

REQUEST FOR EXPRESSION OF INTEREST

CONSULTING FIRMS for PUNJAB AFFORDABLE HOUSING PROGRAM

Fiduciary Systems' Assessment, Strengthening & Implementation Support to PHATA

1. The Government of Punjab has received a Credit (7043 - PK) from the International Development Association (IDA) for funding the Punjab Affordable Housing Program (PAHP). The Program is being implemented through a Program Management & Implementation Unit (PMIU) under the Housing Urban Development and Public Health Engineering (HUD&PHE) Department with Urban Sector Planning & Management Service (Pvt.) Ltd. (The Urban Unit - Government of Punjab) and Punjab Housing and Town Planning Agency (PHATA) as co-implementing agencies. The Program Management and Implementation Unit (PMIU) of PAHP intends to engage the services of a Consulting Firm to for Fiduciary Systems' Assessment, Strengthening & Implementation Support to PHATA under the Punjab Affordable Housing Program.

2. The objective of the assignment is to mitigate fiduciary risks associated with PHATA's systems and processes as assessed by the World Bank in the FSA for the Punjab Affordable Housing Program, and to strengthen internal controls. The time period of the assignment is Six (06) months which is expected to start by **October 2024**.

3. The detailed Qualification/Short listing Criteria & Terms of Reference (TORs) for the assignment are uploaded at the link <https://urbanunit.gov.pk/pahp> or https://phata.punjab.gov.pk/phata_ads & www.pahp.gop.pk/procurements

4. The PMIU – PAHP invites eligible consulting firms ("Consultants") to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. The eligibility criteria are:

- Registration with Registrar of Firms / SECP or relevant body for National (Pakistani) firms.
- Registration with the relevant tax authorities for applicable taxes for National (Pakistani) firms.
- Registration as Chartered Accountancy firm in category A of State Bank of Pakistan's Panel of Auditors Firms
- Blacklisting if any, by any Procurement Agency.
- Experience in the relevant field since incorporation.
- Experience of conducting business process assessment, control testing & gap analysis
- Experience of developing SOPs and manuals for finance and accounts wing / section of a public sector entity.
- Experience of developing SOPs and manuals for procurement wing / section under PPRA rules.
- Experience of consultancy assignments with multilateral agencies/donor-funded projects



5. The attention of interested Consultants is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank's "Procurement Regulations for 1PF Borrowers" July 2016 (revised 2020), setting forth the World Bank's policy on conflict of interest. (<https://www.worldbank.org/en/projects-operations/products-and-services/brief/procurement-new-framework>)
6. Consultants may associate with other firms to enhance their qualifications but should indicate clearly whether the association is in the form of a joint venture and/or a sub-consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract if selected. The association agreement shall clearly describe the role of each partner whereas each partner shall have the prior experience for the proposed role in the association.
7. The Consultant will be selected to conduct services in accordance with the Consultant's Qualifications-based selection (CQS) method set out in the World Bank Procurement Regulations.
8. Further information can be obtained at the address given below during office hours (9:00 am to 5:00 pm) on all working days.
9. Expressions of interest must be delivered in a written form to the address below on or before **July 29, 2024, by 11:00 am** which will be opened on same day at 11:30 am.

Program Director
Program Management and Implementation Unit (PMIU)
608 - Shaheen Complex, Egerton Road, Lahore
Ph: 042-99205316-22 Ext: 225 Fax: 042-99205323 www.urbanunit.gov.pk/pahp
Email Address: pmiu.pahp@outlook.com

1 Qualification Criteria

Shortlisting of Consultants will be based on the criteria given below regarding applicant's Mandatory Documents, General and Relevant Experience & Managerial Capabilities as demonstrated by the Applicant's responses. EOI Applications will be evaluated based on the following criteria:

1.1 Mandatory Documents for Prequalification:

The following Mandatory Documents are required for Prequalification:

| Sr. No. | Description | Requirement |
|---------|--|-------------|
| 1 | Certificate of Company/Firm Registration / Incorporation under the laws of Pakistan (Registrar of Firms or SECP or Relevant Body) for National Firms | Mandatory |
| 2 | Valid Income Tax Registration (FBR) for National Firms | Mandatory |
| 3 | Valid Sales Tax Registration (Status Active with PRA) for National Firms | Mandatory |
| 4 | Chartered Accountancy firm registered in category A of State Bank of Pakistan's Panel of Auditors Firms. | Mandatory |
| 5 | Submission of undertaking on legal valid and attested stamp paper that the firm is neither blacklisted nor involved in litigation with any Provincial or Federal Government Department, Agency, Organization or autonomous body anywhere in Pakistan. In case involved in any litigation process, details of litigation and its status are required. | Mandatory |

1.2

1.3 Firm Experience

Experience shall be evaluated on the basis of following parameters:

| Sr. No. | Description | Scoring (Maximum) |
|---------|--|-------------------|
| 1 | <p>Experience in the relevant field since incorporation.</p> <p>Score = (Years since incorporation/ 10) x 25</p> <p><i>(Certificate of Incorporation / Registration or relevant document is required to be provided.)</i></p> | 25 |
| 2 | <p>Experience of conducting business process assessment, control testing and gap analysis.</p> <p>Score = (Number of Relevant Assignments worth PKR 5 Million or above in last 10 years / 3) x 21</p> | 21 |

| | | |
|---|---|------------|
| | <i>(Letter of Award / Contract Agreement or relevant document reflecting Value, Scope and Date of Assignment, and completion certificates from Clients are required to be provided)</i> | |
| 3 | <p>Experience of developing SOPs and manuals for finance and accounts wing / section of a public sector entity.</p> <p>Score = (Number of Relevant Assignments worth PKR 3 Million or above in last 10 years / 2) x 20</p> <p><i>(Letter of Award / Contract Agreement / or relevant document reflecting Value, Scope and Date of Assignment and completion certificates from Clients are required to be provided)</i></p> | 20 |
| 4 | <p>Experience of developing SOPs and manuals for procurement wing / section under PPRA rules.</p> <p>Score = (Number of Relevant Assignments worth PKR 3 Million or above in last 10 years / 2) x 20</p> <p><i>(Letter of Award / Contract Agreement / or relevant document reflecting Value, Scope and Date of Assignment and completion certificates from Clients are required to be provided.)</i></p> | 20 |
| 5 | <p>Experience of consultancy assignments with multilateral agencies/donor-funded projects.</p> <p>Score = (Number of Relevant Assignments worth PKR 5 Million or above in last 10 years / 2) x 14</p> <p><i>(Letter of Award / Contract Agreement / Completion Certificate or relevant document reflecting Value, Scope and Date of Assignment is required to be provided.)</i></p> | 14 |
| | Total | 100 |



PUNJAB AFFORDABLE HOUSING PROGRAM (PAHP)

TERMS OF REFERENCE

FOR

FIDUCIARY SYSTEMS' ASSESSMENT, STRENGTHENING & IMPLEMENTATION SUPPORT TO PHATA

(July 2024)

Contents

| | |
|---|----|
| REQUEST FOR EXPRESSION OF INTEREST | 1 |
| 1 Qualification Criteria | 3 |
| 1.1 Mandatory Documents for Prequalification: | 3 |
| 1.2 | 3 |
| 1.3 Firm Experience | 3 |
| 2 BACKGROUND, CONTEXTUAL INFORMATION AND JUSTIFICATIONS: | 6 |
| 3 OBJECTIVES AND SCOPE OF ASSIGNMENT | 7 |
| I. Review of Existing Fiduciary Processes and Procedures | 7 |
| II. Development of Standard Operating Procedures | 7 |
| III. Implementation Support including Training and Capacity Building | 8 |
| 3.1 Assignment Activities / Processes where Firm should particularly focus include: | 8 |
| 4 DURATION OF THE ASSIGNMENT: | 9 |
| 5 METHOD OF SELECTION: | 9 |
| 6 DELIVERABLES, TIMELINES AND PAYMENT MILESTONES: | 9 |
| 7 CORE STAFFING REQUIREMENTS: | 10 |

2 BACKGROUND, CONTEXTUAL INFORMATION AND JUSTIFICATIONS:

Pakistan’s housing shortage is currently estimated at approximately 10 million units, with about half in urban areas. The deficit is mainly qualitative with approximately 51 percent of urban housing units being overcrowded (more than three persons sleeping in a room), 75 percent without access to piped water, and 60 percent without access to piped sewerage. Around 47 percent of urban HHs live in informal settlements (katchi abadis) with inadequate infrastructure and services. Each year, the private sector only delivers 300,000 to 400,000 formal housing units in mainly urban Pakistan, compared to the 700,000 new HHs formed. The national housing shortage will thus continue to grow unless fundamental reforms are undertaken. The total urban housing gap in Punjab Province in 2017 was estimated at 2.3 million units. Housing needs were most acute in Lahore (302,000 units), Multan (215,000), and Faisalabad (208,000) districts. The housing gap in Punjab is expected to reach 11.3 million units by 2047.

Keeping in view the shortage of adequate housings in Pakistan and particularly in Punjab, the Government of Pakistan and the World Bank have signed a program called “Punjab Affordable Housing Program” for an amount of US\$ 200 million with a US\$ 50 million contributions of the GoPunjab. The Program has following major components:

| | | |
|-----------------|---|-----------------|
| Window-1 | P4R (Program for Results) | US\$185 million |
| Window-2 | IPF (Investment Project Financing) Support to strengthen housing policy, enabling environment, & institutions | US\$8 million |
| Window-3 | (IPF) Program Management and Implementation Unit | US\$7 million |

The Window-1 (P4R,) will provide funds to PHATA for the provision of household connections to basic infrastructure and services for housing schemes and alternative low-cost housing solutions. The funds will be used for two sub-programs:

- (i) Provision of service network connectivity to units in housing developments on private land (APHS) or public land (JV and public schemes) in priority areas;
- (ii) Provision of Core Housing units and alternative low-cost housing solutions on public land (public schemes)¹

While preparing for the Program, the World Bank has conducted a detailed fiduciary system assessment (FSA) of PHATA and found it weak in terms of financial reporting and auditing, inadequate procurement

1

planning & allocation and restricted/limited bidding. Addressing these challenges and fiduciary capacity constraints is hugely important for the success of the Program.

3 OBJECTIVES AND SCOPE OF ASSIGNMENT

The objective of the Assignment is to mitigate fiduciary risks associated with PHATA's systems and processes as assessed by the World Bank in the FSA for the Punjab Affordable Housing Program, and to strengthen internal controls.

This requires the services of a Chartered Accountant Firm ("the firm") to evaluate and improve the efficiency and effectiveness of PHATA's risk management, internal control, and governance processes. The objective of the assignment is to:

- a) Review all related legal documents including PHATA Ordinance.
- b) Review PAHP's PAD, Financing Agreements, and Fiduciary System Assessment
- c) Analyze PHATA's existing controls / financial management mechanisms and identify gaps.
- d) Design SOPs for better controls in the financial management, procurement, and auditing.
- e) Provide implementation support including conducting trainings and capacity building of relevant staff.

The detailed scope of work includes but is not limited to:

I. Review of Existing Fiduciary Processes and Procedures

- Review the Punjab Housing and Town Planning Agency Ordinance, 2002 and related enactments, Punjab Procurement Rules, and any other related legal documents.
- Review the Program Appraisal Document, Legal Agreements, and FSA of the Punjab Affordable Housing Program and other relevant documents.
- Review the existing fiduciary and procurement processes and procedures prevalent in PHATA.
- Identify gaps in the controls as per best practices.

II. Development of Standard Operating Procedures

- Develop standard operating procedures for the finance section, covering areas such as:
 - Financial management framework: This section will provide an overview of the financial management framework of PHATA including the roles and responsibilities of the finance section, the accounting policies and procedures, and the financial reporting requirements.
 - Financial planning and analysis, budget development and management including the preparation of the budget for development schemes, budget monitoring and control, and the management of project funds.

- Treasury management including the processing of payments, the management of petty cash, and the reconciliation of bank accounts.
- Financial risk assessment and mitigation including the management of internal and external audits, and the management of compliance with World Bank policies and guidelines.
- Financial reporting procedures including the preparation of financial statements on accrual basis following applicable financial reporting framework, the management of financial records, and the reporting of financial information to the stakeholders.
- accounting and bookkeeping
- fixed assets management including capital work in progress (recognition, valuation, recording and tagging)
- taxation
- data security and retention
- requirement for financial management information system
- Develop standard operating procedures for the procurement section covering areas such as:
 - Procurement Planning and Budgeting
 - Requisitioning and approvals
 - Procurement processes, related methods, bidding & contract documents
 - Contract management
 - Complaint Redressal mechanism
 - E-procurement
- Ensure compliance with applicable Government guidelines, Punjab Public Procurement Rules, internationally accepted accounting standards, and local laws and regulations.

III. Implementation Support including Training and Capacity Building

- Develop a training plan for the finance and procurement staff to ensure a smooth transition to the new procedures including accrual accounting.
- Depute dedicated resource in the client premises / PHATA office for implementation support.
- Conduct training sessions

3.1 Assignment Activities / Processes where Firm should particularly focus include:

Financial Management: The firm shall perform a review of financial and internal control structure for PHATA and report if they are in accordance with international standards to determine adequacy of existing controls related to management of all funds received. Additionally, the firm

will assess the adequacy and effectiveness of all processes for controlling activities and managing risks for the construction component.

Procurement Management: The firm shall review PHATA's procurement processes with an objective to provide assurance that they are effectively designed, in accordance with applicable public procurement rules. This will involve review of procurement policies and procedures for procurement planning, avoidance of improper business practices and conflicts of interest, competitive procurement, ordering procedures, invoice examination policies and procedures to ensure payments are made only for works executed, goods received, and services rendered. Within the procurement function, the firm shall further review processes for contract management and administration to provide assurance that all parties to contract fully meet their respective obligations as efficiently and effectively as possible, delivering business and operational outputs required from contract and providing value for money. The firm shall carry out a detailed review of contract administration functions such as inspection and acceptance, agreement modifications, disputes, proper accounting, and termination etc.

Quality Assurance: The firm shall develop and maintain a quality assurance and improvement program that covers all aspects of activity related to the Project.

4 DURATION OF THE ASSIGNMENT:

The estimated duration of the assignment is 06 months.

5 METHOD OF SELECTION:

The Consultants will be selected to conduct services following the Consultant's Qualifications-based selection (CQS) method using an open market approach as per the World Bank Procurement Regulations 2020.

6 DELIVERABLES, TIMELINES AND PAYMENT MILESTONES:

| Phase-I (Fiduciary Systems' Assessment Stage) | | | | |
|---|--|---|---|------------|
| Sr # | Deliverable | Description | Timelines | Payment |
| 1 | Inception Report | Detailed approach and methodology on how to carry out assignment supported with staffing schedule and work plans | 1 Week from the signing of the contract | 5% |
| 2 | Draft Gap Analysis Report including Capacity Assessment | System assessment of financial and procurement processes, quality of financial reports and procurements. Capacity Assessment of Finance and Procurement wings | 3 Weeks from the signing of the contract | 10% |

| | | | | |
|--|--|---|---|---|
| 3 | Final Gap Analysis Report including Capacity Assessment | After discussions with management, obtaining necessary feedback and incorporating comments thereof, the final Gap Analysis Report including Capacity Assessment will be submitted. | 1 Week after comments | 10% |
| 4 | Draft SOP Manuals (Finance and Procurement) | A comprehensive SOP Manual that covers all the areas outlined in the scope of work. The SOP Manual should be clear, concise, and easy to understand, and should include detailed instructions, flow diagrams, responsibility matrix and examples where necessary. | 1.5 months after the acceptance of Gap Analysis Report | 25% (12.5% each for finance and procurement) |
| 5 | Final SOP Manuals | After discussions with management, obtaining necessary feedback and incorporating comments thereof, the final SOP manual will be submitted. | 2 weeks after receiving the comments on Draft SOPs | 20% (10% each for finance and procurement) |
| Phase-II (Implementation Stage) | | | | |
| 6 | Implementation Plan | An implementation Plan explaining how the proposed interventions will be implemented support will be provided. | 1 week after approval of SOPs | 6% |
| 7 | Implementation Support | Monthly update on implementation support | 3 month after approval of above plan | 24% (08% for each Month) |

* Payment against deliverable 2 & 4 will be released on submission of the deliverable and for rest of the deliverables, the payment will be released after acceptance of the deliverable.

7 CORE STAFFING REQUIREMENTS:

The consulting assignment shall include the following minimum composition of the team:

| Serial | Team Member | Education & Experience Requirement | Person months |
|--------|-------------|--|--------------------------|
| 1 | Team Leader | Member of a Professional Body (CA/CFA/ACCA/ACMA etc) or Master's (16 years) or higher Degree in Management (MBA/MPA etc) or a relevant field with at least 15 years' of proven experience in the field. The proposed | 02 months (Intermittent) |

| | | | |
|---|--|--|-----------------------------|
| | | professional must have experience of planning & executing similar assignments for public sector. | |
| 2 | Finance Specialist | Member of a Professional Body (CA/CFA/ACCA/ACMA etc) or Master's (16 years) or higher Degree in Management (MBA/MPA etc) or a relevant field with at least 10 years' of proven experience in the field. The proposed professional must have experience of preparing manuals / SOPs for large public sector entities. | 03 months (Intermittent) |
| 3 | Procurement Specialist | Master's (16 years) or higher degree in Management / Procurement / Engineering / Law or related field with at least 10 years' of experience in Public Procurements. | 03 months (Intermittent) |
| 4 | Deputy Manager Financial/ accounting Systems | Member of a Professional Body (CA/CFA/ACCA/ACMA etc) or Master's (16 years) or higher Degree in Management (MBA/MPA etc) or a relevant field with at least 5 years' of proven experience in the field. The person must have professional experience of preparing manuals / SOPs for large public sector entities. | 06 months |
| 5 | Deputy Manager Procurement systems | Master's (16 years) or higher degree in Management / Procurement / Engineering / Law or related field with at least 5 years' of experience in Public Procurements. | 06 months |