

# Consultant to Support the Development of the SADC Fintech Framework

## Request for Proposals (RFP)

October 1, 2024

### 1. Background

The Southern African Development Community (SADC) region is witnessing a dynamic transformation in its financial landscape, driven by the rapid growth and integration of fintech. This sector's expansion is primarily fueled by the region's pressing need to improve financial inclusion, enhance the efficiency of financial services, and support economic development. Many SADC countries grapple with large financially excluded populations, and fintech offers innovative digital financial services that extend financial access to underserved communities. These innovations are crucial, as they provide unprecedented opportunities for individuals and small businesses to participate in the formal economy, fostering regional economic growth.

The regulatory environment across the SADC region remains diverse, presenting both challenges and opportunities for fintech development. The primary challenge for central banks is to maximize the benefits of fintech development and associated reforms while minimizing potential risks to the financial system and consumers. While some member states, e.g. South Africa, have established robust regulatory frameworks supporting fintech innovation, others are still in the nascent stages of developing comprehensive policies and support interventions. This regulatory disparity underscores the need for harmonized approaches to fintech regulation, which can facilitate a more coordinated and efficient regional market. By addressing these regulatory challenges and leveraging the potential of fintech, the SADC region can position itself as a competitive player in the global digital economy, supporting sustainable economic development and integration across members.

#### About the SADC Fintech Working Group

In May 2018, the SADC Committee of Central Bank Governors (CCBG) approved the establishment of a SADC CCBG Fintech Working Group. The objective of the working group is to among other tasks advise the CCBG on fintech developments, including crypto-assets, as they relate to the mandates of the Central banks, and make recommendations about fintech prioritized programs and projects. The Fintech Working Group comprises six working groups and draws its membership from CCBG subcommittees, including Banking Supervision, Financial Markets, Information and Communications Technology, and Legal Macroeconomics, as well as other stakeholders. The six working groups were tasked to each focus on specific fintech initiatives. The terms of reference for the Fintech Working Group were adopted by the Payment Systems Subcommittee in September 2019, followed by the CCBG's approval.

#### Components of the Fintech Working Group

Component	Focus area
Working Group 1	Mapping the fintech landscape, inclusive of crypto-assets
Working Group 2	Develop and implement or adopt a framework to assess fintech developments
Working Group 3	Identify gaps and develop a harmonized regulatory framework for fintech developments
Working Group 4	Policy positions and or the regulatory regimes on crypto-assets and central bank digital currency
Working Group 5	Establish formalized, structured, and transparent mechanisms for public-private engagement on the development of innovation facilitators
Working Group 6	Benchmark strategies with other regional and/or international practices

## **Overview of the Report on Fintech Developments in the SADC Region**

The CCBG Payment Systems Subcommittee was mandated to lead a research initiative with the objective of mapping out fintech developments in the SADC region. The research report consists of contributions from each of the six working groups, structured as separate sections.

The report offers a detailed overview of the fintech landscape in the Southern African Development Community (SADC) region, along with a strategic plan for fostering and managing fintech development. Initially, it maps out current fintech activities and identifies policies and regulatory frameworks in place, aiming to create a comprehensive repository of fintech service providers and products. This clarification helps establish a clearer understanding of the regional fintech environment. The report also researches successful fintech strategies by evaluating existing ones within the SADC region and comparing them to effective strategies in other regions like North America and the European Union. This benchmarking aims to identify best practices that can be adapted for SADC's context, enhancing regional fintech strategies.

Key to the report is the proposal of a framework and supporting principles to establish a practical model to promote innovation but also maintain appropriate oversight of emerging risks. Additionally, a diagnostic tool is introduced to assess the fintech landscape comprehensively. This tool, comprising an analytical framework and survey, helps identify and fill regulatory gaps, particularly regarding fintech and crypto-assets, enabling member states to conduct self-assessments consistently and efficiently.

The report also reviews the progress of the region in developing policies concerning crypto-assets and Central Bank Digital Currency (CBDC). It stresses understanding the benefits and risks of these innovations and adapting regulatory regimes to manage them effectively. This is crucial for guiding SADC members in prioritizing crypto-asset management amid fast-moving digital developments.

Finally, the report outlines good practices for establishing innovation facilitators, such as regulatory sandboxes. These facilitators help clarify or establish regulatory frameworks for emerging fintech activities. The report concludes that continuous efforts and cooperative regional strategies are essential for central banks and regulatory bodies to effectively navigate and steer technological advancements while minimizing risks to the financial system.

## **2. Objectives**

The SADC CCBG Payment Systems Subcommittee in collaboration with the AfricaNenda Foundation – the project team, seeks a consultant to support the development of the SADC Fintech Framework. This is following the recommendation from the Report on Fintech Developments in the SADC Region, on the need to develop a framework and supporting principles to establish a practical model to promote innovation but also maintain appropriate oversight of emerging risks. The consultant is expected to conduct a detailed review of the above report and an in-depth analysis to establish the building blocks of the intended SADC Fintech Framework. The consultant is also expected to facilitate a two-day workshop with the Fintech Working Group to facilitate alignment on the framework constituents and prepare a draft framework.

## **3. Scope of Work**

A comprehensive project involving the below detailed scope of work.

- i. A detailed review of the Report of Fintech Developments in the SADC Region**
  - Conduct a thorough review and analysis of the existing report insights and recommendations and identify key building blocks for the Fintech Framework for deliberation by the Fintech Working Group, to unlock opportunities for the SADC region.
  - Provide a report highlighting critical findings and areas requiring further exploration leveraging the diagnostic tool introduced to comprehensively assess the fintech landscape.
  - Stakeholder engagements to corroborate the findings or for further research on proposed building blocks.

- Prepare an approach for the two-day Fintech Framework Deliberation Workshop
- ii. Facilitate a two-day Fintech Framework Deliberation Workshop**
  - Plan a two-day workshop for the SADC Fintech Working Group deliberations on the Fintech Framework.
  - Develop workshop materials, including agendas, presentations, team tasks, and discussion guides. This is expected to be a highly interactive workshop.
  - Execute the workshop by facilitating discussions to align stakeholders on research recommendations, proposed key building blocks, and components of the fintech framework.
  - Document workshop outcomes, including agreements, action items, and feedback for the development of the framework.
- iii. Develop a Draft SADC Fintech Framework**
  - Utilize insights from the report and workshop to draft a comprehensive SADC Fintech Framework, covering essential components such as regulatory guidelines, technological infrastructure, market access strategies, and collaboration models. Ensure the framework addresses regional challenges, leverages opportunities, and aligns with international best practices.
  - A review of the draft SADC Fintech Framework by the SADC CCBG Payment Systems Subcommittee in collaboration with the AfricaNenda Foundation (the project team)
  - Stakeholder engagement to validate the draft SADC Fintech Framework and feedback collection, involving further reviews of the draft framework.
  - Submit the final draft of the SADC Fintech Framework
  - Final project reporting

#### **4. Project Outputs**

The consultant will prepare all the deliverables to the highest standard as required, and a report stating all actions taken during the project. The consultant will be responsible for quality assurance. The outputs of the project will be as follows:

- a. Inception report and corresponding workshop session(s) with the project team that provide details of the project approach and clear project timelines.**
- b. A report highlighting the proposed SADC Fintech Framework building blocks, with contributions from stakeholders**
- c. A proposed detailed approach for the two-day Fintech Framework Deliberation Workshop**
- d. A workshop report highlighting outcomes, including final validated building blocks, action items, and feedback for the development of the framework.**
- e. The draft SADC Fintech Framework**
- f. Project report highlighting all the interventions toward supporting the development of the SADC Fintech Framework**

#### **5. Project Timelines**

The project is expected to run for 60 days, commencing **January 2025**.

#### **6. Project Requirements**

### Technical expertise

- Deep knowledge and understanding of developments in digital financial services and fintech across Africa and beyond.
- Deep understanding of fintech trends and innovations, including blockchain, and cryptocurrencies in the SADC region, and the ability to assess and recommend interventions that support the development of the fintech ecosystem.
- Familiarity with existing financial regulations and frameworks within the SADC region and other comparative jurisdictions. Expertise in regulatory compliance and the ability to propose regulatory frameworks that encourage innovation while ensuring consumer protection and financial stability.
- Experience in crafting policy recommendations for government or regulatory bodies, specifically in the context of digital finance and economic integration.
- Ability to conduct comprehensive research and analysis of the fintech landscape, identifying opportunities, challenges, and best practices. Proficiency in using analytical tools to evaluate data and derive insights that inform strategic planning.
- Strong skills in project planning, execution, and coordination to manage the various stages of framework development efficiently. Ability to work with diverse teams and manage resources effectively.
- Experience in stakeholder engagement, facilitating stakeholder discussions, and aligning multiple diverse interests. Strong communication and negotiation skills to foster collaboration and consensus.
- Proficiency in planning and facilitating workshops, with the capability to orient stakeholders, lead discussions, and synthesize input into actionable strategies.
- Understanding of the socio-economic and cultural dynamics within the SADC region to support contextual nuances.

### Core Competencies

- **Strategic thinking** - Ability to see the big picture and develop long-term strategies that align with regional goals, considering economic, technological, and regulatory trends.
- **Problem-solving skills** - Proficiency in identifying potential challenges and roadblocks and developing innovative and practical solutions to overcome them.
- **Adaptability and flexibility** - Capacity to adapt to changing conditions and shifting priorities, bringing creativity to complex and dynamic environments.
- **Effective communication and interpersonal skills** - Strong verbal and written communication skills to convey complex ideas clearly and persuasively to diverse audiences, including technical and non-technical stakeholders. Ability to build and maintain strong relationships with a wide range of stakeholders, fostering trust and collaboration.
- **Leadership and influence** - Capability to lead discussions, motivate teams, and influence stakeholders towards a common vision and objectives.
- **Attention to detail** - Diligence in examining all aspects of the framework and ensuring thoroughness and accuracy in recommendations and suggested implementations.
- **Ethical judgment and integrity** - Commitment to ensuring integrity, transparency, and accountability in all consultancy activities.

## 7. Project Reporting

The consulting firm will work under the direct supervision of the SADC CCBG Payment Systems Subcommittee in collaboration with the AfricaNenda Foundation – the project team, with input from the Fintech Working Group.

## 8. Proposal Requirements

Consultants should submit proposals that address the objectives and scope of work outlined above. While there is no minimum page limit, the maximum page limit is 10 pages. The proposals are expected to be clear, concise, and with no font smaller than size 10. The proposal should detail the consultant's proposed approach and methodology to deliver the project, as outlined above. It must also focus on demonstrating how the consultant will ensure that high levels of quality will be maintained at all stages of the project. The financial proposal should have a comprehensive breakdown of budget items with justification.

## 9. Risk Management

The proposal should contain a comprehensive list of expected project risks and possible contingency measures.

## 10. Process

### **Submissions**

Proposals should be submitted electronically by **Thursday, October 31, 2024**, to [info@africanenda.org](mailto:info@africanenda.org). Proposals received after the deadline will not be considered.

### **Queries**

Queries relating to the preparation of the proposals should be submitted to the AfricaNenda Foundation, by email, to the above-provided email by **Tuesday, October 15, 2024**.

### **Notification**

All bidders will be notified of the outcome of their proposals by **Friday, November 15, 2024**. Successful bidders will proceed to contracting as soon as possible.

## 11. Evaluation Criteria

All proposals will be evaluated based on the criteria listed in the table below.

Technical Criteria	Weighting
<b>Quality of proposal:</b> Technical understanding of TOR, mechanisms for quality assurance, innovative approaches to report review, stakeholder engagement, workshop facilitation, assessment of risks, and contingency planning.	30%
<b>Relevant experience and expertise of the consultant:</b> Deep understanding of fintech trends and innovations especially in the SADC region, familiarity with existing financial regulations and frameworks within the SADC region and other comparative jurisdictions, and crafting policy recommendations regulatory bodies. Experience in stakeholder engagement, and aligning multiple diverse interests and proficiency in planning and facilitating workshops.	30%
<b>Cost-effectiveness and adherence to the value for money principle:</b> Both technical and financial proposals adhere to ensuring that resources are acquired at the lowest possible cost (economy), are achieving the maximum output (efficiency), and are for the intended project objectives and outcomes (effectiveness)	20%
<b>Fintech framework development capability:</b> Demonstrated industry experience in developing frameworks, regulations, guidelines, or providing policy technical	20%

assistance. Demonstration of a structured methodology for developing the Fintech Framework, emphasizing components such as research, stakeholder engagement, drafting, feedback incorporation, and finalization.	
<b>Maximum Score</b>	<b>100%</b>

<b>Overall Criteria</b>	<b>Weighting</b>
<b>Preference:</b> Will be made to African-led consultants. All genders are encouraged to submit proposals.	<b>5%</b>
<b>Technical input:</b> Well-articulated project approach and deliverables	<b>70%</b>
<b>Budget:</b> Comprehensive breakdown with justifications	25%
<b>Maximum Score</b>	<b>100%</b>