1. Introduction

FSD Africa wishes to contract a consultant (the “Consultant”) to conduct a benchmarking exercise to provide a recommendation for the salary, benefits and remuneration structure aligned to current market pay.

The Services, which will be undertaken annually (Oct-Nov) timeframe, will be to:

i) conduct a salary benchmarking exercise (including both base and cost-to-company viewpoints),

ii) recommend salary levels, benefits and any other non-salary remunerations for each role for FSD Africa entity and provide the services on an annual basis.

The Consultant will leverage existing data sources (UK, US, Kenya and Africa Region peer organisations) as far as possible to ensure that FSD Africa achieves a clear understanding of the most appropriate salary, benefits and remuneration structure that aligns with the needs of FSD Africa and the labor market in the country.

1. Background

Based in Nairobi, FSD Africa was established in 2012 and is funded by FCDO. It has a team of just over 50 people, of whom 10 work in the investment arm, FSD Africa (Investments)(FSDAi).

FSD Africa is a specialist development agency set up to support innovative ideas to build and strengthen financial markets across Africa. It works to reduce poverty by strengthening Africa’s financial markets by tackling the most intractable financial market challenges in Africa— including deepening domestic capital markets through addressing the lack of long-term finance, especially in local currency, developing the capacity and pipeline for green finance and on financial innovation in particular digitization to support increased financial inclusion, particularly for vulnerable groups.

FSD Africa would like to ensure that its an annual salary and benefits review with a view to ensure it is competitive. The overall aim of ensuring that FSD Africa salary and benefit packages are equitable, match the responsibilities and duties of each position and are competitive to enable FSD Africa attract and retain high level talent as well as address the following issues identified;

- The current job grades and salary structure were developed in 2022/2023 and put into operation then. With time, new programmes will come up with this expansion, some staff may take up more duties and responsibilities that were not part of their JDs at the start. Moreover, job grades and salary structures will continually review considering the market analysis, comparator benchmarking and job matching.

- We benchmarked and developed a revised salary scale that recognizes both the UK, US market data for senior roles and the local (Kenya) market data for junior roles. The vendor will have access and utilize data from UK, US and Regional including Kenya.

The vendor will annually review important elements of comparison within any given salary scale i.e. the relationship between one grade / next grade to ensure that that internal equity between grades and also between hard currency and Kes pegged salaries is maintained.
• We currently have a single salary scale that is used to pay both KES pegged salaries and hard currency pegged salaries for employees.

• As we continue growing, it has been noted that the salary bands recommended may be limited and do not provide room for growth. It will be essential that these are reviewed annually to ensure they align with the organisation’s strategy.

• In an effort to ensure attraction and retention of high performing staff, there is need to review the salary grades to match up to the benefits packages of organizations similar to FSD Africa

• Each year, FSD Africa would like to consider a pay review for all its staff. The proposed pay adjustment would be primarily driven by data such as wage inflation, CPI and inflation of the three markets. The vendor will be required to undertake a market review and recommend a methodology based on data through which annual pay adjustments will be made for both KES pegged, and hard currency pegged salaries. Recommendations will ensure that we remain competitive but not overpriced (especially for the local (Kes pegged pay) market)

2.2 FSD Africa - what does it do?

FSD Africa’s team of financial sector experts works alongside governments, business leaders, regulators, and policymakers to design and build ambitious programmes that make financial markets work better for everyone. Depending on the project, it can provide grants, investment capital, technical assistance, and market insights (e.g., through research) to ensure it achieves its objectives.

FSDAi has committed capital of over £100 million from FCDO, of which £44m will be invested by end March 2021. It provides early-stage and risk-bearing capital to financial firms, funds etc. in support of FSD Africa’s broader financial market-building goals.

FSD Africa has three primary functions:

• It funds innovation: using concessional capital, grants and technical assistance to invest in innovative financial firms and new delivery models
• It strengthens regulation and market information: providing grants and technical assistance to support regulators and policymakers and to create better quality, and more accessible, market information
• It shares knowledge and builds skills: strengthening capacity of market actors by facilitating knowledge transfer, creating new partnerships, and convening learning events.

It delivers programmes where the potential for impact is greatest. A comprehensive assessment of FSD Africa’s impact since inception can be accessed in its recent Impact Report in which the following are highlighted:

• Capital mobilisation: £1.53 billion of long-term capital catalysed, including through its investments in the African Local Currency Bond Fund, which invests in local currency bonds issued by African corporates, and Frontclear, which provides guarantees to develop interbank lending markets
• Access to financial services: over 5.5 million people reached with improved access to financial services
• Regulatory reform: over 130 discrete pieces of regulation created or strengthened
• Technical and professional skills: 5,700 students obtaining certification through the Digital Frontiers Institute; 4,000 capital market practitioners obtaining a professional capital markets qualification through the Chartered Institute for Securities & Investment

Gender equality is an important cross-cutting theme.
2.3 New strategy - Financing a Sustainable Future in Africa

Following the recent announcement of changes to the UK development budget, FCDO has reaffirmed its support for FSD Africa as a regional financial market development programme and has invited FSD Africa to construct a new strategy around the following core areas:

- Capital Markets
- Green Finance
- Fintech and Financial Innovation

It has also signalled some geographic priorities in line with FCDO’s emerging priorities (see below) although FSD Africa will still pursue a regional strategy.

The new strategy, in which environmental considerations will feature prominently, will be an opportunity for FSD Africa to continue using financial market development to support Africa’s recovery from Covid-19, leveraging the relationships and networks that it has in over 30 countries across Africa, and double down on its work in green finance, helping to build a future for the continent that is greener, cleaner and fairer.

The focus will be on mobilising investment capital for Africa, delivering both environmental and social outcomes, helping government champions across the continent drive transformational, pro-investment policy reforms, developing innovative transactions to fund Africa’s green transition and protect its urban and natural spaces. FSD Africa, in this new programme phase, will help African countries access global green capital, work their way back from the shock of Covid-19, deliver a more equitable economic future for their citizens and play a full part in the international effort to make the world a greener, safer place.

FSD Africa therefore plans to work in the following areas in future:

<table>
<thead>
<tr>
<th>Theme</th>
<th>Focal areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Markets</td>
<td>To promote increased availability of domestic financing for private sector. Work will centre on transformational policy and regulation to create new vehicles, instruments etc. that channel capital to where it is needed.</td>
</tr>
<tr>
<td>Green Finance</td>
<td>Green regulatory reform to build the foundation of a conducive green investment environment in Africa. Acceleration of Africa’s green finance markets by catalysing innovative, investable green transactions alongside regulatory reforms.</td>
</tr>
<tr>
<td>Fintech and Financial Innovation</td>
<td>To support digital transformation to drive structural economic development and protect the vulnerable. 1. FinTech 2. Remittances 3. Trade finance 4. Regulating for innovation</td>
</tr>
</tbody>
</table>

While FSD Africa expects FCDO to be its largest funder for the foreseeable future, it will be exploring opportunities to diversify its funding sources and has already initiated some discussions to that end.

2. Scope of Work
5.1 Assignment Context

FSD Africa seeks to develop a progressively, clear understanding of the pay adjustments, competitiveness of pay scales and expected salary and other non-salary related human resource costs within the market.
This will target organisations in the Development Sector, Financial sector and any other that may be of interest to us.

FSD Africa recruits experienced professionals who are highly motivated to make a difference within the overall vision of alleviating poverty in sub-Saharan Africa. This means that remuneration is unlikely to be the defining factor in a person’s decision to join; however, it does require that the organization’s salary scale to be reasonably competitive.

Given the nature of its activities, FSD Africa recruits from a broad range of sectors, e.g., investment professionals from private equity firms, technical specialists in the finance and banking sector, results measurement specialists in the donor sector and procurement specialists. Although the entity is a non-profit, it operates in proximity with the financial sector and often expect to attract personnel from development agencies, banks and other financial institutions. Therefore, salary scales are likely to be influenced as much by those in the financial sector (private equity, investment banking, etc.), as by those in the development world (donor agencies, NGOs, foundations etc.)

FSD Africa wishes to be an employer of choice for well-motivated staff - not least by providing adequate medical cover, retirement benefits, and life/accident cover, in addition to reasonable, market-related scales of remuneration.

FSD Africa employees a mix of international and national staff. Therefore, relative salary rates should be reviewed and rationalized professionally. It seeks to avoid “expatriate benefits” that distort agreed salary bands and potentially discriminate against locally hired staff.

The annual reviews will consider but not be limited to;

**Salary Review**

1. The salary review to include all posts at Nairobi and other remote working locations
2. A review of current salary bands with a view ensuring that the gap between grades and the difference between KES pegged and hard currency pegged pay doesn’t grow.
3. A review of how salaries are reviewed including cost of living adjustment, progression, and development in role.
4. A review of Performance Related Pay data and whether FSD Africa should consider introducing this

**Benefits Review**

1. A review of all benefits, both monetary and non-monetary currently offered by FSD Africa staff in Nairobi and other locations included in this scope of work.
2. The review to include consideration of other benefits not currently offered, that are provided by comparators and part of reward package.
3. Recommendations to include the development of flexible benefits and total remuneration statements.

**5.2. Assignment Scope**

For this assignment, The Consultant will conduct a salary survey that reviews the salary for staff in FSD Africa against those of the market that we target and relate to. The survey should cover base salary as
well as a cost-to-company view with an explanation of the elements therein, e.g., pension contribution, retirement annuity etc.

The Consultant will:

i) Review the current pay scales and advise accordingly. In areas where a re match to job salary grade is required, he / she should provide explanations / justification for the same

ii) Evaluate pay for cross border talent in UK, US, select countries in Africa including Kenya with knowledge of income tax, housing etc. and a holistic evaluation of salaries in those markets

iii) Recommend salaries, allowances, key benefits and any non-salary remunerations for the organization / each role advising on market positioning (quartile, median and decile positions).

iv) Recommend a reward index that can help FSD Africa create equitable allowances for; Work, Wellness, Performance Awards, and any other cash incentives.

v) Work with the Director HR & Talent Management to prepare a projectory pay adjustment each year and pay scale review.

vi) Advise on best practice / approaches to implement salary reviews and cost-of-living adjustment on an annual basis.

vii) Review FSD Africa salary grading and advice as needed.

6. Timeline

All deliverables are expected by November each year.

7. Methodology

The Consultant will then make use of existing sources of salary data where possible to match existing terms of reference and job descriptions with current salary data to facilitate an accurate determination of prospective salary levels for various positions and job groups within appropriate markets.

The Consultant will need to consider whether the job market is international, regional or national.

The consultant will report to Hellen Kong’ong’o (Director HR & Talent Management) and will treat all aspects of this assignment with utmost confidentiality.

8. Deliverables.

The following outputs are required from the Consultant:

i) A consolidated report each year showing data sources, methodologies and recommendations from the findings of the salary, benefits and job benchmarking exercise

ii) Proposed annual / new salary structure to align with any shifts in the market with justification for any shifts

iii) A report showing the progression of both Kes and Hard currency pay

iv) Recommendations on base salary position and calculating annual salary increments to reflect performance, while considering increases in the cost of living within the context of a competitive labor market and the organizations’ obligation to deliver value for money to its public funders

9. Proposal Contents

A strong proposal should contain an outline of the Consultant’s organisation and experience relevant to the assignment, comments or suggestions on the Terms of Reference, a clear description of the approach, methodology and workplan for the assignment, a budget and additional documentation described by the Annex section below.

The content from this scope of work will be the property of FSD Africa.

9.1. Consultant’s Organisation and Experience
FSD Africa will engage a consultant with prior experience in developing survey tools and with demonstrated experience in both quantitative and qualitative analysis, preferably with a solid background in Development and Finance Sector and human resources benefits & analysis globally.

A brief outline of the organisation's background, team and operating model.

A summary of the Consultant’s relevant experience for this assignment and a motivation for why the consultant is best positioned to deliver this assignment for FSD Africa versus its competitors.

The survey results are intended FSD Africa only and not for general or external distribution.

9.2. Comments or Suggestions on the Terms of Reference

A short description of the understanding of the role of the Consultant and the approach to be used as outlined in these Terms of Reference.

9.3. Description of Approach, Methodology and Workplan

A description of how the Consultant intends to fulfil the Services within the suggested timeline and confirmation of the Consultant’s ability to meet the timelines. This section should contain:

- A clear understanding of the assignment’s objectives
- An outline of the approach to the assignment including the survey tools to be used to capture and aggregate salaries and benefits
- A detailed workplan, including key activities over the course of the engagement and an outline for project governance/reporting
- A list of deliverables

The proposal should clearly demonstrate the ability of the Consultant to deliver on this work and should provide detailed examples of past work of a similar nature in the relevant markets to support this.

9.4. Budget

An itemised budget for both professional fees and reimbursable expenses, including fee rates, number of days and a breakdown of expenses is required.

FSD Africa acknowledges the potential size of the scope of work proposed and given budget constraints, asks the Consultant to propose an innovative approach that maximises the depth of output whilst appropriately considering budget implications.

Each market’s deliverable will be considered separate from the other, and the Consultant will be eligible to invoice for 50% of the project budget upon delivery of each of the two markets. If Consultant wishes to propose an alternative split of budget between the two countries, they should clearly indicate this in the proposal.

9.5. Annexes

As a mandatory requirement, Annexes should contain the following:

- Team composition, including roles and responsibilities of team members, task assignments and level of effort
- CVs (maximum 3 sides of A4 paper each) of key individuals, tailored to the assignment
- Work schedule for the assignment
- Referee information

The proposal, which should not exceed 6 pages (excluding annexures), should be sent by email to FSD Africa at bids@fsdafrica.org by 1200 hours East Africa Time on 25th August 2023.
10. Selection criteria

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

<table>
<thead>
<tr>
<th>Assessment criteria</th>
<th>Weighting (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant, demonstrated experience and capacity of individuals in this area</td>
<td>30%</td>
</tr>
<tr>
<td>Understanding/interpretation of the task set out in the TORs</td>
<td>20%</td>
</tr>
<tr>
<td>Content, quality and originality of the proposal</td>
<td>20%</td>
</tr>
<tr>
<td>Fee basis and total costs</td>
<td></td>
</tr>
<tr>
<td>$FS = 30% \times LB/BP $ where:</td>
<td></td>
</tr>
<tr>
<td>$FS = \text{is the financial score}$</td>
<td></td>
</tr>
<tr>
<td>$LB = \text{is the lowest bid quoted}$</td>
<td></td>
</tr>
<tr>
<td>$BP = \text{is the bid of the proposal under consideration.}$</td>
<td>30%</td>
</tr>
<tr>
<td>The lowest bid quoted will be allocated the maximum score of 30%.</td>
<td></td>
</tr>
<tr>
<td>Fee quoted must be inclusive of applicable withholding tax and reimbursable expenses.</td>
<td></td>
</tr>
</tbody>
</table>

Total 100%

11. Reporting and Contacts

Questions or comments in respect of these terms of reference should be directed by email to bids@fsdafrica.org.