

SACCO Regulatory Environment and Supervisory Practices Development in Ethiopia  
*For the Improving Rural Financial Inclusion Through Co-operatives Project*

Terms of Reference (ToR)

Name of Consultant: 2 consultants, names TBC  
Date ToR approved: 21 December 2017  
Location: Ethiopia  
Provisional dates: January-March 2018

## 1. Background

For nearly twenty years the Ethiopian government has promoted Savings and Credit Cooperatives (SACCOs) as a means of socio-economic development and the country now boasts a movement with 20,000 SACCOs and over 4 million members (larger than any single microfinance institution). Despite the enormous strides made in terms of outreach and scale, SACCOs lag behind other financial service providers due to weaknesses at the institutional, oversight and service delivery levels. The SACCO movement is fragmented, with individual SACCOs being highly autonomous. In its oversight capacity, the regulator faces considerable challenges in terms of conducting appropriate and a sufficient number of inspections, operating in the context of generally weak management information system (MIS), and working within a regulatory framework which is not tailored to financial cooperatives.

The Irish League of Credit Unions Foundation (ILCUF) is the charitable arm of the Irish credit union movement. Its mission is 'to alleviate poverty in developing countries by supporting credit unions, their representative bodies and other co-operative type organisations as a means for socio-economic development through the provision of financial and technical assistance'. For more information on ILCUF, please visit the website at: <http://ilcufoundation.ie/>

ILCUF is in Year 1 of a 3.5-year long project entitled 'Improving Rural Financial Inclusion through Cooperatives.' This is funded by IFAD and is being implemented in three countries in collaboration with CCA (lead agency) and ACCOSCA. The countries are Tanzania, Malawi and Ethiopia. ILCUF is managing the project aspects that relate to Ethiopia. There are three main project components (1) apex / federation development, (2) financial product development and (3) support to the development of the regulatory environment and overall knowledge management.

These Terms of Reference (ToR) for this Consultancy relate to supporting the regulator to enhance the financial safety and soundness of the SACCO movement.

It should be noted that initial project planning suggested the development of a supervisory handbook, however in the interim, a new cooperative proclamation was introduced and as a result of this, the existing regulatory manual may need to be updated, a specific directive for SACCOs may need to be developed or it may be feasible to proceed with the development of a supervisory handbook at this point. There is a gathering consensus that tiered regulation needs to be carefully considered; and this, along with developments in MIS for SACCOs, may imply that a more calibrated and tailored approach to regulation and supervision is required.

## 2. Purpose

The purpose of this Consultancy is to enhance the regulatory framework and supervisory practices in Ethiopia so as to increase safety and soundness of SACCOs.

## 3. Objectives

The objectives for this Consultancy include:

- 1) provide a basis for the discussions with the regulator as to the appropriate strategy and measures needed to enhance the safety and soundness of SACCOs
- 2) initiate capacity building of the regulator's office to enhance the safety and soundness of the SACCO movement through technical assistance
- 3) develop resource(s) to strengthen the regulator's ability to appropriately and effectively regulate and supervise the SACCO movement
- 4) develop the skills of regulators and supervisors / inspectors with a view to their providing appropriate oversight for the SACCO movement.

#### 4. Scope of Work Involved

	Output	Specific Tasks	Days	Scheduled For
(1)	Technical Note on the Status of the Regulatory Environment in Ethiopia	<p><i>Note, this does not involve a specific field trip, but it is suggested that it is drafted in advance of the field trip in January and feedback is obtained over the course of that field trip so that it can be finalised</i></p> <p><i>Initial Desk Work (before field trip)</i></p> <ul style="list-style-type: none"> <li>- Desk review of relevant documents</li> <li>- Interview key stakeholders (on the phone)</li> <li>- Draft the technical note</li> <li>- Discuss internally within ILCU and ILCUF</li> <li>- Develop final draft and send to FCA for comment and feedback</li> <li>- Plan a one day workshop with regulators and other key FCA personnel</li> </ul> <p><i>During Field Trip</i></p> <ul style="list-style-type: none"> <li>- Host a one-day workshop to review the findings of the report and to jointly develop recommendations</li> </ul> <p><i>After field trip</i></p> <ul style="list-style-type: none"> <li>- Discuss recommendations internally in ILCU &amp; ILCUF</li> <li>- Produce a final draft</li> <li>- Submit to FCA for final review</li> <li>- Incorporate any feedback as appropriate and finalise</li> </ul>	2 consultants 5 days each	January 2018
(2)	Technical Assistance and Strategic Advice provided. A short report on the training and technical assistance requirements and SWOT analysis relating to the regulators office and an action plan to deliver formulated as a memo for the regulator	<p><i>Before field trip</i></p> <ul style="list-style-type: none"> <li>- Set up programme of work with the regulator, including meeting with key people in the regulators office and other key stakeholders with a view to ascertaining technical assistance and strategic advice required</li> <li>- Produce trip plan for ILCUF</li> <li>- Liaise with ILCUF for logistics</li> <li>- Draft a training needs assessment form / set of questions</li> <li>- Plan to incorporate a SWOT analysis in the workshop to be hosted under activity (1)</li> </ul> <p><i>During field trip</i></p> <ul style="list-style-type: none"> <li>- Discuss and propose resource development requirements with the regulator</li> <li>- Hold meetings with key regulatory personnel and other key stakeholders</li> <li>- Carry out SWOT analysis in the one-day workshop planned under activity (1)</li> </ul>	Consultant 1 12 days	January – February 2018

	Output	Specific Tasks	Days	Scheduled For
		<ul style="list-style-type: none"> <li>- Carry out training needs assessment interviews</li> <li>- Identify training and technical assistance needs</li> </ul> <p><i>After field trip</i></p> <ul style="list-style-type: none"> <li>- Provide debriefing to ILCUF</li> <li>- Develop a draft report setting out Strengths, Weaknesses, Opportunities and Threats relating to the FCA regulatory office and functions; this report will also set out training needs and technical assistance requirements.</li> <li>- Work out with the ILCUF manager what support package can be offered under IRFITCO.</li> <li>- Draft a memo derived from the technical note and field trip findings outlining a package of support for the FCA regulator.</li> <li>- Obtain feedback and finalise.</li> <li>- Develop a schedule for the support package</li> </ul>		
(3)	Supervisory Handbook / Revised Regulatory Manual / Draft (new) Directive (one or two of these)			
		<p><i>Desk Work</i></p> <ul style="list-style-type: none"> <li>- After compiling the Technical Note on the Regulatory Environment, notify the regulator that the findings suggest a course of action and agree with the regulator which resource item to develop</li> <li>- Drawing on previous activities and outputs, designing the outline of a supervisory handbook / regulatory manual / draft directive and obtain feedback from regulator</li> <li>- Develop a Table of Contents for the resource in question</li> <li>- Develop a schedule for the resource development and agree with the regulator.</li> <li>- Drafting the regulatory / supervisory resource for Ethiopia in line with regulation, feasible implementation and safety and soundness considerations</li> <li>- Obtain feedback from the regulator, supervisors and Unions and SACCOs (FCA regulator should organise to obtain the feedback – perhaps with someone in-country participating)</li> <li>- Incorporate feedback into final document</li> </ul>	Consultant 1 20 days Including a field trip	January – February 2018 (with a field trip in February 2018)
(4)	Training materials developed and training delivered. A short report on the delivery of training on regulation, and a set of training materials (PowerPoint presentation, comprehensive accompanying notes and, if applicable, case studies / exercises & associated explanations and answers			
		<p><i>Before the field trip</i></p> <ul style="list-style-type: none"> <li>- Develop training outline with ILCUF</li> <li>- Propose outline to regulator for feedback</li> <li>- Incorporate feedback and finalise outline</li> <li>- Draft workshop timetable to include details of the session topic, purpose, content and method(s)</li> <li>- Liaise with FCA to agree workshop timetable and participants; check with FCA who the participants will be, their educational level and fluency in English.</li> <li>- Develop course content and training materials</li> <li>- Liaise with ILCUF on workshop content and formatting</li> </ul>	2 consultants 1) 10 days (with travel within Africa) 2) 11 days (with travel)	Prepared for and delivered in March 2018 (involves travel to the training in Ethiopia)

	Output	Specific Tasks	Days	Scheduled For
		<p><i>During the field trip</i></p> <ul style="list-style-type: none"> <li>- Travel to Addis (e.g. on the Sunday preceding the training)</li> <li>- Spend one day with regulator / FCA representative finalising training contents, methodology and materials prior to the training (e.g. the Monday)</li> <li>- Set up of training room and checking facilities are satisfactory / working properly (e.g. the Monday)</li> <li>- Set up the training room and check that the facilities are satisfactory, the equipment works properly, and the required stationery is available</li> <li>- Check that all handouts for the quality of printing and number of copies</li> <li>- On the first day of the training ensure that all participants are properly registered</li> <li>- On each day of the training ensure that all participants sign daily attendance sheets in the morning, verify and sign the attendance sheets</li> <li>- Take note if participants are absent for any part of the training day and only provide the certificate to those participants who attended at least 80% of the training</li> <li>- Deliver training ensuring that content is aligned with participants expectations and needs, and ensuring that they understand delivery (language and technical terms) (e.g. the Tuesday morning to Friday lunch)</li> <li>- Obtain feedback from participants on what they feel that they need for the next stage as well as for implementing the training using forms supplied.</li> </ul> <p><i>After the field trip</i></p> <ul style="list-style-type: none"> <li>- Develop a short report on the workshop, include what went well, what could be improved, what additional issues that need to be taken into account or addressed in future trainings as well as what the future technical assistance requirements of the group are.</li> <li>- Liaise with ILCUF in order to develop the materials into off-the-shelf training materials / webinars (PowerPoint, accompanying notes, exercises and case studies).</li> </ul>	from outside Africa)	
	Overall	Consultant 1: 48 days Consultant 2: 15 days Trips: 2 trips for Consultant 1; 1 trip for Consultant 2  For some activities, the consultant may require less than the time suggested. The proposed days are the maximum number envisaged.		January to March 2018

## 5. Outputs (summary)

- 5.1. Brief work plan for this assignment developed by the Consultants and to be approved by ILCU Foundation before the start of activities under these ToR
- 5.2. Technical Note on the Status of the Regulatory Environment for SACCOs in Ethiopia
- 5.3. A short report on the training and technical assistance requirements and SWOT analysis relating to the regulators office and an action plan to deliver formulated as a memo for the regulator
- 5.4. Resource production: either (1) a draft revised regulatory manual, (2) a new draft supervisory handbook or (3) a draft new directive for SACCOs (possibly two of these)
- 5.5. A short report on the delivery of training on regulation, and a set of training materials.

## 6. Lines of Communication

The consultants will report to ILCUF Programme Manager.

## 7. Information

Background documentation which is relevant to this assignment will be provided by ILCUF.

## 8. Timeframe

The assignment will be delivered over the period of January – March 2018.

The schedule of activities will be created jointly by the Consultant and ILCU Foundation once the work plan is approved.

## 9. Deadlines

The timeframe for this scope of work is 31 March 2018. Interim deadlines include:

- Technical Note on the Status of the Regulatory Environment for SACCOs in Ethiopia: draft presented for review by 31 January 2017, finalised in February 2018.
- Resource production (revised regulatory manual/draft directive/supervisory handbook): draft – 05 March 2018, final draft 31 March 2018.
- Technical assistance strategy based on training needs and SWOT assessment of regulatory office: draft by 26 February 2018, finalised by 05 March 2018.
- Delivery of training to regulatory staff: development and delivery, March 2018.

## 10. Qualifications

ILCUF is seeking candidates

- with a Masters level qualification in business, accountancy and law related areas
- with 5 years or more experience in regulation and supervision of financial cooperatives
- who have applied these skills in an African, preferably east African context.

**11. Fitness to Travel.** It is the Consultants' responsibility to ensure that they are medically fit for travel to and work in the destination country. In accepting this TOR/ Terms and Conditions the Consultants confirm that the Consultants' general state of health and fitness is good for the trip in question and that the Consultants take full responsibility for themselves. The onus is on the individuals involved to ensure that ILCU Foundation is advised of any medical information that may impact their trip. All information will be held in confidence on the staff member or volunteers' file.

## 12. Application process

Please submit CV with cover letter via email to

Irina Ignatieva, Programme Manager, Irish League of Credit Unions (ILCU) Foundation,  
33 – 41 Lower Mount Street, Dublin 2.

Email: [iignatieva@creditunion.ie](mailto:iignatieva@creditunion.ie)

Closing date for applications is Friday **5 January 2018**

**All applicants are thanked for their interest in the assignment. However, only those selected for an interview will be contacted.**