



REPUBLIC OF KENYA

**MINISTRY OF CO-OPERATIVES AND MICRO, SMALL AND MEDIUM
ENTERPRISES DEVELOPMENT (MCMSME)**

**STATE DEPARTMENT FOR MICRO, SMALL AND MEDIUM ENTERPRISES
DEVELOPMENT (SDMSME)**

KENYA JOBS AND ECONOMIC TRANSFORMATION (KJET) PROJECT

(P179381)

COMPONENT 4: PROJECT MANAGEMENT, MONITORING AND EVALUATION

TERMS OF REFERENCE

**CONSULTANCY SERVICES TO CONDUCT A FEASIBILITY STUDY FOR A
DIGITAL MARKETPLACE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(MSMEs).**

APRIL 2026.

1. Introduction and Project Context

The Government of Kenya (GoK), with World Bank financing, is implementing the Kenya Jobs & Economic Transformation (KJET) Project (P179381). The Project Development Objective is to increase private sector investments, market access, and sustainable finance to create and improve jobs.

KJET addresses regulatory bottlenecks, weak buyer–supplier linkages, market information gaps, and climate risks across priority MSME clusters under the Bottom-up Economic Transformation Agenda (BETA). It comprises four mutually reinforcing components with the following specific objectives:

Component 1: Strengthening Business and Investment Enabling Reforms

- i. Streamline licensing and administrative procedures to reduce time and cost for businesses.
- ii. Improve investment-related laws, regulations, and strategies.
- iii. Build government capacity for proactive investor outreach and one-stop digital service delivery (One Start One Go).
- iv. Finance technical assistance and performance-based conditions to support targeted regulatory reforms.

Component 2: Enhancing MSME Cluster Competitiveness

- i. Deliver generalized and value-chain specific Business Development Services (BDS) to MSME clusters.
- ii. Facilitate co-investment in viable clusters to acquire productive assets and scale operations.
- iii. Improve firm linkages to downstream buyers, increase productivity, and drive job creation.

Component 3: Scaling Up Green Financing and Strengthening Climatic Resilience for SMEs

- i. Mobilize green private capital through a dedicated Green Investment Fund (GIF), offering equity and mezzanine financing.
- ii. Pilot a Climate Disaster Credit Facility that provides contingent credit when climate shocks occur.
- iii. Support SMEs' adoption of clean technologies and enhance their resilience to environmental risks.

Component 4: Project Management, Monitoring and Evaluation

- i. Strengthen M&E systems, tools, and capacity of implementing agencies for real-time performance tracking.
- ii. Finance core project management activities to build sustainable governance structures.
- iii. Institutionalize adaptive learning and evidence-based decision-making beyond the project's lifetime.
- iv. Coordinate project implementation.

2. Objectives of the Assignment

The objective of this consultancy is to conduct a feasibility study for a digital marketplace for Micro, Small and Medium Enterprises (MSMEs) in Kenya, assessing the market, technical and operational requirements, legal and regulatory considerations, financial viability, governance and risk issues, and producing an implementation roadmap to inform decision-making.

Specific objectives are to:

- 1) Assess market demand/economic use case, user segments (sellers and buyers), priority value chains, and current provider landscape for digital marketplaces in Kenya as they pertain to MSMEs. As part of this assessment:
 - a) Identify key gaps preventing adoption of existing digital marketplaces by MSMEs; and
 - b) Analyze Kenya's relevant infrastructure and MSMEs' technical readiness (connectivity, payments/mobile money, hosting, and last-mile logistics).
- 2) Review the legal, regulatory, and trust framework for digital marketplaces (licensing/registration, consumer protection, data protection and cybersecurity), including implications for cross-border trade where relevant.
- 3) Provide recommendations and a phased implementation roadmap to increase adoption of digital marketplaces by MSMEs and their buyers.
 - a) If expansion of existing (private) platforms are envisioned, outline key activities to increase adoption and/or improve functionality for MSMEs. Clearly outline responsibilities by actor (i.e., roles for different parts of government and private sector).
 - b) If a government or public-private platform is envisioned:
 - i. Assess operational and financial viability, including costs, revenue and sustainability options (including estimation of scale and duration of required public resources/subsidies), and the path to break-even under alternative operating models; and
 - ii. Propose governance and risk management arrangements (roles, oversight, safeguards, and mitigation measures) to support secure, trusted, and sustainable operations.
 - c) Provide recommendations and a phased implementation roadmap, including integration with relevant Government initiatives, and an indicative impact assessment (market access, inclusion, and green opportunities).

3. Scope of Work

The Consultant will undertake the tasks below to deliver a feasibility study on how to increase MSME participation in digital marketplaces in Kenya. The scope is aligned with the assignment objectives and explicitly preserves alternative implementation pathways depending on the recommended option.

a) Market, Economic Use Case, and Readiness Assessment

- i. Profile priority MSME segments and value chains/clusters, identifying target MSME sellers and buyers and their transaction needs.

- ii. Assess demand and the economic use case for increased MSME participation in digital marketplaces, including key gaps preventing adoption of existing/private platforms.
- iii. Assess Kenya’s enabling infrastructure and MSMEs’ readiness for digital marketplace participation, including connectivity and device access, digital payments and interoperability, hosting and cybersecurity considerations, and last-mile logistics.

b) Legal, Regulatory, and Trust Framework

- i. Review applicable laws, regulations, and standards affecting digital marketplaces, e-commerce, online payments, and MSME transactions.
- ii. Identify licensing, registration, consumer protection, data protection, and cybersecurity requirements.
- iii. Assess trust-related constraints affecting platform adoption and use, including dispute resolution and platform accountability.

c) Platform Options, Roles, and Implementation Pathways

- i. Assessment of Platform Options (common to all scenarios)
 - Assess and compare feasible options, including scaling up existing/private digital marketplaces and establishing a Government-led or public-private platform.
 - Recommend a preferred option with clear justification.
- ii. If scaling up existing / private platforms is recommended
 - Develop actionable recommendations to scale MSME adoption of existing/private digital marketplaces.
 - Clearly delineate roles and responsibilities across relevant public agencies, private platform operators, and supporting ecosystem actors.
 - Identify mechanisms through which Government can coordinate with, incentivize, and align private platforms with public objectives, including policy, regulatory, financial, partnership, standards-setting, and demand-side instruments.
 - Provide a phased implementation roadmap with sequencing, coordination arrangements, and monitoring indicators.
- iii. If a Government-led or public-private platform is recommended
 - Assess operational and financial viability, including indicative costs, sustainability options, and break-even considerations.
 - Estimate public resource requirements and propose governance and risk management arrangements, including roles, oversight, safeguards, and mitigation measures.

4. Deliverables, Calendar of Activities & Payment Schedule

The Consultant shall be expected to deliver the following outputs:

a) Inception Report

A detailed report outlining the proposed methodology, analytical framework, work plan, data collection tools, stakeholder engagement approach, and alignment of the study with the assignment objectives.

b) Market, Economic Use Case, and Readiness Assessment Report

This report will present findings aligned to the Scope of Work on **Market, Economic Use Case, and Readiness Assessment**, including: (i) priority MSME segments and value chains/clusters and their transaction needs; (ii) demand and economic use case for increased MSME participation in digital marketplaces, including key gaps preventing adoption of existing/private platforms; and (iii) assessment of enabling infrastructure and MSME readiness (connectivity and device access, digital payments and interoperability, hosting and cybersecurity considerations, and last-mile logistics).

c) Legal, Regulatory, and Trust Framework Note

A concise note aligned to the Scope of Work on **Legal, Regulatory, and Trust Framework**, covering: (i) applicable laws, regulations, and standards affecting digital marketplaces (including e-commerce, online payments, and MSME transactions); (ii) licensing and registration requirements; (iii) consumer protection, data protection and privacy, and cybersecurity requirements; and (iv) trust-related constraints affecting adoption and use (including dispute resolution and platform accountability), including cross-border considerations where relevant.

d) Platform Options, Roles, and Implementation Pathways Report

A report aligned to the Scope of Work on **Platform Options, Roles, and Implementation Pathways**, including: (i) assessment and comparison of feasible options (including scaling up existing/private marketplaces and establishing a Government-led or public-private platform) and recommendation of a preferred option with justification; (ii) if scaling up existing/private platforms is recommended, actionable recommendations to increase MSME adoption, delineation of roles/responsibilities, and Government coordination/incentive mechanisms, with a phased implementation roadmap; and (iii) if a Government-led or public-private platform is recommended, assessment of operational and financial viability (indicative costs, sustainability options, break-even considerations), estimation of public resource requirements, and proposed governance and risk management arrangements (roles, oversight, safeguards, and mitigation measures).

e) Draft Consolidated Feasibility Study Report

A consolidated **draft** report synthesizing findings from deliverables (b)–(d) into a single feasibility narrative, including preliminary conclusions, the preferred option and justification, draft recommendations, and a draft phased implementation roadmap (reflecting the relevant pathway depending on the recommended option), for review and stakeholder feedback.

f) Final Consolidated Feasibility Study Report

A comprehensive final report consolidating all analyses, findings, conclusions, and recommendations, incorporating stakeholder feedback on the draft report. The final report will clearly present the preferred option, implementation pathway, roles and responsibilities, and phased implementation roadmap, consistent with the Scope of Work.

Comprehensive report consolidating all analyses, findings, conclusions, and recommendations, and clearly outlining the viability, strategic options, and next steps for decision-making under Component 2 of the KJET Project.

5. Terms and Conditions

This ToR is subject to adjustments based on the stakeholder feedback and evolving project requirements. Payment schedules will be milestone-based, tied to the successful completion of project phases.

The contract’s activities and corresponding outputs are summarized in the table below.

PERCENTAGE	TRIGGERING MILESTONE	DELIVERABLE REQUIREMENT
20%	Inception Phase	Upon submission and formal approval of the Inception Report, including the detailed methodology and work plan.
30%	Interim Phase	Upon submission and formal approval of deliverable (b) (Market, Economic Use Case, and Readiness Assessment Report).
30%	Draft Reporting	Upon submission of deliverables (c) (Legal, Regulatory, and Trust Framework Note) and (d) (Platform Options, Roles, and Implementation Pathways Report), together with deliverable (e) (Draft Consolidated Feasibility Study Report).
20%	Final Approval	Upon submission and formal approval of deliverable (f) (Final Consolidated Feasibility Study Report), incorporating stakeholder feedback.

Payments will be linked to the submission and approval of deliverables at each stage.

6. State Department Obligations

The State Department shall:

- i. Provide relevant project documentation;
- ii. Provide a list of stakeholders to be engaged during the study;
- iii. Evaluate the Consultant’s progress towards achieving deliverables, ensuring alignment with project goals.
- iv. Provide timely feedback on progress and milestones.
- v. Support engagement with relevant stakeholders to inform system design and feasibility analysis.

- vi. Ensure alignment with organizational policies, compliance standards, and best practices.
- vii. Monitor implementation progress and support timely resolution of any issues.
- viii. Allocate necessary resources and budget to support the consultancy.

The Consultant will report to the **Principal Secretary, SDMSME through the SDMSME-PIU**. All reports will be submitted electronically and in hard copy, as agreed with the State Department.

7. Consultant Qualifications, Experience and Skills Requirements

The Consultant is expected to meet the following qualifications:

- a) Master's Degree in Computer Science, IT, Information Science, Data Communication, Economics, Entrepreneurship, Project Management, Business Administration, Statistics or related field from a recognized University;
- b) **Proven Experience in undertaking Feasibility Studies or Digital Marketplace Platform Development**
 - i. Minimum of **ten (10) years of experience** in conducting feasibility studies, business analysis, or platform development related to digital marketplaces, e-commerce.
 - ii. Demonstrated ability to design operational, technical, and governance models for digital platforms.
- c) **Sector Knowledge**
 - i. Experience in MSME value chain development, market access programs, or cluster competitiveness initiatives.
 - ii. Knowledge of Kenya's business and regulatory environment, including digital commerce, e-payment systems, and MSME regulations.
 - iii. Knowledge of organization of priority value chains (i.e., value chains prioritized in the Bottom-Up Economic Transformation Agenda)
- d) **Technical Competence**
 - i. Experience with digital platform architecture assessment, technology evaluation, and technical feasibility reporting.
 - ii. Strong data analysis, visualization, and stakeholder engagement skills.
- e) **Analytical and Advisory Expertise**
 - i. Ability to analyze financial, operational, and policy aspects of proposed platforms, including sustainability and scalability.
 - ii. Experience in producing actionable recommendations for Government or donor-funded digital initiatives.

f) Project Management and Reporting

- i. Demonstrated ability to manage consultancy assignments with multiple stakeholders and deliver high-quality outputs on time.
- ii. Strong report writing skills with ability to produce clear, concise, and evidence-based reports.

g) Local Context Experience

- Familiarity with working in Kenya or similar markets, including engaging Government institutions, private sector actors, and MSMEs.

h) Duration of Contract

The firm will be expected to complete the assignment within a period not exceeding **nine (9) months**. The assignment will commence immediately upon contract signing.

SDMSME reserves the right to terminate contracts for non-performance or emergent capacity constraints of the Consulting Firm.

i) Location of Assignment

The consultant shall adopt a field-based approach (covering the 47 Counties), prioritizing primary data collection within selected Counties and conducting direct site assessments of strategic MSME clusters to validate market readiness.

j) Confidentiality and Data Ownership

All data, reports, and information collected during the assignment will remain the property of the State Department for MSMEs Development. The Consultant shall not use any information for purposes outside the consultancy without written authorization. Upon completion, all materials must be handed over to the Client.

8. Proposal Submission and Selection

The consultant will be expected to submit a technical proposal detailing the proposed methodology, a comprehensive work plan, and a timeline for all key deliverables. The State Department reserves all rights to either approve or disapprove any proposal without giving any reasons whatsoever.

Selection of the Individual Consultant will be done in accordance with the applicable Kenyan laws and World Bank's Procurement Regulations for IPF Borrowers' July 2016, updated November 2020". The State Department reserves the right to terminate contracts for nonperformance or emergent capacity constraints of the Consultant.

Complete application documents will consist of Curriculum vitae with details of academic qualifications, professional experience, certified Degree Certificates and testimonials, telephone numbers, email address and names of three referees.

The position, reference and name of consultant should be clearly marked on top of each.

All Expressions of interest should be clearly marked and submitted in written form to the address below or deposited into the Tender Box located on 7th Floor, PRISM Towers 3rd Ngong Avenue, Nairobi.

For more information or clarification contact:

Principal Secretary,
State Department for Micro, Small &
Medium Enterprises Development
Prism Towers, 3rd Ngong Avenue,
Nairobi, Kenya.

Email: procurement@msme.go.ke

P.o box 30547-00100,

NAIROBI.