

TERMS OF REFERENCE | BRAC UGANDA BANK LIMITED**CONSULTANCY SERVICES TO DEVELOP AND IMPLEMENT CREDIT SCORING AND RELATED MODELS FOR BRAC UGANDA BANK LIMITED****1. Summary**

The consultant/firm will develop and implement a business management training curriculum for BRAC Uganda Bank Limited clients and small-scale women entrepreneurs to be delivered both physically and digitally.

2. Organizational Profile

BRAC Uganda Bank Ltd (BUBL) transformed into a Tier 2 bank on 25 April 2019, following a successful history as a leading microfinance service provider in Uganda. Its microfinance operations launched in 2006 with two core product offerings: microfinance group loans and small enterprise loans. Today, BUBL operates 32 branches and 126 satellite offices covering 84 out of 146 districts in Uganda. The Bank is operationally and financially self-sustaining with over 175,000 active borrowers as at December 2023. Upon transformation into a Tier 2 financial institution, BUBL was licensed to mobilize customer deposits and hold and operate savings accounts. 94% of BUBL's borrowers are women and 88% are served through satellite offices in rural areas while an estimated 41% of BUBL's customers live below \$3.20/day.

BUBL operates with the mission to provide financial services responsibly to populations living at the bottom of the pyramid, especially women living in rural and hard-to-reach areas.

BUBL is implementing the Women Economic Empowerment project aimed at increasing access to financial services for small-scale women entrepreneurs and fast-tracking the growth of small-scale women entrepreneurs and their ability to manage their businesses. As part of the project, the bank seeks to build credit scoring and related models to support the credit decision process at BUBL by increasing the speed and accuracy of credit decisions, rewarding good repayment behaviour and driving client retention.

3. Objective of the Consultancy

1. Development and implementation of a credit scoring model to (semi)automate credit decisions and contribute to the efficiency of the credit granting process
2. Development and implementation of a risk-based pricing model
3. Development and implementation of a loyalty/incentive-based pricing model

4. Scope of Work

- The consultant will conduct a preliminary assessment of BUBL products, services, customer profiles, lending processes and data sources and develop a detailed roadmap for



developing and implementing the credit scoring and related models. The consultant will assess the existing data sources, tools, infrastructure, and organisational capacity, and provide recommendations for changes to facilitate smooth implementation of the credit scoring model and related tools.

- Develop and deploy credit scoring models appropriate to the target segment of the bank and available data as well as credit bureau data. Deploy the credit scoring model to:
 - The credit appraisal process for three(3) existing credit products and two(2) new credit products to (semi)automate the credit decision process for both new-to-bank and existing customers.
 - Prediction of attrition/dropout of customers and customer likelihood to apply for new loans.
 - Collection scoring to predict the likelihood of recovery from bad loans
- Facilitate the pilot testing of the developed models and make changes to the model and delivery approach to incorporate the results into the design of the operational
- Develop and implement a risk-based pricing model based on the credit scoring model
- Develop and implement a loyalty/incentive-based pricing model
- Train selected internal staff on data analytics and credit scoring model development, calibration and audit to be able to build and calibrate the credit scoring engine for new products, integrate additional data points, carry out ad-hoc data analysis and carry out model validation
- Provide recommendations for changes to systems, data management processes, IT/analytics resources, credit risk management processes and organisational structures to support the implementation of the models.
- Document lessons learned, outcomes and impacts of the intervention, contribute to the generation and dissemination of knowledge gained from the project.
- Share a final report compiling all recommendations with justifications and provide detailed implementation guidelines/modalities for each prototype/redesigned product. Ensure structured handover of project documents and plans to BUBL management for proper implementation and conduct short training sessions for the BUBL team.

5. Deliverables and Key Timelines

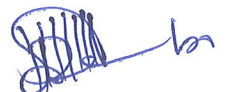
The duration of the engagement is expected to be over 6 months counted from contract signing and is expected to be completed by early Q2 2025.

Activities should begin upon contract award. After the project, all deliverables must be handed over to BUBL management for implementation.

6. Qualification of the Consultant/Firm

- Ten years experience in implementing bespoke credit scoring models in a microfinance context using credit reference bureau data, alternative data, repayment data, and customer personal and biographical data. Previous experience in similar work in East Africa is preferred.
- Deep understanding of issues around financial inclusion, especially for bottom-of-the-pyramid clients.
- Demonstrated technical and financial capacity to design and implement the models including
- Knowledge of regulatory environments of the target markets.





- Strong analytical, research, and writing skills with expertise in survey and qualitative research in the form of interviews and focus groups with low-income communities (in local languages)
- Proactive project management skills with strong attention to detail. Experience working under tight deadlines with a multilateral team across time zones and managing a rigorous schedule of data collection.
- Fluency in English is required.

7. How to Apply

If you meet the above qualifications, please submit a technical proposal detailing your previous experience in conducting similar work, detailed technical specifications of the proposed solutions as well as a detailed work plan with tentative timelines, a proposed budget, and CVs. The technical proposal should be no more than ten pages (excluding profile, budget and CVs). The financial proposal should contain the technical requirements and tentative costs for any third-party hardware and software that will be required to operationalise the project.

All proposals must be submitted by email to procurement_mfug@brac.net, diana.luutu@brac.net and kiseka.denis@brac.net no later than 14 August 2024 at 11.59pm East African Time (EAT). Any questions can be submitted to the same email address before the submission deadline.

