

# RISK, REMITTANCES, AND INTEGRITY (RRI) PROGRAMME CASE STUDIES

## TERMS OF REFERENCE

### 1. The Consultancy

FSD Africa wishes to appoint a reputable firm or individual (the "Consultant") to conduct a deep-dive by use of case studies on its Programme, "Risk, Remittances, Integrity (RRI)" to illustrate and document some of the valuable experiences and lessons that have been gained through the Programme. RRI commenced in 2016 and is being implemented by the Centre for Financial Regulation and Inclusion (Cenfri). The exercise is expected to commence in December 2020 and will run for approximately 40 consulting days

### 2. Background

#### 1.1 About FSD Africa

FSD Africa is a non-profit company that aims to increase prosperity, create jobs, and reduce poverty by bringing about a transformation in financial markets in sub-Saharan Africa (SSA) and in the economies they serve. It provides know-how and capital to champions of change whose ideas, influence, and actions will make finance more useful to African businesses and households. It is funded by the UK aid from the UK Government.

Through access to finance initiatives, it seeks to build financial inclusion. Through capital market development, it looks to promote economic growth and increase investment. As a regional programme, it seeks to encourage collaboration, knowledge transfer and market-building activities - especially in fragile states. Where there are opportunities to drive financial market transformation more quickly and intensively through capital investment, FSD Africa will deploy equity, loans or guarantees as the situation requires. In particular, FSD Africa provides support to the FSD Network.

#### 1.1. About Cenfri

Cenfri (The Centre for Financial Regulation & Inclusion) is a South Africa-based non-profit think tank and social enterprise that bridges the gap between insights and impact in the financial sector. It is recognised as a thought leader on matters relating to financial-sector development in emerging markets.

It is driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Cenfri's core focus is on generating deep insights that can inform policymakers, market players and donors seeking to unlock development outcomes through inclusive financial services and the financial sector more broadly.

Cenfri supports financial inclusion and financial-sector development through facilitating better regulation and market provision of financial services. It does this by conducting research, providing advice and developing capacity-building programmes for regulators, donors, financial service providers (FSPs) and other parties that operate in the low-income market.

#### 1.2. Risk, Remittances and Integrity

RRI is a 5-year programme funded by FSD Africa and implemented by Cenfri. The RRI Programme combines three components: Risk, Remittances and Integrity. The Programme's vision is one of strengthened financial sectors in SSA in support of growth and improved livelihoods. The focus is on the risk management role of the financial sector, including insurance and money laundering (ML) and financing of terrorism (FT) risk, as well as on remittances. The mission is to improve the capacity of national financial sectors to identify, price and manage risk, including ML and FT risk, and to develop markets for remittances, a number of which are being constrained due to ill-informed responses by both regulators and providers to perceived risks.

Each programme component combines objectives at four levels to promote market development, both in terms of financial inclusion and growth:

- a) Building the evidence base for thought leadership and change.

- b) Convening and agenda setting of stakeholders at global, regional and country level to establish the process, strategy and principles for change
- c) Equipping regulators and policymakers to act as agents of change; and
- d) Supporting innovation among market players to secure change.

The Risk and Integrity components engage at regional and global levels, as well as in individual focus countries. The Remittances component works primarily to develop at least two remittance corridors which, if successfully developed, will have large potential for replication across SSA. Special attention is given to the needs of FSD countries and to fragile and conflict affected states.

Cenfri and FSD Africa are focusing on building a local evidence base on remittance and integrity to inform global guidelines and then supporting their effective implementation back at the country and regional level.

### ***Risk***

Where risk management (insurance) is concerned, the Programme looks beyond the more traditional micro-insurance focus to broader insurance market development and the role of insurance in growth. Key themes include insurtech and its impact on market development, support to regulators to adapt to changing environments and the process of catalysing market development. Cenfri and FSD Africa are focusing on broadening the global discourse on inclusive insurance through building an evidence base, convening stakeholders and setting a new agenda for risk for development.

### ***Remittances***

In remittances, the Programme works to reduce average remittance costs and extend remittance flows by considering the constraints to the development of key corridors, the role of technology in overcoming such barriers, and the cash and last-mile realities that set the parameters for any intervention.

### ***Integrity***

The integrity stream of the Programme focuses on enabling inclusive integrity that promotes growth but does not come at the cost of exclusion. It supports financial-sector supervisors and FSPs in implementing the FATF-required risk-based approach to reduce the levels of financial exclusion resulting from AML/CFT compliance in many SSA countries. It also deepens understanding of the definitions and impact of illicit financial flows on socio-economic growth in Africa and the link between these flows and financial integrity.

## **3. Objectives**

The objective of the case studies is to help to demonstrate the performance of the Programme to date and future potential to achieve impact (both within the programme timeframe and beyond) by illustrating and communicating some of the valuable experiences and lessons that have been gained through RRI, and this will be supplemented by some of the storylines that Cenfri worked on<sup>1</sup>, using footprints gathered. The case studies will further analyse the contribution of the RRI programme to achieving market changes (linked to these successes being documented) and describing the pathway to these changes in each case as well as documentation of 'failed' activities or practices. This will provide an opportunity to showcase what the best examples of RRI impact have been and provide the narrative around the impact pathways.

The conclusions from the case studies will inform FSD Africa and Cenfri on some of the Programme's key successes and failures, citing the lessons that could be used for future programming. The case study topics will be decided jointly with FSD Africa and Cenfri.

This exercise is a follow on from the initial impact study (mid-term evaluation) done in 2018, and as of the time, it was rather too early to identify the impacts on the real economy. The mid-term evaluation<sup>2</sup> focused on the evidence of the RRI programme's activities leading to the expected outputs

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<sup>1</sup> More details to be shared with the successful candidate during inception phase

<sup>2</sup> Report of the mid-term evaluation to be shared with the successful candidate

and outcomes and how that was expected to lead to the desired impacts on the real economy in the future. It also focused on the learnings that had emerged and that appeared to be the most successful.

### **Geographic and institutional scope**

This programme targets regulators and FSPs in SSA, with special attention given to the needs of FSD countries<sup>3</sup>. The case studies will purposively sample countries and will engage some of the institutions that have primarily benefited from the Programme.

To provide evidence on this, the Consultant will be required to answer the following questions on selected case studies topics that the deep dive will be conducted

- a. What are the success stories linked to the Programme?
- b. How has RRI contributed to this achievement with regard to milestones?
- c. Are there any unanticipated outcomes that have been achieved through the Programme?
- d. What has been the RRI's contribution to market system changes linked to the successes being documented?
- e. What has worked out well and how can these be scaled up? What has worked less well and how have these been corrected, or should be?
- f. What is the likelihood of the changes achieved being sustained beyond the intervention?
- g. Has the Programme faced any significant risks? If yes, how have these risks been managed?
- h. What lessons have been learned from this Programme to date?

FSD Africa invites the Consultant to suggest additional questions that would help achieve the overall objective based on understanding of the ToR

### **4. Methodology**

Together with FSD Africa and Cenfri, the Consultant will agree on case study topics to conduct the deep dive. The Consultant will conduct interviews with:

- Cenfri staff
- FSD Africa staff
- Centri Stakeholders relating to RRI
- Institutions that have primarily benefited from the Programme
- Any other key informants suggested by FSD Africa and Cenfri at inception

The Consultant will be expected to use both the quantitative and qualitative data together with theory-based approaches for the case studies to map the evidence of impact on the theory of change. All the case studies will aim to answer (but not limited) the stated questions above for every sample case study topic. In terms of the RRI programme, the questions above may be best answered by undertaking a desk review of all interventions and looking in detail at the two components: Risk and Remittances(excludes the integrity component). FSD Africa invites the Consultant to propose other tested and proven approaches/methodologies for the assignment (to be discussed and agreed upon during inception)

### **5. Project timelines**

It is expected that this consultancy will run from December 2020 to February 2021. FSD Africa would like the case studies to be completed and submitted to FSD Africa by the end of February 2021.

### **6. Deliverables**

The consultants should deliver; i) inception note capturing what will have been agreed with FSD Africa and Cenfri in terms of scope (sampling and evaluation criteria and methodology), ii) at least four case studies (two for each component -Risk and Remittance) providing information and analysis following the ToR objectives. FSD Africa expects the Consultant to provide a separate report for each

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<sup>3</sup> FSD countries include DRC, Kenya, Uganda, Ethiopia, Tanzania, Rwanda, Nigeria, Mozambique, Zambia and Zimbabwe

case study that should follow the same structure (to be agreed with FSD Africa during inception meeting), but it should at least include sections on the success to date, RRI contribution, the narrative on the pathway(s), lessons learned to date, and recommendations for future action iii) and a slide desk as synthesis report for all.

## 7. Invitation to Tender

FSD Africa is inviting tenders from suitably qualified consultancy firms.

The proposal should contain:

- i) A proposed evaluation methodology (including indicative data collection tools and approaches to be used) that responds to the requirements of these terms of reference and that can be delivered within the preferred period.
- ii) A draft work plan guided by the programme deliverables captured in section six;
- iii) A detailed budget for both professional fees and reimbursable expenses;
- iv) A confirmation of the team that will carry out this review;
- v) A summary of relevant work performed within the last five years, with contact information of clients who can provide references concerning the nature and quality of work performed (as an annexe).

Proposals should be submitted to FSD Africa by email [bids@fsdafrica.org](mailto:bids@fsdafrica.org) , by 5 pm (EAT) on **4 December 2020** under a subject line reading 'Invitation to tender: Risk Remittances Integrity Programme Case Studies

## 8. Basis of Award

A contract will be awarded to the most economically advantageous tender based on the following criteria:

Mandatory requirements	
Proven experience (at least five years of experience) in assessing banking, insurance and/or financial institutions serving the underserved in SSA.	
Demonstrated experience (at least five years of experience) developing best practice stories or case studies. (provide at least one sample case studies in the last three years)	
Available to start at the required time and have the capacity to engage intensively with this assignment with a view to concluding the work within the proposed timeframe.	
Proficiency in English and French	
Assessment criteria	Weighting (%)
Relevant, demonstrated experience and capacity of the firm and proposed team members in this area as indicated in the mandatory requirements. Please provide at least three references.	40%
Understanding/interpretation of the task set out in the TORs	20%
Clarity, content, and quality of the proposal, including a proposed approach/methodology and detailed workplan for achieving the consultancy objectives.	25%
Fee basis, value for money and total costs. There should be a clear breakdown of the costs. Financial proposal will be scored using the formulae;  $FS = 15\% \times LB/BP$ where: FS = is the financial score LB = is the lowest bid quoted BP= is the bid of the proposal under consideration.	15%

Fee quoted must be inclusive of applicable withholding tax	
<b>Total</b>	<b>100%</b>

## 9. Contact

Questions or comments in respect of these terms of reference should be forwarded on or before **12 noon (EAT) 24 November 2020** through the email address [bids@fsdafrica.org](mailto:bids@fsdafrica.org). Responses be circulated to all bidders on or before **27 November 2020**

## 10. Applicable Taxes

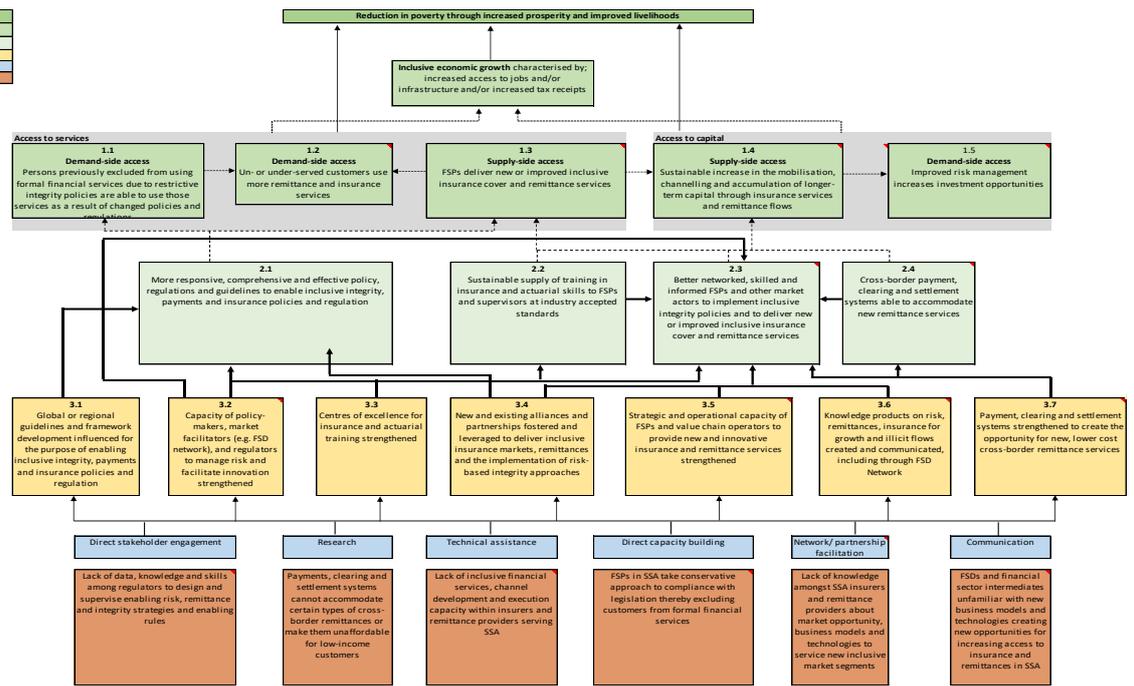
As per Kenya's tax law, FSD Africa will pay the Consultant after withholding the appropriate taxes at the applicable rate between Kenya and the Consultant's country of tax residence, considering any tax treaties in force. It is the responsibility of the Consultant to keep themselves apprised of these applicable taxes.

The below table, however, provides guidance on the applicable rates as per tax regimes

Country	WHT Rate
Kenya	5%
United Kingdom	12.5%
Canada	15%
Germany	15%
Zambia	15%
India	10%
Non-resident rate for citizens of EAC member countries	15%
All other countries	20%

# Annex 1 Results Chain

Social Impact
FSD Outcomes
Market system changes
FSD Africa outputs
FSD Africa investment
Financial market system challenges



Invest to Output level
Output to MSC level
MSC to Outcomes level
Outcomes level
Outcomes to Social Impact level

\*Interventions either through direct intervention or replication  
 \*\*Regulations include directives, decrees, and related regulatory instructions