

TERMS OF REFERENCE

FIRE PROJECT IMPACT MAPPING CONSULTANCY

1. BACKGROUND

The Financial Sector Deepening (FSD) programme was established in 2005 to support the development of financial markets in Kenya to stimulate wealth creation and reduce poverty. FSD initiated the Financial Innovation for the Real Economy (FIRE) project in 2018 to create market capacity and incentives to innovate financial solutions for real world problems. At its core, the project works to bring about change in the financial markets by creating a paradigm shift for the market to develop sustainable finance solutions, evolving organisation and business models to deliver meaningful solutions, enhanced market capacity to identify how finance can meet the needs of the economies of the poor and new linkages to enable finance to do more via partnerships, networks and platforms.

The 'real economy' simply refers to the production and sale of goods and services, as opposed to the buying and selling of financial instruments. In trying to understand how the financial sector could better support the real economy we need to consider the current position. FIRE identified four real economy sectors as priority for the project to demonstrate innovative finance (these are described as components in the project. Each component has interventions that are further developed into tasks/experiments):

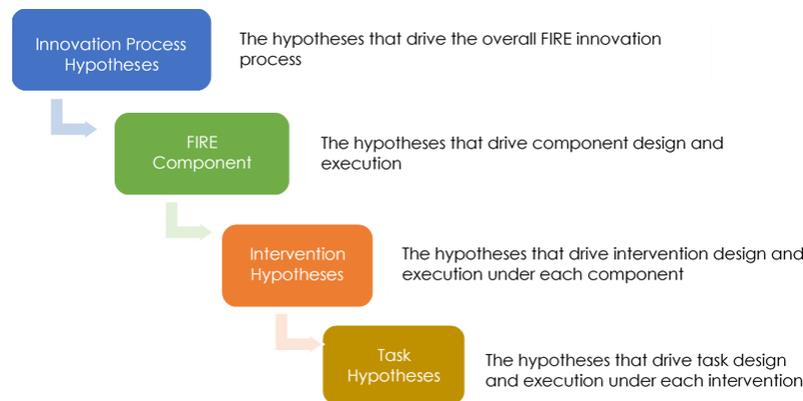
- Financial solutions that increase productivity, incomes and resilience in **agricultural value chains**
- Financial solutions that increase and smooth income for informal workers and enterprises within **manufacturing and construction**
- Financial solutions that enable improvements in **well-being (education and health)**

In addition to these real economy sectors, FIRE has interventions under its innovation observatory that are targeted to stimulate the use of new insights, tools, and technologies in the financial market. To date, FIRE has concluded 23 targeted experiments and research in these four real economy sectors. A further 26 experiments are currently on-going with 4 new experiments expected to be designed in 2021.

These experiments are underpinned by hypotheses on how finance can create value for low-income households and small enterprises. The process of formulating, testing and tracking hypotheses in the innovation process is an endeavour with several layers as follows:

TERMS OF REFERENCE

Fig. 1 Layers of Hypothesis Tracking



Given the layers of hypotheses tracking, it is possible that different tasks prove/disprove an intervention's hypotheses, that different interventions' hypotheses prove/disprove a component's hypotheses and that different components' hypotheses prove/disprove the innovation process hypotheses. However, the granularity and layers of hypotheses tracking is important as it allows the FIRE team to have clear theories and praxes for innovation in the financial sector generally, as well as insights specific to sectors, sub-sectors, value chains and even geographical areas.

To identify innovations worth FIRE's investment, the FIRE team is guided by the following investment thesis.

- Tasks that demonstrate they can deliver real value to the real economy.
- Tasks that show how this can be achieved through replicable change processes and build the supports to enable others to follow the same process.
- Tasks that disrupt the market in ways which change its trajectory and to which other players must necessarily respond.

To date, the FIRE project has several ongoing and concluded tasks. The project needs to track the outcome of the project hypotheses, document insights from diverse innovations processes, while documenting suggestions for improving the innovations (innovation has the wider sense of either application of ideas, or processes, or products, or procedures, which are new to the people and/or places where they are introduced).

2. OBJECTIVES

The objective of this study is to review the process and impact of the various innovation activities that have been undertaken by the project to date, map out the key hypotheses tested, and to validate FIRE's investment thesis.

3. SCOPE OF WORK

The scope of work will be shaped during the briefings and discussions at the initial phase of this project. This phase may introduce changes or added emphasis on various aspects of the work. Key activities of the impact mapping exercise include the following:

Part 1: Impact against FIRE's investment thesis, innovation mandate and results framework

- Outline FIRE's approach to innovation as follows:

TERMS OF REFERENCE

- Outline the original and updated the FIRE Theory of Change
- Map FIRE's approach to innovation
- Compare FIRE'S approach to innovation to general global practice and approaches to innovation.

- Assess the impact of the experiments conducted against FIRE's investment thesis and innovation mandate as per the project document:
 - Develop a clear understanding of FIRE's project and mandate.
 - Understand FIRE's innovation approach as a basis for the project activity.
 - With reference to global practice, detail an evaluation methodology sensitive enough to capture the nuances of innovation in investment in finance.
 - Detail and analyse the outputs and outcomes of the project against the results framework.
 - Determine the effectiveness of FIRE's implementation approach such as partnering, budget/spend, milestones achievement, time and human resource allocation.
 - Capture the intended and unintended benefits accrued by the experiments, at component, intervention and task level to demonstrate the extent to which they are delivering value to the real economy is worth the investment.
 - Determine what assumptions held / did not hold and the reasons why.
 - The extent to which experiments show how sustainable finance can be achieved through replicable change processes and build the supports to enable other players to follow the same process.
 - The extent to which the activities offer an opportunity to disrupt the market in ways which change its trajectory and to which other players must necessarily respond.

- Assess robustness and usefulness of hypotheses testing and tracking:
 - Provide an assessment of the key hypotheses tested to date and identify gaps for further testing.
 - Map out the key hypotheses under various layers of the project (component, intervention and task) and assess the extent to which hypotheses were proven true, false or partially true.
 - Outline key results from hypothesis testing and map them to FIRE's theory of change.
 - Determine the extent to which hypotheses testing and tracking supported or inhibited the ability of FIRE to support/catalyse innovation.

- Review FIRE results framework and assess the extent to which it was fit for purpose to capture impact and results:
 - In what ways did the top-down and bottom-up results frameworks support or impede innovation activities in FIRE? Explore if key impacts and results were not captured fully and why.
 - Assess the evolution of FIRE's theory of change (ToC) and the appropriateness of corresponding results measurement criteria and make recommendations on how best to measure innovation.
 - Identify differences in the appropriateness of the results framework for components, interventions and tasks.
 - Assess the internal and external factors that informed the extent to which FIRE activities were designed to speak to the results framework.

Part 2: Key impact successes and challenges

- Identify key success stories and failures coupled with learning in the four impact

TERMS OF REFERENCE

layers: 1) outputs 2) outcomes 3) market change; 4) scaling and in relation to FIRE theory of change.

- Detail the market changes engendered by FIRE activities.
- Identify factors that informed impact: 1) internal factors: i.e. FIRE sectoral expertise, knowledge of financial sector, intellectual rigour, research and analysis and 2) external factors: partners, policy shifts, COVID-19 etc.
- Estimate the extent to which change would have happened if FIRE had not been in play.
- Compare/benchmark FIRE innovation process to other innovation processes and approached in Kenya and Africa specifically targeted at developing value adding solutions for low-income populations. What related innovations interventions exist locally and globally? How can FIRE/FSD Kenya leverage these for more effectiveness and impact?
- List all FIRE projects and firms that have secured additional funding during/after FIRE interventions; speak to each firm and determine the role FIRE played in strengthening their innovation as a firm or for specific products.
- Distinguish FIRE's contribution and unique value add to innovation regarding market change and scaling in terms of: 1) supporting the development of innovative products; 2) supporting the development/ strengthening of innovative firms that are better at developing innovative products due to FIRE support; and 3) Delineate the different ways FIRE scales up in terms of the uptake and growth of innovative ideas, innovative firms, and innovative products supported by FIRE.
- Assess the extent of the impact of FIRE interventions at household level for selected tasks.

Part 3: Lessons learnt on FIRE's innovation approach

- Innovation ecosystem in Kenya
 - Identify key elements of the innovation ecosystem in Kenya and the extent to which FIRE approach interfaces with this i.e. 'celebrity' innovators versus 'under the radar' innovators; 'profit' innovators versus 'impact' innovators etc
 - Assess the positive and negative ways in which FIRE's innovation style informs FIRE's ability to foster impactful innovation in Kenya and be credited for it without jeopardising the benefits that come from 'backstage' market systems facilitation
- Partnerships and innovation
 - Identify the types of partners and partnerships under FIRE and their role in executing FIRE's innovation mandate.
 - Assess the strengths and weaknesses of FIRE's partner identification process, engagement and exit.
 - Explore the impact of FIRE engagement on partners: Have they grown? Are they more innovative? Are their solutions value adding? Which forms of partnerships have been more impactful? etc.
- Investment instruments
 - Which investment tools out of its toolbox have been most impactful? Which ones have had the least impact?
 - Where do the gaps for the investment instruments lie in supporting innovation?
 - What kinds of tools does the Kenya market need most now and going forward?
- Business Models
 - Identify new business models that emerged from FIRE intervention at component, intervention and task levels.

TERMS OF REFERENCE

- Detail lessons learnt in the development and execution of creating innovative business models that resonate with the market and fit within FIRE's innovation mandate.
- Market engagement
 - Identify effective strategies deployed by FIRE that led to robust market engagement.
 - Detail the types of market engagement garnered under FIRE: i.e. attracting new funding, collaborations; government engagement; tech partnerships etc
 - Explain how market engagement led to impact in terms of market change and scaling.
- Exit Strategies
 - Detail the different types of exits used by FIRE at component, intervention and task levels.
 - Assess what triggers an exit from an innovation? Were these timely given potential impacts and risks? What exits worked and did not work; how and why?
 - List lessons learnt on exit strategies.
- Implementation
 - What worked / did not work?
 - How did the project mitigate risks?
 - How did the project adapt in response to changes (both internal and external)?
- Learning
 - Develop a strategy and framework to capture learnings of FIRE project.
 - Using the learning framework document how FIRE incorporated learning linked to internal factors (FIRE capacity, skills set, financing mandate, impact mandate etc) versus external factors (partnerships, policy environment, market players, sectoral dynamics etc)
 - Determine the extent to which FIRE incorporated learnings into its innovation style and process; what worked and what did not?
 - How were these lessons shared with the market for greater impact/results? How else could this be done for more effectiveness?
 - Develop a document with all learnings under different tasks and relate them to hypotheses under interventions, components, FIRE project and FSD strategy while noting the unplanned learnings outside planned hypotheses.
 - Compare and contrast FIRE's successes against other comparator projects in Kenya or in the region.
- Communications
 - Assess FIRE communication and how this evolved over time; include key communication styles, audience targeting (internal and external) and messaging, and how this affected FIRE (in terms of perception of FIRE's impact, understanding of what FIRE does etc)
 - Detail key lessons FIRE needs to adopt to improve communication, include skills required.
 - Advise on key messaging components, audiences, and corresponding outlets.

Part 4: Recommendations development

Provide recommendations on the following:

- How FSD Kenya could strengthen its innovation style, process and philosophy
- The usefulness of hypotheses tracking as an enabler of impactful innovation in FSD

TERMS OF REFERENCE

Kenya and Kenya

- The development of a results framework that captures granular impacts and insights in the context of dynamic innovation processes.
- Effective partnership models for project execution, market change and scaling
- Areas that offer the greatest potential for innovation.
- How to crowd in market actors into the innovative finance space.

Part 5: Communications

- Synthesise findings into a succinct report that collates insights from the multiple experiments undertaken to effectively summarise project insights. The report should highlight the insights under different tasks and relate them to hypotheses defined in their corresponding task, intervention and component designs. The report should identify how these insights tie up with the overall expected project outcomes.
- Develop 10 case studies or other outputs to communicate innovation success stories & failures.
- Develop a communication strategy together with the project team to help disseminate key insights the project has obtained to date.

4. CONDUCT OF THE WORK

The consultants will report directly to the Senior Innovations Specialist at FSD Kenya. Consultants are also expected to liaise closely with the FIRE project team to 'co-create' the design of the study and shape the analysis and outputs. Given the exigencies of COVID-19, the consultants will be expected to propose a practicable way to undertake the exercise whilst ensuring their own safety and that of the respondents. FSD Kenya has developed a set of research protocols to guide research during this time which will be availed to the selected consultant.

5. OUTCOMES AND DELIVERABLES

The outcome expected from this work is to map out insights obtained from FIRE project activity and synthesize them to enable the project to effectively communicate to the broader market. In order to do this, the study is expected to deliver strong communications outputs that communicate findings in a compelling, visual and understandable way for a broad range of stakeholders. Substantial emphasis should therefore be placed on developing outputs that clearly communicate the key insights from FIRE project activity.

The following specific deliverables are envisaged:

- **An inception report** with a proposal on how the consultant will go about impact mapping.
- **PowerPoint Deck or report:** present the data in a detailed PowerPoint deck and/or report which can be adapted for presentations to key stakeholders.
- **A succinct report** capturing the deliverables of this terms of reference, summarizing insights from the multiple experiments undertaken as described under section 3 above.
- **A Workshop and/or Webinar:** to share findings with the broader FSD Kenya team and/or external audience.
- **A communications strategy** to help the team disseminate key insights on innovation to the broader financial market.

TERMS OF REFERENCE

The copyright for all material prepared under this terms of reference will pass to FSD Kenya. It is FSD's practice to publish the reports it commissions in its own house style. There is therefore no requirement for material to be extensively formatted beyond that required to indicate how material should be logically presented in the final report. All final reports should be presented in an electronic format allowing the text and graphics to be manipulated in preparation for publication. Where a final report is presented in a portable document format (pdf) generated from another format (such as Microsoft Word) it should be accompanied by the original file from which it is generated. All representations of graphic material (tables, figures, drawings, charts, graphs and photographs) must be able to be reproduced at high print resolution. Tables, figures, drawings, charts, graphs should be provided in Microsoft Excel or Adobe Illustrator format. Photographs must be provided in high-resolution JPG images set to minimum of 300 dots per inch (dpi). Any technical questions regarding these requirements should be addressed to FSD's Communications Officer.

6. REQUIREMENTS

Mandatory requirements		
Demonstrable evidence of similar work undertaken. A minimum of 10 years' experience in implementing and reviewing innovation projects in Kenya and or sub-Saharan Africa.		
Demonstrable understanding of the innovation process.		
Working experience and understanding of Kenya's financial sector, including the evolution of innovation in finance.		
Demonstrable expertise and knowledge in synthesizing innovation insights and broader market communication of the insights.		
5 years high-level technical assistance to development programmes that use a facilitative market development approach.		
Evaluation criteria (provide response in TECH FORM)		
Criteria, sub-criteria, and point system for the evaluation of Technical Proposals		Points
1	Experience of the Consultant firm	
1.1	10 years track record in implementing and reviewing innovation projects in Sub-Saharan Africa.	15
1.2	Experience and understanding of Kenya's financial sector, including the evolution of innovation in finance.	10
1.3	Demonstrated expertise in communication, project monitoring and evaluation	10
1.4	Experience in implementing development programmes using a facilitative market development approach.	10
Total Points for this criterion		45
2	Approach and methodology	
2.1	Provide methodological approach for the assignment as provided in the TOR to include rationale for chosen methodology and data collection tools.	20
Total Points for this criterion		20
3	Staff schedule, work and deliverable schedule	
3.1	Adequacy of the proposed staff schedule to meet the needs of the ToR	10
3.2	Responsiveness of proposed work plan in relation to the TOR	10
Total Points for this criterion		20
4	Key Professional Personnel Qualification for the Assignment Note: Bidders to respond in relation to the Key personnel requirement and	

TERMS OF REFERENCE

evaluation criteria in this section		
4.1	Responsiveness of the CV,s to the requirements of the TOR	15
Total Points for this criterion		15
Total Points for the four (4) technical criteria (St)		100
The minimum technical score St required to pass for financial proposal to be scored is		75
<p><u>Financial Evaluation</u> The formula for determining the financial scores is the following: $FS = 100 \times FL / FP$, in which FS is the financial score, Fm is the lowest price and FP the price of the Proposal under consideration. The weights given to the Technical (T) and Financial (F) Proposals are: T = 80% and F = 20%</p>		

7. TIMETABLE

It is anticipated that this work will begin in the last week of May 2021 and be completed in no more than 4 months.

8. SUBMISSION OF PROPOSALS

You are requested to submit your proposal comprising of technical proposal and financial proposal **separately** as submission of both technical and financial proposals as a single document **will lead to disqualification.**

Proposal documents should be as concise as possible and should not exceed a total of 10 pages (excluding annexes). Tenders exceeding this limit may be disqualified.

The technical proposal may be submitted in any format and should encompass:

- names, curriculum vitae of personnel to work on this project,
- proposed level and timing of inputs (specifying for each individual the total number of days, time in-country and availability),
- relevant technical response (including the method of implementation),
- any qualification to the terms of reference, and
- the provider's relevant previous experience.

The financial proposal shall contain:

- full pricing broken down by level of effort/number of days and daily rate per consultant/team member and including details of reimbursable expenses (accommodation, travel costs etc) envisaged.

If you have any **clarification questions**, please email us at tenders@fsdkenya.org no later than **7th May 2021**. Responses to clarification questions shall be sent by **11th May 2021**.

HOW TO APPLY

Proposals should be submitted by e-mail to tenders@fsdkenya.org as follows:

Technical Proposal:

TERMS OF REFERENCE

With the following subject title: **TECHNICAL PROPOSAL- FIRE project impact mapping consultancy**

Financial Proposal:

With the following subject title: **FINANCIAL PROPOSAL- FIRE project impact mapping consultancy**

Closing date: 14th May 2021 by 16:00hours (East Africa Time).