

ACCESS TO FINANCE RWANDA

Request for Proposals

For

Consultancy to scope market constraints hindering access and usage of Digital Financial Services and Market Infrastructure and related intervention framework.

Subject of Procurement:	Consultancy to scope market constraints hindering access and usage of Digital Financial Services and Market Infrastructure and related intervention framework
Procurement Reference Number:	AFR/RFP- SCOPING STUDY- DFS & MI/ SEPTEMBER/2021
Date of Issue:	13 th September 2021.

13th September 2021

REQUEST FOR PROPOSALS

PROCUREMENT REFERENCE NUMBER: AFR/RFP- SCOPING STUDY- DFS & MI/ SEPTEMBER/2021.

Dear Prospective bidder:

Access to Finance Rwanda (AFR) is a Rwandan not for Profit organization, established in March 2010 by the governments of the United Kingdom (UK) and Rwanda and with support from the UK Foreign, Commonwealth and Development Office (FCDO). Existing funders of AFR include FCDO, the MasterCard Foundation, Sweden and Jersey Overseas Aid (JoA).

AFR's strategic focus is stimulating the financial sector development by partnering with financial institutions and other stakeholders to increase access to and use of quality financial services. We identify and address constraints that prevent the financial market from reaching Rwanda's low-income population and support Rwanda's economic growth and promote innovations and learning that result in sustainable change in the financial sector. Improving access to financial services for the rural poor, women, youth and MSMEs is a particular focus.

AFR is guided by the Market System's Development (MSD) approach recognising that efforts to increase financial inclusion and financial sector development have to be market led and profitable for sustainability. AFR supports the Government of Rwanda's development objectives by aligning all its interventions to the national policy frameworks including the Financial Sector Development Programme, and the National Strategy for Transformation (NST) 2017-2024.

Proposals should be directly responsive to all items, terms, conditions, specifications, and other documents referred to in this RFP.

- Requests for clarifications to the contract may be submitted until **Monday 20th September 2021**.
- Interested parties should submit their proposals no later than **Monday 4th October 2021**.

Responding bidders are advised that this solicitation does not in any way obligate AFR to make a contract award or compensate the responding firms for any costs associated with the preparation and submission of their proposals. Additionally, AFR may award a contract without conducting negotiations; all proposals should be submitted initially using your most favourable terms. AFR reserves the right to award any resultant contract to other than the offeror submitting the lowest price proposal based on technical excellence, schedule superiority or client request.

All communications regarding this RFP should be addressed via email: procurement02@afr.rw

Below is the planned procurement schedule (subject to changes):

Activity	Date
a) Advert issued	Monday 13 th September 2021
b) Request for clarifications	Monday 20 st September 2021
c) Proposal closing date	Monday 4 th October 2021
d) Evaluation process	Thursday 7 th October 2021
e) Notification to bidders	Monday 11 th October 2021
f) Contract Signature	Monday 18 th October 2021

Cordially,

Jean Bosco Iyacu
Chief Executive Officer
Access to Finance Rwanda

1.1 SECTION 1: INSTRUCTIONS TO PROSPECTIVE BIDDERS

Preparation of Proposals: You are requested to submit separate technical and financial proposal, as detailed below. The standard forms in this Request for Proposal may be retyped for completion but the Consultant is responsible for their accurate reproduction. You are advised to carefully read the complete Request for Proposals. An electronic copy (in PDF) of the Request for Proposals shall be considered as the original version.

Technical Proposals: Technical proposals should contain the following documents and information:

1. The Technical Proposal Submission Sheet in this Part;
2. An approach and methodology for performing the services;

3. A detailed work plan, showing the inputs of all key staff and achievement of deliverables;
4. CV's of key staff;
5. A summary of your experience in similar assignments;
6. The documents evidencing your eligibility, as listed below.
7. The consultant's comments or suggestions on the TORs and appreciation of the assignment – the objectives, tasks and deliverables

Financial Proposals: Financial proposals should contain the following documents and information:

1. The Financial Proposal Submission Sheet in this Part;
2. A copy of the breakdown of Lump Sum Price form in this Part for each currency of your proposal, showing all costs for the assignment, broken down into professional fees, and reimbursable costs. The costs associated with the assignment shall be in US Dollars for foreign firms and Rwandan Francs for local firms.

Validity of Proposals: Proposals must remain valid for 90 calendar days from proposal submission date.

Submission of Proposals: The technical and financial proposals should be submitted separately, both clearly marked with the Procurement Reference Number above, the Consultant's name, AFR and either "Technical Proposal" or "Financial Proposal" as appropriate.

Proposals (both technical and financial) must be submitted electronically to: procurement02@afr.rw with clear subject line: **"Consultancy to scope market constraints hindering access and usage of Digital Financial Services and Market Infrastructure and related intervention framework."** and submitted by **Monday 4th October 2021 at 5:00pm** Central African Time (CAT).

Note: Proposals must be submitted in PDF format and as attachments to the email, any proposal submitted as a link won't be considered.

Language of the tender and mode of communication

The medium of communication shall be in writing. The bid, as well as all correspondence and documents relating to the bid exchanged by the Bidder and AFR, shall be written in English.

Amendment to the tender document

At any time prior to the deadline for submission of bids, AFR may amend the tender document by issuing an addendum. Any addendum issued shall be part of the tender document and shall be communicated in writing via the AFR website.

To give prospective Bidders reasonable time in which to take an addendum into account in preparing their bids, AFR may, at its discretion, extend the deadline for the submission of bids; in which case all rights and obligations of AFR and Bidders previously subject to the deadline shall thereafter be subject to the deadline as extended.

Late bids

AFR shall not consider any bid that arrives after the deadline for submission of bids. Any bid received by AFR after the deadline for submission of bids shall be declared late, rejected, and returned unopened to the Bidder.

1.2 SECTION 2: ELIGIBILITY CRITERIA

Eligibility Criteria: You are required to meet the following criteria to be eligible to participate in the procurement exercise:

1. have the legal capacity to enter into a contract;
2. not be insolvent, in receivership, bankrupt or being wound up or subject to legal proceedings for any of these circumstances;
3. not have had your business activities suspended;
4. have fulfilled your obligations to pay taxes and social security contributions;
5. not to have a conflict of interest in relation to this procurement requirement;

We require you to submit copies of the following documents as evidence of eligibility attached to your bid and sign the declaration in the Technical Proposal Submission Sheet:

1. Certificate of Incorporation or Trading licence /Certificate of Registration;
2. Evidence of statutory compliance such as a valid tax clearance certificate.
3. Signed copy of code of ethical conduct in business for bidders.

NOTE: Failure to submit the above required documents will lead to disqualification from Technical and Financial evaluation

1.3 SECTION 3: EVALUATION OF PROPOSALS

Evaluation of Proposals: The evaluation of Proposals will use the **Quality Cost Based** methodology as detailed below:

1. Preliminary examination to determine eligibility (as defined below) and administrative compliance to this Request for Proposals on a pass/fail basis;
2. Detailed Technical evaluation will contribute 80%;
3. Financial scores will be allocated 20% to determine the best evaluated bid.

Proposals failing any stage will be eliminated and not considered in subsequent stages.

Technical Criteria: Proposals shall be awarded scores out of the maximum number of points as indicated below.

Technical Evaluation		Weighting
Specific experience of the firm related to the assignment	<i>At least 10 years' professional experience as a consultancy firm. The firm should have experience designing programs/projects in the fields of digital financial services, digital financial regulation and policy, financial technology & innovation, digital payments, and data analytics.</i>	5
	<i>The firm should demonstrate DFS&MI knowledge about Sub Saharan Africa. The firm must demonstrate knowledge and experience about the unique challenges facing African countries, and the subsequent interventions and innovations that have transpired. Having Rwandan experience is an advantage.</i>	5
	<i>Demonstrated experience in the areas mentioned above and ability to deliver in this area (evidenced by previous assignments, links to relevant published research reports or thought pieces, etc.) At least 3 certificates of completion or letters of recommendation for similar projects in Sub Saharan Africa</i>	5
Subtotal		15
Quality of the proposed team	Quality of the Team Leader. <i>Experience (at least 10 years) in managing research teams and field level implementation of DFS&MI in in Sub Saharan Africa. A detailed CV is required.</i>	15
	Quality of the remaining members of the proposed team. <i>Strong dedicated team with proven subject matter expertise on topics in this assignment, specifically research, Payments/Fintech experts, Data science, behavioural economics, DFS regulation and policy, gender mainstreaming, project management. Detailed CVs required. Excellent report writing skills and fluency in English is required. Team member(s) with understanding of local context would be an advantage.</i>	10

Subtotal		25
Expertise/strong understanding of market systems development	<i>The firm/Consultant must demonstrate an in-depth understanding and experience in programme design using a market systems approach.</i>	5
	<i>Demonstrated expertise/strong understanding of DFS and market infrastructure development and integrating analysis findings into programme design with a market systems development approach.</i>	5
Subtotal		15
Methodology & Approach	<i>Understanding of the ToR and comments on them, including any suggested amendments</i>	5
	<i>Adequacy and quality of the proposed technical approach, methodology and work plan in responding to these Terms of Reference.</i>	20
Subtotal		25
Financial Evaluation		
Financial Evaluation	<i>Value for money (based on fee rates, inputs and total costs of the assignment)</i>	20
Total		100

Minimum technical score: The mark required to pass the technical evaluation is 56 out of 80 which is 70% of the Technical Score

Financial Criteria:

Pricing information should not appear in any other section of the proposal other than the financial proposal.

Financial scores shall be determined by awarding a maximum of 20 points to the lowest priced proposal that has passed the minimal technical score and giving all other proposals a score which is proportionate to this.

Total scores: Total scores shall be determined using a weighting of 80% for technical proposals and a weighting of 20% for financial proposals.

- Currency: Proposals should be priced in **Rwandan Francs** for local firms and **US Dollars** for foreign firms.

Best Evaluated Bid: The best evaluated bid shall be the firm with the highest combined score and shall be recommended for award of contract.

Right to Reject: AFR reserves the right to accept or reject any proposal or to cancel the procurement process and reject all proposals at any time prior to contract signature and issue by AFR, without incurring any liability to Consultants.

AFR reserves the right, at its sole discretion, to reject all proposals received and seek fresh proposals, to negotiate further with one or more of the bidders, to defer the award of a contract or to cancel the competition and make no contract award, if appropriate.

1.4 SECTION 4: TECHNICAL PROPOSAL SUBMISSION SHEET

[Complete this form with all the requested details and submit it as the first page of your technical proposal, with the documents requested above attached. Ensure that your technical proposal is authorised in the signature block below. A signature and authorisation on this form will confirm that the terms and conditions of this RFP prevail over any attachments. If your proposal is not authorised, it may be rejected.]

Proposal Addressed to:	Access to Finance Rwanda
Date of Technical Proposal:	
Procurement Reference Number:	
Subject of Procurement:	

We offer to provide the services described in the Statement of Requirements, in accordance with the terms and conditions stated in your Request for Proposals referenced above.

We confirm that we are eligible to participate in public procurement and meet the eligibility criteria specified in Part 1: Proposal Procedures of your Request for Proposals.

We have signed and undertake to abide by the Code of Ethical Conduct for Bidders and Providers attached during the procurement process and the execution of any resulting contract;

Our proposal shall be valid until _____ *[insert date, month and year]* and it shall remain binding upon us and may be accepted at any time before or on that date;

I/We enclose a separately sealed financial proposal.

Technical Proposal Authorised By:

Signature: _____ Name: _____

Position: _____ Date: _____
(DD/MM/YY)

Authorised for and on behalf of:

Company: _____

Address: _____

CODE OF ETHICAL CONDUCT IN BUSINESS FOR BIDDERS AND PROVIDERS

1. Ethical Principles

Bidders and providers shall at all times-

- (a) maintain integrity and independence in their professional judgement and conduct;
- (b) comply with both the letter and the spirit of-
 - i. the laws of Rwanda; and
 - ii. any contract awarded.
- (c) avoid associations with businesses and organisations which are in conflict with this code.

2. Standards

Bidders and providers shall-

- (a) strive to provide works, services and supplies of high quality and accept full responsibility for all works, services or supplies provided;
- (b) comply with the professional standards of their industry or of any professional body of which they are members.

3. Conflict of Interest

Bidders and providers shall not accept contracts which would constitute a conflict of interest with, any prior or current contract with AFR. Bidders and providers shall disclose to all concerned parties those conflicts of interest that cannot reasonably be avoided or escaped.

4. Confidentiality and Accuracy of Information

- (1) Information given by bidders and providers in the course of procurement processes or the performance of contracts shall be true, fair and not designed to mislead.
- (2) Providers shall respect the confidentiality of information received in the course of performance of a contract and shall not use such information for personal gain.

5. Gifts and Hospitality

Bidders and providers shall not offer gifts or hospitality directly or indirectly, to staff of AFR that might be viewed by others as having an influence on a government procurement decision.

6. Inducements

- (1) Bidders and providers shall not offer or give anything of value to influence the action of a public official in the procurement process or in contract execution.
- (2) Bidders and providers shall not ask a public official to do anything which is inconsistent with the Act, Regulations, Guidelines or the Code of Ethical Conduct in Business.

7. Fraudulent Practices

Bidders and providers shall not-

- (a) collude with other businesses and organisations with the intention of depriving AFR of the benefits of free and open competition;
- (b) enter into business arrangements that might prevent the effective operation of fair competition;
- (c) engage in deceptive financial practices, such as bribery, double billing or other improper financial practices;
- (d) misrepresent facts in order to influence a procurement process or the execution of a contract to the detriment of AFR; or utter false documents;
- (e) unlawfully obtain information relating to a procurement process in order to influence the process or execution of a contract to the detriment of the AFR;
- (f) withholding information from the Procuring Disposing Entity during contract execution to the detriment of the AFR.

I agree to comply with the above code of ethical conduct in business.

AUTHORISED SIGNATORY

NAME OF CONSULTANT

1.5 SECTION 5: FINANCIAL PROPOSAL SUBMISSION SHEET

[Complete this form with all the requested details and submit it as the first page of your financial proposal, with the documents requested above attached. Ensure that your proposal is authorised in the signature block below. A signature and authorisation on this form will confirm that the terms and conditions of this RFP prevail over any attachments. If your proposal is not authorised, it may be rejected. The total price of the proposal should be expressed in the currency or currencies permitted in the instructions above.]

Proposal Addressed :	AFR
Date of Financial Proposal:	
Procurement Reference Number:	
Subject of Procurement:	

The total price of our proposal is: _____.

We confirm that the rates quoted in our Financial Proposal are fixed and firm for the duration of the validity period and will not be subject to revision or variation.

Financial Proposal Authorised By:

Signature: _____ Name: _____

Position: _____ Date: _____
(DD/MM/YY)

Authorised for and on behalf of:

Company: _____

Address: _____

Breakdown of Prices

[Complete this form with details of all your costs and submit it as part of your financial proposal. Where your costs are in more than one currency, submit a separate form for each currency. Authorise the rates quoted in the signature block below.]

Procurement Reference Number: _____

CURRENCY OF COSTS: _____

Name and Position of Personnel	Unit of Input	Daily Rate	Total Price (exclusive taxes)	Total Price (inclusive taxes)
TOTAL:				

REIMBURSABLE EXPENSES				
Description of Cost	Quantity	Unit Price	Unit Price (exclusive taxes)	Total Price (inclusive taxes)
TOTAL:				

LUMPSUM EXPENSES				
Description of Cost	Quantity	Unit Price	Total Price	Total Price
Per diem to cover meals; (communication, local transport, laundry and any other incidentals)				
TOTAL:				

TOTAL COST PRICE IN CURRENCY: _____

Breakdown of total price Authorised By:

Signature _____ Name: _____

Position: _____ Date: _____
Authorised for and on behalf of: (DD/MM/YY)

Company: _____

TERMS OF REFERENCE

Consultancy to scope market constraints hindering access and usage of Digital Financial Services and Market Infrastructure and related intervention framework

Background

About Access to Finance Rwanda (AFR)

Access to Finance Rwanda (AFR) is a Rwandan not for profit organization established in March 2010 by the governments of the United Kingdom (UK) and Rwanda with support from the UK Foreign, Commonwealth and Development Office (FCDO). Current (2021) funders of AFR include FCDO, SIDA (Sweden), the MasterCard Foundation, and Jersey Overseas Aid (JOA).

AFR's strategic focus is to facilitate financial sector development by partnering with financial service providers (FSPs) and other public and private stakeholders to increase access to and use of quality financial services by low-income populations and to support Rwanda's economic growth and promote innovations and learning that result in sustainable expansion of the financial sector. AFR identifies constraints that prevent the financial sector from serving Rwanda's low-income population and identifies opportunities to intervene to improve access to and use of financial services by the rural poor, women, youth and MSMEs. In particular, AFR is committed to ensuring women benefit equally to men in all that it does. Women's economic participation helps drive inclusive and sustainable economic growth at a national level and reduce poverty within communities and households.

AFR is guided by the Market System's Development (MSD) approach which recognises that efforts to increase financial inclusion and financial sector development must be led by market system actors for change to be sustainable. AFR supports the Government of Rwanda's development objectives by aligning its interventions to the national policy frameworks including the Financial Sector Development Programme, and the National Strategy for Transformation (NST) 2017-2024.

About Digital Financial Services (DFS) and Market Infrastructure (MI) in Rwanda

Digital Financial Services (DFS) have been identified as a major contributor to increasing the uptake and use of financial services in Rwanda. This is also in line with the Government objective of moving into a cash-lite economy. DFS usage is growing constantly. Finscope survey indicates that in 2020, around 30% of Rwandans used DFS to facilitate payments, compared to around 19% in 2016. DFS in Rwanda is largely driven by mobile money, however, the number of POS machines has more than doubled since 2016.

The appreciation of the importance of Market Infrastructure (MI) to facilitate financial inclusion and financial sector development is increasing. Financial system specific infrastructure which directly underpins the functioning of the financial services market encompassing (i) payments systems, (ii) agent networks, (iii) credit information exchange, (iv) registries, (v) trade finance platforms and (vi) capital market

infrastructure.

A number of Financial Services Providers (FSPs) are improving their agency banking services. In addition, the Rwandan financial services sector formally agreed to implement interoperability of payment services under the Rwanda National Digital Payment Systems project (RNDPS). RNDPS seeks to achieve full interoperability by incorporating different types of service providers including banks, mobile network operators (MNOs), micro finance institutions, SACCOs and Payment Service Providers (Fintechs that provide various payment services and bill aggregators). RNDPS has huge potential to accelerate usage of DFS. Once operational, RNDPS could also pave way to a shared agency banking platform. Non-digital infrastructure such as credit reference bureaus, collateral and contracts registries and platforms that would support access to trade finance and capital market instruments are lagging behind.

The importance of digital technology is seen particularly during the COVID-19 pandemic which is constraining many other delivery channels. The COVID-19 Pandemic has drastically changed how people interact with their financial service providers. Lockdowns have forced many people to use digital financial services for the first time. Many digital financial service providers especially banks and MNOs, have responded by increasing their presence through POS machines, merchant payment solutions and agents.

The Government has also used this opportunity to provide an enabling environment for Fintech and cashless transactions in Rwanda. The current growth in DFS usage will most definitely lead to a reduction in transaction costs and change the fundamental economics of financial services for low-income people.

Even though Digital Financial Services have seen significant growth over the past few years in Rwanda, many challenges persist. Low levels of digital literacy, poor product design, high cost of digital transactions, agent perpetrated fraud, limited recourse avenues for users, etc. These challenges, if not remedied, could disrupt the progress, and limit the benefits of DFS in Rwanda.

Objectives of the consultancy

The overall objective of this assignment is to conduct a market system analysis of the DFS and MI sectors in Rwanda. This assessment will follow a market systems development (MSD) approach and should include:

- The relevant core: Demand and Supply
- Supporting functions including information, infrastructure, logistics, skills, capacity, capital, and other supporting functions
- Rules and norms (policy, legal, regulatory; informal rules including norms)

The insights from the analysis should provide clear guidance for AFR to design impactful interventions that facilitate increased access, uptake and use of DFS and the development of MI subsector in Rwanda.

Scope of work

The firm will conduct a market systems' analysis to identify constraints and opportunities to increase access and use of DFS and MI by individuals and businesses in Rwanda. The firm/consultant should provide recommendations for AFR's potential interventions including developing a high-level Theory of Change for both DFS and MI. In addition, the firm will outline a clear sustainability and exit strategy for each recommended intervention for AFR as well as a high-level measurement plan and key learning questions.

DFS and MI market system analysis

Using a market system approach the firm will identify key challenges limiting the growth of DFS and MI in Rwanda. The market system analysis should include a description of the core (demand and supply) and a mapping of the supporting functions and rules to determine the required functions in the system, who is doing and paying for these functions (including identifying missing functions), and an assessment of how well these supporting functions and rules are performing to enable more transactions in the core (demand and supply).

Specifically, the firm will:

- Conduct a market system analysis/study to understand the specific constraints and opportunities to increase access to and use of DFS and MI.
 - Analyse the DFS and MI needs by individuals, MSMEs and institutions and the degree to which these needs are being met by existing providers;
 - Analyse the supply of DFS and MI;
 - Identify the supporting functions (such as data, cyber security, fintech, talent, digital literacy programs, etc.), including any missing functions, required to support sustainable growth of DFS and MI. Demonstrate how the status of these functions affect the uptake of DFS and MI in Rwanda;
 - Identify rules including relevant policies and regulations and other formal rules that influence the provision of DFS and MI and analyse whether they support or hinder increased access and use;
 - Identify informal rules – social norms and other cultural factors – that influence access and use of DFS and MI and analyse if there are opportunities to influence change.
- A stakeholder map clearly defining key players, their roles and potential partnership opportunities between them and with AFR.
- Map existing interventions by different market players (including the Government and development agencies) supporting the growth of DFS and MI and identify potential synergies.
- Identify potential opportunities and entry points for AFR in the market system to effectively facilitate increased access and usage of DFS and MI in Rwanda.
- The state of digital financial inclusion in Rwanda based on research reports and other relevant literature as well as global benchmarks.

- A Review of the technology infrastructure supporting DFS in Rwanda, identifying potential gaps or limitations that might hinder growth.
- The consultant will also map key challenges facing users/consumers of DFS and MI in Rwanda based on the available literature at AFR and its stakeholders.
- The consultant is encouraged to be creative and think outside the box when proposing a technical approach to this assignment.

Throughout the market system analysis, it is expected that the firm/consultant will map the gendered barriers that inhibit women from benefitting fully from DFS and MI and outline efforts to leverage DFS and MI for women's economic empowerment and lessons from related research and practices.

1. Documenting the market dynamics around women and DFS and MI;
2. Documenting and reviewing existing efforts to increase access to, use of, and benefits from DFS and MI by women; and
3. Identifying opportunities for AFR to better incorporate gender into its DFS and MI interventions and design projects with gender transformational objectives in line with AFR's phase III strategy.

The gender analysis should also ensure an understanding of gender norms that impact women's ability to access DFS and MI, and to earn, be productive, build assets, and engage in decision making.

Detailed guidance on what should be contained in the market system analysis is provided in Annex 1.

Intervention Framework and AFR's Role

Based on the market system analysis, and in particular the final section "**Systemic Change and Sustainability Analysis**" part of the analysis the firm will describe the broad intervention areas AFR might consider and indicate the types of activities that would be expected to catalyse change (linked to priority constraints). Document any key assumptions being made, envisaged risks and provide a list of mitigation strategies that might be considered.

It should describe AFR's role in facilitating the articulated systemic changes including the overall facilitation role AFR plays including convening and catalysing action and behaviour change; as well as key stakeholders and how AFR will engage/catalyse behaviour change and build market systems capacity.

The firm will provide a brief description of potential interventions that will address priority constraints; *Note these Projects show up on the bottom level of the Programme Theory of Change discussed below.* It is expected that the firm will provide details on:

- Who are the envisaged key partners clarifying their will and capacity for each intervention? (Noting if key partners will also take on multiple activities)?
- What is their role in the sector/ intervention?
- What are their current, and expected, capacities and incentives of system actors to take on and continue this role(s)?

- How do interventions consider partners' capacities and incentives?
- The envisaged partnership agreement and clarification on how AFR's 'offer is appropriate relative to market players relationships, their ownership over the change process and the intensity and timing of AFR's support.

This high-level intervention framework will facilitate design of the detailed interventions including activities and partnerships by AFR Team upon completion of this assignment.

Theory of Change

This is a high-level theory that sets out explicitly how systemic change is expected to be achieved and it is essential for a market system monitoring framework. The Theory of Change (ToC) provides the overarching logic for AFR's interventions in the DFS and MI sector and provides an indication of the specific contribution each of intervention is expected to make at each level of the ToC.

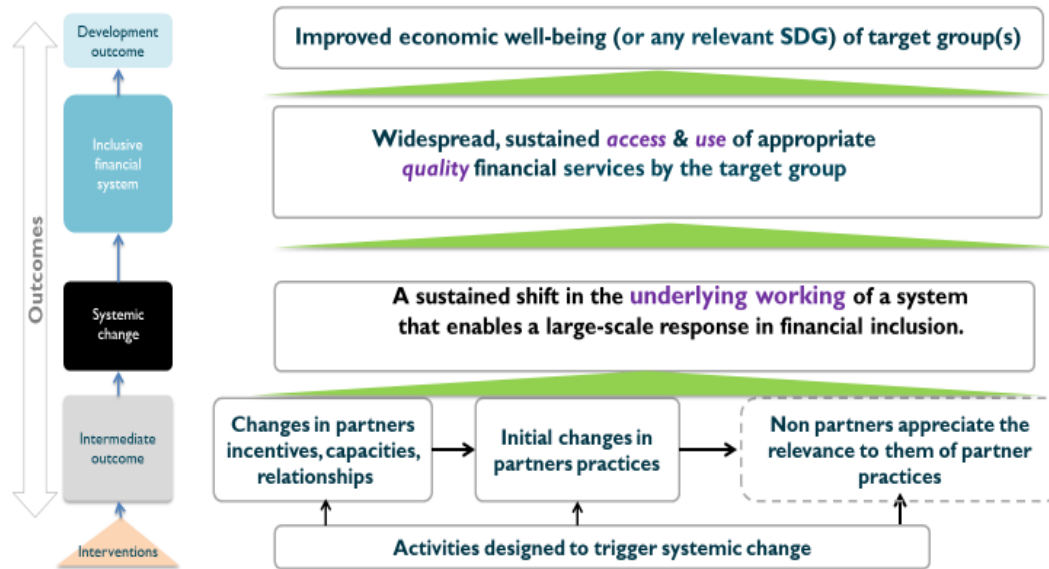
The firm will briefly state the hypothesis contribution and assumptions behind the ToC levels i.e., how do changes in the selected areas of systemic change relate to changes at the financial system level? What assumptions are being made about how change will happen?

Based on assumptions and hypothesis, the TOC will articulate the expected pathway from AFR high level interventions areas to intermediate outcomes to systemic changes contributing to increased access and use of financial services and positive impact on income and livelihoods. The focus here is to outline how AFR facilitation efforts will lead to the development of a well-functioning financial system that benefits the target groups¹.

The firm will also develop high level key learning questions. The firm will also develop high level key learning questions. Below is a generic theory of change for an inclusive financial system to serve as a template.

¹ Developing the theory of change is an iterative process as analysis and intervention lead to increased understanding and help establish whether linkages between Projects and intended impacts are plausible.

Inclusive Financial System Theory of Change



Source: Based on CGAP's Funders Training 'A Systemic Approach to Financial Inclusion'
Expected Deliverables

The following deliverables are expected from this assignment:

Activity	Deliverable
Kick off meeting and agreement on approach and methodology	Inception Report
Review secondary sources on DFS and MI in Rwanda including examples of successful market system facilitation/development in Rwanda and other countries.	Draft market system analysis report summarizing key findings and analysis based on the guidance provided in Annex 1 for the following sections of the scope of work outlined above:
Conduct the market system analysis through consultations with market system actors (FSPs, MNOs, Regulators, Policy makers, infrastructure service providers, etc.) through interviews to understand the prevailing primary and secondary market constraints including those specific to women. Submit a draft report and present to AFR management an overview of the market system, the constraints and opportunities, leading to discussion of potential areas for AFR intervention.	<ul style="list-style-type: none"> • Demand-side analysis • Supply-side analysis • Formal and Informal Rules analysis (Policy, legal, regulatory, social and cultural norms) • Supporting functions analysis
Review feedback on the draft analysis, revise and update the market system analysis based on feedback.	Presentation of preliminary findings to Management
	Final market diagnostic report summarising findings on demand, supply, policy, legal and regulatory and market infrastructure,

	functions, priority market constraints and potential areas for AFR intervention.
Based on discussions with AFR Management and key market actors including an analysis of potential partners incentives and capacities to change, submit a draft report providing recommendations for AFR potential interventions, a Theory of Change, and high-level learning questions.	Draft report on potential AFR DFS and MI intervention framework, clearly outlining AFR's facilitation role, Theory of Change and learning agenda.
Present to AFR Management for discussion and feedback and finalise the intervention's framework	Final DFS and MI intervention framework Presentation to AFR Management
Combine the final market system analysis report summarising functions, rules, priority market constraints and areas for AFR intervention and the final DFS and market infrastructure interventions framework	Final market system analysis report and DFS and MI interventions framework.

Timeframe

It is estimated that the assignment will be conducted over a period of one month starting in October 2021.

Required competences and qualifications

Proposals are invited from suitably qualified firms. Applicants are required to provide profiles for all proposed consultants, clearly stating their roles and responsibilities, level of effort, and including their technical expertise and practical experience. Key qualifications for this work include:

Consultant competences and qualifications

- Minimum 10 years of experience in the design of intervention frameworks/ programmes in the DFS & MI space.
- Experience in engaging in market system analysis and market systems strategy work.
- Strong knowledge and understanding of Market Systems Development/Making Markets Work for the Poor (M4P) Approach
- Strong programme design skills, including capacity to prepare coherent and concise reports.
- In-depth knowledge and experience of DFS&MI in Rwanda and broad experience in the same in East Africa and Sub-Saharan Africa.
- A strong understanding of the barriers that limit women from accessing and using DFS&MI.
- Strong understanding of the local/regional context of the DFS&MI as well as regulatory frameworks.
- Knowledge and understanding of inclusive finance and financial sector development.

- Comprehensive knowledge about digital payments, e-money, digital saving and credit, interoperability and Fintech.
- Good communication, facilitation skills and ability to use participatory approach to collect and make use of the most relevant inputs from stakeholders.
- Preference will be given to proposals that: a) interpret the Terms of Reference appropriately and b) recommend approaches of achieving this assignment in the most meaningful and cost-effective way.
- The firm should have experience and knowledge about consumer protection for DFS&MI.

Team Composition (Indicative)

Key Personnel	Qualifications	Work and Leadership Experience:
<p>Team Leader Qualified and Experienced DFS&MI Expert and Market Systems Development (MSD) Expert</p>	<p>Preferably an advanced degree (Masters or equivalent) in Computer Science, ICT for Development, Economics, Research, Development studies, Business or Finance</p>	<p>Leadership Experience: At least 10 years demonstrable leadership and work experience in development finance and project design/evaluation. Should at least have held a senior leadership/management position on related projects.</p> <p>Related work Experience: At least 7 years demonstrable experience in designing MSD projects ideally in DFS&MI in Sub Saharan Africa.</p> <p>Market systems development: Understand market system development approach and its application in designing impactful, sustainable and inclusive programmes</p>
<p>Other key roles: Payments/Fintech experts, Data scientists, Behavioural Economists, Regulatory experts, gender mainstreaming, Support roles: Researchers, Project Managers. Having Rwandans on the team is highly encouraged.</p>	<p>Bachelor's degree or professional qualifications in Economics, Business, developmental studies, Digital, Data Science, Gender, etc.</p>	<p>Work experience: At least 7 years' demonstrable experience in DFS&MI research, regulation & policy development, Digital payments and interoperability experience, Fintech and emerging technologies experience, Digital literacy, consumer protection and digital product development experience, Research publications specific to DFS&MI is advantageous.</p>

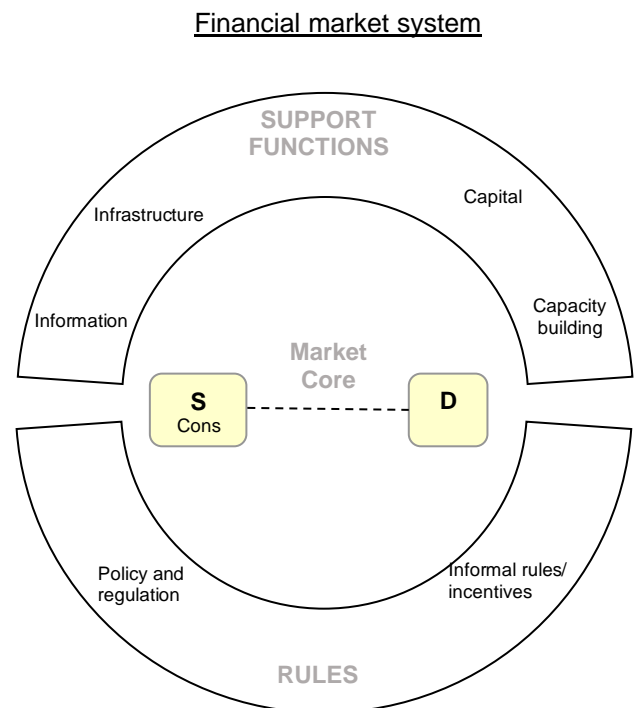
ANNEX 1: Market System Analysis Framework

1. Map the Market System

The firm will develop a 'system' diagram outlining the required market functions to provide financial services to the _____ sector. Note these are all functions required on a permanent basis for the market system to work effectively and sustainably.

See diagram below for a high-level overview of the main, generic functions in a financial market system (each of which can be seen as systems in their own right) and revise it to include the functions specific to the _____ financing market. Note the list below is not exhaustive. Supporting functions and rules could both be subdivided into further, related functions such as research, advocacy, product development, digital policies, etc.

- *The market core:* transactions between supply and demand and the benefits derived from these
- *Capacity-building/process development:* services and investment in organisational change and development, including staff skills and knowledge
- *Capital:* funding provided on a market basis to, for example, financial service providers for on-lending (*note this does not refer to donor/development funding*)
- *Infrastructure:* shared public mechanisms and services that bring a collective benefit to the market, such as the collateral registry or switch
- *Information:* data analyses and research providing information on financial service needs, trends, impacts and emerging issues
- *Policy and regulation:* the formal rules shaping the market, usually developed and enforced by government, but also private sector policies that impact transactions in the core
- *Informal rules and incentives:* the underlying informal rules that shape the behaviour and incentives of key players and feed into every aspect of the system



2. Analyse the Core

Demand

This will involve a detailed analysis of the data for access and usage of financial services (credit, savings, insurance, payments) and focus on understanding and determining the effective demand and related constraints. The firm/consultant will document and analyse the demand for financial services for all actors involved in the market system. An emphasis should be put on understanding the constraints that hinder their access and usage of financial services to provide optimal benefits and increased incomes as well as on understanding the financial service needs of the relevant target group. The

firm/consultant will establish gaps in terms of accessing appropriate financial services from FSPs and other formal and informal providers.

A key focus should be to understand the following:

- Do the products and services meet the needs of the target group?
- Are they convenient and affordable?
- What are the constraints from the demand side?

Supply

The supply side analysis will mainly focus on assessing the suitability of available products in the market vis-a-vis constraints and identify what is not working. The firm/consultant will describe in a brief profile the number and type of providers (including formal and informal providers as well as non-traditional providers such as input suppliers, as relevant), the products and services available, and the delivery channels. Highlight any providers that are particularly innovative, are considered market leaders in serving the target group, or operate a different business model to the norm.

The firm will also provide an assessment of how the core (demand and supply interaction) is functioning: Are the number of providers adequate? Is the market competitive or is there market concentration? What is the rate of new entry? The rate of innovation?

Specifically, it will be important to assess the incentives and capacities of providers to serve the target market, and importantly, to change their behaviour to increase outreach and depth. The firm/consultant will also assess the feasibility of improving supply to better meet the needs of the target group i.e., the existence of potential partners including signs of sufficient interest, and identify opportunities.

3. Assess the Supporting Functions and Rules

Market system analysis and performance assessment is always a 'judgement' based on information and insights. The following are indicative questions to think through:

- Are there functions/rules missing that are needed for the system to perform well?
- Are the functions/rules in place but not being performed well by current market actors?
- Are the functions/rules being performed adequately but are not sustainable in the long term i.e., are development actors doing and/or paying?
- Are the functions/rules encouraging or discouraging reaching scale?
- Are there other relevant performance issues?

Supporting Functions

The 'supporting functions' are a range of functions that support the core exchange between demand and supply and help the market to develop and grow including, for example, research and development, infrastructure, skills and capacity, and supporting services.

This will involve mapping all supporting functions that are required for the financial market system to operate effectively and sustainably reaching large numbers of low-

income populations and enterprises. Include any required supporting functions that are missing.

Supporting Function	Description

For each supporting function, list the market actors (or development actors) who are doing (“who does”) and paying for (“who pays”) the function. Note there may be different actors doing or paying for the same function, for example: the supporting function “training and capacity building” might be delivered by an industry association (e.g. paid for by members through member dues), or a financial consultancy firm (e.g. paid for by financial service providers).

After determining all the required supporting functions and who currently does and pays for the function, assess how well each supporting function is currently being performed. If a development actor (i.e., a donor, AFR, international or local NGO reliant on donor-funding, etc.) is doing or paying, this will need to be addressed as it is not sustainable. Summarise in the table below:

Supporting Function	Who does	Who pays	Assessment

Rules

The ‘rules’ are the regulations, standards, laws and cultural norms and practices that act to shape market outcomes and govern participation and behaviour in market systems. Formal providers of rules are commonly governments, private sector service providers or membership organizations. Informal rules are generally a product of local culture and value systems and practices.

List the *rules* and provide a brief description of each. This should include all desirable rules whether or not they are currently present.

Rules and norms	Description

For each rule, list the market actors (or development actors) who formulate and enforce the rule, and pay for enforcement (note that only formal rules will require financial resources for enforcement). Include any required rules that are missing. *Example: a code of conduct in the credit market system might be formulated by an industry association, with voluntary “enforcement” by financial providers.*

Once a complete list has been developed for each rule/norm, assess how well the rule/norm is currently performing. If a development actor is doing or paying, this needs to be addressed as it is not sustainable. Summarise in the table below:

Rule	Who does	Who pays	Assessment

4. Determine the Constraints

Once the market system has been mapped and the performance of the system assessed, the next step is to determine the constraints. What are the constraints in the market system and what are the root causes of these constraints? Identify issues in the “supporting functions” or “rules” that constitute binding *constraints* to improved performance in delivering financial services to the target market/sector. For example, this could include a desirable supporting function that is missing, or a key rule that is not well formulated or enforced. Any supporting functions or rules that are being performed by or paid for by a development actor would constitute a systemic constraint.

Primary or priority constraints:

Identify the primary or priority constraints (supporting function or rule) that are keeping the system from performing well for the target group (i.e., what are the key things holding back transactions in the core?). Explain why the selected constraints are a priority, i.e., they may affect other supporting functions or reduce outreach. *Note: constraints are differentiated from ‘problems’ that the target group is facing. Priority constraints are those areas where AFR expects to catalyse ‘systemic change’. Constraints are specific to a supporting function or rule that is not performing well, not supply or demand.*

Secondary constraints:

State any secondary constraints to be kept on a ‘watch-list’ and clarify why. These are areas that are important but not prioritized for some reason. For example:

- Sequencing issues (i.e., something else is priority and needs to happen *before* another constraint is addressed such as a regulation passed, or the market is too nascent and needs to develop further before a constraint is addressed).
- Other players are currently active so AFR’s ‘value added’ as a facilitator may experience too much ‘distortion’ at this time.
- Issues outside the scope of AFR’s intervention due to complexity, budget, mandate or timeframes (i.e., roads, electricity, political economy).
- Other issues as deemed relevant

Once the systemic constraints have been identified, provide an analysis of ‘why things are the way they are’, that is, *what are the root or underlying causes of the constraint?* Analysis should consider:

- The capacity or incentives of market actors (why market actors behave as they do or are resistant to changes in behaviour)
- Any contextual issues contributing to the constraint (i.e., geographic issues).
- Any political economy issues relative to change i.e., who is interested or against the change AFR envisages? How powerful and influential are these players?

Note: The end-point of the analysis is to arrive at the underlying causes of under-performance in the sector that, if addressed, will lead to sustainable, systemic change in performance. Without addressing the underlying causes for a constraint, change will not be long-lasting and thus not benefit the target group in the long-term (i.e., neither sustainability nor scale will be achieved).

5. Systemic Change and Sustainability Analysis:

The firm will provide a brief analysis of how the supporting function or rule *could* work if the priority constraints are reduced or eliminated (the systemic change) and determine if there is ‘space to intervene’ for AFR i.e., no other programmes working in the same area with initiatives that may be ‘distorting’; favourable political and industry support of change in general; timeframe for change to occur is reasonable given AFR’s engagement. It will also outline “*potential for scale and sustainability*”: are there market system actors that have willingness, incentives and capacity to make the market system work better? Will large numbers of the target group be reached/better served?

It is vital to consider *sustainability* through developing a vision for ‘who will do and who will pay’ for the constraint areas (supporting functions/rules) for the future. Summarize the thinking behind the business model if commercial returns are required for systemic change to be achieved, i.e., ensure the costs/revenues make sense, or consider the incentives for public or non-profit provision of/payment for a service. Complete the table for each constraint area to identify the appropriate/feasible market system actors that AFR might work with to facilitate system change.

Constraint (SF/Rule)	Who does	Who pays	Who will do	Who will pay

Note: in the intervention framework, constraints and associated solutions should be clearly identified, then Projects will be developed to address the primary constraints.