
Islamic Finance Grant for Microfinance Market Feasibility

Assessment in Five (5) Countries

Terms of Reference (TOR)

For

Development of Market Feasibility Studies and Business

Plans for Establishing Microfinance Institutions in the G5

Sahil Countries (Burkina Faso, Chad, Mali, Mauritania, and Niger)

January 2023

Table of Contents

1. Introduction	4
2. Background of the Planned Project	4
3. Objective of Terms of Reference	4
4. The outcomes of the Consulting Services:	5
5. Scope of Services and Tasks of the Consultant	5
6. Methodology and Approach	6
7. Intended Users of the Feasibility Study	8
8. Deliverables and Phases	8
9. Duration of Assignment and Schedule	11
10. Consultancy Qualification and Experience Required	12
11. Facilities to be provided by the Client.....	21
12. Payment Schedule.....	21

List of Abbreviation

Abbreviation	Definition
DFI	Development Finance Institution
G5	Group 5 Sahel countries (Burkina Faso, Chad, Mali, Mauritania and Niger)
ICCIA	Islamic Chamber of Commerce, Industry and Agriculture
IsDB	Islamic Development Bank
IMB	Islamic Microfinance Bank
MFI	Microfinance Institution
NGO	Non-Governmental Organization
OIC	Organization of Islamic Cooperation
TOR	Terms of Reference

1. Introduction

ICCIA carries out multiple and various activities stems from its role as an engine for trade and investment and the biggest representative of the private sector in the OIC. ICCIA membership is comprised of 57 member countries, represented by the national chamber unions / federations of chambers of commerce and industry of the member countries. In light of the global economic challenges and opportunities, the ICCIA has developed a strategic plan to implement its goals and promote close cooperation in the economic, commercial, and other related fields. Within the framework of the strategic goals of ICCIA and one of the positive results of the periodic activities and initiatives undertaken by ICCIA, the idea of establishing microfinance institutions in each of the G5 Sahel countries came with the aim of providing microfinance services to fulfil the requirements of economically active youth, women, and emerging companies by applying international best practices and achieving financial and operational sustainability goals.

2. Background of the Planned Project

Microfinance is a set of financial services targeting the underprivileged who are unable to access the services of the traditional formal finance institutions (e.g., banks and companies) either because of their inability to meet the eligibility conditions required by these institutions or because those institutions are distant from their areas of residence. The majority of these underprivileged groups fall within the economically active rural poor operating in the informal sector. Rural women represent a large percentage of this category, varying from one country to another. Microfinance takes into account the socio- economic characteristics of the prospective clients, their business size and performance, borrowing and saving activities, financial remittances, and insurance. It also pays special attention to training and capacity building. Create five microfinance institutions with the franchise model aims to promote development in G5 Sahel countries according to Sharia with reference to institutional workflow. As profit-making companies through individual and group lending. It includes lending, savings, insurance, and transfer services, as well as non-financial services such as training and consulting.

3. Objective of Terms of Reference

The objective of this TOR is to engage the services of a qualified and experienced international consulting firm to prepare a feasibility study to provide a plan for the project

with sufficient information to accept, reject, or modify the proposed projects based on quantitative and qualitative analysis and by adopting a top-down approach. Furthermore, the study will provide a plan with a well-founded basis for the further development of the project concept, in which the prerequisites, opportunities, and risks have all been clarified. By going through this process, the effectiveness of the project will be increased, and unsuitable investments will be avoided at an early stage.

4. The outcomes of the Consulting Services:

- 1) Enhancing financial inclusion in the G5 Sahel countries.
- 2) Providing financial services to the poor, graduates, and small producers of farmers, artisanal, traders, and other small businesses to enable them to contribute to the economic activities as per their circumstances;
- 3) Attracting local and external resources to support the financial institutions in ensuring funds for low-income borrowers
- 4) Raising the banking awareness among the target groups;
- 5) Preparing the human component in line with the requirements of the bank's work and training them on the concepts and mechanisms of practicing microfinance;
- 6) Contributing to creating job opportunities for the target people;
- 7) Transforming unorganized sectors into organized sectors that contribute to economic development;
- 8) Activate the poor economically and integrate them into the development movement.
- 9) Empowering Women
- 10) Nurturing SME to help diversifying the economy & the livelihood outside the capital cities.

5. Scope of Services and Tasks of the Consultant

The Consultant shall undertake the Studies and provide the required services in accordance with internationally recognized practices for Consultancy Services. The Consultant shall also ensure compliance with international standards, applicable laws and regulations in the various Group 5 (Sahel countries) as well as the IsDB that shall be involved in the financing of the project. The consultant will be responsible for planning and implementing the feasibility study, including forming and leading of the feasibility study team. Close consultation with Plan at every step is required.

The specific scope of work for this assignment will include:

A. Market Feasibility Studies

- 1) Understanding the market dynamics, attractiveness, and the competitive situation, using extensive secondary research, and some primary research facilitated by ICCIA partners in the target markets.
- 2) Regional and country microfinance strategies: priority sectors, financial instruments and market dynamics.
- 3) Analyzing the returns, costs, and risks of entry into the five target markets to assess the market and financial feasibility of the project.
- 4) Legal, prudential and regulatory framework and standards etc. and entry barriers to aid in the pilot selection.
- 5) Potential of digital financial instruments as a means of financial intermediation.
- 6) Benchmarks of accredited MFI's to ascertain the level of market development.
- 7) Stakeholder interviews and analysis of the economic sectors taking into account the cultural and religious context.

B. Business Plans: develop the business plan including but not limited to:

- 1) Microfinance products and services.
- 2) Sectoral focus and value chain.
- 3) Go-to-market strategy.
- 4) Financial model and plan.
- 5) Implementation plan.

6. Methodology and Approach

The methodological design of the feasibility study will be proposed by the consultant and must include a combination of quantitative and qualitative research methods such as literature reviews, data collection, and analysis, semi-structured interviews, focus group discussions, key informant interviews, and workshops. The choice of method must take into account the needs and capacities of the different target groups and stakeholders, as follows:

- 1- Develop a detailed study design including a timeline covering phases and processes of implementation, research techniques, samples, and methods used in each phase.

- 2- Elaboration of detailed sector analysis, including but not limited to (Current situation in the sector, the potential of the sector, National priorities for the sector, Appreciation of the necessity of the project in the light of the analysis, and Competition in the market).
- 3- Elaboration of a detailed socio-economic target group analysis, including but not limited to (Number of beneficiaries, Type of beneficiaries, Interrelations between the stakeholders, and the cultural acceptance of the project by the target group).
- 4- Elaboration of a detailed institutional analysis, including but not limited to (Stakeholder Map, SWOT for each stakeholder, and recommendations for the institutional setup).
- 5- Elaboration of a detailed risk analysis, including political, socio-economic, logistical and environmental risks as well as mitigating actions that lie within the scope of the project.
- 6- Review of the Log frame, including indicators for project overall objective (impact and outcome) and specific objectives (outputs) as well as assumptions.
- 7- Collection of baseline data and assessment of the baseline situation guiding questions:
 - What is the (baseline) situation in the region, the country? What is the socio-economic, political and cultural context?
 - What problems have been identified? What are the causes for these and what impact are they having on the living circumstances of the population and on which sections of the population in particular?
 - What need has been derived from the analysis of problems? How has this been/is this being determined?
 - What is the background and the previous history of the planned development measure and the rationale for the desired impact?
 - Are there any alternatives to the planned project or to component parts of it?
8. Review of staffing concept, including:
 - 8.1 Number and profile of experts and support staff;
 - 8.2 Number of man days / man months needed for each staff;
9. Recommendations for Capacity building measures necessary for Plan staff and local implementing partners. Review of project budget based on the work plan and staffing concept.

7. Intended Users of the Feasibility Study

The feasibility study will be used by ICCIA, G5 Sahel Countries and other relevant ICCIA staff as well as designated implementing partners.

8. Deliverables and Phases

The services include the preparation and submission of all documents and reports in a timely manner. All documents and reports shall be prepared in English and French.

The Consultant shall make provisions in his proposals to organize and take part in all meetings, workshops and seminars in collaboration with ICCIA to present the methodology and work schedule as well as all draft versions of reports to facilitate collation of comments.

The Consultant shall note that situations may arise where the ICCIA and other stakeholders make supplementary comments on the Final Reports. In these instances, the Consultant shall do all the necessary work and consultation to provide responses to the comments and incorporate the comments/responses into revised Final versions of the Report and redistribute.

In submitting amended Reports and to facilitate their review, the Consultant shall, as part of the submission, prepare a matrix that indicates among others, the comments that were made, the responses provided by the Consultant, and the page numbers of the amended report that contain the incorporated comments.

Detailed Reports and Phases

All reports, documentation, deliverable and presentations by the Consultant shall be prepared in five (5) hard copies and five (5) electronic copies on USB in French for the G5 Sahel countries, and one (1) hard copy and one (1) electronic copy on USB in English.

1. Phase 1: Final Market study report for the field for each country separated.

1.1 Literature Review including Baseline Data

- Review of existing models for Islamic microfinance banks (IMB)
- Review of secondary sources for each of the five countries on sector ecosystem;
- Data analysis and identification of gaps in the information;

- Comparative analysis of the strong and weak points of ecosystem for setting IMB in each country;
- Drafting report with identified gaps in the log frame;
- Design draft research plan for each country.

1.2 legal Market study for each country: primary and secondary

- Detailed review of secondary sources;
- Preliminary exploratory interviews;
- Finalize research plans and instruments;
- contacts with key regulatory authorities;
- conduct interviews with regulatory;
- Data analysis;
- Identification of gaps and opportunities;
- Draft design legal set- up and options for IMB model;
- Identify potential sources of investment and strategic partners;
- Darft country legal framework IMB reports;

1.3 Market survey is conducted analyzing supply, demand, competition and opportunities

- Preparation;
- Develop a research plan;
- Develop interview guide and questionnaire;
- Selection of supply and demand samples;
- list and contact key informants;
- finalize samples;
- finalize research plans for key informants from each of the 5 countries;
- Validation of the research plan by ICCIA;
- **Supply side**
- Brief and train and collection team;
- Preliminary interviews and surveys with key informants from each of the G5 Sahel

countries (choose);

- Primary data collection in Mali: qualitative survey : in depth interview;
- Primary data collection in Mauritania: qualitative survey: in depth interview;
- Primary data collection in Burkina Faso: qualitative survey : in depth interview;
- Primary data collection in Niger: qualitative survey : in depth interview;
- Primary data collection in Chad: qualitative survey : in depth interview;
- Qualitative Data analysis for supply side;
- Compare and consolidate findings from secondary and primary data;
- Drafting report of the findings;
- selection of pilot country in consultation with ICCIA;
- **Demand Side**
- Primary data collection for the pilot country : qualitative survey : focus group discussion & in depth;
- Secondary data review for the other 4 countries;
- Qualitative Data analysis for demand side;
- Compare and consolidate findings from secondary and primary data;
- Drafting of the report;

2. Phase 2: Final Feasibility and financial study for the implementation of a pilot country (based on the market study).

- Preparing draft feasibility study;
- Synthesize and integrate outcome structure, legal, market studies, and social assessment;
- Institutional analysis and strategy development;
- Develop an operational plan;
- Develop a financial structure option;
- Carryout preliminary stakeholders S.W.O.T analysis;
- Include recommendations;
- Write and submit the draft feasibility study;

3. Phase 3: Final report based on the tasks mentioned above, to be submitted to

Plan before the workshop discussing the draft.

- **Strategic Planning Preparation:**
- Prepare power point presentation;
- Identify and invite key participants;
- Finalize Facilitation scenario and venue.
- **Strategic Planning Implementation:**
- Implement one day online strategic planning workshop;
- Recommendation;
- Adapt feasibility study Deliverable;

4. Phase 4: Final Feasibility and financial study for the other four countries.

- Synthesize and integrate outcome structure, legal, market studies, and social assessment by clusters (West Africa, Central Africa, and MAU);
- Adapt feasibility study for each country as per market survey results;
- Carryout preliminary stakeholders SWOT analysis;
- Develop the recommendations for each country;
- Submit the draft feasibility studies;
- Implement one online strategic planning workshop for each country;
- Recommendations;
- Adapt and submit final feasibility studies;

5. Phase 5: Final report based on the tasks mentioned above, no later than one week after reception of comments on the draft report.

- Coordinate integration of the study components;
- Consolidate and write up draft report;
- Write up final report.

9. Duration of Assignment and Schedule

The duration for executing the Services shall **not exceed 24 weeks**. The Consultant shall propose in their offer, a detailed implementation schedule for the consultancy services and should take into consideration that the services shall commence from the agreement contract sign-off date and ending when the final report has been formally

approved by ICCIA.

In this regard, the following indicative schedule is proposed:

Phase	Milestone	Date
Date of Commencement of Services and Kick of meeting		W0
Phase 1	Final Market study report for the field for each country separated	W0+10 Weeks
Phase 2	Final Feasibility and financial study for the implementation of a pilot country (based on the market study)	W0+15 Weeks
Phase 3	Final report based on the tasks mentioned above, to be submitted to Plan before the workshop discussing the draft	W0+17 Weeks
Phase 4	Final Feasibility and financial study for the other four Countries	W0+21 Weeks
Phase 5	Final report based on the tasks mentioned above, no later than one week after reception of comments on the draft report	W0 + 24 weeks

The Consultant shall note that reports are considered “final” only when the ICCIA and the countries involved have given their approval.

10. Consultancy Qualification and Experience Required

The proposed project team must be composed of the key experts and specialists as indicated in the table below; however, the Consultant has the option to add more personnel depending on his work strategy:

S.N.	Position	Job Description	Qualification & Experience
------	----------	-----------------	----------------------------

1	Team leader / Project Manager	<p>The team leader in the feasibility study team would be responsible for all inputs and outputs of the study and the business plans to assess the viability of starting or expanding the microfinance program in the G5 countries. This would include:</p> <ul style="list-style-type: none"> • Responsible for planning and sequencing the activities of the team members, scheduling staff participation and use of resources, and monitoring and reporting the feasibility study progress; • Analyze the current Sharia-compliant Islamic finance products and refine them to meet the needs of the microfinance clients; • Conduct detailed analysis of the local microfinance industry, including client demand and repayment culture, current players serving the demand for microfinance, stakeholders involved in micro entrepreneurship (e.g. ONGs, DFIs, Government); • Reviewing existing regulatory framework, available funding sources, macroeconomic and political environment, and barriers to entry; 	<ol style="list-style-type: none"> 1) A Master degree with demonstrable expertise (at least 10 years) in Banking, Finance, Accounting, Business Administration, Economics and Microfinance field; 2) Proven experience as a team leader in conducting one (1) similar assignment; 3) Proven experience in Islamic finance/banking, Sharia compliance, and information systems; 4) Senior management experience supervising the operations of a licensed financial institution in one or more developing countries with extensive experience in operations, credit policies and risk management; 5) Excellent project management and organizational skills; 6) Extensive experience in business plans and product development; 7) Strong attention to detail and work ethic; 8) Excellent written and verbal communication and reporting skills in French and English.
---	--------------------------------------	--	---

		<ul style="list-style-type: none"> • Conduct a detailed business plans in the G5 countries outlining the MFI's objectives, target market, products and services, financial projections, and management team and how the microfinance institution will be structured and operated, including information on management and staffing, as well as the products and services that will be offered; • Determine licensing requirements and procedure; • Evaluate and recommend location for the institution's head office and pilot branches; • Liaise in the G5 countries with the central banks, internal revenue authority, customs authority, legal counsel, and other third parties as necessary to assist with the licensing application process until its issuance; • Oversee all aspects of the feasibility study and the business plans. 	
2	Senior Financial Analyst	The financial analyst in the feasibility study team would be responsible for analyzing financial data and creating financial models to assess the viability of starting or expanding a microfinance program	<ol style="list-style-type: none"> 1) A Master's degree in finance, economics, accounting or related field; 2) Strong knowledge of financial analysis and accounting principles.

		<p>in the G5 countries. This would include:</p> <ul style="list-style-type: none"> • Analyzing financial data, developing financial models, conducting market research, and evaluating potential revenue streams; • Creating financial projections and business plans, as well as presenting findings and recommendations to management; • Working closely with other expert such as operations, risk management, marketing, and IT to ensure that the proposed program or organization is viable and sustainable; • Analyzing financial data to assess the potential profitability and sustainability of the proposed microfinance institutions; • Developing financial models to project revenues, expenses, and cash flow for the institutions; • Creating financial projections and pro forma financial statements to support the proposed business plan; • developing and monitoring financial and performance metrics to ensure the microfinance 	<ol style="list-style-type: none"> 3) Strong experience in Sharia-compliant Islamic finance products; 4) Experience with market research and data analysis; 5) Experience with microfinance, financial inclusion, and/or impact investing; 6) Experience in consulting or investment banking; 7) Experience in creating and interpreting financial reports and presentations; 8) Knowledge or experience in development, poverty alleviation, and/or social enterprise; 9) Excellent written and verbal communication and reporting skills in French and English.
--	--	---	--

		<p>program is operating efficiently and effectively;</p> <ul style="list-style-type: none"> • Creating the financial sections of the feasibility study the business plans and presentations to present their findings and recommendations to the team leader. 	
3	Senior Market Researcher	<p>The market researcher in the feasibility study team would be responsible for conducting market research to identify potential customers, competitors, industry trends, opportunities and threats in the market of the G5 countries. This would include:</p> <ul style="list-style-type: none"> • Identifying the target market for the microfinance program, including demographics, income levels, and financial needs; • Assist in the development of marketing plans. • Conducting research to understand the current state of the microfinance market, including the size and growth of the market, market trends, competitive landscape, and the potential for Islamic MF products currently not offered by the MF providers in the G5 countries. • Identifying opportunities and threats in the market, including 	<ol style="list-style-type: none"> 1) A Master's degree in marketing, economics, sociology, or related field. 2) Strong experience in Sharia-compliant Islamic finance products; 3) Strong experience in data collection, market studies, analyzing and drafting research and interviewing stakeholders (e.g. microfinance organizations, civil society and government); 4) Experience in creating and interpreting market research reports and presentations; 5) Experience with market research methods and tools, such as surveys, focus groups, and secondary data analysis; 6) Strong knowledge of data analysis and statistical techniques. 7) Knowledge of development, poverty alleviation, and social enterprise;

		<p>suitability of each Islamic finance product, potential areas of growth, as well as potential barriers to entry;</p> <ul style="list-style-type: none"> • Identifying potential partners and collaborators for the microfinance program, including other microfinance institutions, banks, and NGOs; • Assessing the social and economic impact of the microfinance program on the target population and make recommendations for mitigating any unintended consequences; • Simplify complex data into a user-friendly format such as graphs, charts, and other visual aids. • Conducting the market study to identify the pilot country ; • Creating the marketing sections of the feasibility study the business plans and presentations to present their findings and recommendations to the team leader. 	<p>8) Excellent written and verbal communication and reporting skills in French and English.</p>
<p>4</p>	<p>Operations Expert</p>	<p>The operations expert in the feasibility study team would be responsible for assessing the operational feasibility of starting or expanding a microfinance program in the G5 countries, and evaluate</p>	<p>1) A Master's degree in business administration, finance, economics, or related field;</p>

		<p>the costs of equipment and labor, as well as the logistics of delivering microfinance services. This would include:</p> <ul style="list-style-type: none"> • Assessing the operational costs of starting or expanding a microfinance program, including costs for equipment, labor, and other expenses; • Identifying and evaluating potential operational risks and challenges, such as regulatory compliance, security, and technology; • Assessing the logistics of delivering microfinance services, including the delivery channels, such as online, mobile, or in-person; • Identifying opportunities for cost savings and operational efficiencies, and making recommendations for achieving them; • Evaluating the scalability of the microfinance program, and identifying any potential limitations or constraints; • Assessing the management capacity and structure of the microfinance institutions and make recommendations for 	<ol style="list-style-type: none"> 2) Experience in operations management, financial services, and/or technology; 3) Strong knowledge of microfinance operations; 4) Experience with microfinance, financial inclusion, and/or impact investing; 5) Experience in creating and interpreting operational reports and presentations; 6) Knowledge of development, poverty alleviation, and social enterprise; 7) Excellent written and verbal communication and reporting skills in French and English.
--	--	--	---

		<p>addressing any potential challenges;</p> <ul style="list-style-type: none"> Assessing the IT infrastructure and systems needed for the microfinance program and make recommendations for addressing any gaps; Assessing the impact of the microfinance program on the target population and make recommendations for mitigating any unintended consequences; Creating the operation cost sections of the feasibility study the business plans and presentations to present their findings and recommendations to the team leader. 	
5	legal expert	<p>The legal expert in the feasibility study team would be responsible for assessing the legal and regulatory environment for starting or expanding a microfinance program and evaluate the laws and regulations that apply to microfinance institutions in the G5 countries, as well as identify any potential legal risks or challenges. This would include:</p> <ul style="list-style-type: none"> Assessing the legal and regulatory environment for microfinance institutions in the 5 	<ol style="list-style-type: none"> A Master degree in law; Experience in legal and regulatory matters, specifically related to microfinance institutions and financial inclusion; Strong experience in Sharia rules and regulations; Strong understanding of the legal and regulatory environment for microfinance institutions in the 5 countries; Experience in assessing legal risks, compliance, and governance;

		<p>countries, including laws and regulations related to microfinance, financial inclusion, and impact investing;</p> <ul style="list-style-type: none"> • Identifying and evaluating potential legal risks and challenges, such as regulatory compliance, security, and data protection; • Identifying any legal or regulatory barriers that may impact the feasibility of starting or expanding a microfinance program; • Assessing the governance structure and management capacity of the microfinance institutions and make recommendations for addressing any potential legal challenges; • Evaluating the scalability of the microfinance program, and identifying any potential legal limitations or constraints; • Developing a legal framework for the microfinance institutions, including bylaws, articles of incorporation and agreements; • Creating the legal sections of the feasibility study the business plans and presentations to present their findings and recommendations to the team leader. 	<ul style="list-style-type: none"> 6) Experience in working with international organizations and/or donors; 7) Experience in legal drafting, negotiation and dispute resolution; 8) Experience in legal drafting, negotiation and dispute resolution.
--	--	--	--

11. Facilities to be provided by the Client

The facilities provided by the Client to the Consultant may include:

- a) Provide support in the form of introductions to key stakeholders and assistance in arranging meetings or interviews with relevant individuals or organizations in the G5 countries;
- b) Assist in arranging face-to-face / virtual meetings and workshops proposed to be organized under the assignment;
- c) Assist to access to relevant data and information, such as financial records, market research, and demographic information in the G5 countries;
- d) Assist in access to financial and operational data, information about the local market and competition in the G5 countries, and support in arranging meetings with key stakeholders such as potential customers, regulators, and partners.

For any required assistance, the focal point from the Client side will be:

Dr. Mohamed Ibrahim

Address: 7A Corniche El Maadi, Dallah Tower, Second floor, Maadi, Cairo, Egypt

City: Cairo

Country: Egypt

Tel: +20 100 179 0936

E-mail: m.ibrahim@iccia.com

12. Payment Schedule

The Payment will be released against submission and acceptance of reports under Scope of Services as follows:

S.N.	Milestones	Requirement	Payment (% of contract price)
1	Phase 1	Approval of the phase-related report	20%
2	Phase 2	Approval of the phase-related report	20%
3	Phase 3	Approval of the phase-related report	20%

4	Phase 4	Approval of the phase-related report	20%
5	Phase 5	Approval of the phase-related report	20%
	Total		100%