



**LOCAL GOVERNMENT & COMMUNITY DEVELOPMENT DEPARTMENT**

QUALIFICATION CRITERIA & TORs  
FOR  
SHORTLISTING OF CONSULTANTING FIRMS  
FOR  
ANNUAL PERFORMANCE ASSESSMENT OF 16 MCs  
UNDER  
**“PUNJAB CITIES PROGRAM (PCP)”**

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## **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:

### **A. Mandatory Documents for Prequalification**

<b>Description</b>	<b>Requirement</b>
Certificate of Company/Firm Registration/Incorporation under the laws of Pakistan	Mandatory
Valid Income Tax Registration	Mandatory
Valid General Sales Tax Registration (Status = Active with PRA)	Mandatory
Submission of undertaking on legal valid and attested stamp paper that the firm is not black listed and not involved in litigation with any of Provincial or Federal Government Department, Agency, Organization or autonomous body anywhere in Pakistan. In case involved in any litigation process, proof of dispute resolution is required.	Mandatory

### **B. Firm Experience**

Experience shall be evaluated on the basis of following parameters:

<b>Sr. #</b>	<b>Description</b>
1	Atleast 15 years' experience in the relevant field since establishment & registration with the relevant professional body
2	Experience of minimum 2 assignments with minimum total cost; Rs. 20 million (PKR) in conducting Performance Assessments / Third Party Validations and other related assignments in last 10 years.
3	Working experience of similar assignments with the donor agencies
4	Working Experience of similar assignments with Local Governments/District Governments

## TERMS OF REFERENCE

### **HIRING OF ANNUAL PERFORMANCE CONSULTING FIRM FOR PUNJAB CITIES PROGRAM**

#### **1. Brief Background**

- A Program captioned as Punjab Cities Program (PCP), introduced as a Program for Results (P4R), funded by World Bank with total cost of 200.00 million USD and gestation period of 5 years, is being launched in 16 MCs of Punjab. The development objective of the Program is to strengthen the performance of participating Municipal Committees (MCs), focusing on urban management and improvement of municipal services infrastructure for satisfactory service delivery. The operation is financed through a hybrid of Investment Project Financing (IPF) and Program-for-Results (PforR) instruments.

The operation will focus on two following components.

- *Window-1: Performance Based Grants (The Program)*: The PforR window will pilot a system of performance-based grants (PBGs), disbursing funds to the ULGs subject to their annually assessed performance against two Disbursement Linked Indicators (DLIs). The DLIs will encompass targets for ULGs in areas such as planning and budgeting, resource mobilization, infrastructure delivery, and environment and social management. The disbursed funds will be used to finance eligible infrastructure investments.
- *Window-2: Institutional Strengthening (The Project)*: The IPF window will support institutional strengthening of, and provide technical assistance to, selected ULGs and provincial government institutions. This support will be critical to achievement of the DLIs and the development objective of the Operation. The IPF window will also support the undertaking of timely, transparent, and impartial annual performance assessments.

#### **a. Objectives of the Assignment**

The primary objective of the consultancy is to assess the annual performance of participating Municipal Committees / Corporations (MCs) against the requisite DLIs. This will be done to incentivize the better performing MCs to have access to larger amounts of PBGs, and to encourage the less performing MCs to improve their compliance of MACs and earn higher scores in the Performance Measures to enable receiving larger amount of PBGs.

The APA consultants will be hired by LG&CDD for one year (FY 2019-20), with the possibility of extension of the contract for subsequent year/s, subject to satisfactory performance.

#### **b. Disbursement Linked Indicators (DLIs)**

The program will use two *Disbursement Linked Indicators (DLIs)* which focus on: minimum access conditions (MACs) under DLI-1, and a set of performance measures (PMs) for DLI-2. However, for the first year the PBG allocation will be given based on MCs meeting a reduced number of MACs.

#### **c. Program Cities**

The cities (Municipal Corporations/Committees) included in the Program are:

- |                 |               |
|-----------------|---------------|
| 1. Bahawalnagar | 9. Jhang      |
| 2. Burewala     | 10. Jhelum    |
| 3. Daska        | 11. Kamoki    |
| 4. Gojra        | 12. KotAddu   |
| 5. Hafizabad    | 13. Muridke   |
| 6. Kamalia      | 14. Okara     |
| 7. Khanewal     | 15. Vehari    |
| 8. Jaranwala    | 16. Wazirabad |

## **2. Annual Performance Assessment (APA) (Independent Annual Assessment)**

An independent annual assessment and the verification of results to trigger disbursement is key to Program. APA firm will verify Program results in a timely manner to provide the basis for disbursements of funds under the Program to the participating MCs. The assessment results will provide the basis to make the final decision whether a DLI has been achieved or not. The aggregate score of the MCs in the APAs will determine the size of PBG grants to be disbursed, and will be an important metric to determine progress towards the Program Development Objective.

### **a. Minimum Access Conditions for Performance Based Grants (PBGs)**

The Minimum Access Conditions (MACs) and Performance Measures (PMs) together will enable all 16 MCs to access the full Performance Based Grants (PBGs) allocation. Compliance with MACs will be a pre-condition to access the PBGs, and failure to satisfy any MAC will disqualify an MC from accessing its PBG for that year.

MCs will be assessed against a set of MACs for access to DLI-1 grants (25% of total PBG envelope) in the areas of;

- a) Investment planning and budgeting,
- b) Human resources,
- c) Procurement,
- d) Financial management and audit,
- e) Environment and social management,
- f) Transparency, and
- g) Signed Program Operation Specific Participation Agreement

### **b. The Performance Measures (PMs) for DLI-2**

The Performance Measures will build on the foundations laid by MACs, and will challenge the MCs to raise their performance to achieve incremental targets. Qualified MCs will be able to access PBGs (75% of total PBG envelope) every year, based on scores obtained in the Annual Performance Assessment (APA). PBGs would be allocated to the MCs proportionate to their performance scores (weighted with the APA score).

### **c. Adjustment of disbursements for DLI-2**

DLI-2 is also scalable, whereby disbursements will be adjusted based on whether Program MCs perform better or poorer than expected (as set out in the Performance measures). This means that if Program MCs perform higher than expected they will receive higher disbursements. This system

ensures direct peer comparison and competition as an incentive to improve performance.

**d. MACs and PMs**

- With the exception of the first assessment of Reduced MACs, the disbursement of all subsequent PBGs will be determined based on the full APA undertaken by the APA firm.
- The APA consultant will assess compliance with MACs along with extent of achievement of the Performance Measures (PMs) given above.
- MCs will need to comply with all the MACs given above to receive any PBG, and non-compliance with even one of the MACs will make them ineligible for the PBGs.
- The extent of achievement of the PMs will be scored, and the amount of PBG for each MC will be based on the score achieved combined with the PFC formula.

**e. Performance Requirements**

The consultant shall determine how best to convey each MCs’ APA, in the light of the given MACs, PMs and their indicators.

**3. Duties and Responsibilities of consultant**

The specific tasks to be performed under the assignment are listed below:

1. Conduct fieldwork in all 16 MCs in order to collect data on the performance of each MC to be measured in terms of:
  - a. Compliance with Minimum Access Conditions (DLI-1); and
  - b. Extent of achievement of Performance Measures
2. Analyze all field data in order to assess the performance of each MC (in terms of MAC compliance and extent of achievement of PMs)
3. Establish, for each MC, PBG allocations per the following:
  - Meeting all MACs will be a pre-requisite for eligibility to PBGs. Any MC not meeting all the MACs will not be eligible for any PBG funding in that year.
  - PMs will be assessed for all MCs, but assessment results will impact only MCs that (by virtue of having demonstrated compliance with MACs) are eligible to receive PBGs, the size of which will depend on their performance across a range of measures.

The annual targeted score for Performance Measures is given in the table below

**Table 1: Targeted Compliance Level in the Program**

<b>DLIs</b>	<b>Y-1</b>	<b>Y-2</b>	<b>Y-3</b>	<b>Y-4</b>	<b>Y-5</b>
DLI-1	100%	100%	100%	100%	100%
DLI-2		40 points out of 100	50 points out of 100	60 points out of 100	70 points out of 100

- The performance system will ensure that every point counts (i.e. continuous improvement instead of a static benchmark e.g. passing 70 % etc.) The best practice with PBGs is to allocate across MCs based on their relevant weighted performance scores to ensure strong incentives for all and for every performance improvement.
- The PBG for the individual MC will be worked out on the basis of present PFC award proportion combined with the Performance Measures Score.

- The PBG allocations will be calculated separately for DLI-1 and DLI-2 as under;
    - For the MCs complying to DLI-1 the allocations will be calculated as mentioned for the first year e.g. in the proportion of the prevailing PFC award.
    - For DLI-2, the score obtained in the PMs will be considered as the basis. The total actual disbursement to be made in a particular year will be worked out in proportion of the total of score earned by all MCs qualifying all the MACs with respect to the targeted score of all MCs in that particular year.
    - The amount of disbursement so calculated will be divided amongst the qualifying MCs in proportion to the score earned by individual MC.
    - The formulae for working out the allocations to each MC may be adhered to for this purpose.
    - The allocations calculated for DLI-1 & DLI-2 will then be added to obtain the total allocation for each MC for that year.
  - The disbursement table for calculations of the PBG allocations for each MC has been provided at the end of these TORs for guidance of the Consultants.
4. On the basis of fieldwork data and adequate documentary evidence submitted by MCs each year, establish a final listing of all MCs that have or have not complied with MACs.
  5. On the basis of the compliance/noncompliance to the PMs, calculate the amount of PBGs for the MCs who have complied with all the MACs.
  6. Submit the results of the assessment for:
    - Compliance or noncompliance of the MACs.
    - Score of the PMs earned by each MC complying with MACs.
    - Total actual disbursement to be made by the Bank in a particular year under DLI-I& DLI-II separately
    - Amount of PBGs allocations to each MC under “*Allocation of PBGs to the individual Municipal Committees*” in both cases.
  7. The above-mentioned results will be submitted to Program Steering Committee (PSC) and World Bank by the end of February each year.
  8. The PSC may get the results verified and authenticated through its Executive Committee for Program Steering Committee, and if some shortcomings or anomalies are witnessed, PSC may return the results to APA Consultant for re-verification, rectification, and removal of the shortcomings or omissions. APA will do the needful and submit the results back to PSC.
  9. Similarly, the World Bank will conduct the verification and Quality Assurance of the results in March every year. If some small discrepancies are noted, the Bank may get the results checked or verified through its own team members. But if the nature of discrepancies and shortcomings is such that the Bank is not satisfied with these results then the Bank may appoint some other party or firm for verification. The Bank may return the results to the APA Consultant for rectification or re-verification.

The APA Consultant will be bound to get these results re-verified as per directions of PSC or WB.

#### **4. Management of the Assignment**

The consultants shall report to the LG&CDD and will be expected to work closely with PCP Team

in ensuring timely and accurate delivery of the objectives and outputs of the assignment.

**a. Annual Performance Assessment Cycle**

The APA cycle is designed to synchronize with the government budgeting cycle, which will facilitate due allocations to be reflected in provincial and LG budgets in June every year, and informed investment planning and budgeting, by MCs for the subsequent financial year. The APA firm engaged by the LG & CD Department will conduct field assessment in the first two months of each year, and communicate the APA Results simultaneously to the Program Steering Committee and the Bank by last month of the assignment. *The Annual Performance Cycle will be spanned out for four (04) Months.*

*From Year – II onward the APA cycle will be spanned out from November to February each year.*

The Steering Committee will undertake its due diligence and communicate verified APA Reports to the Bank immediate after completion of the assignment. The Bank will in turn independently verify these results and communicate the final disbursement amounts of each Program MC for the subsequent year to counterpart entities (Steering Committee, Finance Department, LG&CDD, and concerned MCs).

The Bank will retain a right to make the final decision whether a DLI has been achieved or not. Moreover, the Bank may undertake regular independent quality assurance checks of the APAs to ensure continued robustness of the system.

**5. Core Team of the Consultant  
Sector Specific Staffing**

The firm of consultants will have the following staffing profile:

**Table 3: Human Resource Requirement - Annual Performance Assessment (APA)**

Sr. #	Designation	Numbers
1	Team Leader	01
2	Team members	04
3	Assistant Team Members	05

**A. Team Leader (01 NO)**

**Qualification:** Bachelors (04 Years) / Masters or higher degree (MSc in Engineering/MS/M.Phil or PhD) in engineering, public/business administration, public finance, economics, or a related field from HEC recognized Institutes

**Experience:** Minimum 15 years’ of post qualification experience in working on public sector service delivery, with demonstrated experience in working with local governments. Proven familiarity with PLGA-2019 would be a major asset. The person will have a demonstrated track record of providing consultant deliverables on a timely basis.

**B. Team members (04 NOs.)**

**I. Team member – 1 (Infrastructure Specialist)**

**Qualification:** Bachelors (04 Years) / Masters or higher degree (MSc/MS/M.Phil or PhD) in Civil Engineering from HEC recognized Institutes

**Experience:** Minimum 10 years' of post qualification experience with demonstrated major experience in working with local governments. Work experience related to planning, designing & supervising infrastructure development projects or maintenance of municipal services infrastructure. Proven familiarity with PLGA, working experience with public sector entities & donor agencies and work rules will be an added advantage.

Demonstrated track record of providing consultant deliverables on a timely basis.

**Team member – 2 (Environment & Social Management Specialist)**

**Qualification:** Bachelors (04 Years) / Masters or higher degree (MSc in Engineering/MS/M.Phil or PhD) in Environmental Engineering / Sciences from HEC recognized Institutes

**Experience:** Minimum 10 years' of post qualification experience of professional and technical experience with increasing level of responsibility in environmental analysis & social safeguards assessments. Must have demonstrated experience in developing IEEs, EIAs and EMMPs required under public sector environmental regulations. The candidate should also have demonstrative experience to tackle the social issues arises time to time and their management. Proven familiarity with PLGA, Punjab Environmental Act 2012 and The World Bank Environmental and Social Safeguards would be a major asset. Working experience with public sector entities & donor agencies and Local Government Systems will be an added advantage.

Demonstrated track record of providing consultant deliverables on a timely basis.

**II. Team member – 3 (Finance & Accounts Specialist)**

**Qualification:** Bachelors (04 Years) / Masters or higher degree (MS/M.Phil or PhD) in Finance/ Commerce/Banking or Business Studies from HEC recognized Institutes

**Experience:** Minimum 10 years' of post qualification experience in Municipal financial management, accounting budgeting & planning. Proven familiarity with PLGA and working with Local Governments and on donor funded projects would be a major asset.

Demonstrated track record of providing consultant deliverables on a timely basis.

**III. Team member – 4 (Institutional Strengthening Specialist)**

**Qualification:** Bachelors (04 Years) / Masters or higher degree (MS/M.Phil or PhD) in Economics/ Business Economics/ Business/ Public Administration from a HEC recognized Institute.

**Experience:** Minimum 10 years' of post qualification experience in public/ private sector institutions. Technical experience in design and delivery of capacity building initiatives to public/ private sector institutions. Work experience of development & planning processes and have analytical skills to evaluate and assess the organizational performance

management. Proven familiarity with PLGA, working experience with public sector entities & donor agencies will be an added advantage.

Demonstrated track record of providing consultant deliverables on a timely basis.

**C. Assistant Team Member – (05 NOs.)**

**Qualification:** Bachelors (04 Years) / Masters or higher degree (MSc in Engineering/MS/M.Phil or PhD) (as detailed below)

**Experience:** Minimum 5 years’ of post qualification experience in relevant discipline

**Table 4: Detail of Assistant Team Members**

Sr.#	Designation	Nos.	Qualification	Required Experience
1	Assistant Team Member (Infrastructure)	02	Bachelors (04 Years) / Masters or higher degree (MSc/MS/M.phil or PhD) in Civil Engineering from HEC recognized Institutes	Minimum 5 years’ of post qualification experience in relevant discipline.
2	Assistant Team Member (Environment& Social Management)	01	Bachelors (04 Years) / Masters or higher degree (MSc in Engineering/MS/M.Phil or PhD) in Environmental Engineering / Sciences from HEC recognized Institutes	
3	Assistant Team Member (Finance & Accounts)	01	Bachelors (04 Years) / Masters or higher degree (MS/M.Phil or PhD) in Finance/ Commerce / Banking or Business Studies from HEC recognized Institutes	
4	Assistant Team Member (Institutional Strengthening)	01	Bachelors (04 Years) / Masters or higher degree (MS/M.Phil or PhD) in Economics/ Business Economics/ Business/ Public Administration from a HEC recognized Institute	

**6. Hiring Process**

The hiring shall be done in line with World Bank guidelines through competitive bidding based on **Consultant’s Qualification-based Selection (COS)**.

*This APA contract will initially be for one year but may be renewed for subsequent years subject to performance in the first year’s APA.*

**7. Gestation Period**

(i) Assignment is likely to be completed within Four (04) months including field assessment and reporting.

(ii) The consultant shall furnish Final Assessment Report (APA) Report for each MC within stipulated time period as mentioned in the agreement.

## 8. Deliverables/Reports with timelines

Sr #	Deliverable	Timeline	Hard Copy	Soft Copy
1	Inception Report/Work Plan, outlining the consultants' understanding of the assignment and proposed approach to meeting MACs and PMs requirements	By 1 <sup>st</sup> Week	Yes	Yes
2	<b>First draft Preliminary</b> - APA reports and draft Preliminary Synthesis Report to LG&CDD as well as to the World Bank.	By 8 <sup>th</sup> Week	Yes	Yes
3	<b>Second draft Preliminary</b> - APA reports and draft Preliminary Synthesis Report and share with LG&CDD and World Bank.	By 10 <sup>th</sup> Week	Yes	Yes
4	Review by LG&CDD and Bank with APA team. <b>Third draft report</b> - reconcile comments received into the <b>report</b> .	By 12 <sup>th</sup> Week	Yes	Yes
5	<b>Final assessment draft APA report</b> for each MC and the Final Draft Synthesis Report on changes made by APA team, submitted to Program Steering Committee and the World Bank and make presentation. A final assessment report will include but not limited to: <ul style="list-style-type: none"> <li>• Detailing compliance (or non-compliance) based on fieldwork data and documentary evidence submitted by MCs;</li> <li>• Indicating “Actual Disbursement by WB to GoPunjab” under each of the DLI.</li> <li>• Indicating PBGs allocations for DLI-1 and DLI-2, based on MC compliance along with all back-up calculations for working out the PBGs for both DLIs.</li> </ul>	By 16 <sup>th</sup> Week	Yes	Yes