## TERMS OF REFERENCE

**POST TITLE:** MAP Diagnostic Consultant: Perform a financial inclusion diagnostic, draft a synthesis note and contribute to the roadmap for policy development  
**AGENCY/PROJECT NAME:** Making Access to Finance More Inclusive for Poor People (UNCDF Programme, Project ID 00076452)  
**COUNTRY OF ASSIGNMENT:** Vientiane, Lao PDR

### 1) GENERAL BACKGROUND

**MAFIPP**

"Making Access to Finance More Inclusive for Poor People" is a programme of UN Capital Development Fund, nationally implemented by the Bank of the Lao PDR (BOL) on behalf of the Government of the Lao PDR (GOL). It will contribute to improved and equitable access to land, markets, social and economic services, as well as progression to an enabled environment for growth with equity. It will specifically increase access to financial services by low-income households and micro-entrepreneurs on a sustainable basis.

Under MAFIPP, “Making Access to Financial Services Possible” (MAP) is one of a key and prioritized activity that will contribute to the achievement of the MAFIPP Programme Outcome; increased access to financial services for low-income households and micro entrepreneurs in the Lao PDR. MAP’s contribution will be realized by supporting the development of a strong financial sector in the Lao People’s Democratic Republic (Lao PDR), inclusive for low-income households and (their) micro and small enterprises.

**MAP**

Making Access Possible (MAP) is a multi-country diagnostic and programmatic framework to support expanding access to financial services for individuals and micro and small businesses. MAP has been initiated by UNCDF as one of its main programmes to enhance financial inclusion in LDC’s.

Through a dialogue and evidence-based process, MAP aligns a broad range of stakeholders from within government, private sector and the donor community to create a set of practical actions aimed at extending financial inclusion tailored to that country. Importantly, financial inclusion is pursued not as an objective in and of itself, but for its role in achieving the core public policy objective of enhancing household welfare, supporting livelihoods and contributing to economic growth and employment (the so-called “real economy”).

The MAP methodology has been jointly developed by UNCDF, FinMark Trust and Cenfri. This methodology spans the country context, supply, regulatory framework and demand for financial services across four product markets: credit, payments, savings and insurance. The methodology has been adjusted and refined following the MAP pilot phase to accommodate experience with the first set of MAP countries.
The details of the methodology are set out in an eight-part MAP toolkit series, which forms the basis for the consultants’ terms of reference and should in all instances guide the consultant in terms of the type of information and level of detail to be sourced, as well as the insights to be developed as part of the synthesis process. The diagnostic consultants will be briefed on the methodology by the MAP technical partner, Cenfri, who will play a quality assurance and technical support role as set out in Annexure A.

These terms of reference provide background to what MAP is, what the objectives are of MAP in Laos, the scope of work the consultants will need to provide, the deliverables that are required under this contract and the anticipated timelines for implementation. It also sets out how the consultant will need to work with the MAP partners on this project.

**What does MAP entail?**

The global MAP programme comprises three levels of engagement:

- **Country diagnostics:** At the heart of the methodology is a comprehensive country-level financial inclusion diagnostic to identify actions and strategies that will improve the welfare of low-income households through increased financial inclusion.

  A diagnostic is an analytical study that analyses the demand for and supply of financial services within a country and the impact that the country context, policy, regulation and supervision has on such demand and supply. The purpose of the analysis is to gain a static (depicting the current situation) as well as dynamic (depicting how the market has developed over time) understanding of financial inclusion in a country. This is done in order to understand and address the underlying driving forces of the market.

  The MAP diagnostic is set aside from other diagnostic initiatives in that it seeks to:

  - Take an *integrated view* of the financial sector — covering demand, supply and regulation across product areas — that places various products and players in context and explores the ability and willingness of the formal sector to serve the excluded and underserved market
  - Build a *holistic picture* of the drivers of financial inclusion and the eco-system within which the financial services sector has to be evaluated, thereby providing language and a framework to the domestic debate regarding how to facilitate financial inclusion
  - Place the *demand-side perspective* at the core of the analysis and utilise the FinScope survey methodology as well as qualitative demand-side research to provide an informed demand-side perspective that permeates the whole MAP analysis
  - Demonstrate *opportunities for and identify context-related, market-related and regulatory obstacles* to expanding financial inclusion
  - Not just extend the coverage of financial products, but *improve welfare* through financial services that offer value to consumers
  - Use the research to generate an *evidence base for a process of engagement to generate buy-in and catalyse a practical set of actions* (see below)

  - **Country-level stakeholder process:** The diagnostic is a means to an end, rather than the end in itself. It identifies key drivers of financial inclusion and provides the evidence base for the development of a comprehensive financial inclusion implementation roadmap that aligns stakeholders and resources around agreed key priorities. The process is aimed at creating buy-in and ownership from various public and private sector stakeholders and facilitating the implementation of a national financial inclusion roadmap and action plan based on recommendations emerging from the diagnostic.
The roadmap is a strategy document that details focus areas and responsibilities to take the strategy process forward. It is the foundation for the development of an action plan, which adds further detail and timelines to create an implementable and sustainable plan to improve financial inclusion and informs UNCDF and other donor programming in the country.

- **Global stakeholder process.** The content and process lessons from the country level diagnostics and stakeholder processes form a growing knowledge base of cross-country experiences on financial inclusion. The global process knits together the experiences of the different country diagnostics and processes. Using the evidence gathered at the country level, the project engages various international platforms and entities impacting on financial inclusion.

  Resources to know more about MAP: cenfri.org/map
  - http://www.uncdf.org/en/making-access-possible

2) OBJECTIVES OF THE ASSIGNMENT

Following the MAP toolkits and under the guidance from Cenfri, the consultant will provide a comprehensive diagnostic of the status of financial inclusion in Laos being fully in charge of the context, supply and regulatory aspects, and incorporating the outcomes of the demand-side analysis from FinMark Trust and Cenfri.

The assignment could be extended to cover also the facilitation of the roadmap formulation with the local stakeholders following the presentation of the first draft by Cenfri.

3) SCOPE OF WORK

The diagnostic consultants will be responsible for developing one core output in the form of a MAP diagnostic document (more details below) In addition, they are required to attend and make presentations at three stakeholder workshops, work closely with the UNCDF, FinMark Trust FinScope team, as well as with Cenfri as technical MAP partner and quality assurer. Cenfri will also be responsible for drafting two further deliverables based on the contents in the diagnostic document: a synthesis note of main findings and recommendations, as well as a roadmap for stakeholder action based on the diagnostic findings (Cenfri’s full role is set out in Annexure A).

Below, more detail is provided on each of the key deliverables:

1. **Diagnostic**

The diagnostic consultants are responsible for drafting a comprehensive diagnostic report in line with the quality assurance standards in Annexure A, the guidance provided in the MAP briefing session, the MAP toolkits and with consideration of existing MAP diagnostic reports. This report will require a comprehensive, evidence based, integrated analysis of country context, demand, supply and regulatory information across the payments, credit, savings and insurance markets. Annexure B sets out an indicative template structure of MAP diagnostic reports and a brief summary of the analysis required for each section. Consultants should refer to the MAP toolkit for more details.

As indicated above, a core feature of MAP is that it takes an integrated view of the financial sector. As such, the MAP diagnostic approach spans five key components:

- **Context.** The country context is the backdrop against which the financial services market develops. The context analysis includes the macro, socioeconomic and demographic context, the political economy as well as the general and social infrastructure underlying financial services
provision and usage. The rationale for and aspects to cover as part of the context analysis are considered in more detail in Toolkit III.

- **Demand.** What makes MAP unique vis-à-vis other diagnostic initiatives is the central role assigned to the demand-side analysis – the subject of Toolkit V. The demand-side analysis integrates qualitative and quantitative demand-side research components in order to ascertain the features of demand in the particular context and how it differs across product markets:
  
  - **Qualitative research** entails focus group discussions, client interviews or other methodologies to gauge the target market’s realities, perceptions, needs and financial behaviour at a qualitative level. Note that, in the case of MAP Laos, no dedicated qualitative research component will be included. Thus the diagnostic consultants are not expected to integrate primary qualitative demand-side findings in the analysis. However, where relevant secondary qualitative information is available, this should be incorporated.
  
  - **Quantitative research** entails the roll-out and analysis of a FinScope survey. FinScope is a nationally representative survey of consumers’ perceptions on and usage of financial services that seeks to understand current levels of financial service access and usage. It also unpacks the main drivers of usage to understand barriers to uptake of financial services. See www.finmark.org.za for more information on FinScope. The survey is based on a comprehensive questionnaire that draws out these insights in a comparable manner. The diagnostic consultants have to integrate the FinScope evidence and insights into the overall MAP analysis. They will not be required to design or implement the survey. Neither will they be required to conduct the primary analysis of the dataset or the target market segmentation (see below). This will be part of the role of MAP technical partner Cenfri.

The MAP methodology uses the demand-side research to segment the adult population into discrete target markets, using main source of income as main basis for segmentation. The demand-side insights regarding the needs, profile and financial service uptake of the various target markets are central in informing the supply-side analysis, as well as the overarching conclusions and recommendations. Toolkit V explains the segmentation methodology, outlines the various elements of the MAP diagnostic that draw on the demand-side research and gives guidance on how to incorporate the demand-side evidence and insights into the overall MAP analysis.

- **Supply.** The supply-side analysis spans providers, products and distribution channels across four product markets: payments, savings, credit and insurance. Evidence is gathered through an in depth literature review, analysis of annual reports, regulatory and other available datasets, as well as from product brochures, stakeholder interviews and mystery shopping. Both formal and informal supply should be evaluated. The analysis should span the nature, operations and financial performance of the different providers, the nature, features and reach of the various distribution channels used (current as well as potential), as well as the key features (including functionality, entry or eligibility requirements and fees) of a representative range of entry-level products in each product market. The various aspects to cover as part of the supply-side analysis are discussed in Toolkit VI. Toolkit VIII provides a number of checklists, templates and suggested sources to draw on.

- **Regulation.** The regulatory component of the analysis is covered in Toolkit IV. As regulation represents the “rules of the game” for all financial service providers, it is important to understand the financial sector policy framework (including the main policy objectives and the role, if any, of financial inclusion) and any reform processes, to outline the material regulatory provisions of relevance to financial inclusion across the various product markets and to unpack the regulatory issues and constraints to market provision. Where relevant, existing policies and public initiatives to support financial inclusion should also be outlined. To this end, the diagnostic consultants must analyse all relevant acts and other regulatory materials, plus use stakeholder interviews to build an understanding of the regulatory framework and its implications for market development.
- **Diagnostic report and cross-cutting findings.** The diagnostic report pulls together key findings across the various components to conclude on the current state of financial inclusion, the gaps and barriers, as well as the opportunities towards the overarching objective that can then form the basis for roadmap recommendations. Importantly, it should apply a target market lens in order to conclude on key gaps and opportunities across target market segments. The process to synthesise findings across the various components of the diagnostic is key to developing priority areas to advance financial inclusion, which will form the conclusion of the diagnostic report. Toolkit VII outlines the synthesis process and elements and provides an indicative structure for the diagnostic report. Findings developed during this process will be presented to Cenfri and UNCDF during the synthesis workshop for refinement and then subsequently to the steering committee once finalised.

In summary: as input to the drafting of the diagnostic report, the diagnostic consultants’ tasks include:

- Gathering and analysis of secondary data and reports on all components of the diagnostic as outlined above;
- Analysis of all relevant aspects of the regulatory framework;
- Extensive in-country interviews with public and private sector stakeholders to be conducted by the consultant;
- Integration of demand-side evidence into analysis;
- Collection and analysis of product, provider, branch and infrastructure data; and
- Identification and documentation of key findings and priority recommendations to improve financial inclusion in Laos.

- A synthesis working session with Cenfri and the UNCDF to fine-tune financial inclusion priority areas (see Annexure A).

2. Workshop attendance and presentations
The diagnostic consultants will be required to participate in the following sessions:

- A MAP briefing-training session at the kick-off stage, where diagnostic consultants will receive a detailed explanation of the MAP methodology;
- Synthesis working session to present and discuss findings with Cenfri and the UNCDF;
- Stakeholder meetings to present findings from the research: (i) initial workshop(s) to present the diagnostic results, followed by (ii) dedicated workshop(s) to inform the development of the financial inclusion roadmap that will stem from the diagnostic results and recommendations.

Inputs provided by MAP partners into the diagnostic process:

- **FinScope:** FinMark Trust oversees the design and implementation of the FinScope survey. Furthermore, a brief analysis of FinScope will be done by FinMark Trust. A more comprehensive FinScope analysis will be required for the diagnostic document. This will be done by Cenfri.
- **Quality control and technical support:** Cenfri, in its role as MAP technical partner, will provide overall guidance and quality control to the consultants implementing the analysis, including a detailed briefing session. The consultant will need to work closely with Cenfri, as set out in Annexure A, which contains the quality control standards and a brief description of Cenfri’s role. Cenfri will also take the diagnostic findings and translate them into a short synthesis summary note, plus will develop the roadmap.

1 Interviews would be conducted with key public and private sector players in the financial sector, telecoms industries, agriculture and ministries responsible for general planning. Informal providers and significant aggregators or distributors such as cooperatives or agrodealers would also need to be interviewed.

2 Cenfri will provide input into the demand-side analysis through the provision of relevant FinScope analysis to inform the diagnostic. A 40 slide pack covering the core demand side analysis will be provided to the diagnostic consultant with a further 10 slides to be provided based on requests from the consultant. Cenfri’s input in terms of this will be time limited, as stipulated in the Cenfri MAP Partner ToR.
• **UNCDF country presence**: A local coordinator will be provided to arrange country meetings, collect supplemental product level data and convene stakeholder working sessions.

Key roles and responsibilities are summarised in Annexure C, the responsibility matrix.

4) **DURATION OF ASSIGNMENT, DUTY STATION AND EXPECTED PLACES OF TRAVEL**

- Contract duration: 31 February 2015 – 31 January 2016 (12 months)
- Duty Station/Home-base: Vientiane Capital and other provinces as required

**Total Payment details:**
- Consultancy days: 120 days – with a possible extension to a total of up to 160 days
- **DSA for training by Cenfrí and field visit if outside Vientiane**: UN Exchange rate is applied according to the location (no DSA is paid for working days in Vientiane Capital).
  - All proposals to include a detailed methodology to implement.
  - Full pricing, including number of anticipated days of travel.

5) **FINAL PRODUCTS**

**Key Deliverables**
- Provide input to the monthly progress report (narrative and financial) that will be prepared by the local coordinator.
- Laos PDR Financial Sector background report
- PEA Assessment report
- Full Diagnostic report
- Presentation of findings at a steering committee, stakeholder and roadmap working session respectively.
- Participation in a training session, a synthesis session and fortnightly project calls with the MAP partners

All final products delivered by the consultancy must be provided in hardcopy and softcopy to MAFIPP. Any and all secondary source materials must clearly recognize original authorship and copyright.

The payment schedule related to this assignment shall be made in tranches upon the completion of the following deliverables:

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<tr>
<th>Indicative Dates</th>
<th>Expected Dates</th>
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<tr>
<td>25%: Upon submission of the initial mission plan</td>
<td>15 February 2015</td>
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<tr>
<td>25%: Submission of first draft of the Diagnostic report</td>
<td>1 March 2015</td>
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<tr>
<td>50%: Submission of the comprehensive diagnostic report (see Box 1) to be refined by Cenfrí at a later stage</td>
<td>31 March 2015</td>
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<tr>
<td>Regulatory overview</td>
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<td>o Regulatory framework to promote access to financial services</td>
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<td>o Policy objective for financial inclusion</td>
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<td>o Regulatory framework</td>
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<td>Provision of financial services</td>
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<td>o Provider overview</td>
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<td>o Distribution and financial sector infrastructure</td>
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<td>Product markets (supply-side information: product features, volumes,...)</td>
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<tr>
<td>30%: Submission of the Draft Diagnostic Report</td>
<td>15 June 2015</td>
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Commented [CJ1]: Synthesis due in May with bulk of work over 1Q15 but I’m taking maximum precaution so that we can assist the roadmap formulation or review the diagnostic if SC not in agreement.

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Commented [CJ3]: Added a provision of +40 days in case MT Ideally you want to contract a team with junior staff, so some flexibility should be provided here to accommodate this

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Commented [T.H.9]: What is PEA Assessment report?

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75%: Submission of the complete and final Diagnostic Report and input into the roadmap report

The Consultant’s performance and outputs will be reviewed and assessed against the agreed final products prior to authorizing payments.

6) PROVISION OF MONITORING AND PROGRESS CONTROLS

The consultancy will report to the MAFIPP Int’l Technical Specialist based in Vientiane and to the Global MAP Programme Advisor. UNCDF will be responsible for sharing any outputs among stakeholders.

The consultant will work closely with Cenfri for technical oversight as indicated in Annexure A. A responsibility matrix sets out roles and responsibilities of all parties involved as per Annexure C.

7) DEGREE OF EXPERTISE AND QUALIFICATIONS

- Proposals to demonstrate skills and experience working in large financial inclusion projects in Laos
- Proposals to provide a detailed breakdown of time split and work breakdown between Laosi organisation and international consultants (if any)
- Senior team members should have:
  - Advanced degree in economics, finance, business or public administration or related field. A minimum of 7 years relevant, practical working experience within the financial sector and/or microfinance for the base of the pyramid, preferably in least developed countries (LDCs);
  - Documented, deep technical knowledge and experience with commercial banking and/or micro finance sector experience;
  - Econometric experience to analyse FinScope demand-side survey data preferable;
  - Knowledge of the Laos financial services sector will be an advantage;
  - Experiences with similar assignments in Laos and/or other developing countries will be an added advantage;
  - Experience undertaking diagnostic assessments;
  - Excellent organizational, inter-personal, communication and administrative skills;
  - Strong report writing and analytical skills;
  - Familiarity with UN/UNCDF rules and procedures is an advantage;
  - Excellent command of the English language, with outstanding written and oral communication skills

8) APPLICATION

Applications will be rated on technical and financial submissions, and also an interview of the short-listed candidates. The award of the contract should be made to the individual consultant whose offer has been evaluated and determined as:

a) responsive/compliant/acceptable, and
b) Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation. Highest rated proposal using the combined scoring method, which assigns the weight distribution between the technical and financial proposals as set out in the RFP. The weight distribution shall be 70% technical and 30% financial.

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<th>Criteria</th>
<th>Weight</th>
<th>Max Points obtainable</th>
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<td>a. Education / background</td>
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Candidates shortlisted will be invited to an online briefing session with UNCDF and Cenfrí where the MAP methodology will be presented in greater detail. Following this briefing session the candidates will have to submit a brief document (5 pages maximum) with their initial view of key focus areas for inclusion in Laos and the research approach they would adopt to test and refine these areas in the Laos context.

Only candidates passing the minimum technical score of 50 points will be considered for financial evaluation.

All applications must contain the following information:

(i) Cover letter with a summary statement of competencies in relation to the TOR
(ii) Earliest availability
(iii) Curriculum Vitae
(iv) Financial proposal stating the professional fees inclusive of living costs in Vientiane and travel from place of residence to duty station Vientiane covering 120 days of work; cost of the daily all inclusive professional fee for the possible extension beyond 120 days.

Travel outside Vientiane as required by the assignment is out of the scope of the financial proposal.

Financial proposal 0.30 10
Total points obtainable 1.0 100

All interested and qualified candidates should submit proposals to the following email account: lao.procurement@undp.org referencing “Credit management and Credit Expansion MAP Diagnostic Consultant”

Both individual consultants and individual employed by a company or institution are welcome to apply.

Any individual employed by a company or institution who would like to submit an offer in response to a Procurement Notice for IC must do so in their individual capacity (providing a CV so that their qualifications may be judged accordingly). Please note that in such case the company institution will be asked to issue an RLA. Women candidates or women-owned businesses are strongly encouraged to apply.

1 Completed P11 Personal History Form with names and current contacts of 3 referees (available from http://sas.undp.org/documents/p11_personal_history_form.doc) will be mandated for the successful candidate.

Commented [CJ18]: Am taking out because the consultant is to work on his/her own.

MT Would suggest you look for a team – junior team members are cheaper and more than one senior provides sometime to test and refine insights with.

Commented [CJ19]: Critical to give more weight to Lao language as it is an important request from MAFIPP NPD Dr Akhom.

Commented [CJ20]: The interview is not a criterion per se, it is a way to complement the desk review to assess points under b).

If procurement insists that it should be separate then its weight should be 20%, i.e. same as b) then indicated as “desk review”. Can we indicate that only candidates meeting a certain technical level (which?) will be interviewed?
9) CONSULTANT PRESENCE REQUIRED ON DUTY STATION/UNDP PREMISES

X INTERMITTENT

Reviewed by:  

Approved by:  

____________________________  
Mr. Visone SAYSONGHAM  
Project Manager  
MAFIPP  
Bank of Lao PDR

____________________________  
Dr. Akhom PRASEUTH  
National Project Director  
MAFIPP  
Bank of Lao PDR
Appendix A: MAP quality assurance approach

Background

Quality assurance is a key focus area of MAP to ensure a consistent relevant approach to improve financial inclusion across the different countries in which MAP is being rolled out. The MAP methodology has been jointly developed by UNCDF, FinMark Trust and Cenfri. This methodology spans the country context, supply, regulatory framework and demand for financial services across four product markets: credit, payments, savings and insurance. MAP is being rolled out in a number of countries and regions.

The details of the methodology are set out in an eight-part MAP toolkit series, which forms the basis for the consultants’ terms of reference and should in all instances guide the consultant in terms of the type of information and level of detail to be sourced, as well as the insights to be developed as part of the synthesis process.

UNCDF is the MAP implementation partner in Laos. FinMark Trust is responsible for the quantitative demand-side survey, FinScope. Cenfri in its role as technical partner will provide overall guidance and quality control to the consultants implementing the analysis, will conduct the primary FinScope data analysis, and will draft the synthesis summary note, as well as the roadmap stemming from the analysis.

This Annexure sets out the quality assurance standards that will guide Cenfri’s engagement with the consultant in the research, analytical and synthesis components or phases of the diagnostic to ensure that the substantial investment made by the MAP partners delivers the desired outcome and impact. As such the aim is to achieve maximum economy of effort for the consultant and Cenfri.

These quality assurance standards refer to both process and content. The process quality standards are intended to focus on research or analytical actions that are essential to the MAP outcomes. By definition they are not intended to cover the full spectrum of research and analytical activities. These are comprehensively covered in the MAP toolkits. Similarly, the content quality standards are designed to indicate specific elements of content without which credible recommendations and the development of the roadmap would be difficult if not impossible. Again, they are not at all indicative of the full spectrum of content to be included in deliverables. These are covered in the toolkits.

Quality assurance standards relating to the research process

Information gathering (details and examples are available in the toolkits):

1. Sufficient information must be gathered on financial products available to the low income target markets, including product characteristics, user charges, interest rates, and service elements that affect client perceptions.
2. Informal products and markets are a focus area for MAP. Sufficient information should be collected and analysed to provide insights into this market across product areas.
3. Supply-side and regulatory interviews must cover the full spectrum of suppliers for the low income target market, without omitting critical supplier categories.

Quality control standards relating to the analytical framework and process

The analytical process must be integrated to include demand, supply and regulation of the various product markets. This process needs to include the following (refer to the toolkits for details):

1. A comprehensive target market segmentation based on FinScope data will be conducted by Cenfri and must be incorporated by the diagnostic consultant as core to the diagnostic analysis. This must include the four access strands for each target market as well as a description of the main characteristics of each target market. These descriptions must be adequate to explain their current
usage of financial services, their financial services needs and how they can be served in future to improve the quality and quantity of their usage of financial services.

2. Four separate analyses of the markets for respectively payments, savings, credit and insurance, each of which must include the following as set out in the MAP toolkits:
   - the use cases or main applications/needs for each product market as these emerge from the FinScope data (see the toolkits for an explanation);
   - the provider landscape, including the range of providers, their core focus, incentives for expanding financial inclusion and financial performance;
   - the range and features of all notable distribution channels;
   - the range, key features and fee/interest rate structure of current products on the market, as well as product pipeline plans;
   - the take-up of products and the main barriers to uptake (consisting of access barriers such as affordability, proximity, eligibility and appropriateness of features, as well as usage barriers such as knowledge, awareness, perceptions and trust from a demand-side perspective, as set out in the toolkits);
   - the material regulatory features of relevance to financial inclusion in each of the four product markets and on an overall regulatory framework level, as well as any regulatory constraints; and
   - by means of conclusion, gaps and opportunities for extending and deepening the reach of products that are appropriate to target market needs and provide consumer value in each product market, specifying the key target market needs and priorities for the specific target market in light of the financial sector, country context, regulatory and demand-side features relevant for that product market. For all four markets the focus must be on growing financial access.

Quality control standards relating to the synthesis process

Synthesis refers to the distillation of diagnostic findings and the formulation of recommendations. Since a key objective of the MAP process is to arrive at a practical and realistic roadmap of activities that can improve financial access, the findings and recommendations cannot be vague and must have enough rigour and credibility to trigger government action given the huge investment made in the MAP process.

As a minimum, the MAP analysis must conclude on:

1. The main factors that will determine the success or failure of financial inclusion over the next 3-5 years. The impact of these factors must be described. These factors are likely to be found not only in the financial sector, but beyond it in the wider social, political and economic context. Policy-makers must be able to judge the likely relative impact of different financial inclusion strategies based on these drivers.
2. Which target market segments, if given access to which financial services, will deliver the highest impact in terms of improved household welfare and real economy outcomes for the country?
3. Which suppliers, using which distribution methods, are best suited to deliver the financial services referred to in 2. How well placed are they to deliver these services?
4. The systemic market, regulatory and other obstacles that hinder both the supply and uptake of these services.

The diagnostic report must contain all the material evidence required to ensure that these findings are credible. The MAP toolkits provide extensive guidance to assist with the compilation of the evidence base.

The findings must form the basis for a set of practical recommendations to the government and those categories of financial service providers best placed to advance financial inclusion. Recommendations must not be vague, but actionable and fit to be included in a roadmap. Consultants must not set out a broad menu of recommendations, but must focus on a few core actions that are likely to have the most impact.

Quality control function to be played by Cenfri
The MAP partners realise that the scope and unique nature of the MAP methodology may be challenging to navigate. MAP technical partner Cenfri, as custodian of the methodology, will therefore play an oversight and support role to ensure that the quality standards are met. They will support the consultants through the methodology and analysis, input quantitative demand-side analysis, and serve as discussion partner in developing the synthesis of findings. As MAP partner, Cenfri will also have responsibility to feed the insights from the analysis into the global MAP body of knowledge and will draft a synthesis note based on the key findings of the analysis. This role will require on the ground involvement during the stakeholder consultations in order to ensure a sufficient level of understanding. In-country presence will also be conducive for the formation of a working relationship between the consultants and Cenfri.

While the consultants remain responsible for the delivery of all diagnostic outputs as set out in the Terms of Reference, Cenfri will fulfill the following support and oversight role:

• Conduct a MAP briefing session before the start of the diagnostic:
  o The purpose will be to brief the diagnostic consultant on the core elements of the MAP methodology, including:
    ▪ Critical stakeholders to meet in country
    ▪ Design of qualitative research
    ▪ Target market identification
    ▪ Integration of demand-side analysis into the diagnostic and findings
    ▪ Integration of contextual factors into the diagnostic and findings
    ▪ Supply-side aspects to cover and lessons from experience on likely data sources, elements to be on the lookout for and how to pre-empt anticipated challenges
    ▪ Experience from other MAPs and key financial inclusion topics currently being explored across MAP diagnostics
    ▪ Diagnostic document structure

• Diagnostic process and synthesis support:
  o Cenfri will join a week of the country mission to ensure that Cenfri has the necessary insights into the country to meaningfully engage with the MAP analysis in the steps below and feed learning into the global synthesis process.
  o Provide written and verbal feedback on draft analysis as it develops. Periodic calls should prove useful to support the drafting process in line with the methodology.
  o Provide input into the demand-side analysis through the provision of relevant FinScope analysis to inform the diagnostic. The full target market analysis based on FinScope data will be done and provided as a PowerPoint slide pack to input into the diagnostic.
  o Facilitate a 3 day synthesis workshop with the diagnostic consultant and core MAP partners to unpack and discuss key findings
  o Review and provide written feedback on the diagnostic report to ensure it is in line with the MAP approach and the findings are appropriate.
  o Draft the summary synthesis note from the diagnostic report (20-30 pages).

• Roadmap support:
  o Draft the roadmap document setting out key findings and recommended actions from the diagnostic report in conversation with the diagnostic consultant.
  o The UNCDF team will then take over refining the document with local stakeholders and assigning implementation counterparts and timelines.
Appendix B: Diagnostic report structure

This annexure is an extract of one of the toolkits and outlines an indicative document structure for the diagnostic report, which could serve as a guide in this regard. The generic table of contents in Box 1 below indicates the kind of structure that the diagnostic report could take. This is an indicative structure only and should be aligned to the particular characteristics and context of the country.

Box 1: Diagnostic report structure

Executive Summary

1. Introduction
   a. Project objectives
   b. Scope
   c. Structure

2. Context
   a. Context drivers of market development

3. Target market overview
   a. Target market context
   b. Overall usage of financial services
   c. Segmenting the market

4. Regulatory overview
   a. Regulatory framework to promote access to financial services
   b. Policy objective for financial inclusion
   c. Regulatory framework

5. Provision of financial services
   a. Provider overview
   b. Distribution and financial sector infrastructure

6. Product markets
   a. Market for savings
   b. Market for payments
   c. Market for credit
   d. Market for insurance

7. Opportunities for and challenges to financial inclusion

8. Roadmap recommendations

The remainder of this annexure elaborates on the structure set out above. The purpose and reasoning behind each section are described and high-level guidance is given in terms of content to include where applicable.

Executive Summary

The executive summary provides a brief overview of the diagnostic document, summarising the key points for readers. The executive summary is of paramount importance as it may be the only part of the document that many readers read in its entirety and therefore it must summarise the key points, succinctly express the major insights and highlight the main conclusions and recommendations.
Introduction
The purpose of the introduction is to provide the background to the project and explain the scope and structure. Though the exact structure of the introductory section will depend on the specific study, the following elements are generally included:

- **Project objectives.** This section should provide the background to the project as well as the objectives of the project and how it relates to the broader public policy objectives in the particular country. It can include a project engagement section to set out the history and context of the project in the particular country.

- **Project scope.** The project scope includes what products and providers are covered (noting if anything is excluded from the scope and listing the reasons for such exclusions) and the various elements of the analysis (context, regulation, demand and supply).

- **Structure.** Conclude the introduction with a discussion on how the document is structured to reflect the scope and integrate the findings.

Context drivers of market development
The context section includes a number of subsections which together should provide an understanding of the overall economic, physical and demographic context (including, amongst others, employment, incomes, gender, rural-urban spread, education) within which financial services are provided. Depending on the nature of the country context, it may also be important to highlight the context relating to the political economy, physical infrastructure, the nature of society, or key economic sectors such as agriculture or SMMEs. The purpose of the context section is not to provide a complete overview of each and every possible context element, but rather to identify and describe the most important underlying factors that may impact on financial access in the country.

Target market overview
This section segments the total target population into specific target markets which portray similar characteristics in order to identify gaps and opportunities appropriate to specific individual.

1.1.1. Target market context

This section of the synthesis report will incorporate both the qualitative and the quantitative (FinScope Consumer Survey) demand-side research findings, in order to ascertain the features of the broader population as an introduction to the specific target markets. Specific aspects to cover when describing the target market context include their realities in terms of the way that society functions and societal support structures, incomes, main expenses, income-generating activities, household structure and financial responsibilities of individuals, as well as financial behaviour of the target market in terms of financial capability, levels of trust in and satisfaction with financial services, perceptions of financial services and service providers, as well as preferences around providers (formal or informal). This section should deal only with high-level behavioural drivers, as usage by provider category is covered below.

1.1.2. Usage of financial services

An overview of usage of financial services for the adult population as a whole, considering how usage differs across product markets, between formal, informal and unintermediated financial services (with the latter category representing financial services via family and friends or by oneself; that is, not intermediated by a group or institution), as well as across gender or urban-rural lines.
1.1.3. Segmenting the market

This section introduces the different target market segments which have been identified based on an analysis of the quantitative and qualitative demand side data (see Toolkit 5). The section explains how the process of segmentation was done and then introduces the characteristics and financial usage of each of the target markets. Each target market segment should be profiled in terms of their size, unique characteristics, realities and current financial service usage in order to conclude on key financial service needs.

Regulatory framework to promote access to financial services

The regulatory framework section of the synthesis report should describe those aspects of policy and regulation intended to promote access to financial services for the target market, as well as regulatory measures that have a substantial impact on financial inclusion (e.g. by impacting on the cost of provision). It can be positioned before or after the Target market section, depending on where it fits best in the particular country study.

It starts off by articulating the policy objectives for financial inclusion within the country context (not only in terms of access itself, but also in terms of the broader economic and social environment) and provides an overview of existing financial inclusion-relevant policies and strategies.

It then outlines the material details of the applicable legislation and subordinate legislation with a bearing on financial inclusion. In addition, it should describe the supervisory framework for entities that provide financial services to the target market, including the entities (such as cooperatives) that may be outside of the traditional ambit of financial sector regulators.

Lastly, the effectiveness, shortcomings or gaps in the regulatory framework as it relates to financial inclusion can also be discussed in this section.

Provision of financial services

So far the project background, country context target market, and policy context for financial inclusion have been described. At this stage, the emphasis shifts to the supply of financial services.

1.1.4. Provider overview

This section provides an overview of the various types of providers (state, commercial and community-based; formal and informal) that comprise the financial services landscape, and assesses key provider elements or parameters (such as ownership structure, market structure, sustainability and profitability) at the institutional level that cut across product markets. The section should include a discussion on the relative importance of the different types of providers in the delivery of financial services to the target market.

1.1.5. Distribution and financial sector infrastructure

This section describes the distribution infrastructure and footprint of the financial sector – namely branch networks, mobile branches, ATMs, POSs, agents, brokers, etc. It also deals with non-traditional distribution channels such as the footprint of retailers, mobile network operators, agro-dealers and Post Office networks. The section should furthermore assess the state of supporting financial sector infrastructure such as credit bureau, the payments system and the capital and foreign exchange markets.

Product markets

This section dedicates a sub-section to each of the four key product markets covered by MAP, namely:
- Market for payments
- Market for savings
- Market for credit
- Market for insurance

Demand, supply and regulation of the four product markets are discussed in this section. Each of the four product market analyses follows a similar structure, covering:

- **Current usage:** Total uptake/client numbers for the product market, noting any particular usage trends and the level of cross-utilisation (clients that use more than one service of a particular kind). This section should also delve into the usage by the specific target markets introduced in the Target market section.

- **Use cases:** This sub-section should highlight the major reasons why the target markets utilise the product (refer to Toolkits 5 and 6 for an overview)

- **Providers or provider categories:** The next sub-section focuses on the number and types of providers (by institutional type, ownership and formal or informal) for each product market and the extent to which each of the different types of providers offers products to the target market. This section should start with a basic listing of providers across types, but should also include key supply-side issues in formal and informal provision, as well as key trends and challenges identified in consultations and based on analysis of regulatory and financial data, as well as based on secondary research.

- **Products:** As with the section on providers, this section can start with a basic overview of the current products being offered in the specific product market (both formal and informal), including their key features. It should also capture the key issues, trend and challenges for particular products.

- **Accessibility:** This section is an application of the access framework to assess access barriers in terms of affordability, physical accessibility/proximity, appropriateness and eligibility requirements as outlined in Toolkit 6.

- **Regulatory issues:** This section outlines regulatory issues and constraints that impact on the delivery of financial services to low-income consumers in the specific product market.

- **Gaps and opportunities:** Each product market section concludes with a section on the gaps and opportunities that arise from the foregoing analysis towards the overarching financial inclusion goal in the specific product market. As point of departure, it considers the particular target market needs stemming from the segmentation exercise.

The analysis deals with the four individual product markets separately, but conclusions should also be drawn across product markets. Thus a fifth sub-section may be called for, namely:

- **Interplay between different product markets:** This section takes into account all four product markets in order to demonstrate the critical interrelationship of the provision of the four types of financial services and any specific manifestations of this in the particular country (for example, how constraints in the payments market may impact on the insurance or credit market; or how people use savings or credit ask risk mitigation tool to substitute for insurance). It also explores how the relationships can be used to improve access to financial services in the country.

**Opportunities for and challenges to financial inclusion**

In light of the analysis above, this section draws together the key findings to conclude on the opportunities for and challenges to expansion of financial inclusion in the country. It should apply the key target market needs identified through the segmentation exercise as point of departure, concluding on
the key gaps and opportunities across the product markets and providers to serve these needs. It should also identify the key underlying drivers of financial inclusion across the country context, demand-side, regulatory framework and supply-side features as highlighted in the diagnostic.

**Recommendations**

Based on the key opportunities and challenges identified, the document can draw out strategic recommendations towards the MAP overarching policy objective to prioritise specific areas of financial inclusion. Stakeholders can then use these recommendations in developing the roadmap, which is a core part of the MAP stakeholder/impact process. The recommendations should naturally stem from the findings and insights discussed above and should prioritise those roadmap activities that would meet specific and most prominent target market needs, rather than simply stating a menu of possible regulatory and supply-side interventions. It should be clear which target markets will benefit from each recommendation, why and how.
### Annexure C: Responsibility matrix

#### Summary of key roles and responsibilities:

<table>
<thead>
<tr>
<th>Role</th>
<th>Brief description</th>
<th>Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder engagement</td>
<td>Strategic – inception, buy-in, relationship building, formation of steering committee, MAP findings advocacy</td>
<td>UNCDF</td>
</tr>
<tr>
<td></td>
<td>Logistics – scheduling meetings, identifying appropriate stakeholders, convening stakeholders, ad hoc translation</td>
<td>UNCDF/ Local consultant</td>
</tr>
<tr>
<td>Demand-side</td>
<td>FinScope data collection and top-line findings</td>
<td>FMT</td>
</tr>
<tr>
<td></td>
<td>Supplemental data slide pack from FinScope</td>
<td>Cenfri</td>
</tr>
<tr>
<td>Diagnostic report</td>
<td>Data collection, analysis and integration of demand, supply, regulation and determination of priority findings to improve financial inclusion, in line with toolkits and quality control standards.</td>
<td>Diagnostic consultant</td>
</tr>
<tr>
<td></td>
<td>Quality control of diagnostic report</td>
<td>Cenfri</td>
</tr>
<tr>
<td>Synthesis note</td>
<td>Summary note based on diagnostic report</td>
<td>Cenfri</td>
</tr>
<tr>
<td>Roadmap</td>
<td>Drafting of roadmap recommendations from synthesis note</td>
<td>Cenfri</td>
</tr>
<tr>
<td></td>
<td>Identification of implementation agents, timelines and refinement with stakeholders</td>
<td>UNCDF</td>
</tr>
</tbody>
</table>

*Reimbursable Loan Agreement (RLA): A legal instrument between UNCDF and a Company/institution, according to which, the latter makes available the services of an individual delivering time-bound and quantifiable outputs that are directly linked to payments. An RLA is governed by the provisions of this policy.*