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**THE MICROFINANCE SUPPORT CENTRE LTD (MSC)**

**Date:** December 12, 2021

1. TERMS OF REFERENCE (TORs)
2. consultancy services TO STRENGTHEN INSTITUTIONAL CAPACITY of MSC AND ITS CLIENT INSTITUTIONS THROUGH THE PROVISION OF STAFF TRAINING, REVIEW of products and services, operational manuals, processes, risk and shariah governance, POLICY and ENHANCEment of THE IT core system.

Introduction

The Microfinance Support Centre Ltd (MSC) is an agency that was established by the Government of Uganda (GoU) in 2001 as the main vehicle for managing and delivering affordable finance to Ugandans, with a special focus to the rural poor communities to increase their employment levels, production, household incomes and improve their livelihoods. As a manager of Government microfinance funds (micro-credit and micro-grants), MSC operates 13 regional offices and 5 Satellite Offices covering the entire country and supported by over 120 Agency SACCOs/ reference Institutions. The MSC exists to offer financing at low cost to the economically active poor equitably to maximize its coverage and development impact.

The Vision of MSC is “*To be the microfinance institution transforming livelihoods of the economically active poor for attaining sustainable development*.” while its Mission is *'to “Provide Affordable Development Microfinance services through effective management and delivery of GoU & partner development funds, increased access and strengthening the capacities of institutions of the economically active poor*'.

In 2015, MSC was identified by the Government of Uganda to spearhead the introduction and implementation of Islamic Microfinance in Uganda and with support from the Islamic Development Bank and Bank of Khartoum (IRADA Microfinance), the company developed the Islamic Microfinance Framework and subsequently started financing projects in 2017. Guided by the Shariah principles, the Islamic Microfinance, has given MSC a unique opportunity to increase outreach and service more clients; at the same time, it has created a lot of demand for more ethical and participative finance and hence need to scale up the program.

To effectively roll out the Islamic Microfinance System and scale up the economic and social impact, MSC has allocated resources towards further strengthening of the its institutional capacity in Islamic Microfinance in Uganda. Critical activities. /interventions under this financing arrangement will include; development of products that are responsive to Uganda’s rural communities, diversification of products to address different market segments, formulation of the lending policies, manuals and guidelines and most importantly, training and capacity building to ensure that the beneficiaries appreciate the concept of Islamic finance, for full utilization.

As the executing/ coordinating agency of Islamic microfinance in Uganda, MSC would like to hire the services of an eligible Consultancy firm, to support the scaling up of the program and help in strengthening the institutional capacity of MSC and its client institutions through provision of staff training, enhancement of operational frameworks (products and services, operational manuals, processes and policies, risk and Shariah Governance Systems as well as the core IT system).

1. **Specific objectives**

The objective of the Technical Assistance Grant is to strengthen the capacity of the Microfinance Support Centre (MSC) and its client Institutions in Uganda in order to help them improve and upscale the delivery of Islamic Microfinance products and services for the benefit of the low-income Ugandans (men, women & Youth) (in the medium term) and to contribute to financial sector deepening and inclusion (in the long term).

1. **Scope of Work**

Operations:

Assess the Microfinance Support Center (MSC) and Client Institutions’ current operations, with a specific focus on how the current structures are serving Islamic microfinance products and services to end beneficiaries, with focus on productive sectors such as agriculture, fisheries and livestock.

Identify gaps in shariah compliance and implementation of Islamic microfinance products and services and review and develop the risk and shariah governance framework for the Islamic microfinance window of the MSC.

Critically evaluate the operations of the MSC Partner MFIs, reviewing existing credit/financing/trading methodologies, credit/financing/trading processes, products, costs structure, shariah compliance processes, risk management, management information systems and reporting, and manuals, and provide recommendations.

Assist the MSC in enhancing its Islamic finance module within its core IT system to ensure proper reporting and management of Islamic microfinance activities.

Market and Capacity Needs

Hold a consultative workshop with MSC Staff and representatives from client institutions and end beneficiaries in order to discuss end beneficiary needs, product development requirements and for the review of existing products, processes and policies.

Determine the real needs of the target beneficiaries and propose solutions for the MSC and Client institutions’ credit/financing/trading processes, structures and products and services.

Conduct a market needs assessment to inform the development of products and training packages for MSC and client institutions’ staff and develop a strategy related to the new expansion of Islamic microfinance products and services.

Based on findings from market needs assessment, develop tailored Islamic microfinance products and services for the target beneficiaries of the MSC and its client institutions (market definition, market research, product model, costing and pricing, pilot testing, rollout, marketing, lifecycle management, etc.).

Recommend improvements to MSC and client institutions’ Islamic microfinance operations and products complete with the implementation road map and recommended templates, forms, contracts, processes, products and policies manuals.

Provide training on Islamic microfinance products and services, and operations improvement, to MSC Board members (8 persons), MSC regional staff and selected staff of client institutions (80 persons) to ensure effective transfer of knowledge and accountability.

1. **Duration of the Assignment**

The assignment is expected to be implemented within a period of three months.

1. **Qualifications and Experience of the firm**
   1. **Experience**

The Consultant should have the necessary competences and qualifications to undertake the assignment as indicated below:

1. Experience of at least eight (8) years conducting consultancy services
2. Experience of at least three (3) similar assignments in Islamic finance/microfinance
3. Experience of at least one (1) assignment working in developing countries
4. Knowledge and understanding of Islamic finance principles and practical operations.
5. Practical Experience and Track record in designing/ development and institutionalizing Islamic financing products in financial sector in particular the Microfinance sector, understanding the risk structure and governance & information technology systems.
6. Familiarity with IsDB financing policies, procedures, systems and processes.
   1. **Required academic qualifications for the Lead consultant**
7. A Bachelor’s Degree in business area which may include; Commerce, Business Administration, Statistics or any related field
8. A Master’s Degree in a related area
9. Qualification in Islamic Finance at diploma level and above
10. Any additional post graduate qualification including a PhD shall give an added advantage
    1. **Required academic qualifications for the Associate Consultant**
11. A bachelor’s degree in Management, Marketing or related field
12. Evidence of experience in at least two (2) similar assignments
13. Qualification in Islamic Finance at certificate level and above
    1. **Required academic qualifications for the Associate Consultant (IT)**
14. A bachelor’s degree in IT or similar area
15. Evidence of experience in developing and implementing MIS systems in similar fields (Microfinance) and in at least (2) assignments
16. Qualification in Islamic Finance at certificate level and above
17. **Tasks/ responsibilities:**

* Ensure that tailored products, processes, policies, manuals and frameworks are developed in line with the scope of work
* Propose and assist the MSC in enhancing the Islamic finance module within the existing MIS at MSC and intermediary institutions for better reporting and management of the portfolio
* Develop a training plan that will be effectively executed within the scope of the assignment plan and highlight implications of Covid-19 in executing the- assignment
* Preparation of assessment reports, implementation plans and final report.

1. **Deliverables:**
2. A comprehensive assessment report developed in agreement with the MSC and comprising of:
   1. Operations Assessment (including MIS), with recommendations and Implementation plan
   2. Market Needs assessment, with proposal for products and implementation roadmap
   3. Capacity Needs assessment, with recommendations and Implementation plan
3. Execution of the assessment report recommendations, covering capacity building, MIS improvement, shariah and risk frameworks, policies, processes, manuals, and products developed
4. A Final report with complete documentation on the tasks completed
5. **Obligations of MSC**

**MSC shall be responsible for the following;**

1. Coordination of the assignment
2. Provide required information within its jurisdiction
3. Provide logistical support where necessary for meetings, preparations and consultations.
4. Arrange payment to consultant. as stated in the ToR in 10.0
5. **Reporting and submission of deliverables**
6. The consultant shall report to the MSC Executive Director or a delegated person.
7. All the required deliverables mentioned under (6.0) shall be submitted to the MSC ED or the delegated person for review and acceptance
8. Final versions of the deliverables should be submitted to the MSC ED or the delegated person in pdf and hard versions, with copy to the Islamic Development Bank

**9.0 Duration of the assignment**

The assignment is envisaged not to exceed 3 months, subject to further discussion with service provider.

1. **Payment Schedule**

The remuneration of the consultant shall be as follows;

1. 30% upon the delivery and acceptance of the comprehensive assessment report
2. 50% upon the acceptance of the execution of the assessment report recommendations
3. 20% upon submission of final report with complete documentation