



REPUBLIC OF KENYA
MINISTRY OF LABOUR AND SOCIAL PROTECTION
STATE DEPARTMENT FOR SOCIAL PROTECTION
AND SENIOR CITIZEN AFFAIRS
DIRECTORATE OF SOCIAL ASSISTANCE

TERMS OF REFERENCE (TOR) FOR A PAYMENTS SPECIALIST
FOR THE
CONSOLIDATED CASH TRANSFER PROGRAMME (CCTP)

1.0 Introduction

1.1 In Kenya, the experience with social assistance programmes began in 2004 as a result of the country's needs to assist the increasing number of children made vulnerable by HIV/AIDS and poverty. The first project was piloted in three counties with the support of UNICEF, disbursing \$6.70 monthly to 500 households. By 2019, the social safety net had grown to cover 1.2 million recipients through four programmes:

- a. Cash Transfer for **Orphans and Vulnerable Children** (launched 2005);
- b. **Older Persons** cash transfer programme (launched 2007);
- c. **Persons with Severe Disabilities** cash transfer (launched 2010); and
- d. The **Hunger Safety Net Programme** for people living in northern Kenya counties (launched 2009).

1.2 The first three of these programmes are collectively called the Consolidated Cash Transfer Programme (CCTP), commonly dubbed as "**Inua Jamii**". When cash transfer payments first began in 2005, manual cash payments were made through the District Treasury. Government officers traveled under armed guard with large amounts of cash to pay the recipients. This was a risky and labor-intensive exercise, and entailed cumbersome reconciliation processes; hence delays in payments of up to 6 months. In 2010, the payment system shifted to being semi-manual, with the Postal Corporation of Kenya (PCK) being contracted through a single-source procurement by virtue of its wide-reaching branch network. This system partly relied on computer technology, but payments were still made manually in

cash; and there was no reliable way to verify identity, whilst payments took 10 minutes per recipient, and reconciliation took months.

1.3 In 2013, a presidential directive mandated that all Government payments be digital. The Ministry brought development partners such as DFID, the World Bank, and the World Food Program (WFP) together to support the development of a management information system (MIS) and enhanced technical capacity. Financial Sector Deepening Kenya (FSD Kenya) was requested to help design an electronic delivery model. Equity Bank and Kenya Commercial Bank (KCB) were selected out of 10 banks that bid on the project to provide payments to recipients. Each bank was allocated specific programmes and served only recipients that were part of their allocated programmes. Under this dispensation, withdrawals were made with debit cards, and identity was verified using Government-issued national IDs and biometrics (fingerprints) at branches and biometrically enabled agents. Recipients had a 21-day cycle when they could receive payment or risk forfeiting their benefit.

1.4 At that time the beneficiaries still faced significant challenges, including restrictions on where they could withdraw funds, biometric failures, long distances to collection points, and misrouted cards. Through a series of design workshops, the Ministry and Partners agreed on five key choices that would drive the design of the latest phase of InuaJamii payments, with a focus on recipient choice and full bank accounts:

1. Recipients can choose account providers at onset and switch providers annually;
2. Payments are made into full Payment Service Providers accounts;
3. Authentication is done via biometrics for regular evidence of proof of life;
4. A competitive procurement process was mandatory, but a workaround was needed to select multiple Payment Service Providers;
5. Tiered fees to incentivize banks to serve remote locations.

1.5 The programme is currently running in conjunction with six banking partners namely; Co-operative Bank, Equity Bank, KCB Bank, Postbank, KWFT, and National Bank. There has been recognition of an urgent need to engage a consultant who has the necessary understanding of the programme as well as the skills and attributes to carry out the following.

2.0 OBJECTIVES

2.1 The Main Objectives are:

- a) Reviewing the choice model;
- b) Assisting in implementing contractual matters;
- c) Assisting the operationalization of payments related matters; and
- d) Supporting Complementarity.

2.2 The key objective of this consultancy is to support and strengthen the financial management function within the DSA in accordance with international best practice principles. Key functions will include working

closely with the Accounts, Finance and Internal Audit departments in SDSP&SCA to ensure the financial management functions of the Programme are in line with the development partner's agreements and GoK procedures. In addition, the consultant is expected to work closely with the PSPs to ensure timely payments to the beneficiaries and reconciliation.

3.0 RECIPIENTS

3.1 The recipients of the consultancy are: the Directorate of Social Assistance (DSA) under (SDSP&SCA).

4.0 SCOPE OF WORK

The consultancy seeks to enhance the overall beneficiary experience with the SP digital payments through improvements in access, reliability and timeliness. To do this, the consultants will:

1. Undertake a comparative analysis of the existing payment mechanism(s) used by different SP and non-SP programs in the country, including those that are not yet used, to evaluate what features work best for payments to reach the beneficiaries. This might also involve some desk review of the available literature on payment systems, frameworks, and options.
2. Conduct a beneficiary feedback survey on the performance of the existing payment mechanism(s) to identify areas of improvement from beneficiary perspective and conduct key informant interviews with the stakeholders including program staff, agents of service providers, area chiefs, Kenya Bankers association, Central Bank of Kenya, payment switch operator, representatives of alternate payment methods like mobile money solutions and others.
3. The payment re-modeling process should be an iterative design process to achieve a cost effective and scalable solution that is based on the existing or upcoming infrastructure including interoperability that is yet to be implemented.
4. The process of re-modeling must identify any bottlenecks in enhancing the payments services for InuaJamii beneficiaries especially in comparison to the normal customers of the payment service providers and address such bottlenecks through step-by-step recommendations, where possible.
5. Propose payment changes in line with the regulations and infrastructure potential in the country and make sure that the changes proposed are already tested and easy to be implemented at scale. Each change should be thoroughly checked with the relevant stakeholders to gauge the appetite through process mapping, clarity of roles of stakeholder, understanding the potential risks and their mitigation strategies.
6. The payments re-modeling features should be priced based on the market survey of the commercial stakeholders and regulatory frameworks involved. Efforts should be made to minimize the costs of

- delivery of payments to the beneficiaries by developing innovative solutions, based on the advice of experts in the payment sector.
7. Formalize solution in terms of legal implications, funding needs, infrastructure development and/or support, implementation support, capacity building at all levels and knowledge transfer etc.
 8. Advise the Contract Implementation Team (CIT) on contracting for payment services providers. Facilitate the CIT in the preparation of a detailed TOR and service level agreements, based on the proposed payment model, development of an objective evaluation criteria and facilitate the team in procurement of the PSP(s) at all stages of the procurement.
 9. To advise on issues on; access and coverage, choice options including service providers and payment tools, experience in dealing with low or no-tech savvy SP beneficiaries, financial inclusion, technology enabled, secure, two factor authenticated biometric based, cost and commitment for infrastructure investments, Accessibility issues, agency banking network coverage, liquidity issues, timeliness of payments, error, fraud, corruption
 10. To Advise the CIT Team during the negotiations with the service providers to get the best value for money and drafting of contracts.
 11. Facilitate the piloting phase with the selected PSP(s) and review of results to adjust the payment model before rolling it out across the country.
 12. Support the DSA in payments services management (PSM) through various players, manage processes, monitor the SLAs, prepare reports and address identified operational and fiduciary risks.
 13. Support and advise in the review of the payment processes in the InuaJamii OM
 14. Implementation of recommendations from the Auditor General (OAG) Audit reports
 15. Support in Beneficiary Financial Literacy trainings
 16. Support in Harmonizing commissions computation between the CCTPMIS and PSPs MISs
 17. Capacity building of DSA payment officers to best practices and emerging issues in accounting/financial interventions in the for social protection field.

CONSULTANCY DELIVERABLES

The following will be the expected deliverables of the consultancy:

- I. An inception report including implementation plan for payments re-modeling and procurement of the PSP(s).
- II. A detailed report on the payments re-modeling including costing.
- III. Beneficiary feedback survey and KII report and data.
- IV. Terms of reference for procurement of PSPs.
- V. Draft contract and SLAs designed.
- VI. Payment service management support.
- VII. Knowledge transfer

5.0 METHODOLOGY AND REPORTING ARRANGEMENTS

6.1 The consultant will be expected to work closely in consultation with the Director of DSA to develop a methodology in order to implement the program of support. The Consultant will report to the Director of DSA, and supervised by the Head of Payments Section.

6.2 The DSA will provide the consultant with office space and other logistical support, including printing, copying and internet access, as much as will be possible. This support will be made available from the beginning of the consultancy period, and to the extent that this support will be agreed by the Director DSA.

6.0 TIME FRAME

7.1 The payment solution re-modeling consultancy should commence on August , 2024 for a period of 4 months.

7.0 SKILLS AND COMPETENCIES

8.1 The Consultant must be a qualified financial expert with either a degree in Finance/Accounting, or CPA (K), ACCA, CIMA; coupled with hands-on experience in banking, payments and social assistance programme environment.

8.2 The Consultant must: have thorough knowledge of overall Social Protection and financial management for at least 4 to 6 years at senior managerial position in a reputable organization or Government of Kenya; demonstrate to have served for not less than 5 years in reputable International Organizations, Government(s), or projects/programmes funded by donors and cash transfer programme(s).

8.3 In addition, the Consultant should be able to display:

- Strong financial management skills;
- Excellent people management and communication skills and a trainer at corporate level;
- Strong communication and presentation skills;
- Strong knowledge of donor financial compliance and governance requirements;
- Impeccable integrity and diligence;
- Ability to work in a multi-cultural environment;
- Working knowledge procedures of Government and Donors (World Bank, DFID, UNICEF) – a must;
- Understand accounting software – a must; and

- Practical experience of working as a financial Management consultant within the public sector / Government in African transitional countries.