

COMMUNITY ACTION PROGRAMME TO COMBAT SOCIAL EXCLUSION

CALL FOR TENDERS

«Policy Measures to promote the use of Microcredit»

Number VT/2003/46

Period of Performance: 01.12.2003 – 30.11.2004
(Annual contract)

Budget Line B3-4105

TERM OF REFERENCE

1. Background

At the **Lisbon European Council** of March 2000, the Union has set itself a new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, with more and better jobs and greater social cohesion. The European Council agreed to base **social inclusion policies** on an **open method of co-ordination** combining national action plans and a Commission initiative for co-operation.

An essential element of the open method of co-ordination is the Community action programme intended to support the EU policy co-operation.¹ The programme, entered into force on January 2002, with a budget of 75 M € over 5 years (2002-2006), is composed of three strands: 1) improving the understanding of social exclusion and poverty, supported by comparable indicators; 2) organising policy co-operation and mutual learning in the light of the national action plans to combat poverty and social exclusion; 3) developing the capacity of actors to address social exclusion and poverty effectively and to promote innovative approaches, in particular through networking at EU level.

The action programme seeks, inter alia, to improve the understanding of the phenomena of poverty and social exclusion. In this framework, the Programme provides for the development of common methodologies to measure and understand social exclusion and poverty, and on technical work on indicators, as well as for the development of thematic studies, in order to address common issues in connection with policy developments in Member States.

In the light of this, and on the basis of the priorities set out by the Programme Committee on a proposal of the Commission services, it has been decided to launch several calls for tenders.

Specific context

One of the priorities for the work plan 2003 for the first strand of the action programme is the carrying out of thematic studies concentrating in particular on research on policy and on areas where the evaluation of the National Action Plans were seen to have more shortcomings. In this context, one of the themes selected by the Action Programme Committee, on a Commission's proposal, concerns the promotion of the use of microcredit.

It is widely accepted that microcredit is a valid tool in facing the poverty alleviation challenge, especially through self-employment and micro and small enterprise development. Microcredit can also help to increase poor people's participation in the economic and political processes of society. The concept of microcredit programmes raised to prominence in the last 10 years, especially as a way of enabling poor women to start small businesses. Small-scale lending programmes are having considerable success in several areas, such as Grameen Bank in Bangladesh. Access to small

¹ Decision No 50/2002/EC of the European Parliament and of Council of 7 December 2001 establishing a programme of Community action to encourage cooperation between Member States to combat social exclusion, OJEC L10/1 of 12.1.2002.

amounts of credit - with reasonable interest rates instead of the heavy costs often charged by traditional moneylenders - allows poor people to move from initial, perhaps tiny, income-generating activities to small microenterprises. Nevertheless, in more industrialised areas microcredit schemes are still relatively less known and used, and out of almost 25 millions people all over the world which have access to microcredit, only a few of them are Europeans.

Definitions of **microcredit** may differ from country to country. One possible definition was adopted during the Microcredit Summit on February 1997, which gathered together in Washington around 3,000 people from 137 countries all over the world: "*programmes extend small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families*".

In most cases, microcredit programs offer a combination of services and resources to their clients including savings facilities, training, networking, and peer support. In this way, microcredit allows families to work to end their own poverty with dignity and aids self-esteem. Microcredit programs around the world, using a variety of models, have shown that poor people achieve strong repayment records - often higher than those of conventional borrowers. Repayment rates are high because, through a system of peer support and pressure used in many microcredit models, borrowers are responsible for each other's success and ensure that every member of their group is able to pay back their loan.

In 1998, proclaiming **2005 as the International Year of Microcredit** (Res. 53/197 of 15 December), the UN General Assembly requested that the Year's observance be a special occasion for giving impetus to microcredit programmes throughout the world. The Assembly asked all those involved in poverty eradication to take additional steps to make available credit and related services for self-employment and income-generating activities to an increasing number of people living in poverty.²

2. Purpose of the contract

The aim of the study is to identify and analyse the most effective policy measures taken by EU Member States and Candidate Countries in the area of access to microcredit and related combinations of services (training, advices, peer support, networking, saving facilities...) for self-employment projects or microenterprises developments to people facing poverty or social exclusion.

The study should cover a representative sample of at least eight different countries (chosen from both the Member States and the Candidate Countries participating in this sub-strand of the Programme).³ The study could analyse the specific features and the potential of such an instrument and show some examples of best practice in order to

² The Microcredit Summit Campaign is working to ensure that 100 million of the world's poorest families, especially the women of those families, are receiving credit for self-employment and other financial and business services by the year 2005.

³ Twelve of the thirteen candidate countries (the exception is the Czech Republic, which is not taking part in the Action Programme) showed their interest in participating in the thematic studies activities.

make better use of it. The goal that this contract intends to achieve is, therefore, to assist the development of more coherent and integrated policies in relation to the promotion of access to microcredit as part of the further development of Member States' NAPs/incl.

It will do this by producing a report which will identify the different ways that access to microcredit can help to combat poverty and social exclusion and contribute to promoting social inclusion and will specify the mix of policy approaches that can assist in this regard.

3. Tasks to be performed by the contractor

This study will draw on existing research and data and will compare and contrast policy approaches and outcomes in a representative sample of at least eight different countries – chosen from both the Member States and the Candidate Countries - ⁴ in the area of access to credit. The consultant might find it appropriate to consider in his/her selection of countries, those in which different social models and welfare systems apply. The study should also take account of international studies and experience in supporting microcredit schemes and programmes and the views of those experiencing poverty and social exclusion. Possible initiatives at EU level, as the European Investment Fund SME Guarantee facility for microcredit, should also be taken into consideration.

In particular the contracting party will undertake the following tasks:

- (i) identify the specific situations of those who are excluded from banking ("unbankable") – because they are not considered sufficiently profitable as bank customers.

The study should also:

- identify the different barriers that prevent those at risk of poverty and social exclusion accessing bank and credit;
- identify any negative trends or experiences which are either a direct consequence of microcredit, or a side-effect;
- identify the ways in which inadequate access to credit, or to specifically targeted credit schemes can deepen and intensify poverty and social exclusion and document which groups and individuals are particularly at risk of inadequate access and why;
- document the contribution that increased access to microcredit can make to combating poverty and increasing social inclusion, in particular through enhancing the integration of those individuals and groups who are excluded into society and through contributing to the regeneration of disadvantaged communities and areas;
- assess the impact of microcredit in preventing over-indebtedness and to promoting the empowerment, in particular for women;

⁴ Twelve of the thirteen candidate countries (the exception is the Czech Republic, which is not taking part in the Action Programme) showed their interest in participating in the thematic studies activities.

(ii) identify the organisations, NGOs, etc. active as "micro-lenders", their status, their activities, and their target groups in delivering microcredit and related services (training, networking, etc.);

(iii) analyse the existing institutional setting, in particular relating to employment measures, the welfare and social protection systems, and the banking arrangements;

(iv) analyse and draw conclusions as to the different mix of policies and programmes, both at national and local levels, which are necessary to:

- enhance the contribution that microcredit and related services can make to combating poverty and social exclusion and promoting social inclusion.
- create a more favourable environment for micro-finance and self-employment projects or microentreprises developments not only from a legal point of view, but also administrative, social and institutional. It should therefore be appropriate to examine in which way the selected countries articulate policies, strategies and mechanisms for encouraging microcredit, and include the microcredit approach in their programmes as a tool for the eradication of poverty.
- monitor and evaluate the current experiences and the support given to improve the effectiveness and efficiency of the organisations delivering micro-finance schemes;
- disseminate effective information and create/strengthen the awareness on the role of microcredit in poverty eradication, its contribution to social and economic development, and its positive impact on the lives of the poor.

(v) test these conclusions by presenting a draft report at a seminar to be held in the Commission's premises (and making use of the Commission's translation services). This would involve policy makers, experts and organisations working in the field of combating poverty and access to credit. The report would then be refined and amended by the consultants in the light of this dialogue.

Documentation

Documents related to activities of Social Exclusion can be found at the Internet address:

http://europa.eu.int/comm/employment_social/soc-prot/soc-incl/index_en.htm

4. Expertise required

See Annex III and Annex IV of the standard contract and the comments in the selection criteria.

5. Time schedule and reporting

5.1. Time schedule

See article I.2 of the contract, and Annex IV reporting. The contract period will have a duration of 12 months and the expected starting date is the 1st December 2003.

5.2 Final reporting

As well as the report of the study, the contractor will present a draft activity report and then a final report containing:

- a complete description of the work undertaken in the framework of this contract;
- a presentation of the results obtained for the whole of the contract period in accordance with the present terms of reference;
- any comments, suggestions or recommendations considered useful or necessary by the contractor.

The draft final activity report together with two copies ought to be submitted to the Commission at the latest four weeks before the end of the period mentioned above. The final activity report ought to be submitted at the latest two weeks after the Commission has sent its comments or has accepted the draft final activity report.

6. Payments and standard contract

Payments shall be made in EUR (€)

The terms of payment are as follows:

- 30% within 30 days after the signing of the contract;
- and the balance following the Commission's acceptance of both the final report and final invoice.

In drawing up the bid, the tenderer should take account of the provisions of the standard contract which are included the 'General terms and conditions applicable to contracts'.

7. Price


The price should be indicated in Euro (€), excluding VAT (using the conversion rates published in the C series of the Official Journal of the European Union on the day when the invitation to tender was sent out) and should be broken down as per the format given in Annex II of the draft contract.

As an indication, the maximum budget for this contract is EUR 100 000

The price revision clause will be included within the contract.

■ **Part A: Fees and direct costs**

- Fees, expressed in number of person/days and unit price per working day for each Expert proposed. The unit price is expected to cover the expert's fees and administrative expenses, but it should not include the reimbursable costs defined below.

This includes ... 

- Other direct costs, to be described 

■ **Part B: Reimbursable Costs**

- Travel expenses
- Daily subsistence allowances (DSA's): these cover all the subsistence costs of the Experts who are on mission for short term assignments outside their usual place of work
- Translations costs, if any
- Contingencies, if any

The total price = Part A + Part B

8. Composition of partnership or consortium

If a partnership or consortium is envisaged, its composition should be specified and the criteria listed under point 10 should be detailed to individual members of the partnership. In addition, one of the consortium members must be designated as lead Contractor, and must ensure full responsibility towards the Commission as regards both the tender and the future contract – if awarded to them.

The execution of the service is not reserved by law or regulation or administrative provision to a specific profession. Tenders should conform to the requirements of the general conditions. Tenders from *consortia* of firms or groups of service providers, contractors or suppliers must specify the role, qualifications and experience of each member of group. Tenders must be signed by the legal representative of the consultant. Also tenders must specify the name of the person authorised to sign the proposed contract.

9. Exclusion criteria

Article 93 taken from 'Council Regulation 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities' (Official Journal L 248, 16.09.02) establishes that:

"1. Candidates or tenderers shall be excluded from participation in a procurement procedure if:

- (a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business

activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;

(b) they have been convicted of an offence concerning their professional conduct by a judgement which has the force of *res judicata*;

(c) they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;

(d) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;

(e) they have been the subject of a judgement which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Communities,' financial interests;

(f) following another procurement procedure or grant award procedure financed by the Community budget, they have been declared to be in serious breach of contract for failure to comply with their contractual obligations.

2. Candidates or tenderers must certify that they are not in one of the situations listed in paragraph 1."

In order to certify that candidates are not in one of the situations listed above, we follow Art. 134 of the Commission Regulation No 2342/2002 laying down the *detailed rules for the implementation* of Council Regulation No 1605/2002:

Article 134

Evidence

(Article 96 of the Financial Regulation)

1. The contracting authority shall accept, as satisfactory evidence that the candidate or tenderer is not in one of the situations described in point (a), (b) or (e) of Article 93(1) of the Financial Regulation, production of a recent extract from the judicial record or, failing that, a recent equivalent document issued by a judicial or administrative authority in the country of origin or provenance showing that those requirements are satisfied.

2. The contracting authority shall accept, as satisfactory evidence that the candidate or tenderer is not in the situation described in point (d) of Article 93(1) of the Financial Regulation, a recent certificate issued by the competent authority of the State concerned.

Where no such certificate is issued in the country concerned, it may be replaced by a sworn or, failing that, a solemn statement made by the interested party before a judicial or administrative authority, a notary or a qualified professional body in his country of origin or provenance.

3. Depending on the national legislation of the country in which the tenderer or candidate is established, the documents referred to in paragraphs 1 and 2 shall relate to legal persons and/or natural persons including, where considered necessary by the

contracting authority, company directors or any person with powers of representation, decision-making or control in relation to the candidate or tenderer.

Article 94 taken from 'Council Regulation 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities' (Official Journal L 248, 16.09.02) establishes that:

"Contracts may not be awarded to candidates or tenderers who, during the procurement procedure:

- (a) are subject to a conflict of interest;
- (b) are guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the contract procedure or fail to supply this information."

10. Selection criteria

The following information on the consulting organisation's experience, expertise and financial and economic standing should be supplied.

1. A minimum experience and expertise of five years in the fields of policy research and analysis on issues of poverty and social exclusion part of which should have been focussed on access to credit -demonstrated by providing a list of relevant policy analysis, research projects and publications.
2. Details of educational and professional qualifications of the person(s) undertaking the study. The project director will require a deep knowledge in relation to access to credit in Member States and of the different policy approaches being adopted; an extensive knowledge of the European and international literature and data on the links between access to credit and social inclusion; a proven track record in the field of policy analysis, particularly in relation to poverty and social exclusion and credit; a good understanding of the different policies in Member States that enhance or restrict access to microcredit.
3. The consultants/researchers should have no-conflict of interest and be completely independent. A statement of independence should be included in the offer -a statement of independence is a one page document signed by the consultant where she/he declares her/his independence.
4. Sound financial position of the consultant/researchers. Full set of audited financial statements and accounts -balance sheet and profit and loss account for the past three years. Annual budget of the last two years for a semi-public or non-profit organisation

11. Contract Award criteria

11.1. Quality of the offer

- a) Quality and consistency of the tender (30%)
 - the degree of understanding of the nature of the assignment, its context and results to be achieved.
 - the quality and appropriateness of the strategy proposed for the implementation of the expertise.

- b) Technical value of the bid and the proposed methodological approach (70%).
 - the work programme: actions proposed to supplement the sources of information available, the knowledge and use of existing research in the fields covered by the expertise as well as available data to complement background information.
 - type of analysis provided: interpretation of quantitative and qualitative information according to the proposed strategy.
 - timetable including human resources mobilised to carry out the different stages of the work and the capacity to complete the work well in the time available.

11.2. Price

The contract will be awarded to the consultant whose offer represents the best value for money, taking into account the above criteria.

12. Content and presentation of the bids

12.1. Content of bids

The tender must include:

- * Exclusion clauses. Include a certificate or declaration that the tenderers are not in one of the situations listed in art. 93 paragraph 1 (see page 7) and that tenderers are neither under situation (a) and (b) of art. 94 (Financial Regulation).
- * Selection criteria. Demonstrate
 - (i) Experience and expertise of a minimum of five years
 - (ii) Details of educational and professional qualifications (CV's)
 - (iii) Statement of Independence
 - (iv) Set of audited financial statements and accounts for the past three years
- * The price and full budget of costs
- * Financial identification form duly completed and signed by the bank
- * The detailed curriculum vitae of the proposed experts
- * The name and quality of the contractor's legal representative (i.e. the person duly authorised to act legally on behalf of the contractor in relation to third parties)

12.2 Presentation of the bids

Bids must be submitted in triplicate (1 original and 2 copies)

Bids must contain all the information required by the Commission

Bids must be clear and concise

Bids must be signed by the tenderer's legal representative

Bids must be delivered according to the requirements set out in the letter of invitation to tender, and before the date and time indicated in this letter.