



TERMS OF REFERENCE

LOCAL DESIGN THINKER FOR FINCLINIC

MAY 2024

About the Organization

Established in 2004, the Financial Sector Deepening Tanzania (FSDT) is a donor-funded financial sector market facilitator that aims to achieve poverty reduction through a transformative financial sector that offers inclusive and sustainable financial solutions to improve the livelihood, wellbeing, and empowerment of underserved Tanzanians. FSDT's work is guided by the Market Systems Development (MSD) approach, which aims to develop market systems that benefit the poor, offering them capacities and opportunities to improve their lives.

Currently, FSDT's main target markets are women and youth, who have been identified as the most financially excluded market segments in the country. FSDT is dedicated to supporting the financial sector in delivering inclusive, quality financial solutions that meet the financial needs of women and youth.

Through its catalytic function FSDT, hopes to achieve the following changes in the market:

- Improved policies, legal and regulatory frameworks that promote gender equality, as well as economic and financial opportunities for women and youth.
- Improved availability of relevant financial sector infrastructures that will equip the financial sector players and other stakeholders with the ability to meet the needs and aspirations of women and youth.
- Financial service providers (FSPs) developing and scaling innovative and responsive financial solutions/tools for women and youth to promote equality, empowerment, and wellbeing.
- Improved confidence and capability of women and youth to demand and use financial solutions.

Background of the Assignment

The "Ecosystem Analysis to Drive Financial Inclusion for Women and Youth in Tanzania" (FSDT February 2023) indicates the below supply side picture and clearly outlines the **existing supply side challenges** for increased uptake and usage of formal financial services by women and youth.

A total of 37 programmes and products that target women and youth were identified, which were mainly designed by either Banks or MNOs. The study has also revealed that most of the Microfinance Institutions (MFIs) of tiers three and four do not have a particular product for women and youth. However, they have group loan products designed for both women and youth, which also address their collateral requirement shortcomings.

Of all 37 products and programmes, 19 or 51% are specifically for women, 13 or 35% are specifically for youth, and 5 or 14% are for women and youth.

Further, field data has revealed that 50% of interviewed FSPs have a particular strategy for women compared to 31% who indicated a plan for the youth market. Most of the women and youth strategies reported by banks perform well.

Some banks have gone further and established a desk for women's markets. For example, the Tanzania Commercial Bank (TCB) has a special department that deals with women's banking issues. Through this window, the bank has managed to recruit more than 1,200 individuals through their Tabasamu Group Account and has partnered with Vodacom Tanzania to use the M-Koba platform. The bank also established financial education, business meetings, and workshops that facilitate networking for women who deal with micro, small, medium, and large businesses. Another good example is CRDB bank, which has a specific department for women's market and value proposition (Malkia Proposition), which has bundled products and services targeting women. ABSA bank has initiated the SHE initiative strategy and introduced individual desks for women to make inquiries, and they have gender champions within its branches. The SHE initiative strategy of ABSA Bank is currently leading in gender finance products in Tanzania.

Eventhough commercial banks report these specific value propositions for the women's markets, most of these products are not well known by women across different social and economic distributions, especially in rural areas. Several factors contribute to this: product features, a targeted segment of the targeted market, eligibility requirements, and the distribution channel used. To drive inclusive finance and include the underserved, banks must relook at these products and apply innovative ways to scale up by collaborating with other partners working with women and youth, and apply below the line marketing strategies and tactics to reach women and youth markets.

Further, the study clearly outlines that there is a need to increase awareness among ecosystem players (i.e., regulators, boards, and investors) on the value and importance of gender-disaggregated data and build both soft skills and systems to capture and use gender-disaggregated data.

So far, **several market constraints** have been identified:

- FSPs lack the data or market research to identify opportunities, especially for marginalized groups including women and youth;
- FSPs have insufficient understanding of financial needs of clients, especially marginalized groups including women and youth;

- FSP data systems and current reporting structures do not generate sex and age disaggregated data;
- FSPs lack the capacity to develop insight driven solutions, especially for marginalised groups and women and youth.

These market constraints also cut across to the policymakers and regulators that are yet to embrace pro-active evidence driven regulation and policy design.

About FinClinic

Summary of the FSDT Innovation Journey

In the past, FSDT has tested various pathways to innovation, which include:

- **SME Challenge Fund**; a fund that awarded financial support (grants) to SMEs based on a competitive application process. However, the fund assumed that FSPs will be in a position to support SMEs or critically evaluate them on the basis of relevant problem identification, ideation / concept development and in the process of business model development / prototyping. This assumption required FSPs to have sufficient understanding of low-income / SME clients and to have the capacity to develop ideas and business models. One of the key lessons from this intervention was it appeared to be that ‘FSPs on their own don’t know how to innovate’. This may explain the generally low quality of applications noted by reviewers of Challenge Funds that require applicants to come with ‘ready-made solutions’.
- Following the challenges observed in the SME Challenge fund, FSDT developed an alternative approach towards fostering innovation in the market, **FinDisrupt**. FinDisrupt was an ambitious, financial sector initiative that seeks to leverage end-user evidence and insights to start conversations on how the financial service providers and policy makers can develop innovative solutions that meet appropriate needs of their users. Though it was successful in supporting various financial sector players, it still demonstrated weaknesses in terms of actual success in go-to-market; as the support did not prototype and strengthen the business models, and neither provided any pilot or go-to-market strategy development support.
- Hence, FSDT iterated its approach once more, and implemented in its last strategic period intervention known as **FinSights Lab**. FinSights Lab was an information and solution ‘One-stop Shop’ in the Tanzanian financial sector through which FSDT sought to provide an interactive go to place (physical and virtual), where financial stakeholders can investigate and test solutions. FinSights Lab brought the best of methodologies, research and financial sector

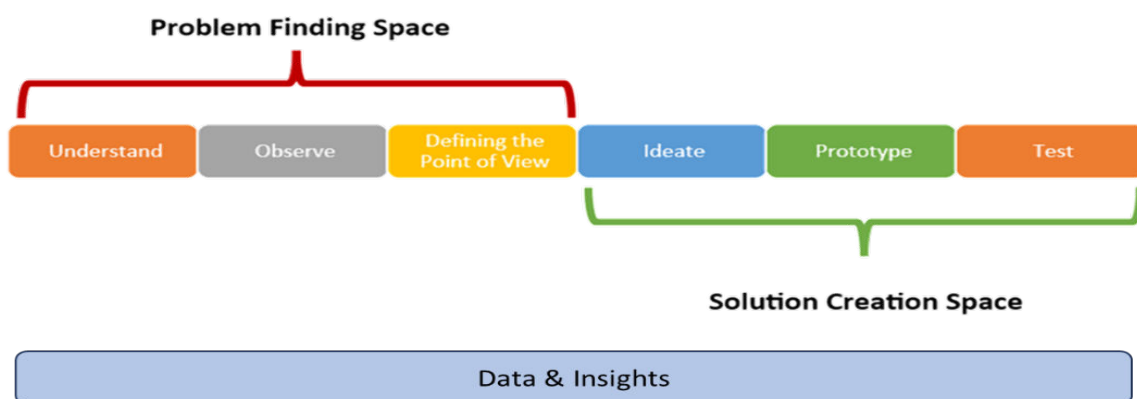
experts together in trying to resolve the issues brought forward by the stakeholders. The platform and its research designs were focused on driving real solutions in the market, which create value for the consumer. In the previous FSDT evaluation performed by SIDA, it became evident that the FinSights Lab intervention spurred significant results in improving the usage and application of evidence/insights (FinScope and its follow-up researches) in the development and design of products/policies/regulations/strategies.

Learning from the evolution outlined above, FSDT has now developed an Insights to Solution Innovation platform, FinClinic, which builds on the strengths and successes of its predecessors.

FinClinic

- FinClinic focuses on capacitating market players towards evidence driven solution, policy, framework, guideline, or policy design.
- FinClinic achieves this by developing a financial sector evidence driven solution/policy/regulation design toolkit, which fosters the use of sex and age disaggregated data from a variety of data sources (including FinScope Tanzania 2023, MSME Survey 2024, Bank of Tanzania Data etc.) and provides clear design thinking and HCD pathways that foster an age and gender intentional design.
- To demonstrate the power of the toolkit, FSDT will co-facilitate and co-lead with a contracted design thinker/HCD expert a series of Insights to Solution Sprints “FinClinic” that will support FSPs and Regulators/Policy Makers in the design and development of solutions and policies. Solutions that may spur from this process will cut across various financial intermediation functions (i.e. payments, savings, credit, device financing, investment, insurance).
- The diagram below demonstrates the proposed approach on a high level.

Diagram: Design Thinking/HCD Process



Purpose and Objectives of the Local Design Thinker Consultancy

- The purpose of the local design thinker consultancy is to onboard various local design thinkers and HCD experts operating in Tanzania that can effectively support the implementation of the FinClinic concept and refine it, with the aim that not only FSPs, but also regulators and policymakers may apply a similar approach, even though they have not been directly facilitated by FinClinic in the past.
- The local design thinker will be supported by an international design thinker in the conceptualization, tool development, and development of recommendations.

Scope of Work

- The local design thinker is anticipated to:
 1. Deliver five physical FinClinics, with each entailing the following:
 - Development of a detailed FinClinic agenda and materials for the particular engagement;
 - One/two-day problem finding workshop/bootcamp with FSPs, policymakers or regulators;
 - Two to three day solution creation workshop/bootcamp with FSPs, policy makers or regulators;
 - Support in facilitating the recruitment and engagement of respondents/test users during and post sessions;
 - Written documentation of the sessions, as well as precise design recommendations.
 2. Deliver a general review, lessons learned and recommendations on the overall FinClinic approach.

Timeline

The consultancy is anticipated to be carried out between June 2024 to December 2025. Overall, the level of effort should not exceed 40 days spread across the entire period.

Evaluation and Selection

- Any individual or firm interested to participate in this bid should submit a separate technical and financial proposal to FSDT. The following format should be observed:
Maximum 5-page technical proposal including the following:

- o Comments on the TOR
- o Proposed implementation approach
- o Team/Consultant Profile
- o Relevant previous work (include three references with email and phone number)
- o Annex with CV of key personnel (excluded from the 5-page count)
- Overall, the preferred bidder will be selected based on presenting the most economically advantageous tender. This means that bidders will be evaluated on a combination of technical and financial criteria. In this case the ratio between technical and financial scores will be 80/20.
- The technical component of each proposal will be scored first using a grid that assesses several key attributes. This is set out below.

Technical Proposal Scoring Grid

The table below describes the criteria and weights to be used to score, assess, and select the best candidate to undertake this assignment. The evaluation committee will review all the submitted proposals (technical and financial) and score them based on the criteria below.

Evaluation Criteria	Marks
Required experience (Individual/Consulting firm)	
The individual/consulting firm must demonstrate experience in carrying out design thinking or HCD approaches - <i>Provide at least 3 reference letters on previous assignments of related work</i>	20
Local experience in working in Tanzania or East Africa - <i>Work in Tanzania is an advantage</i>	10
Sub Total - Experience	30
Team Composition	
Adequacy of the Team Leader/ Lead consultant	
<i>General qualifications - The lead consultant or team leader must have a minimum of 3 years of experience in facilitating HCD or design thinking processes</i>	20
<i>The team leader should be able to demonstrate that s/he has been actively involved in the creation of a strategy, framework, policy or solution using an HCD/design thinking approach</i>	10
Subtotal - Team Composition	30
Adequacy of Methodology and Comments	
<i>Technical approach and methodology (demonstration of clear understanding of TORs, detailed methodology)</i>	25
<i>Adequacy of the comments on the TOR</i>	5
Sub-Total - Methodology	30
The consultant must be a Tanzanian (National ID, passport, or voter registration ID)	10
Technical proposal value	100

- For the technical proposal to be considered further, a minimum total technical score of 70 out of 100 is required. Only financial proposals from bidders scoring at least that level will then be evaluated.
- The total financial cost in US\$ will be weighted according to the formula:
 - $(\text{Lowest total financial cost} / \text{Bidder's total financial cost}) \times 0.2$
 - Total technical marks weighted by a factor of 0.8.
- The weighted technical and financial scores for each proposal that passes the minimum technical threshold will then be added to produce a total score. The preferred bidder will be the one producing the highest total combined score.
- The winning bidder will be notified of their selection, and other bidders will be informed of the outcome.

Financial Proposal

- This will be a reimbursable fee contract up to a maximum financial limit. Financial proposals should be quoted in US dollars. FSDT requires a detailed and transparent budget breakdown in which all line items are clearly specified.
- Financial proposals should be in US dollars and must be submitted electronically **separately** from the technical proposal.
- Provide a daily rate for work within Dar es Salaam for the main consultant and potential co-facilitators.
- It is assumed that in case of any transport expenses or remote facilitation FSDT will directly facilitate the same. If the consultant is based outside Tanzania FSDT will not cover travel cost in and out of Tanzania.

Financial proposals should be in this format:

<i>Detail/Item</i>	Rate (US\$)	Total (US\$)

This consultancy will be subject to local taxes. It is the sole responsibility of the Consultant to meet all the tax liabilities arising out of this assignment. Financial proposals will be evaluated on a basis net of any local taxes.

Submission of Bids

The deadline for submission of the proposal documents is 5pm, Thursday, 13th June 2024.

Any queries relating to this ToRs should be submitted in writing to FSDT under the following address, all questions and the answers will be shared with all short-listed bidders. The deadline for any queries is 2 days before the tender submission deadline date.

Procurement Manager,
The Financial Sector Deepening Trust,
2nd Floor De Ocean Plaza,
Plot 400 Toure Drive,
P.O. Box 1559 Oyster Bay, Dar es Salaam, Tanzania
+255 222 602 873/5/6
procurement@fsdt.or.tz

Other Matters

Confidentiality

- Engagements under the FinClinic initiative will require extensive work with FSDT internal as well as third-party information. Therefore, FSDT requires individuals/firms contracted for the local design thinker consultancy to maintain the confidentiality of sensitive data belonging to FSDT and its partners, refraining from disclosing it to third parties without explicit consent. It mandates the protection of information through appropriate security measures and limits the use of confidential data solely to authorized purposes. Individuals/firms are obligated to exercise care in handling such information, return or destroy it upon termination, comply with relevant laws, and promptly report any breaches.
- All information contained in the Terms of Reference and attachments are provided on a strictly confidential basis solely for the use of tenderers in connection with the competition for the supply of services. It is a condition of this competition that tenderers (and any sub-contractors) shall:
 - Take all reasonable measures to protect this confidentiality and avoid the unauthorized use, disclosure, publication, or dissemination of confidential information;
 - Not use this information other than for the purposes of preparation of a tender, and shall disclose it only to officers, directors, or employees on a specific need to know basis; and
 - Not disclose, publish or otherwise reveal any of the information contained herein except with the specific prior written authorization of FSDT.

Conflict of Interest

Tenderers (and any sub-contractors) must disclose in their tender details of any circumstances, including personal, financial and business activities that will, or might, give rise to a conflict of interest, if they were awarded this contract. Where Tenderers identify any potential conflicts they should state how they intend to avoid such conflicts. FSDT reserves the right to reject any tender which, in its opinion, gives rise, or could potentially give rise to, a conflict of interest.

Taxation

The winning bidder will be responsible to pay withholding tax and all other tax liabilities as per Tanzanian Tax laws. Any such tax amounts shall be the responsibility of the consultant.