



## SUPPORT TO IMPROVING THE INVESTMENT AND BUSINESS ENVIRONMENT IN THE SADC REGION – SIBE

<b>Terms of Reference (ToR) to conduct a Study on SADC Micro Finance regulatory environment</b>	
Title of assignment:	Consultancy to conduct a Study on SADC Micro-Finance landscape regulatory environment, level of monitoring and support.
Reference no.:	TOR 0292/2.2
Activity Code:	IN 0292.2.2.5 “STE Inputs”
Responsible SADC SPO:	Mário Lironel
Date of issue:	May 2023
<b>1. Background</b>	
1.1 Background SADC	<p>The Southern African Development Community (SADC) was formed in 1980 as the “Southern African Development Cooperation Conference” (SADCC) by nine of the current Member States. On 17 August 1992 in Windhoek, Namibia, the SADCC was transformed into SADC with the signing of the SADC Declaration and Treaty. SADC currently has 16 Member States: Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, Zambia and Zimbabwe. SADC has a combined population of approximately 380 million and a Gross Domestic Product (GDP) of more than 780 billion (2021).</p> <p>Article 5 of the Declaration and Treaty of SADC identifies the Organisation’s key objectives as:</p> <ul style="list-style-type: none"><li>• to further the socio-economic integration of the Region and thus attain development and economic growth, the alleviation of poverty and an enhanced standard and quality of life;</li><li>• to encourage political co-operation, evolve common political value systems and institutions; and to promote peace and security;</li><li>• to encourage self-sustaining development on the basis of collective self-reliance and interdependence of Member States;</li></ul>

- to advance complementary national and regional strategies and programmes;
- to support and maximise productive employment and utilisation of resources within the Region; and
- to achieve sustainability of natural resources and effective protection of the environment.

The region envisages deeper economic integration starting with Free Trade Area which was launched in 2008 and moving on to Customs Union, Common Market, Monetary Union and finally a single currency.

The Treaty aims are implemented through agreements including Protocols that are legally binding international agreements committing the Member States to the objectives and specific procedures stated within them. Currently, SADC has a number of Protocols, including the Protocol on Finance and Investment (2006, which was amended in 2016); the Protocol on Trade (1996); the Protocol on Mining (1997); the Protocol on Trade in Services (2012); and the Protocol on Industry (2019).

There are additional strategic documents that guide SADC's activities towards regional integration including the Regional Indicative Strategic Development Plan (RISDP, 2003) that outlines the need for promoting the development of sound investment policies in Member States, to improve the investment climate and enhance the levels of intra-SADC and foreign direct investment in the region. This objective is supported by a similar objective aimed at enhancing cooperation in taxation and related matters, including tax information sharing; capacity building for Tax Administrations; and to develop common approaches and policies to the application and treatment of tax incentives and negotiation of tax agreements. This is in recognition that investors, among other things, consider tax regimes in making their investment decisions.

The RISDP also highlights the enhancement of monetary cooperation to reform the SADC banking system and harmonization of banking regulatory frameworks. Furthermore, development and strengthening of the financial and capital markets is critical to facilitate free movement of capital and mobilization of financial resources for the promotion of growth and development in the region.

	<p>The Community is supported by the SADC Secretariat that is located in Gaborone, Botswana. SADC is a consensus-based organisation and the mandate of the Secretariat is facilitatory. For further information see <a href="http://www.SADC.int">www.SADC.int</a>.</p>
<p>1.2 Background – SIBE Programme</p>	<p>The Support to Improving Investment and Business Environment (SIBE) Programme is a five-year Programme, implemented by the Finance, Investment and Customs (FIC) Directorate and financed to the tune of €14 million by the EU under the 11th European Development Fund (EDF). Financing Agreement and the Contribution Agreement were signed in June 2019 and August 2019, respectively. The Programme will be implemented over a period of 55 months from the date of signature of the Agreements. The Programme is implemented by the SADC Secretariat and covers all the 16 SADC Countries.</p> <p><b>The overall objective</b> of the Programme is to achieve sustainable and inclusive growth and support job creation through the transformation of the region into a SADC investment zone and promoting intra-regional investment and Foreign Direct Investment (FDI) in the SADC region, in particular for Small and Medium Enterprises (SMEs).</p> <p><b>The specific objective</b> of the SIBE Programme is to develop the region into a SADC investment zone, promoting intra-regional investment and FDI in the SADC region, in particular for SMEs.</p> <p>The Programme focuses its support on the following Results Areas (RAs):</p> <p><b>RA1 - An enabling investment policy framework across SADC Member States is supported</b></p> <p>This result area covers the following main activities:</p> <ol style="list-style-type: none"> <li>i. Set-up a dialogue at regional level on improving investment and business environment in SADC;</li> <li>ii. Provide ad-hoc support to Member States in developing structured public-private dialogue mechanisms for improving investment and business environment in SADC;</li> <li>iii. Harmonise SADC Member States' investment and business environment related laws and regulations; and</li> <li>iv. Enhance the SADC Tax regime in support of a conducive investment and business environment.</li> </ol>

**RA2 - Enhanced integration of financial markets in the SADC region is promoted**

Under this Result area, the programme will assist in:

- i. Developing financial markets in the SADC region
- ii. Developing policies and strategies to address risks to financial stability at regional and national levels; and
- iii. Strengthening SADC Real Time Gross Settlement System (SADC-RTGS), Committee of Insurance, Securities and Non-Banking Authorities (CISNA), Committee of SADC Stock Exchanges (CoSSE), the SADC Committee of Central Bank Governors (CCBG) and the SADC Banking Association (SADC BA).

**RA3 - Enhanced financial inclusion is supported**

This Result Area focuses on developing proper and specific action plans aimed at reducing costs of remittances and developing financial products for SMEs. In particular, SIBE will support the following main activities:

- i. Develop and implement Financial Inclusion Strategies;
- ii. Identify key financial inclusion regulatory areas for harmonisation and capacity building; and
- iii. Monitor Status of and Progress on Financial Inclusion in the Region.

The Programme management structure is composed by a Task Manager, the Senior Programme Officer – Finance and Investment under the operational oversight and guidance of the Director of Finance, Investment and Customs (FIC).

The SADC Secretariat has contracted a consortium composed of FinMark Trust, GFA Consulting Group and Southern Africa Trust, under a Service Contract for a Technical Assistance including the provision of one Long Term Expert to coordinate and manage the implementation of activities across the 3 result areas, and a pool of Long and Short-Term Experts.

The Terms of Reference (ToRs) is a request for the provision of consultancy services to “**conduct a Study on SADC Microfinance Landscape, regulatory environment, level of monitoring and support**”.

<p>1.3 Background to this assignment</p>	<p>This assignment is being commissioned under SIBE KRA-2.2 “Harmonisation of non-banking financial sector laws and regulations”, <b>KRA 2.2.5 “Conduct a Study on SADC Microfinance Landscape, regulatory environment, level of monitoring and support”</b>.</p> <p>The SADC Micro-Finance landscape and regulatory framework remains a challenge in SADC Member States, with varying regulatory policies. The absence of a proper regulatory framework in SADC Member States is still a challenge and thus necessitates an interrogation of the existing institutions and legal frameworks so as to come up with a proper regulatory framework that will also take into account all legal avenues pertaining to the MFIs. In as much as some progress has been made in terms of policy and Micro finance laws, there still exist significant information gaps on Micro-Finance institutions. Policy formulation and financial sector deepening in SADC Member States is remains important.</p> <p>Annex 13 of the Protocol on Finance and Investment (FIP) recognises the need to strengthen and deepen financial markets in the region and to ensure a coordinated approach to financial sector development, including MFIs. The Micro Finance Model laws also provide some guidance on the legal policy frameworks of Micro finance institutions. As a regulatory framework is developed it requires an appropriate monitoring and evaluation mechanism in the MFI sector, to assist regulators to track progress and also allow for informed policy formulation.</p> <p>A Study commissioned in 2011 concluded that Continued support of microfinance in SADC is vital to ensure sustainable growth.</p> <p>These Terms of Reference (ToRs) <b>“Conduct a Study on SADC Microfinance Landscape, regulatory environment, level of monitoring and support”</b>.</p>
<p><b>2. Description of the Assignment</b></p>	
<p>2.1 Global objective</p>	<p><b>The global objective</b> of the assignment is to explore the state of the Micro-Finance industry in each SADC Member State, particularly with regard to the regulatory frameworks including monitoring and evaluation.</p> <p>Existing regulatory principles also need to address coverage appropriate for MFIs and those activities that may need to be regulated. Developing guidelines to establish a regulatory environment which permits MFIs to progressively evolve into institutions capable of wider outreach and achieving critical</p>

	<p>mass in operations. A continuum of institutions providing microfinance in a financial systems context cannot develop without a conducive regulatory environment. Fragmentation and segmentation will continue to inhibit the institutional transformation of MFIs, hence the need for an appropriate regulatory framework.</p>
2.2 Specific objectives	<p><b>The specific objective</b> of the assignment is to review the findings of the 2011 Report on the SADC Micro Finance and the provision of a Framework for addressing regulatory issues which impact MFI operations. Institutional development provides an important tool for MFI operations and institutional development and therefore necessitates analysis.</p>
2.3 Requested services	<p>It is expected that the SADC regulatory aspects will be clearly defined to provide an appropriate policy framework for the region, whilst keeping sight of the prevailing circumstances in individual Member States.</p> <p>The STE will specifically, but will not be limited to:</p> <ul style="list-style-type: none"> <li>i) Review the findings of the Micro Finance Report of 2011 and draw lessons;</li> <li>ii) Outline the role of MFIs in respective SADC Member States</li> <li>iii) Outline the suitable regulatory framework for the sector;</li> <li>iv) Identify key constraints to the growth of MFIs in the SADC region;</li> <li>v) Identify key constraints to effective monitoring of MFIs in SADC region;</li> <li>vi) Identify areas of regulatory impact on specific institutions in each jurisdiction;</li> <li>vii) Identify areas of regulatory and policy improvement and support in Member States;</li> <li>viii) Identify key indicators for monitoring.</li> </ul>
2.4 Deliverables	<p>The STEs will provide the following deliverables:</p> <ul style="list-style-type: none"> <li>i. <b>Inception Report:</b> a detailed work-plan, timeframe and approach to undertake each part of the Assignment;</li> <li>ii. <b>Data Collection report:</b> Data Collection Report, detailing the process and findings from the data collection for the assignment;</li> </ul>

	<ul style="list-style-type: none"> <li>iii. <b>Draft Report for the Assignment</b>, including the draft outcome of the review of the 2011 Study.</li> <li>iv. <b>Validation Workshop Report for both parts of the Assignment</b>, where the findings from the data collection and data analysis are presented.</li> <li>v. <b>Final report</b>: a detailed result of the Assignment considering issues raised during the workshop and comments from the SIBE Task Manager, which in general, should cover the following areas: <ul style="list-style-type: none"> <li>(a) Executive Summary;</li> <li>(b) Objectives;</li> <li>(c) Scope and Methodology;</li> <li>(d) Analysis and Findings;</li> <li>(e) Lessons Learned; and</li> <li>(f) Conclusion and Recommendations.</li> </ul> </li> </ul> <p><b>Note:</b> All deliverables will be the property of the SADC Secretariat.</p>
2.5 Management	<p>The STE will report to and will be under the day-to-day supervision of the Task Manager/SPO Finance and Investment, and the SIBE Coordinator. Operationally, the STE will be in close collaboration with the key result area manager.</p>
2.6 Methodology	<p>The assignment is based on the following steps: Inception Phase, Data collection, Data analysis and Final Report.</p> <p><b>STEP 1: Inception phase: 10 FEE DAYS</b></p> <p>The STE will start with an inception and assimilation phase by using its standard methodology. It will include a virtual kick-off meeting between SADC Secretariat and relevant SADC structures.</p> <p><b>STEP 2: Data collection 30 Fee Days</b></p> <p>The STE will collect the relevant data for both qualitative and quantitative data, in each jurisdiction.</p> <p><b>STEP 3: Data analysis 30 Fee Days</b></p> <p>During this step, the STE will proceed to analyse the data and information collected.</p> <p><b>Step 4: Validation Workshop – 10 FEE Days.</b></p> <p>During this phase a validation workshop for all stakeholders will be held to review the Report and also seek input from Stakeholders.</p> <p><b>STEP 5: Final Report – 10 Fee Days</b></p>

	During this step, the STE will submit the Final Report to the SIBE Task Manager.				
<b>3. Resources allocated</b>					
3.1 Resources from the Technical Assistance contract					
	Part 1	Part 2	Part 3	Part 4	Part 5
Up to 90 days	10	30	30	10	10
Up to 0 per diem days (approximate)	4	15	0	5	0
Mobilisation travel	0	0	0	0	0
Regional travel	1	4	0	1	0
	The STE will be facilitated to engage with stakeholders virtually through introductory letters. The STE is expected to arrange at own cost for any transportation necessary for the STE in the locations of the Assignment.				
<b>3.2 Other related resources allocated from the SADC-SIBE budget</b>					
Workshop budget	The virtual or hybrid workshop will be held as part of work under <b>Result 2.2</b> funding.				
Translation of documents	The translation of documents will be arranged by SADC secretariat separately. <b>It should be noted that a minimum of 5 weeks is required from the hand-over of materials for translation .</b>				
Interpretation	Interpretation when/if necessary, will be arranged by SADC Secretariat separately.				
<b>General professional experience Specific experience</b>					
3.3.1 Qualifications and skills	<b>STE: Financial MFI Expert</b> <ul style="list-style-type: none"> <li>• A minimum of a University degree in a field related to the Assignment such as economics, finance or additional 10 years of related professional experience.</li> <li>• Excellent written and communication skills in English.</li> </ul>				



	<ul style="list-style-type: none"> <li>• Excellent computer skills including knowledge of Microsoft Office packages such as Power Point and Microsoft Word.</li> </ul>
3.3.2 General professional experience	<ul style="list-style-type: none"> <li>• Minimum 5 years of professional experience in the area of capital and financial markets.</li> <li>• Experience in conducting policy, economic and financial research and analysis.</li> </ul>
3.3.3 Specific professional experience	<ul style="list-style-type: none"> <li>• Experience in conducting policy research in the area of capital and financial Markets;</li> <li>• Experience of working in a developing economy environment and particularly in the SADC region will be considered as an asset.</li> <li>• Knowledge of the issues and challenges regarding implementation of the SADC Financial Integration Agenda will be considered as an asset.</li> <li>• Knowledge of the MFI sector will be an advantage</li> </ul>
3.3.4 Equipment	The STE is expected to use his or her own laptop computer and cellular telephone.
<b>4. Location duration and planning</b>	
4.1 Location of work	The assignment will be carried out both remotely and physically by agreement
4.2 Duration	The indicative expected start date is <b>5 June 2023</b> The indicative expected end date is <b>22 December 2023</b>
4.3 Working week	The working week is from Monday to Friday, except in case of official holidays or SADC closure days as recorded in Annex 1.  Weekends are not normally considered as working days unless specifically requested and confirmed in advance in writing by the SADC Secretariat.
<b>5. Reporting</b>	
5.1 Language	The assignment language and all reporting shall be in English

<p>5.2 Progress reporting</p>	<p><b>Submission and approval procedure for inception and progress reports</b></p> <p>All written reports shall be submitted in soft copy by email, with <b>Arial font size 12</b>, in a format provided by the SADC Support Consortium (the Consortium) to the STE and shall include deliverables as Annexes.</p> <p><b>The soft copy must not be in PDF format preventing formatting.</b></p> <p>All reports will be submitted to FinMark Trust (Consortium leader) through the Programme Coordinator for quality control; then they will be submitted to the RA manager for preliminary endorsement, who will then submit them to the SIBE Task Manager with recommendation for approval. Comments to the reports, if any, will be communicated in writing to the STE within 10 working days of receipt of each report.</p> <p><b>Part 1 - Inception report (numbered 029/0XX/STE/IR) and PowerPoint presentation</b></p> <p>The STE will complete an inception report and submit it by the end of Part 1. The Report will include a methodology for the Assignment, including the stakeholders to be contacted.</p> <p>At the end of Part 1 the STE will make a brief Power Point presentation of the inception report to the Secretariat.</p> <p><b>Note:</b> this presentation is a deliverable and should be annexed to the report. The inception report will be submitted by the STE to the FinMark Trust, copied to the Secretariat. The FinMark Trust will formally submit it to the SADC Secretariat (SPO Finance and Investment) through the Programme Coordinator for approval.</p> <p>After submission, the Secretariat will consider the report and provide any feedback within 15 working days.</p> <p><b>Parts 2 &amp; 3 &amp; 4 – Progress report (numbered 0xx/STE/xx)</b></p> <p>At the End of Parts 2 &amp; 3 &amp; 4, the STE will submit progress reports within 2 working days at the end of each Part.</p> <p>It is important to note that, at the end of Part 2, the STE will submit a progress report concerning the data collection summarising the feedback and inputs from stakeholders. Relevant data and information collected during this phase should be appended as an Annex. At the end of Part 4, the STE will also submit a brief report summarising the comments and issues coming from the consultation with Capital and Micro Finance Committee and also submit the Draft Report.</p>
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<p>5.3 End of Assignment Reporting</p>	<p><b>Part 5 - End of Assignment Report (EoAR) (numbered 029/STE/EoAR) and presentation</b></p> <p>The STE will submit the EoAR for approval at the completion of the Assignment. The report shall be submitted in the format provided and will include the following:</p> <ul style="list-style-type: none"> <li>• An Executive Summary of the whole assignment;</li> <li>• List of activities carried-out during the assignment;</li> <li>• Methodology/Discussion of key issues;</li> <li>• Main Conclusions and Lessons Learned;</li> <li>• Recommendations for further support to the beneficiary;</li> <li>• Key Annexes, such as all deliverables produced, including the completed updated Data Collection Report and Validation Workshop report.</li> <li>• In addition to the report, at the end of Part 5, the STE will provide a PowerPoint presentation to the Secretariat of the EoAR on the last day of the assignment (which will be by way of remote link through Zoom or such other e-platform to be suggested by SADC Secretariat). The presentation is a deliverable and should be Annexed to the report.</li> </ul> <p><b>EoAR Submission and approval procedure:</b></p> <ul style="list-style-type: none"> <li>• After end of assignment, EoAR will be submitted by email to the Consortium through the Programme Coordinator for quality control; then it will be submitted to the RA manager for technical comment for the STE. Technical comments will be issued within 15 working days.</li> <li>• The STE shall address all the technical comments within 15 calendar days of receiving comments and submit the final EoAR to SADC for final technical and administrative approval. If no comments are issued by SADC within one month after submission, the EoAR will be deemed satisfactory.</li> <li>• Upon acceptance (or if the one-month period has elapsed since submission without comments being issued), the EoAR shall be submitted to the RA Manager and the SIBE Task Manager for administrative approval.</li> <li>• The Assignment will not be considered to be complete until the approval of the SIBE Task Manager to the EoAR has been obtained.</li> </ul>
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	<ul style="list-style-type: none"> <li>The EoAR shall be delivered in soft copy. The soft copy shall include deliverables produced as annexes. The soft copy must not be in pdf format preventing formatting.</li> </ul>
5.4 Report quality, structure, formatting and editing	The STE is responsible for ensuring the quality of his/her reports using the templates and report structures provided or suggested by the LTEs or Programme Coordinator. It is expected that the STE will ensure that the reports are formatted properly and proof-read for grammatical, spelling and other mistakes. While the reports will go through review by the LTEs and other members of the SIBE team, it is not expected that the reviewers will have to correct grammar, spelling and formatting errors. If the STEs do not have skills in this respect they are expected to seek the services of an editing expert at his/her own cost.

### 6. Administrative Information

Timesheets	<p>The STE will complete a monthly timesheet (within two days of the end of the month) according to the template provided, recording days worked.</p> <p>Fees will be due only for working days recorded in timesheets that are countersigned by:</p> <ul style="list-style-type: none"> <li>- SIBE Programme Co-ordinator and Team Leader;</li> <li>- SIBE RA Manager;</li> <li>- The SIBE Task Manager;</li> </ul> <p>The monthly Timesheet should be accompanied by the monthly Progress Report, and both should be submitted by e-mail for review and approval.</p>
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### 7. Endorsement

Programme Coordinator	RA Manager	Task Manager	Director-Finance, Investment and Customs
Mike Nyamazana	Hamilton Thomas	Mario Lironel	S.L. Mtonakutha
Signature:  ..... Date: .....	Signature:  ..... Date: .....	Signature:  ..... Date :.....	Signature:  ..... Date:.....

## **ANNEXES TO TOR 0292/RA 2.3**

ANNEX 1: Experts scoring grid

ANNEX 2: Botswana official holiday 2022-23 (non-working/fee days)

ANNEX 3: Gantt

ANNEX 2: Estimated budget

**ANNEX 1.**  
**Experts scoring grid**

Qualifications and Experience	Points*
Qualifications and skills:	20
A minimum of University degree in a field related to the Assignment such as economics, finance or additional 10 years of related professional experience.	10
Excellent written and communication skills in English.	5
Excellent computer skills including knowledge of Microsoft Office packages such as Power Point and Microsoft Word.	5
General professional experience:	30
Minimum 5 years of professional experience in the area of capital and financial markets.	10
Experience in conducting policy, economic and financial research and analysis.	20
Specific professional experience:	50
Minimum 5 years of professional experience in the area of capital and financial markets.	15
Experience of working in a developing economy environment and particularly in the SADC region will be considered as an asset.	10
Knowledge of the issues and challenges regarding implementation of the SADC Financial Integration Agenda will be considered as an asset.	10
Knowledge of the MFI sector will be an advantage	15
<b>Score</b>	<b>100</b>

**ANNEX 2:**  
**Botswana official holidays 2023-2024<sup>1</sup>**

<b>Day</b>	<b>Date</b>	<b>Occasion</b>
Friday	7 April 2023	Good Friday
Monday	10 April 2023	Easter Monday
Thursday	18 May 2023	Ascension Day
Saturday	1 July 2023	Sir Seretse Khama Day
Monday	17 July 2023	President's day
Tuesday	18 July 2023	President's day 1
Sunday	1 October 2023	Botswana Holiday
Monday	2 October 2023	Independence Day
Monday	25 December 2023	Christmas Day
Tuesday	26 December 2023	Boxing Day
	<b>Botswana holidays 2024</b>	
Monday	1 January 2024	New Year's Day
Friday	29 March 2024	Good Friday

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<sup>1</sup> These dates are indicative and are subject to confirmation by the Government of Botswana

### ANNEX 3: Gantt Chart

Task ID	Task Description	Duration (days)	Start Date	End Date	JUNE 23	JUNE 23	JUNE 23	JUNE 23	JULY 2023	JULY 2023	JULY 2023	JULY 2023	AUGUST 2023	AUGUST 2023	AUGUST 2023	AUGUST 2023	SEPTEMBER 2023	SEPTEMBER 2023	SEPTEMBER 2023	SEPTEMBER 2023	OCTOBER 2023	OCTOBER 2023	OCTOBER 2023	OCTOBER 2023	NOVEMBER 2023	November 2023	November 2023	November 2023	November 2023	November 2023	December, 2023	December 2023	December 2023		
1	Inception	10 days	5 June 2023	16 June 23																															
2	Data collection and consultations	30 days	19 June 2023	28 July 2023																															
3	Data analysis and	30 days	31 July 2023	8 Sept 2023																															
	Translation	5 weeks	11 Sept 2023	13 Oct 2023																															
4	Validation Report	10 Days	16 Oct 2023	27 Oct 2023																															
5	Final Report	10 Days	11 Dec 2023	22 Dec 2023																															



