



## **TERMS OF REFERENCE**

### **CONSULTANCY SERVICES FOR THE DEVELOPMENT OF THE MSME IMPACT GRANT FUND**

**MARCH 2025**

## About FSDT

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, well-being, 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; to achieve a wider impact, our goal is to deliver quality financial solutions that support the economic development and growth of MSMEs and farmers who are small-scale producers and who have been identified as the most financially excluded market segments in the country.

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

- Improved policies, and 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 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

FSDT has received funding from the European Union (EU) to implement the 'Inclusive Finance for Growth of MSMEs, Women and Youth' program, as part of the Finance for Growth program, focusing on developing innovative financial products and services tailored to underserved women and youth entrepreneurs in mainland Tanzania and Zanzibar. The program aims to reduce the cost of capital, improve access to financial services, and enhance financial inclusion. This aligns with Tanzania's National Financial Inclusion Framework (NFIF) III, the National MSME Financing Framework, and the Financial Sector Development Master Plan. The program emphasizes Diversity, Equity, and Inclusion (DEI) in all economic activities, with a preference for green and circular economic activities. Key collaborators include the Ministry of Finance (MoF), Bank of Tanzania (BOT), Capital Markets and Securities Authority (CMSA), Tanzania Insurance Regulatory Authority (TIRA), Financial Service Providers and Financial Services apex bodies, Civil Society Organizations (CSOs), Apex Bodies and Business Development Service Providers, Academic Institutions and Research Institutions, Wholesale Financiers, Investment Funds, and Fund Managers, Incubators, Accelerators and Hubs, and international partners.

FSDT Terms of Reference: Consultancy Services for the design and set-up of an MSME Impact Grant Fund

The initiative supports broader national and EU strategies, addressing global challenges such as economic inequality, climate change, and employment, focusing on improving the financial welfare of individuals and businesses.

## Purpose and objectives of the assignment

FSDT is in the process of establishing an MSME Impact Grant Fund under the EU-funded Inclusive Finance for Growth of MSMEs, Women, and Youth program, which will provide impact grants to women and youth-led MSMEs engaged in high-impact activities—particularly those contributing to the transition towards a climate-neutral and sustainable economy.

The fund will offer two types of grants:

- A **capital grant** to finance start-up costs (seed stage) and expansion costs, including equipment purchase and investment in new technology, processes, or products.
- An **operating grant** to cover the working capital required for formalizing or expanding an existing business.

Additionally, eligible grant recipients will be linked with financial service providers (FSPs) to access credit, equity, and transactional products to ensure the sustainability of the impact grant received. Key investment areas include (not exhaustive):

1. Sustainable use and protection of water and marine resources.
2. Transition to a circular economy.
3. Pollution prevention and control.
4. Protection and restoration of biodiversity and ecosystems.
5. Increased delivery of products and services for women- and youth-led MSMEs.
6. Waste management, renewable energy, alternative cooking fuels, and agroforestry.

## Scope of Work

As part of the establishment of the MSME Impact Grant Fund, FSDT is seeking a consultant to provide the following services:

### A. Market Assessment

- Conduct a market assessment for the impact of capital grants to women and youth MSMEs, including mapping their needs, preferences, opportunities, and challenges to be addressed, gauging how the grant's instruments and services should be structured, sectors to be targeted, and geographical area to be covered.
- Conduct a documentary review of existing grant schemes, their ticket size, instruments, services offered, and demographics; document achievements and challenges; and recommend mitigation measures to overcome known and envisioned challenges.
- Map market needs and opportunities to inform the grant fund design.
- Assess how women's participation in the grant fund can be catalysed.
- Assess the sustainability of impact grant funds and make recommendations for consideration.

- Assess the interest of potential FSPs to partner with for the Impact Grant Fund, their role in the fund and the mode of partnership.

## **B. Fund Design, Structure, Governance and Management**

- Develop the fund's operational guidelines, which shall include the fund's end-to-end workflow, including access modalities, eligibility criteria, decision-making mechanisms, application processes, communication modality, due diligence processes, investment review or evaluation mechanisms and tools, funds disbursement process, risk management, and oversight framework.
- Propose governance and management structure, including the structure of the fund's Investment/Advisory Committee and the drafting of the Terms of Reference for the advisory/investment Committee.
- Draft the fund's investment policy, financial, and reporting procedures that will enable the deployment of the fund proceeds in alignment with the program objectives.
- Identify and engage potential stakeholders (Government agencies, private sector partners, and development partner organizations) and propose a stakeholder engagement strategy and partnership framework.
- Develop impact measurement and monitoring framework, communication, and knowledge management strategy.
- Provide recommendations for scaling and long-term sustainability of the fund.

## **C. Others**

- Conduct a meeting with key stakeholders, including sessions with FSDT staff, to validate the mission's findings and the proposed design and structure of the instruments.
- Develop the fund's implementation roadmap and timelines, including testing, piloting, and deploying the fund's instruments.
- Develop comprehensive Terms of Reference for soliciting the Impact Fund Manager and Investment/Advisory Committee.

## **Deliverables**

- (i) Inception Report
- (ii) A comprehensive report on market assessment findings.
- (iii) A detailed design document of the Impact Fund, including financial reporting and procedures, operational guidelines, and investment policy.
- (iv) Stakeholder engagement strategy and partnership framework.
- (v) Governance and management framework.
- (vi) Monitoring and evaluation framework.
- (vii) Terms of References for the Solicitation of the Impact Fund Manager and Investment/Advisory Committee.
- (viii) A final presentation of the proposed fund design operational framework, investment policy, and Impact Fund Manager.

## **Timeline**

The consultancy will be carried out between April 2025 and June 2025. Overall, the level of effort should not exceed 45 man-days spread.

## Evaluation and Selection

Any individual or firm interested in participating in this bid should submit a separate technical and financial proposal to FSDT. The following format should be observed:

Maximum 10-page technical proposal, including the following:

- (i) Comments on the TORs
- (ii) Proposed implementation approach
- (iii) Team/Consultant Profile
- (iv) Relevant previous work (include three references with email and phone number)
- (v) Annex with CV of key personnel (excluded from the 5-page count)

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 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.

<b>Evaluation Criteria</b>	<b>Marks</b>
<b>Required experience (Individual/Consulting firm)</b>	
The individual/consulting firm must demonstrate experience in designing and operationalizing Impact Grants Fund for investments in Women and Youth MSMEs - <i>Provide at least 3 reference letters on previous assignments of related work in the last 3-5 years.</i>	15
Experience on green and digital business models in Tanzania, East Africa, or similar markets - is an advantage	10
<b>Sub Total – Experience</b>	<b>25</b>
<b>Team Composition</b>	
<b>Team Leader or Lead consultant</b>	
The Team Leader must meet the following qualifications to be considered eligible to undertake the tasks laid out under the scope of services.	
<i>A Masters’ Degree in Banking, Finance, Accounting, Commerce, or Social Science or related field.</i>	5
<i>A minimum of 10 years of experience in banking, finance, investment funds management with 7 years in facilitating SME Financing, Investment Funds, or Grants Funds for productive investment in Women and Youth MSMEs, in Tanzania, East Africa, or any other similar markets.</i>	15
<i>Demonstrated experience working with a multitude of stakeholders from various disciplines, backgrounds, and cultures, including Government, civil societies and communities, the private sector, development partners, and donors.</i>	10
<i>Demonstrated analytical, reporting and communication skills.</i>	2.5
<i>Must be fluent in English both verbal and written. Ability to understand and or speak Kiswahili is an advantage.</i>	2.5
<b>Other Key Experts consultant(s)</b>	
Key experts must meet the following qualifications to be considered eligible to undertake the tasks laid out under the scope of Services.	
<i>A bachelor’s degree in Banking, Finance, Accounting, Commerce, or Social Science</i>	5
<i>A minimum of 7-10 years in working in the SME sector, with 5 years in facilitating Women and Youth SMEs to access debt, equity, grant financing instruments for productive investments in Tanzania, East Africa or any other similar markets.</i>	10
<i>Demonstrated analytical, strong coordination, and communication skills.</i>	2.5
<i>Must be fluent in English both verbal and written. Ability to understand and or speak Kiswahili is an advantage.</i>	2.5
<b>Subtotal - Team Composition</b>	<b>55</b>
<b>Adequacy of Methodology and Comments</b>	
<i>Technical approach and methodology (demonstration of clear understanding of TORs, detailed methodology)</i>	15
<i>Adequacy of the comments on the TOR</i>	5

Sub-Total – Methodology	20
<b>Total</b>	<b>100</b>

Overall, the preferred bidder technically, will be finally selected based on the most economically advantageous tender. The ratio between technical and financial scores that bidders will be evaluated on will be 80/20 as itemized below:

- For the technical proposal to be considered, 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 are 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 EUROS. FSDT requires a detailed and transparent budget breakdown in which all line items are specified.
- Financial proposals should be in US dollars and submitted electronically, **separately** from the technical proposal.
- Provide a daily rate for work within Dar es Salaam for the main consultant and all 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 costs in and out of Tanzania.

Financial proposals should be in this format:

<b>Detail/Item</b>	Rate (EUROS)	Total (EUROS)

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; therefore, the quoted price should include all applicable local taxes.

### Submission of Bids

**The deadline for submission of the proposals is 5 pm, 31<sup>st</sup> March 2025.**

FSDT Terms of Reference: Consultancy Services for the design and set-up of an MSME Impact Grant Fund

Any queries relating to these 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.

**Procurement Manager,**

**The Financial Sector Deepening Trust,**

**2<sup>nd</sup> 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](mailto:procurement@fsdt.or.tz)**

## Other Matters

### Confidentiality

- 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 to, or could potentially give rise to, a conflict of interest.

### Taxation

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