



RESERVE BANK OF MALAWI

**REQUEST FOR EXPRESSIONS OF INTEREST
(INDIVIDUAL SELECTION)**

COUNTRY : MALAWI

**NAME OF PROJECT : FINANCIAL INCLUSION AND ENTREPRENEURSHIP
SCALING (FInES) PROJECT**

CREDIT NO. : 6746-MW

**ASSIGNMENT TITLE : CONSULTANCY SERVICES FOR ENVIRONMENTAL AND
SOCIAL AUDIT (ESA) FOR THE FInES PROJECT**

REFERENCE NUMBER : MW-RBM-402131-CS-CQS

ISSUE DATE : 29 FEBRUARY, 2024

1.0 Project Background

The Government of Malawi obtained a credit from the International Development Association (IDA) which is aimed at increasing access to financial services, promote entrepreneurship and capabilities of MSMEs in Malawi including addressing Covid-19 implications. This will be achieved through Financial Inclusion and Entrepreneurship Scaling Project – FInES (P168577). Project documents can be accessed at: <https://projects.worldbank.org/en/projects-operations/document-detail/P168577?type=projects> . The project is designed to be implemented over a period of 5 years from September 2021 to September 2025 with the entire amount financed by an IDA loan from the World Bank (WB).

The Project Development Objective (PDO) of FInES is to increase access to financial services, promote entrepreneurship and capabilities of MSMEs in Malawi including addressing COVID-19 implications. The project scope consists of four related components that will contribute to the achievement of the PDO described as follows:

Component 1: Liquidity Enhancement to MSMEs:

The component aims at increasing the supply of wholesale financing to the project's participating financial intermediaries (PFIs) and scaling lending and/or investments to MSMEs.

Component 2: Scaling Entrepreneurship and Building Firm Capabilities

The component is facilitating the building of firms' capabilities, with measures to enhance the quality of business support provided by private and public BDSs.

Component 3: Enhancing the Enabling Environment for Supporting the Financial Inclusion and Growth of Entrepreneurs

The component builds on activities supported under the Financial Sector Technical Assistance Project (FSTAP). This component will finance the implementation of activities that make it possible for MSMEs to access financing from financial institutions and to improve their prospect to grow.

Component 4: Project Implementation Support

The Component is supporting the process of strengthening the capacity of Reserve Bank of Malawi to manage the project and the provision of technical assistance for preparation of phases of the project.

The project is being managed by a Project Implementation Unit (PIU) under the Reserve Bank of Malawi. The PIU oversees the day-to-day project implementation; monitors progress; coordinates the utilization of project funds; and establish mechanisms to account for this utilization. To fulfil these roles, the Project is headed by a Project Manager at the PIU, as well as the required technical and fiduciary experts in accordance to criteria established in the PIM.

The Reserve Bank of Malawi therefore intends to apply part of these proceeds from the credit to recruit an individual consultant to take up assignment of Environmental and Social Audit for the Financial Inclusion and Entrepreneurship Scaling (FInES) Project.

Environmental and Social Arrangements

The Reserve Bank of Malawi (RBM) has developed an Environmental and Social Policy and Procedures (also referred to as the Environmental and Social Management System -ESMS) for the implementation of the project which are aligned with the World Bank ESF (notably ESS9) and Malawi regulations.

In order to appropriately identify the E&S risks associated with providing support to Participating Financial Institutions (PFIs) during the appraisal process, RBM has reviewed the existing and proposed business activities of the PFIs to identify risk and impacts associated with their activities. During the PFI assessment, RBM will take into consideration (a) the types of products and services provided by the PFI with RBM's support; (b) size of financing; (c) the nature of the PFIs portfolio, including sectors and locations; (d) adequacy of PFI's ESMS including organizational capacity to identify, assess and manage environmental and social risks and impacts of its RBM-supported portfolio; (f) any contextual risks, to the extent possible. Where necessary, RBM will require the PFIs to strengthen their Environmental and Social Management Systems in line with the RBD Environmental and Social Policy and Procedures as well as organizational capacity, responsibilities,

and accountability for implementing the ESMS to be commensurate with RBM's assessment of the PFI's E&S risk profile.

As well as the ESMS, the project has also developed a Stakeholder Engagement Plan (SEP) and Environmental and Social Commitment Plan (ESCP). The Project Appraisal Document (PAD) and project financing agreement should also be reviewed by the consultant.

PFI's and Loan Recipients

At the time of preparation of the Terms of Reference 28 PFIs were in place hence a sample will be drawn as per the Consultant's proposed sampling methodology that should pick from the various types of PFIs. Amongst the PFIs are Development Banks, Commercial Banks, Microfinancing Institutions (International and Local), and Sacco's. A fair representation of all these types of PFI should be included in the assessment.

2.0 Objectives of Environmental and Social Audit (ESA)

2.1 Main Objective

The primary objective is to assess FInES project's level of compliance with the applicable Environmental and Social (E&S) requirements as per the ESCP and ESMS, national regulations, and World Bank's policies, standards and guidelines. This will include reviewing the adherence of the Project to the overall ESMS and reviewing the performance of the PFIs in relation to developing, adopting and complying with the ESMS.

2.2 Specific Objectives

- 2.2.1 To assess the extent of FInES Project's compliance with the E&S provisions of the Financing Agreement, national legislation and applicable World Bank policies and procedures notably the ESCP, ESMS and SEP;
- 2.2.2 To evaluate how project activities and processes conform to the approved Environmental and Social Management System (ESMS), national environmental legislations, and World Bank's ESF.
- 2.2.3 To review compliance and implementation of Participating Financial Intermediaries (PFI) Environmental and Social Management Systems (ESMS) including but not limited E&S risk screening by PFIs, appropriateness of E&S covenants, monitoring and display any documentation generated as mitigation effort amongst others.
- 2.2.4 Review the status and extent of implementation of E&S mitigation measures and any related mechanisms as outlined in the approved E&S instruments of RBM and PFIs.
- 2.2.5 To review the functionality and accessibility of the entire GRM system of FInES, but with an emphasis on the PFI/ client complaints management systems and reporting.
- 2.2.6 To prepare a Corrective Action Plan based on non-compliances and gaps identified for purposes of ensuring compliance with E&S requirements of the Project on safeguards in order to be on course in meeting the set E&S requirements.

3.0 Scope of Work

The Consultant is expected to conduct an analysis of the functionality of the RBM Environmental and Social Management Systems (ESMSs) throughout the FInES Project including the Grievance

Redress Management Systems. The PFIs and customers will also be assessed in terms of compliance with E&S project documentation based on a representative sample that should be drawn fairly from amongst the different types of PFIs to be proposed by the consultant.

In undertaking the audit, the Consultant should:

- a) Review key documents including project documents (including the PAD, financing agreement, ESCP, SEP and ESMS), World Bank's ESF and procedures, applicable national laws and policies, and international best practices related to E&S risk management;
- b) Review the PFIs E&S policies and procedures (if available) and assess their adequacy in managing E&S risks associated with the transaction;
- c) Review the assessment and approval of PFIs under the project (by RBM) for compliance with the ESMS
- d) Review the transaction appraisal documentation and processes of PFI and assess the compliance of the environmental and social risk management process implemented with project documents;
- e) Review of PFI ESMSs to ensure they present the applicable approach/procedures/etc. for activities being funded / loan recipient type, size of loan and sector of loan recipients.
- f) Assess the capacity and competency of the persons or team responsible for environment and social risk management within the PFI;
- g) Review alignment and compliance of PFIs with the RBM ESMS and approved Project Environmental and Social documentation (e.g., Environmental and Social Commitment Plan (ESCP), E&S management plans, etc)
- h) Review the loan agreement to determine the inclusion of environmental and social covenants or clauses. Review the covenants or clauses to determine its adequacy and efficacy in managing environmental and social risks;
- i) Visit and interview a representative sample of loan recipients to understand their operations, identify any E&S risk (if any) and assess their capacity to manage the risks inherent in the business;
- j) Undertake assessments of sampled customers' enterprises to assess compliance with E&S requirements of the Project;
- k) Consult not more than 10 key stakeholders and review engagement records, monitoring reports etc to assess status of the project in relation to implementation of safeguards mitigation measures;
- l) Undertake a thorough assessment of how the grievance redress system was established, functions, and how complaints are recorded, resolved and reported;
- m) Assess the extent of implementation of the RBM Stakeholder Engagement Plan (SEP) and identify successes and gaps and propose recommendations to close the gaps;
- n) Prepare a comprehensive ESA report, including a Corrective Action Plan;
- o) Update the ESMS where relevant.

4.0 Approach and Methodology

The following approach and methodology will be implemented when carrying out this audit:

- 4.1 Development of an inception report
- 4.2 Request and review information related to the project
- 4.3 A kick-off meeting with FInES Project Implementation Unit (PIU) to introduce the consultant, discuss information exchange, points of contact and the audit methodology as discuss any issues arising from the inception report;
- 4.4 Organize visits to the i) RBM and the PFIs and ii) a representative sample of the loan recipient facilities to understand operations, interrogate findings from the document review, assess environmental and social risk and capacity to manage these risks as well as compliance with the ESMS. Hold management interview with key resources responsible for E&S risk management.
- 4.5 Prepare a short (two page) principal finding report within 3 days after completion of the site visits and management interviews.
- 4.6 Prepare the draft audit report (the format of the report to be agreed with the Project and World Bank).
- 4.7 Prepare the final audit report addressing comments received.

5.0 Content and Format of The ESA Report

The ESA Report should include an assessment of compliance by the Apex PFI, PFIs and loan recipients (on a sample basis) with the Project E&S instruments notably the requirements of the ESMS in line with the objectives and Scope of Work outlined in Sections 2 and 3 and present a corrective action plan. The Consultant will prepare a format for the report as part of the inception report.

6.0 Expected Key Deliverables and Timelines

- 6.1 Inception report showing methodology and report format within 10 days after contract signing
- 6.2 Kick off meeting within 15 days of contract signing
- 6.3 Draft ESA report submitted within 50 days after contract signing
- 6.4 Final ESA report with revised ESMS submitted within 70 days after contract signing

7.0 Minimum Qualifications

- 7.1 Master's degree in Environmental Management/Environmental Science, Environmental Engineering, Social Sciences/ Development, or related disciplines.
- 7.2 Experience in Environmental and Social Risk Management in the financial sector is an advantage
- 7.3 A minimum of 5 years proven experience in conducting Environmental and Social Audits in Malawi and utilizing World Bank requirements.
- 7.4 Experience working in the financial sector, SMEs development and related fields.
- 7.5 Experience working with financial institutions in relation to E&S management and a good understanding of World Bank ESS9 or IFC standards related to FIs.
- 7.6 Adequate knowledge of relevant Malawi Government environmental, social, health and safety policies and procedures.
- 7.7 Proven experience in carrying out E&S studies, preparing E&S instruments, overseeing safeguards implementation, and undertaking evaluation.
- 7.8 Excellent report writing skills

8.0 Duration of The Assignment

The audit is expected to be undertaken over a period of approximately 70 calendar days. This includes preparation time, field work, report writing, presentation/validation, review and submission of draft and final report.

9.0 Reporting Requirements

The Consultant will report to the FInES Project Manager through the Environmental and Social Specialist. However, he/she will be expected to work with the FInES Project team, PFIs and the World Bank.

10.0 Intellectual Property Rights

The reports generated through this exercise shall be the intellectual property of the FInES Project.

11.0 Facilities to Be Provided by The Client

The client will provide necessary documentation and other resources necessary to carry out the assignment

12.0 Request for Expressions of Interest

Reserve Bank of Malawi now invites eligible individuals (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services.

The attention of interested Consultants is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank’s “Procurement Regulations for IPF Borrowers” dated September, 2023 (“Procurement Regulations”), setting forth the World Bank’s policy on conflict of interest.

A Consultant will be selected in accordance with the **Individual Consultant (INDV)** selection method set out in the Procurement Regulations.

Expressions of interest including updated detailed Curriculum Vitae and Professional Certificates must be delivered in a written form to the address below (in person, or by mail, or by fax, or by e-mail) by **19th March, 2024 at 17.00 Hours.**

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