

Financial Product Assessment and Development

For the Improving Rural Financial Inclusion Through Co-operatives Project

Terms of Reference (ToR)

Name of Consultant:	2 consultants
Date ToR approved:	23 January 2018
Location:	Ethiopia
Provisional dates:	February – March/April 2018
Time commitment:	Lead consultant 1: in the region of 40 days, including 1 field trip Consultant 2: in the region of 65 days, including 1-2 trips (depending on where the consultant is based) For some activities, the consultants may require less than the time suggested.

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.

ILCUF is at the start 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.

Ensuring an appropriate mix of financial services supplied in the manner which promotes prudent and productive use is the kernel of economic development through SACCOs. This project component focuses on the promotion of products for particular market segments (rural, poor, youth, women).

The Terms of Reference (ToR) for this Consultancy relate to conducting market assessment for SACCOs to be able to enhance their financial services to members.

2. Purpose

The purpose of this consultancy is to assess and identify how SACCOs can become leading providers of financial services tailored for livelihood development of the target groups.

3. Objectives

The objectives for this Consultancy are to provide:

- 1) a financial service market assessment - an overview of supply and demand for financial products, both traditional savings and loans and insurance, particularly Credit Life (loan protection) insurance, and including Digital Financial Services (DFS), especially with regard to target groups including women, the poor, youth and rural populations (including farmers), so to appraise market gaps and service weaknesses and strategies to scale up Credit Life insurance
- 2) guidance for the SACCO movement regarding beneficial linkages and institutional arrangements with DFS providers for enhanced and expanded financial service delivery, including practical recommendations around modalities for delivering DFS through SACCOs
- 3) training materials, guidelines and tools to equip SACCOs so they can reach market segments such as youth, women entrepreneurs, the poor and farmers.

4. Scope of Work Involved

	Output	Specific Tasks	Days	Scheduled For
(1)	Financial Services Market Assessment (Activities 2.1, 2.2)			
		<p><i>Initial Desk Work</i></p> <ul style="list-style-type: none"> - Develop a comprehensive reading list of existing financial product appraisals for women, the poor, youth and rural populations (including farmers) in Ethiopia and synopsis - Review and synopsis existing standard Financial Product Development approaches relevant to SACCOs - Based on literature review and information gaps identified, develop a plan for financial services assessment - Compile draft desk review and submit to ILCUF and Federal Cooperative Agency <p><i>Field Trip (3 weeks = 18 days)</i></p> <ul style="list-style-type: none"> - Conduct the assessment of financial products for the target groups (women, the poor, youth and rural populations, including farmers): savings, loans, Digital Financial Solutions and insurance (especially Loan Protection), identify and provide detailed product specifications of improved financial products for the target groups - Map current institutional arrangements between SACCOs and others for a augmenting financial service delivery (e.g. Unions, RuFIP portfolio funding, insurance company linkages, DFS linkages, bank linkages and others) - Appraise these linkages including from the perspective of value for the member and profit retention / leakage for the SACCO (movement) and provide detailed recommendations regarding appropriate institutional arrangements for enhancing service delivery to target groups - Discuss findings with the Federal Cooperative Agency and other key stakeholders as appropriate <p><i>After field trip</i></p> <ul style="list-style-type: none"> - Discuss findings and recommendations ILCUF - Produce a final draft of the financial service market assessment, also including points from Output (2) - Submit to FCA and ILCUF for final review - Incorporate any feedback as appropriate and finalise 	<p>Desk work + field research: Lead consultant 1: 21 days Consultant 2: 23 days</p> <p>Report writing, finalisation, and action points: Lead consultant 1: 8 days Consultant 2: 13 days</p>	February – March/April 2018
(2)	Guide the movement towards the most beneficial linkages and institutional arrangements for enhanced and expanded financial service delivery (Activity 2.3)			
		<p><i>Initial Desk Work</i></p> <ul style="list-style-type: none"> - Develop a comprehensive work plan to research opportunities with regard to linkages with Digital Financial Service (DFS) providers - Research available information and synopsis existing arrangements, business models and implementation procedures between DFS providers and 	<p>Desk work: Consultant 2: 3 days</p>	April 2018

	Output	Specific Tasks	Days	Scheduled For
		<p><i>Field Trip to Amhara and Oromia (max 2 weeks = 12 days)</i></p> <ul style="list-style-type: none"> - Conduct interviews with key informants and draw up an initial set of recommendations, including the business case, safeguards, implementation procedures - Debrief with the FCA <p><i>After Above Field Trip</i></p> <ul style="list-style-type: none"> - Develop recommendations for piloting linkages for SACCOs with DFS providers, including the business case, safeguards, implementation procedures etc. and provide guidance for relevant organisations (FCA, Regional Cooperative Promotion Bureaus, regional federations) in negotiations/partnership development and potential product development with the DFS providers. - Recommend strategies, linkages and appropriate institutional arrangements for enhanced provision of credit, savings and Life Insurance (loan protection) for SACCO members - Set these out in the Financial Services Market Assessment - see Output (1) - Provide briefing to ILCUF and Federal Cooperative Agency 	<p>Field trip: Consultant 2: max 12 days</p> <p>Report writing and finalisation: Lead consultant 1: 3 days Consultant 2: 6 days</p>	
(3)	Develop and Deliver FPD Materials and Strategies (Activities 2.4, 2.5)			
		<p><i>Desk Work:</i></p> <ul style="list-style-type: none"> - Detail products and services designed to increase rural outreach, youth engagement and women's enterprise using CGAP's Product Specification Worksheets - Develop training materials (session plans, PowerPoint presentations, exercises, case studies, handouts, list of background reading materials) for a 3.5-day training for regional federations on FDP - Propose practical means of financial product improvement for SACCOs with links to tools or guidelines that can be adapted and adopted - Debrief with ILCUF 	<p>Lead consultant 1: 8 days Consultant 2: 12 days</p>	
	Overall	<p>Lead consultant 1: 41 days Consultant 2: 69 days Including field trips: 1 trip for Lead consultant 1; 2 trips for Consultant 2</p> <p>For some activities, the consultants may require less than the time suggested. The proposed days are the maximum number envisaged.</p>		February to March/April 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. Report which includes (a) a literature review of Financial Products and Service for the SACCO Membership Base in Ethiopia and (b) an overview of supply and demand for financial products for target groups (women, rural populations (farmers), youth and the poor) including insurance, (c) a section on ways in which SACCO's can develop financial services including through linkage with digital financial service providers and (d) a section dedicated to insurance provision, including the potential for centralising Loan Protection insurance under the SACCO federation bodies.
- 5.3. Training materials (session plans, PowerPoint presentations, exercises, case studies, handouts, list of background reading materials) for 'Improving Financial Service Delivery for SACCO Members' for regional federations. This should encompass financial products to meet the needs related to rural outreach (farmers), the poor, youth, women's enterprise and the scope of products should include DFS and Insurance.

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 February – March/April 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 March/April 2018. Interim deadlines include:

- Literature review to be finalised in February 2018
- Research report 'Improving Financial Products and Services for SACCO Members in Ethiopia' covering an overview of supply and demand for financial products for target groups, improving financial services through linkages with DFS providers and insurance by the end of March/April 2018.
- Development and delivery of the workshop on these topics in March/April 2018.

10. Approval

ILCUF is seeking candidates

- with a Masters level qualification in business and marketing or related subjects
- with 5 years or more experience in market research and financial product development for the poor
- who have applied these skills in African, preferably Ethiopian context
- Consultant 2 must speak Amharic.

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

Closing date for applications is Friday **31 January 2018**

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