



TERMS OF REFERENCE

**PROVISION OF CONSULTANCY SERVICES FOR SYSTEM DESIGN AND
DEVELOPMENT OF A BUSINESS REQUIREMENTS DOCUMENT (BRD) FOR A
SHARED MICROFINANCE SERVICES SYSTEM (SMSS) FOR TIER 2
MICROFINANCE INSTITUTIONS (NON-DEPOSIT TAKING, CREDIT-ONLY
LENDERS)**

FEBRUARY 2026

1. 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, 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 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.

2. Background

FSDT has received funding from the European Union to implement the "Inclusive Finance for Growth of MSMEs, Women and Youth" program, which focuses on developing innovative financial products and services tailored to underserved women and youth entrepreneurs in mainland Tanzania and Zanzibar. The program aims to improve access to financial services and enhance financial inclusion, which aligns with Tanzania's National Financial Inclusion Framework III, the National MSME Financing Framework, and the Financial Sector Master Plan. The program emphasises Diversity, Equity, and Inclusion (DEI), with a focus on green and circular economies. Key collaborators include the Ministry of Finance, the Bank of Tanzania, and international partners. The initiative supports broader national and EU strategies to address global challenges such as economic inequality, climate change, and employment, focusing on improving the financial well-being of individuals and businesses.

3. Purpose of the Project

One among the key components of the Inclusive Finance for Growth of MSMEs, Women and Youth programme is the implementation of a Shared Microfinance Services System (SMSS). Despite the new regulatory oversight (National Microfinance Policy 2017, the Microfinance Act 2018, and the Microfinance Regulations 2019), most Tanzanian Microfinance Institutions (MFIs) still lack robust core banking/management information systems. Initial engagements with the sector

actors reveal that many MFIs rely on rudimentary Information Technology (IT) setups – only a small proportion have any core banking system in place, while the majority still manage client data and transactions on Microsoft Excel spreadsheets or even physical ledgers. This absence of advanced IT systems lowers operational efficiency and severely limits their ability to integrate with other financial infrastructures and offer modern, real-time digital financial services. Recognizing these challenges, the Microfinance Act and regulations require MFIs (especially Tier 2) to have proper management information systems when applying for licenses and operating their businesses. However, most MFIs are struggling to meet this requirement, due to a combination of factors, including:

- **Resource Constraints:** Adopting a digital core banking system or an MIS platform requires upfront funding and time, which many MFIs do not have available. Most are small and have limited capital, making the cost of proprietary core banking software prohibitive.
- **Limited IT Capacity:** The specialized skills needed to spearhead digital transformation are often lacking. MFIs typically can't afford to hire dedicated technology professionals, making implementing and maintaining sophisticated systems difficult.
- **Cultural and Change Management Issues:** Transitioning from manual processes to digital systems necessitates substantial changes in staff workflows and organizational culture. The low digital literacy among MFI staff and clients results in resistance or

These challenges result in an automation gap – MFIs know they need better systems (to comply with regulations and to compete in the digital economy). **Still, individually, they face high costs, operational risks, and capacity shortfalls in procuring and running core banking software.** This gap could undermine the intent of the Microfinance Act 2018, which aimed to strengthen the sector through formalization and technology. It could also leave MFIs trailing behind in offering efficient services, harming their competitiveness and quality of service to low-income clients. To support MFIs in addressing the challenges that emanate from individual access to the software, FSDT is collaborating with the Ministry of Finance (MoF), Bank of Tanzania (BoT), and Tier 2 Microfinance Associations (Tanzania Association of Microfinance Institutions (TAMFI) and Tanzania Microfinance Institutions Union (TAMIU)), to implement a Shared Microfinance Services System (SMSS). It is expected that SMSS will achieve substantial economies of scale and cost reduction, which greatly strengthens the sustainability and outreach of MFIs. This benefit is realized by consolidating costly and redundant functions such as IT infrastructure, core banking system, procurement, and centralized compliance into a single entity, significantly lowering the overall operational expenditure for each participating MFI. By pooling resources, smaller institutions gain access to advanced, robust technology and specialized expertise they could not afford individually, while standardization across the network enhances efficiency and regulatory compliance. Since SMSS leads to a significant reduction in the cost to serve, MFIs can dedicate their resources to client relationship management, lower interest rates, and expand services into remote and underserved markets through digital financial services, thus deepening financial inclusion.

4. Purpose and Objectives of the Assignment

FSDT seeks to hire a consultant/ firm to undertake the following:

- Develop an End-to-End Business Requirements Document (BRD) for the Shared Microfinance Services System (SMSS).
- Propose, design, and set up a sustainability model for operationalizing and ensuring continued adoption and usage of SMSS by the members of TAMFI and TAMIU.

5. Scope of Work

A. Develop an End-to-End Business Requirements Document (BRD)

- Conduct stakeholder consultations (FSDT, TAMFI, TAMIU, BoT, MoF, and selected MFIs of different sizes/tiers, technology vendors, etc.).
- Map current MFI pain points, processes, systems, and costs.
- Define functional and non-functional requirements for the shared system including but not limited to KYC/onboarding, loan origination & servicing/write offs, collection, credit scoring, reporting to BoT/credit bureaus, alignment with the Digital Public Infrastructure (DPI) framework of Tanzania by enabling key aspects of electronic KYC (e-KYC) through National Identification Authority database integration, TIPS integration and data exchange framework, Credit Reference Bureau (CRB) reporting, mobile/digital channels, reconciliation processes, cybersecurity, complaints management.
- Propose high-level technical architecture options (ISO/API integration, cloud vs on-premises, open-source vs proprietary, integration standards).
- Include data migration, user training, change management, and pricing/cost-recovery models that focus on affordability, e.g., adopting a shared system around pricing tiers, subscription models, and maintenance fees.
- Deliver a comprehensive, validated BRD ready for implementation of a comprehensive SMSS.

B. Legal, Governance, and Capability Review of TAMFI and TAMIU

- Review constitutions, memoranda/articles of association, registration status, and governance structures of both associations.
- Assess their current legal capacity to own, host, or operate a shared technology platform or entity (including limitations under the Societies Act, Companies Act, or NGO Act).
- Evaluate whether the associations/shared entity can legally be the custodians of MFI data and recommend governance structures for data access rights, Service Level Agreement (SLA), and operational oversight.
- Identify any conflicts with their role as Guided Self-Regulatory Institutions under BoT regulations.
- Recommend amendments required for them to participate effectively in the shared system.
- Assess Management and staffing: organizational chart, staff qualifications, including oversight skills such as technical for system maintenance, contract management, cybersecurity, and finance/administration
- Financial sustainability: sources of income, reserves, audit quality, and cost control.
- Analyze IT & digital capability: current systems, data management, staff digital literacy.
- Assess readiness to oversee a SMSS (technical oversight, vendor management, SLA monitoring, etc).

- Identify critical gaps (human, financial, procedural) and mitigation options (recruitment, partnerships, outsourcing).

D. Options for Operationalising the SMSS

- Present viable operational models (e.g., hosted by one association, joint venture, consortium, third-party vendor with association oversight).
- Assess pros/cons of each model in the Tanzanian regulatory context (Microfinance Act 2018, BoT licensing, data protection, consumer protection, competition law).
- Recommend the preferred operational model with an implementation roadmap and risk mitigation measures.

D. Design and Setup of the Shared Service Model

- Recommend the optimal legal form for the entity/model (e.g., company limited by guarantee, company limited by shares owned by associations/MFIs, non-profit company, trust, or separate regulated financial entity).
- Draft foundational documents: Memorandum & Articles of Association, shareholders'/members' agreement, governance charter, board composition, etc.
- Outline capitalisation, ownership structure, cost-sharing, profit/non-profit status, and sustainability model.
- Guide registration/licensing requirements with BRELA, BoT, TRA, and any other respective authorities.
- Prepare a detailed setup roadmap including timelines, responsibilities, and estimated costs.

6. Deliverables and Timelines

S/N	Deliverable	Description	Timeline (from contract start)
1.	Inception Report	Work plan, stakeholder map, implementation methodology and approach	Two weeks from contract signing
2.	Stakeholder Consultation Report	Summary of findings from workshops/interviews	Four weeks from contract signing
3.	Business Requirements Document (BRD) – Draft and validation session	Draft end-to-end BRD containing functional and non-functional requirements	Eight weeks from contract signing
4.	Business Requirements Document (BRD) – Final	Final and validated end-to-end BRD containing functional and non-functional requirements	Ten weeks from contract signing
5.	Legal & governance review report – to be presented to the project management office	Analysis and recommendations for TAMFI/TAMIU. The report should include risk assessment matrix and legal analysis gaps	Three weeks from contract signing

S/N	Deliverable	Description	Timeline (from contract start)
6.	Operationalization options document	Potential models, recommendations, draft founding documents and sustainability model for 3 to 5 years	Eight weeks from contract signing
7.	Implementation roadmap	Implementation roadmap for the SMSS and setup of operationalization model	Ten weeks from contract signing
8.	Presentation and Validation Workshops	At least 3 workshops/presentations for FSDT, TAMFI, TAMIU, BoT and MoF and other key stakeholders as advised	According to agreed upon milestones

7. Timing

The expected duration for completing the assignment is 10 weeks.

8. Evaluation and Selection

Any 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:
 - Comments on the TOR
 - Proposed implementation approach and methodology
 - Team/Consultant Profile
 - Relevant previous work (include three references with email and phone number)
 - Annex with the CV of key personnel (excluded from the 10-page count)
- The preferred bidder will be selected based on presenting the most economically advantageous tender. This means that bidders will be evaluated on technical and financial criteria. The ratio between technical and financial scores will be 80/20 in this case.
- The technical proposal will be scored first using a grid that assesses several key attributes. This is set out below.

9. Technical Proposal Scoring Grid

The table below describes the criteria and weights to be used to score, assess, and select the best firm 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 (Consulting firm/company)	
The consultant must demonstrate experience in development of BRDs for financial sector related systems, market assessment and feasibility studies for developing financial systems data infrastructures, online platform for financial reporting, data registries and or databases. - <i>Provide at least 3 reference letters on previous assignments of related work in the last 3-5 years.</i>	30
Demonstrate understanding of Tier 2 MFIs, informal credit culture and experience working with regulators such as BoT and MFI associations such as TAMFI and TAMIU in Tanzania, East Africa or other similar markets	5
Sub Total – Experience	35
Team Composition	
Team Leader or Lead consultant	
The Team Leader must meet the following qualification to be considered eligible to undertake the tasks laid out under the Scope of Services.	
<i>A minimum of 10 years of working experience in developing Business Requirement Documents for financial systems data infrastructures, IT architecture and or systems in the financial sector and or designing shared platforms/core banking systems for MFIs, SACCOS or Savings and loans groups</i>	10
<i>Demonstrated experience in leading similar projects with multiple workstreams such technology, operating models and setting up institutions</i>	10
Other Key Experts consultant(s) - Legal Expert	
<i>Highly experienced legal expert with more than a decade of practice in assessing institutional legal frameworks, formulating recommendations for joint entity formations, drafting foundational documents such as MEMARTS, and establishing complete operational, shareholding, and legal structures from the ground up.</i>	10
Subtotal - Team Composition	30
Adequacy of Approach, Methodology and Comments on the ToR	
<i>Technical approach and methodology (demonstration of clear understanding of the ToR, detailed execution approach and delivery methodology)</i>	30
<i>Adequacy of the comments on the TOR</i>	5
Sub-Total – Approach, Methodology and Comments on the ToR	35
Total	100

- For the technical proposal to be considered further, a minimum technical score of 70 out of 100 is required. Only financial proposals from bidders scoring at least that level will be evaluated.
- The total financial cost in United States Dollar (USD) and equivalent Tanzania Shillings (TZS) 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.

10. Financial Proposal

- This will be a fixed cost financial proposal and should be quoted in USD with equivalent TZS. FSDT requires a detailed and transparent budget breakdown in which all line items are clearly specified.
- Financial proposals must be submitted **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 costs in and out of Tanzania.
- Financial proposals should be in this format:

Detail/Item	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.

11. Submission of Bids

The deadline for submission of the proposal documents is 20 February 2026 at 5:00 p.m. All proposals must be submitted in **soft copy only** via the procurement email address indicated below.

Any queries relating to these Terms of Reference (ToR) should be submitted in writing to FSDT under the following address. The deadline for any queries is three days before the tender submission deadline.

Procurement Manager,

The Financial Sector Deepening Tanzania,

2nd Floor De Ocean Plaza,

Plot 400 Toure Drive,

P.O. Box 4653 Oyster Bay, Dar es Salaam, Tanzania

+255 222 602 873/5/6

procurement@fsdt.or.tz

12. Other Matters

Confidentiality

All information contained in the terms of reference and attachments is provided on a strictly confidential basis solely for the use of Tenderers in connection with a competition for the supply of services for the above contract. 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 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 subcontractors) 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 disputes. 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.