

2. Objectives

The objectives of the consultancy will be to undertake a feasibility study on the establishment of an endowment fund and to recommend an implementation strategy covering the following:

- a. Analysis of the current status of the fundraising/contributions for the PASET RSIF endowment fund;
- b. Completion of a feasibility study for the establishment of the PASET RSIF endowment fund including recommendations regarding design options;
- c. Development of an implementation plan for the fund;
- d. Design and development of resource mobilization strategies to grow the fund towards achieving the goals of the RSIF program;
- e. Determination of the type and qualifications of a Fund Manager and preparation of terms of reference for the Fund Manager, who will be hired by *icipe* to manage the investments of the endowment fund.

3. Scope of work

The Consultant will study successful endowment funds in Africa and around the world and provide options for establishing the PASET RSIF endowment fund.

Below are specific tasks to be undertaken:

- a. Review of existing endowment funds
 - i. Review existing endowment fund mechanisms in Africa and around the world with a focus on those in similar areas and of a similar size and derive lessons and best practices that could be applied in establishing the RSIF endowment fund. There should be a particular focus investigating the investment strategies, governance overseeing investment decisions, risk profile for capital preservation and other relevant aspects.
 - ii. Review regional and international funding strategies for science education, research and innovation activities, and their sources of funds and identify those which are relevant.
 - iii. Identify potential investors or donors to the RSIF endowment fund, and opportunities to engage them in contributing towards the RSIF endowment fund.
- b. Stakeholder consultations
 - i. Arrange for interviews and focus group discussions (min. 5) with a representative sample of key stakeholders including governments and government agencies, private sector firms, financial institutions, academia and the donor community in and outside Africa, to establish their views on the RSIF endowment fund, and their level of openness towards supporting RSIF.

- ii. Highlight key issues that should be considered in the design and initial establishment and longer-term implementation of the fund.
 - iii. Consider asking specific questions around the endowment fund management and governance.
- c. Financial modalities for the endowment fund
- i. Develop a detailed view of the current status of the financial support pipeline. This should include a detailed listing (table format) of all confirmed donors, as well as those in the pipeline including detailed information about their potential/confirmed support, latest status, likelihood of donation, contact information and other relevant information. A significant part of this work will be collecting this information from the diverse range of partners working on the project including PASET representatives, supporting government representatives, World Bank support team, *icipe* team and others.
 - ii. Develop a forecast of the potential support available (short/2 years and medium/5 years) from African governments, African Development Bank, African Union and multilateral institutions. Base estimates on announced programs, discussions and pipeline developed in (i) above and develop best- and worst-case scenarios with justification.
 - iii. Establish the financial needs of the fund for the coming 10 years, including the minimum investment required to sustain annual funding of PhD scholarships, research and innovation. Develop and clearly present assumptions, which underpin this model (such as rate-of-return of investment, capital preservation strategy, endowment amount required).
 - iv. Develop a financial scorecard for the fund that could be evaluated on an annual basis and be used for decision-making.
- d. Implementation framework for the fund
- i. Define the investment strategy and strategic asset allocation, in line with the defined strategic purpose, risk tolerance, expected life of the fund, target returns, and expected outflows from the Fund.
 - ii. Define the withdrawal policy of the fund, and the specific uses for withdrawal.
 - iii. Define the governance arrangements of the fund, including advisory committee and its representatives and roles; and emphasize that the fund will be professionally managed, without interference on investment decisions from regional government representatives / donors, etc.
 - iv. Define how and when the fund will be wound down, if operating for a specific life, and what the use of the liquidation proceeds will be, based on donor preferences.
 - v. Review relevant laws and regulations necessary for establishing endowment funds and highlight those which are relevant.
 - vi. Develop a process and metrics to select a location to host the fund and develop a shortlist of proposed locations (based on the process and metrics).
 - vii. Explore the legal structure of the fund and the merits/demerits of the potential structures, taking into account legal, regulatory and taxation factors that would affect the Fund Manager and the investors in each case and propose an appropriate legal structure.
 - viii. Define how the component's allocation will be used for management fees, capital and training/capacity building of the management team.

- ix. Define rules on what assets the fund can/cannot hold considering financial and reputational risks.

Based on the above reviews confirming feasibility, consultations and assessment, prepare the following:

- i. Brief on similar or benchmark funds with key lessons learned.
- ii. Summary of stakeholder consultations highlighting key lessons learned.
- iii. Financial analysis including 10-year financial targets, current pipeline and analysis of potential gaps (best- and worst-case scenarios).
- iv. Design options for the RSIF endowment fund with a proposed design.
- v. An implementation framework for the fund.
- vi. A fundraising strategy for the fund.
- vii. Draft terms of reference for a Fund Manager.
- viii. Draft terms of reference for the fund's governance/oversight body, making it clear how all of the bodies (*icipe*, Fund Manager, fund oversight committee, PASET Executive Board, and PASET Governance Council relate to each other).

4. Deliverables

The Consultant is expected to deliver the following:

- a. Report outlining similar/benchmark funds and results of stakeholder interviews highlighting lessons learned, and best practices.
- b. Financial analysis including 10-year financial targets, current contribution pipeline and analysis of potential gaps (best- and worst-case scenarios).
- c. A fundraising strategy that includes detailed financial scorecard of the fund with clear definition of contributors and potential growth projections.
- d. Feasibility study report, which includes a brief on similar/benchmark funds, design options for the fund, suggested design to be selected.
- e. Implementation framework, with the output having the suggested structure of:
 - i. Financial allocation (expected amount of capital),
 - ii. Governance (including advisory committee, roles and responsibilities of representatives, Fund Manager, and decision makers),
 - iii. Operational structure,
 - iv. Financial structure (financial flow, fees, operations cost, revenue model etc.),
 - v. Withdrawal policy,
 - vi. Investment strategy (how it will be decided),
 - vii. Liquidation Proceeds,
 - viii. Legal structure (including tax implications).
- f. Terms of reference for a Fund Manager tasked to maximize investment returns while managing risk.
- g. Terms of reference, with roles and responsibilities, for the fund's governance structure, tasked with ensuring the fund reaching its goals and fits into the overall PASET RSIF mission.

5. Consultant's Qualifications

- a. The Consultant shall be a consultancy firm or officially registered not-for-profit organization (e.g. research institute, academic institution) incorporated for at least five (5) years offering similar services and have completed at least five (5) similar projects of this scope and complexity and in comparable organizations. The Consultant should possess good knowledge of the concepts, principles and approaches required for the assignment.
- b. The Consultant should provide a summary of all such projects for the last 5 years or more during which they were completed. The Consultant should be prepared to provide documentary evidence (contract letters or reference letters) on request.
- c. In case of a joint venture, the details of such assignments will be provided separately as primary or associated consultant.
- d. Once the Contract is signed, the Consultant will neither change the team nor decrease the size of the team nor replace any member(s) without approval. In all such cases for approval, a replacement of a Key Expert shall have equal or better qualifications and experience than those of the originally proposed Key Expert.
- e. Other terms on replacement of Experts or Sub-consultants are stated as follows:
 - i. If the Client finds that any of the Experts or Sub-consultants has committed serious misconduct or has been charged with having committed a criminal action, or shall the Client determine that the Consultant's Expert or Sub-consultant have engaged in corrupt, fraudulent, collusive, coercive or obstructive practice while performing the Services, the Consultant shall, at the Client's written request, provide a replacement;
 - ii. In the event that any of the Key Experts, Non-Key Experts or Sub-consultants is found by the Client to be incompetent or incapable of discharging the assigned duties, the Client, specifying the grounds thereof, may request the Consultant to provide a replacement;
 - iii. Any replacement of Experts or Sub-consultants shall possess better qualifications and experience than the replaced consultant, and shall be acceptable to the Client;
 - iv. Except as the Client may otherwise agree, (a) the Consultant shall bear all additional travel and other costs arising out of or incidental to any removal and/or replacement, and (b) the remuneration to be paid for any of the Experts provided as a replacement shall not exceed the remuneration, which would have been payable to the Experts replaced or removed.
- f. Experience in dealing with international and national experts and institutions;
- g. Demonstrated skills in collecting, analyzing and processing data;
- h. Strong knowledge on development issues, national policies and the SDGs;
- i. Strong logical sense of political, economic, social and environmental situations in Sub-Saharan Africa;
- j. Good understanding of both public and private sector financing;
- k. Previous experience with design and implementation of endowment funds;
- l. Experience in financial planning and modelling for international funds of a similar scale;
- m. Knowledge of the financial sector in Sub-Saharan Africa and the rest of the world, including legal requirements for the establishment of financial instruments.

6. Timetable

	Item	Duration	Progress (%)	Date due	Reviews/approvals
1	<p>Inception report (not more than 10 pages)</p> <p>a. Detailed methodology and workplan for the consultancy with timelines.</p> <p>b. Details of stakeholders to be consulted and their roles.</p> <p>c. Details of consultative meetings, interviews and focus group discussions.</p> <p>d. Review of relevant documents, programs and organizations.</p>	4 weeks	25%	14 April 2019	<i>icipe/World Bank</i>
2	<p>Draft report + work plan</p> <p>a. Financial analysis including 10-year financial targets, current contribution pipeline and analysis of potential gaps (best- and worst-case scenarios)</p> <p>b. Preliminary analysis of the potential to establish the endowment fund, potential contributors to the fund and their likelihood of financial support.</p> <p>c. Preliminary analysis of the potential funds to be raised.</p> <p>d. Financial scorecard of the fund.</p> <p>e. Implementation framework</p>	6 weeks	40%	31 May 2019	<i>icipe/World Bank</i>
3	<p>Final Report (not more than 30 pages)</p> <p>a. Detailed design and implementation</p>	4 weeks	25%	30 June 2019	<i>icipe/World Bank</i>

	<p>framework, with timelines, for establishment of the fund;</p> <p>b. Operational modality of Fund Manager and ToRs;</p> <p>c. Operational modality of fund governance and ToRs.</p> <p>d. Estimated budget</p>				
4	Fundraising strategy (not more 10 pages)	3 weeks	10%	22 July 2019	<i>icipe</i> /World Bank

7. Requirements for submission of applications

Interested, qualified applicant firms should send:

- a. A technical proposal, which includes:
 - i. Description of why the firm is the most suitable for the assignment and a proposed work plan and methodology on how they will approach and complete the assignment;
 - ii. Company profile, indicating all experience from similar consultancies; and CVs of team members which will be conducting the assignment. A listing of which tasks each individual will take on for this consultancy.
 - iii. Contact details (email and telephone number) of the main contact person for this assignment and at least three (3) professional references for the firm that can be contacted.
- b. Financial (price) proposal (indicating a clear cost breakdown, e.g. travel costs and professional fees).

8. Criteria for selection of the best offer

The Consultant will be selected in accordance with the criteria laid down in “Selection Based on Consultants Qualification” (CQS) method set out in the World Bank’s Consultant Guidelines dated January, 2011 and revised July, 2014.