



Scope of Work for Consultants

Project/Consultancy Title: Provide DFS & agency banking training for Financial Institutions

Project Location(s): Ethiopia

Background:

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within.

Mercy Corps is currently implementing the RAISE -DFS project in the Oromia and Somali Regions of Ethiopia with the goal of increasing incomes and enhancing the resilience of local populations. The project, funded by Jersey Oversea Aid (JOA), works through partnerships with four local financial institutions to expand their digital and sharia compliant financial services to provide affordable and convenient access to suitable savings and credit products.

Mercy Corps is seeking support as they engage with three financial institution partners to develop and expand their digital financial services: Siinqee Bank, Shabelle Bank and Rays MFI.

Overview of Siinqee Bank

Siinqee Bank relicensed to a bank from the Oromia Credit and Savings Share Company (OCSSO) microfinance institution in 2021. It was the first such institution to do so in Ethiopia.

Siinqee Bank has subscribed capital of Birr 15 billion and the paid-up capital of Birr 7 billion. The total assets of the bank reached ETB 21.1 billion. Siinqee bank has over 1 million borrowers with an outstanding loan portfolio of ETB 16.6 billion as of June 30, 2022. The Bank's total deposit balance is ETB 10.27 billion, serving 5.1 million depositors in 406 branches (split into main branches, sub-branches, and microfinance service branches). The microfinance customers are, and will remain, concentrated in the Oromia Region, and the bank will extend new banking services throughout the country, focusing first on Addis Ababa. Most of its microfinance customers receive loans through their solidarity groups.

The bank completed the installation of a new core-banking system in October 2022 (Oracle FlexCube), with all main branches now live on the CBS. They are planning to implement mobile and agency banking using modules available through Flex Cube, with app and USSD services for customers and agents. They were previously one of the partner MFIs of the M-Birr mobile money service, through which they acquired 100,000+ customers and 7,000 Agents. The service has subsequently been terminated, but Siinqee bank plan to migrate the customers and Agents onto their new CBS and resurrect the service in some form. They are also planning to integrate with other mobile money services (e.g., telebirr) to allow customers to push and pull funds from their CBS account to the mobile money wallet. They also plan to issue ATM / debit cards connected to the national switch (EthSwitch) and acquire ATMs of their own.

Overview of Shabelle Bank

Shabelle Bank has completed its relicensing to a bank, from Somali Microfinance Institution (MFI). As SMFI, it was the first MFI in Ethiopia to provide financial services based on Islamic sharia principles, as well as the first MFI in the Somali region with a sharia compliance committee. Shabelle Bank has 41 branches and over 40,000 loan clients (of whom 65% are female), mostly pastoralists and livestock traders. Most loans are Murabaha loans, provided to solidarity groups. The bank also has 80,000 depositors (of whom 83% are female).

By relicensing as a bank, it expects to introduce innovative products and services targeting new types of market actors, expand its geographical scope beyond the Somali Region, and manage transactions across international borders. Shabelle Bank will also be able to attract customers whose needs are not fully met despite the Islamic law-compliant windows.

Shabelle Bank is one of the providers of the HelloCash mobile money service, in partnership with a technology provider, Belcash. Shabelle Bank's HelloCash service has experienced considerable success, and has over 850,000 customers, and 4,7000 Agents. The service can be accessed through an app or USSD by customers and Agents and provides transfers, bill payments, airtime top-up and other services. The bank went live with its new CBS in late November 2022 and will move all its branches onto the system in the coming months.



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Overview of Rays MFI

Established in June 2014, Rays MFI is a private financial service provider licensed by the National Bank of Ethiopia to provide microfinance services in the Somali Region of Ethiopia. The institution is also licensed to provide mobile and agent banking services called Sahay Mobile Banking. Rays MFI has 14 branches and 21 sub-branches. Sahay Mobile Banking is one of the most used and fastest growing mobile banking services in the region. The service has more than half a million active customers, 2,040 agents, and 12,610 merchants accepting Sahay as a payment option throughout the Somali Region.

Rays MFI has recently completed a six-month pilot of its new Sharia compliant e-Murabaha digital financing product. Rays MFI partnered with HudHud Express PLC to conduct a pilot project on the digitization of the Murabaha underwriting process to a digital application. The pilot aimed to improve access to financial services for vulnerable women, youth, and men in Somali region with a particular focus on digital financial services and improved delivery of sharia-compliant products and services. Through the new E-Murabaha initiative, Rays MFI managed to process and approve 619 loans requests online with a total amount of Birr 7.9 million. Now, under this assignment Rays MFI is looking to scale up the e-Murabaha, building on lessons learned during the pilot.

Purpose / Project Description:

Mercy Corps is seeking a consultant to provide DFS training for selected Siinqee Bank, Shabelle Bank and Rays MFI staffs including detailed mobile money agency banking operation. The overall objective is to introduce the financial institutions with the state of art of overall DFS practices and advanced agency banking encourage them to adopt into their institutions.

Moreover, a separate training and workshop on agent banking is needed for Siinqee Bank as they limited experience in mobile money operation. The objective is equipping Siinqee Bank in agent banking skills and models so that they will clarity on selecting and applying the best practices.

Consultant activities:

- Conduct DFS/agency banking training need assessment with the financial institutions.
- Develop detailed training schedules and specific activities for training days.
- Develop training materials, manuals, and other relevant resource.
- Provide an in-person generic DFS training for Siinqee Bank, Shabelle bank and Rays MFI participants on topics such as DFS ecosystem, digital transformation, and digital credit.
- Provide an in-person advanced practical agency banking training for Siinqee Bank, Shabelle bank and Rays MFI participants on topics such as
 - Agent network models
 - Agent selection, training, onboarding & monitoring
 - Agent compensation
 - Liquidity management
 - Agency banking marketing and communication
 - Back-office operation
 - DFS risk and frauds and data analytics.
- The training should be supported by practical case studies, videos, and exercises.

Consultant Deliverables:

The Consultant will have the following major deliverables:

Provide generic DFS and advanced agency banking training for Siinqee Bank, Shabelle Bank and Rays MFI participants.

- High quality training with excellent facilitations
- Training certification
- Training completion report



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Timeframe / Place:

The training is expected to be conducted beginning of **March 2023**. The venue of the training will be in Addis Ababa. Training participants include Directors, Manager, and bank officers.

The expected level of effort per deliverable:

Activity	No of days	Remark
Training need assessment	2	
Training material development	4	
Training delivery – session 1	5	Shabelle Bank & Rays MFI
Training delivery – session 2	5	Siinqee Bank
Training completion report	1	
Total LoE	17	

The Consultant will report to:

- Tamrat Abera, RAISE DFS Program Manager, Mercy Corps

The Consultant will work closely with:

- Financial Institutions E-banking Directors
- Tamrat Abera, RAISE DFS Program Manager, Mercy Corps
- Abiy Habtamu, Senior Financial Inclusion Specialist, Mercy Corps

Required Experience & Skills:

- Demonstrated experience in agency banking training and DFS strategy development is required. Agency banking expertise from Kenyan banking industry highly preferred.
- Solid experience and knowledge of facilitation and training skills.
- Solid working knowledge of Ethiopian and East African banking sector and mobile money services.

Instructions for the Technical and Financial Proposal

Technical and Financial Proposal Standard Forms shall be used for the preparation of the Proposal according to the instructions provided in the bidding documents of the Request for Proposal (RFP).

The potential TA Operator should prepare a budget based on the proposed methodology and resources required for the assignment. It shall indicate full fees requested together with per diems and transport cost.

USD is the currency to be used in the financial proposal and the currency in which the contract will be paid.

Needs and deliverables may change throughout the course of the consultancy. It is expected that the consultant will be able to adjust as needed in coordination with the RAISE-DFS program team and financial institutions.

All deliverables must be approved by the following to be considered final:

- Edwin Kuria, Mercy Corps Director of Programs
- William Baron, Mercy Corps Chief of Party



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Tender details

The consultant should submit a proposal including the proposed methodology and approach, relevant experience and references and financial proposal. The consultant(s) should propose the number of days required for each of the deliverables in this Terms of Reference.

The consultant(s) CV(s) should also be submitted as an attachment to the proposal to Mercy Corps by **17th February 2023** by 17.00 East Africa Time (EAT).

Eligible companies/firms have to submit the following:

- CV of consultant(s) and company profile (if relevant).
- Statement of interest proposed methodology and work plan.
- Copies of renewed business registration certificates
- Financial proposal with a detailed breakdown of costs (including all related costs) in USD mentioning the terms of payment.
- Technical and financial proposal separately and in a sealed envelope; to Mercy Corps Ethiopia head office, P.O. Box: 14319, Addis Ababa or Electronic copy can be sent to et-tender-questions@mercycorps.org
- et-tender-questions@mercycorps.org can be used for procurement related questions and tabera@mercycorps.org for technical questions; and only till 10th February 2023
- The applicant must score 45% (out of 70%) for technical evaluation to be eligible for financial evaluation.

Failure to comply with any of the conditions indicated above will result in automatic rejection.

Mercy Corps reserves the right to reject the bid fully or partially.

Criteria for selection

Qualified Consultants are expected to submit both Technical and Financial Proposals. Consultants will be evaluated based on Cumulative Analysis as per the following scenario.

a) Technical Criteria Weight is 70%

- Understanding the scope of work and comprehensiveness of the methodology/approach; and the workplan (20%)
- Digital financial service training and consultancy experience (30%).
- Context understanding, and prior experience of similar assignments related DFS strategy/trainings (20%)

b) Financial Criteria Weight is 30%