

TERMS OF REFERENCE FOR CONSULTANTS

I. OBJECTIVE AND PURPOSE OF THE ASSIGNMENT

1. The objective of the assignment is, as a part of the technical assistance (TA), to support the Government of Pakistan (the government) to operationalize the Exim Bank of Pakistan (EXIMBP) by developing constitutive documents, strategy, systems, and policies. The EXIMBP is envisaged to be an export credit and investment guarantee agency owned by the Government which will provide trade financing facilities to help local exporters get access to financing to promote the expansion and diversification of export base of Pakistan and mitigate the risks faced by local businesses conducting international trade. It is therefore important that the constitutive documents, strategy, systems, and policies are developed in line with international best practices.
2. Asian Development Bank (ADB) will administer the TA and will select the international consulting firm (ICF). ADB and the Government will coordinate the TA activities and will oversee the timely delivery of the deliverables of the ICF. The ICF team will report to the ADB Team Leader.
3. ADB will select the ICF using quality-based selection with preparation of simplified technical proposals. The ICF will need to consult with multiple stakeholders effectively while remaining focused on the TA's outcome of operationalizing EXIMBP.
4. The expected implementation of the TA is from September 2018 to December 2019 and the assignment of experts is intermittent in nature.

II. SCOPE OF WORK

5. The ICF will conduct economic, financial, and safeguards due diligence and help in facilitating operationalization of EXIMBP in the finalization of its operational roadmap and business plan as well as policies, manuals, and systems including among other things credit and risk assessment, underwriting strategy, pricing, procurement, compliance, and human resources etc. The tasks and outputs are defined below. An international team leader will lead the ICF's work, will report to ADB, and will coordinate and cooperate closely with the other TA partners.

III. DETAILED TASKS

6. The ICF team will carry out the above scope of work. More specifically, the firm will be responsible to manage the implementation of the outputs, deliverables, and tasks below.

TA management, reporting, communications, and coordination among key stakeholders

- (a) Maintain close communication and coordination with ADB and the designated officials from the government to ensure the quality and timeliness of TA implementation;
- (b) mobilize rapidly after contract signature and work productively throughout the duration of the TA;
- (c) prepare an inception report that proposes the structure for each subsequent deliverable and that details a project work plan, project communication plan, risk management framework, and staffing structure to deliver the outputs of the contract on time and on budget;

- (d) manage the implementation of contract activities in relation to the inception report work plan, and take corrective action as required, to ensure timely delivery of TA deliverables in consultation with ADB and the government;
- (e) organize meetings, and trainings as necessary, in consultation and close coordination with the key stakeholders;
- (f) prepare brief interim reports, indicating activities undertaken to date, any issues arising, actions suggested to address the issues or improve project delivery, a reflection on project risks and communications, and updated timelines for the remaining contract activities and deliverables; and
- (g) Undertake other reasonable tasks as may be required from time to time.

Impact assessment

- (a) Collect and analyze historical and projected future local trade and inter-regional trade and foreign direct investment flows in key trading countries;
- (b) conduct inter-regional assessment for the country's capacity to compete internationally in pursuit of outbound trade and inbound foreign direct investment (FDI) opportunities;
- (c) conduct a gap analysis and determine key export sectors (including SMEs) that EXIMBP will support through its proposed offering; and
- (d) review existing impact assessments (if any) focusing on lessons learnt from, similar regional initiatives already implemented.

Legal, regulatory and tax review

- (a) Undertake comparative analysis of existing similar agencies and emerging market export credit agencies (ECAs) and identify/propose suitable legal, regulatory, tax and institutional frameworks, and management, governance and capital structures for EXIMBP;
- (b) review existing legal, governance, management and capital structures of current EXIMBP and advise on the appropriates of such existing structures for the proposed business model and on any proposed changes /arrangements, as required;
- (c) advise and assist, if required, with winding up/dissolution of the existing EXIMBP (incorporated as a company under the laws of Pakistan) and transfer of its paid-up capital to EXIMBP;
- (d) to avoid potential conflicts, review existing laws, rules, regulations and procedures etc., to ascertain if there is any existing legislation which restricts and/or contradicts the establishment and/or operations of EXIMBP;
- (e) review/revise the existing draft Export-Import Bank of Pakistan Act, 2017 or prepare a fresh draft in line with international best practices to ensure smooth, efficient and intended operations of EXIMBP;
- (f) assist EXIMBP develop (or revise, if existing) relevant charter documents, policies, plans and template documentation for EXIMBP in line with international best practices;
- (g) provide recommendations for EXIMBP's operation to include the following together with requisite legal frameworks and institutional arrangements:
 - i. Finalize mode of government financial backing (ie, National Interest Account);
 - ii. Provide support in establishing National Interest Account as required; and
 - iii. Establish process of approval and management of National Interest Account cases.
- (h) Assist in the establishment/operationalization of EXIMBP.

Operational roadmap and business plan

- (a) Update/ modify the initial operational roadmap and business plan for EXIMBP in light of progress achieved to date;
- (b) review and benchmark existing operations, institutional structure, and objectives of EXIMBP against international best practices;
- (c) convene multi-stakeholder meetings with ADB and relevant stakeholders in the GOP to identify and agree on the proposed findings;
- (d) prepare an updated operational roadmap and business plan for EXIMBP;
- (e) develop Product suite offering for banks and exporters;
- (f) develop standard documentation for product offering, eligibility criteria, and product pricing schedule;
- (g) develop agreements for underwriting agent and reinsurance brokers; and
- (h) based on the agreed roadmap, develop recommendations on operational and institutional structure.

Economic and financial assessment

- (a) Undertake economic and financial assessment¹ of EXIMBP and prepare a robust financial model to forecast 15- to 20-year base, upside and downside business cases for EXIMBP;
- (b) conduct a financial and economic viability analysis, including stress-test scenario analyses under defined business case assumptions to be pre-agreed with ADB, and provide compelling conclusions with respect to financial and economic viability of EXIMBP; and
- (c) review existing financing and risk management capacity and practices of EXIMBP and recommend improvements and propose changes as required.

Safeguards assessment

- (a) Review existing environmental and social policies and plans of EXIMBP (if available) and provide recommendations on aligning it with ADB's Safeguards Policy Statement (SPS) 2009;
- (b) Develop an environmental and social management system (ESMS) for EXIMBP in accordance with ADB's SPS 2009; and
- (c) Support EXIMBP in development and implementation of the Environmental and Social Management System (ESMS) which incorporates the following elements:
 - i. environmental and social policies;
 - ii. screening, categorization, and review procedure;
 - iii. organizational structure and staffing including skills and competencies in environmental and social areas; and
 - iv. monitoring and reporting.

Policies, manuals, systems and procedures

- (a) Develop operational policies, manuals, systems and procedures for the following areas in line with international best practices:
 - i. human resources;
 - ii. financial management;
 - iii. internal audit;
 - iv. procurement;

¹ Assessments to be consistent with ADB's guidelines on Economic Analysis of Projects and Financial Management Assessment.

- i. risk management; and
 - ii. corporate policies and procedures.
- (b) Assess Information technology requirements, support implementation of management information system

Final Report

- (a) Based on the outputs of the activities performed above, prepare a Final Report articulating any other recommendations that will be critical to the success of EXIMBP's operations.

IV. DELIVERABLES

7. Each of the minimum required deliverables will be reviewed by and will receive inputs from ADB and relevant government departments. Proposing entities should anticipate that some deliverables may require more than one round of review and should reserve some time for this possibility. The consulting firm's team will address their comments and inputs from these in finalizing each deliverable. All deliverables shall be produced in English. Draft deliverables shall be submitted to ADB in electronic format. ADB will formally accept or return each revised deliverable.

8. Upon formal acceptance of each revised deliverable by ADB, the milestone payments will be made by ADB to the consulting firm per the payment schedule specified in the contract. The firm may propose a mobilization advance that will be negotiated.

V. REQUIRED EXPERTISE

9. The consultancy will be led by an international firm with preferably 10 years' experience delivering work in similar assignments or in closely-related assignments, preferably with ADB and throughout the Asia Pacific region, including Pakistan.

10. The contract will be awarded using performance-based procurement and thus proposing firms will determine the number and the nature of experts they will require to achieve the deliverables, in accordance with their proposed approach and methodology. However, ADB requires all proposing entities to propose a team leader. In addition to these positions, proposing entities must include in their technical proposal, personnel work plan, and financial proposal all other experts required in accordance with their proposed approach and methodology.

11. Proposing entities must determine and indicate whether each expert is proposed as an international or national specialist, the number of person-months required for each, and how these inputs will be allocated to achieve each deliverable. Proposing entities are required to propose a team leader and members together with their respective curriculum vitae highlighting their relevant experience.