BANKIGA DHEXE EE SOOMAALIYA

البنك المركزي الصومالي

CENTRAL BANK OF SOMALIA

TERMS OF REFERENCE: REGULATORY AND POLICY DEVELOPMENT CONSULTANCY (FIRM)

Job Description	
Position Title:	Regulatory and Policy Development Consultancy (Firm)
Duty Station:	Central Bank of Somalia Headquarters, Mogadishu
Name of the Project	Somalia Capacity Advancement, Livelihood and Entrepreneurship, through Digital Uplift Project (SCALED-UP)
Project ID	P168115
Type of Appointment	Consultancy (Firm)
Duration	7 months

1. Project Background

The Federal Republic of Somalia has secured financing from the World Bank for the Somalia Capacity Advancement, Livelihood, and Entrepreneurship through Digital Uplift Program (SCALED-UP) projects. Part of these funds will be allocated to finance Regulatory and Policy Development Consultancy services.

The objective of the SCALED-UP project is to enhance access to basic digital financial and government services, with a focus on entrepreneurship and employment, particularly for women. For the Central Bank of Somalia (CBS), the project aims to strengthen regulatory oversight by developing a comprehensive regulatory framework for financial institutions.

Somalia's financial sector is rapidly evolving, necessitating robust and modern regulatory frameworks to ensure stability, promote financial inclusion, and align with international best practices. CBS, as the primary regulator, has identified gaps in the current regulatory framework that impede effective oversight. This consultancy service will address these gaps by drafting new regulations. This initiative supports Somalia's broader financial sector reform agenda and the CBS's mandate to enhance stability, transparency, efficiency, and compliance within the financial system.

2. Objectives

The primary objectives of this consultancy are:

1. **Draft new financial sector regulations**: Assist the CBS in developing new regulations for the financial sector that are context-specific while aligning with international best practices. This will involve comprehensive research and analysis to ensure the regulations are robust, effective, and suitable for the evolving financial landscape in Somalia. Refer to appendix 1 for the details of the regulations.
2. **Support sustainable economic growth**: Ensure that the regulatory framework promotes sustainable economic growth, financial inclusion, and financial stability. This involves creating regulations that encourage innovation and competition while safeguarding the financial system against risks. The aim is to create a balanced regulatory environment that supports long-term economic development.
3. **Capacity building for CBS staff**: Provide training and knowledge transfer to CBS staff throughout the consultancy process. This will include workshops, seminars, and hands-on training sessions to build their capacity in regulatory oversight and policy development. The goal is to equip CBS staff with the skills and knowledge needed to effectively implement and enforce the new regulations.

3. Scope of Work:

The selected firm will be responsible for drafting the regulatory framework for financial institutions involved in payment service providers, savings and credit cooperative societies (SACCOs), foreign exchange bureaus, and development finance businesses. The consultancy firm is expected to undertake the following key tasks:

a) Regulatory drafting

- **Draft new regulations**: Develop new regulations covering priority areas as outlined in appendix 1.
- **Contextual alignment**: Ensure that the new regulations are tailored to the Somali context, taking into account legal, economic, and social dynamics.
- **Produce manuals and templates**: Create manuals and templates to facilitate supervision and the detection of financial sector risk areas.

b) Stakeholder engagement

- **Conduct consultations**: Engage with key stakeholders, including financial institutions, development partners, and other regulatory bodies, to gather input and feedback.
- **Incorporate feedback**: Integrate stakeholder feedback into the regulatory drafting and review process to ensure the regulations are practical and widely accepted.

c) Capacity building

- **Develop and deliver training**: Organize and conduct workshops or training sessions for CBS staff on regulatory drafting, compliance, and enforcement.
- **Hands-On training**: Provide practical training on tools and templates to facilitate ongoing regulatory supervision by CBS.

d) Reporting

- **Prepare detailed reports:** Compile comprehensive reports on the progress of the assignment, including challenges encountered and recommendations for improvement.

4. Deliverables:

The consultancy firm will provide the following deliverables:

- **Inception report:** Detailing the methodology, work plan, and timeline for the assignment within two weeks.
- **Draft new regulations:** Preliminary drafts of new regulations for CBS's review and feedback.
- **Stakeholder consultation and validation report:** Summary of stakeholder engagements and key insights obtained during consultations.
- **Manuals and reporting templates**: Draft manuals and reporting templates for supervision of the new regulated entity.
- **Training materials and sessions:** Training materials and records of capacity-building activities delivered to relevant CBS staff.
- **Final report:** Comprehensive report summarizing the consultancy's activities, deliverables, and recommendations for sustaining the regulatory framework.

5. Timeline and Duration:

The Consultancy firm is expected to complete the assignment within thirty weeks from the date of contract signing. A detailed timeline will be agreed upon during the inception phase, however the following table will guide the initial assignment period:

Activity Description	Timeline	Associated Payment (%)
Inception Report	2 weeks	0%
Diagnostic Report	+ 4 weeks	15%
Draft new regulations and review of existing regulations	+ 11 weeks	15%
Stakeholder consultation and validation	+ 3 weeks	15%
Manuals and template drafting	+ 5 weeks	15%
Capacity Building	+ 3 weeks	10%
Final Report	+ 2 weeks	30%
Total	**30 weeks**	

6. Qualification and Experience

i. Firm Profile

a) **Technical Experience: Firm Experience:** Over 8 years of experience in developing and drafting financial sector laws, regulations, and guidelines. Proven track record in implementing legal drafting and legal review. A Successful track record of completion of similar projects, preferably with references or case studies. Please submit at **least 2 Reference Letters** from Regulatory authorities - preferably from fragile or conflict-effected countries,

a) **Regulatory Familiarity:** Strong understanding of regulatory frameworks and compliance requirements for non-bank financial institutions. Knowledge of national and international regulations and standards governing financial institution regulatory and supervision. and financial technology.
b) **Geographical Experience:** Experience in executing similar projects in developing countries, with a preference for experience within Horn of Africa, and particularly in fragile contexts.
c) **Proposed Approach:** The adequacy of the proposed approach, methodology and work plan of the scope of the Assignment. These include the submission of detailed work plans, CVs of key resource persons and past experience in similar assignments, of which at least 3 of the proposed expertise having extensive experience in financial sector supervision and regulatory experience, including the evidence of completion note and appreciation letters.

ii. Expertise Profile

The team should include experts with at **<u>least the following skills and expertise</u>** to ensure comprehensive coverage of the assignment: -

b) **Regulatory and Policy Experts (1-2 experts):** An advanced degree in Law, Economics, Public Policy or a related field with at least ten (10) years of experience including experience in formulation of financial sector-related laws, regulations and guidelines and broader financial sector operations. Familiarity with relevant national and international laws and regulations is a definite advantage.
c) **Legal Expert:** 10+ years in financial law and regulatory compliance. Ensuring that new and updated regulations are legally sound, clear, and enforceable, and that they align with global standards.

7. Reporting and Supervision

The consultancy firm and team will report to the Executive Director for Monetary, Financial and Regulatory Policy Group and will work closely with Licensing and Supervision department and provide periodic progress reports to the senior management.

8. Location of the assignment

The duty station is both at CBS HQ in Mogadishu and remotely.

Appendix 1: New regulations are to be drafted.

#	Name of the regulation	Target financial institutions	Anchor law
1.	Licensing and Operations Regulation for Forex Bureau	Foreign Exchange Bureaus	Financial Institution Law - 2025
2.	Licensing and Operations Regulation for Development finance business	Development finance business	Financial Institution Law - 2025
3.	Licensing and Operations Regulation for SACCOs	Saving and Credit Societies (SACCOs)	Financial Institution Law - 2025
4.	Issuance of electronic money	Payment Service Providers	National Payment Act - 2025
5.	Safeguarding Mobile Money Funds	Payment Service Providers	National Payment Act - 2025