

TERMS OF REFERENCE

PROCESS EVALUATION OF FSD AFRICA'S

LONG-TERM FINANCE (LTF) 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. FSD Africa wishes to appoint a Consultant (the "Consultant") to conduct a process evaluation of the Long-Term Finance Programme. The primary objective of the evaluation is to examine whether the programme 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. The Consultant is also expected to provide recommendations on how the implementation process can be improved.

The programme outputs to be evaluated are:

- i. Implementation of Long-Term Finance diagnostics; and
- ii. Development of a multi-country scoreboard under the Africa Long-Term Finance programme.

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 aims 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. FSD Africa provides support to the [FSD Network](#)

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

2.2. Long-term Finance Programme

2.2.1. Introduction

The purpose of the LTF Initiative is to grow domestic sources of finance for productive investment in Africa. The goal of expanding domestic sources of finance is that they are better suited to the risk-profile of local investments than other sources of finance - whether in the form of foreign direct investment or foreign currency borrowing/bond issuance.

The purpose will be accomplished by improving the availability of public data on LTF in SSA. To achieve the purpose, multi-country Scoreboard and in-depth country-by-country diagnostics are being developed and implemented, which will enable better-informed investors, market actors and regulators; and more effective policy and regulatory environment.

The Long-Term Finance (LTF) initiative started in January 2018. FSD Africa, in collaboration with the German Development Cooperation (GIZ), funded two components for the pilot and build-up phases - the development of a scoreboard, covering multiple African countries, and an in-depth in-country diagnostic toolkit. FSD Africa and GIZ partnered with the African Development Bank (AfDB) as the host of the Scoreboard.

2.2.2. Multi-country ' Scoreboard.'

The purpose of the multi-country Scoreboard is to bring together different sources of already available data on LTF into one easily accessible database. Therefore, allowing for cross-country benchmarking using primary and secondary indicators on LTF - such as private credit to GDP, stock market turnover etc. - and indicating where data availability is weak or strong.

So far, the scoreboard website design has been developed and is currently being tested. The process of designing and introducing the desired functionality of the data portal was completed in 2019. On the first round, data on the LTF was collected throughout Africa and assembled with data from third-party sources on the data portal hosted by AfDB. The design and introduction of the desired functionality of the data portal were completed in the third quarter of 2019, and AfDB hosted an official launch webinar in October 2019.

Building on the experience with the first round of data collection and feedback received the second-round data collection exercise was launched in December 2019. The process is advancing well, and it is expected that data will be available by the end of October 2020. The LTF database and scoreboard development process is supposed to be completed in March 2021.

2.2.3. In-country diagnostics

In-depth country-by-country diagnostics focus on actual investments that have been/are being made in the country directly involving the private sector.

The diagnostics mainly focus on infrastructure finance, and SME finance on the role played by capital markets. Since the second quarter of 2019, in-country diagnostics have been at various stages of implementation for Côte d'Ivoire, Ghana and Ethiopia. These diagnostics are targeted to be completed by March 2021.

3. Objectives and Scope of the Evaluation

The process evaluation aims to understand the process of development and implementation of the Long-Term Finance diagnostic tool and multi-country Scoreboard under the Long-Term Finance 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. Multi-country scoreboard development

In assessing the development process of the Scoreboard, the Consultant should seek to answer the following questions:

- a) What are some of the opportunities to improve on the efficiency of the multi-country Scoreboard? Has the delivery been to budget and schedule? And if not, and what are some of the opportunities for cost savings?
- b) Is the LTF website functional, and does it meet the market needs?
- c) What were some of the critical lessons learnt in the first round of LTF data collection? Was the feedback received from stakeholders incorporated in the second round of data collection?
- d) What are some of the key challenges faced during the scoreboard data collection process? And how were they addressed? What are some of the salient ideas that can be incorporated into future processes?
- e) How was the development process of the Scoreboard? Are there alternate ways of implementation?
- f) What is the perception of the relevant regulators and partners on the development process and functionality of the Scoreboard?
- g) Is the Scoreboard likely to lead to the desired market system changes? That is; is the Scoreboard likely to be sustainable? Is it likely to engender a degree of peer pressure that will result in policy and regulatory reforms that would increase the volume and accessibility

- of LTF? By closing information gaps, is there a likelihood of increasing (domestic and international) investor confidence and investment opportunities in SSA financial markets?
- h) Has the Covid-19 pandemic affected the implementation of the Scoreboard? If so, how?
 - i) How does the Scoreboard compare to other similar scoreboards in terms of benchmarking, best practices and data completeness?

3.1.2. In-country diagnostics

The Consultant is expected to evaluate the implementation process of in-country diagnostics and answer the following questions:

- a) Have the in-country diagnostics processes been efficient overall? - in other words, have the resources used on developing the diagnostics led to the expected outputs? Has the delivery been to budget and schedule? And if not, what are some of the opportunities for cost savings? Note: For this question, the focus should be on Cote d'Ivoire, particularly, as this was the diagnostic that FSD Africa supported.
- b) Since in-country diagnostics were designed during the project inception in 2017, do the current in-country diagnostics still meet the needs of the countries mentioned above? If not, what can be done to ensure the market needs are met?
- c) What are some of the concerns or challenges faced during the implementation of the in-country diagnostics? And what are some of the key recommendations that would mitigate these challenges?
- d) What are some of the opportunities, for improving the process and within the market context, that exists? Were these leveraged or do they need to be leveraged for the initiative to be successful?
- e) What are some of the lessons learned during the in-country diagnostics? And how can they be applied in ongoing and future interventions?
- f) What is the perception of the relevant government stakeholders and partners on the in-country diagnostics process?
- g) Has the Covid-19 pandemic affected the implementation of the in-country diagnostics? If so, how?

3.2. Geographic and institutional scope

3.2.1. Multi-country scoreboard development

The process evaluation will focus on the LTF Website, and LTF data collection. The Scoreboard is housed in AFDB; therefore, most of the interviewees will be from AFDB: Tunisia Country Office, where the database is hosted, and Headquarters in Abidjan, Cote D'Ivoire. A sample of market actors across Africa should be interviewed to assess the access and use of the scoreboard data.

3.2.2. In-country diagnostics

In-country diagnostics in Côte d'Ivoire, Ghana and Ethiopia, are in various stages on implementation. FSD Africa supported the Côte d'Ivoire diagnostic and GIZ is supporting Ghana and Ethiopia diagnostics. The Consultant will be expected to assess the implementation process in the three countries.

4. Deliverables and timing

4.1. Project timing

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

4.2. Deliverables

- i. A short inception report confirming the approach the Consultant intends to take on the project, 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. It is anticipated that the desktop review will investigate areas including but not limited to: design; benchmark analysis; data testing, verification and usage; system configuration; indexing; and the user experience. This 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 report should be in Word format (no more than 30 pages in length, excluding annexes);
- iv. The Consultant will also prepare a PowerPoint summary of the draft 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 detailed breakdowns 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 - Anannya@outsized.com, on or before 17:00 (EAT) on **01 February 2021** under a subject line reading 'Invitation to tender: Process Evaluation LTF.'

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.
Knowledge and experience in Data Management tools and techniques (Data-oriented website design, data aggregation, data processing etc). The Consultant(s) should have at least ten years of experience in evaluating data management interventions with a bias to IT applications.
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.
Capacity to engage intensively with this assignment and conclude the work within the proposed timeframe.
Excellent communication skills in English and French are 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 regarding these terms of reference, should be directed by email to Anannya@outsized.com on or before **17:00 (EAT) 24 January 2021**, and responses will be provided by **12:00 (EAT) on 27 January 2021**.

8. 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 table below provides guidance on the applicable rates for different 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%

Annexe I: Project Summary

Long-Term Finance Programme

The proposal was as a result of a year-long exercise funded through a Project Preparation Facility (PPF). The key recommendation from the consultant team was that there should be two complementary aspects to the diagnostic approach.

A **multi-country "scoreboard"** was meant to bring together different sources of already available data on LTF into one easily accessible database, allowing for cross-country benchmarking using primary and secondary indicators on LTF. The purpose of the Scoreboard was to inform policymakers, the private sector and donors about the availability of LTF across SSA.

The Scoreboard includes several indicators of the depth and inclusiveness of long-term financial markets and the data used to benchmark specific indicators according to structural country characteristics.

Compared to the Global Financial Development Data (GFDD), published by the World Bank, the scoreboard would:

- i. add additional data on a cross-country level that was not available in the GFDD relating to the broader macroeconomic and institutional framework;
- ii. provide benchmarking, facilitating comparison of countries performance, thereby engendering peer pressure among countries;
- iii. In addition, every effort would be made to present the scoreboard data in an accessible and easy-to-use format for public and private sector users.

The Scoreboard was built around four areas of focus:

- i. sources of LTF, both domestic and international;
- ii. indicators of the size and liquidity of financial intermediaries and markets focused on LTF;
- iii. uses of LTF based on household and enterprise surveys and other data sources; and
- iv. indicators of the enabling institutional framework and intervention instruments for LTF.

In-country diagnostics - in-depth country-by-country diagnostics focus on actual investments that have been/are being made in the country and directly involving the private sector. This approach would reveal strengths and weaknesses in the project/transaction pipeline within critical sub-sectors, e.g. infrastructure, housing or enterprise finance. This case-study based methodology would assemble knowledge of local bottlenecks to the availability of LTF (e.g. regulatory, financing, etc.) and identify solutions to overcome challenges.

Intended results

The programme was intended to achieve several market system changes within its four-year life-span as listed below:

- i. Diagnostic tools and scoreboards on Long Term Finance implemented sustainably (finds an institutional home)
- ii. By benchmarking countries against each other, the Scoreboard would engender a degree of peer pressure and expected to result in policy and regulatory reforms that would increase the volume and accessibility of LTF
- iii. By closing information gaps, increasing (domestic and international) investor confidence and investment opportunities in SSA financial markets
- iv. Better informed investors, investees, intermediaries and other market actors, by raising awareness as to the current use of less well-known sources of term-financing and challenging preconceived notions about approaches to deepening the market for term financing.

Annex II: Result Chain

Long Term Finance Programme

FSD Impacts
Market system changes
FSD Africa outputs
FSD Africa investment

