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TERMS OF REFERENCE

NATIONAL CONSULTANT TO UNDERTAKE A STUDY ON THE DEMAND FOR MOBILE MONEY AMONG THE RURAL AND LOW – INCOME POPULATION IN LESOTHO

Type of Contract	:	Individual Contract
Languages Required	:	English
Time commitment	:	50 days (August – October 2017)

A. BACKGROUND AND CONTEXT

1. Introduction

UNDP is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. It works with individual countries on their own solutions to global and national development challenges. UNDP Lesotho supports Lesotho's development priorities laid out in the National Strategic Development Plan and through that, the achievement of the MDGs. The focus areas of the UNDP Country Programme are Democratic Governance; Environment and Energy; Poverty Reduction and Economic Growth, with Gender Mainstreaming and HIV/AIDS as crosscutting areas.

Access to formal and semiformal financial services in Lesotho is limited, especially for low-income and rural populations. With only 13 percent of urban adults and only 7 percent of rural adults accessing credit from formal banks, the great majority of Basotho are excluded from the formal credit system. Limited accessibility and high pricing of banking products further limit customer's affordability and usage. The Government of Lesotho has identified the current lack in access to finance as a major constraint to employment creation and income generation, especially among the rural population. Increase of access to finance, is therefore prioritized in the National Strategic Development Plan (NSDP) and the Financial Sector Development Strategy (FSDS) as a strategic conduit to generating inclusive economic growth.

In line with Government priorities, the Ministry of Finance (MoF) the Central Bank of Lesotho (CBL) and UNDP developed the Lesotho Scaling Inclusion through Mobile Money (SIMM) project that aims to catalyze inclusive and pro-poor growth by scaling up formal and semiformal financial services for low-

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income people and rural customers in Lesotho through mobile money. Mobile money can be used as a channel to offer innovative and low-cost credit, savings and insurance products and significantly reduce the costs of transferring money compared to traditional forms of money transfer. As part of preparations for the Lesotho SIMM Project, UNDP conducted an analysis and scoping study of the mobile money sector in Lesotho in March 2016 and identified systemic problems in the enabling business environment (ecosystem challenges) that are preventing the sector from catering financial inclusion products to low-income people and rural customers. These are i) awareness, ii) acceptance, iii) availability and iv) affordability

Lesotho has a low rate of financial intermediation. Financial products and services (formal and informal) reach more than 80% of adult population but mainly with only one product (funeral insurance). FinMark Trust (2015)¹, indicates that only 38% of the adult population has a bank account, suggesting that the majority of the adult population is still in need of basic banking services. Private sector credit is only 19% of GDP and grew by 6.2% in 2011 with only about 2.6% of the population using bank credit². The banking landscape in Lesotho is geared toward transactional banking, with transactional and saving (mainly funeral) products used by 87% and 86% of banked adults, respectively.

Remittances are also a core banking service used by Basotho adults, with 42% of banked Basotho adults conducting money transfers through different channels, formal and informal. The low uptake of credit products, which is due to the lack of supply of suitably priced products, is reflected in the proportion of banked adults (~10%) that have formally obtained credit. Although the usage of credit products and remittance services varies between rural and urban dwellers, there is no difference in terms of the usage of transactional and savings products. The proportion of urban adults that make use of bank credit is 13%, which far exceeds the 7% of rural adults that have formal credit products. In terms of remittance services, 50% of urban adults remit through formal banking services relative to 35% of rural adults. Non-bank formal institutions disperse credit to more rural adults (37%) in comparison to urban adults (23%).

Although there is evidence that mobile money can bridge financial inclusion gaps in developing countries, usage in Lesotho is still at emergence stage, with only one quarter of registered users considered as active users, and limited offerings for transactions. In order to reach full financial inclusion, there opportunities presented by mobile money that should be exploited; these include expansion of ecosystem to be inclusive of the rural and low-income population, targeting customer and population groups such as women and youth and development of responsive and relevant applications and products to improve mobile money uptake.

B. SCOPE OF WORK

On behalf of the Lesotho SIMM Platform, UNDP is therefore looking for a qualified and experienced researcher to undertake a demand study for mobile money among the rural and low-income population.

¹ Action plan for electronic money (e-money) in Lesotho. Prepared for FinMark Trust 23 June 2015

² http://www.finmark.org.za/wp-content/uploads/pubs/RepFSLESOTHO_FNL_2012.pdf

The objective of the study is to understand the needs for consumers for mobile financial services, identify requirements to meeting social and economic objectives for enhanced financial inclusion and uptake, as well as establish cultural and sociological factors that may inhibit uptake and use of mobile financial services. By establishing an inventory of basic payment takers within the communities, the consultant is also expected to identify potential drivers for mobile financial payments within the rural communities and among low-income population groups.

Specifically, the consultant is expected to undertake the following:

- i) In consultation with the mobile network operators and financial services providers, identify financial inclusion needs of various population groups, relative to mobile f, with focus to rural and low-income population, as well as youth and women.
 - Develop a customer segmentation characterizing customers for mobile money based on use, type of transactions, location (rural/urban, district), and volume of transactions
 - Identify gaps and opportunities for mobile money among the targeted groups that may influence prospects for improved socio-economic and livelihoods development
 - Determine the technical, technological, cultural and economic factors associated with latent demand for mobile money among the target population groups
- ii) Using primary and secondary literature, and based on the above, identify mobile money products and areas of innovations best suited to address the needs of the low-income and the rural population:
 - Identify major players, formal and informal, for supply of financial services among the low income and rural population of Lesotho, and the prevalent types of transactions undertaken.
 - Determine sources of income and major spending drivers (social and economic) within the communities
 - Based on the above, develop a ranking analysis for the supply and transactions, sources of income, spending drivers to determine opportunities for expansion
- iii) Establish feasibility and landscape for innovations for development of new products and applications
- iv) Develop recommendations for relevant products and applications that can best address the needs of the rural and low-income populace, youth and women

C. EXPECTED OUTPUTS AND DELIVERABLES

Deliverables/ Outputs	Estimated Duration to Complete	Target Due Dates	Review and Approvals Required
1) Inception report	5 days		Lesotho SIMM Technical team
2) Gap analysis relative to mobile money	20 days		Lesotho SIMM Technical team, UNDP
3) Analysis for sources, use and spending trends	10 days		a) Lesotho SIMM Technical team, UNDP
4) Recommendations on products and applications to address ma	10 days		Lesotho SIMM Technical team, UNDP
5) Validation session and report	5 days		Lesotho SIMM Technical team, UNDP
6) Final reports and exit report			Lesotho SIMM Technical team, UNDP

D. INSTITUTIONAL ARRANGEMENT

- b) The Consultant will be engaged by the UNDP, and becomes directly responsible to the UNDP – Deputy Resident Representative. However, s/he will liaise with the relevant Program Officer, and the Lesotho SIMM Platform Coordinator for implementation.
- c) The Coordinator for the Lesotho SIMM Platform will provide day to day supervision on the assignment, working in collaboration with the Project Technical Team to ensure delivery of the project objectives as set out in this terms of reference.
- d) The consultant is expected to make in person consultations with the relevant government ministries, mobile network operators (Vodacom and Econet), financial services providers and any relevant stakeholders.
- e) The Consultant will prepare reports and facilitate stakeholder sessions for validation at each stage of the assignment. The technical team is responsible for approving the Inception report, and endorsing all the subsequent report for a broad stakeholder validation. All reports will be validated by the Lesotho SIMM Platform and relevant stakeholders. Team members will have up-to 5 days to review reports and provide feedback to the consultant.
- f) The Consultant will be expected to engage with the various institutions, government and development partners working in the business development sector, and ensure participation of all relevant departments of government, civil society, academia, media and development partners.

- g) The consultant should have own computer and facilitate own access to internet, as necessary. The Ministry of Finance will provide all the logistical support to the consultant.

E. DURATION OF THE WORK AND DUTY STATION

- a) The assignment is expected to be carried out in 50 days, beginning August – October 2017.
- b) The assignment will be carried both at home and in location. The consultant will be expected to make in person consultations and validation sessions.
- c) On agreement with the Program Officer, Platform Coordinator and Ministry of Finance, the Consultant will determine requirements for reporting to office and for home delivery.
- d) The technical team will have 5-days to review and provide feedback on all the completed deliverables of the assignment

F. QUALIFICATIONS OF THE SUCCESSFUL INDIVIDUAL CONTRACTOR

Education: A Masters' Degree in Economics, Banking, Development Studies or any other relevant field

Skills and experience:

- A minimum of 10 years' experience in entrepreneurship development, rural development, inclusive finance (inclusive business) or private sector development.
- Proven experience with inclusive business models, private sector development, policy analysis and research
- Knowledge of financial inclusion, mobile money and technology for financial services will be an added advantage
- Knowledge of the Lesotho financial and private sector will be an added advantage
- Sound knowledge of the Sustainable Development Goals, Agenda 20163 and related principles for inclusion and poverty eradication livelihood development is an added advantage
- Proven experience in research for development
- Good analytical skills, with ability to come up with solutions to complex in interconnected development challenges

Attributes:

- Fluency in English
- Excellent communication, reporting, and presentation skills
- Demonstrate a high competency for integration of gender attributes into the assignment

G. SCOPE OF PRICE PROPOSAL AND SCHEDULE OF PAYMENTS

The financial proposal should be presented as a Lump Sum Amount –representative of payments closely linked to deliverables. Payments will be scheduled as:

Deliverables/ Outputs	% Payment	Expected Date of payment s	Review and Approvals Required
1) Inception report	20%		Lesotho SIMM Technical team
2) Gap analysis relative to mobile money	30%		Lesotho SIMM Technical team, UNDP
3) Analysis for sources, use and spending trends			Lesotho SIMM Technical team, UNDP
4) Recommendations on products and applications to address ma	30%		Lesotho SIMM Technical team, UNDP
5) Validation session and report			Lesotho SIMM Technical team, UNDP
6) Final reports and exit report	20%		Lesotho SIMM Technical team, UNDP

H. RECOMMENDED PRESENTATION OF OFFER

For purposes of generating Offers whose contents are uniformly presented and to facilitate their comparative analysis, it is best to recommend the preferred contents and presentation of the Offer to be submitted, as well as the format/sequencing of their presentation. The following documents may be requested:

- Duly accomplished Letter of Confirmation of Interest and Availability using the template provided by UNDP;
- Personal CV and P11, indicating all past experience from similar projects, as well as the contact details (email and telephone number) of the Candidate and at least three (3) professional references;
- Brief description of why the individual considers him/herself as the most suitable for the assignment, and a methodology, on how they will approach and complete the assignment.
- Financial Proposal that indicates the all-inclusive fixed total contract price, supported by a breakdown of costs, as per template provided. If the consultant is employed by an organization/company/institution, and he/she expects his/her employer to charge a management fee in the process of releasing him/her to UNDP under Reimbursable Loan Agreement (RLA), he must indicate at this point, and ensure that all such costs are duly incorporated in the financial proposal submitted to UNDP.

I. CRITERIA FOR SELECTION OF THE BEST OFFER

A successful Consultants will be selected based on the Combined Scoring method – where the qualifications and methodology will be weighted a max. of 70%, and combined with the price offer which will be weighted a max of 30%. The criteria for scoring will be guided by the following:

Criteria for technical evaluation	Ranking
1) Academic Qualification	5%
2) Professional Experience as outlined in Section F above	20%
3) Experience with inclusive business models, private sector development, policy analysis and research	35%
4) Knowledge of mobile money, and financial inclusion in developing countries	
5) Research and knowledge of inclusive finance and technology for development	
6) English writing and oral skills	5%
7) Methodology and technical proposal	35%
8) TOTAL	100%

J. ANNEXES TO THE TOR

- Template for Confirmation of interest and availability
- Template for P11

K. PROPOSALS WITH THE REQUIREMENTS LISTED ABOVE MAY BE SUBMITTED TO:

RFP: Demand Study for Mobile Money

Resident Representative
United Nations Development Program
United Nations Road
3rd Floor, United Nations House
Maseru 100
e-mail: ls.procurement@undp.org

Strictly **ONLY E-MAIL** submissions to the above address will be reviewed.

L. APPROVAL

This TOR is approved by:

Name: Ms. Christy Ahenkora

Designation: UNDP Deputy Resident Representative

Signature: 

Date of Signing: 24/07/17

