

## **TERMS OF REFERENCE FOR CONDUCTING SME SURVEY IN CAMBODIA**

### **1. BACKGROUND**

The International Finance Corporation (IFC), a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing private capital in local and international financial markets, and providing advisory and risk mitigation services to businesses and governments. IFC's vision is that people should have the opportunity to escape poverty and improve their lives. In the Mekong region, IFC manages MPDF, an advisory services program covering Lao PDR, Vietnam and Cambodia. IFC MPDF's donors are Australia, Canada, Finland, IFC, Ireland, Japan, New Zealand, the Netherlands, Norway, Sweden, and Switzerland.

PRASAC MFI, Ltd., is an independent Micro Finance Institution. It originated from the European Commission-funded program, PRASAC, which was established in 1995 to support the agricultural sector in Cambodia. PRASAC MFI's mandate is to contribute to rural sustainable economic development in order to improve the living standards of the rural people through creation of sustainable access to financial services for rural communities and micro-enterprises.

In June 2008, IFC MPDF and PRASAC MFI agreed to collaborate on conducting a countrywide SME market survey and financial analysis to identify the composition of the different SME segments and sub-segments, assess their needs for and satisfaction on financial services. In conducting this survey, a consulting firm (the "consultant") is sought to carry out the assignment using standard IFC MPDF templates. The ToR below sets out the expected scope of work and deliverables.

### **2. OBJECTIVES:**

IFC MPDF and PRASAC MFI propose to hire a consulting firm/team to achieve the following objectives:

- Collect information that can be used by Bank to:
  - Decide whether to invest in developing its SME operations
  - Identify and target specific SME segments
  - Develop appropriate products and sales strategies
- Define the Small and Medium Enterprise (SME) segment, determine its size, and identify sub-segments
- Describe the needs for financial services of this segment
- Qualify the competitive landscape of SME Banking in Cambodia

### **3. TASKS**

Working closely with IFC MPDF and PRASAC MFI teams, the consultant is required to:

- Conduct data mining from the database provided by IFC MPDF and PRASAC MFI and issue a short report overviewing the SME market in Cambodia. The report will identify SMEs according to:

- Overall characteristics of SME including growth trends, structural changes, products, services, delivery channel evolution, relevant trade and business regulation changes, etc.
  - Size of business (annual sales, assets, number of employees)
  - Industry (refer to the questionnaire)
  - Location
  - Duration of business operation
  - Legal status
  - Sources of finance
  - Banking experience and expectations
  - Number of SME by province and by market segmentation: Micro vs. Small vs. Medium and any other sensible segmentation.
  - Comparative analysis on what products and services the Banks and MFI offer in the market
- Coordinate with IFC MPDF and PRASAC MFI teams to determine the sample size for the survey.
  - Test and refine the questionnaires.
  - Collect data by interviewing SMEs in the selected sample.
  - Input and aggregate data.
  - Conduct data analysis to respond to objectives set in the survey.
  - Validate data at the request of IFC MPDF and PRASAC MFI.
  - Write a report on findings and present the findings to IFC MPDF and PRASAC MFI.

#### **4. DELIVERABLES & TIMELINE**

- 4.1 Results of interview questionnaires testing (due 11 September 2008)
- 4.2 Khmer translation of the questionnaires
- 4.3 Modified interview questionnaires (due 12 September 2008)
- 4.4 Database of completed questionnaires (due 6 October 2008)
- 4.5 First draft report on findings (due 13 October 2008) which includes:
  - 4.5.1 Trend analysis: identify any dynamic market trends in the SME sector including, but not limited to, growth trends, structural changes, product, service and delivery channel evolution, relevant trade, and business regulatory changes.
  - 4.5.2 Statistics on SME market segmentations: Micro vs. Small vs. Medium and any other sub-segmentation that could be sensible and useful.
  - 4.5.3 Comparative analysis on what the banks offer in the market
- 4.6 Final draft report on the findings (due 24 October 2008)

#### **5. LOCATION**

The assignment will be conducted in all cities and provinces in Cambodia as specified in the sample to be proposed by the consulting firm and agreed by IFC MPDF and PRASAC MFI.

#### **6. SELECTION CRITERIA**

The consulting firm (the consultant) will be selected based on the following criteria:

- Excellent understanding on the SME market and financial sector in Cambodia
- Previous experiences in conducting relevant studies and in-depth analysis on financial sector
- Flexibility and ability to conduct the survey and produce quality outcomes within the reasonable timeframe and costs.