**REQUEST FOR EXPRESSIONS OF INTEREST**

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

COUNTRY: SAUDI ARABIA

PROJECT NAME: DIGITAL POSTAL ISLAMIC FINANCIAL SERVICES

SECTOR(S): ISLAMIC ECONOMICS AND FINANCE / LOGISTICS/ TRADE

CONSULTING SERVICES *to assess the postal services market landscape and operational models adopted by postal services offering financial services and to undertake a pilot feasibility study for introduction of Digital Postal Islamic Financial Services in 2 IsDB Member Countries.*

MODE OF FINANCING: ISDBI GRANT

FINANCING NO. ZZZ2736

The IsDBI has initiated this project to explore opportunities for offering Islamic financial services through the postal network in an increasingly digital world. Islamic finance has diverse set of instruments which are suited for different needs and ventures and are linked to the real economy, making them an attractive proposition to Small and Medium Enterprises (SME) and underserved communities. For example, postal networks can enter into Murabaha contracts with customers which do not have a bank account or are not willing to be part of the banking system and finance the purchase of goods on their behalf. The combination of digital solutions with Islamic finance can serve as an important tool towards reducing inequality (SDG 10) and enhancing financial inclusion and innovation (SDG 9).

The objective of the assignment is to assess the postal services market landscape and operational models adopted by postal services offering financial services and to undertake a pilot feasibility study for introduction of Digital Postal Islamic Financial Services in 2 IsDB Member Countries.

The detailed scope of the project includes the following:

1. Market Overview Report of Postal Services in 57 IsDB Member Countries
2. Benchmarking Study of Operational Models and Strategies in Selected (12) Leading Non-IsDB Member Countries
3. Market Assessment, Operational Models and Opportunities in Selected (12) IsDB Member Countries
4. Pilot Feasibility Study for 2 IsDB MCs
5. Knowledge Dissemination and Awareness

The Market overview report should assist in the identification of leading postal service institutions in terms of digitalization and financial services or e-commerce activities in the 57 IsDB MCs as well as countries with significant room for development in terms of postal services as well as opportunities for financing of goods within the supply chain or through e-commerce platforms. The pilot study will include a detailed roadmap for the transformation. 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.) including expertise in undertaking market assessments and feasibility studies, as well as in Islamic finance, postal/logistics services and digitalization.

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

(a) The Consultant should demonstrate having experience in providing consultancy services in areas of economics, financial services, Islamic finance and digitalization for at least ten (10) years. Having experience with postal services 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 financial services, e-commerce and logistics
2. Prepared roadmap for digital transformation of services

(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**.

Expected proficiency of Key Experts is available in the draft TOR. Key experts will not be evaluated at the shortlisting stage.

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.

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**](mailto:isdbinstitute@isdb.org)

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

The scope of the assignment will consist of the following interrelated components:

**Component A. Market Overview Report of Postal Services in IsDB Member Countries:**

1. Provide an overview of the postal services landscape in IsDB Member Countries including up to date Country profiles of postal services in the 57 member countries of the IsDB.
2. For the report, the countries may be grouped on a regional basis such as Sub-Saharan Africa, Middle East and North Africa, Europe and Central Asia, Asia and Latin America, and matrices may be used for comparison purposes.
3. The country profiles should provide a general overview of the following:

* the institutional framework
* the postal network and coverage of the country,
* digital postal services, if any, offered by the national postal service
* financial services, if any, offered by the national postal service,
* e-commerce activities, if any, offered by the national postal service,
* Institutional aspects of national postal services offering financial services (ownership structure, legal person, regulating body, shared functions)
* Electricity and Telecommunications coverage in the Country

1. On a **regional basis**, the report should highlight the following:

* Identification of leading postal service institutions in terms of digitalization and financial services in IsDB MCs
* Identification of countries with significant room for development in terms of postal services
* Countries with enabling environment for digital transformation of postal services, with regards to existing infrastructure
* Countries with enabling environment for offering of Islamic financial products and services (digital/physical)
* Countries with legal/regulatory frameworks enabling offering of financial services by national posts

**Component B. Benchmarking Study of Operational Models and Strategies in Selected Leading Non-IsDB Member Countries**

1. Conducting a benchmarking study of best practices, innovative postal, financial services and e-commerce solutions offered by postal service providers in 12 Non-IsDB Member countries, including:

* the operational models and strategies adopted by the postal service providers in each of the 12 countries
* Financial services including but not limited to inventory, goods and inputs financing, provided by postal services in these countries
* Identify linkages of postal services with SMEs and e-commerce platforms
* The technology, channels, platforms used in each of the 12 countries
* Strategies and approaches adopted to digitally transform the postal service, and outline of the roadmap for transformation
* Integration with other e-services, including e-government, in the respective countries
* Performance of postal services post-digital transformation
* Strategies adopted to mobilise resources for e-commerce activities, digital transformation and offering of financial services
* Strategies and lessons learnt with regards to change and people management during the transformation process
* Legal, regulatory, and enabling frameworks in place for digital, financial and e-commerce activities for the postal services

1. The indicative proposed 12 countries for the benchmarking study, based on their geographical distribution and level of advancement in postal services, may include the USA, UK, Switzerland, Germany, Netherlands, Hungary, Slovakia, Australia, China (inc. Hong Kong), India, South Africa, and Kenya.

**Component C. Market Assessment, Operational Models and Opportunities in Selected IsDB Member Countries**

1. Conducting an in-depth market assessment study including innovative postal, financial services and e-commerce solutions offered by postal service providers in 12 IsDB Member countries, including:

* the operational models and strategies adopted by the postal service providers in each of the 12 countries
* Financial services including but not limited to inventory, goods and inputs financing, provided by postal services in these countries
* Identifying linkages of postal services with SMEs and e-commerce platforms
* Integration with other e-services, including e-government, in the respective countries
* Strategies adopted to mobilise resources for e-commerce activities, digital transformation and offering of financial services
* Legal, regulatory and enabling frameworks in place or required for digital, financial (including Islamic finance) and e-commerce activities for the postal services
* Strategies and approaches adopted to digitally transform the postal service, and outline of the roadmap for transformation
* Strategies and lessons learnt with regards to change and people management during their digital transformation process
* Identifying products and services that are currently not being offered but which could be opportunities for postal services to contribute to socio-economic development in IsDB member countries (including financing and support to smallholder farmers in villages and linkages with markets).
* Identifying and proposing the mechanism for islamic financial products and services, including different modes to finance goods or support SMEs, Consumers and Public bodies, that could be introduced as part of the postal services in the selected IsDB Member countries, including international trade financing products.
* Possibility of resource mobilisation (including through sukuk issuance and collateralization of the business) for postal services engaging in Islamic financing of goods and e-commerce
* Proposing operational models which could be adopted to modernise the postal services and offer financial services, including operational models which could be geared towards financial inclusion and development rather than profit maximization while still being viable, profitable and sustainable.

1. The proposed indicative 12 countries for the market assessment study, based on their geographical distribution and level of advancement in postal services may be Egypt, Morocco, Tunisia, Cote d’Ivoire, Burkina Faso, Iran, UAE, Indonesia, Malaysia, Pakistan, Bangladesh and Kazakhstan. Countries may be replaced as a result of the findings of the earlier components.

**Component D. Pilot Feasibility Study for 2 IsDB MCs**

1. Conducting a pilot feasibility study for 2 IsDB Member countries selected amongst the 12 IsDB Member countries, identifying critical success factors, and proposing key steps.
2. Including expected costs of transformation and expected returns from new revenue streams and Performance of postal services post-digital transformation and offering of financial services
3. Developing a high-level financial model with expected costs and revenues and financing structure, including proposals for resource mobilisation, for viable, profitable, and sustainable digital postal Islamic financial services operations.
4. The pilot study should consider the best practices, innovative solutions and use cases from the Benchmarking and Market assessment studies for IsDB and Non IsDB Member Countries, as well the existing infrastructure in the pilot country including in terms of technology, market, infrastructure and Islamic finance enabling frameworks.
5. It should include the financing of goods by the postal services using Islamic finance instruments and linkages of the postal services with the market and/or e-commerce platforms as well as the necessary digital transformation that would be required to have an efficient process flow, improved services, and enhanced responsiveness to the needs of SMEs, Public Bodies, the urban consumer as well as smallholder farmers in villages.
6. The pilot study should also advise on the legal and regulatory amendments, change and people management strategies, and operational model that would be required for the digital postal Islamic financial services, as well as providing a detailed roadmap for the transformation.

**Component E. Knowledge Dissemination and Awareness:**

1. Under this component, a series of workshops/seminars will be organised that includes key stakeholders to clearly identify challenges, opportunities and interest in digital postal Islamic financial services.
2. The consultant should carry out the following:
3. Identify potential stakeholders to be invited to these workshops/seminars
4. Develop the program, agenda and proposed flow of discussions
5. Prepare powerpoint/other format presentations and deliver these during the workshops and seminars organised.
6. Enable a feedback mechanism to gather inputs to improve the content of the feasibility study
7. Take part in all meetings, workshops and seminars to present the draft versions of reports to facilitate collation of comments.

**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 Economics, Financial Services, Business Analysis, Market Research
2. Senior Expert: 5+ Years in digital transformation, E-commerce and innovative technologies
3. Senior Expert: 5+ Years in financial feasibility studies, business plans, value propositioning, market research etc.
4. Senior Expert: 5+ Years in legal and regulatory considerations for financial services, postal and digital services.
5. Senior Expert: 5+ Years in logistics and postal services

All the above-mentioned Key Experts should have experience in at least three (3) similar assignments. At least one of the included 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.