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ETHIOPIA

TERM OF REFERENCE (ToR) FOR THE RECRUITMENT OF INDIVIDUAL CONSULTANT (IC)

GENERAL INFORMATION

Services/Work Description:	To Conduct a Study on Enhancing Financial Literacy in Ethiopia
Project/Program Title:	Expanding Financial Inclusion in Ethiopia through the Creation of an Electronic Distribution Channel
Post Title:	National Consultant
Consultant Level:	Level B (Specialist)
Duty Station:	Addis Ababa / Home-based / with some travel
Expected Places of Travel:	Sample urban and semi-urban areas in Ethiopia
Duration:	90 working days
Expected Start Date:	Immediately after Concluding Contract Agreement

I. BACKGROUND / RATIONALE

Background

Today, international entities such as the African Union, African Development Bank, United Nations, the G20 and the APEC Finance Ministers are stressing the importance of financial education for all specifically for women, children and the youth. For one thing, the growing sophistication of financial systems means people specifically the young people are being offered a variety of complex financial products and services, with some risks attached. Financial education linked with access to financial services will increase their knowledge of and experience with financial services, and inculcate in them good financial habits that will most likely translate into permanent financial skills and behaviour.

According to the 2012 African Economic Outlook, banking coverage stands at about 120,755 people per commercial bank branch, making Ethiopia one of the most under-banked countries in sub-Saharan Africa. In Ethiopia access to finance and financial services are concentrated in urban and semi-urban areas, with Addis Ababa accounting for the majority. In the GTP, the government places greater emphasis on strengthening modern payment systems, developing regulations to international standards and facilitating access to financial services. It is expected that these initiatives will enable the current level of access to finance of 20% to reach 67% by the end of 2015. In addition, the population's income is expected to grow in the years to come. These developments provide potential benefits to people, but they also give rise to risks which may be unfamiliar to new and prospective customers. Therefore, there is a need to equip the people with the proper knowledge and skills which help them to evaluate their options, and make the necessary and best choices suited to their needs and situations. Also provision of the financial skills and tools to the people help them manage their risks and help them protect and increase the little asset they have.

On the other hand instilling important savings habits in people especially among the youth, which constitute more than half of the population, is beneficial both at the national and the individual level. Ethiopians would benefit from not being scared of banks, from being able to save, plan and budget responsibly, and from having enough confidence to create their own enterprises. It is indeed a long-term investment, as this generation is able to pass on this culture to the next generation.

Financial literacy has been linked not only to financial goals, such as poverty reduction and inclusive growth and transformation, but also to food security, nutrition and health, and crime reduction. Hence, financial education and consumer protection is not only in the interest of final consumers only but also financial service providers, government, and other many civil societies. Consequently, it is essential to complement the perceived development of the country and the growth of inclusive finance service providers with setting up proper financial consumer protection schemes and expand financial education among the people.

Rationale

The Growth and Transformation plan is currently under its third year of implementation and various concerned organs in their respective sectors are performing their level best to the achievement of the GTP objectives. The main goal of the GTP is to transform the country and make it among one of the middle income countries by 2025. The GTP stipulates that its ambitious developmental projects and programmes are mainly financed through domestic resource mobilization, mainly domestic savings. Consequently, an essential step towards achieving GTP is improving the financial service access, serve financially excluded population and mobilize the required savings required to finance the different investments. To this end, it has become necessary to improve the financial literacy of the public through implementation of integrated financial education program in a manner that will enable them to have the required knowledge and confidence to participate in the financial system, consume the various financial products from the service providers and more importantly enhance domestic savings.

Every country has initially based its regulation and supervision of financial services providers on prudential regulation – that is, seeking to ensure that firms are financially solvent and soundly managed. However, many countries have subsequently developed, or are currently putting in place, a financial consumer protection (or market conduct) regulatory regime, to ensure that consumers are treated fairly and transparently¹. Presently, there are no regulatory requirements or industry code of conduct with regard to financial literacy and consumer protection requirements in Ethiopia. On the other hand, a major part of the rural population and urban poor in Ethiopia lack the necessary knowledge and financial skill to effectively manage their income.

Under the GTP and the IFAD's Rural Financial Intermediation Programme (RUFIP II) more population will have access to finance and a variety of financial products will be available in the market; which for example, are specific to the needs of the SME operators. In addition, the population's income is expected to grow in the years to come. These developments provide potential benefits to people, but they also give rise to risks which may be unfamiliar to new and prospective customers. Therefore, there is a need to equip the people with the proper knowledge and skills which help them to evaluate their options, and make the necessary and best choices suited to their needs and situations. Also provision of the financial skills and tools to the people help them manage their risks and help protect and increase the little asset they have.

¹ *Towards an Effective Framework for Financial Literacy and Financial Consumer Protection in Uganda, 2011*

Financial education is critical to financial inclusion as it can facilitate effective use of financial products and services. It can enhance the ability of citizens to understand the availability of and know how to use these products and services and be able to make informed choices about saving and increasing saving capacity, about borrowing, and about protecting themselves against risks in their day-to-day lives and plan for the future. This will promote savings and household asset accumulation, which are important benefits not only for individuals, but also for wider economy in the country. There is also a role for promoting financial education in the context of development policies and programs to reduce vulnerability and expand opportunities for the poor.

II. OBJECTIVE AND SCOPE OF THE CONSULTANCY

The Financial Literacy study is expected to assess the financial sector in Ethiopia in terms of a wide range of areas which include: enhancing financial discipline among the people, increasing access of people to formal financial services, and building sustainable nation base with respect to resource management and strengthening domestic resource base for growth and transformation to site some.

The objective of the study is to assess and understand the country's landscape of financial literacy and consumer protection as part of the larger agenda in promoting a more inclusive growth and poverty reduction in Ethiopia. The study will focus on low income households in urban and semi-urban areas with access to financial services (banks, MFIs, insurance, ...) and recommend policy options.

More specifically the consultancy will:

- Stock-take of the financial literacy initiatives (current or previous) that have been implemented, including all available pertinent details regarding these initiatives in some of the urban and semi-urban areas;
- Contextual input on relevant demographics, culture, education levels, socio-economic indicators, financial inclusion, levels of awareness and spectrum of financial products;
- Analyse the data collected and prepare a report with conclusions and policy recommendations taking into account the existing national strategy, contextual factors and the probable availability of resources and distribution channels;
- Identification of stakeholders and organisations to be involved and/or considered and making recommendations on manner of the involvement of both the public and private sector as well as international organisations;
- Identification of organizations or agents involved in other public education/outreach activities, which may serve as potential agents of change in the financial education agenda.

III. TASKS AND RESPONSIBILITIES OF THE CONSULTANT

- Undertake situational analysis and scoping exercise on the status of financial literacy in urban and semi-urban areas.
- Explore what improves financial capability and well-being for women, youth (both men and women), and their households.

- Draw best practices and lessons from other developing countries that successfully integrated financial literacy to better promote a more inclusive financial sector
- Analyse the data and prepare a report with conclusions and policy recommendations

IV. METHODOLOGY

The study will use various research methods including desk review, interviews and observation. An analysis of the data collected will lead to a better understanding of the current state of Financial Literacy in urban and semi-urban areas with access to financial services (banks, MFIs, insurance, ...) in Ethiopia. Based on the analysis a policy recommendation will be developed.

V. DELIVERABLES

The deliverables for the consultancy will be:

- a) Inception report that includes comments on the TOR and detailed work plan
- b) A succinct report on the situational analysis and scoping of financial literacy in urban and semi-urban areas in Ethiopia addressing points detailed above, containing an introduction, executive summary, analysis and cross cutting findings, conclusions and recommendations.
- c) A validation workshop to support the analysis, findings and recommendation of the report.

VI. DURATION OF THE ASSIGNMENT AND TIMEFRAME FOR DELIVERABLES

The period to complete this specific assignment is approximately 90 working days and UNDP (Economic Growth and Poverty Reduction Unit) will lead and coordinate the assignment, including facilitating access to relevant reports and reference materials. The timeline presented below will be adopted in completing the assignment from the day of signing the contract:

No.	Deliverables or Tasks	Location and Action to be Undertaken	Duration (approximate)
1	Submission of inception report		within 5days after the signing of the contract
2	Submission of 1 st draft report		within 25 days after the submission of inception report
3	Submission of 2 nd draft report		within 25 days
4	Submission of final report +Validation**		within 35 days

**Consultation workshop with identified key stakeholders will be organized by MoFED/ UNDP to share and validate the findings immediately after the submission of the second draft.

VII. INSTITUTIONAL ARRANGEMENT

The national consultant will report to the UNDP Team Leader of Economic Growth and Poverty Reduction Unit who will oversee and coordinate the study.

VIII. COMPETENCIES, ACADEMIC QUALIFICATION, EXPERIENCE AND LANGUAGE

The Consultant is required to have the following professional and technical qualifications. **Only the applicants who hold these qualifications** will be shortlisted and contacted.

COMPETENCIES:

a. Core/Professional Competencies:

- Professionalism
 - Ability to understand the financial sector and interpret the concept of financial inclusion and translate those into technical requirements
 - Ability to identify key procedures and issues, conduct data collection, operational analyses and discussions with decision-makers to propose solutions to these issues.
 - Ability to apply sound judgment in the context of assignments given, and work under pressure.
 - Shows persistence and remains calm in stressful situations.
 - Shows pride in work and achievements, demonstrates professional competence and mastery of the subject matter.
 - Responds positively to feedback and different points of view. Conscientious and efficient in meeting commitments, observing deadlines and achieving results.
 - Knowledge of and experience on Ethiopia's finance sector would be an asset
- Planning and Organizing
 - Develops clear goals that are consistent with the terms defined here.
 - Identifies priority activities and assignments, and adjusts them as required.
 - Allocates appropriate time and resources for completing work by foreseeing risks and developing contingency plans accordingly.
 - Monitors and adjusts plans as necessary, and uses time effectively.
- Communications
 - Speaks and writes clearly and effectively; listens to others, correctly interprets messages from others and responds appropriately; asks questions to clarify, and exhibits interest in having two-way communication; tailors language, tone, style and format to match audience. Keeps confidential information undisclosed.
- Accountability
 - Takes ownership of responsibilities and honors commitments.
 - Delivers assigned tasks within prescribed time, cost and quality standards.
 - Operates in compliance with organizational regulations and rules.
 - Takes personal responsibility for his/her shortcomings.
- Performer
 - Works against an agreed outcome and priorities.
 - Seeks performance feedback from supervisors and support staff in the performance review in a constructive and objective manner.

Example:

b. Functional Competencies:

- Strong knowledge of the financial sector policy and the regulatory framework
- Excellent research, analytical and reporting skills;
- Ability to provide general leadership and direction to the study/research analysis and report writing;
- Excellent research and advocacy skills relating to financial management, financial education, saving behaviour and household saving;

- Strong organizational skills;
- Strong communication skills;
- Ability to undertake technical policy-focused research related to financial literacy
- Ability to work under pressure, with a group of UN agencies, and to deliver in a timely manner without compromising quality standards;

ACADEMIC QUALIFICATION:

- At least Master's degree in financial management and /or development economics who is well acquainted with the Ethiopian Banking or Microfinance sector

WORK EXPERIENCE:

- A minimum of eight years of relevant work experience after achieving higher degree in the above mentioned fields out of which at least four year are in the financial sector.

LANGUAGE AND OTHER SKILLS:

- Excellent knowledge of English, including the ability to set out a coherent argument in presentations and group interactions;
- Capacity to communicate fluently with different stakeholders (civil society, government authorities, local communities, project staff, MFIs); and
- Computer skills: Full command of Microsoft applications (word, excel, PowerPoint) and common internet applications will be required.

IX. CRITERIA FOR SELECTING THE BEST OFFER

Upon the advertisement of the Procurement Notice, qualified Individual Consultant is expected to submit both the Technical and Financial Proposals. Accordingly; Individual Consultants will be evaluated based on Cumulative Analysis as per the following scenario:

- Responsive/compliant/acceptable, and
- Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation. In this regard, the respective weight of the proposals are:
 - a. Technical Criteria weight is **70%**
 - b. Financial Criteria weight is **30%**

Criteria:	Weight	Max. Point
Technical Competence (based on CV, Proposal and interview (if required))	70%	100
▪ Minimum educational background		10
▪ Past experience in similar projects and contracts		20
▪ Understanding the Scope of Work and Methodology (from the written technical proposal)		50
▪ Individual competencies (Analytical and Communication Skills) - in case there will be an interview		20
Financial (Lower Offer/Offer*100)	30%	30
Total Score	Technical Score * 70% + Financial Score * 30%	

X. PAYMENT MILESTONES AND AUTHORITY

The prospective consultant will indicate the cost of services for each deliverable in US dollars when applying for this consultancy. The consultant will be paid based on the effective UN exchange rate (where applicable), and only after the Economic Growth and Poverty Reduction Unit confirms the successful completion of each deliverable as stipulated hereunder. In accordance with UNDP rules, the lump sum contract amount to be offered should consider the professional fee inclusive of travel, communications, out of pocket expenses, and other ancillary costs.

The qualified consultant shall receive his/her lump sum service fees upon certification of the completed tasks satisfactorily, as per the following payment schedule:

Instalment of Payment/ Period	Deliverables or Documents to be Delivered	Approval should be obtained from:	Percentage of Payment
1 st Instalment	Submission of inception report within Five (5) days by the consultant as per the ToR and review and acceptance of the report confirmed by payment certificate from UNDP	UNDP Team Leader, Economic Growth and Poverty Reduction Unit	20%
2 nd Instalment	Submission of first draft report by the consultant as per the ToR and review and acceptance of the report confirmed by payment certificate from UNDP. The production of first draft report takes Thirty (30) days.	“	30%
3 rd Instalment	Submission of second draft report by the consultant as per the ToR and review and acceptance of the report confirmed by payment certificate from UNDP. The production of second draft report takes Twenty (20) days.	“	20%
4 th Instalment	Conduct validation workshop and submission of final report by the Consultant as per the ToR and review and acceptance of the report confirmed by payment certificate from UNDP. The production of second draft report takes Thirty-five (35) days.	“	30%

XI. RECOMMENDED PRESENTATION OF PROPOSAL

For purposes of generating proposals whose contents are uniformly presented and to facilitate their comparative review, you are hereby given a template of the Table of Content. Accordingly; your Technical Proposal document must have at least the following preferred content and shall follow its respective format/sequencing as follows.

TECHNICAL PROPOSAL COVER PAGES

Cover Page (use the template hereto)

Cover Letter (use the template hereto)

Statement of Declaration (use the template hereto)

SECTION I. TECHNICAL PROPOSAL SUBMISSION FORM

1.1 Letter of Motivation

1.2 Proposed Methodology

1.3 Past Experience in Similar Consultancy and/or Projects

1.4 Implementation Timelines

1.5 List of Personal Referees

1.6 Bank Reference details

SECTION II. ANNEXES

Duly Signed Offeror's Letter to UNDP Confirming Interest and Availability (use the template hereto)

Duly Signed Consultant's CV

XII. CONFIDENTIALITY AND PROPRIETARY INTERESTS

The Individual Consultant shall not either during the term or after termination of the assignment, disclose any proprietary or confidential information related to the consultancy service without prior written consent. Proprietary interests on all materials and documents prepared by the consultants under the assignment shall become and remain properties of UNDP.