TERMS OF REFERENCE (ToR)

NATIONAL INDIVIDUAL CONSULTANCY

To Develop effective solutions to boost domestic savings in Rwanda

<table>
<thead>
<tr>
<th>Application Type:</th>
<th>External vacancy</th>
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</thead>
<tbody>
<tr>
<td>Job Title:</td>
<td>Individual Consultancy (IC)</td>
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<tr>
<td>Category:</td>
<td></td>
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<tr>
<td>Duty Station:</td>
<td>Kigali, Rwanda</td>
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<tr>
<td>Application Deadline:</td>
<td>28th of May 2018</td>
</tr>
<tr>
<td>Type of contract:</td>
<td>International Individual Consultancy</td>
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<tr>
<td>Expected starting date:</td>
<td>June 2018</td>
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<tr>
<td>Duration of assignment:</td>
<td>Maximum of 120 days (To be proposed by the IC)</td>
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Terms of Reference to Develop effective solutions to boost domestic savings in Rwanda

Project Description

Background

Rwanda registered impressive economic growth over the last decade. Sustaining the growth over long term depends on how it raises domestic savings and depends capital accumulation. Domestic saving in Rwanda fell to a low of negative 48 percent of GDP in 1995, the lowest rate following the Genocide against Tutsis. While domestic saving continued to recover for most of the second half of 1990s and the first half of 2000s, it has remained still negative during this period. This trend was reversed after 2004 with domestic saving hitting 2.0 percent of GDP in 2005. Although Rwanda had an impressive GDP growth rate averaging above 7% for last decade, the saving rate has increased rather slowly, reaching 8.0 percent of GDP in 2015 and now approaching 11% of GDP. The positive impact of income growth on saving was thus muted due to several reasons. When compared to its east African neighbours, Rwanda is the second lowest in the region just above Burundi. Tanzania has the highest domestic saving rate followed by Uganda. Domestic saving in Rwanda is half of the levels achieved by all low-income countries in Sub Saharan Africa in 2015.

GoR intends to accelerate progress in mobilising domestic saving. It has imbedded domestic savings mobilisation within the recently approved 7 Years Government Programme, National Strategy for Transformation and Prosperity (NSTP 1), 2017 – 2024 under Priority Area five which intends to increase domestic savings and position Rwanda as a hub for financial services to promote investments. It has identified strategies and targets. Accordingly, the government is about to roll out one of the flagship programmes in 2018 pertaining to increasing long term saving through expanding pension to all Rwandans.
It is within this context that the Government of Rwanda plans to undertake a study focusing on developing complementary and effective interventions to boost domestic savings within the broad framework of the National Strategy for Transformation and FSDP II. The study will analyse the determinants of domestic saving in Rwanda and provides effective solutions for increasing saving, particularly in medium and long-term. The findings of the study and the concrete plan of action that will be developed will be validated by wider stakeholders, following approval from the Ministry of Finance and Economic Planning (MINECOFIN). The key findings of the study will inform the development of sector strategy while the plan of action will inform MINECOFIN actions in rolling out interventions in medium and long term.

**Scope of Work**

The purpose of this study is to:

1. Identify complementary and effective measures that can boost domestic savings in Rwanda in addition to already identified flagship interventions in the national strategies;
2. Determine any obstacles towards boosting domestic savings in Rwanda;
3. Recommend solutions and mechanisms for overcoming the identified obstacles based on local context and other experiences.

Recruited by the MINECOFIN, the selected firm will undertake its duties under the direction of core team that will be established and led by MINECOFIN. UNDP will provide both financial and technical support to the study. The consulting firm will have an overall mission to propose effective measures to boost domestic savings in medium and long term in Rwanda with a clear and comprehensive plan of action for roll out based on other countries best practice and experience.

Key actors to be consulted on this assignment include:

- MINECOFIN
- BNR
- SACCOS
- Banks
- Non-banking sector actors such as insurance
- Pension funds

**Expected Outputs and deliverables**

The Consultant will be expected:

- Review NST and FDSP targets for savings mobilisation in conjunction with the proposed strategies;
- Analysis of the status of domestic savings, identification of gaps;
- Empirically document the major contains of domestic savings in Rwanda;
- Taking a long-term perspective assess the variability of the various sources of domestic savings in Rwanda and highlight potential shift in strategies over time;
- Analysis of the strengths and weaknesses of existing mechanisms for boosting domestic savings and assess implementation constraints for the current programmes including assessing the effectiveness of SACCOs to mobilise savings and their linkages with formal financial system;
- In full alignment with the national strategies, identify potential interventions with maximum impact for boosting domestic savings based on other countries best practices. Among others explore the
potential of innovative approaches such as using mechanisms to mobilise savings from the Diaspora, using mobile networks as a lever etc;
• Propose a comprehensive institutional mechanism for effective roll out and management of all innovative vehicles; and
• Develop a plan of actions highlighting key quick wins and other actions, institutions in charge, and time frame;
• Develop an M&E plan with clear a KPIs (Key Performance Indicators) template to fast track the progress of indicators.

The deliverables expected are:

a) An inception report within two weeks after the contract is signed, highlighting the consultant’s understanding of the assignment and proposing general approach and methodology;
b) A first draft report presenting the diagnostics of the domestic savings in Rwanda, assessment of the within one and a half month (6 weeks) from contract signature
c) A second draft report proposing the strategy and the road map to be delivered within 8 weeks from contract signature.
d) A final draft report for validation once the previous one has been approved to be delivered 10 weeks from contract signature.
e) final report submitted after incorporating validation comments – 12 weeks from contract signature.

All reports shall be in English and presented in 2 copies.

Institutional Arrangement
The report will be produced under the overall guidance of the GoR. A team of technical experts under the leadership of MINECOFIN will be established to oversee the production of the report. The team will provide quality assurance service during the preparation of the report. UNDP will provide both technical and financial support in the production of this report. GoR and UNDP will arrange a validation workshop upon submission of an acceptable final draft to wider stakeholders for their feedback. The core technical team will be established by MINECOFIN and other team members will be added as needed during the course of the preparation of the report.

Duration of the Work
The assignment is expected to last for a maximum of Four months (120 calendar days).

Duty Station
The assignment will be carried out

Qualifications of the Successful Contractor

Profile of the Consultancy Firm

1. The consultancy firm should demonstrate experience in provision of similar policy advisory services to governments emerging countries pertaining to domestic savings or related subject. Experience in developing countries will be an added advantage.
2. The firm should demonstrate five years' experience in similar assignments (development strategy and policy, empirical policy analysis on macroeconomic issues, etc).
3. The firm should demonstrate availability of appropriate skills to undertake in-depth and practical policy analysis work.

**Profile of the Experts**

The team of consultants must be composed of a team leader and one national consultant. Both consultants should be highly qualified (minimum: master’s degree) and specialized in the areas of Finance, Insurance, Pension, Banking, Economics and development policy.

a) The team leader who will be an international consultant should at least have a master's degree in Finance, Banking, Economics or development economics with over 10 years’ experience in the financial sector (Banks, Non-Bank Financial Institutions and pension fund management) and must have conducted or participated in at least three similar projects. In addition, s/he should possess the following key skills:

- Experience in country development strategy, formulation of policy action plans;
- Possess excellent understanding of the macro economy;
- Should demonstrate experience of the entire financial sector from emerging or fast growing developing countries;
- Should be able to think outside the box to propose measures that will fit country context;
- Have excellent ability to write and synthesis information.

b) Expert macroeconomist or financial expert, with a master in economic policy, Finance or Banking and over 10 years’ experience. In addition to this qualification, the expert should possess the following key skills:

- Should demonstrate experience in banking, payment systems at strategic and policy level.
- Should demonstrate experience in areas of Insurance, pensions and microfinance Institutions at strategic and policy level.

**Selection criteria**

<table>
<thead>
<tr>
<th>Team leader</th>
<th>Weight</th>
<th>Max. point</th>
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<tbody>
<tr>
<td>At least 10 years’ experience in the financial sector (Banks, Non-Bank Financial Institutions and pension fund management);</td>
<td>25%</td>
<td>25</td>
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<tr>
<td>Participation in at least 3 similar initiatives;</td>
<td>15%</td>
<td>15</td>
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<table>
<thead>
<tr>
<th>Expert macroeconomist</th>
<th>Weight</th>
<th>Max. point</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 10 years’ experience in the field:</td>
<td>30%</td>
<td>30</td>
</tr>
<tr>
<td>Should demonstrate experience in banking, payment systems at strategic and policy level ;</td>
<td>15%</td>
<td>15</td>
</tr>
<tr>
<td>Should demonstrate experience in areas of Insurance, pensions and microfinance Institutions at strategic and policy level</td>
<td>15%</td>
<td>15</td>
</tr>
</tbody>
</table>

**Methodology**
Overall Methodology (clear demonstration of evaluation methodology and understanding of the ToR) | 30%  | 30  
|-------------------------------|------|------
| Total                         | 100% | 100  

**Scope of Price Proposal and Schedule of Payments**

The financial offer shall indicate the lump sum amount (all-inclusive). The indicated amount will not be subject to any revision, regardless of changes in the cost components. Daily Subsistence Allowance (DSA) shall be calculated based on the United Nations DSA rates prevailing at the time of the drafting of the proposal, for Kigali.

The payment schedule shall be linked to the deliverables, as follows:

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Percentage of the total lump sum amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception</td>
<td>25%</td>
</tr>
<tr>
<td>First Draft</td>
<td>20%</td>
</tr>
<tr>
<td>Second Draft</td>
<td>20%</td>
</tr>
<tr>
<td>Final</td>
<td>35%</td>
</tr>
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**Recommended Presentation of Offer**

The offer will have to include:

a) **A brief description** of the contractor’s experience in the field of human development and measurement of poverty, together with three relevant references for projects carried out in the last five (5) years:

b) **A methodology** explaining the approach that will be used by the contractor in drafting and delivering the manuals;

c) **Financial Proposal** that indicates the all-inclusive fixed total contract price, supported by a breakdown of costs.

**Criteria for Selection of the Best Offer**

The best offer will be selected using the Combined Scoring method – where the qualifications and methodology will be weighted a max. of 70%, and combined with the price offer which will be weighted a max of 30%.

**Approval**

**This TOR is approved by:** Alessandro Ramella Pezza

Signature  ____________________________
Name and Designation ____________________________
Date of Signing ____________________________