

Gargaara Company Limited

Financial Institutions Analyst Terms of Reference (ToR)

BACKGROUND

Gargaara Company Limited (“Gargaara”) was incorporated in April 2019 as an apex development finance institution (DFI) by the Federal Government of Somalia (FGS). Gargaara is the project implementing entity for the Micro, Small, and Medium Enterprises (MSMEs) Financing Facility under the World Bank’s Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project (SCALED-UP). In March 2019, the World Bank Board approved US\$31 million SCALED-UP project funding and it became effective in August 2019. It seeks to increase access to basic digital financial and government services targeting entrepreneurship and employment, particularly for women. The US\$15 million Financing Facility for Micro, Small and Medium Enterprises (MSMEs) that Gargaara is managing is a component of SCALED-UP.

The World Bank provided additional financing of USD 25 million of which an additional USD 13 million will be available for on-financing through the Participating Financial Institutions (PFIs) – institutions who are successfully accredited to access Gargaara funding. As it stands, Gargaara has onboarded 7 PFIs with outreach in all regions of Somalia. These PFIs in turn managed to provide Gargaara funding to the MSMEs in the productive and renewable power sectors in all states of Somalia. Gargaara is also in the process of onboarding micro-finance institutions (MFI) to ensure that more under-served beneficiaries benefit from the MSME funding.

MSME access to finance is still low in Somalia despite some progress made in the last four years. Also, in addition, the MSME finance market is characterized by high cost of credit, underdeveloped product range, security concerns, informality of business structures, and poor organization of MSMEs as well as the elevated levels of guarantees required by banks - sometimes demanded collaterals of much higher than the amount of the loan. These challenges cripple enterprise growth.

Somali financial institutions tend to concentrate on financing trade related transactions to larger established enterprises that have enough collateral. Besides, there is comparatively very little lending to productive sectors such as agriculture or energy. Financial Institutions consider productive sectors as risky, especially agriculture. Further, lending to women and female-owned businesses is very low. The welfare consequences are dire when it is recently estimated that women are the main breadwinners in 40 percent of Somali households.

Gargaara is set up to be the leading APEX financial institution in delivering financial development and financial inclusion for Somali MSMEs. The World Bank provides financing to Gargaara under the SCALED-UP project for on-lending to PFIs for this very purpose. This represents the first step in creating a Somali entity with a commercial orientation that can act as a platform to crowd-in additional investments of public and private capital from international sources including other Development financial institutions (DFIs) to advance MSME banking in Somalia. Gargaara not only provides funding to ultimate beneficiaries in the MSME sector, but also is also committed to arrange provision of technical assistance and Risk Sharing Mechanisms (RSM) to financial institutions and business development services to MSMEs. Gargaara Company Limited will continue receiving support from the World Bank and other DFIs such as KfW with whom we recently signed a Grant Agreement. Gargaara positions itself to also attract private sector investors targeting to invest in Somalia’s ever growing MSME sector. .

RESPONSIBILITIES OF THE ROLE

The post holder will report to the Chief Executive Officer and work in close liaison with the Chief Finance Officer and other Gargaara officers. The post holder will provide analytical support to the Management Team on a diverse range of financial and non-financial issues of relevance to Gargaara's funding program for MSMEs. The primary role of the post holder will be to support financial analytics relating to the Participating Financial Institutions and their participation in the Gargaara program. In this context the post holder will also provide support to Gargaara management and team relating to execution of the ambitious strategy for Gargaara's vision, mission, and program.

The successful candidate will need to be an experienced, competent and confident analyst, able to communicate complex issues to a non-technical audience. She/he will need to have a firm grasp of the financial sector issues in Somalia and the MSMEs financial and micro-finance institutions in particular. This position demands a self-driven individual with a strong entrepreneurial flair.

The candidate should necessarily declare any potential conflicts of interest and any material personal interests to the Board of Directors at the time of appointment.

This position is open to Somali nationals and persons authorized to work in Somalia.

Female applicants are highly encouraged to apply.

SCOPE OF WORK AND EXPECTED OUTPUT:

The Financial Institutions Analyst will report to the Chief Executive Officer and work in close liaison with the Chief Finance Officer and other Gargaara officers and team members. The period of the contract will be one year, with the possibility of extension for a further one-year period based on performance.

The Financial Institutions Analyst will carry out all tasks outlined in these terms of reference, as well as any other related tasks that may be required to achieve the objectives of this role, including the following:

- Conduct first-stage financial and non-financial appraisal of financial institutions applying to funding from Gargaara.
- Conduct detailed second-stage financial and non-financial appraisal on financial institutions, drawing support and expertise from other members of the management, for final submission to Gargaara's Credit Committee for approval.
- Serve as a focal person in responding to queries coming from the Credit Committee, Board of Directors or donors like the World Bank.
- Conduct quarterly performance assessments of the loan accounts of each PFI as well as portfolio analyses by sector, region, gender, size, etc.
- Support PFIs develop and help Gargaara monitor implementation of all agreed Institutional Development Plans for PFIs. Report on their status on quarterly basis and follow-up actively with PFIs to address any implementation delays and other issues.

- Prepare and provide to Gargaara management and team quarterly appraisal of the financial performance of PFIs and the financial sector as a whole.
- Contribute to Gargaara's quarterly progress and other reports which are routinely prepared for the Board of Directors, SCALED-UP Project Implementation Unit, and the partners/donors.
- Follow-up with PFIs on repayments and working with Gargaara management suggest remedial actions to address possible delinquencies..
- Contribute to the continuous updating of Gargaara's business plans, product development and solicitation of funding from external entities.
- Any other reasonable assignment required to support operations of Gargaara.

SKILLS:

- Well-developed written and verbal communication skills, as a financial/banking data analyst is required to liaise efficiently with upper management and also work with a wide range of partners
- Thorough knowledge of banking and financial procedures, policies, principles, functions, and prevalent Somali regulations
- Excellent logical thinking, analytical, and problem-solving skills, which enable the financial institutions analyst to efficiently interpret data
- Excellent time management skills are required to complete several tasks within given deadlines

QUALIFICATIONS

- University Degree in Banking, Finance, Economics, Business Administration, or equivalent professional qualifications in CFA, ACCA, CPA, CMA, etc.
- At least 5 years of experience in the financial sector (especially in analyzing financial institutions), preferably in Somalia
- Entrepreneurial spirit with strong analytical and data interpretation and presentation skills, experience in financial services, investments, or relevant business sector, especially in the MSMEs financing market;
- Proven ability to work under pressure and ability to embrace and manage change.
- Familiarity with economy and political context like Somalia will be an advantage.
- Self-starter with excellent interpersonal communication and problem-solving skills;
- Excellent written and verbal skills in English. Somali language skills will be an advantage.
- Ability to work effectively in an environment of ethnic, gender and religious sensitivity.