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Terms of Reference (TOR) for Strategic Plan Consultant (Firm): National Payment System (NPS) – Somalia

1. Background

As part of the **SPRING Project**, under **Component 2: Deepening Financial Sector Reforms and Strengthening Institutional Capacity**, the Ministry of Finance intends to apply part of the proceeds of the World Bank financing to strengthen financial market infrastructures and enhance institutional capacity within key financial sector institutions, including the Central Bank of Somalia (CBS).

The **Central Bank of Somalia (CBS)** is mandated to maintain monetary stability, regulate and supervise financial institutions, and promote a secure, efficient, and inclusive National Payment System (NPS) to support economic growth and financial stability. As Somalia continues to modernize its financial sector, strengthening the NPS has become a strategic priority to ensure safe, reliable, and interoperable payment services, including the expansion of instant payment platforms and digital financial services.

In line with its broader reform agenda and commitment to governance, innovation, and digital transformation, CBS seeks to align the National Payment System with internationally recognized standards and evolving technological frameworks, including:

- The **BIS Principles for Financial Market Infrastructures (PFMIs)**;
- National development priorities under Somalia's transition and digital transformation agenda;
- Regional integration initiatives, including East African Community (EAC) payment system harmonization efforts;
- Adoption of emerging technologies such as instant payments, ISO 20022 standards, APIs, artificial intelligence (AI), cloud computing, and fintech innovation;
- Strengthening Digital Public Infrastructure (DPI) to ensure secure, interoperable, and inclusive financial services.

To advance these priorities, CBS seeks to engage a qualified consulting firm to develop a comprehensive five-year strategic roadmap for the modernization and enhancement of the National Payment System. The roadmap will guide institutional strengthening, interoperability, regulatory alignment, and technological readiness, ensuring that Somalia's payment infrastructure remains resilient, future-proof, and aligned with international and regional best practices.

This initiative directly supports the objectives of **Component 2** by strengthening financial infrastructure governance, enhancing institutional capacity, and promoting operational resilience within Somalia's financial sector.

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2. Objectives

The consulting assignment aims to:

1. Develop a five-year strategic roadmap for modernizing Somalia's NPS.
2. Strengthen DPI to enhance interoperability, accessibility, inclusiveness, and resilience.
3. Align the NPS with BIS PFMIs, ISO 20022, and other global benchmarks.
4. Support regional integration through harmonization with EAC and other frameworks.
5. Incorporate innovations such as instant payments, open APIs, digital identity, and advanced risk management.
6. Improve safety, efficiency, and robustness of the payment ecosystem.
7. Provide actionable recommendations on governance, risk management, operations, and regulatory compliance.

3. Scope of Work

3.1 Assessment and Diagnostic Review

- Conduct a detailed assessment of Somalia's NPS, including retail/wholesale systems, clearing/settlement arrangements, IT infrastructure, and regulatory frameworks.
- Identify operational, cybersecurity, regulatory, and inclusiveness gaps and risks.
- Review alignment with BIS PFMIs, ISO 20022, and other emerging standards.
- Evaluate Somalia's readiness for regional integration (e.g., EAC).
- Assess technological readiness in areas such as cloud, APIs, blockchain, and AI.

3.2 Stakeholder Analysis and Engagement

- Align consultations with the National Transition Plan.
- Map key stakeholders: government, banks, mobile money operators, fintech's, payment providers, vendors, and development partners.
- Conduct consultations to identify challenges and opportunities for NPS modernization and DPI strengthening.
- Host validation workshops to refine findings and recommendations.

3.3 Regulatory and Legal Framework Review

- Assess the adequacy of legal and regulatory frameworks, including:
    - Compliance with BIS governance principles
    - Alignment with Somali laws and CBS policies
    - Data Protection and Cybersecurity Requirements
    - Compatibility with EAC and other regional frameworks

3.4 Benchmarking and Regional Comparison

Benchmark Somalia's NPS against:

- EAC regional payment systems
- Selected African countries
- Relevant advanced jurisdictions
  Focus areas include technology adoption, cybersecurity, operational standards, and financial inclusion practices.

3.5 Gap Analysis

Identify gaps in:

- Compliance with BIS PFMIs and other international standards
- IT infrastructure and cybersecurity resilience
- Regulatory support for innovation and fintech
- Cross-border payment capability
- Financial inclusion strategies
- Readiness for instant and real-time payment systems

3.6 Recommendations and Strategic Roadmap

The five-year roadmap will include:

1. Governance and Regulatory Enhancements

- Strengthened frameworks aligned with national priorities and regional standards.

2. Digital Public Infrastructure Strengthening
Recommendations to improve:

- Interoperability
- Inclusiveness
- Security
- Scalability at national and regional levels

3. Priority Modernization Initiatives

- Instant and real-time payments
- ISO 20022 adoption
- API-based open banking
- Digital identity/KYC frameworks
- Cybersecurity and operational resilience
- Technology upgrades (cloud, APIs, DLT, AI)

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4. Financial Inclusion Strategies

- Approaches to expand access for underserved populations and regions.

5. Financing and Partnerships

- Sustainable cost-recovery mechanisms
- Opportunities for external funding (e.g., World Bank, AfDB)
- Public-private partnerships and innovative financing models

6. Capacity Building and Institutional Preparedness

- Guidance on strengthening CBS's technical and operational readiness.

3.7 Implementation Roadmap

- Actionable short-, medium-, and long-term initiatives
- Timelines, milestones, and responsible entities
- Cost and resource estimates
- Monitoring and evaluation mechanisms
- Funding and partnership recommendations

3.8 Reporting and Deliverables

The consultant will deliver:

- Periodic progress reports
- A final strategic plan including assessment, gap analysis, objectives, roadmap, and recommendations
- Presentations to CBS management and stakeholders

3.9 Knowledge Transfer and Capacity Building

- Training sessions and workshops for CBS and stakeholders
- Tools for monitoring and updating the NPS and DPI roadmap

4. Deliverables and Timeline (12 Months)

Deliverable	Description	Timeline (Months)
Inception Report	Methodology, work plan, engagement strategy, data collection approach.	1
Current State Assessment & Diagnostic Report	Comprehensive NPS assessment; gaps and risks; review of alignment with BIS, ISO 20022; emerging technology readiness.	2–3
Stakeholder Engagement Report	Findings from consultations and workshops.	3–5

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Regulatory, Legal & Benchmarking Report	Assessment of legal/regulatory frameworks and comparative analysis.	5–7
Gap Analysis Report	Key gaps in governance, infrastructure, cybersecurity, cross-border readiness, inclusion, instant payments.	8
Draft Strategic Roadmap	Five-year roadmap covering governance, DPI, modernization initiatives, inclusion, and capacity building.	9–10
Validation Workshops	Stakeholder review and validation.	11
Final Strategic Plan & Implementation Framework	Final roadmap with timelines, milestones, cost estimates, M&E, and funding strategies.	12
Knowledge of Transfer Materials	Training, guidelines, and toolkits.	11–12

5. Duration

The assignment will be completed over **twelve (12) months)** from contract signing.

6. Qualifications and Experience

6.1. Qualification Requirements for the Consulting Firm

- Minimum 10 years' experience in payment systems, financial sector reforms, or Digital Public Infrastructure (DPI).
- Demonstrated experience in successfully completing at least one (preferably two) assignment involving the development of National Payment System strategies, payment system modernization roadmaps, or similar financial market infrastructure strategies for central banks, financial regulators, or equivalent institutions."
- Proven expertise in BIS PFMIs, ISO 20022, instant payments, interoperability, financial inclusion, cybersecurity, and payment system governance.
- Experience implementing donor-funded projects (World Bank, AfDB, IMF, etc.) is an added advantage.
- Demonstrated experience working with central banks, governments, and regional organizations, preferably within Africa.

6.2. Key Experts

Expert	Minimum Qualification	Experience
Team Leader / Payment Systems Specialist	Master's degree in economics, Finance, Banking, ICT, or related field	10+ years; led at least 1 (preferably 2) NPS modernization/strategic planning assignments

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Digital Public Infrastructure (DPI) Specialist	Master's Degree in ICT, Computer Science, or related field	8+ years in DPI, interoperability, digital identity, APIs, and digital payments
Technology & Innovation Specialist	Master's Degree in ICT, Computer Science, or Software Engineering	8+ years in payment technologies, ISO 20022, cloud, APIs, AI, blockchain, and cybersecurity
Regulatory & Legal Expert	Master's degree in law, Finance, or Public Policy	8+ years drafting payment system laws, regulations, and regulatory frameworks
Financial Inclusion & Stakeholder Engagement Expert	Master's degree in economics, Development Studies, Finance, or related field	8+ years in financial inclusion, stakeholder engagement, and change management

General Requirements

- Fluency in English.
- Strong analytical, report writing, and presentation skills.
- Experience working with central banks or financial sector regulators.
- Availability throughout the assignment.
- No conflict of interest.

7. Reporting

The consultant will report to:

- The Governor, Central Bank of Somalia
- The Executive Director, Currency and Banking Operations Group They will coordinate with the Payment Systems Division and relevant CBS departments.

8. Confidentiality

All information gathered or produced is confidential and may not be disclosed without CBS authorization. All materials remain CBS property for official use.