

**GHANA FINANCIAL SECTOR DEVELOPMENT PROJECT (GFSDP)**

**TERMS OF REFERENCE**

**FOR THE  
SHORT TERM TECHNICAL ASSISTANCE TO DESIGN THE VSLA LINKAGE  
PROGRAMME**

**FIRM SELECTION)**

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**BENEFICIARY INSTITUTION**

**MINISTRY OF FINANCE**

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## MINISTRY OF FINANCE

### FINANCIAL SECTOR DEVELOPMENT PROJECT TERMS OF REFERENCE FOR SHORT TERM TECHNICAL ASSISTANCE TO DESIGN THE VSLA LINKAGE PROGRAMME

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#### A. BACKGROUND

The Ministry of Finance (MoF) has received financing from the World Bank towards the cost of the Ghana Financial Sector Development Project (FSDP), with the objective to promote financial sector soundness and access to financial services by individuals. Component 2.4 of the FSDP seeks to support the linking of Village Savings and Loans Associations (VSLAs) to formal financial services providers (FSPs).

In Ghana, savings groups (including VSLAs) have a large member base with a substantial amount of savings and outstanding loans. According to Savings Groups' Information Exchange<sup>1</sup>, data for 2019 there are 24,071 savings groups (SGs) in Ghana, comprised of 633,899 members (an average of 26 members per group). Of these members, women are the largest participants, comprising 76.4 percent or approximately 214,320 members. These groups have approximately USD 56 million in savings and USD 12.0 million in outstanding loans giving a return on savings of 13.65%.

VSLAs face challenges, which if addressed, could increase their contribution to financial inclusion and the empowerment of local communities. For example, the absence of training on record keeping, financial planning, and internal governance inhibits members' confidence on VSLAs and limit opportunities to establish partnerships with formal financial services providers. Additionally, groups often store their savings in a lock box with three locks. The box is held by a group member and the key by three different key holders. While this may help keep group funds safe from theft within the group, there is still a risk that the box might be stolen from non-group members. Keeping funds in a box also does not enable members to enjoy the benefits of being a member of a formal financial institution.

Linking VSLAs to formal financial institutions has the potential to increase formal financial inclusion. As demonstrated through previous initiatives in Ghana, linkages provide VSLAs members with the opportunity to open group and individual accounts, allowing them to safely store their money and generate transaction histories needed to access other types of financial services such as credit. Linkages also give VSLAs members access to e-wallets and the opportunity to transact more conveniently.

#### B. OBJECTIVES OF THE ASSIGNMENT

The objective of the assignment is to design a VSLA linkage program which will promote linkages between VSLAs and formal FSPs. The program will target the least financially included regions of Ghana, women (who form the majority of VSLAs' members), and the poor. The aim is not to transition VSLAs to become formal financial services providers but to give them the opportunity to interact with the formal financial sector so they can reap the benefits listed above.

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<sup>1</sup> <http://mis.thesavix.org/Dashboard/#/admin>

## **C. SCOPE OF WORK**

With support of FSDP secretariat and Project Coordinator, the consulting firm will carry out the following activities:

### **Understand the VSLA landscape in Ghana and assess the needs of VSLAs' members**

- Review global and Ghanaian experiences in establishing VSLAs and or linking them to FSPs – include at least three cases studies of successful linkages, and draw lessons to inform the design of the VSLA program;
- Clearly document how successful linkages in increasing the volume of transactions and repeat usage were structured and managed – including who were the key partners, what was the role of each partner, who was the leading partner(s), and what contract arrangements were put in place;
- Understand the VSLA's landscape in Ghana – number of VSLAs, their membership structure (size, gender, income level, etc.), products offered, regional distribution, promoted (NGO-supported) vs. non-promoted, etc.;
- Understand VSLA's financial needs (as a group and individually) and their demand for formal financial services (credit, savings, digital payments, insurance, etc.) and, if possible, disaggregate the demand per region, demographics, and other relevant criteria;
- Assess non-financial needs (financial literacy, group governance, group management including bookkeeping, credit policies, etc.);
- Identify regions with potential for successful linkages, including by assessing VSLA's proximity to interested FSPs, potential for leveraging technology such as mobile money, and presence of active facilitating agencies (FAs) such as NGOs;
- Identify key commercial activities<sup>2</sup> around which VSLA membership is to be fostered;
- Conduct stakeholder workshop to share the findings of the review of the VSLA landscape and kick-off the design of the linkage program.

### **Design the VSLA linkage program**

- Design the VSLA's linkage program – including linking of VSLAs to formal FSPs in the least financially-included regions of Ghana; capacity building; and financial literacy;
- Propose the program's target areas/regions;
- Taking into consideration the targets set in the Project's Appraisal Document, propose targets for the number of VSLAs and the total number of VSLA members to be linked;
- Based on feedback from the design kick-off workshop, detail how the linkage program will work (delivery model), including types of partnerships to be included (FSPs, FAs, Fintechs, etc), coordination and leadership arrangements, and sub-contracting arrangements, if any;
- Recommend the target number and mix of implementation partnerships/services providers to be supported/procured, balancing the need to ensure partners' interest for certain regions and to minimize the number of partnerships/services providers to be supported/procured;
- Clearly stipulate eligible costs (e.g. personnel, administrative costs, transport and travel, technical assistance,);
- Develop eligibility criteria for service providers/implementation partners;

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<sup>2</sup> For instance, cotton farmers and poultry farmers.

- Develop a theory of change and key performance indicators, as well as a reporting framework and templates for the program, including performance data to be reported to the MoF and the frequency of the reporting;
- Proposed program duration and develop an implementation timeline for the program;
- Recommend how the MoF and GHAMFIN can better organize themselves (or enhance their capacity) to successfully manage the program;
- Conduct a stakeholder workshop to validate the program design and generate interest from potential services providers/implementation partners.

### **Develop a request for proposals and support the selection of implementing partnerships/service providers**

- After agreeing the program design with the MoF, develop the Terms of Reference and Request for Proposals (RFP) for the recruitment of services providers/implementation partners;
- Include in the RFP a clear eligibility and qualification requirements for services providers/implementation partners, resources required; evaluation criteria; and other;
- Advise the MoF and GHAMFIN on the selection of partnerships/service providers, from the review of technical proposals to the negotiations of technical aspects.

### **D. DELIVERABLES /TIMING/REPORTING**

The consultant will provide the following outputs based the following expected timeline:

<b>S/N</b>	<b>DELIVERABLES</b>	<b>TIMING</b>	<b>PAYMENT (%)</b>
<b>1.</b>	<b>Inception Report</b> outlining the consultant’s detailed understanding of the assignment, methodology to be applied, likely outcomes, and any preliminary findings	<b>Two (2) weeks</b> after the commencement of the assignment.	10% after acceptance of report
<b>2.</b>	<b>Draft report</b> summarizing the VSLA landscape in Ghana, VSLAs needs, and potential for linking VSLAs to formal FSPs	<b>Six (6) weeks</b> after the endorsement of the inception report.	
<b>3.</b>	<b>Stakeholder Workshop</b> to share findings of the review of the VSLA landscape and kick-off the design of the linkage program	<b>Two (2) weeks</b> after the submission of the draft report.	
<b>4.</b>	<b>Final report</b> summarizing the VSLA landscape in Ghana, VSLA’s needs, and potential for linking VSLAs to formal FSPs (incorporate comments received during the stakeholder Workshop)	<b>Two (2) weeks</b> after the Workshop	40% after accepting the Final Report on VSLA Landscape
<b>5.</b>	<b>Draft VSLA linkage program concept paper</b> , to also include a	<b>Four (4) weeks</b> after the	

	theory of change, KPIs, and monitoring and evaluation framework	submission of the final VSLA landscape report	
<b>6</b>	<b>Stakeholder Workshop</b> to review the draft VSLA linkage program concept paper	<b>Two (2) weeks</b> after the submission of the draft concept paper	
<b>7</b>	<b>Final VSLA linkage program concept paper</b>	<b>Two (2) weeks</b> after the Workshop	20% after acceptance of Concept Paper
<b>8</b>	<b>Request for proposals</b> for the selection of implementing partnerships/service providers	<b>Two (2) weeks</b> after the delivery of the final concept paper	10% after accepting the ToR for Service providers
<b>9</b>	<b>Technical advice on the selection</b> of implementing partnerships/service providers	<b>Ten (10) weeks</b> after delivery of the request for proposals	20% after evaluation and selection of service provider

An electronic copy on of the reports referred to above must be e-mailed to the Project Coordinator Financial Services Development Project of the Ministry of Finance

#### **F. DURATION OF THE CONTRACT**

The consultancy is expected to be undertaken over a period of seven (7) months.

#### **G. LOCATION OF THE ASSIGNMENT:**

The Consultant will be required to spend time in Accra with regular travel to target regions/areas. Travel outside duty station shall be authorized by MoF and travel expenses will be reimbursed.

#### **H. FACILITIES TO BE PROVIDED BY CLIENT**

MOF will provide office space and all available documents and facilities that will aid the consultants with their work as well as support where necessary.

#### **I. REQUIRED EXPERTISE AND QUALIFICATION**

The assignment will be delivered by a firm with following experience:

- Minimum of 10 years of experience supporting and linking VSLA/SGs to FSPs;
- Track record of successful design of VSLA/SGs linkage programs;
- Demonstrated capacity to deploy a cross-functional team of Experts and manage relationships with multiple stakeholders (FSPs, FAs, etc);

The Firm must have the following composition of key Experts:

### **Linkage Expert and Team Leader**

- A Degree in economics, finance, public policy, or other relevant discipline;
- Minimum of 8 years of experience in linking VSLAs/SGs to formal FSPs, preferably in Africa;
- Familiarity with multiple linkage models in Africa and globally;
- Solid experience in designing financial products for low-income groups;
- Experience in managing teams and delivering outputs under tight deadlines;
- Excellent English writing skills

### **Human Centric Design Expert**

- A Degree in psychology or other relevant social discipline;
- Minimum of 6 years designing human-centered financial products (including women-inclusive products and digital financial services) for low-income financial consumers;
- Experience working with VSLAs/SGs in Africa and other regions;
- Excellent English writing skills.

### **Monitoring and Evaluation Expert**

- A Degree in relevant discipline;
- Minimum of 5 years of experience in the design of monitoring evaluation systems for financial inclusion projects/programs;
- Experience in establishing key performance indicators and reporting tools;
- Familiarity with VSLAs/SGs operations in Africa and other regions is preferable;
- Excellent English writing skills