

**REQUEST FOR PROPOSALS
DRIVERS OF FINANCIAL INCLUSION ON POVERTY REDUCTION IN MOZAMBIQUE
Terms Of Reference (TOR)**

16 September 2022

Type of assignment:	Technical Assistance
Service provider:	Advisory firm
Language:	Portuguese and English
Period:	03 months

I. BACKGROUND

The Financial Sector Deepening Moçambique (FSDMoç) is currently funded by the Swedish International Development Cooperation Agency (SIDA) and directs its investments to support financial sector stakeholders to address market constraints, innovate and expand financial services, using technical expertise and targeted funding to increase their capacity and the people they serve. At the heart of its strategy are women, youth and the rural low-income population, as well as the micro, small and medium enterprises that do not have access to adequate and affordable financial services and products. FSDMoç's three core objectives are to (i) improve access to financial services for Small and Medium Enterprises (SMEs), (ii) improve access to finance for smallholder farmers and households, and (iii) create an enabling environment for financial inclusion (FI) by supporting knowledge sharing and capacity building.

FSDMoç, together with relevant partners, understands that FI, which is measured in terms of breadth and depth of the use of the financial system, means that people are able to access and use multiple financial products and services (money transfers, deposit accounts, savings, insurance, etc.) that contribute to uplifting their lives. Some interesting research on the livelihoods of Mozambicans have produced well-documented normative descriptions of the “Mozambican FI reality” that include financial contexts and sectors, but there is little in the way of descriptions and possible correlation between the variables related to financial activity and changes in the manifestations that define poverty in the country. Additionally, research on the perception of the benefits of the use of financial services expressed by the target group are also non-existent. Hence, there is no description of how FI initiatives have helped people or MSME in reducing their poverty levels. For instance, does FI provide more money for education? Do women save much time (that can be better spent) by not having to travel to a distant town to do banking? Are MSME able to generate jobs with FI services because they can better manage their cash and inventories? What kind of poverty reduction effects can be at least anticipated by investing in FI services or products?

Evidence of the positive relationship between a better functioning financial sector, sustainable economic growth and reduced inequality and poverty is often said to be strong in country-level strategic documents but the fact is that this conclusion is largely based on assumptions concerning correlation and not on evidence-supported research. Moreover, the definition of what constitutes “reduced inequality and poverty” is not provided to the reader in a way that links any “reduction” to efforts of FI. There are several important knowledge-related challenges involved in improving the structure, legal architecture and

functioning of the “consumer” financial sector in Mozambique so that it reduces poverty and provides the stimuli needed for growth and entrepreneurial risk-taking.

Considering that no specific research has shown how to identify and use variables that link FI outputs to poverty reduction, this terms of reference (ToR) seek a technical assistance (TA) to develop a “tool or a set of tools” to help FSDMoç identify the possible poverty-mitigation effects of its investment decisions. The ToR does not ask for contractors to measure the effects, but to provide FSDMoç (and, by extension, their partners and stakeholders) with ways and means to better understand what its decisions will do to help mitigate the effects of poverty (measured not only in terms of income but in a multidimensional perspective, which according to UNU-WIDER is made up of several factors that constitute poor people’s experience of deprivation - such as poor health, lack of education, inadequate living standard, lack of income (as one of several factors considered), disempowerment, poor quality of work and threat from violence. A multidimensional measure can incorporate a range of indicators to capture the complexity of poverty and better inform policies to relieve it.

The expertise required under this RFP is to conduct qualitative research, in which the consultants will explore and understand the perceptions of beneficiary target groups from the FI investments on their poverty level and well-being. The perceptions of key stakeholders directly related to the investments are also to be considered as valid inputs In the design of the tool.

II. OBJECTIVE OF THE CONSULTANCY

The objective of the consultancy is to support the FSDMoç in designing a tool, that can be a strategic framework or intervention tool to assist the operational planning processes and ongoing monitoring and management, to define how its initiatives should be configured and deployed so that they directly contribute to poverty abatement for households and SMSE in Mozambique.

It is also expected that the results of this consultancy will provide initial guidance and support for developing better measurement instruments for the relationship between FI and poverty, that will later be used as inputs for a more comprehensive model. Therefore, this assignment can be considered as the first phase of an exploratory sequential study (firstly qualitative, but that can later develop to a quantitative one).

III. SCOPE OF THE WORK

Given the objectives set above, the scope of work will include:

1. **Desk research:** Conduct a diagnostic of the current situation of the FI and poverty in Mozambique, that might include but not limited to:
 - Undertake a focused literature review, practices and results in the FI and its potential implications on poverty, to be shared with the FSDMoç team and relevant partners;
 - Identify the FI drivers which might be considered relevant for FSDMoç and its relationship with poverty, including existing tools and current policy approaches;
 - Review evidence of progress in FI and determine the current major constraints and prospective opportunities that might contribute to the poverty reduction or mitigation in Mozambique; and

- Prepare a synthesis for presentation to the FSDMoç team and relevant partners, including initial proposals on what could constitute potential ‘FI’ drivers for FSDMoç toward poverty reduction or mitigation.
2. **Field research:** engage and collect data from key stakeholders in the financial sector ecosystem, that might include but not limited to:
 - Gather perceptions from the FSDMoç target groups on how FI can contribute to improving their level of poverty and well-being;
 - Engage with relevant stakeholders, including policy makers and regulators to gather information on FI practices that can contribute to poverty reduction; and
 - Prepare a synthesis for presentation to the FSDMoç team and relevant partners, on the initial findings from the field research.
 3. **Design the tool:** Design the tool for FSDMoç, to help map the variables of FI that can contribute to poverty reduction or mitigation among households and MSME, which might include but not limited to:
 - Identify the main variables of FI that contribute to poverty reduction or mitigation;
 - Refine the proposed tool and the possible pathways for poverty reduction, taking into consideration the results of previous phases;
 - Undertake a workshop with the FSDMoç team and relevant partners to present the draft report including the preliminary tool; and,
 4. **Final report:** Revise and draft the final version of the report.

IV.DELIVERABLES, TIMELINE AND LEVEL OF EFFORTS

It is expected that the project will take 12 weeks and will start early October 2022. The estimated level of effort is 60 Working Days. The proposed timetable for deliverables is indicated below but might be modified in collaboration with the FSDMoç team and relevant partners:

Deliverables	Timeline (After signing the contract)												
	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	
Kick-of meeting to align the objectives and expectations of the assignment													
An inception report that lays out the work plans, methodologies and approaches that will be used for the mandate													
Desk research: Conduct a diagnostic of the current situation of the FI and poverty in Mozambique													
Progress briefing summarising the findings of the diagnostic, and preliminary analysis, and FI initial drivers for poverty reduction or mitigation;													
Field research: engage and collect data from key													

stakeholders in the financial sector ecosystem												
Synthesis and presentation to the FSDMoç team and relevant partners, on the initial findings from the field research												
Design the tool: Design the tool for FSDMoç, to help map the variables of FI that can contribute to poverty reduction or mitigation among households and MSME												
Draft report that meets the objectives of the mandate, and present the report including the strategic toll to relevant partners and stakeholders (in a workshop)												
Final report that incorporates the FSDMoç team and relevant partners and stakeholders.												

V. CONDUCTING OF THE ASSIGNMENT

The consultant will work directly with the FSDMoç team and relevant partners in this assignment. It is anticipated that the work can be done in a hybrid manner. However, field research will be required to gather perceptions from the target groups.

The contractor is asked to provide an overall basic framework of the conceptual model of the linkages between FI and poverty. It is understood that both FI and poverty are complex issues that are multivariant and specific to the supply and demand requirements of suppliers, “beneficiaries”, the enabling and regulatory environments in place and other contexts. Based on that basic framework the contractor will provide a tool (or tools) that can be used internally to analyse proposed investments in FI support and (e.g., the development of savings groups; the use of green financing to reduce risks; an awareness program designed to help empower women in MSME start-ups; the creation of new digital applications for financial transactions in rural settings, etc.).

The tool is not meant to be quantitative and must not take the form of what might be termed an “academic” equation or similar quantitative representation. A straightforward way of ensuring that poverty mitigation is part of decision-making is required.

VI. INFORMATION REQUIRED FOR SUBMISSIONS

Interested consultants must provide information indicating that they are qualified to perform the assignment. The proposals must contain a maximum of 6 pages A4 (excluding CVs and accompanying company profiles) with the following information:

a) The technical proposal

- Shall outline the composition and qualifications of the research team and specify the role that each member will be assigned. It is expected that the team leader will require at least 30% of the total Level of Effort proposed for the entire team.
- An approach and methodology specific to the objective of the mandate will be included, as well as a short description of why the proposed approach and methodology are appropriate from a research perspective.
- Annexes will contain an example of similar tools previously developed, and publications or reports (in the same or similar domains as illustrated above) written by the Team Leader (i.e., the TL is the principal author) assigned to the team.
- A table listing recent similar mandates undertaken by proposed personnel (last 10 years) shall be included. Countries where the intervention(s) was (were) carried out need to be specified. Only those mandates that were executed by the people that are being proposed for this mandate should be included.
- The proposal should outline how the tool will be developed (by whom, based on what, how was the model validated, how was peer reviewing or quality assessment accomplished, etc).
- An updated CV of the proposed team members. The key team members proposed should have performed similar studies (strategic analysis, FI, or poverty in Africa). Previous experience in analysing through grounded research is considered an advantage.
- The reports must be presented in English, with a translation of the Executive Summary to Portuguese.
- A work plan based on a simple GANTT chart that clearly identifies milestones and expected delivery dates for deliverables.

b) The proposal must state clearly how international team members will conduct their research and collaborate on model-building if they cannot travel.

c) The financial proposal shall be stated in Euros and include all chargeable items, the number of days dedicated to each member of the team, and the daily fee for each team member shall be explicitly stated.

VII. SELECTION CRITERIA

The proposals will be evaluated against the selection criteria listed above, following a qualitative and quantitative assessment, based on the items in the table below.

Selection criteria	Weight
Technical expertise	40%
Proposed methodology and approach	30%
Budget	20%
Good command of Portuguese language	10%
TOTAL	100%

Financial points will be awarded in the following manner: the lowest financial proposal will be awarded 20 points. Other proposals will be awarded the following points: cost of lowest proposal (divided by) cost of “other” proposal (multiplied by) 20 points = points awarded to

“other” proposal. The financial points will be combined with the technical points and the proposal with the highest total number of points will be invited to negotiate a contract. Other firms that have submitted proposals will be advised of the results of this competitive process once the contract is signed.

VIII. SUBMISSION OF PROPOSALS

The proposal must be sent electronically to FSDMoç at fsdmoc@fsdmoc.org.mz with the subject line “FI&POV - Financial Inclusion and Poverty in Mozambique”

- The proposal must be received by 10th October 2022, 12p.m., Maputo time (UTC+2)
- A pre-proposal conference will be held on 27th September 2022, 4p.m. Maputo time (UTC+2). Link for access:

Microsoft Teams meeting

Join on your computer, mobile app or room device

[Click here to join the meeting](#)

Meeting ID: 340 166 988 962

Passcode: FDKL5g

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- Requests for additional clarifications may be sent to fsdmoc@fsdmoc.org.mz, until 3rd October 2022, 12p.m., Maputo time.

IX. OWNERSHIP/CONTROL OF WORK PRODUCT/PUBLICATION

All materials produced or acquired during the appointment - written, graphic, film, digital audio/video or otherwise - shall remain the property of FSDMoç unless and to the extent such rights are explicitly relinquished (in whole or in part) by FSDMOÇ in writing. FSDMOÇ furthermore retains the exclusive right to publish or disseminate in all languages, reports arising from such materials. In the event of early termination of the appointment or non-renewal upon its expiration, the consultant shall, if requested by FSDMoç, deliver copies of all materials and data developed with FSDMoç funds. Material developed by the consultant under the TORs may not be used without prior written approval of FSDMoç Intervention Lead.

X. AUTHORSHIP AND ACKNOWLEDGEMENT

FSDMoç staff will generally be listed as the authors of any publication or other communication that is produced as a result of the research conducted during the appointment. The consultant’s contribution in conducting any research will be acknowledged in any such publication. If in the reasonable view of the Intervention Lead, the consultant contributes significantly to the conceptualization and drafting of any documents, the consultant’s staff will be listed as co-author, along with the relevant FSDMoç staff. All knowledge and information not already within the public domain which the consultant may acquire from FSDMoç, its employees or by the assignment shall for all time and for all purposes be regarded by the consultant as strictly confidential and held in confidence and shall not be directly or indirectly disclosed by the consultant to any person whatsoever except with FSDMoç written consent. All outputs of the work, materials produced during the work, and all by-products shall remain confidential unless FSDMoç authorizes public release.