

**Terms of reference (ToRs) for the procurement of services below the EU threshold**



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**RECRUITMENT OF A FINANCIAL TRANSACTION ADVISOR TO SUPPORT THE COMPETITIVE BIDDING PROCESS FOR SELECTING A CLEARING BANK FOR THE ECOWAS REGIONAL ELECTRICITY MARKET** **Project number: 21.2053.3-001**

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## **I. List of abbreviations**

AG	Commissioning party
AN	Contractor
AVB	General Terms and Conditions of Contract for supplying services and work
FK	Expert
FKT	Expert days
KZFK	Short-term expert
ToRs	Terms of reference
WAPP	West African Power Pool
REM	Regional Electricity Market
ICC	Information and Coordination Center
MMS	Market Management System
ERERA	ECOWAS Regional Electricity Regulatory Authority
ECOWAS	Economic Community of West African States
DAM	Day-ahead Market

## 1 Context

The West African Region, despite its abundant energy resources, has an unequal geographical distribution of resources for generating electric power. As a result, only a third of across 14 ECOWAS countries (250 million people) have access to electricity. Power supply for household and industrial uses is vastly different between each country and distinguished much from the overall regional demand.

The West African Power Pool (WAPP) was established by Decision A/DEC.5/12/99 at the 22nd Summit of the Authority of Economic Community of West African States (ECOWAS) Heads of State and Government to address the issue of power supply deficiency within the West African Region.

The vision of the West African Power Pool (WAPP) Organization is to integrate the operation of the national power systems into unified, sustainable regional electricity trading, to provide the ECOWAS Member States with a stable and reliable electricity supply at an affordable cost.

The Information and Coordination Center (ICC) is a department within the WAPP General Secretariat playing the role of System and Market Operator for the Regional Electricity Market. As part of its mandate, the ICC has been at fore-front of harmonizing the regional framework of energy policies and procedures to facilitate establishment of an effective regional electricity market.

The ECOWAS member countries have been operating a bilateral electricity market for over twenty years. The Regional Electricity Market (REM) Phase 1 was launched on 29th June 2018 and a Day Ahead Market (DAM) is now being introduced to operate alongside the existing Bilateral Electricity Market. WAPP has commissioned a new Market Management System (MMS) in preparation for the REM Phase 2. Concurrently, ERERA is reviewing the new Grid Code which will underpin the new market procedures for its operations.

Meanwhile WAPP is undertaking market participant readiness testing in advance of full implementation of the ECOWAS Market Phase 2 which will include the DAM. The Pilot Tests of the Regional Electricity Market were divided into two stages. The Stage 1 was a dry run that commenced on August 1st, 2023. It involves application of market procedures (via MMS) leading to dry billing and invoices sent to market participants but with no financial obligations. The Stage 2 will require conducting a test on the market and settlement procedures via the MMS platform to produce invoices that shall be settled by market participants once received.

WAPP is preparing for the Market Phase 2 and requires the services of a financial advisor to assist through the Market Pilot Tests Stage 2. A critical component of this market stage is the settlement process, which requires the services of a capable and reliable clearing Bank (for

WAPP) and settlement banks (for market participants). WAPP has decided to conduct a competitive bidding process to ensure the selection of the most suitable clearing bank and the design of an efficient clearing and settlement workflow.

### **Mission Objectives**

To support this process, WAPP needs to recruit an individual consultant (Financial Advisor) with expertise in banking, financial systems, and settlement process design to:

- ✓ develop the necessary bidding documents for the selection of a Clearing Bank for WAPP,
- ✓ support WAPP in the procurement process for the selection of a Clearing Bank.
- ✓ design the clearing and settlement workflow between WAPP, Market Participants and Banks,
- ✓ review and update the selection criteria of settlement Banks for Market Participants.

Additionally, the consultant will assist WAPP through the stage 2 of the market readiness testing and guide the clearing and settlement procedures for Electricity Market transactions.

The actual Market settlement consist of:

- ✓ Day-ahead Market,
- ✓ Imbalance,
- ✓ Transmission tariff,
- ✓ Market participation charges and levies,
- ✓ Market penalties.

## **2 Tasks to be performed by the contractor**

The contractor is responsible for providing the following services:

### **Scope of work**

#### **• TASK 1: Settlement Framework Review Report (SFRR)**

**Task 1.1** Review and analyse key documents related to the ECOWAS Regional Electricity Market and provide a Cross-border Settlement Framework Review Report (SFRR) outlining the key findings, gaps, challenges, and opportunities.

**Task 1.2** The SFRR shall also include assessments that might impact on the settlement, cross border payment processes, financial flows, cybersecurity risks

and suggest mitigation measures (not limited to use of currency, national financial policy, international payment guarantees mechanism, foreign exchange restrictions, regulatory and monetary policies, etc).

- **TASK 2: Support in the selection of a Clearing bank**

**Task 2.1** Review the existing evaluation criteria (as approved by the WAPP Executive Board) for clearing and settlement banks, identify gaps, implementation challenges, and mitigation measures to comply with the relevant regional and international financial regulations.

**Task 2.2** Develop a detailed Terms of Reference (ToR) document that outlines the specific requirements (to seamlessly integrate with WAPP's financial processes and Market Management Systems), capitalization, cybersecurity readiness, credit rating etc; scope of services, and deliverables expected from the Clearing Bank and incorporating the designed workflows.

**Task 2.3** Support the WAPP procurement in the entire bidding and evaluation process, including identifying and inviting suitable clearing banks, conducting pre-bid meeting with Banks, preparing of RFP, evaluation and coordinating the submission and receipt of proposals.

**Task 2.4** Support WAPP in negotiating favourable terms and conditions with the Clearing Bank and provide updated draft agreements reflecting the negotiated terms and conditions.

- **TASK 3: Support in Workshops/meeting/seminars/trainings**

**Task 3.1** Support in workshops required in the validation of ToRs, and other relevant documents at different stages.

**Task 3.2** Conduct training for WAPP staff on the basics of international trade finance and settlement procedures. The transaction Advisor shall also conduct on-the-job training for WAPP staff.

- **Task 4: Develop Criteria for the approval of Settlement Banks**

**Task 4.1** Develop criteria for the approval of settlement banks ensuing its financial health, technical capabilities i.e. digital settlement systems, compliance, cybersecurity readiness for the due diligence analysis.

- **Task 5: Reporting monitoring and evaluation**

**Task 5.1** Submit the Inception report as well as the Interim report and the final report of the assignment.

**Task 5.2** Conduct quarterly post implementation review twice and update the procedures if required.

**Mission Management/Location and duration of the mission**

The consultancy will take place in a period of ten months.

All outputs/deliverables shall be prepared and submitted for review and approval within the same period.

The actual duration of the consultancy and a detailed activity schedule for arriving at the expected deliverables within the given time frame shall be specified in the Consultant's Offer.

Certain milestones, as laid out in the table below, are to be achieved during the contract term:

<b>Milestones/process steps/partial services</b>	<b>Deadline/place/person responsible</b>
Inception Report	20/02/2025
Submission of Settlement Framework Review Report (SFRR)t	07/03/2025
Draft selection and evaluation criteria for participants' settlement banks.	30/03/2025
Draft Request for Proposals for selection of a Clearing Bank.	03/04/2025
Start of Workshops/seminars/trainings	30/05/2025
Participation at the organization of a workshop to validate the financial procedures and the updated ToR	20/04/2025
Evaluate the implemented financial procedures after the first three months and report	30/08/2025
Evaluate the implemented financial procedures after the first six months and report	20/11/2025
Produce final report with recommendations	03/12/2025

The sequence of activities is as follows:

	Tasks	Man/ days	Participation	Delivery Times
01	Kick off meeting	2	Online	To
02	<b><u>Task 1.1 and Task 1.2:</u></b> <b>Cross-border Settlement Framework Review Report:</b> A report outlining the key findings regarding the existing and proposed WAPP framework for cross-border settlements and update the design, along with any identified gaps, challenges, or opportunities. <b>Submission of Inception report</b>	7	Online	To+15 days
03	<b><u>Task 2.2</u></b> <b>Selection of clearing Bank</b> A ToR outlining the specific requirements, scope of services, services and reports expected from the Clearing Bank, including (i) the design of clearing/settlement workflows, (ii) the definition of the criteria to demonstrate technical capability to seamlessly integrate with WAPP's financial processes and market management systems; (iii) definition of financial capacity requirements. <b><u>Task 4.1</u></b> <b>Selection criteria for settlement Banks</b> Draft selection and evaluation criteria for participants' settlement banks.	19	Online	To +30 days
04	<b><u>Task 2.3</u></b> <b>Draft Request for Proposals for selection of a Clearing Bank</b> including an updated of existing draft agreement with a clear indication of the terms to be negotiated.	5	Online	To+40 days
05	<b><u>Done exclusively by WAPP</u></b> Launch Request for Proposals for selection of a Clearing Bank	0		To+50 days
06	<b><u>Task 3.1</u></b> Preparation and participation in Prebid meeting with Banks	2	In-person	To+55 days
07	<b><u>Task 2.3</u></b> Provision responses to questions of bidders	2	Online	To+60 days
08	<b><u>Task 3.1</u></b> Organization of a workshop to validate the financial procedures and the updated ToR following outcome of Pre-bid meeting with Banks	3	In-person	To+ 65 days
09	<b><u>Task 2.3</u></b> Opening and Evaluation of Proposals	5	In-person	To+100 days
10	<b><u>Task 3.2</u></b>	5	In-person	To+110 days

	Tasks	Man/ days	Participation	Delivery Times
	Training for WAPP staff on the basics of international trade finance and the designed settlement procedures;			
11	<b>Task 2.3</b> Negotiation with the selected Clearing Bank	1	Online	To+115 days
12	<b>Task 5.1</b> Submission of the interim report which shall include (i) the settlement bank selection criteria, (ii) recommendations on the Cross-border Settlement Framework design.	1	Online	To+130 days
14	<b>Task 5.2</b> Evaluate the implemented financial procedures after the first three months and provide recommendations on any update required (Part 1).	3	Online	To+175 days
15	<b>Task 5.3</b> Evaluate the implemented financial procedures after the first six months and provide recommendations on any update required (Part 2).	3	Online	To+200 days
16	<b>Task 5.4</b> Submission by the consultant of the final report of the assignment	3	Online	To+290 days
	Total	<b>62</b> (46 at home + 16 abroad)		

**Period of assignment: from 17.02.2025 until 05.12.2025.**



## **Mission Management /Meetings and communication**

The Consultant will assist WAPP staff in the preparation of the following meetings and working sessions:

### ➤ **The kick-off meeting**

This one-day meeting will be online. It shall mark the formal start of work by the Consultant (Date of mobilisation) and the Consultant shall present the programme of work, resources and criteria for planning. The actual organization, the detailed materials and activities of the assignment, the key processes to be used, as well as a review of the scope and schedule of the assignment must be proposed by the Consultant and agreed upon at the kick-off meeting.

### ➤ **Communication**

The Financial Advisor shall maintain open communication channels with WAPP, addressing any questions or concerns.

The Financial Advisor shall provide monthly progress reports to WAPP, keeping informed on the progress of each task.

The Consultant shall prepare and submit to WAPP the reports listed below in English and French. Electronic copies (portable and editable document format) of reports shall also be submitted.

## **Mission Management /Expected deliverables**

The deliverables expected in English and French are as follows:

	Tasks
01	<b>TASK 1:</b> Settlement Framework Review Report (SFRR) ✓ <b>Task 1.1; Task 1.2;</b>
02	<b>TASK 2:</b> Support in the selection of a Clearing Bank ✓ <b>Task 2.1; Task 2.2; Task 2.3; Task 2.4;</b>
03	<b>TASK 3:</b> Support in Workshops/meeting/seminars/trainings ✓ <b>Task 3.1; Task 3.2; Task 3.3;</b>
04	<b>TASK 4:</b> Develop Criteria for the approval of Settlement Banks ✓ <b>Task 4.1;</b>
05	<b>TASK 5:</b> Reporting, monitoring and evaluation ✓ <b>Task 5.1; Task 5.2;</b>

### **Mission Management /Confidentiality**

The Financial Advisor shall treat all information received from WAPP as confidential and shall not disclose such information to any third party without its consent. He will be required to sign a Non-Disclosure Agreement with WAPP.

### **3 Concept**

In the tender, the tenderer is required to show how the objectives defined in Chapter 2 (Tasks to be performed) are to be achieved, if applicable under consideration of further method-related requirements (technical-methodological concept). In addition, the tenderer must describe the project management system for service provision.

#### **Technical-methodological concept**

**Strategy (1.1):** The tenderer is required to consider the tasks to be performed with reference to the objectives of the services put out to tender (see Chapter 1 Context) (1.1.1). Following this, the tenderer presents and justifies the explicit strategy with which it intends to provide the services for which it is responsible (see Chapter 0 Tasks to be performed) (1.1.2).

The tenderer is required to present the actors relevant for the services for which it is responsible and describe the **cooperation (1.2)** with them.

The tenderer is required to present and explain its approach to **steering** the measures with the project partners (1.3.1) and its contribution to the **results-based monitoring system** (1.3.2).

The tenderer is required to describe the key **processes** for the services for which it is responsible and create an **operational plan** or schedule (1.4.1) that describes how the services according to Chapter 0 (Tasks to be performed by the contractor) are to be provided. In particular, the tenderer is required to describe the necessary work steps and, if applicable, take account of the milestones and **contributions** of other actors (partner contributions) in accordance with Chapter 2 (Tasks to be performed) (1.4.2).

The tenderer is required to describe its contribution to knowledge management for the partner (1.5.1) and GIZ and to promote scaling-up effects (1.5.2) under **learning and innovation**.

#### **4 Personnel concept**

The tenderer is required to provide personnel who are suited to filling the positions described, on the basis of their CVs (see Chapter 6), the range of tasks involved and the required qualifications.

##### **Key expert 1**

###### Tasks of key expert 1

- Assessment of the monetary policy for each member countries and identify impact on the settlement workflow and mitigation measures.
- Develop a detailed Terms of Reference (ToR) document that outlines the specific requirements, scope of services, and deliverables expected from the Clearing Bank, incorporating the designed settlement workflow, the criteria of clearing bank's technical capability to seamlessly integrate with WAPP's financial processes and market management systems.
- Support WAPP in negotiating favourable terms and conditions with the Clearing Bank and provide updated draft agreements reflecting the negotiated terms and conditions.
- Advise WAPP on relevant market rules that need to be updated, assist in ensuring compliance with applicable market rules, and provide a summary of relevant regulations and gaps in market rules that may pose a threat to implementation of settlement processes.

###### Qualifications of consultant

- Education/training (2.2.1): Masters degree in banking and finance, economics, energy, business administration, or comparable field
- Language (2.2.2): C1 -level language Proficiency in both written and spoken in either English or French, with working knowledge of the other language
- General professional experience (2.2.3): 10 years of professional experience in international trade financing and settlement procedures

- Specific professional experience (2.2.4): Participation in 3 projects in negotiating, structuring and implementing transnational agreements and settlement process (3 out of maximum 10 points)+ Participation in 2 projects in digital settlement systems specific to crossborder transactions or energy markets (3 out of maximum 10 points) + Participation in 1 project in developing bidding documents, such as Terms of Reference, Invitation for Bids, and Request for Tenders and has demonstrated success in managing competitive bidding processes, including defining selection and evaluation criteria (4 out of maximum 10 points)
- Regional experience (2.2.6): 03 years work experience in the West African Regional trade regulations and settlement mechanisms.
- Development Cooperation (DC) experience (2.2.7): Participation in 1 activity or study relating to financial intermediaries and activity in relation to utilisation of PAPSS or other financial settlement platforms.
- Other (2.2.8): One (1) project in designing and implementing business processes, particularly in the context of clearing and settlement workflows

#### Soft skills of team members

In addition to their specialist qualifications, the following qualifications are required of team members:

- Team skills
- Initiative
- Communication skills
- Socio-cultural skills
- Efficient, partner- and client-focused working methods
- Interdisciplinary thinking

## **5 Costing requirements**

### **Assignment of personnel and travel expenses**

Per-diem and overnight accommodation allowances are reimbursed as a lump sum up to the maximum amounts permissible under tax law for each country as set out in the country table in the circular from the German Federal Ministry of Finance on travel expense remuneration (downloadable at <https://www.bundesfinanzministerium.de>).

Accommodation costs which exceed this up to a reasonable amount and the cost of flights and other main forms of transport can be reimbursed against evidence

All business travel must be agreed in advance by the officer responsible for the project.

### Sustainability aspects for travel

GIZ would like to reduce greenhouse gas emissions (CO<sub>2</sub> emissions) caused by travel. When preparing your tender, please incorporate options for reducing emissions, such as selecting the lowest-emission booking class (economy) and using means of transport, airlines and flight routes with a higher CO<sub>2</sub> efficiency. For short distances, travel by train (second class) or e-mobility should be the preferred option.

If they cannot be avoided, CO<sub>2</sub> emissions caused by air travel should be offset. GIZ specifies a budget for this, through which the carbon offsets can be settled against evidence.

There are many different providers in the market for emissions certificates, and they have different climate impact ambitions. The [Development and Climate Alliance \(German only\)](#) has published a [list of standards \(German only\)](#). GIZ recommends using the standards specified there.

Specification of inputs: **Please calculate your financial tender based exactly on the parameters specified in this chapter. No rows must be added or deleted in the price schedule. This is an open tender without negotiations. Any deviations lead to exclusion.**

Fee days	Number of experts	Max Number of days per expert	Total	Comments
Designation of key expert	1	62	62	
Travel expenses	Quantity	Price in EUR	Total	Comments
Per-diem allowance in country of assignment	20	52,00	1.040,00	Travel to Cotonou, Benin
Overnight allowance in country of assignment	18	115,00	2.070,00	Travel to Cotonou, Benin
Transport	Quantity	Price in EUR	Total	Comments
International flights (roundtrips)	2			Travel to the place of service delivery Ecowas members states
Other travel expenses	2			Visa costs

<b>CO<sub>2</sub> compensation for air travel</b>	<b>2</b>	<b>260,00</b>	<b>520,00</b>	A fixed budget of EUR <b>520 euros</b> (260 euros for each round-trip flight) is earmarked for settling carbon offsets against evidence. (for further details please refer to the price schedule)
<b>Transportation in home country</b>	<b>2</b>			Travel to and from airport
<b>Other costs</b>	<b>Number</b>	<b>Price in EUR</b>	<b>Total in EUR</b>	<b>Comments</b>
<b>Flexible remuneration</b>	<b>1</b>	<b>7.000,00</b>	<b>7.000,00</b>	A budget of EUR 7.000,00 is foreseen for flexible remuneration. Please incorporate this budget into the price schedule.  Use of the flexible remuneration item requires prior written approval from GIZ.

## 6 Inputs of GIZ or other actors

GIZ and/or other actors are expected to make the following available:

- Desks, tables and chairs, workstations on GIZ premises (and WAPP Premises)
- Transportation on site with own project vehicle
- Logistics for workshops: None

## 7 Requirements on the format of the tender

The structure of the tender must correspond to the structure of the ToRs. In particular, the detailed structure of the concept (Chapter 3) should be organised in accordance with the positively weighted criteria in the assessment grid (not with zero). The tender must be legible (font size 11 or larger) and clearly formulated. It must be drawn up in English (language).

The complete tender must not exceed 10 pages (excluding CVs). If one of the maximum page lengths is exceeded, the content appearing after the cut-off point will not be included in the assessment. External content (e.g. links to websites) will also not be considered.

The CVs of the personnel proposed in accordance with Chapter 4.4 of the ToRs must be submitted using the format specified in the terms and conditions for application. The CVs shall not exceed 4 pages each. They must clearly show the position and job the proposed person held in the reference project and for how long. The CVs can also be submitted in English or French (language).

Please calculate your financial tender based exactly on the parameters specified in Chapter 5 Quantitative requirements. The contractor is not contractually entitled to use up the days, trips,

workshops or budgets in full. The number of days, trips and workshops and the budgets will be contractually agreed as maximum limits. The specifications for pricing are defined in the price schedule.