

TERMS OF REFERENCE

PROCESS EVALUATION OF FSD AFRICA'S AFRICA REGULATORY SUPPORT PROGRAMME

1. The Consultancy

Outsized has been appointed by Financial Sector Deepening (FSD) Africa to support the shortlisting and selection of a consultant for an upcoming initiative. Financial Sector Deepening (FSD) Africa wishes to appoint a Consultant (the "Consultant") to conduct a process evaluation of the Africa Regulatory Support Programme. The primary objective of the evaluation is to examine whether the Institutional Capacity Assessments and Institutional Capacity Strengthening outputs have been delivered as planned and to enhance FSD Africa's understanding of the perceptions of targeted market actors on the utility of these outputs. FSD Africa also expects the Consultant to provide recommendations on how the implementation process can be improved.

2. Background

2.1. FSD Africa - A Pan African Financial Market Development Programme

FSD Africa is a non-profit company which 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](#)

Please find more details about FSD Africa on our website at www.fsdafrica.org.

2.2. Africa Regulator Support Programme (ARSP) (SSA)

2.2.1. Introduction

The ARSP is meant to support capital markets regulators in SSA where there has been strong demand for technical assistance. The programme contributes to the promotion of better regulations in the SSA markets, facilitate regulatory harmonisation and benchmarking against international standards; improve investor confidence; and build partnerships, networking and knowledge sharing.

Since 2016, most of FSD Africa's work had been with the Kenyan, Ugandan and Rwandese regulators. The support provided was mainly focused on the development of master plans (Rwanda and Uganda), institutional capacity assessment and capacity-strengthening support (Kenya and Uganda), the development of enabling regulatory frameworks (Kenya and Uganda) and fintech regulations (sandboxes and regtechs - East Africa). Due to the similarities of the regulator support requested, ARSP was developed. The programme started in September 2018 and ends in March 2021, with a one-year extension anticipated until March 2022.

This programme aims to highlight the different areas of regulatory support that FSD Africa provides to the regulators in the different countries. The key areas identified were:

Intervention	Countries Targeted
Capital Markets Development Master Plan	Zambia, Zimbabwe, Mozambique
Institutional Capacity Assessment	Ghana, Nigeria, West Africa Monetary Union (WAMU), Zambia, Zimbabwe, Rwanda
Institutional Capacity Strengthening	Kenya and Nigeria
Islamic capital market regulatory framework development	WAMU
Strategy development	Ghana Ministry of Finance (Financial Sector Division) and SEC Ghana
Knowledge management, sustainable finance initiatives and listings report	Africa and Middle East Regional Committee (AMERC) of the International Organisation of Securities Commissions (IOSCO)
Debt Capital Markets development	Ghana

From the interventions listed above, FSD Africa has made good progress in conducting the ICAs. Therefore, the process evaluation will mainly focus on the Institutional Capacity Assessments, and the follow-on Institutional Capacity Strengthening.

2.2.2. Institutional Capacity Assessment (ICA)

Within ARSP, the ICAs support the regulators look into their internal structure and identify areas of strength and of improvement in light of leading best practices and peer comparisons. The assessment looks into areas of staff capabilities within the regulators that are required to ensure it is appropriately resourced to implement their strategy effectively. To date, the programme has supported five ICAs, in Ghana, Zambia, Zimbabwe, Rwanda and Nigeria

For more information on the ICAs, please check Annex 1.

2.2.3. Institutional Capacity Strengthening

Within the programme, Institutional Capacity Strengthening is designed to implement and address recommendations from the ICAs. FSD Africa is supporting capacity strengthening in Kenya and Nigeria. Even though direct support is not provided to all countries supported in the institutional capacity assessment process, the regulators are expected to find the internal capacity to implement the recommendations.

3. Objectives and Scope of the Evaluation

The process evaluation aims to understand the process of development and implementation of the Institutional Capacity Assessments and Institutional Capacity Strengthening under the ARSP programme. The Consultant is expected to build on the objectives listed below as they develop the evaluation framework.

3.1. Specific Objectives

3.1.1. Africa Regulator Support Programme

3.1.1.1. Institutional Capacity Assessment and strengthening

The Consultant should answer the following questions relating the Institutional Capacity Assessments completed in Ghana, Zambia, Zimbabwe, Rwanda and Nigeria, and provide recommendations to incorporate in the ongoing and future ICAs:

- a) Has the ICA and ICS process been efficient overall? Has the delivery been to budget and schedule? And if not, and what are some of the opportunities for cost savings?
- b) Did the institutional capacity assessments for the various regulatory bodies meet their objectives as set out in the ToRs?
- c) What is the regulators' perception of FSD Africa's support on Institutional Capacity assessments and strengthening?

Note: Though FSD Africa is in the process of providing direct support for strengthening in Kenya and Nigeria only, but all countries supported with ICAs will be assessed.

- d) Was the institutional capacity assessment process consultative and did it take into account the respective market contexts in the various jurisdictions?
- e) Was the capacity strengthening implementation plan in the institutional capacity assessments practical and realistic to the regulator?
- f) What are some of the concerns or challenges (institutional and market) that came up during the capacity assessment process?
- g) What are some of the opportunities (institutional and market) for improving the assessment and strengthening process? Were these leveraged or do they need to be leveraged for the programme to be successful?
- h) What are some of the successes and lessons learnt during the capacity assessment process? And how can they be applied in future ICAs and capacity-strengthening projects?
- i) What can be done to improve the capacity assessment and capacity-strengthening process?
- j) What are some of the actionable recommendations from the ICAs that have been implemented? If no recommendations have been implemented, what are some of the reasons why they have not been implemented?
- k) What are some of the factors that have contributed or will contribute to the successful implementation of the capacity strengthening recommendations?
- l) Will the proposed capacity strengthening recommendations likely lead to changes in knowledge, skills, attitudes, systems and structures in securities regulation and development within the regulator? Are there other types of capacity building that would be beneficial, e.g. Technical Assistance, Training, etc.?
- m) Has the Covid 19 pandemic affected the implementation of the ICA recommendations? If so, how?

3.2. Geographic and institutional scope

3.2.1. Africa Regulator Support Programme

3.2.1.1. Institutional Capacity Assessment and strengthening

The Consultant is expected to assess the ICA and ICS process in Ghana, Zambia, Zimbabwe, Rwanda and Nigeria. Kenya is not included in this evaluation to avoid overlap and respondent fatigue due to an ongoing study within the regulator.

4. Deliverables and timing

4.1. Project timing

The Consultancy should commence in February 2021 and completed by May 2021. The evaluation will run for approximately 60 consulting days (total level of effort).

4.2. Deliverables

- i. An inception report confirming the approach the Consultant intends to take on each of the projects, to be discussed and agreed with FSD Africa before fieldwork commences. The report should include an annexed methodology, data collection tools in their 'final' version, a draft list of stakeholders to be interviewed and a project work-plan that has been discussed and agreed with FSD Africa;
- ii. A report detailing the Consultant's desktop review findings. The report will be submitted to FSD Africa for review and should be finalised before the primary data collection commences.
- iii. A process evaluation report aligned to the methodology agreed on with FSD Africa. The draft and final reports should be in Word format (each no more than 30 pages in length, excluding annexes);
- iv. The Consultant will also prepare a PowerPoint summary of the reports to discuss with FSD Africa (via video conference) before finalisation.

5. Invitation to tender

The proposal should contain:

- i. A detailed proposed evaluation methodology (including an indication of the types of data collection tools and approaches to be used) that responds to the information needs and that can be delivered within the timeline stated;
- ii. A detailed draft work plan guided by the project deliverables;
- iii. A financial proposal showing a detailed breakdown of both professional fees and reimbursable expenses; to be quoted in British Pounds (GBP);
- iv. A confirmation of the team that will carry out this evaluation, i.e. tailored CVs of the critical individual/s proposed (no more than three pages each as an annexe), together with details of proposed team structure, including clear roles and responsibilities of essential team member/s;
- 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).

Consultants should submit proposals to Outsized by email - reuben@outsized.com, on or before 1700hrs (EAT) on **08 February 2021** under a subject line reading 'Invitation to tender: Process Evaluation - ARSP.'

6. Basis of award

FSD Africa will award a contract to the most economically advantageous tender based on the following criteria:

Mandatory requirements
Knowledge and experience in Capital Markets in sub-Saharan Africa. The consultants should have at least ten years of experience in Capital Markets or evaluated/supported at least three Capital Markets interventions.
Demonstrated experience of evaluating developmental projects. The Consultant should attach or provide links to at least three reports from previous evaluations.
A strong understanding of donor-funded interventions and programmes work, including project management processes
Available to start at the required time and have the capacity to engage intensively with this assignment to conclude the work within the proposed timeframe
Excellent communication skills in English and French are a must.

Assessment criteria	Weighting (%)
Relevant, demonstrated experience and capacity of the firm and proposed team in this area	40%
Understanding/interpretation of the task set out in the TORs	15%
A methodology based on an appropriate understanding/ interpretation of the task set out in the TORs and quality of the proposal	30%
Fee basis and total costs	15%
Total	100%

7. Contact

Confirmation of interest, as well as questions or comments in respect of these terms of reference should be directed by email to reuben@outsized.com on or before 17:00 (EAT) 31 January 2021, and responses will be provided by 12:00 (EAT) on 3 February 2021.

8. Taxes

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

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%

Annexe 1: Project Summary

Africa Regulatory Support Programme

About Institutional Capacity Assessment (ICA)

An Institutional capacity assessment helps regulators look into their internal structure and identify areas of strength and of improvement in light of leading best practices and peer comparisons. The assessment looks into areas of staff capabilities within the regulators that are required to ensure it is appropriately resourced to effectively implement its strategy.

In addition, the assessment not only investigates the regulator's internal policies and practices ensuring that these are aligned to leading standards but also ensure that the regulator is operating in a sustainable manner that empowers it financially to execute its regulatory mandate, responsibilities and functions.

Furthermore, the assessment identifies strategies that the regulator can adopt that would strengthen its current capacity and allow it to deliver on its current and future mandate, as guided by its strategy. The assessment determines to what extent the regulator's resources and structures, and the way it performs its functions, measure up to what is expected of it concerning its legal mandate.

The output of the capacity needs assessment is a report that details a suitable organisational structure that the regulator needs to adopt in the future. It also outlines identified skills gaps and provide recommendations for training and development to enhance staff capabilities.

Annex II: Results Chain

FSD Impacts
Market system changes
FSD Africa outputs
FSD Africa investment
Financial

