



**REPUBLIC OF KENYA**

**THE NATIONAL TREASURY & ECONOMIC PLANNING**

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**SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY  
(SAFER) PROJECT**

**PROJECT ID: 7018-KE**

**PROJECT IMPLEMENTATION UNIT (PIU)**

**TERMS OF REFERENCE**

**MONITORING & EVALUATION CONSULTANCY FIRM**

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**August 2023**

# 1. INTRODUCTION

## 1.1 The SAFER Project

The Government of Kenya has received a Credit from the World Bank as part of the Bank's program for COVID-19 response focusing on supporting businesses, accelerating recovery, and strengthening economic resilience. The Supporting Access to Finance & Enterprise Recovery (SAFER) Project development objective is to increase access to financial services, enhance the capabilities, and support the COVID-19 recovery of Micro, Small and Medium Enterprises (MSMEs) in Kenya. SAFER is a five year \$100 million IDA Credit whose Financing Agreement was signed on 8<sup>th</sup> February 2022 while its effectiveness date is 9<sup>th</sup> May 2022.

The Project complements ongoing World Bank Group activities in Kenya and is informed by numerous consultations with the GoK, financial sector, and other actors in the MSME ecosystem resulting from the Enhancing Access to Finance for MSMEs (P171828) analytical diagnostic. The Project also draws numerous synergies with the second Kenya Inclusive Growth and Fiscal Management DPO (P172321) that provides the GoK with additional fiscal space to support the economic downturn induced by the global pandemic and help fill the financing gap. The Kenya Financial Sector Support Project (P151816) and the Kenya Industry and Entrepreneurship Project (P161317) have laid the foundation for a lot of the work proposed under the SAFER project, around support to strengthen the legal, regulatory and institutional environment for improved financial intermediation as well as assistance to MSMEs through business training and supplier development programs, respectively. The activities in this Project will also complement the Kenya Youth Employment and Opportunities Project (P151831), which aims to increase employment and earnings opportunities among vulnerable youth, including by providing small start-up grants and business development services.

The primary project beneficiaries are MSMEs in the formal and informal sector. Other beneficiaries will be Government of Kenya (GoK) institutions that will be key to delivering targeted financial support to MSMEs through institutional strengthening and capacity building to facilitate the provision of financial and non-financial services to MSMEs. These include the National Treasury (NT), Ministry of Industry Trade and Investments (MITI), Central Bank of Kenya (CBK), SACCO Societies Regulatory Authority (SASRA), and the Credit Guarantee Scheme (CGS). Development Finance Institutions (DFIs), commercial banks, Saccos and Micro Finance Banks (MFBs) participating in the provision of liquidity and de-risking support will also directly benefit from capacity strengthening under the Project.

Monitoring and Evaluation (M&E) is an integral part of management process for many development projects. Incorporation of various measurement techniques, indicators and targets, performance monitoring and managing for results are put in place in recent years in order to adequately and effectively evaluate progress and Project impact. M&E is essential in order to design appropriate, effective, measurable Projects, and to consistently and effectively monitor implementation and evaluate the impact of specific activities among the target institutions and populations. Particularly, M&E for the SAFER Project is designed to help the Government of Kenya demonstrate its ability to absorb, track and assess resources and to take corrective action if performance is off track.

The Project M&E will be an integral function within the Project delivery process, mainly to improve tracking, verification, and reporting on MSME financing by strengthening the structures,

systems, and processes for collection, verification, and reporting and measuring of results of interventions under the SAFER. This will be to ensure enhanced transparency and accountability on financial support at the NT, Apex and PFI level and (ii) ensure targeted groups benefit from the SAFER.

The M&E of the Project as a whole will be carried out by the PIU based on the indicators and targets specified in the Results Framework. The function will be coordinated by the PIU M&E Specialist, working closely with the respective Agencies ensuring that the execution of the SAFER follows the design and management framework agreement, including reporting.

The Project Implementation Unit (PIU) is established to manage implementation of the SAFER project, and provides the fiduciary, safeguards and M&E expertise required for the implementation of the SAFER project in accordance with Bank requirements.

The PIU is looking to hire a consulting firm to support its efforts in designing and conducting data collection and assessments to support accountability, learning, and maximizing of the project's development effectiveness.

These Terms of Reference are for the recruitment of a Monitoring & Evaluation (M&E) firm to support the PIU's M&E function and implement core elements of the M&E Strategy.

## **1.2 Project Components**

SAFER comprises three components (with sub-components) as listed below:

### **a) Component 1 – Innovation and Liquidity Support to MSMEs (US\$ 55 million)**

Liquidity support to MSMEs through:

- (i) Window 1 (US\$ 25 million) – provision of lines of credit through the Apex PIE to Participating Financial Institutions (PFIs) for the provision of Sub-Loans to Eligible MSMEs
- (ii) Window 2 (US\$ 30 million) – provision of a line of credit through the Apex PIE to PFIs operating digital channels for the provision of Sub-Loans to Eligible MSMEs.

The objective of this component is to support the immediate response to the COVID-19 pandemic focused on resilient recovery of informal sector MSMEs, especially women-owned and youth-led micro and small firms in hard hit sectors. Liquidity support will be provided to MSMEs through regulated financial intermediaries (SACCOs, MFBs, and commercial banks) with a focus on MSME banking, especially those innovating with digital channels (hereinafter referred to as participating financial institutions (PFIs)).

### **b) Component 2 – De-risking Lending to MSMEs (US\$ 30 million)**

Support for the recovery and growth of MSMEs through:

- (i) provision of financing to capitalize the Credit Guarantee Scheme (CGS) to enable the provision of partial credit guarantees to PFIs on their Sub-Loans to Eligible MSMEs; and
- (ii) supporting the establishment, capitalization and operationalization of the Credit Guarantee Company (CGC).

The objective of this component is to unlock lending to MSMEs during the COVID-19 crisis and beyond to support recovery and growth of enterprises. This component would ramp up support

to the existing CGS as an emergency COVID-19 response measure and support the establishment and the capitalization of the Credit Guarantee Company (CGC).

**c) Component 3 – Technical Assistance and Project Management (US\$ 15 million)**

This component will provide technical assistance to build resilience capacity of the MSME finance ecosystem beyond the lifecycle of SAFER. During the life of the Project, the component will support NT, CBK, SASRA, and PFIs in the delivery of components 1 and 2 and ensure overall growth of the MSME lending market. The technical assistance (TA) support will cover both project implementation and monitoring and evaluation and will be bolstered with support from specialists on M&E and MSME subject areas.

**Subcomponent 3a (US\$5 million):** technical assistance to: (i) the National Treasury, in setting up the Credit Guarantee Company (CGC) and market development for financial products and services, (ii) the CBK to develop prudential regulations for the CGC, and (iii) the CGC, including (A) the development of operational policies and procedures; (B) design of technical specifications for information technology infrastructure and an information management system; (C) development of detailed manual for the scheme with clear eligibility criteria for PFIs and MSMEs, assessment methodology and preliminary assessment of PFIs. Support will also be provided to the CBK to develop prudential regulations for the CGC. Once the CGC has been established, the project will provide support to build its operational capacity to ensure it effectively delivers its mandate. (D) design, establishment and cascading to PFIs of an ESMS and a framework for screening climate and disaster risks and tracking and assessing climate mitigation impacts; (E) design and implementation of a monitoring, evaluation and learning system; and (G) capacity building and staff training.

**Subcomponent 3b (US\$2 million):** TA to Participating Financial Institutions (PFIs). Most of the TA will be needed by the PFIs (SACCOs, MFBs, and commercial banks). The support will target strengthening of governance arrangements, risks management capacity, business models, and operational efficiency, integrating gender sensitization, knowledge sharing and trainings on climate change adaptation or mitigation, or information on the impacts of climate risks in financial markets.

**Subcomponent 3c (US\$6 million):** TA to financial sector regulators to strengthen the regulatory environment and enhance and digitize the financial infrastructure. This subcomponent will support follow-on TA activities related to strategic initiatives started under the Kenya FSSP (P151816) that are tied to underlying structural weaknesses holding back improved financial intermediation, liquidity distribution and ALM. These activities will include: the implementation of a shared digital services platform for SACCOs (i.e. SACCO Central initiative by SASRA), which will also establish a mechanism for a centralized liquidity facility similar to the inter-bank market to aid liquidity distribution and ALM in the SACCO sector; implementation of the informal sector micro pension scheme by NT; added support for the Central Securities Depository (CSD) initiative by CBK; and, gender sensitization.

**Subcomponent 3d (US\$2 million): Support Project Management by NT** including coordination, financial management, procurement, communication and outreach, audits, environmental and social risks management, monitoring and evaluation, operation of the Project Implementation Unit (PIU) and Trainings.

### **1.3 Project Beneficiaries**

The primary SAFER beneficiaries include MSMEs in the formal and informal sector, with a focus on women owned MSMEs. Other beneficiaries will be GoK institutions that will be key to deliver targeted financial support to MSMEs through institutional strengthening and capacity building to facilitate the provision of financial and non-financial services to MSMEs and by improving the necessary financial sector infrastructure. These include the NT, MoTEI, CBK and SASRA, and the new CGC. Banks and SACCOs and MFBs participating in the provision of liquidity and de-risking support will also directly benefit from the strengthened capacity providing access to finance to MSMEs and conduct ESF assessments. Moreover, the project will ultimately contribute to a more robust and inclusive financial ecosystem that will benefit the entire Kenyan population including the economic resilience of women owned MSMEs in informal sector market segments.

### **1.4 Project Implementation Unit (PIU)**

The NT shall maintain, throughout the implementation of the Project, a Project Implementation Unit (PIU) within the NT, with resources and composed of key staff, with qualifications, experience and under terms of reference acceptable to the Association, including a Project coordinator, a credit guarantee specialist, a financial intermediary financing specialist, a procurement specialist, a Project accountant, a monitoring and evaluation specialist, an environmental and social management specialist, and such other specialists performing such functions as may be further detailed in the POM.

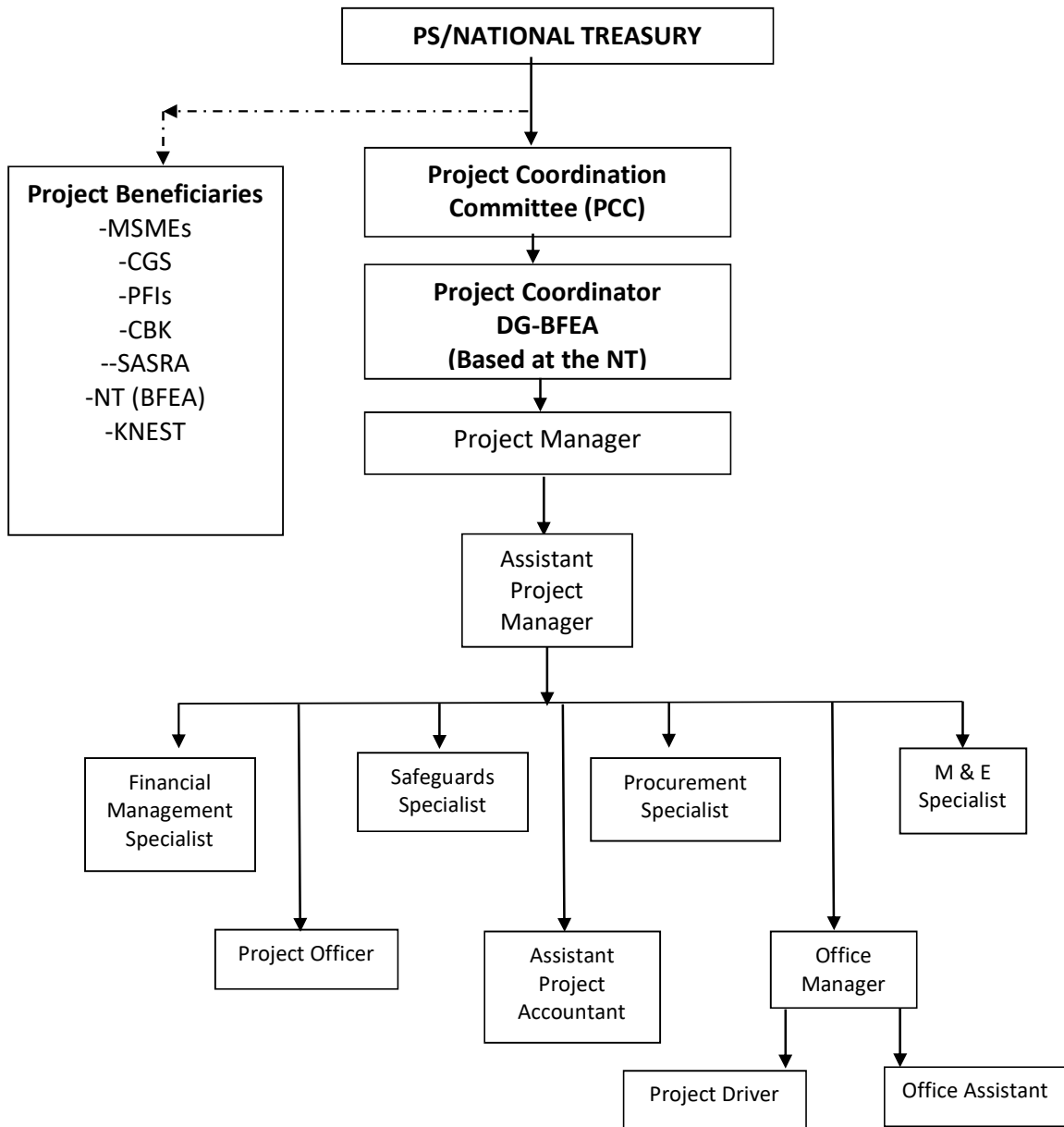
The PIU shall be responsible for overseeing the day-to-day implementation, management, supervision and overall coordination of the Project, including, (i) acting as a first stage grievance committee for all environmental and social related complaints, (ii) acting as the main focal point for interaction with the PIEs and other stakeholders on behalf of the Project, and (iii) monitoring progress of the Project.

The PIU is currently located at the 7<sup>th</sup> Floor, North Tower, Anniversary Towers, University Way.

## 1.5 Project Management Structure

The management and organogram for the SAFER project is as per the chart below:

### Organogram



## 1.6 Project Coordination Committee (PCC)

The NT shall establish and maintain throughout the implementation of the Project, a Project Coordination Committee (PCC) chaired by the Principal Secretary, National Treasury. The PCC shall comprise among others the governor of the CBK, principal secretary Ministry of Trade, Enterprise and Industry, and the chief executive officer of SACCO Regulatory Authority or such other persons as may be agreed.

The PCC shall be responsible for, inter alia; (a) providing strategic and policy guidance for Project implementation, and (b) resolving any Project coordination and implementation bottlenecks that may arise.

The PCC shall meet at least every six months to, inter alia, review the Project results, discuss any key issues arising and agree on key milestones over the following six months.

## **2. SERVICES TO BE RENDERED**

### **2.1 Objectives of the Assignment**

The consulting firm is expected to work under the supervision of the PIU to implement core elements of the M&E Strategy to ensure that the project's progress is timely and adequately monitored and evaluated against the project's Results Framework (Annex 1).

The consulting firm will support the PIU to ensure that:

- (i) Baseline data from beneficiaries are collected and analyzed in a timely manner;
- (ii) Follow-up surveys or data collections are conducted in a timely manner;
- (iii) Mid-term and final-term evaluations and/or other special surveys/assessments are conducted in a timely manner;
- (iv) All M&E reports have adequate, reliable data and useful analysis which can be used for required decision making.

### **2.2 Scope of Work and Tasks**

Tasks to be carried out by the consulting firm will include but are not limited to:

- Design project data collection forms to track the results from component 1, 2 and 3 of the project (in consultation with the NT PIU, and as part of the NT M&E strategy);
- Develop templates to guide monthly and quarterly collection of data from participating financial institutions by the NT PIU for the preparation of periodic monthly and quarterly reports;
- Build NT PIU capacity to collect periodic data and prepare relevant reports, including playing an advisory role in the data collection and analysis attributes;
- Design and collect baseline and follow-up data from beneficiary financial institutions as appropriate;
- Collect baseline data from the MSME beneficiary borrowers in collaboration with the participating financial institutions and provide relevant analysis and reporting;
- In consultation with the PIU, review and update the existing project M&E strategy and plan;
- Conduct follow-up data collection from participating financial institutions and MSME beneficiary borrowers (annually) and provide relevant analysis to track the project results

(both project development objective and intermediate results indicators as outlined in the annex);

- Carry out evaluations at the project's mid-term and final-term;
- Provide inputs or reports to the PIU as required;
- Conduct any specific economic surveys in line with the project objectives, as requested by the PIU;
- Conduct citizen's engagement survey
- Communicate concerns, issues as informed through the M&E execution process to the PIU M&E Specialist and Project Manager and seek solutions in a timely manner.

### 2.3 Deliverables

The M&E consulting firm will deliver the following:

- 1) Inception report (showing the firm's understanding of the tasks, draft data collection instruments, methods, samples, etc.,)
- 2) M&E strategy review report.
- 3) Monthly and quarterly progress data collection templates.
- 4) Baseline Report (with an initial dataset of data indicators identified).
- 5) Annual reports (in line with the NT project M&E strategy)
- 6) Project Mid-Term Assessment
- 7) Project Final-Term Assessment

### 2.4 Confidentiality and Data Ownership

All data is confidential and the property of the NT. Its sole purpose is to support the tracking of project performance and is not for commercial use. No data or other information from this activity will be released to third parties without the written approval of the NT. The Consultant firm will turn over all data, data collection forms and other material to NT and will not retain any information or material after the survey data collection has ended.

### 2.5 Timelines

The tentative timeline of the assignment is as follows:

<b>Task</b>	<b>Estimated Date</b>
1. Inception report	2 weeks after Contract Signing
2. M&E strategy review report	1 month after Contract Signing
3. Data collection reports templates	1 month after Contract Signing



<b>Task</b>	<b>Estimated Date</b>
4. Baseline report	2 months after inception report
5. Annual report	First week at the start of the year
6. Mid-term assessment	At project mid-term
7. Final-term assessment	At project final-term

## **2.6 Estimation of Effort**

The time required to conduct this assignment is estimated at a period of two (2) years.

## **2.7 Indicative Payment Terms**

This is a lump sum contract where the M & E consulting firm shall be paid on an agreed quarterly basis.

## **3.0 TECHNICAL QUALIFICATIONS OF THE CONSULTING FIRM**

- 1) The consulting firm should have minimum 10 years of experience in data collection, survey design, and impact evaluation.
- 2) The consulting firm should have experience of working with financial institutions and MSME related functions.
- 3) Firm key staff should have First and/or Master's degree in Business or Public Administrations, Law, Accounting and Financial Management, international development, international relations and/or related fields
- 4) Firm staff should have strong analytical skills.
- 5) Firm should have a strong orientation and knowledge in establishing baseline measurements for results monitoring.
- 6) Good report writing, presentation skills and ability to communicate effectively.
- 7) Strong IT skills (Word, Excel, Access. M&E systems).
- 8) Ability to see and manage risks and consequences.
- 9) Experience in working in development projects in Kenya, and good knowledge of Public Sector issues.
- 10) Project management experience.
- 11) The ability to draft reader-friendly documents by simplifying research reports for different target audiences, including the general public.
- 12) Experience working on M&E with the World Bank projects, or other projects funded by the international community is an added advantage.

## Annex 1 – List of Project Development Objectives and Intermediate Indicators

Indicator Name	Baseline	End Target
<b>Project Development Objective (PDO Indicators)</b>		
Volume of additional private capital mobilized (Amount (USD))	0	50,000,000
Volume of MSME financing to enterprises affected by COVID-19 (Amount (USD))	0	80,000,000
Share of beneficiary MSMEs under the project that survive COVID-19 (Percentage)	0	70
Number of new financial products for MSMEs launched by participating financial institutions in response to Covid-19 (Number)	0	3
<b>Intermediate Results indicators by Components</b>		
<b>Component 1 – Innovation and Liquidity Support to MSMEs</b>		
Number of business borrowers financed by MFB/SACCOs and digital platforms under the Project (cumulative, new, disaggregated by gender, location/region, sectors) (Number)	0	273,456
Of which, women borrowers (Number)	0	109,382
Number of PFIs receiving the line of credit under the project (Number)	0	5
Number of sub-loans disbursed through digital channels under the Project (Number)	0	261,666
Percentage of MSME Loans extended to Women-Owned Enterprises (Percentage)	0	40
<b>Component 2 – De-risking Lending to MSME's</b>		
Number of MSME borrowers financed by PFIs through the credit guarantee scheme under the Project (cumulative, new, disaggregated by gender, location/region, sectors) (Number)	0	94,400
Of which, women borrowers (Number)	0	37,706
CGS Company Established (Yes/No)	No	Yes
Number of PFIs participating in the credit guarantee scheme (Number)	0	7
Private Capital Mobilized (Amount (USD))	0	10,000,000
Number of partial credit guarantees provided to PFIs under the Project (Number)	0	35,400
<b>Component 3 – Project Management and Technical Assistance</b>		
PFIs develop institutional maturity (IM) (Percentage)	0	80
Number of PFIs that implemented institutional development plans (Number)	0	10
Citizen engagement: Percentage of beneficiary firms reporting project financing reflected their needs (Percentage)	0	70
Citizen engagement: Percentage of beneficiary firms reporting project financing reflected their needs - of which, women-owned (Percentage)	0	70
Citizen engagement: Report drafted on Citizen Engagement Survey (Yes/No)	No	Yes
Number of women-owned MSMEs that participate in targeted sessions (Number)	0	8,285
Percentage of women-owned MSMEs reporting satisfied or very satisfied by targeted sessions (Percentage)	0	70
Share of volume of financial support under the Project channeled to investments in the green economy and climate financing (Percentage)	0	15