**REQUEST FOR EXPRESSIONS OF INTEREST**

**(CONSULTANT SERVICES – SELECTION OF FIRMS)**

COUNTRY: SAUDI ARABIA

PROJECT NAME: FEASIBILITY STUDIES TO DEVELOP AWQAF FREE ZONES

SECTOR(S): ISLAMIC FINANCE / AWQAF / FOOD AND ENERGY SECURITY

CONSULTING SERVICES *to undertake feasibility studies for the establishment of Awqaf Free Zones in IsDB Member Countries.*

MODE OF FINANCING: IsDBI GRANT

FINANCING NO. ZZZ2716

The Islamic Development Bank Institute (IsDBI) has initiated a project to explore the development of Awqaf Free Zones in IsDB Member Countries. The project proposes to combine the elements of Awqaf and Free Zones to explore the innovative possibility of creating Awqaf Free Zones in IsDB Member Countries to promote socioeconomic development and address food and energy security.

The Islamic Finance Grant Project (IFGP) is also aligned with the SDGs related to No Poverty (SDG1), Zero Hunger (SDG2), Affordable and Clean Energy (SDG7), Decent Work and Economic Growth (SDG8), Climate Action (SDG13) and Partnerships to Achieve Goal (SDG18).

Currently laws and regulations of Awqaf vary significantly across countries, creating serious obstacles to capitalize on Awqaf on a global scale. A potential solution to this problem and to build a scalable and sustainable source of social support on a global scale could be to create dedicated “free zones” for Awqaf assets. An Awqaf Free Zone, (“AFZ”) will be an area where Awqaf assets can be created, so that they enjoy protective status suitable to the nature and requirements for preserving Awqaf assets.

The AFZs will be dedicated for establishing food farms and energy supply stations to help spur economic activity, unlock the potential of underutilized natural resources, and reduce poverty in MCs. The output or revenue of the Zone will be distributed according to a pre-agreed plan as stated in the Waqf Deed with special incentives given to the AFZ host countries. Resources for AFZs could be mobilized through blockchain-based “Global Waqf Tokens” that allow the contributors/donors *(Waqifeen)* to monitor and verify the transactions of the Waqf assets and revenues.

The AFZs may be equipped with Internet of Things (IoT) for maximum transparency and verifiability of performance. The AFZs will also use blockchain technology to create, manage and store the Awqaf deeds and contracts, which can enable independent validation and transparency in the management of Awqaf within the AFZs. This can potentially be done by leveraging the existing ideas and intellectual property of the IsDB Institute namely Ish’haad platform and the Smart Waqf concept.

The objective of the assignment is to undertake is to undertake a comprehensive set of feasibility studies to assess and validate the concept and recommend concrete steps for its implementation.

The project is particularly timely and relevant given significant proportion of IsDB MCs are experiencing unprecedented economic and financial challenges particularly in the areas of food and energy security as well as depleting foreign exchange reserves and high inflation. The Awqaf Free Zones are expected to unlock the economic potential of IsDB MCs, and have other positive externalities such as creating opportunities, jobs, and revenue for the MCs.

The detailed scope of the project includes hiring a consulting firm with expertise in legal and regulatory frameworks, corporate governance, business planning and feasibility, and developing implementing strategies and roadmaps.

The project will be executed in three phases with the first phase covering the legal and regulatory feasibility. Following an indication of the legal and regulatory feasibility, phase two will cover the governance and operational models, and the economic and financial feasibility. The third and last phase of the project will be the development of an implementation roadmap and strategy.

The scope of the assignment includes the following:

Phase I: Legal and Regulatory Feasibility

Phase II: Governance and Operational Models

 Economic and Financial Feasibility

Phase III: Implementation Roadmap and Strategy

The final phase should culminate in the identification of 1-2 IsDB MCs in which the concept may be piloted. The piloting of the AFZ, however, is not included in the scope of the current assignment.

Detailed expectations from the consulting firm are included in the terms of reference (TOR).

The consultant assignment is expected to take not more than 18 months starting from **November 2023**.

The draft TOR for the assignment is attached in **Annex-1**.

The IsDB Institute now invites eligible consulting firms (“Consultants”) to indicate their interest in providing the listed services. Interested Consultants must provide specific information which demonstrates that they are fully qualified to perform the services (availability of appropriate experience and skillful staff confirmed by brochures, description of similar assignments in analogous conditions, etc.)

**The shortlisting criteria / sub-criteria are:**

(a) The Consultant should demonstrate having experience in providing consultancy services in areas of international trade, economics, finance, Islamic finance including Awqaf for at least ten (10) years. Having experience in Economic Free Zones and Awqaf is a strong advantage.

(b) Proven record of successful similar consultancy services (at least 2 studies in the past 5 years), as follows:

1. Conducted market assessments and feasibility studies for large scale projects.
2. Reviewed, proposed, and/or developed legal and regulatory frameworks and strategies
3. Developed economic and financial feasibility studies, corporate governance structures and operational business models for large projects.
4. Demonstrated use of modern technology and fintech/smart solutions and their implementation in projects.
5. Developed implementation roadmaps and strategies for large scale initiatives.

(c) The firm should demonstrate having technical and managerial capabilities to successfully execute the assignment through a brief presentation of the firm’s management structure and number of permanent staff.

(d) The firm should demonstrate capabilities and experience in delivering the expectations outlined in the draft TOR in **Annex 1**.

Key Experts will not be evaluated at the shortlisting stage but expected proficiency is available in the draft TOR.

The attention of interested Consultants is drawn to Paragraphs, 1.23, and 1.24 of the Guidelines for Procurement of Consultant Services under Islamic Development Bank Project Financing (the “Procurement Guidelines”), setting forth IsDB’s policy on conflict of interest: <https://www.isdb.org/project-procurement/sites/pproc/files/documents/PPR%20Guidelines-Consultants-ENG.pdf>

Consultants may associate with other firms to enhance their qualifications but should indicate clearly whether the association is in the form of a joint venture and/or a sub-consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected.

A consultant will be selected in accordance with the Quality and Cost Based Selection (QCBS) method as set out in the Procurement Guidelines.

Interested consultants may obtain further information at the address below during office hours; **8:30 to 16:30 hours** Jeddah Local Time.

Expressions of interest must be delivered in written form and English to the address below (in person, by mail, or by e-mail) by date **3September 2023**.

THE ISLAMIC DEVELOPMENT BANK INSTITUTE

Attention: The Islamic Development Bank Institute

Address: 8111 King Khalid Street, Al Nuzlah Al Yamania District, Unit no. 1

 Jeddah 22332-2444, Kingdom of Saudi Arabia

Email: **isdbinstitute@isdb.org**

**Annex-1- Tentative Terms of Reference**

The detailed scope of this project includes the following:

**Phase I**

1. **Legal and Regulatory Feasibility**
* Undertake a comprehensive assessment of existing and potential legal and regulatory frameworks to create, regulate and supervise AFZs.
* Review the main prevailing free zone models to identify best practices that can be easily replicated with due modifications for implementation in IsDB MCs
* Identify issues and challenges and suggest ways of addressing these from a legal, regulatory, and supervisory standpoint
* Propose an enabling legal, regulatory, and supervisory environment for AFZs that provides stakeholders including MCs, *Waqifeen* (Islamic donors), investors and operators the assurance and confidence regarding their investments and Awqaf
* The recommendation should include a model AFZ law and regulatory framework with detailed policies, regulations, and guidelines that can be adapted and customized based on specific IsDB MC circumstances.

**Phase II**

1. **Governance and Operational Model(s)**
* Evaluate and recommend potential options for the corporate governance of the proposed AFZ including e.g. creation of Free Zone Authority and other operational considerations such as one stop shop for bureaucratic procedures, tax incentives, arbitration etc.
* Provide a realistic assessment on the role of the IsDB Group in AFZs and identify suitable partners, including responsibilities, obligations, etc. for each of the proposed parties. Also, to include elaboration of proposed partners’ detailed institutional analysis, including but not limited to Stakeholder Map, SWOT for each stakeholder, and recommendations for the institutional setup given the unique combination of Awqaf and Free Zone concept.
* Recommend potential operational models of AFZs including feasible technology platforms such as Blockchain, IoT and others.
1. **Economic and Financial Feasibility**
* Review the global Awqaf industry and Free Zones with the objective of drawing insights and best practices.
* Validate the market potential, demand, and opportunities for establishing AFZs in IsDB MCs including viability for all stakeholders.
* Identify the potential economic activities, sectors that the AFZ may prioritize for its operations
* Assess the commercial and financial viability of the AFZ concept. This may be based on a benchmark of Free Zones with indicative investment requirements, start up and operational costs, and indicative returns etc.
* Develop a 10-year business plan backed by an indicative financial model and sensitivity analysis demonstrating base-, best- and worst-case scenarios based on a set of reasonable assumptions
* Provide detailed risk analysis, including political, socio-economic, logistical, and environmental risks as well as mitigating actions that lie within the scope of the project.

**Phase III**

1. **Implementation Road Map and Strategy**
* Develop a detailed roadmap and strategy on steps, activities, milestones, and critical success factors to further develop and implement the AFZ concept
* Suggest a framework for piloting of the concept in 1-2 IsDB MCs based on the market potential and critical success factors identified earlier.
* Recommend any awareness, roadshow, and capacity building activities necessary for the promotion of Awqaf Free Zones in IsDB MCs.

**Consultants may propose additional scope to be added to the assignment based on their previous experience and expertise in the relevant areas**

**Duration of the Assignment:**

The consultant assignment is expected to take not more than 18 months starting from **November 2023**.

**Key Experts required for the Assignment:**

The proposed project team must be composed of the key experts and specialists as indicated in the table below; however, the Consultant has the option to add more personnel depending on their work strategy:

1. Team Leader: 10+ Years in International Trade, Economics, Islamic Finance (including Awqaf), Policymaking and specifically Free Zones related experience
2. Senior Expert: 5+ Years in legal and regulatory matters related to Free Zones.
3. Senior Expert: 5+ Years in economics and finance feasibility studies, business plans, strategy, and large-scale project implementation.
4. Senior Expert: 5+ Years in smart/intelligent systems design and implementation

All the above-mentioned Key Experts should have experience in at least three (3) similar assignments. At least one of the above experts needs to be proficient in Islamic economics and finance.

The Request for Proposal (RfP) including the detailed Terms of Reference (ToR) will be submitted to the shortlisted consultants.