



Terms of Reference

Development of Solomon Islands Regulatory Sandbox Guideline and Standard Operating Procedures

The Terms of Reference (TOR) defines the scope, plan and deliverables for a knowledgeable and experienced technical expert(s) to support the Central Bank of Solomon Islands (CBSI) in developing the Solomon Islands Regulatory Sandbox Guideline and CBSI Standard Operating Procedures (SOP).

Background

The Pacific Islands Regional Initiative (PIRI) launched the fintech for financial inclusion regional workstream at the 4th high-level PIRI meeting in Samoa in June 2018. The PIRI members including Central Bank of Solomon Islands (CBSI) approved to setting up a regional regulatory sandbox, which was drawn based on consultations with member-countries' stakeholders in 2019. In March 2020, the Pacific Regional Regulatory Sandbox Guidelines was launched with the objective "to foster responsible financial innovation that improves efficiency, nurtures new opportunities, provides safeguards and robust risk mitigation, and achieves the mandates of financial inclusion by improving the access and, use and quality of financial services for people living in these participating countries".

The Pacific Regional Regulatory Sandbox is an important initiative for CBSI to provide the sandbox environment for interested genuine innovators to enable them to experiment under the regulator's supervision. CBSI's approach is to balance the need for innovation and deepening of the financial sector with the requirements of financial stability. This approach will also assist in the existential challenges of the country by participating as a regional bloc. The challenges such as small market size, diseconomies of scale, shallow financial system, sparsely populated islands scattered over remote distances, which makes it difficult to access financial services.

Purpose of Solomon Islands Regulatory Sandbox Guidelines and Standard Operating Procedures (SOP)

CBSI has received expressions of interest from the private sector and as such, it is increasingly becoming critical that CBSI has a framework that is contextualised to Solomon Islands that will nurture new opportunities for innovative solutions in the market and more importantly, for effective regulatory and supervisory oversight of fintechs that provide financial services through new innovative channels.

With the launch of the Pacific Regional Regulatory Sandbox, the development of Solomon Islands Regulatory Sandbox guidelines' and the Standard Operating Procedure (SOP) highlighting internal

implementation mechanisms and structure will align to the Regional sandbox as well as the relevant Acts and regulations administered by the CBSI.

The task will also seek to assist CBSI through expert/s knowledge sharing. Digital Financial Services (DFS) and oversight of fintechs is a very new area for CBSI regulation and supervision fronts and therefore, the task requests for knowledge-sharing around fintechs, fintech-led DFS deployments and the risks associated with fintechs and the mitigation strategies.

This TOR is therefore designed to solicit for experienced technical expert/s with strong DFS, FinTech, test and learn approaches to innovative regulation, policy process design, policy development and proven experience in planning, deploying and managing implementation of regulatory sandbox.

This expert/s will work with the Central Bank of Solomon Islands: the lead department is Financial System Regulation Department (FSRD) and will be supported by the National Financial Inclusion Unit (NFIU) for the development of the Solomon Islands Regional Regulatory Sandbox Guidelines and the Standard Operating Procedures for implementing the guidelines.

Scope of work

The following will be the deliverables expected from this assignment;

- 1. Facilitate internal and external stakeholder engagement to identify pillars of the Guideline:** The expert/s will develop the agenda and facilitate internal and external engagements with key stakeholders and CBSI resources to identify, shape and design the outline for the guideline, aligned with the implementation mechanisms identified in the Pacific Regional Regulatory Sandbox and the sovereign laws and policies of Solomon Islands
- 2. Development of Solomon Islands Regulatory Sandbox Guideline:** The expert/s will develop the Regulatory Sandbox guideline specific to Solomon Islands context ensuring it is aligned with the Pacific Regional Regulatory Sandbox and relevant legislations or policies. The guidelines shall be designed for an external (local and international) audiences of potential and prospective applicants and participants made up of fintechs, payment service providers, innovative solution providers in MSME financing, agriculture, insurance, savings, credit, investment and wealth generation, sustainable and renewable power generation, mobile money, remittances, payments transfers, tourism and any other priority areas identified for the Solomon Islands regulatory sandbox and Pacific Regional Regulatory Sandbox.
- 3. Development of the Central Bank of Solomon Islands Regulatory Sandbox Standard Operating Procedure (SOP):** The SOP is an internal document that clearly present the implementation and operationalization framework for CBSI. It shall provide clearly and comprehensive structure and mechanism for CBSI to receive applications, conduct objective assessment and evaluations, support preparation, provide conditions for the experimentation and controlled live testing and the pathways to exit the Sandbox while ensuring coordination across internal

units/teams and importantly, externally with other regulator(s), stakeholders and actors (as required) based on nature of application and the solution being examined.

The SOP is also expected to clearly highlight the process flow for the implementation of the sandbox, internal service level indicators across stages, possible scenario considerations and appropriate actions based on policy priorities (legal and regulatory framework) of CBSI, stakeholder coordination, and ecosystem engagement approach e.g. with other regulators, bank associations etc., capacity and resources from CBSI to implement the Sandbox, and guidance on reporting, communications, risk mitigation and safeguards.

- 4. Conduct workshop with relevant CBSI staff on the Regulatory Sandbox Standard Operating Procedure (SOP):** The expert/s will conduct a workshop with relevant CBSI staff for preparation to implement the SOP.

Required qualification of the consultants

The consultants should at the minimum possess the following;

- A Master’s qualification in law, economics, engineering, finance, DFS or related discipline.
- Proven experience in innovative regulatory approaches, Fintech regulation, supervision or oversight, DFS and payment policy design and development and/or implementation of Regulatory Sandbox, innovation hub or accelerator Programme.
- At least seven years of experience in Fintechs and/or digital financial services in developing countries. Pacific experience is desirable.
- Strong knowledge and understanding of legal and regulatory frameworks related to Digital Finance.
- Previous experience working with Central Banks and other financial regulatory entities.

Timeframe, Deliverables and Payment

The consultancy work will begin on **March 2021** and until **June 2021**.

Deliverables	Timeline	Payment %
First draft of Solomon Islands Regulatory Sandbox Guideline	By March 2021	20
Final draft of Regulatory Sandbox Guideline <i>(to allow time for feedback from CBSI and AFI)</i>	By April 2021	20
Draft submission of CBSI Standard Operating Procedures (SOP)	By May 2021	30
Conduct workshop on the Regulatory Sandbox Guideline and SOP and produce final report on the guideline/SOP development and workshop report	By June 2021	30

The work will involve;

- Desk research, preparation, initial calls/discussions with Central Bank of Solomon Islands (CBSI) and Alliance for Financial Inclusion (AFI) and prepare consultation schedule.
- Conducting assessments and studies aligning to Pacific Regional Regulatory Sandbox and relevant legislation, regulations, policies and prudential standards in Solomon Islands
- Compile meeting minutes and summary documents from stakeholder consultations and workshop.
- Coordinate the review process of the draft guideline and SOP and, compile contributions from participants and incorporate into drafts.
- Submission of initial findings and recommendations to CBSI & AFI project team for comments.
- Development of workshop materials including agenda, slides and handouts
- Facilitate stakeholder workshop and consider the inputs from the workshop and contribute in the development of the draft guideline and SOP.
- Submit the final Guideline and SOP and, a final report that details the tasks undertaken for this assignment, the workshop, the recommendations and lesson learnt from the project.

Reporting and coordination

Throughout the contract, the consultant will work closely with designated officers from the lead department CBSI Financial System Regulation Department (FSRD) and supported by National Financial Inclusion Unit (NFIU) and will report progress to CBSI Chief Manager FSRD, Manager NFIU and AFI Project Lead.

To facilitate bi-weekly meetings between CBSI and/or AFI to update on the progress of this assignment and compilation of meeting minutes and summary updates.

Proposal and Budget

The contractor shall provide technical and financial proposals in two separate documents;

The Technical proposal shall describe the methodology and approach to achieve the objectives of the scope of work, including the team proposed. Detailed work plan (including number of days per activity). CVs of the proposed consultant(s) should be in annex.

The Financial proposal must provide a detailed price breakdown. Provide separate figures for each functional grouping or category. The financial proposal to be inclusive of tax. The financial proposal must be password protected. The password will be requested from the consultant(s) scoring the minimum passing score in the technical evaluation. The minimum passing score for the technical evaluation is 70.

Any estimates for reimbursable items, such as travel and out-of-pocket expenses, should be listed in the financial offer.

Evaluation criteria for the firm and application details

	Technical Scoring	100%
1.	Academic Qualification;	10%
2.	Experience and competence of expert/s for the assignment;	50%
	<ul style="list-style-type: none"> Expertise and experience in policy design and development and implementation of Regulatory Sandbox and SOP 	20%
	<ul style="list-style-type: none"> Expertise and experience of expert/s in working in related DFS, fintechs and/or Regulatory Sandboxes deployment. 	20%
	<ul style="list-style-type: none"> Expertise and experience in financial regulation and DFS policies and financial inclusion policies. Pacific experience is desirable. 	10%
3.	Adequacy of the proposed work plan and methodology to the TOR	30%
	<ul style="list-style-type: none"> Technical approach and Methodology 	15%
	<ul style="list-style-type: none"> Workplan 	15%
4.	Sample work – Writing experience and English	10%
	Total:	100

Other Administrative Information

The proposal will be submitted by email to “The Secretary to the Board” [Central Bank of Solomon Islands, Honiara, Solomon Islands] through Email: smarahare@cbsi.com.sb within three weeks of the notification of this TOR/RFP. Any clarifications to be made within a week of this notification to Chief Manager Financial System Regulation Department, Mr. Daniel Haridi dharidi@cbsi.com.sb or Manager Financial Inclusion, Ms. Linda Folia lfolia@cbsi.com.sb