

**Annex 1**

**EAST AFRICAN COMMUNITY**



**TERMS OF REFERENCE (TORs)**

**EXPRESSION OF INTEREST FOR CONSULTANCY SERVICES FOR  
THE DEVELOPMENT OF EAC REGIONAL PAYMENT SYSTEMS  
MASTERPLAN**

**REFERENCE: EAC/SRVS/23-24/001**

**SECTOR: Fiscal & Monetary Affairs**

**EAC SECRETARIAT  
Arusha, Tanzania  
July, 2023**

## **1.0 BACKGROUND**

### **1.1 Introduction**

Referring to the Monetary Affairs Committee (MAC) meeting held in Bujumbura from 13<sup>th</sup> to 17<sup>th</sup> March 2023, Partner State Central Banks observed the fast and evolving changes in the payment landscape and noted the need for a regional master plan for payment systems harmonization and integration to adapt to the changing market dynamics. To this end, the MAC directed the EAC Secretariat in collaboration with Partner State Central Banks, to develop Terms of Reference (TORs) for recruitment of a consultant to develop a master plan for regional payment systems harmonization and integration.

While there have been many national and regional initiatives on payment systems that have been implemented over the years, they have not been guided by a coherent master plan that ensures better coordination, integration and harmonization of efforts towards achieving an integrated and harmonized payment system in the region. In this regard, the EAC Secretariat with support from Development Partner intends to engage a consultancy firm to assist the EAC Partner States Central Banks develop a five years rolling Regional Payments system masterplan. The envisioned master plan aims to provide the Partner States of the EAC with a point of reference, a roadmap and general architecture of all the requirements and specifications needed to achieve the aspiration of the region in matters related to payment systems - *to make cross-border payments faster, safer, cheaper, transparent and more integrated in order to facilitate trade and financial inclusion in the region.*

### **1.2 Aspiration**

The aspiration of the region that underpins the need for the master plan is - *to make cross-border payments faster, safer, cheaper, transparent and more integrated in order to facilitate trade and financial inclusion in the region* through the following 3 key areas:

- a. Harmonization of policies and regulations, including relevant protocols and standards relating to payment systems, promotion of fair competition and innovation, data governance, mutual recognition of governance and company registration frameworks, harmonization of KYC and adoption of digital identities, consumer protection frameworks.

- b. Enhancement of payment systems infrastructure, including large and retail value systems, ensuring interoperability, cyber security, and support fast/instant payments.
- c. Capacity building of payment systems actors and stakeholders, including sensitization and awareness programs for deepening and acceptance of digital payment, and technical/operational training.

## **2.0 RATIONALE/JUSTIFICATION**

The East African Monetary Union (EAMU) Protocol requires EAC Partner States to harmonize and integrate their payments and settlement systems to promote trade and investment in the EAC region. Although much has been accomplished in laying the foundations for this requirement, the EAC payment systems are not fully harmonized or integrated. The 26<sup>th</sup> meeting of the Monetary Affairs Committee (MAC) observed the fast and evolving changes in the payment landscape and noted the need for a regional masterplan for payment systems masterplan that will provide strategic interventions and a roadmap for attaining efficient, affordable and interoperable cross border payments in the EAC region. Efficient and integrated payment systems would also serve to support the transition to the envisaged EAC Monetary Union. The MAC therefore directed EAC Partner States central banks in liaison with EAC Secretariat to develop a masterplan with support from development partners for the regional payment systems by December 2023.

## **3.0 OBJECTIVES OF THE ASSIGNMENT**

The broad objective of this assignment is to undertake a detailed and comprehensive assessment of status of the payments landscape in the EAC region and develop a regional payment systems master plan which identifies national and regional initiatives/interventions that need to be attained in order to achieve efficient, affordable, harmonized and interoperable cross border payments in the EAC region.

### **3.1 SPECIFIC OBJECTIVES AND SCOPE**

- i. To carry out extensive consultations with key payment systems stakeholders, including but not limited to the EAC central banks, commercial banks, payment service providers, and other relevant government ministries, departments and agencies.
- ii. To carry out a comprehensive review of the current payment systems landscape in the EAC region and identify challenges.

- iii. To carry out a comprehensive review and assessment of all policies and regulations related to the payment systems to identify enablers, inhibitors, and provide recommendations on required reforms to achieve EAC aspirations that underpins the need for the master plan.
- iv. To carry out a comprehensive review and assessment of standards related to the payment systems to identify enablers and inhibitors and provide recommendations.
- v. To carry out a comprehensive review and assessment, identify enablers and inhibitors, and provide recommendations on the following areas - promotion of fair competition and innovation, data governance, mutual recognition frameworks, harmonization of KYC, adoption of digital identities and consumer protection frameworks.
- vi. To carry out a comprehensive review and assessment, identify enablers and inhibitors, and provide recommendations on payment systems infrastructure, including large and retail value systems, ensuring interoperability, cyber security and support fast /instant payments.
- vii. To carry out a comprehensive review and assessment, identify enablers and inhibitors, and provide recommendations on capacity building of payment systems actors and stakeholders, including sensitization and awareness programs for deepening and acceptance of digital payment.
- viii. To review and document lessons from other regional blocs such as ASEAN, EU, BUNA, UEMOA, among others
- ix. To develop the EAC Master Plan on Regional Payment Systems that is premised on the studies undertaken and validated by the Partner States central banks, including benchmarks and best practices studied and recommended.
- x. To develop an implementation roadmap that provide clear prioritization of national and regional initiatives over the duration of the master plan.

#### **4.0 SCOPE OF THE ASSIGMENT**

The consultant will address the specific objectives above and in particular is expected to:-

- Carry out extensive consultations with key payment systems stakeholders, including but not limited to the EAC central banks, commercial banks, mobile network operators
- Carry out a comprehensive desk review of the current payment systems landscape in the EAC region, identify challenges and potential way forward
- Identify critical areas for harmonization of payment infrastructures and regulatory frameworks,
- Identify ways of promoting interoperability of payment systems in the region
- Review and document lessons from other regional blocs such as ASEAN, EU etc
- Develop an implementation roadmap that provide clear prioritization of national and regional initiatives over the duration of the masterplan

## 5.0 METHODOLOGY

To effectively undertake the assignment, the consultant will;

Use both qualitative and quantitative methods for data collection and analysis as well as mixed methods to appropriately assess the processes related to the implementation of interoperability at both national and regional levels. Methods should be tailored to the problem at hand and the resources available. Methods used may include: analysis of desk reviews (secondary data), stakeholder interviews, focus groups, as explained in the paragraph below.

- **Desk review:** This will entail a detailed review of relevant existing documents, including FSDRP reports which will be availed by the EAC Secretariat. The consultant will also undertake reviews of other relevant secondary data including policies and technical documents relating to previous similar assignments.
- **Interviews and focus group discussions:** The consultant will conduct structured and semi-structured interviews (including key informant interviews) and focus group discussions for information gathering. Key informant interviews will be conducted with the agree list of stakeholders that will be approved by the Central Banks and the EAC Secretariat in the official languages of the EAC Partner States (English, French, and Swahili).
- **Site visits and case studies:** At national level, the consultant will engage the Central Bank and other relevant stakeholders in liaison

with the Central Bank. At regional level, the consultant will engage with the EAC Secretariat and other relevant regional stakeholders. Case studies showcasing successes and challenges of implementation should be developed where applicable. Where possible, photos, video clips and audio recordings of the interviews will be collected.

- The consultant should consider opportunities to adjust data collection to optimise it across other stakeholders related projects (particularly the EAC Secretariat), employ multiple mechanisms to ensure data quality and appropriate levels of validation.
- The consultant will also develop and justify the assessment approach and tools, outlining the assessment criteria and standards which will be presented to the Central Banks and the EAC Secretariat for feedback and adoption. The purpose of the assessment tool is to develop a common understanding of the standards applied for the assessment.
- Throughout the assessment, lessons learnt should be identified and evidence/content analysis should be captured in form of comprehensive case studies (minimum of at least 3 case studies for instance, the ASEAN, EU, BUNA, UEMOA, among others).

## 6.0 DELIVERABLES

The following are the expected deliverables:

#	Deliverable	Duration & Period	Validation Schedule
1	The Inception Report, that provides details on methodology, work plan, stakeholders etc.	One month after signing of the contract	Validation #1
2	The report on consultations held with key stakeholders,	2 months after validation of the inception report	Validation #2
3	The report on the current payment landscape in the EAC	2 months after validation of the inception report	Validation #2
4	The report on documented lessons from other regional blocs	2 months after validation of the inception report	Validation #2

5	The matrix report indicating identified enablers and inhibitors, and recommendations on all policies and regulations, protocols and standards, and in addition the following areas related to the payment systems - promotion of fair competition and innovation, data governance, mutual recognition frameworks, harmonization of KYC and adoption of digital identities and consumer protection frameworks	1 months after validation of deliverables 2 to 4	Validation #3
6	The report on the enablers, inhibitors, and recommendations on payment systems infrastructure.	1 months after validation of deliverables 2 to 4	Validation #3
7	The report on the enablers, inhibitors and recommendations on capacity building of payment systems actors and stakeholders.	1 months after validation of deliverables 2 to 4	Validation #3
8	The Draft EAC Master Plan on Regional Payment Systems and its Implementation Roadmap	1 months after validation of deliverables 5 to 7	Validation #4
9	The EAC Master Plan on Regional Payment Systems and its Implementation Roadmap	1 months after validation of deliverable 8	Validation #5

## **7.0 DURATION OF THE ASSIGNMENT**

The assignment is expected to take 6 (six) months commencing from September 2023.

## **8.0 QUALIFICATIONS OF THE POTENTIAL CONSULTING FIRM**

8.1 The ideal type of the organization to carry out the assignment would have the following minimum qualifications:

- a. At least ten (10) years experience undertaking research, assessments, development of strategies and implementation of financial markets infrastructures.
- b. The consulting firm must have undertaken at least two comparable assignments in the last seven years, preferably in Africa.
- c. Has the professional and managerial skills to develop practical and timely solutions, possess and apply knowledge and expertise in appropriate depth, including a strong track record in collecting and analysing data to inform policies and strategies.
- d. Ability to take ownership for projects and ensuring that output is of the highest quality and delivered in a timely manner, given the project timeline.
- e. At least one team member should be bilingual (English and French).

8.2 The profiles of team members should be as listed in the table below:

<b>Key Staff</b>	<b>Academic qualifications/Professional Certification</b>	<b>Specific experience</b>	<b>Experiences in the regional blocs</b>	<b>General experience</b>
<b>Team leader (Payment Systems expert)</b>	Minimum of master's degree in Finance, Economics, Computer Science, Business Administration, or any other relevant field from a recognized and accredited University/Institution	The team leader for the assignment shall be a payment systems expert with at least eight (8) years of relevant practical experience in designing or developing a national or regional vision/masterplan for payment system regulatory framework, infrastructure, and capacity building and must have undertaken at least one (1) such assignment as consultant.	Relevant experience in similar regional economic blocs	<ul style="list-style-type: none"> <li>• 10 years of experience in the financial sector</li> <li>• Project management and experience</li> </ul>
<b>Financial legal and regulatory expert</b>	Minimum of Bachelor's Degree in Law and any other closely related fields from a	Financial legal and regulatory expert should have at least 5 years of relevant practical experience in drafting and reviewing legal	Relevant experience in similar regional economic blocs is an	Participated in the drafting or reviewing of bills, laws, regulations, MoUs,

<b>Key Staff</b>	<b>Academic qualifications/Professional Certification</b>	<b>Specific experience</b>	<b>Experiences in the regional blocs</b>	<b>General experience</b>
	recognized and accredited University/Institution	frameworks for payment systems and must have undertaken at least one (1) similar assignments as consultant in payment systems	added advantage	contracts, etc. in the past five (5) years
<b>Payment systems infrastructure expert</b>	Bachelor's Degree in Computer Science/ Engineering or other IT related disciplines	At least eight (8) years of consulting experience in payment systems infrastructure assignments with hands-on experience in designing and implementation of payment systems.	Relevant experience in similar regional systems is an added advantage	Participated in designing or implementation of IT systems, preferably in the last five (5) years
<b>Cyber security expert</b>	Bachelor's Degree in Computer Science/ Engineering or other IT related disciplines; Certification on cyber security for example ISO 27001, CISM, CISCA, etc.	At least five (5) years of experience in implementing system security and/or systems' audit	Relevant experience in similar regional systems is an added advantage	
<b>Financial Services expert</b>	Minimum of Bachelor's Degree in Finance, Economics or any other relevant field from a recognized and accredited University/Institution	The financial services expert should have at least 5 years of relevant practical experience in the development and implementation of financial inclusion policies, strategies and programs. must have undertaken at least one (1) similar assignments as	Relevant experience in similar regional economic blocs is an added advantage	

Key Staff	Academic qualifications/Professional Certification	Specific experience	Experience in the regional blocs	General experience
		consultant in financial services		

## 9.0. REPORTING AND COORDINATION

All deliverables shall be submitted to the EAC Secretariat for onward submission to EAC central banks and other stakeholders. Submission of deliverables shall strictly adhere to the timelines provided in this ToR.

## 10. EVALUATION CRITERIA

The Evaluation Committee will use the following criteria to evaluate the submitted EOI: -

1	Qualifications of the firm to the assignment	<b>15</b>
2	General and specific Experience of the firm relevant to the assignment	<b>20</b>
3	Qualifications and Experience of proposed staff in the Assignment	<b>45</b>
4	Proposes Methodology, Approach and Workplan	<b>20</b>
5	Maximum score	<b>100</b>

## HOW TO APPLY

The EAC Secretariat now invites eligible consulting firms to submit their expressions of interest (EOI) in providing the services. Interested consultants must provide information indicating that they are qualified to perform the services (company information, legal documents of the company, description of similar assignments, experience in similar projects, availability of appropriate skills among staff, etc.). Consultants may associate to enhance their chances of qualification

Interested Consulting firms may obtain further information at the address below during office hours 08:00hrs – 16:00hrs (Arusha Local Time). No liability will be accepted for loss or late delivery and late submissions will be rejected

Expressions of Interest (EOI) must be delivered to the address below by **Thursday, 20<sup>th</sup> July 2023** at **1100hrs** Arusha local time and labelled EAC/SRVCS/23-24/001

*“Expression of Interest for Consultancy Services for the Development of EAC Regional Payment Systems Masterplan”* should be submitted to the address below or by email:

**The Secretary General  
East African Community (EAC)  
P.O. Box 1096  
Arusha, TANZANIA  
Tel: +255 27 2162 100  
Attention: Procurement Unit  
e-mail address: [eacprocurement@eachq.org](mailto:eacprocurement@eachq.org)**

For more information or clarification, please contact us on the address above or through e-mail: [eacprocurement@eachq.org](mailto:eacprocurement@eachq.org) E-mail submissions will be accepted.