

TERMS OF REFERENCE

TRACKING CHANGES IN THE FRAGILITY AND VULNERABILITY OF INDIVIDUALS ARISING FROM FSD AFRICA'S INTERVENTIONS

1. Introduction

The objective of this assignment is to design a study that enables FSD Africa to report on how interventions in FSD Africa's portfolio have had an impact on the resilience of individuals, households and MSMEs to shocks. A broad range of types of shocks is relevant here – including those arising from illness, environmental disasters (including climate change) and financial shocks. In particular, the aim of the study is to gather data from target beneficiaries themselves on how they perceive any changes to their own resilience.

2. Background

FSD Africa is a specialist development agency working to make finance work for Africa's future. It was established in 2012 and is supported by UK aid. It is incorporated as a non-profit company limited by guarantee in Kenya. FSD Africa's programmes are designed to address systemic challenges within Africa's financial markets, with the aim of sparking large-scale and long-term change. Its interventions are designed to ensure that Africa's financial markets better serve those most in need.

FSD Africa's interventions in financial markets are designed to deliver three broad impacts: economic opportunities created, environmental benefits delivered and fragility and vulnerability addressed. Amongst the interventions aimed at this third impact are ones designed to improve the resilience of MSMEs and low income populations in the face of shocks, thus reducing the fragility and vulnerability of individuals. FSD Africa has an **outcome** metric to track the number of people that have been supported by FSD Africa interventions designed to improve resilience.

Long-term outcome	Metrics
Increased resilience of MSMEs and low-income populations to illness, environmental disasters and financial shocks.	Number of people supported to increase resilience to (a) illness (b) environmental disasters and (c) financial shocks – based on the products and services that they have acquired through FSD Africa support
	Number of people supported to better adapt to the effects of climate change as a result of FSD Africa support - ICF indicator - disaggregated by direct beneficiaries and indirect beneficiaries.

FSD Africa is also keen to measure the **impact** and establish the extent to which people who have been reached by these FSD Africa interventions to improve resilience actually do feel more protected against shocks.

Impact	Metric
Fragility and vulnerability addressed	Proportion (%) of individuals and small businesses (MSMEs) reached by FSD Africa who feel protected against a) illness, b) environmental shocks, and c) financial shocks; and equipped with the human, social and environmental capital they need for the future

FSD Africa has made several interventions that are intended to improve the resilience of individuals, households and small businesses to shocks. In order to meet the criteria for inclusion in this study, they need to be operational and they need to allow for identification of specific named beneficiaries. The interventions that meet these criteria are outlined in the table below.

Dimension of resilience	Explanation	Types of intervention relevant to FSD Africa	Example from FSD Africa portfolio
<i>Livelihood viability and financial innovation</i>	The extent to which people can thrive in the face of shocks to their livelihoods and positively adjust to change	Finance for technologies enabling adaptation to climate shocks Finance for diversification of activities (especially away from climate-dependent sources of income) Finance that enables better spreading of risk for individuals	<ul style="list-style-type: none"> • ACORN (Rabobank) • Bimalabs • Nithio • Persistent • Blue Orchard
<i>Contingency resources and support access</i>	Access to back-up resources and appropriate assistance in times of crisis	Savings products, weather insurance, flood risk resilience, healthcare	<ul style="list-style-type: none"> • Data Driven Finance • People’s Pension Holdings
<i>Integrity of natural and built environment</i>	Health of local ecosystems, soundness of natural resource management practices, and robustness of essential physical infrastructure	Investments in nature-based solutions that improve local ecosystems to protect people. Development of improved building standards for construction finance eligibility	<ul style="list-style-type: none"> • None yet
<i>Social and institutional capability</i>	Formal and informal institutions may be able to reduce risk, support positive adaptations and ensure equitable access to essential services in times of shock or stress.	Sustainable insurance Paytech for cash distribution in disaster emergencies Other data-driven finance	<ul style="list-style-type: none"> • Nyala • Some Lendable tech investees

To date, FSD Africa has sought to track the number of people reached through interventions that are designed to increase individual or household resilience. The assignment outlined in these Terms of Reference is to gather information from beneficiaries on the ground about their perception of their own resilience to shocks.

More detail on the selected interventions is at the Appendix.

3. The assignment

The assignment is to gather information from a sample of individuals benefiting from the interventions outlined in section 3 above, to enable FSD Africa to understand how / whether the intervention has made them feel less vulnerable to shocks.

In pursuit of that overall objective, the consultant is requested to -

- i. Consider the ways in which the interventions outlined in section (2) above and Appendix 2 are intended to improve resilience.
- ii. Contact the selected organisations and determine the quality of their records and their ability to provide contact details for beneficiaries of the interventions.
- iii. Select a suitable sample of beneficiaries who can be included in the survey. Ideally, the sample should be representative of the portfolio as a whole and also sufficiently large to allow for meaningful conclusions to be drawn.
- iv. Design a set of questions that can be asked of the sample of beneficiaries of the selected interventions, to understand how they view their own resilience and how that has changed since (ideally as a result of) the project. There may need to be more than one set of questions to allow for the different types of intervention.
- v. Design a suitable process for gathering responses from the individuals concerned.
- vi. Carry out the survey.
- vii. Produce a report that provides an analysis of the results and explains what conclusions can be drawn.
- viii. Distil and report on the learning arising from the overall exercise, both for investment selection and for monitoring and evaluation, and offer recommendations.

The size and geographical spread of the survey will be a significant factor in determining the cost of delivering the survey. FSD Africa welcomes suggestions from bidders on how best to manage the spread of activities and geographies.

4. Recognised challenges

FSD Africa is fully aware that there will be several challenges in gathering the data. The consultants will have to consider and address these in the design of their proposal, suggesting how meaningful results can be achieved despite these challenges, which include the following -

- (a) It may not be straightforward to identify and contact beneficiaries, even those that have a direct link to the intervention (for example, buying an insurance product or receiving cash directly from a project) if the records of customers of these services are poorly kept. FSD Africa believes that the selected organisations will have suitable records but this will need to be assessed in more detail.
- (b) Even where the beneficiaries have a close link to the intervention, it may be difficult for them to isolate how the FSD Africa intervention has affected their feelings of resilience when other factors will also have had an effect
- (c) As with all surveys of this kind, it may be difficult to gather views without bias or distortion.

5. Key Outputs

The key output is a report:

- a. providing qualitative and quantitative analysis of the findings of the survey
- b. offering recommendations for investment selection and for monitoring and evaluation of such projects in the future.

6. Key Timelines

Based on selection of the approved bidder and contracting completed by May 2024, the timeline is as follows

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Deliverable	Timelines
Survey design completed	By 12th May 2024
Survey completed	By 12th July 2024
Draft report	By 19 July 2024
Final report	By end July 2024

7. Timeframe

The contract duration is three months between May and July 2024.

8. Invitation to Tender

FSD Africa would like to invite suitably qualified consultancy firms to submit a written proposal discussing the approach you intend to use to execute the tasks described in this Terms of Reference. The proposal should contain:

- a. Your interpretation of the tasks set out in the ToR. Please include any positive criticism of the approach proposed by FSD Africa and highlight any risks/challenges you perceive facing on this assignment.
- b. A budget for both professional fees and reimbursable expenses as per Annex 1 below. Provide a breakdown of the professional fees (consultant allocation and day rate) and reimbursable expenses.
- c. A confirmation of your team, plus an indication of how tasks above will be shared. Include CVs of key individuals.

Proposals should be submitted to FSD Africa by email – bids@fsdafrica.org, by **noon (EAT) on 07 May 2024** under a subject line reading 'Invitation to tender: **Tracking changes in the fragility and vulnerability of individuals**

Short-listed bidders will be contacted by May 2024.

9. Basis of Award

A contract will be awarded to the most economically advantageous tender based on the following criteria:

Mandatory Requirements
Over 5 years' experience in similar work in Sub-Saharan Africa or other emerging economies designing and implementing surveys of target beneficiaries
Sound and in-depth knowledge of Africa's financial markets and how financial market interventions might be expected to drive improvements in the resilience of individuals and households
Available to start at the required time and have the capacity to engage intensively with this assignment with a view to concluding the work within the proposed timeframe

Assessment criteria	Weighting (%)
Relevant, demonstrated experience and capacity of the firm and/or proposed team member(s) in this area as indicated in the mandatory requirements. Please provide at least three references.	40%
Understanding/interpretation of the task set out in the TORs	20%
Clarity, content, and quality of the proposal, including a proposed approach/methodology and detailed workplan for achieving the consultancy objectives.	25%
Fee basis, value for money and total costs. There should be a clear breakdown of the costs. Financial proposal will be scored using the formulae; $FS = \frac{15\% \times LB}{BP}$ where: FS = is the financial score LB = is the lowest bid quoted BP = is the bid of the proposal under consideration. Fee quoted must be inclusive of applicable withholding tax	15%
Total	100%

10. Contact

Questions or comments in respect of these Terms of Reference should be sent before **10:00am (EAT) on 29 April 2024**. Responses will be circulated to all bidders on or before **5:00pm (EAT) 30 April 2024**.

11. Applicable 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 below table, however, provides guidance on the applicable rates as per tax regimes.

Country	WHT Rate
Kenya	5%
United Kingdom	12.5%
Canada	15%
Germany	15%
India	10%
Non-resident rate for citizens of EAC member countries	15%
All other countries	20%

Annex 1: Proposed Fee Schedule

Costs should be shown separately in the format set out below. Fees proposed by tenderers should be inclusive of all taxes

Consultancy fees*	Days	Fee USD/GBP	Total USD/GBP
xx			
xx			
Total remuneration			0.00
Reimbursement costs**	Unit	Cost USD/GBP	Total USD/GBP
xx			
xx			
Total reimbursement cost			0.00
Total proposed costs			0.00
<i>*Fees incl of all taxes</i>			
<i>**Expenses to be reimbursed on actual costs as per FSD Africa's travel policy</i>			

Annex 2 – Description of the selected interventions

No	Intervention name	Countries covered	Description	Anticipated Impact - Highlight where possible what is being committed to Gender
1	People's Pension Holdings (PPH)	Ghana	FSDA invested into PPH to support their existing, early-stage operation in Ghana (PPT - People's Pension Trust) and its contained 3-year pilot in Rwanda. PPT aims to serve over 1 million customers within 10 years (between 2023-2033). Under its base case scenario, PPT was targeting EUR 97 million AUM raised from low-income savers by 2023. The Rwanda pilot was a test-and-learn exercise meant to prepare for a future investment that would have the capability to scale at launch, and to better understand consumer adoption and usage barriers with applicable lessons for Ghana and future subsidiaries.	<p>Stimulate market-responsive, long-term savings through a pension fund vehicle that has the potential to reduce age-old poverty and fund assets (e.g. homes) while allowing customers to respond to short-term emergencies</p> <ul style="list-style-type: none"> • Introduce an innovative business model with potential for replication that leverages digital technology and a partner ecosystem to lower transactional costs, reach highly dispersed markets, and drive consumer adoption; • Expand pension fund participation in long-term finance for developmentally important investments
2	Blue Orchard Liquidity Debt Fund	Kenya, Mozambique, Nigeria, Rwanda, SA, Tanzania, Uganda, Zambia	The main aim of this investment was to ensure that poor households, micro and small businesses impacted by the fallout of COVID 19 have continued access to microfinance by sustaining the viability of microfinance institutions and their ability to provide forbearance and remain solvent.	<ul style="list-style-type: none"> • Stability of MFIs (averting failure of institutions serving key market segments not reached by Banks) • Survival of MSMEs • Jobs protected • Stability of income flows for Low income and poor households
3	Lendable	Kenya, Tanzania, Rwanda, Uganda, Ghana, Nigeria, SA	The Lendable Segregated Investment Vehicle I (SIV-I) is a Cayman SPC that gives investors access to emerging and frontier market fintech credit. The platform is designed to finance the new generation of tech-enabled non-bank lenders (Alternative Lenders) who use digital technology to lend to SMEs and individuals. It will invest in five fintech categories: MSME Lenders, Asset Lenders, Consumer Lenders, Payment Platforms, and Marketplaces.	<ul style="list-style-type: none"> • Financing Alt-Lenders in Africa • As the first institutional anchor investor, FSDAi uses its investment to validate the concept and set an innovative fund manager (Lendable) on a path to scale. • Capital mobilization thus increasing the size of the Fund and the scale of impact. • Technical assistance will support Lendable to promote responsible lending practices, strengthen Alt-Lenders ability to manage risk, and to collaborate with suppliers to develop FX hedging products that work for young Alt-Lenders. • MSMEs financing • Jobs Protected
4	Nithio	Nigeria(40%), Uganda(20%), Kenya(40%)	This is a financial intermediary that seeks capital from investors to fund Distributed Energy Services Companies in the PayGo solar sector across multiple countries	<p>This investment provides an opportunity to:</p> <ul style="list-style-type: none"> • Test a data driven receivable financial solution that can set standards for risk/credit assessment in the PAYG off grid sector.

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			<p>FSDAI's investment into Nithio (subordinated debt) has further catalysed additional capital from TPG Growth who had committed the funds subject to Nithio having equity or subordinated debt into their capital structure. Further to this, FSDAI's investment also allowed for the closing of the senior debt positions that had been lined up. Based on the performance, Nithio seeks to raise a more capital for further expansion from a wider range of investors. Nithio FI has an open-ended structure and will expand its debt issuance and lending activities beyond this initial facility.</p>	<ul style="list-style-type: none"> • Reduce the cost of capital to the operators and the consumers. • Diversify and increase the potential investors and investments amounts in the sector. FSDAI, as an early-stage investor in Nithio FI, will help catalyse the subsequent rounds of investment into Nithio FI given its open-ended structure, bringing in over US\$ 300m in debt and over US\$ 50m in equity over the next 7 years. Nithio will also be looking to tap into commercial capital or mainstream investors through issuing a Note Program. • Increase reach of solar energy solutions to households and businesses.
5	Nyala Venture Capital	Nigeria, Ghana, Kenya, South Africa, Uganda, Senegal	<p>The main aim of this investment was to bridge Capital Facility for small and growing businesses (SGBs) through alternative local capital providers (LCPs) (replaces the original Riscap early stage capital concept)</p> <p>FSDAI has invested in this facility to finance up to 10-15 alternative local capital providers (ALCPs) financing early-stage businesses using non-traditional investment vehicles 2. FSDAI set up a facility, called Nyala facility, to execute this investment on its balance sheet.</p>	Small and Growing Businesses (SGBs) are considered the backbone of SSA economies in providing sources of livelihood. Support from FSDAI will support job creation and the sustainability of SGBs and ALCPs.
6	RaboBank Acorn Agroforestry Carbon Programme	Zambia, Nigeria, Kenya	<p>To support farmers in making the transition to agroforestry at scale, Acorn has built a global, transparent, and technology-enabled marketplace for carbon sequestration. The additional income generated by the carbon credits would make the transition to agroforestry more financially sustainable for the farmers.</p> <p>This programme presented a unique opportunity for FSD Africa to play a critical role in transitioning smallholder farmers in Africa towards more sustainable agricultural production systems whilst also potentially linking capital markets to natural capital.</p>	<p>i. Capital markets resources are available to finance long-term inclusive eco-nomic growth based on sustainable natural capital harvesting (agro-forestry)</p> <p>ii. Increased access to green jobs, inclusive economic growth and enhanced food security for small-holder farmers</p> <p>iii. Payment for Ecological Services (PES) – carbon credits are a means to monetise the positive benefits generated by the sustainable use of natural capital.</p>

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7	BimaLab	Multicountry	<p>BimaLab is a platform that is hosted by the insurance regulators in Kenya, Ghana and Nigeria with the support of FSD Africa, that attracts, inspires and organizes key players and disruptors across the financial industry and technologies to collaborate on ground-breaking, innovative insurance products and services. The overall goal of the programme was to create an Insurtech ecosystem for growth and strategic partnerships.</p> <p>The programme has the following objectives:</p> <ol style="list-style-type: none"> 1. Foster innovation that can extend access to insurance products and services to communities and businesses that are historically underserved or excluded. 2. Turn validated insurance focused ideas to market and investor ready 3. Provide innovators with an enabling regulatory environment for developing their ideas, including support in starting out, training, mentorship, and coaching. 4. Facilitate the effective exchange of Information relating to the deepening of access to financial services and opportunities for entrepreneurs across Africa. 5. Create new networks and strengthen existing networks leading to strategic partnerships 	<p>Support the emergence of the next generation of InsurTech companies</p> <ul style="list-style-type: none"> - Help deepen access to financial products and services across Kenya and Africa - Support Kenya to emerge as a regional hub for the innovation of insurance and financial services. - Strong advocacy and collaboration platform for African insurance stakeholders, incl. FSD Africa
8	Data Driven Finance (DDF)	Kenya	<p>This intervention aimed at increasing the number of accessible and affordable insurance products across Sub-Saharan Africa, through the active development of insurtech ecosystems. The mechanism for achieving this was an online Digital Innovation Platform – creating a digitally-based ecosystem that enables the next-generation of insurtechs to develop a pipeline of scalable, regionally replicable use cases. The platform will be a 'one-stop shop', with an ecosystem of insurtech partners using the online space to connect, collaborate, host events, ideate, store content and learn.</p>	<ul style="list-style-type: none"> • Creating Economic Opportunity: direct – small number of jobs in insurtech/insurance sector; indirectly – products affecting coverage for both households and businesses, protecting jobs/livelihoods. • Addressing Fragility & Vulnerability: Insurance products (and corresponding insurtechs) to be preferenced based on social impact along with ability to commercialise at scale and replicate regionally. Large long-term increases in access to affordable and accessible insurance, especially due to problem-solution matching between insurance incumbents and insurtechs.

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9	Persistent Energy	SSA (22 Countries)	FSDAi partnered with Persistent Energy LLC (“Persistent”) to support its climate venture building model for African climate businesses and the growth of the company to the next level through venture building activities. The venture building support is anchored on de-risking operations to open new markets and supporting innovative business models, core operational support to investees and impact and ESG capacity building.	<p>This investment will:</p> <ul style="list-style-type: none"> • Strengthen financial markets in Africa by directing capital flows to achieve SDGs that focus on green initiatives. • Address FSD Africa core workstreams for long-term local capital/financial market development by increasing availability of financing through supporting a financial intermediary that able to provide early-stage capital and support which is always a key challenge across a range of sectors. <p>Persistent seeks positive impact by promoting carbon-neutral economic development, thus contributing significantly to the UN SDGs with outstanding positive impact in the areas of sustainable environment, economic development, gender equality, job creation and access to energy.</p>
9A	Persistent Energy Follow-on investment	SSA (22 Countries)	<p>Ultimately piloting and launching of new sustainable insurance products and allocation of insurance underwriting and investment capital towards sustainable outcomes.</p> <p>Persistent Energy partners with exceptional entrepreneurs to build scalable early-stage climate ventures while generating impact and financial returns for our investors. Persistent Energy seeks to support companies that: Provide energy access to households, small businesses and institutions (C&I); Provide E-Mobility solutions; and Operate in a B2B model for impact ventures such as IT service providers, FinTech companies, batteries, etc.</p>	<p>This investment will:</p> <ul style="list-style-type: none"> • Strengthen financial markets in Africa by directing capital flows to achieve SDGs that focus on green initiatives. • Address FSD Africa core workstreams for long-term local capital/financial market development by increasing availability of financing through supporting a financial intermediary that able to provide early-stage capital and support which is always a key challenge across a range of sectors. <p>Persistent seeks positive impact by promoting carbon-neutral economic development, thus contributing significantly to the UN SDGs with outstanding positive impact in the areas of sustainable environment, economic development, gender equality, job creation and access to energy.</p>