

GHANA FINANCIAL SECTOR DEVELOPMENT PROJECT (GFSDP)

TERMS OF REFERENCE

**FOR THE
SHORT TERM TECHNICAL ASSISTANCE FOR IMPLEMENTATION OF VSLA LINKAGE
PROGRAMME**

ZONE 3- NORTHERN AND SAVANNAH REGIONS

FIRM SELECTION

Loan No./Credit No./Grant No.: IDA Credit No. P161787

Contract Reference No: GH-MOF-FSD-317038-CS-QCBS

BENEFICIARY INSTITUTION

MINISTRY OF FINANCE

OCTOBER 2022

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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 the Savings Groups Information Exchange¹ data for 2021, there are 34,112 savings groups (SGs) in Ghana, comprised of 852,800 members (an average of 25 members per group). These groups have approximately US\$15 million in savings and US\$8 million in outstanding loans. VSLAs are located mainly in the peri-urban and rural areas and women comprise the majority members (83%). The average income of members is GHC 500 or less and groups are mostly self-managed with support from NGOs or Community Volunteers.

VSLA groups, like most savings groups, are limited in scope and capacity to deliver a wide range of financial products and services to members. These groups can provide savings and credit up to the amount contributed by members. It is therefore important to formally link members of the savings groups to formal financial service providers who are well equipped to provide affordable and appropriate financial products and services to the financially excluded in Ghana. Linkage provides VSLA members with the opportunity to open group and individual accounts, allowing them to safely store their money and generate transactions histories needed to access other types of financial services. Linkages also give VSLA members access to e-wallets and the opportunity to transact more conveniently.

In its bid to increase financial inclusion in Ghana, the MoF has initiated a Linkage Program to link VSLAs to formal FSPs. The program is targeted at the least financially included regions of Ghana and will provide VSLAs the opportunity to interact with the formal financial sector.

As part of the program design, a Landscape Study was conducted into the VSLA landscape of Ghana, and it was established that: (i) VSLAs in the least financially included regions are willing to be linked to FSPs; (ii) Facilitating Agencies (FAs) are willing to partner with FSPs and link VSLAs; (iii) FSPs are willing to be linked with VSLAs, and (iv) there are Fintech's who are ready to provide the necessary technological support to make the linkage a success. The Study also established that the groups have a high demand for savings and loans, as well as capacity building and support in revenue generation activities. Moreover, the Study established that there is potential for successful linkages as FSPs, Facilitating Agencies, and mobile telephony services are available in the proposed project regions.

¹ Savings Groups Information Exchange (SAVIX) and Partner Agencies

Based on the findings of the Landscape Study, the VSLA Linkage Program was designed for implementation in 10 regions – Ahafo, Bono, Bono East, Northern, North East, Savannah, Upper East, Upper West, Oti and Volta. The Program seeks to engage a Consortium of Linkage Facilitating Agencies (e.g., Consulting Firms, NGOs and CSOs) and FSPs to develop financial products that respond to the needs of the VSLA members, thus enabling VSLA members' access to and use of appropriate financial products and services. The consortium, to be led by a Facilitating Agency, must include a FSP and contemplate the delivery of digital financial services. Inclusion of Fintech's is encouraged. This assignment will be undertaken in **Zone 3-Northern and Savannah Regions**.

B. OBJECTIVES OF ASSIGNMENT/PROJECT

The objective of the assignment is to implement a VSLA Linkage Program to link 529 existing VSLA groups (approximately 13, 225 VSLA groups) to formal FSPs in the Northern and Savannah Regions of Ghana. The Program will target women (who form majority of VSLAs' members) and the poor. The aim is not to transition VSLAs to become formal FSPs but to give them the opportunity to interact with the formal financial sector and be a vehicle of formal access.

Number of proposed regions	2
Number of groups to be linked in the Northern Region	353
Number of groups to be linked in the Savannah Region	176
Average number of existing groups to be linked in a month per region	22
Average number of months for linkage in each year*	12
Proposed groups to be linked in 15 months**	529
Total VSLA members to be linked in 15 months	13, 225

*Adjusted by training and counselling days; **On the assumption that new groups would have been formed.

C. SCOPE OF WORK

With the support of the FSDP Secretariat and the Steering Committee, the consortium is expected to carry out the following activities:

- Identify and engage existing VSLA groups in the target regions who are willing to be linked to formal FSPs;
- Assess the readiness of the VSLAs for the linkage and build any needed capacity (e.g., develop training materials, deliver training programs, etc.) of the VSLA members to enable their readiness for linkage;
- Build the capacity of VSLA members in financial and digital literacy;
- Building the capacity of FSPs and Fintech's who may be potential partners in the linkage on the VSLA methodology;
- In line with the overall Linkage Program, propose suitable VSLA linkage sub-program in the target region, including products and solutions, detailed targets, and expected outcomes, using affordable and efficient delivery methods;
- Develop and propose for adoption a standard on-boarding VSLA linkage guide;
- Implement the linkage program within the agreed timeline and budget;
- Maintaining a reliable, accurate and verifiable database on VSLAs linkage activities, costs, outputs, and results;
- Facilitate coordination and synergies between VSLAs and members of the consortium (including FSPs/ FinTech's/MMOs);

- Provide quarterly progress reports to the MoF highlighting results achieved against targets for the reporting period; and
- Provide end of project reports highlighting results achieved against contractual targets, success stories, lessons learnt and challenges if any.

The consortium will work closely with the MoF and the Project Steering Committee to effectively implement the Program.

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D. DELIVERABLES/TIMING/REPORTING

The consortium will provide the following based on the following expected timelines.

1.	Outputs	Deliverables	Time frame and Payment
2.	Inception Report highlighting the detailed linkage methodology and approaches, project team organization, roles of partners in the consortium, milestones, detailed implementation plan, planned quarter performance targets and indicators	Inception Report	One (1) month after commencement of the assignment. 20% fee payment after acceptance of Inception report
3.	Year 1 Quarter 1 Detailed Linkage Approach and Implementation Plan highlighting the number of existing VSLA identified, membership, location, linkage products identified; the number of new VSLA linkage products to be developed etc., role of the partners in the consortium, milestones, and performance indicators. Key activities to be undertaken in the quarter are - Identify and engage existing VSLA groups in the target regions who are willing to be linked to formal FSPs. - Propose suitable VSLA linkage products and solutions using affordable and efficient delivery methods.	1 st Quarterly Report highlighting on linkages achieved as compared to approved implementation plan.	Three (3) months after commencement of the assignment. 15% fee payment after acceptance of Quarterly report
4.	Year 1 Quarter 2 Progress Report highlighting results achieved against agreed target performance indicators such as: Linkage products/solutions developed, number of VSLAs reached with information and services; the number of VSLAs linked to FSPs; etc. Key activities to be undertaken in the quarter are: - Build the capacity of the VSLA members in readiness for linkage. - Build the capacity of VSLA members in financial and digital literacy.	2nd Quarterly Report highlighting on linkages achieved as compared to approved implementation plan	Six (6) months after the commencement of the assignment, 15% fee payment after acceptance of Quarterly report
5.	Year 1 Quarter 3 Progress Report outlining results achieved against targets on agreed performance indicators	3rd Quarterly Report highlighting on linkages achieved as compared to approved implementation plan	Nine (9) months after the commencement of the assignment. 15% fee payment after acceptance of Quarterly report

6.	Year 1 Quarter 4 Progress Report outlining results achieved against targets on agreed performance indicators	4 th Quarterly Report highlighting on linkages achieved as compared to approved implementation plan	Twelve (12) months after the commencement of the assignment. 15% fee payment after acceptance of Quarterly report
7.	Year 2 Quarter 1 Progress Report outlining results achieved against targets on agreed performance indicators	5 th Quarterly Report highlighting on linkages achieved as compared to approved implementation plan	Fifteen (15) months after the commencement of the assignment. 10% fee payment after acceptance of Quarterly report
8.	Final VSLA Linkages Implementation Report highlighting results against target performance indicators, success stories and lessons learnt to inform future scalability	Draft Final Report summarizing all activities carried out and linkages achieved.	Two (2) weeks after the 15 th month of implementation
9.	Final Report	Final Report	Four (4) weeks after the 15 th month of implementation 10% fee payment after acceptance of Final report

E. DURATION OF THE CONTRACT

The program is expected to be undertaken within 15 months (1.25 years).

F. LOCATION OF THE ASSIGNMENT

The Program will be undertaken in Two (2) regions: **Savannah and Northern**

The consortium will be required to operate from their official premises and travel to the target regions where need be. The Consortium should indicate the location of their official premises.

G. REQUIRED CONSORTIUM EXPERTISE

The project will be implemented in each zone by a consortium led by a Facilitating Agency (FA) and including FSP (s). The Consortium should have the following experiences:

Experience in forming and developing VSLAs

- Demonstrate focus on financial inclusion, economic empowerment, and business facilitation;
- The FA must be a registered company, a Non-Governmental Organization (NGO) or Civil Society Organization (CSO) under Ghanaian law;
- At least eight (8) years of experience in the formation, training, and management of VSLA groups including Savings Group Management Information Systems (SAVIX);
- Proven record of facilitating existing VSLA groups;
- Proven experience working with women, the poor, the marginalized and other vulnerable groups;
- At least five (5) years of experience working with financial service providers; and
- Must have a presence in the proposed zone.

Experience in providing financial services to low-income and poor people (including VSLAs)

- Financial service provider registered under the laws of Ghana;
- Has the capacity to serve rural communities; and
- Proven experience in the provision of products and services to informal groups.

Experience in developing and providing digital solutions to low-income and poor people (including VSLAs) will be an added advantage.

- Registered to do business in Ghana;
- Have experience in customer on-boarding systems, digital identification services, Point of Sale (POS), mobile money, and digital payment solutions; and
- Experience in the provision of innovative financial services for groups.

H. Staff Expertise

The team should have key experts with the following qualifications

Team Leader

- Degree in social science or any other relevant subject;
- A minimum of 10 years working experience in linkages or the provision of financial services to low-income earners;
- Proven experience in the management of development related projects;
- Track record as team leader of assignments of similar complexity;
- Good knowledge of the proposed regions; and
- Team player with good problem solving and analytical skills.

Linkage Expert -Two (2) Experts

- A Degree in Economics, Business Management, or other relevant discipline;
- Minimum of 8 years of experience in linking VSLAs to formal FSP;
- Experience working with low-income groups; and
- Experience working in program regions.

Financial Services Expert

- A Degree in banking, accounting, finance, economics, or other relevant;
- At least 5 years' experience in a financial institution;
- 3 years' experience in the development of products for low-income earners, including digital financial services;
- Good sales and relationship management skills;
- Ability to lead large teams in the field; and
- Experience in working with VSLA or Savings Groups will be an advantage.