ECOWAS COMMISSION
COMMISSION DE LA CEDEAO
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ORIGINAL

TERMS OF REFERENCE FOR THE SELECTION OF A FUND MANAGER IN TOGO TO MANAGE THE ECOWAS HUMAN CAPITAL DEVELOPMENT (HCD) CATALYTIC INVESTMENT FUND IN SUPPORT OF YOUTH AND WOMEN WITHIN THE ECOWAS UNLOCKING WEST AFRICAN HUMAN POTENTIAL (UWAHP) PROJECT.

I. BACKGROUND

Building sustainable social and economic growth in West African states depends on Human Capital Development (HCD). However, multiple shocks such as political unrest, pandemics and insecurity, migrations due to climate change, and food insecurity have affected the lives and livelihoods of the populations particularly women and youth in the Economic Community of West African States (ECOWAS) limiting progress in Human Capital Development. The Heads of State and Government endorsed the ECOWAS Commission's Integrated Regional HCD Strategy in 2021. The HCD Strategy established linkages to ECOWAS' Vision 2050 and laid out the objectives and outcomes as well as paths to achieve them. The Integrated Regional HCD Strategy focuses primarily on the following core thematic areas: (i). Health and Nutrition; (ii). Education, Skills, and Labour Market Participation; and (iii). Entrepreneurship, Financial Inclusion, and Digital Economy.

ECOWAS initiated an HCD index in 2022 to monitor the progress of Member States and the region towards the 2030 strategic objective of becoming one of the best HCD performers in the African region. Findings highlight the fact that though efforts are being made by individual Member States to foster social and economic actions and thereby influence the HCD performance, the West African region remains one of the poorest HCD performers in Africa. The 2024 index reiterated the slow progress since the baseline report assessment was done in 2020. In terms of performance, Health and Nutrition ranked first; Education, Skills, and Labour Market Participation ranked second; and Entrepreneurship, Financial Inclusion, and Digital Economy ranked third. The 2024 report noted however that the thematic areas of health and nutrition and entrepreneurship, financial inclusion, and digital economy continue to improve towards the overall percentage progress target of 5% a year while education, skills, and labor force participation advance at a slower pace. In addition, in terms of the gender parity index, the report reaffirms the same trends and ranking as the HCD index.

II. JUSTIFICATION

The youth and women constitute a large portion of the population in West Africa at 65% and 54% respectively. However, they face several human capital development challenges that prevent them from reaching their full economic potential. These constraints include among others: (i) limited access to education and skills training reducing their chances for labor participation, marginalization from banking services, lack of access to credit facilities, and investment opportunities, (ii) the high interest rates and stringent collateral requirements (iii) lack of the necessary skills and knowledge to leverage technology for business growth, (iv)

cultural norms, (v) lack of property rights, and (vi) access to mentorship, networking opportunities, and business support services.

Greater inclusion of youth and women in labor participation depends on the provision of necessary skills for them to seize market opportunities and become productive contributors to their country's economies. Reinforcing education, and technical skills and supporting innovative ideas of the youth in general and particularly young women for scalable rapid-win socio-economic initiatives at national and local levels in agricultural production and trade, digital innovations for health, education, etc., can not only increase labor participation but also impact in the medium term HCD performance in the ECOWAS sub-region. To impulse this positive change, a systemic HCD program approach needs to be adopted by all member states to complement efforts in social and economic sectors. Addressing the constraints mentioned above requires a multi-faceted approach. The ECOWAS HCD strategy has prioritized the development of HCD national strategies by Member States in its initial phase. As we progress into the implementation phase, the HCD secretariat is focusing on designing a project that will establish an efficient, transparent, and sustainable Catalytic Investment Fund mechanism to improve the HCD performance of Member States.

The ECOWAS Unlocking West African Human Potential (UWAHP) project, funded by the ECOWAS Catalytic Investment Fund, aims to support youth and women by implementing a quick-win incubator and accelerator program, as well as providing internships for graduates. This initiative will offer small, revolving seed funds through Fund Managers to nurture promising, innovative, and scalable ideas or projects from individuals across selected ECOWAS Member States.

The initiative will promote entrepreneurship, financial and digital inclusion, as well as community health initiatives while fostering mentorship programs that challenge gender norms and create a more inclusive entrepreneurial ecosystem. Additionally, it will support education initiatives and skills training to enhance labor participation.

The fund will invest in various entities such as funds, venture capital, private and public institutions, and angel investors that are established as fund managers. Selected fund managers will collaborate with incubators and accelerators to effectively manage the fund and provide business incubation services. This partnership will support the implementation of activities under the Catalytic Investment Fund, following the ECOWAS Human Capital Development (HCD) grant manual.

Additionally, the fund managers will work to enhance the capacity of recipients and innovators, helping them accelerate the outcomes of their scalable initiatives. The firm will also be responsible for providing initial training to beneficiaries in small business and startup management, as well as other areas related to human capital development.

Furthermore, the firm will support the HCD secretariat and focal points from member states in identifying innovative, scalable ideas that align with the targeted thematic areas of the ECOWAS HCD strategy.

III. OBJECTIVES

The ECOWAS Human Capital Development (HCD) project, known as "Unlocking West African Human Potential" (UWAHP), is financed by the Catalytic Investment Fund. Its primary goal is to promote innovation, entrepreneurship, and internship in both the social and business sectors. This initiative aligns with the thematic areas of the ECOWAS HCD strategy and aims to stimulate job creation and increase labor participation in the region.

The goal will be achieved through the following:

- Implement the ECOWAS UWAHP project financed by the ECOWAS HCD Catalytic Investment Fund by accompanying business incubators and accelerators to support young entrepreneurs to kick off or strengthen their social and business startup ideas and opportunities that are related to the ECOWAS HCD thematic areas.
- Assist the chosen incubators to identify young women and men entrepreneurs who have initiated innovative activities primarily focusing on the following core thematic areas: (i). Health and Nutrition; (ii). Education, Skills, and Labour Market Participation; and (iii). Entrepreneurship, Financial Inclusion, and Digital Economy.
- Ensure the chosen incubators and other project implementation partners provide practical tools and strategies to enhance the capabilities of fund beneficiaries in fostering startup growth and success.
- Facilitate through the incubators the necessary mentorship, networking opportunities, and peer-to-peer learning to beneficiaries to facilitate collaboration within the core thematic areas.
- Strengthen countrywide community health interventions to enable Young Graduate Medical Doctors and other health professionals (nurses, midwives, biologists, etc.) to set up alone or jointly with other health professionals in their community health facilities.
- Facilitate Career Development for Young Female and Male Graduates through Structured Internship Programs by providing practical work experience, skill development, and networking opportunities through structured internship programs.

IV. SCOPE OF THE ASSIGNMENT

In collaboration with the Human Capital Development Secretariat under the Office of the Vice President, the chosen fund managers (preferably one per country) will provide expertise to create an effective framework for accelerator venture capital/grant projects. This initiative will act as a scalable investment to support the implementation of both the ECOWAS and national Human Capital Development (HCD) strategies.

The chosen fund managers will establish a comprehensive revolving fund and grant program designed to improve human capital development through incubators, accelerators, and internships. The program aims to provide participants with the skills and knowledge needed to better support startups, entrepreneurs, and young graduates.

This assignment is designed to serve as a pilot project across three to five (3-5) initial ECOWAS Member States, representing the three linguistic blocs: Anglophone, Francophone, and Lusophone. The focus UWAHP project will be on countries that are performing poorly in terms of labor participation and entrepreneurship according to the Human Capital Development (HCD) indicators and have minimal experience in fostering the incubation of innovative ideas from young male and female entrepreneurs and providing practical internships to young graduates.

The Fund will be managed by applicable financial rules, regulations, policies, procedures, and laws, as well as the Fund Mandate. This Mandate outlines the authority of the Fund Manager, including investment limitations and restrictions. Additionally, the Fund Manager must adhere to shareholder votes as specified in the Mandate, ensuring alignment with the Fund's objectives while acting in the best interests of the Fund with the utmost integrity.

Furthermore, the Fund Manager is expected to facilitate the creation of a knowledge-sharing network and support the development of national catalytic fund initiatives.
When selecting investments for the Fund, ECOWAS will consider the following criteria:

- Safety and Risk: Evaluating the safety and associated risks of potential investments.
- Liquidity: Ensuring that investments can be easily converted to cash without significant loss of value.
- Earnings Potential: Assessing the potential annual Rate of Return (ROR) for each investment.
- Documentation: Maintaining proper documentation and accurate records in the investment ledger.
- Income Allocation: Allocating income, profits, and losses appropriately to the Fund.
- Investment Realization: Making informed decisions about the realization of investments as deemed beneficial by the Fund of Funds Manager.
- Conflict of Interest: Avoiding any potential conflicts of interest during the investment process.
- Governance Principles: Promoting sound economic, social, and corporate governance principles while executing its investment mandate.
- Matching Funds: Ability to secure matching funds on a dollar-for-dollar basis.
- Investment Focus: Prioritizing investments in pre-seed and seed-stage companies, with planned follow-up investments.
- Capitalization Sources: Ensuring diverse sources of capitalization and implementing effective currency risk management strategies for funds mobilized in different currencies.
- Internship Initiatives: Having experience in supporting young graduates through internship initiatives that provide effective on-the-job training and professional experiences.
- Community Health Interventions: Supporting community health interventions that enable young graduate medical doctors and other health professionals to establish their practices within communities.

V. DURATION AND EXPECTED DELIVERABLES OF THE ASSIGNMENT

The fund manager of the HCD Catalytic Investment Fund (UWAHP) is expected to begin implementation of all components of the UWAHP project in collaboration with cognizant local technical partners capable of collectively achieving set outcomes and onboarding initial beneficiaries within 3 months from the start date.

The expected deliverables will include, but not be limited to, the following tasks:

- Assess ECOWAS member state needs to identify incubators and internship opportunities for fund beneficiaries.

- Design the fund with legal, operational, and financial structures, including reporting frameworks.
- Submit an action plan for the UWAHP project focused on quick wins for Human Capital Development.
- Conduct due diligence with the ECOWAS HCD Secretariat on potential investments and evaluate their capital-raising capacity.
- Create a nationwide investment strategy and source eligible deals.
- Review candidates' proposals and provide feedback.
- Assist incubators and other implementing partners in offering business management training to beneficiaries.
- Monitor the fund's impact and support ongoing learning post-training.
- Prepare governance documents and track fundraising compliance.
- Develop a framework for technical assistance and implement exit strategies.
- Assess incubators' and other implementing partners' mentoring capacity and measure their impact.
- Provide periodic and annual progress reports and maintain financial records.

VI. EXPERTISE REQUIRED

Firms, preferably national fund managers, must prioritize sustainability and have substantial experience collaborating with high-performing incubators and organizations that offer effective internship opportunities. They should be capable of providing small grants or venture capital programs that support social and economic entrepreneurship as well as startups.

VII.INSTITUTIONAL ARRANGEMENT / REPORTING RELATIONSHIPS

The selected firm (Fund Manager) will report to the Vice President of the ECOWAS Commission or any person designated as Her/His representative.

VIII. LOGISTICS AND ADMINISTRATIVE INFORMATION

- The Catalytic Investment Fund project shall be coordinated from the ECOWAS Commission in Abuja – Nigeria. The selected Fund Manager in the pilot country (Togo) will work in their primary location and report back to the HCD Secretariat on all progress and inquiries.
- Any required activities outside of this scope shall be discussed with the Vice President of the ECOWAS Commission for necessary logistical arrangements to be made.
- The Fund Manager shall provide their equipment and tools (Computer, Printer, Internet, etc.) for the implementation of this assignment.

IX. SUBMISSIONS

The required submission package for this Expression of Interest (EOI) includes:

- Updated CVs of key personnel.

- Interested consultancy firms are invited to submit their expressions of interest either one outlining their approach including methodology, relevant experience, and team members' profiles.
- Samples of grant management frameworks executed in 2 recent similar assignments.
- Any other document deemed relevant in relation to the evaluation criteria.

***NB**:* The REOI and ToRs are considered as two complementary documents all necessary to demonstrate institutions' competitive advantage. The technical note's expectations are detailed in both the REOI and ToRs; however, the candidate has discretion over content and section lengths.

X. SELECTION CRITERIA

Requirements include:

- Proven experience managing multi-million-dollar projects focused on young and women entrepreneurs at national and regional levels.
- Fund managers must be officially registered and comply with national regulations for managing both public and private funds.
- A minimum of 10 years in grant and venture capital management for scalable projects, with a successful history of supporting youth and women-led startups.
- Relevant involvement with national incubators in the ECOWAS region that enhance human capital development.
- Track record of organizing and managing internship programs for young graduates, including mentorship experience.
- Sufficient resources (personnel, facilities, tools) to effectively support the internship initiative.
- Commitment to professional development for young graduates, enhancing their skills for future careers.
- Dedication to diversity and inclusion, ensuring accessibility for graduates from varied backgrounds.
- A strong network of mentors, investors, and industry partners to provide the necessary support for startups and graduates.
- A sustainable business model that continues to assist startups beyond the initial phase.
- Financial resources to facilitate the growth of startups (*No financial proposal aspects are required at this phase; rather, focus primarily on the technical requirements).*
- Alignment with the mission to support youth and women in ECOWAS member states.
- Proficiency in at least one official ECOWAS language (English, French, or Portuguese); knowledge of a second language is a plus.

XI. CONSULTANCY PAYMENTS

The selected firm will be paid based on the effective ECOWAS exchange rate (where applicable), and only after the approving authority confirms the successful completion of each deliverable as stipulated in the Terms of Reference.