

► Terms of Reference for Financial Service Providers based in Kenya

Background

Summary	
Project Title	Better Regional Migration Management project (BRMM)
Project Objective	Enhanced measures for labour market integration for returnees and potential migrants through improved skills, financial inclusion, MSMEs growth and job creation
Terms of Reference Title	Provision of cash transfers to returned migrants and micro-loans to vulnerable potential and returned migrants in Kenya
Objectives of the Terms of Reference	<p>660 returned migrants in Kenya are provided with immediate financial support through the provision of cash transfer intended to supplement their income for a defined period.</p> <p>A revolving loanable fund amount to 150,000USD is established and provided to potential and returned migrants, with the intention to support their income-generating activities.</p>
Specific Objectives	<p>These terms of reference are developed to select financial services providers (FSPs) to:</p> <ul style="list-style-type: none"> ► Support 660 returned migrants to open a bank account. ► Provide a cash transfer of USD 150 for each of the 660 returned migrants through their bank accounts ► Conduct a market assessment to develop a loan product for potential and return migrants ► Establish a revolving loanable fund worth USD 150,000 and provide micro-loans to a selection of potential and returned migrants.
Locations	Nairobi and Mombasa Counties
Timeframe	12 months – From August 2023 to August 2024
Total cost born by financial service providers	USD 75,000 born by selected FSP
Funding Source	<p>USD 174,000 born by the ILO BRMM project.</p> <p>BRMM will fund USD 75,000, equivalent to 50% of the total USD 150,000 of micro-loans provided by the selected FSP to potential and returned migrants.</p> <p>BRMM will also provide USD 99,000, equivalent to the total sum of cash grants to be provided through the selected FSPs, to 660 returned migrants.</p>



Annex III

	The ILO BRMM project is financed by of the Foreign, Commonwealth & Development Office of the United Kingdom's government
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▶ 1. Background

1.1 Context of potential and returned migrants in Kenya

Forcibly returned migrants are often in a desperate state with no resources beyond the clothes on their backs and encounter severe medical conditions due to lack of access to health services before deportation, many also experience psychosocial problems. Women migrants are more vulnerable than men, experiencing health, social and economic challenges. Circumstances, such as COVID-19 pandemic, further inflates these challenges, as migrants are the first to be affected because of precarious and short-term contracts, lack of social protection and their vulnerable status in the sectors they are working in, usually low paid and informal.

As per the IOM rapid assessment on the protection needs, risks and vulnerabilities of returning migrant workers and members of their families in Kenya¹, the Ministry of Foreign affairs facilitated repatriation of thousands of Kenyans from all over the world during and after the pandemic. It has facilitated the repatriation of 108 Kenyan domestic workers stranded in Lebanon, 569 from Kingdom of Saudi Arabia, 232 Kenyans from India and much more. Migrants returning home, especially in unexpected circumstances such as COVID-19, often face a number of challenges, particularly in terms of lack of decent livelihood opportunities and stigmatization. Many returnees come back empty handed, as their earnings was used for debt repayments, general consumption, and remittances to their families. Moreover, as the return was unexpected, unplanned, and sudden, some even returned with unpaid wages and benefits. Their return has also affected their entire family, as the remittance they use to send has stopped with their return, in addition, returnees themselves become an additional burden in the scarce resources available for the household.

The Government of Kenya and partners have initiated a number of interventions to abet the suffering of Kenyan migrant workers returning under distress. The initiation of the Unemployment Insurance Fund and the Kenya Migrant Workers Welfare Fund are just but a few of the customized interventions to support migrant workers. However, those initiatives are still work-in-progress. The government has also doubled the effort of promoting entrepreneurship through micro, small and medium enterprises (MSMEs). To this end, 50 billion shillings initial capital dubbed “Hustler Fund” was set aside to support small startup businesses in the country. However, that amount is just a drop in the ocean as demand for capital is sky high in Kenya. To boost the government, resolve and effort, the ILO and other developmental partners have committed to provide comprehensive support to ensure the sustainable reintegration of returning migrants, from providing immediate assistance upon their return through cash transfers, to ensuring longer-term social and economic reintegration and empowerment through the promotion of self-employment and the sustainable transition to work.

1.2. The ILO Better Regional Migration Management project

With the financial support of the Foreign Commonwealth and Development Office of the United Kingdom, the ILO is implementing the second phase of the project entitled “*Better Regional Migration Management*” (BRMM), which will continue the work carried out under BRMM project phase I and will focus on strengthening the capacities of countries in East and Horn of Africa to govern labour

¹ [RAPID ASSESMENT ON RETURN AND REINTERGRATION-KENYA.pdf \(iom.int\)](https://www.iom.int/publications/rapid-assessment-on-return-and-reintegration-kenya)

migration by using evidence-based policies, enhancing migrant workers' qualifications and skills, and actively engaging the social partners.

One of the areas of intervention of the BRMM phase II, is improving employment services for labour market integration of potential and returned migrants, with a focus on developing MSMEs and social finance, in Ethiopia and Kenya. In this context, the BRMM project is seeking to:

- ▶ Support the Ministry of Labour and Social Protection and other related institutions in Kenya to **provide cash transfers** through financial service providers or cooperatives for returned migrant workers, in a vulnerable situation, in Kenya.

The cash transfer will be used for consumption purposes until the targeted returned migrants settle back in their place of origin and engage in income-generating activities. The cash transfer will amount to USD150 per returned migrant and will be provided to those undertaking an ILO skills development training programme (i.e., ILO Financial Education, ILO Start and Improve Your Business programme). It will help them cover their daily allowance and transportation costs to attend the training.

- ▶ **Extend access to micro-financing** to potential and returned migrants in Kenya to promote formal employment and reduce poverty, capitalizing upon their skills acquired abroad.

This objective will also be complemented by the roll out of ILO skills development training programmes including ILO Financial Education and Start and Improve Your Business programmes, as mentioned above. These activities are meant to reinforce the financial literacy as well as the entrepreneurial and business management skills of potential and returned migrants for a more integrated approach.

▶ 2. Objectives and expected results

2.1 Overall objectives

The overall objective of the ILO Better Regional Migration Management project component on labour market integration is to ensure that potential and returned migrants are provided with financial and non-financial services to promote sustainable livelihoods and reduce their vulnerability, in Mombasa and Nairobi Counties.

The specific objectives of this assignment will be to:

- ▶ Open bank accounts for at least 660 clients, all of which being returned migrants.
- ▶ Provide a cash transfer to 660 clients, all of which being returned migrants.
- ▶ Commission a market assessment to develop a loan product dedicated for potential and returned migrants
- ▶ Identify, through the market assessment, adapt and promote the delivery of a specific loan product for the target group, i.e. potential and returned migrants
- ▶ Establish a revolving loanable fund amounting to USD 150,000 and expand access to credit for clients, i.e. potential and returned migrants and;

2.2 Target beneficiaries

Intended beneficiaries

The provision of cash transfer will target the most vulnerable returned migrants undertaking an ILO skills development training programme (i.e. ILO Financial Education, ILO Start and Improve Your Business programme) and the micro-loans will target the most vulnerable potential and returned migrants, where priority will be given to beneficiaries that have received a service by the BRMM phase II project. The selection of these final beneficiaries will be spearheaded by the Ministry of Labour and Social Protection of Kenya, in collaboration with the FSP and ILO BRMM Project.

- ▶ The selected FSP will need to provide a cash transfer of USD 150 for each of the 660 returned migrants, which will entail a total of USD 99,000.
- ▶ The selected FSP will need to provide a total of USD 150,000 worth of micro-loans to potential and returned migrants.

Direct recipients

The direct recipients of this activity will be the selected FSP, which will receive a total of USD 174,000, including a loanable fund of USD 75,000 to de-risk its provision of micro-loans to the targeted potential and returned migrants and USD 99,000 to be exclusively disbursed as cash transfer to the above-mentioned 660 targeted beneficiaries.

The selected FSP will be required to provide both micro-loans and cash transfer as mentioned above in Nairobi and Mombasa Counties.

2.3 Expected results

The expected results of this assignment will be:

- ▶ 660 clients (returned migrants) from Mombasa and/or Nairobi Counties have opened a bank account with the selected FSP.
- ▶ 660 clients (returned migrants) from Nairobi and/or Mombasa Counties are provided with a cash transfer of USD150 each, in line with the ILO BRMM project criteria and the ILO principles and standards.
- ▶ A market assessment is commissioned to inform on the development/revision of a loan product responding to the needs and interests of target beneficiaries (potential and returned migrants)
- ▶ A specific loan product is developed/revise following discussion and negotiation on product selection that meets the needs and interests of target group, i.e. potential and returned migrants
- ▶ The revolving loanable fund amounting to USD150,000 is disbursed to clients (potential and returned migrants) in Nairobi and Mombasa Counties based on the developed/revise loan product

2.4 Implementation strategy

The intervention logic is based on the integrated and sequenced approach to promote the long-term sustainable reintegration of potential and returned migrants into the labour market through skills development and access to finance. In addition to extending and harnessing partnerships, the ILO will work with the National Employment Authority (NEA) and the selected financial services providers at the regional level, Nairobi and Mombasa Counties, to identify the beneficiaries, and follow the provision of the cash transfers and micro-loans.

Social assistance through cash transfers: The importance of cash transfer in the humanitarian-development nexus² has been highlighted as important. However, this needs to be complemented by mid or long-term socio-economic support and prospects for financial inclusion, which is the approach of this support. Given that returned migrants have lost jobs and income in destination countries, it is critical to palliate this loss and catalyze their settlement and reintegration into the community back home

Access to finance and business development services: Access to finance is crucial for potential and returned migrants economic empowerment and sustainable reintegration. By facilitating access to finance through the development of a dedicated loanable fund for potential and returned migrants, beneficiaries would be supported to venture into business start-up as a way to secure sustainable incomes.

Within the overall framework of the BRMM phase II project, the ILO will partner with additional two implementing partners to:

- Provide an integrated economic empowerment support to potential and returned migrants either in Nairobi and/or Mombasa Counties. Within this support, the entrepreneurship skills and financial literacy capacity of 1,500 potential and returned migrants will be strengthened based on the ILO SIYB and FE training for returnees' tools. From the trained 1,500 beneficiaries, 80% will be assisted in establishing a business.
- Pilot designed market intervention in the identified sectors in Mombasa and Nairobi Counties.

From the 1,500 beneficiaries selected for training, following selection criteria agreed by the implementing partner, ILO and local NEA offices, 660 beneficiaries are returnees who will benefit from the cash transfer. Accordingly, the selected implementing partner and financial service provider will provide orientation to the 660 returnees on the support to be provided and will open a bank account with the FSP. To receive the cash transfer amounting to USD 150, targeted beneficiaries will be required to apply and attend in full either the ILO Financial Education or SIYB training. USD 150 will be provided after the completion of the training. The cash transfer will all be operated by the selected FSP through transfers to the targeted beneficiaries' bank accounts.

Upon the completion of their training programmes, the selected implementing partner will support 80% of the trained beneficiaries in establishing a business. Moreover, while piloting designed market

² Grand Bargain subgroup on linking cash and social protection, "[Linking humanitarian cash and social protection for an effective cash response to the Covid-19 Pandemic](#)", May 2020. The ILO is a member of the subgroup and has signed-up to the Grand Bargain.

interventions in the identified sectors in Nairobi and Mombasa Counties, the implementing partner will create employment to beneficiaries. Hence, interested targeted beneficiaries in both interventions will be referred to the micro-loan product, meeting their needs and enabling them to apply, in view of obtaining a loan and start their own income-generating activity in the form of a small business. These beneficiaries will be provided priority, however, at the end the FSP will be selecting its clients using its own due diligence process. The ILO and the selected FSP will work with NEA and the two implementing partners to support returnees in developing individualised business plans, provide follow-up and mentoring support and facilitate access to other business development services.

To achieve the abovementioned implementation plan, the ILO will provide a total of USD 99,000 worth of cash transfer to the selected FSP for 660 returned migrants (USD 150 per beneficiary). The ILO will also be providing a loanable fund of USD 75,000 to the selected FSP, which will then need to match it with USD 75,000 from their own funds. The objective is for the ILO to de-risk the selected FSP's provision of micro-loans to the identified target group perceived as risky.

The selected FSP will initially commission market research, with the support of an ILO national consultant and the ILO Social Finance specialist, to understand the needs of the target group. The market assessment will thoroughly review the access to finance gap within the identified sectors in Nairobi and Mombasa Counties. Based on the assessment, the FSP will develop/revise a loan product that responds to the needs and interest of the target group. The FSP will receive a first instalment of USD 37,500, which it would need to match on a one-to-one matching basis, to provide a total of USD 75,000 worth of micro-loans to targeted beneficiaries as part of the pilot phase of the designed/revise micro-loan product. Once the first batch of loans is fully disbursed, the FSP, in partnership with ILO national consultant and the ILO Social Finance specialist, will review and finalize the product development strategy. Upon finalization of the product and receipt of a written commitment from the selected financial services providers to continue to provide micro-loans to potential and returned migrant, the second and final instalment of USD 37,500 will be paid by the ILO. The total loan amount that a beneficiary will receive will be based on the business plan to be submitted by potential and returned migrants and to be evaluated by the selected FSP.

The loanable fund of the selected FSP will be directly managed by the FSP in close collaboration with ILO and NEA. A technical committee will be established which will support in reviewing the performance of the fund, identify major challenges and recommend possible strategies for the future. It will also be in charge of providing strategic guidance in the implementation of the project. The technical committee will be composed of experts from NEA the selected FSP, and the ILO. Members of the technical committee at the County level will engage and work closely with one stop shops to increase the knowledge and awareness of potential and returned migrants about the selected FSP's new loan and cash transfer products, as well as advising and assisting potential and returned migrants in their loan application process. Monthly progress meetings will be held with the technical committee to exchange information on the progress, challenges and strategic issues in the implementation. Nonetheless, the discretion on the final decision regarding approval and collection of loans will remain with the selected FSP, using their usual processes and criteria for loan allocation.

Loan sizes and repayment periods will be determined by the selected FSP and based on clients' applications and the cash flow projections articulated in the product development strategy. The

interest rate chargeable from beneficiaries of the fund will be similar to their usual interest rate for individual enterprise and group loans. This will enable the organizations to generate a reasonable return to maintain the fund and capital growth to reach more potential and returned migrants in the future on the one hand and develop a sense of responsibility and the timely repayment of loans by potential and returned migrants on the other hand. In cases where potential and returned migrants are unwilling to take loans for religious reasons, the selected FSP will charge interest rate as administrative costs and give opportunities for potential and returned migrants to benefit from 'Islamic banking' products that are being piloted. In addition, the selected FSP will give priority and pay particular attention to address the needs and interests of women as well as disabled potential and returned migrants while implementing the project. The FSP will also closely follow up on the repayment of loans and take appropriate measures in cases of defaults. Other stakeholders, particularly members of the project technical committee, will also play their role in fulfilling their responsibilities as described below to ensure the sustainable reintegration of returned migrants, and the labour market integration of potential migrants.

The ILO will work together along with its national partners including MoLSP and NEA to ensure accountability and transparency in the delivery of service. MoLSP and ILO will closely follow up on the implementation of the cash transfer and the provision of micro-loans. They will both ensure that guiding principles of the ILO such as value for money, equity and participation are understood and exercised in the selection and deliverance of the service for the target group.

2.5 Scope of work and methodology

Based on the above-mentioned information, the ILO is seeking for an FSP, who may be a bank, microfinance institution, a cooperative or a non-governmental organisation to lead the identification, appraisal and provision of credit, as well as the design and delivery of cash transfer to potential and returned migrants. The scope of work entails outreach in Nairobi and Mombasa Counties.

In close coordination with the ILO national consultant and ILO Social Finance specialist, the selected FSP will work on focus groups discussions, visits to clients, neighbourhoods, agencies and community platforms to commission the market research and design the loan product. Moreover, the FSP will design a cash transfer product building on its own previous experience. Accordingly, FSPs will present a plan including the following data related to new products:

- ▶ Prototype cash transfers: Approach and methods to deliver cash transfers to potential and returned migrants.
- ▶ Prototype loans: Loan terms and Conditions and Procedures (including guarantee requirements)
- ▶ Financial projection for funds

Activities to be performed by the selected FSP

Provision of cash transfers: The selected FSP will use ILO contribution of USD 99,000 USD to exclusively provide cash transfers to 660 returned migrants. Returned migrants will be required to undergo an ILO Start and Improve Your Business and ILO Financial education training courses, delivered using ILO's methodology and national trainers in Kenya, to access the cash transfer. The cash transfer will be of USD 150 for each returned migrant and will help cover their daily allowance and transportation costs to attend the training(s).

Access to micro-financing: The selected FSP will use the ILO contribution of USD 75,000 to provide loans exclusively and will commit to provide loans for at least twice this amount for a total amount for the Fund of at least USD 150,000 (one hundred fifty thousand USD). Potential and returned migrants that took an ILO Financial Education and/or an ILO Start and Improve Your Business training course, using ILO's methodology and national trainers in Kenya, will be given priority. Moreover, potential and returned migrants that have benefitted from the ILO service to establish business in value chains in identified sectors will also be prioritized.

The main tasks of the selected FSP are listed below:

1. Conduct market research to understand the needs of the target group and design appropriate loan and cash transfer products:

The selected FSP should already have experience serving vulnerable communities, hence it will build on its own experience and suggest amendments of its processes to expand access to credit and provide cash transfers to more potential and returned migrants.

- ▶ **Regarding the access to credit component:** In close coordination with the ILO national consultant and the ILO Social Finance Specialist, the selected FSP should commission a market assessment. It will conduct focus group discussions, visits to clients, neighbourhoods and undertake secondary data collection through agencies, NGOs and community platforms to draft the assessment. Based on the assessment, the selected FSP will design a loan product to serve potential and returned migrants with the support of the ILO national consultant. Thereafter, the new product characteristics will be relayed along with the loan targets for their respective branch staff. Hence, the selected FSP will launch, promote and implement the pilot testing phase. Upon closure of the testing phase, the selected FSP with the support of ILO national consultant will monitor the pilot testing phase, analyse and synthesis the pilot loan product. Accordingly, the product development strategy will be finalized, an MoU will be signed with the ILO to institutionalize the product within the selected FSPs' loan products and the remaining revolving loanable fund will be disbursed. Parallely, the selected FSP will also present a projection for the use of the USD 150,000, including USD 75,000 deposited in the Fund by the ILO, and the matched USD 750,000 provided through its own funds.
- ▶ **Regarding the digital cash transfer component,** the selected FSP will also present cash transfer product prototype. The selected FSP will also deliver a strategic and operational plan for the disbursement of the cash transfers, of which the entire amount of USD 99,000 will be contributed from the ILO. The ILO BRMM project will work alongside the selected FSP to support the development of the plan.

2. Promote the newly designed loan product, receive applications and filter/appraise applicants:

This activity consists in designing a marketing campaign, including the use of social media outlets, promotion within the selected FSP branches, loan officers and clients, target community networks, among others, to outreach to interested applicants and filter/enroll clients for access to credit. The ILO BRMM project will also be able to communicate a list of trainees already trained or enlisted in trainings in the ILO methodologies of Financial Education and SIYB. Clients whose profile and needs meet that of the product provided by the FSP will be referred to by the ILO BRMM project, for the FSP to appraise them and assess their eligibility to access credit. Once applications are identified/referred, the FSP staff will undertake their usual duties of appraising the loan applicant and assessing their eligibility, following the best practices of loan appraisals and in line with the adapted lending methodology.

3. Utilize ILO funds (USD75,000) to exclusively disburse loans to eligible clients in line with the agreed conditions and parameters:

The selected FSP commits to disburse USD150,000 worth of loans to eligible clients (potential and returned migrants). The FSP will use the grant provided by the ILO (USD75,000) to only disburse loans to approved clients (potential and returned migrants of Kenya). It commits to also match the ILO contribution by adding USD75,000 to the fund to be disbursed exclusively as loans to eligible clients. The FSP will provide after the loan continuous mentoring support, alongside referrals to business development support services for potential and returned migrants. The FSP undertakes to continue to offer loans to clients from the same target groups and the same geographical areas (Nairobi and Mombasa Counties) after the end of the assignment with the ILO for a period of 5 years and report on a biannual basis on the disbursement of the revolving loan based on the FSPs reporting templates. During this period, the ILO will not be held responsible for the losses incurred in the loans.

4. Ensure that all the 660 beneficiaries of the cash transfer open bank accounts:

The selected FSP commits to ensuring that the 660 returned migrants from Nairobi and Mombasa Counties benefitting from the cash transfer open bank accounts with the selected FSP, in line with the ILO standards and conditions and with the FSPs conditions.

5. Utilize ILO funds (USD 99,000) to exclusively disburse digital cash transfers to 660 clients in line with the agreed conditions and parameters:

The selected FSP commits to exclusively use ILO's grant contribution of USD 99,000 for the disbursement of cash transfers to 660 clients (returned migrants), identified by local NEA offices in collaboration with ILO partnered implementing partner and ILO based on the selection criteria agreed jointly. Beneficiaries of the cash transfer should already have a bank account with the selected FSP as mentioned above and be from Nairobi and Mombasa Counties. The selected FSP will disburse the total amount of the cash transfer (USD150) to beneficiaries, i.e. returned migrants, that have registered and completed the ILO skills development programme

(e.g. ILO SIYB and/or Financial Education). All cash transfers disbursed by the selected FSP should respect the ILO standards and principles.

6. Follow-up, documentation and reporting:

The selected FSP will use its Management Information System as well as its monitoring and evaluation system to record all loan applicants and beneficiaries of the cash transfer. The FSP will collect all needed documentation/information about their profiles. The reporting documents required to be submitted by the FSP will include the following:

- ▶ Market assessment
- ▶ Report on the selected loan product prototype including Loan Terms and Conditions as well as financial projections for the evolution of the Fund.
- ▶ Detailed product development strategy with implementation and monitoring and evaluation plan
- ▶ Report on the selected cash transfers product prototypes including their Terms and Conditions, to be submitted after a market research and based on the needs assessment.
- ▶ Excel list of disbursed loans using ILO template (gender, age, status, loan amount, target group, duration, loan type, economic sector, jobs created/sustained, etc.), to be submitted along with financial report as per the agreed reporting timeframe.
- ▶ Excel list of cash transfers received using ILO template (gender, age, status, target group, socio-economic characteristics, etc.), along with financial report as per the agreed reporting timeframe.
- ▶ Progress and final reports, including financial reports, to document the progress of the assignment, to be submitted as per the agreed reporting timeframe.

2.6 Deliverables

The selected FSP will be required to deliver the following outputs for this assignment:

- ▶ **Output 1:** A comprehensive and updated work plan for the delivery of this intervention, in which all activities need to be scheduled (15 days following the signing of the agreement).
- ▶ **Output 2:** Detailed market research conducted based on needs and interest assessment (three month following the signing of the agreement).
- ▶ **Output 3:** Report on the selected loan product prototype including Loan Terms and Conditions as well as financial projections for the evolution of the Fund (three month following the signing of the agreement).
- ▶ **Output 4:** Report on the selected cash transfers product prototypes including their Terms and Conditions, to be submitted after the market research and based on the needs assessment (three month following the signing of the agreement).
- ▶ **Output 5:** List of clients (potential and returned migrants from Addis Ababa city administration and/or Oromia and/or SNNP and/or Amhara regional states) who received loans using ILO's grant and the selected FSP's matching fund including information such as their name, ID number, gender, age, status, course completed, date, among other socio-economic

characteristics and disbursements amounts. (list provided along with progress reports and final report)

- ▶ **Output 6:** List of 660 clients (returned migrants from Nairobi and Mombasa Counties) who opened a bank account with the selected FSP and who received cash transfers (USD 150 each in one instalment as described above) from the ILO's grant and through the FSP cash transfer product for beneficiaries. This list should include sex-disaggregated data on each beneficiary including information such as their name, ID number, gender, age, status, course completed, date, among other socio-economic characteristics. (list provided along with progress reports and final report)
- ▶ **Output 7:** Monthly excel list of beneficiaries (loan and cash transfer) based on the ILO template (on a monthly basis starting from the provision of cash and/or provision of cash transfer)
- ▶ **Output 8:** Progress narrative reports on the progress of the assignment. This will be accompanied by financial reports and excel sheets as detailed in output 5 and 6. (three and eight months following the signing of the agreement)
- ▶ **Output 9:** 2 comprehensive final reports accompanied by a comprehensive final financial report and excel sheets as detailed in output 5 and 6. One final report will be on the loan delivery outcomes and lessons learned for further expansion of the intervention, while the second final report will be on the delivery of cash transfers and should be submitted 15 days after the completion of the cash transfer programme. (12 months following the signing of the agreement).
- ▶ **Output 10:** Biannual report (every 6 months) on the provision of the established USD150,000 revolving loanable fund for potential and returned migrants is submitted for the next 5 years upon completion of the project based on the FSP's reporting template.

2.7 Sustainability

In order to ensure the sustainability of this initiative, the ILO BRMM project will be implemented in close collaboration and partnership with various stakeholders in Kenya, especially concerned government offices at various levels. Stakeholders will extensively participate in the design, implementation, monitoring and evaluation of this project. In doing so, the project will be mainstreamed in the regular monitoring radar of respective offices which will help to sustain the action in the absence of any external actor.

During implementation, the ILO and its partners will closely monitor the implementation status of the project through regular field missions and evaluation meetings. All stakeholders will meet every month to review performance, identify challenges and advise on the way forward to improve performance and increase reach out of the project.

2.8 Eligibility

The eligible applicants should be FSPs following the below requirements:

- ▶ Be a Bank, Micro Finance Institution (MFI) or Savings and Credit Cooperative Society (SACCOS).

- ▶ Have office presence or operations in Nairobi and Mombasa Counties or have a demonstrated and documented plan to extend services and operations to the target districts either directly or through an agent.
- ▶ Interested or already offering inclusive financial services to vulnerable groups in the country, including returned migrants.
- ▶ Be in existence for at least 5 years.
- ▶ Be profitable

The ILO invites technical proposal from qualified organizations/entities having relevant experience in managing microfinance services for vulnerable communities as stipulated in these Terms of Reference. Technically responsive and financially viable organizations/entities will be selected following ILO's procurement rules and procedures.

Cumulative evaluation methods based on criteria stipulated in 3.1 will be used for this procurement exercise and the contract will be awarded to the candidate with the highest score in cumulative analysis considering the technical evaluation and interview.

2.9 Supervision and logistical arrangements

All activities within the scope of these Terms of Reference will be carried out under the overall supervision of the Chief Technical Adviser of the ILO BRMM project in ILO Country Office for Ethiopia, with the technical support from the Technical Officer in Financial Inclusion and Financial Education and the Senior Technical Specialist in Financial Inclusion, from the ILO Social Finance Programme in ILO-Geneva.

Deliverables shall be submitted in line with the requirements explained in these Terms of Reference in a timely manner, in concordance with the planned deadlines between the ILO and the selected FSP. All deliverables of these Terms of Reference are subject to the approval of the ILO.

2.10 Timeline

This assignment should be implemented for a period of 12 months, from August 2023 to August 2024.

The selected FSP is responsible for informing the ILO BRMM project in advance in case of unforeseen delays.

2.11 Payment schedule

BL 02.04.05 - Provide capacity building and technical assistance to financial services providers to improve the management of their microfinance activities and to create new and/or adapt existing financial products relevant to new markets (USD 75,000)

BL 02.04.07 -Support relevant institutions in Ethiopia & Kenya, to provide cash transfers through financial institutions, cooperatives or mobile money operators for return migrant worker (USD 99,000)

The disbursement of the fund will be as follows:

First payment: USD 30,000 shall be made upon completion of output 1 and submission of comprehensive and updated work plan for the delivery of this intervention, in which all activities need to be scheduled.

Second payment: USD48,900 shall be made upon completion of output 2, 3 and 4 and submission of progress report as stated in output 8, which details the utilization of the fund disbursed by ILO (USD30,000). The FSP has provided cash transfer during this period to at least 200 returned migrants and also opened a bank account. Hence, the FSP will submit the list of potential and returned migrants who benefitted from the cash transfer within the reporting period, as per output 6.

Third payment: USD 48,900 shall be made upon submission of progress report as stated in output 8, which details the utilization of the fund disbursed by ILO (USD78,900). The FSP has provided cash transfer during this period to at least 400 returned migrants and also opened a bank account. Hence, the FSP will submit the list of potential and returned migrants who benefitted from the cash transfer within the reporting period, as per output 6.

Fourth payment: USD37,500 shall be made upon submission of a report detailing the utilization of the fund disbursed by ILO (USD97,8000) as stated in output 8. The report will also include proof that it matched USD37,500 from their own funds and disbursed USD75,000. The FSP will also provide a list of potential and returned migrants from Nairobi and Mombasa Counties who received loans using ILO's grant and the Financial Service Provider (FSP) matching fund (as per output 5); and also, the list of the remaining clients that benefitted from the cash transfer within the reporting period (as per output 6).

Final payment: USD8,700 (equivalent to 5% of the agreement sum) shall be made upon submission of 2 comprehensive final reports as indicated in output 9 and a compiled list of all clients who received loans using ILO's grant and FSP matching fund and a list of clients that benefitted from the cash transfer throughout the project period (as per output 5 and 6). The FSP will also provide proof that it matched the remaining amount of USD37,500 from their own funds and disbursed the remaining USD75,000.

▶ 3. Requirements for application to the call for proposals

Interested financial services providers are required to submit their applications, which will include a technical proposal to apply using the format below.

3.1 Technical Proposal

FSPs should submit their technical proposal application as per the instructions provided in the bidding documents.

The technical proposal should be prepared in accordance with this ToR. In particular, the technical proposal is expected to be submitted by the bidders using the following structure:

- ▶ Organization's profile demonstrating the required capacity as well as the organization's local presence and activities in Nairobi and Mombasa Counties, summarizing the FSP's experience including information on active loan portfolio, portfolio quality including PAR and write off,

number of staff, branches in both Nairobi and Mombasa Counties, Operational and financial sustainability indicators, and efficiency indicators.

- ▶ Portfolio report and financial ratios (Active portfolio, repayment percentage, PAR, aging, etc.)
- ▶ Detailed description of relevant past works and assignments related to financial inclusion, loan and cash transfer products, financial education, with particular focus on MFIs outreach to vulnerable communities of the above-mentioned counties in Kenya.
- ▶ Summary of the proposed methodology, implementation plan and M&E.
- ▶ Detailed work plan with a timetable related to the different activities.
- ▶ CVs of Team leader and staff involved in the implementation demonstrating their capacity to conduct the assignment.
- ▶ Foreseen challenges during the implementation of the project and mitigation methods.

The Technical Proposal will be evaluated in accordance with the following criteria, as indicated below.

Description of Technical Evaluation	Score
Relevant Experience of the FSP in loan provision to vulnerable communities.	10%
Portfolio quality, financial ratios and sustainability indicators.	10%
Relevant Experience of the FSP in the delivery of cash transfers to vulnerable communities.	20%
Strong field presence in Nairobi and Mombasa Counties	15%
Outreach strategy and plan (disbursement plan, product design, training delivery, value add by the organization, etc.)	20%
Human Resources proposed for the assignment (qualification and experience) + detailed CVs	15%
Previous experience working with the international bilateral donors	10%
Maximum points	100%
Minimum acceptable score for the proposal to be considered for interview	70%

▶ 4. Application submission

Interested applicants that meet the eligibility requirements should submit their detailed technical proposal to addis_procurement@ilo.org.

The deadline for submission is **31 July 2023**.

Only successful FSP applications will be contacted for an interaction/interview. Successful applicants are expected to start the activities listed in this call for proposals on **08 August 2023**.