



TERMS OF REFERENCE FOR A CONSULTANCY
TO ANALYSE AND RECOMMEND SUITABLE
INTERVENTIONS IN THE ICT SECTOR IN THE
EAST AFRICAN COMMUNITY (EAC) WITH A
FOCUS ON SMEs

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www.worldbank.org/econsult2

1. Background

The arrival of sub-marine fibre optic cables in East Africa has put the spotlight on the ICT sector in the region, eliciting much interest and debate. Some expect an ICT revolution which has the potential to propel African nations in the region to middle income status. However there is a general consensus that Governments and the private sector are not well placed to make the most of the opportunities that exist. There are problems still with infrastructure, pricing, and an open question on whether the new upgrades in technology will result in faster speeds and reduced costs to improve competitiveness. There may be problems in the regulatory sphere, pricing formulation as well as skills for ICT related sector growth.

As pointed out in a research paper on this topic written for DFID Kenya & Somalia¹, the arrival of the sub-marine fibre presents East Africa with an opportunity. But in order to reap the benefits the key players; government, private sector, ICT industry and development partners need to develop a shared vision of the future needed to act on it. The main objective should be to create a vibrant ICT industry; a clean non polluting industry employing people using their intellectual power instead of their muscle power. This industry could be more valuable to East Africa than exports of coffee, minerals or tourism.² ICT entrepreneurship and the emergence of a critical mass of successful SMEs operating in this sector is key to realizing this potential.

A research conducted by Hivos on ICT Entrepreneurship opportunities in Kenya³ made clear that in supporting local ICT entrepreneurs several key challenges must be overcome: 1) Lack of business skills 2) Lack of access to financial resources 3) Difficulty in accessing markets, opportunities and business models 4) Lack of access to relevant business networks 5) Difficulty in recruiting/training/retaining skilled workforce aligned with business requirements. Where this initial research identified needs in the market this follow up report should explore them in detail and outline specific strategies needed to address them.

The experience of markets in Asia and in other regions have shown that an ICT-enabled model of development with direct investments in the ICT sector, can be very successful and have the potential to contribute in a major way towards a region's development. Kenya which is the largest economy in the region has embraced this and has invested heavily especially in infrastructure. Other countries in the region are doing the same. This is of interest to all partners because if Kenya can indeed succeed in becoming a 'top 10 global ICT hub'⁴ this could have a major economic benefit to the region.

¹ <http://www.gg.rhul.ac.uk/ict4d/workingpapers/Gathero.doc>

² Offshoring Information Technology - Sourcing and Outsourcing to a Global Workforce, By Erran Carmel (American University, Washington) and Paul Tjia (GPI Consultancy, Rotterdam). Published by Cambridge University Press in 2005 and reprinted in 2006 and 2007.

³ Research by Mechtild van den Hombergh and Paul Tjia, presented to on March 5th 2009, The Hague, Netherlands

⁴ Kenya ICT Board Vision, <http://www.ict.go.ke/>

There have been other significant developments in the East African region which is now celebrating 10 years of the East African Community. The regional integration process is at a high pitch at the moment. The encouraging progress of the East African Customs Union, the enlargement of the Community with admission of Rwanda and Burundi, the ongoing negotiations of the East African Common Market as well as the consultations on fast tracking the process towards East African Federation all point to determination and political backing of the East African leadership to construct a powerful and sustainable East African economic and political bloc. DFID, infoDev and Hivos share a mutual interest in supporting the development of a vibrant ICT sector in East Africa.

2. Overall objective of the consultancy

The objectives of this study are:

- i) To identify how Dfid/infoDev/Hivos can best support local entrepreneurship and development of SMEs in the ICT sector through desk-based research, in-country analysis and broad engagement with local stakeholders in each country, as well as development partners.
- ii) To research the five key challenges namely: 1) *Lack of business skills* 2) *Lack of access to financial resources* 3) *Difficulty in accessing markets, opportunities and business models* 4) *Lack of access to relevant business networks* 5) *Difficulty in recruiting/training/retaining skilled workforce aligned with business requirement.*
- iii) To recommend 4 interventions (including the possibility of not doing anything) that Dfid/infoDev/Hivos are best placed to make, outlining strategy and mitigating risks
- iv) To map the environment, including identification of possible partners, in which any Dfid/infoDev/Hivos ICT sector interventions would have to operate.

3. Recipients

The principal recipients are Dfid, infoDev and Hivos. However, as the success of the consultancy may point to other donor interventions in the ICT sector, other multi and bi-lateral donors funding EAC programmes or channelling development loans to the EAC will be interested recipients.

The format and structure of the deliverables will be agreed at the beginning of the study between the consultant(s) DFID, infoDev and Hivos.

4. Scope of work

The assignment is divided into six parts:

Part I: The mapping and analysis of the external and internal environment (stakeholders, actors and networks) in the ICT sector in EAC. Present the Part I mapping and analysis for discussion and feedback from Dfid, Hivos and infoDev.

Part II: The mapping and analysis of current interventions the ICT sector in EAC by the governments, private sector, donor community and other major stakeholders and as related to the 1) Lack of business skills 2) Lack of access to financial resources 3) Difficulty in accessing markets, opportunities and business models 4) Lack of access to relevant business networks 5) Difficulty in recruiting/training/retaining skilled workforce aligned with business requirement. Part II. Should include organizing workshops in each of the countries with key stakeholders.

Part III: Organize a stakeholder's meeting in partnership with Dfid, infoDev and Hivos. The mid-term meeting will be used to assess the projects status, findings to date, and offer a space for critical analysis and discussion. This meeting would include Dfid, infoDev and Hivos in conjunction with a select network of invited partners.

Part IV: Identifying gaps and making recommendations including a SWOT analysis (or equivalent) of the type and level of 4 interventions needed in the sector to effectively address the 5 issues above. Part III. Should include organizing workshops in each of the countries with key stakeholders to present the gaps and recommendations in order to receive feedback, validate and fine-tune the recommendations.

Part VI: Outlining possible challenges, strategies and partners needed to successfully act on the recommended interventions. These recommendations should reflect the feedback provided by key stakeholders in each of the countries.

Part VII: Organize a stakeholder's meeting in partnership with Dfid, infoDev and Hivos. The final meeting will be used to present final findings and offer a space for critical analysis and discussion. This meeting would include Dfid, infoDev and Hivos in conjunction with a select network of invited partners.

Specific Questions to be Addressed:

- What are the main challenges and obstacles faced by the ICT industry in the EAC in addressing the 1) Lack of business skills 2) Lack of access to financial resources 3) Difficulty in accessing markets, opportunities and business models 4) Lack of access to relevant business networks 5) Difficulty in recruiting/training/retaining skilled workforce aligned with business requirement.

- How are these challenges currently being addressed, where do they fall short and what are the gaps that still remain?
- What are the strategies for addressing these challenges, what are the models that can be applied, and how can we mitigate risk in dealing with them?
- What market segments are existing ICT entrepreneurs and SMEs covering and what are the strategies they use to approach these markets successfully (Business process offshoring, IT equipment local assembly or refurbishment, local outsourcing/call centers, IT consultancy, etc.)
- What are the business models and where are there additional business opportunities for the sector? What holds business growth in these areas back?
- Who are the key actors in the public, private, civil society, finance and development sectors, what is their present role in the ICT sector and what role could they play within a Dfid/InfoDev/Hivos ICT sector assistance programme (if any)?
- With a focus on growth in the ICT sector: what initiatives exist? What are the opportunities for collaboration?
- Are ICT entrepreneurs organized in associations? Are there specific programs supporting these associations or the ICT entrepreneurs and SMEs? What are the opportunities for collaboration? How does this infrastructure fit into the proposed interventions?
- How are relevant initiatives/programs organised in terms of financing, activities and implementation?
- How would an intervention targeting ICT entrepreneurs and SMEs relate to Dfid/InfoDev/Hivos overall objective of poverty reduction especially as related to country programmes and sector involvements?
- What are the risks of a Dfid/infoDev/Hivos intervention?

Key Activities:

- Preparatory planning and desk-study
- Field research – Research locations will be determined by the Consultants but it is expected that they will visit Nairobi, Dar es Salaam, Arusha, Kampala and Kigali and to organize stakeholder workshops in each country.
- Collection of relevant quantitative and qualitative data
- Organisation and implementation of stakeholder workshops in each of the countries (these would be the second such workshops) in order to present the findings, including the gaps and recommendations. Processing and analysis of input (quantitative and qualitative data)
- Facilitating both a mid-term meeting in partnership with Dfid, infodev, Hivos and network of invited partners
- Drafting a comprehensive and action-oriented report
- Organising and managing a Dfid/InfoDev/Hivos nominated stakeholder debriefing session

5. Skills and competencies

The consultant(s) must have practical experience of working in the context of an emerging ICT sector. They should have direct experience of working with ICT entrepreneurs and SMEs in East Africa, as well as in other similar market environments. They should display strong leadership and inter-personal skills, including excellent research, communication and facilitation skills.

6. Reporting and management arrangements and Dfid/InfoDev/Hivos coordination

The consultant(s) will report through the Dfid/InfoDev/Hivos Team.

7. Outputs / Deliverables

- An inception report at the end of the inception period (10 days) addressing the purpose and the research questions of this assignment, including a plan on how to proceed with the assignment.
- An Interim report mid-way through the study, including the results from the 1st stakeholder workshops
- A rough draft of the report with opportunity to give input
- Results from the 2nd stakeholder workshops
- Results from mid-term meeting in partnership with Dfid, infoDev, Hivos and network of invited partners
- A final report to include minutes (key points) of stakeholder group, face-to-face and debriefing meetings as an appendix. In line with the overall purpose of this study, the report must provide the following:
 - A clearly defined map of relevant stakeholders, actors and networks in the ICT sector in the East Africa region
 - A clearly defined specification of the niche in which Dfid/infoDev/Hivos can make a meaningful contribution, in line with its overall policies and program priorities and how the contribution would interface with existing support by other organization (private or government)
 - Identification of resources in terms of funds, people and (partner) organisations required to fill the niche
 - Risk analysis and feasible options of addressing these risks (including the option of not having any interventions)
- A project presentation at a suitable EAC public event
- A formal debriefing session with Dfid/infoDev/Hivos nominated stakeholders (at the end of the consultancy)
- Organising and managing the said public and stakeholder events

8. Timing

The consultancy is for 90 days commencing on the May 15, 2010. The final report should be presented no later than August 15, 2010.

9. Disbursement Schedule

The overall budget for the project is \$150,000 and below is an indicative disbursement schedule:

- 10% Upon signing of the contract
- 24% Upon submission of desk based research and organization of stakeholder workshops
- 33% Upon submission of draft 1 of the report, including the outcomes from the first round of stakeholder workshops
- 20% Upon submission of draft 2 of the report, including the outcomes from the second round of stakeholder workshops
- 13% Upon submission of a Final report and presentation of the final report to DFID, Hivos and infoDev

10. Submission of Expression of Interests

Firms interested in being considered for this project should submit their Expression of Interest (EOI) via dgMarket (<http://www.dgmarket.com/>) or via Econsult2 (<https://wbgeconsult2.worldbank.org/wbgec/index.html>) by April 29, 2010 and no later than 11:59PM EST on the 29th. If you have any questions regarding the assignment or if you have difficulty submitting your EOI, please contact Ms. Samiha Boulos (sboulos@worldbank.org / tel: 202.473.7005).