COUNTRY: KENYA
PROJECT: KENYA DIGITAL ECONOMY ACCELERATION PROJECT (KDEAP)
IMPLEMENTING AGENCY: Information and Communications Technology Authority (ICTA)

PROJECT ID: P170941; Credit Numbers 7289-KE and 7290-KE

TERMS OF REFERENCE FOR:

REQUEST FOR EXPRESSION OF INTEREST

FOR

FEASIBILITY STUDY FOR INTRODUCING DEVICE AFFORDABILITY INITIATIVE

Contract No: KE-ICTA-388468-CS-QCBS

ISSUE DATE: 11th March 2025

CLOSING DATE: 26th March 2025 at 1000Hrs EAT

Client:
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1. Background

The Government of the Republic of Kenya (GoK) has received financing in the amount equivalent to US$390 Million from the World Bank towards the cost of the first phase of the Kenya Digital Economy Acceleration Project (KDEAP)[1] and it intends to apply part of the proceeds to payments for goods, works, non-consulting services and consulting services to be procured under this project.

The project implementation is led by the Project Implementation Unit (PIU) within Information and Communication Technologies Authority (ICTA). It includes the following components.

Component 1: Digital Infrastructure and Services. The aim of this component is to increase access to high-speed internet for individuals, industry, and government—the 'foundation of the foundations' of a digital economy and strengthen Kenya's role as regional digital leader—while leveraging investments from the private sector.

Component 2. Digital Government and Services. This component will invest in the foundational digital services, platforms, architectures, and policies needed to transform the way the Government communicates and conducts its internal operations.

Component 3. Digital Skills and Markets. This component aims to equip young Kenyans with digital skills and strengthen their abilities to access and compete in domestic and regional markets, study mechanisms to improve access to affordable devices and enhance the enabling environment for e-commerce to support Kenya's role as a regional digital hub.

Component 4. Project Management. This component will support project implementation, coordination, and capacity building for relevant Government stakeholders.

Component 5: Contingent Emergency Response Components. This component will be activated in the event of an eligible emergency.

The GoK intends to apply a portion of the proceeds of the Credit to cover activities under sub-component 3.3 (Promoting Device Affordability) to analyze mechanisms to improve access to affordable smart devices (including but not limited to options of supporting local assembly ecosystem or providing long term loans for acquiring the devices).

[1] The Program Information Document for KDEAP, and other documentation, is available at: https://projects.worldbank.org/en/projects-operations/project-detail/P170941.

2. Objective of the Assignment

The GoK recognizes the importance of ensuring equitable access to affordable smart devices for its citizens to promote productive digital usage in the context wherein only 41 percent of the population are estimated to be using Internet[2]. Indeed, according to GSMA two thirds of the usage gap can be explained by a lack of smart phone. In Kenya, smart phone adoption rate is estimated at 51 percent, affected by various supply and demand-side factors, particularly affordability, as the cheapest entry-level smartphone accounts for 33 percent of gross national income (GNI)[3]. Addressing this issue will help bridge the digital divide, empower participation of various population groups in the digital economy, and enhance equitable access to information and services. This study aims to assess the feasibility of implementing a program that promotes the availability of affordable smart devices for all Kenyans.

In alignment with the World Bank's "Affordable Devices for All" report[4] and KDEAP objectives, the objectives of the assignment are to:

1. Review and assess existing policies and legal frameworks governing device financing, consumer protection and local manufacturing or assembly, highlighting areas for policy enhancement to support affordability and accessibility.
2. Conduct an in-depth analysis of the current landscape of smart digital end-user device access and affordability in Kenya, identifying key demand- and supply-side barriers, and opportunities for improvement. This would include a feasibility of whether local manufacturing and assembly could tangibly drive the cost of devices down
3. Perform a comprehensive market assessment of the digital end-user device access ecosystem, including an evaluation of device acquisition financing models and their effectiveness.
4. Evaluate and provide recommendations for cost-effective and impactful innovative financing models to enhance the affordability of smart devices for different population groups.
5. Design a sustainable and scalable program framework to promote affordable smart devices in Kenya, incorporating environmental and social safeguards.

[2] International Telecommunications Union (ITU). 2022 data (users of internet as percentage of population).
[3] Global Digital Inclusion Partnership data (2024).
[4] World Bank, 2023. Affordable Devices for All: Innovative Financing Solutions and Policy Options to Bridge Global Digital Divides . Available at: https://documents1.worldbank.org/curated/en/099080723143031193/pdf/P1737510ac79240b90aaa10618d282c1780.pdf

3. Scope of the Consulting Services and Specific Tasks

3.1 Legal and Regulatory Review

Analyze the legal and policy frameworks affecting digital end user device access and affordability in Kenya, including, but not limited to:

a. Import duties, taxes, and other fees on smart devices (smartphones, smart feature phones, tablets and laptops) as well as any of their parts, and their impact on device pricing.
b. Consumer protection regulations related to smart device standards, quality and financing schemes to facilitate financing of affordable smart devices.
c. Policies and regulations for e-waste management and disposal as well as environmental sustainability related to smart devices.
d. Accessibility standards ensuring devices cater to people with disabilities (PWDs), e.g., screen readers, voice commands, etc.
e. Any barriers that may hinder development of local manufacturing of smart devices and / or drive up the underlying costs.
f. Incentives and programs promoting local manufacturing or assembly of smart devices, making them economically feasible.
g. Financial sector regulation affecting businesses' ability to provide consumer lending services, such as Pay-as-you-go and Buy Now Pay Later (BNPL), particularly to low income and underbanked individuals.

3.2 Market Assessment

Conduct a detailed market assessment of both demand and supply side factors to identify opportunities and challenges for improved device affordability and access:

a. Conduct a data driven assessment and evaluate demand dynamics (historic and projected future growth) and willingness to pay for various devices (e.g., feature phones, smart phones, tablets, laptops) across income groups, with a focus on PWDs, youth, students and women.
b. Identify key demand-side constraints / barriers for broader smart phone adoption (including but not limited to affordability of devices, affordability of data and connectivity, any hidden fees for different income groups and other groups, digital literacy and skills constraints, local content and perceived usefulness of smart devices, social norms, etc.), using quantitative and qualitative data (including survey data).

c. Review key supply-side constraints and cost drivers of entry-level devices, including but not limited to manufacturing, the effectiveness of current distribution networks and partnerships, identifying opportunities to enhance reach and accessibility to low income as well as disadvantaged population groups.
d. Assess existing financing options (e.g., microloans, carrier contracts), focusing on inclusivity and viability for underserved groups, as well as barriers to expanding consumer financing to lower-income and underbanked groups for specific financing options, including any risks or challenges for identified financing options (could be broader financial market challenges).
e. Assess potential economic benefits and disadvantages of promoting local production, including workforce availability, infrastructure, and potential cost reductions.

3.3 Financial Model Evaluation

Evaluate global innovative and sustainable financing models to improve device affordability, based on (i) the prior assessment of Kenya-specific market barriers, demand-side willingness and ability to pay as well as relevant policy and regulation; and (ii) case studies from relevant structural and aspirational peers:

a. Propose subsidy programs, tax incentives, public-private partnerships (PPPs_, and microfinance schemes tailored for low-income groups, PWDs, or other groups identified as relevant, and evaluate potential impact and efficiency.
b. Elaborate detailed program implementation documents, which include proposed targeting approach, calculation of subsidy levels (if any), implementation arrangements, verification mechanisms, etc.
c. Assess the feasibility of financing models supporting local manufacturing or assembly.
d. Evaluate environmental sustainability through e-waste management integration.

3.4 Local Manufacturing/Assembly Assessment

Examine opportunities and challenges in establishing or expanding local smart device manufacturing:

a. Evaluate existing capabilities and infrastructure for device assembly.
b. Identify partnerships for skills development, technology transfer and economic zone incentives.

c. Assess the impact of local production on job creation, affordability and sustainability.
d. If economic viability is confirmed and quantified, recommend strategies to integrate local manufacturing into the broader program.

3.5 Environmental and Social Sustainability

In collaboration with relevant local stakeholders (including National Council for PWD and Kenya Institute of Special Education), develop strategies to ensure the program supports environmental and social sustainability. More specifically:

a. Propose e-waste management plans and ensure compliance with environmental regulations.
b. Address literacy and language barriers to enhance digital inclusion.

3.6 Development of a Financing Scheme Model

Design a comprehensive financing scheme model that:

a. Presents a menu of financing options for the government, drawing from previous analyses and global best practices. These options should consider but not limited to:

    - PPPs (e.g., co-financing with telecom operators, device manufacturers, and financial institutions)
    - Pay-as-you-go models and microfinance solutions for affordability
    - Leasing or rent-to-own models to spread costs over time
    - Results-based financing and performance-linked subsidies

b. Ensures long-term financial sustainability by proposing scalable funding mechanisms, including:

    - Blended financing strategies (mix of public funds, donor funding, and private investment)
    - Government-backed credit schemes or guarantees to lower risks for financial institutions
    - Crowdsourced funding or social impact bonds for digital inclusion

c. Assesses legal and regulatory considerations, ensuring compliance with:

    - Consumer protection laws related to digital finance and lending

- Data privacy and cybersecurity policies
- Competition and market regulations affecting device affordability
- Kenya's financial inclusion and ICT policies

d. Evaluates risk-sharing mechanisms to distribute financial risks across stakeholders, including:

    - Government support in case of loan defaults
    - Insurance or guarantee schemes for financiers and users
    - Public sector investment in shared infrastructure to reduce device costs

e. Incorporates complementary support programs to enhance adoption and maximize impact:

    - Digital literacy training targeting low-income and rural communities
    - Bundled financing with data packages to ensure affordability of internet access
    - Device maintenance support and after-sales services to extend the product lifecycle
    - Other measures as necessary to ensure ownership and inclusion

f. Encourages the adoption of locally assembled devices through:

    - Targeted tax breaks and production incentives for local manufacturers
    - Preferential procurement policies for government-funded programs
    - Partnerships with industry players to develop affordable, high-quality local devices

g. Integrates e-waste management strategies, including:

    - Responsible recycling and refurbishment programs
    - Incentives for users to trade in old devices
    - Policies to promote circular economy practices in the device ecosystem

h. Identifies and mitigates potential risks, such as:

    - Market failures leading to high device costs despite financing interventions

- Barriers to adoption, including limited awareness or digital skills gaps
- Over-indebtedness risks for low-income users in loan-based models

i. Aligns with the Government's financial guidelines and World Bank (WB) rules and guidelines on:

- Financial inclusion and responsible lending practices
- Procurement and transparency in financing schemes
- Ensuring affordability while maintaining fiscal responsibility

4. Duration and location of the assignment

The consultancy period will span seven (7) months from the date of contract commencement. The assignment will take place in Kenya covering all 47 counties.

5. Reporting Requirements and Timelines for Submission of Deliverables

The following will be the reporting requirements and timelines for submission of the deliverables for the Feasibility Study for Introducing Device Affordability Initiative.

Table 1: Reporting Requirements and Timelines for Submission of Deliverables/**Report**

Report	Description of Deliverable	Timeline for submission from date of commencement of the Assignment	Format of Deliverable/Output
Inception Report	The consultant will provide a comprehensive inception report that — Includes the methodology, detailed work plan, and timeline for completing the assignment. — Outlines the study's framework, approach, and sources of information, as well as staffing and working arrangements. — Includes a stakeholder engagement and communication strategy	2 weeks	— 2 Hardcopy — 2 electronic copies [USB drive & Online Repository]

	— Highlights potential risks and proposes mitigation strategies to ensure smooth execution of the project.		
Legal and Regulatory Report	— Review and present findings of policies as per the scope on 3.1.	2 Months	— 2 Hardcopy — 2 electronic copies [USB drive & Online Repository]
Market Assessment and Financial Model Evaluation Report	As per scope of 3.2 and 3.3., the report will — Analyze the demand for smart devices across various demographics, assess pricing and affordability challenges, and evaluate the feasibility of local manufacturing. — Review existing financing options and propose sustainable models, including subsidies, microfinance schemes and PPPs, emphasizing inclusion, literacy, and responsible e-waste management. — Consolidate findings into actionable recommendations to enhance device affordability, promote local production and support market interventions for broader digital access.	3 Months	— 2 Hardcopy — 2 electronic copies [USB drive & Online Repository]

Local Manufacturing Assessment Report and Social and Environmental Safeguards Evaluation	As per scope of 3.4 and 3.5 — Assess local manufacturing economic feasibility, capabilities, skills development, technology transfer and economic zone opportunities for device production. — Elaborate Environmental and Social Sustainability report that includes the e-waste strategy.	4 Months	— 2 Hardcopy — 2 electronic copies [USB drive & Online Repository]
Draft Report	— To provide a comprehensive overview of the study's findings, allowing for stakeholder review and feedback before finalization.	5 Months	— 2 Hardcopy — 2 electronic copies [USB drive & Online Repository]
Final Report	Provide final report that includes ; — Legal and Regulatory Review — Market Assessment — Financial Model Evaluation — Local Manufacturing/Assembly Assessment — Environmental and social sustainability — Financing Scheme Model that includes; o Risk management o Monitoring and Evaluation (M&E) Framework o Procurement Plans. o Implementation strategy	7 Months	— 2 Hardcopy — 2 electronic copies [USB drive & Online Repository]

	○ Policy recommendations		

All draft and final reports (Original hard copies and the electronic copies) shall be submitted in the prescribed format to:

The Chief Executive Officer
ICT Authority
Telposta Towers 12th Floor, Kenyatta Ave
PO Box 27150 – 00100
Nairobi ,KENYA
Tel: +254 20 2089061/ 2211960 Fax: +254 20 2211960 Email: procurement@ict.go.ke , info@icta.go.ke Website: www.icta.go.ke

Attention: The Project Coordinator KDEAP

6. Payment Schedule

The proposed payment schedules based on satisfactory performance of the contract which will be negotiated with the successful consultant will be as presented in Table below.

Table 2: Proposed payment schedule

S/No.	Deliverables	Timeline for submission from date of commencement of the Assignment	Percentage of the contract amount
1	Submission and Acceptance of the Project inception report	2 weeks	20%
2	Submission and Acceptance of the Legal and Regulatory Review.	2 Months	10%
3	Submission and Acceptance of the Market Assessment and Financial Model Evaluation Report	3 Months	10%
4	Submission and Acceptance of the Local Manufacturing Assessment Report	4 Months	15%

5	Submission and Acceptance of the Draft R**eport**	5 Months	30%
6	Submission and Acceptance of the Final report	7 Months	15%

Upon submission of every report, the consultant is expected to make a presentation of the submitted report to the Client and the World Bank in a scheduled meeting. The acceptance of the report shall be recorded in the minutes of the meeting.

7. Minimum Consultant's qualification and experience requirements

The shortlisting criteria for the Consulting Firm will involve the following:

a) **Core business and years in business:** The firm must be registered or incorporated as a consulting firm with the core business in the field of the ICT sector, device manufacturing or financing models or related fields for a minimum of ten (10) years.
b) **Relevant experience:** The firm shall demonstrate having successfully executed and completed at least two (2) assignments of similar nature and complexity in similar operating environment in the last ten (10) years. Details of these assignments, including client names and addresses, scope, value and duration, should be provided and submitted Expression of Interest should include enumeration of these similar past assignments.
c) **Technical and managerial capability of the firm:** The firm shall demonstrate having requisite technical and managerial capacity to undertake the assignment in the submitted company profile (s). **Key Experts will not be evaluated at the shortlisting stage.**

8. Team Composition and Qualification and experience requirements for key experts

The consultant shall demonstrate well qualified and experienced experts as required and appropriate for the execution of the assignment. They should possess necessary resources to undertake works of such nature, including equipment and software required. The key experts shall personally carry out (with any assistance of other experts deemed appropriate) the services as described in this TOR.

The following will be required

8.1 Team Leader :

a. A minimum of Master's degree in Economics, Business Administration, Public Policy, ICT, or related discipline.
b. At least 10 years of general experience, with a focus on the digital economy, ICT sector, market research, or development economics.
c. A minimum of specific experience in leading four (4) similar assignments in developing countries.

8.2 Market Analyst

a. A minimum of Bachelor's degree or higher in Marketing, Economics, Business Administration, or related field.
b. At least 7 years of general experience in market assessments, demand analysis and distribution channel analysis.
c. A specific experience in at least three (3) similar assignments.

8.3 Financial Analyst

a. A minimum of Bachelor's degree or higher in Finance, Economics, Business Administration, or related field.
b. At least 7 years of general experience in evaluating financing models, financial sustainability and economic impact assessments.
c. A specific experience in at least three (3) similar assignments.

8.4 Legal Expert

a. A minimum of Bachelor's degree or higher in Law, Public Policy, or related field.
b. At least 10 years of general experience in reviewing and analyzing legal and regulatory ICT frameworks, e-waste policy interventions, consumer protection regulations and compliance.
c. A specific experience in at least four (4) similar assignments.

8.5 Research Analyst

a. A minimum of Bachelor’s degree or higher in Statistics, Economics, Data science, Business administration or a related field.
b. At least 7 years of general experience on projects in financial modelling, ICT and digital economy.
c. A specific experience in at least three (3) similar assignments with knowledge of Python, R, SPSS or related.

8.6 Environmental Expert

a. A minimum of Bachelor's degree or higher in environmental engineering, Environmental science or a related field
b. At least 7 years' general experience in environmental impact assessment, sustainable policies, practices and e-waste management.
c. A specific experience in at least three (3) similar assignments.

8.7 Social Expert

a. A minimum of Bachelor's degree or higher in sociology, development studies, social sciences or a related field
b. At least 5 years' general experience in community engagement, policy analysis and social impact assessment
c. A specific experience in at least three (3) similar assignments.

8.8 Research Assistant

a. A minimum of bachelor's degree in ICT, sociology, environmental science, economics or a related field.
b. At least 4 years' general experience in supporting data collection, research projects and literature reviews.
c. A specific experience in at least three (3) similar assignments.

9. Estimated Time Inputs for Key Experts

The number of key experts and the estimated time input for each key expert for the assignment is presented in below Table. The Total staff months is estimated at **53 staff months**.

S/No	Key and Support Staff	No.	Estimated Time Input (Staff-Months)
1	Project Lead/Principal Consultant	1	7
2	Market Analyst	2	8
3	Financial Analyst	2	8
4	Legal Expert	1	4
5	Research Analyst	2	6
6	Environmental Expert	1	2
7	Social Expert	1	2
8	Research Assistant	8	16
	Total		**53**

10. Management and Accountability of the Assignment

The Client for the services will be ICTA. The Client will be represented by the Chief Executive Officer (CEO). The KDEAP Project Coordinator will be the Consultant's supervisor and shall be responsible for the coordination of activities of the consultant.

11.Obligations of the of the Client

The employer will offer availability of staff and relevant documents. The Consultant is expected to have other relevant back-office support personnel and resources not limited to above experts to ensure successful completion of the assignment. The Consultant will be supported where applicable with introductory letters to stakeholders to facilitate data collection and to conduct interviews.

12. Obligations of the Consultant

The Consultant shall share with the client personnel the following during the period:

a. Detailed information (well in advance) of the planned timetable for field work;
b. Timely reports when needed
c. Access to the survey data collection system

13. Propriety rights of Client in reports and records.

The employer owns the copyright to reports and records produced during a project, granting them exclusive rights to reproduce, distribute, adapt, and publicly display the materials.

The employer shall maintain confidentiality over the information within these documents, requiring explicit permission for disclosure to third parties.

The client may have the right to control how these reports and records are used, potentially restricting their use for certain purposes.