



## **TERMS OF REFERENCE**

# **CONSULTANCY SERVICES FOR THE PROVISION OF TECHNICAL ASSISTANCE TO BANKS AND MICROFINANCE SERVICE PROVIDERS**

**MAY 2026**

## 1. ABOUT FSDT

Established in 2004, 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, wellbeing, 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, youth and MSMEs, 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, youth and MSMEs.

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

- Improved policies and regulatory frameworks that promote gender equality, as well as economic and financial opportunities for women, youth, and MSMEs.
- 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, youth, and MSMEs.
- Financial service providers developing and scaling innovative and responsive financial solutions/tools for women, youth, and MSMEs to promote equality, empowerment, and wellbeing.
- Improved confidence and capability of women, youth, and MSMEs to demand and use financial solutions.

## 2. CONTEXT AND BACKGROUND

Tanzania's MSME sector, comprising approximately 4.5 million enterprises, is a key driver of employment and economic growth but remains significantly underserved by formal financial institutions. A large proportion of MSMEs lack access to appropriate financial services due to structural challenges, including limited collateral, informality, weak financial records, and a mismatch between MSME needs and available financial products.

On the supply side, both banks and microfinance service providers face constraints in effectively serving MSMEs. Banks often struggle with unclear or weakly executed MSME strategies, risk-averse lending models, and limited development of tailored products for women, youth, and emerging sectors such as climate and the blue economy. At the same time, the microfinance sub-sector, including Tier II institutions, Microfinance Banks, and SACCOs, plays a critical role in financial inclusion but is constrained by weak governance, underdeveloped risk management systems, low levels of digitalization,

fragmented core banking infrastructure, and significant gaps in institutional and staff capacity.

These challenges result in limited outreach, low product uptake, high operational costs, and constrained growth across the financial sector in serving MSMEs, particularly women and youth.

In response, FSDT, with support from the European Union under the Inclusive Finance for the Growth of Women and Youth MSMEs programme (within the broader Finance for Growth – F4G initiative), is implementing the Institutional Strengthening and Innovation Support Project (ISISP). ISISP is a strategic, demand-driven intervention that provides targeted technical assistance to financial service providers to:

- Strengthen MSME strategies, governance, and risk management systems.
- Support the design and deployment of inclusive, market-responsive financial products and services.
- Enhance digital capabilities and delivery channels; and
- Build sustainable institutional capacity to scale MSME financing.

The ISISP aims to move institutions beyond strategy into practical implementation, driving product deployment, portfolio growth, and measurable improvements in MSME outreach and financial inclusion.

### **3. PURPOSE AND OBJECTIVES OF THE ASSIGNMENT**

FSDT seeks to engage qualified consulting firms to provide technical assistance to two Commercial Banks, two Microfinance Banks, and eight Tier 2 Microfinance Service Providers to strengthen MSME banking strategies and support the design and deployment of practical MSME financial products and solutions, with a view to facilitating the sustainable expansion of access to financial services for MSMEs, with particular emphasis on women- and youth-led enterprises.

### **4. SCOPE OF WORK**

The Consultant will provide high-level facilitative, advisory, and capacity-building support to strengthen the institution's MSME banking capabilities. The approach will emphasize review, guidance, facilitation, and knowledge transfer rather than direct implementation, enabling the institution to own and sustain the improvements. The selected service provider will provide the following services:

#### **A. TECHNICAL ASSISTANCE (TA) CONCEPT NOTE AND FSP MARKET ASSESSMENT MISSION REPORT**

##### **Review and Refinement of ISIP Program Concept Note**

Review and refine the Technical Assistance Concept Note and Market Assessment Report to identify gaps, overlaps, and opportunities to improve coherence, sequencing, and implementation feasibility, and to suggest improvements.

## **B. TECHNICAL ASSISTANCE SERVICES TO BANKS:**

### **(i) MSME Banking Strategy Development**

- Assess current MSME portfolio, segment performance, and institutional positioning.
- Identify and prioritize target segments (women-led businesses, youth entrepreneurs, climate-smart sectors, and blue economy value chains)
- Define a compelling MSME value proposition and growth strategy.
- Develop Strategic Pillars
- Design optimal delivery channels (digital solutions, strategic partnerships, and IGF pipeline integration)
- Develop a costed and detailed implementation roadmap with clear targets, KPIs, timelines, and resource requirements.

### **(ii) Product and Solution Design**

- Identify product gaps and market opportunities across target segments.
- Design and refine MSME financial products, including:
  - MSME working capital and asset financing.
  - Cash-flow-based lending models
  - Women- and youth-focused products
  - Green/climate and blue economy financing solutions
- Integrate inclusive features:
  - Flexible repayment structures
  - Alternative collateral approaches
  - Segment-specific design (gender, youth, and sector-based)
- Prepare comprehensive product documentation (operational manuals, credit guidelines, and procedural frameworks)

### **(iii) Product Deployment and Institutionalization**

- Pilot selected products with a targeted focus on priority segments
- Strengthen internal processes (MSME credit assessment processes and portfolio monitoring systems)
- Build Institutional Capacity, including staff training in MSME lending, gender-sensitive finance, youth finance, and climate- and sector-specific lending.
- Support the integration of new products into core systems and delivery channels (including digital platforms)
- Establish performance tracking mechanisms (uptake, portfolio growth, and asset quality)
- Facilitate linkages between FSPs and actors in SME ecosystems or other non-banking financial solutions.

## **C. TECHNICAL ASSISTANCE TO MICROFINANCE SERVICE PROVIDERS:**

### **(i) MSME Strategy and Product Development**

- Facilitate the review and refinement of the institution's MSME banking strategy.
- Advise on the design and piloting of targeted financial products (e.g., working capital, asset finance, green loans, youth start-up financing).
- Guide the integration of gender-responsive and youth-inclusive features into product development processes.

### **(ii) Credit Risk and Portfolio Management**

- Review and recommend improvements to credit appraisal tools and methodologies, with an emphasis on cash flow-based lending and the use of alternative data.
- Facilitate the strengthening of portfolio monitoring, PAR management, and early warning systems.
- Advise on developing risk management frameworks tailored to MSME lending.

### **(iii) Digitalization and Systems Strengthening**

- Review current core banking and MIS systems and advise on optimization or upgrading priorities.
- Facilitate the design and adoption of digital workflows for loan origination, approvals, and collections.
- Strengthen internal capacity in data analytics for improved decision-making and customer insights.

### **(iv) Governance, Compliance, and Operations**

- Review and advise on strengthening governance structures, including board oversight, committee effectiveness, and policy frameworks.
- Support compliance reviews and alignment with Bank of Tanzania (BoT) regulatory requirements.
- Facilitate improvements in internal controls, reporting mechanisms, and operational efficiency.

### **(v) Staff Capacity Development**

- Design and deliver targeted training, workshops, coaching, and mentoring programs.
- Build institutional capabilities through knowledge transfer in the following key areas:
  - MSME lending methodologies
  - Product development and innovation
  - Digital tools and data analytics
  - Customer relationship management

#### D. REPORTING AND KNOWLEDGE MANAGEMENT

- Prepare quarterly progress reports (strategy implementation, product uptake, and segment performance)
- Develop case studies on MSME product innovation and thematic financing (gender, youth, climate, blue economy)
- Produce a comprehensive final report with results, lessons learned, and scale-up recommendations.

#### 5. DELIVERABLES

The selected service provider will be responsible for producing:

No.	Deliverable	Description
1	<b>Inception Report</b>	Detailed work plan, methodology, stakeholder mapping, and baseline assessment of current MSME operations
2	<b>TA Concept Note and Market Assessment Report</b>	Revised Concept Note and Market Assessment Report
3	<b>MSME Strategy Review Report</b>	Comprehensive review of existing strategy with clear recommendations and revised strategy document (if required)
4	<b>Product Development Advisory Package</b>	Concept notes and pilot designs for at least 1-2 new/revised MSME products (including gender and youth features)
5	<b>Fully Operational MSME Product</b>	Newly developed/or existing refined or improved MSME financing product or service
6	<b>Credit Risk &amp; Portfolio Management Improvement Report</b>	Reviewed credit appraisal tools, risk framework recommendations, and enhanced PAR/early warning system guidelines
7	<b>Digitalization Roadmap (MFI'S only)</b>	Assessment report and prioritized roadmap for core banking/MIS optimization and digital workflow implementation
8	<b>Governance &amp; Compliance Review Report (MFI's only)</b>	Gap analysis and action plan for governance structures, policies, and Bank of Tanzania (BOT) compliance
9	<b>Capacity Building Program (MFIs only)</b>	Training materials, delivery of at least 6 training/coaching sessions, and post-training assessment reports
10	<b>Periodic Progress Reports</b>	– weekly, monthly, and quarterly performance reports on activities, outputs, and outcomes, highlighting results, challenges, lessons learned, and corrective actions
11	<b>Knowledge Products</b>	Case studies from each financial institution served

## 6. TIMELINE

The consultancy is anticipated to be carried out between July 2026 and June 2027.

## 7. ELIGIBILITY AND QUALIFICATION REQUIREMENTS

The consulting firm or consortium must demonstrate the following:

- (i) Proven experience in providing technical assistance, advisory, or institutional strengthening support to both:
  - a. Commercial Banks; and
  - b. Microfinance Service Providers, including Microfinance Banks, Tier II MFIs, SACCOs, or equivalent institutions.
- (ii) Demonstrated experience in MSME finance, including:
  - a. MSME banking strategy
  - b. Product development and deployment.
  - c. Cash-flow-based lending.
  - d. Women and youth finance.
  - e. Climate/green and inclusive finance solutions.
- (iii) Strong institutional strengthening experience covering:
  - a. Governance.
  - b. Risk management
  - c. Portfolio quality management
  - d. Digital transformation.
  - e. Core banking/MIS systems.
  - f. Operational improvement.
- (iv) Proven experience supporting the practical implementation and institutionalization of financial products and operational reforms within financial institutions.
- (v) Demonstrated experience in Sub-Saharan Africa, with prior Tanzania experience and understanding of Bank of Tanzania regulatory frameworks considered a strong advantage.
- (vi) Availability of a multidisciplinary team with expertise in:
  - a. MSME banking strategy
  - b. Microfinance operations.
  - c. Product development.
  - d. Risk management.
  - e. Digital finance/core banking systems.
  - f. Governance and compliance.
  - g. Capacity building and institutional development.

- (vii) Firms applying as a consortium must clearly demonstrate complementary technical capabilities across banking and microfinance markets and provide a clear division of roles and responsibilities among consortium members. The consortium must designate a lead applicant who will serve as the primary point of accountability and contractual counterpart. FSDT will enter into and manage only one contract with the lead applicant on behalf of the consortium.
- (viii) The firm/consortium must demonstrate completion of at least three comparable assignments within the last five years.
- (ix) International firms without local presence are encouraged to partner with Tanzanian firms to ensure contextual relevance, stakeholder engagement, and implementation support.

## 8. EVALUATION AND SELECTION

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

- Maximum 5-page technical proposal including the following:
  - i. Comments on the TOR
  - ii. Proposed implementation approach and work plan
  - iii. Company/Team/Consultant Profile
  - iv. Relevant previous similar work/assignment (include two references with email and phone number)
  - v. Annex with CV of key personnel (excluded from the 5-page count)
- Overall, the preferred bidder will be selected based on presenting the most economically advantageous tender. This means that bidders will be evaluated on a combination of technical and financial criteria. In this case, the ratio between technical and financial scores will be 80/20.
- The technical component of each 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 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.

Criteria	Sub-Criteria	Marks
<b>1. Firm/Consortium Experience and Institutional Capability</b>	Demonstrated experience providing Technical Assistance to both Commercial Banks and Microfinance Service Providers (Microfinance Banks, Tier II MFIs, SACCOs, or equivalent institutions) in MSME finance	10

	Proven practical experience in MSME banking strategy development, product design, deployment, and institutional strengthening	10
	Demonstrated experience in inclusive finance product development (women, youth, climate/green finance, blue economy, ESG)	5
	Experience in digital finance transformation, core banking/MIS optimization, digital lending workflows, or data analytics solutions within financial institutions	5
	Demonstrated experience supporting practical implementation, piloting, rollout, or institutionalization of MSME financial products and operational reforms	5
	Relevant experience in Tanzania or Sub-Saharan Africa, including understanding of regulatory and institutional environments	5
<b>Sub-Total</b>		<b>40</b>
<b>2. Team Composition and Qualifications</b>	Team Leader possesses a master’s degree or higher qualification in Banking, Finance, Economics, Commerce, Business Administration, or related field	2
	Team Leader has minimum 10–15 years’ relevant professional experience in banking, MSME finance, institutional strengthening, or financial sector advisory	15
	Availability of specialists in the following areas: <ul style="list-style-type: none"> <li>• MSME Banking Strategy</li> <li>• Microfinance Institutional Strengthening</li> <li>• Risk Management</li> <li>• Digital Finance/Core Banking Systems</li> <li>• Governance and Compliance</li> <li>• Capacity Building and Training</li> <li>• Product development and inclusive finance</li> </ul>	10
	Demonstrated practical experience of proposed experts in product deployment, institutionalization, and implementation support	10
	Strong analytical, facilitation, reporting, stakeholder engagement, and capacity-building skills	2
	Excellent English communication skills: Kiswahili proficiency or local expertise is an added advantage	1
	<b>Sub-Total</b>	

<b>3. Technical Approach, Methodology, and Understanding of the TOR</b>	Demonstrated understanding of the assignment objectives, ISISP intervention model, MSME finance ecosystem, and differences between banking and microfinance markets	5
	Quality, practicality, and clarity of the proposed implementation methodology and technical approach	5
	Realism and feasibility of the work plan, timelines, staffing plan, and resource allocation	3
	Strength of proposed approach to implementation support, institutionalization, sustainability, and knowledge transfer	4
	Quality and relevance of comments on the TOR, including identification of gaps, risks, and proposed improvements	3
<b>Sub-Total</b>		<b>20</b>
<b>TOTAL</b>		<b>100</b>

- For the technical proposal to be considered further, 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 Tanzanian shillings will be weighted according to the formula:
  - $(\text{Lowest total financial cost} / \text{bidder's total financial cost}) \times 0.2$
  - Total technical marks 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 reimbursable fee contract up to a maximum financial limit. Financial proposals should be quoted in TZS. FSDT requires a detailed and transparent budget breakdown in which all line items are clearly specified.
- Financial proposals should be in TZS and must be submitted electronically **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:

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

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 proposal documents is 5 pm, Monday, 8<sup>th</sup> June 2026. The submission should be made electronically via the procurement email: [procurement@fsdt.or.tz](mailto:procurement@fsdt.or.tz). Physical submission will not be acceptable.**

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 date.

**Procurement Manager,**  
**Financial Sector Deepening Tanzania,**  
**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)

## **12. 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, 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.