

TERM OF REFERENCES (TORS) FOR HIRING OF CONSULTANCY FIRM FOR THIRD PARTY VALIDATION (TPV) OF DISBURSEMENT LINK INDICATORS (DLIS)

1. Background of Program

Government of Punjab in collaboration with World Bank is implementing the Punjab Resource Improvement and Digital Effectiveness (PRIDE) Program, worth USD 304 Million. The main objective of the Program is “to increase Own Source Revenue and improve reliability of resource allocations and access to digital services for people and firms in the province of Punjab”.

The PRIDE Program primarily addresses three challenging areas; (i) fiscal risk management (ii) revenue mobilization (iii) expenditure management through better use of information systems. Efficiency improvements in public expenditure and increased fiscal space for growth-enhancing expenditure on infrastructure and human capital could contribute to the Country’s goal of reaching middle income status by 2047. The proposed Program will support selected actions under Public Financial Management Reform Strategy (PFMRS) 2020-25 and RISE Punjab.

The expected results of the Program correspond with the Government’s expenditure framework across three Result Areas which are; (i) strengthened budget formulation and fiscal risk management (ii) increased use of digital technology for delivery of selected public services (iii) improved collection of own source revenue.

Result Area 1 - Strengthened Budget Formulation and Fiscal Risk Management:

- i. Organizational reforms in FD and P&DB
- ii. Development of a Medium-Term Fiscal Framework incorporating fiscal impact of climate change
- iii. Development of a regulatory framework to facilitate integration of recurrent and development budgets
- iv. Management of fiscal risks and development of a legal framework for disaster risk financing
- v. Establishment of a disaster risk fund; and strengthening capacity of LGs for disaster response
- vi. Improvements in Public Investment Management (PIM)

Result Area 2 - Increased Use of Digital Technology for Delivery of Selected Public Services:

- i. Review of existing business processes and simplifying business processes to remove redundancies
- ii. Digitization of public services for citizens and firms
- iii. Improving women’s utilization of newly digitized services
- iv. Development of a legal framework for electronic payments, mobile money, digital identification, geospatial systems and cloud-based computing
- v. Revision of PFC award to introduce a need based formula for transfers from the Provincial Government to LGs and a performance grants scheme for targeted support to LGs for the vulnerable populations of Punjab.

Result Area 3 - Improved Collection of Own Source Tax Revenue:

- i. Coordination of revenue policy and implementation measures
- ii. Impact assessment of COVID-19 and climate events of recent past (recurrent) on revenue

- iii. Expansion of the services sales tax base and increased taxpayer compliance
- iv. Integration of taxpayers' data across three tax authorities and linkage with third party data
- v. Simplification of tax administration processes and adoption of performance framework
- vi. Development of online and mobile functionalities for tax payment
- vii. Building the capacity of ETNCD to modernize property valuation system to enhance revenue potential from public and private real estate

2. Objective of the Consultancy:

The program has been designed using “Program for Results” instrument. All the three result areas have Disbursement Linked Indicators with yearly targets and disbursement of loan proceeds is linked with achievement of these targets. A Unit, Public Financial Management Unit (PFMU), has been established in the Finance Department to coordinate the Program Activities. PFMU needs the services of a Consultancy Firm to carry out third party validation of the yearly DLI targets. The Consultants shall conduct;

- Review of approved fiscal risks policy framework (including Pension Reform Action Plan, commodity financing policy and plan; and Fund Management Rules) (approved by the Punjab Cabinet), amended budget rules, approved pension reform plan (including changes in parametric defined benefits and options for defined contribution scheme), fiscal risk statements
- Evaluation of notifications, Fiscal Policy Rules, published MTF, budget call circular, and data on original budget and actual expenditure composition, by program administrative or functional classification
- Validate that the SBDs are notified and published on PPRA's website; comment on the contents of the SBDs (if required); periodically validate the percentage of processing of the operational budget through e-procurement after reviewing the system reports and data. .
- Appraisal of system generated reports on public services provided to citizens, including women (based on gender segregated data), through digital means - including online portal, call center, mobile phone-based services (APPs), and on-counter digital services. Review of approved revisions in PFC formula, implementation of expenditure recording systems in LGs, CGA notified charts of accounts, published budget documents and bi-annual revenue and expenditure reports of LGs and provincial government.
- Assessment of source data (Punjab civil accounts; July-June).
- Review of approved database integration plan, MOUs with third parties, data warehouse and system reports.
- Review of compliance with Program Action Plan proposed in ESSA and commitments made in ESRS and ESCP

3. Scope of Consultancy

The program has a five-year span and specified yearly targets. Description of DLIs with yearly targets is as under;

Result Area 1	Strengthened budget formulation and fiscal risk management					
DLI 1.	Baseline	Year 1Target	Year 2Target	Year 3 Target	Year 4 Target	End Target
Reduction in						

unfunded annual pension cost of the Government of Punjab.	27% of annual pension cost funded by Punjab Pension Fund (PPF) in FY19	Approved policy framework and amendment in budget rules.	Pension reform plan is approved by the Punjab Cabinet	30% of annual pension cost funded by PPF	33% of annual pension cost funded by PPF	35% of annual pension cost funded by PPF
Reduction in Commodity Financing Debt Stock (CFDS) of GoPb.	PKR 377 billion in December 2019	Approved policy framework for improved management of fiscal risks	CFDS is reduced by 10%	CFDS is reduced by 15%	risks CFDS is reduced by 25%	CFDS is reduced by 35%
Districts achieving minimum standards for Disaster Risk Reduction	GoPb does not have Disaster Risk Financing Strategy (DRFS)	DRFS approved by the Punjab Cabinet.				
Strengthened cash management function of Government of Punjab	GoPb does not have cash management policy.	Cash management unit established in FD	Cash Management Policy and Accounting Framework approved by Punjab Cabinet	Cash Forecasting Reports published by FD on quarterly basis.	Cash Forecasting Reports published by FD on quarterly basis.	Cash Forecasting Reports published by FD on quarterly basis.
DLI 2. Variance between original budget and actual expenditure composition.	Average of three years variance is 18%. (2015-18).	Cabinet approves Fiscal Management Policy and Rules	a) Joint Priorities Committee notified and b) single ceiling to departments approved by the Cabinet	Average of three years variance (FY20 – FY22) is <15%	Average of three years variance (FY21 – FY23) is <13%	Average of three years variance (FY22 – FY24) is <10%
Result Area 2	Increased use of digital technology for delivery of selected public services					
DLI 3. Operational budget expenditure processed through e-procurement.	Baseline	Year 1Target	Year 2Target	Year 3 Target	Year 4 Target	End Target
	e-procurement system does not exist.	PPRA publishes SBDs	e-Procurement piloted in one department.	15%	30%	50%
Additional services provided to citizens and firms online, through a single identity platform.	10 services are provided to citizens online	15 services are provided to citizens online	20 Services provided to citizens online.	30 services provided to citizens	40 services are provided to citizens online	50 services are provided to citizens online

Citizen satisfaction with online services (Percentage)	50.00	50.00	55.00	60.00	65.00	75.0
DLI 4. Citizens accessing government services through digital platforms.	500,000, of which 9% female.	550,000, of which 10% female	900,000, of which 12% female	1,200,000, of which 15% female	1,500,000, of which 17% female	1,800,000, of which 20% female
DLI 5. Punjab Urban Local Areas reporting on revenues and expenditure position, especially related to disaster risk management, core public social services, and gender						
Number of Punjab Urban Local Areas reporting on revenues and expenditure position (Number)	16.00	17.00	19.00	119.00	219.00	319.00
Increase in number of registered services sales taxpayers (Number)	82,285.00	86,000.00	95,000.00	105,000.00	125,000.00	145,000.00
Increase in registered taxpayers who filed STS returns in previous year (Number)	23,947.00	26,500.00	32,000.00	40,000.00	53,500.00	77,500.0
Result Area 3	Improved Collection of OSR					
DLI 6. Value of own-source tax revenue (from	Baseline	Year 1Target	Year 2Target	Year 3 Target	Year 4 Target	End Target
	PKRs 191 billion (FY20,	a) COVID impact	Own-source tax collection	Own-source tax	Own-source tax	Own-source tax

PKRs. 191billion to PKRs 300billion).	RE	assessment on revenue; b) Punjab Revenue mobilization strategy and implementation plan approved and published	of Rs 215 billion	collection of Rs 230 billion	collection of Rs 250 billion	collection of Rs.300 billion.
DLI 7. Database integration in tax administration.	No linkages among Punjab tax authorities' databases or with third parties; PRA & FBR signed MOU for data sharing	Plan for database integration approved by Punjab Cabinet	PRA's linkages with three (3) third parties databases operational.	PRA's linkages with six (6; cumulative) third parties databases operational.	FD confirms readiness of databases of BoR and ETNCD (selected key taxes) for linkage with PRA. Functional data warehouse for 3 tax authorities of Punjab.	Punjab tax authorities have access to shared data with links to third parties (at least total 10 for PRA)
Key business processes for tax administration simplified and automated	Selected BPs automated in few tax authorities (epayment for 8 taxes of Punjab)	Punjab Cabinet approves the plan for BPR and feedback system for tax administration in Punjab.	Taxpayers registration, payment (streamlining other payment options, incl. timely transfer of revenue collections to the Treasury), and feedback system simplified and automated.	Monitoring of arrears and processing of refunds simplified and automated.	Taxpayers' appeal process simplified and automated.	BP's of taxpayer registration, payment, arrears monitoring and refunds, appeals, litigation and feedback systems simplified and automated.
Enhanced capacity for revenue generation from real estate	Substantial difference between official and market values of properties; No market valuation study conducted for public and private properties.	Review of legal framework and procedures for valuation of properties to align it with modern techniques.	Establish a property valuation unit.	Complete properties' market valuation studies for 2 cities using modern valuation methodology	Complete properties' market valuation studies for 4 cities using modern valuation methodology	Complete properties' market valuation studies for 6 cities using modern valuation methodology

Progress has been made on Year 1 targets and validation of the results is being done under a separate arrangement. The consultants to be engaged under these TORs shall verify and validate results from year two (2) onwards. Consultants shall be responsible for;

Assess progress against each DLI and verify results achieved.

Asses environmental & social impact of the program.

The Program activities are expected to result in multiple environmental and social benefits linked to equitable distribution of resources to LGs and improvement in municipal services etc. The PAP also details appropriate actions to advance these benefits while mitigating risks. There are minor environmental and social risks associated with the TA component, primarily related to e waste, impact of taxation on vulnerable people, and possible exclusion of individuals and businesses with low IT literacy.

- i. Submit draft verification reports to GoPb (P&D and FD), within 15 days after the verification of results, DLIs as well as Environmental & Social Impact Assessment.
 - At least 8 bi-annual reports and 01 Summary Report will need to be prepared and submitted, over the 04 years.
 - The reports to include:
 - Summary of the process of DLI verification and assessment.
 - Procedures for quality control, results of the DLI achievements,
 - Summaries of major discrepancies between target and actual achievements, short analysis of reasons for discrepancies and recommendations supporting management decisions for adjustments.
 - The TPVA will also share the verification data, as required.
 - Based on feedback and discussions with (PFM Reforms Unit), finalize the DLI verification report, and submit final verification report to the Program.
 - The Program management and support units in P&D and FD will submit the report to the World Bank.

4. Reporting Requirement:

- The DLI verification process will be in accordance with the relevant section of the Program Appraisal Document / Operations Manual
- The selected firm will submit the listed deliverables to the Program units in a timely manner, as per the agreed timelines and work plan.
- The deliverables will be reviewed and approved by the Program units, for onwards submission to the World Bank for disbursements.
- Key deliverables for five years

The reporting requirements are given as under:

Year	Deliverables
2021/22	1. Inception report with workplan, verification methodology, detailed questionnaires and templates for data processing – to be finalized in coordination with the Program office. 2. Draft of 1 st Verification Report 3. Final draft 1 st Verification Report and complete data set after incorporation of

	<p>feedback of Program office.</p> <ol style="list-style-type: none"> 4. Draft of 2nd Verification Report 5. Final draft 2nd Verification Report and complete data set after incorporation of feedback of the Program office.
2022/23	<ol style="list-style-type: none"> 1. Draft of 1st Verification Report 2. Final draft 1st Verification Report and complete data set after incorporation of feedback of Program office. 3. Draft of 2nd Verification Report 4. Final draft 2nd Verification Report and complete data set after incorporation of feedback of the Program office.
2023/24	<ol style="list-style-type: none"> 1. Draft of 1st Verification Report 2. Final draft 1st Verification Report and complete data set after incorporation of feedback of Program office. 3. Draft of 2nd Verification Report 4. Final draft 2nd Verification Report and complete data set after incorporation of feedback of the Program office.
2024/25	<ol style="list-style-type: none"> 1. Draft of 1st Verification Report 2. Final draft 1st Verification Report and complete data set after incorporation of feedback of Program office. 3. Draft of 2nd Verification Report 4. Final draft 2nd Verification Report and complete data set after incorporation of feedback of the Program office.

5. Firm's Eligibility Criteria

- 10 years' overall experience with five years in monitoring, assessing, validation/verification of indicators in public sector. Experience in verifying and tracking DLIs for disbursements based on results achievements as relevant to the TORs shall be required (Letter of Incorporation of firms will be required).
- Experience of developing M&E indicators, tools and systems measuring target achievements of large-scale projects. At least 2 completed projects in public sector.
- Verifiable statistical and research, monitoring and evaluation expertise, as relevant to the TORs.
- Experience of preparing quality reports which are concise to allow policy and technical decisions for at least two (2) projects.
- Should have completed at least two (02) similar projects of comparable scale and complexity (Copies of verifiable of similar nature of contracts with copies of notification of Award and/or Contracts and full address and contact information of the employer).
- Should have an overall HR that substantially corresponds to areas covered in ToRs. [Specific CVs and nomination not required at shortlisting stage].
- Certificate that the firm(s) / JV(s) have never been blacklisted by any government department and all information provided by the applicant firm / JV are correct.

6. Verification Protocol Table: Disbursement Linked Indicators:

DLI 1	Moderate and reduce the annual pension cost of GoPb
Description	The indicator supports implementation of key parametric pension reforms in GoPj
Data source/ Agency	Finance Department
Verification Entity	TPVA
Procedure	Review of approved fiscal risks policy framework (including Pension Reform Action Plan, commodity financing policy and plan; and Fund Management Rules) (approved by the Punjab Cabinet), approved pension reform plan (including changes in parametric defined benefits), fiscal risk statements (FY22 on wards).
DLI 2	Variance between original budget and actual expenditure composition
Description	This indicator assesses budget credibility by calculating through reduced variance between the original budget and actual expenditure, by program administrative or functional classification.
Data source/ Agency	Finance Department
Verification Entity	TPVA
Procedure	Review of notifications, Fiscal Policy Rules, published MTF, budget call circular, and data on original budget and actual expenditure composition, by program administrative or functional classification. Methodology of PEFA Indicator 2.1 will be applied in assessing variance between budgeted and actual expenditure. Numerator is variance between original budget and actual expenditure, and denominator is original expenditure.
DLI 3	Operational budget expenditure processed through e-procurement.
Description	The indicator supports implementation of e-procurement in major provincial procuring entities .Operational budget includes all those procurable activities within recurrent and development heads of accounts on which Punjab Public Procurement Rules are applicable.
Data source/ Agency	PPRA, PITB
Verification Entity	TPVA

Procedure	Review of SBDs published on PPRA's website; notification of revised Punjab procurement rules, and system reports/data on processing of operational budget expenditure through e-procurement
DLI 4	Citizens accessing government services through digital platforms.
Description	Indicator supports enhanced citizens' access to digital government services.
Data source/ Agency	PITB
Verification Entity	TPVA
Procedure	Review of system generated reports on public services provided to citizens, including women (based on gender segregated data), through digital means - including online portal, call center, mobile phone-based services (APPs), and on-counter digital services. For assessing female beneficiaries' targets (PDO Indicator), the numerator is number of females who benefit from government's digital platforms for public service, and the denominator is total number of persons/citizens who have accessed digital platforms for services. The government will incorporate measures to support the development of data protection guidelines, establishment of systems for data protection, and notification of rules on data security.
DLI 5	Punjab Urban Local Areas reporting on revenues and expenditure position, especially related to disaster risk management, core public social services, and gender
Description	Indicator supports enhanced transparency in LG revenues and expenditures (especially related to disaster risk management, core public social services and gender dis-aggregated allocations) on the basis of implementation of web-based financial reporting system in Urban Local Areas.
Data source/ Agency	Punjab Finance Department, PITB
Verification Entity	TPVA
Procedure	Review of approved revisions in PFC formula, implementation of expenditure recording systems in LGs, CGA notified charts of accounts, published budget documents and bi-annual revenue and expenditure reports of LGs and provincial government.
DLI 6	Value of own-source tax revenue
Description	Total amount of province's taxes (direct and indirect) collected annually. RE is revised estimate.

Data source/ Agency	Punjab Civil accounts, Punjab Finance Department
Verification Entity	TPVA
Procedure	Review of source data (Punjab civil accounts; July-June)
DLI 7	Database integration in tax administration
Description	Integration of databases of 3 tax agencies of Punjab and linkage with third party data, based on an approved plan
Data source/ Agency	FD, PRA, ETNCD, BoR, PITB
Verification Entity	TPVA
Procedure	Review of approved database integration plan, MOUs with third parties, data warehouse and system reports

7. Duration of Contract and Reporting Arrangements

The overall contract duration will be Four (4) Years w.e.f. signing of contract conditional upon satisfactory performance.

The TPVA will report to and liaison with the Program management and support units under P&D Board and Finance Department of the Government of Punjab. The Program office will facilitate the TPVA in establishing contact with the focal persons of the Program implementing agencies to verify achievement of results under relevant DLIs.

8. Requirement of Key Personnel:

The qualifying firm is expected to have following team members, for this assignment:

Team member	Qualification	Experience
<p>1. Team Leader</p>	<p>Master's Degree or equivalent in Finance, Accounting Economics, Statistics, Business Administration, Commerce or other relevant fields.</p>	<ul style="list-style-type: none"> • At least Fifteen (15) years of relevant experience in the field of monitoring and impact evaluation at national or international level. • Solid understanding of M&E tools and mechanisms and its implementation in the field as evidenced in the relevant experience. • Excellent understanding of Punjab government functioning and protocols, as evidenced in the past experience of the consultant.
<p>2. PFM specialist</p>	<p>Master's Degree or equivalent qualification in Finance, Accounting, Public Administration, Business Administration, Commerce, Banking, or Economics.</p>	<ul style="list-style-type: none"> • Minimum 8 years of experience in public financial planning & budgeting, revenue management and budget allocation, public or private procurement, and internal and external audit at the central or local government levels, or other professional experience in the finance/accounting field in the public or private sector • A strong understanding of the current PFM landscape in Pakistan, especially in areas relevant to the Program
<p>3. Tax specialist</p>	<p>Master's Degree or equivalent in Finance, Accounting, Economics, Business Administration, Tax Administration, Commerce or other relevant field.</p>	<ul style="list-style-type: none"> • At least ten years of relevant experience in tax administration, tax policy design or related research at national or international level. • Solid understanding of federal and Punjab's tax laws as evidenced in the relevant experience. • Very good understanding of government functioning and protocols as evidenced

		in the past experience of the consultant
4. ICT / Database Management Expert	Master's Degree or equivalent in Computer Science/MIS or other relevant field.	<ul style="list-style-type: none"> • At least Ten years of relevant experience in IT, data management, or database administration at national or international level, preferably with renowned national or international organizations. • Solid understanding of database management and administration as evidenced in the relevant experience. • Very good understanding of Punjab government's functioning and protocols as evidenced in the past experience of the consultant.
5. ICT Expert	Master's Degree or equivalent in Computer Sciences Management Information Technology, ICT or degree in other relevant field. ICT related qualification/certifications will be accorded due weightage.	<ul style="list-style-type: none"> • At least Ten years of relevant experience in the IT field and big data management at the national and international level. • Solid understanding of IT related tools and its implementation in the field as evidenced in the relevant experience. • Very good understanding of government functioning and protocols as evidenced in the past experience of the consultant.
6. GIS Expert	Master's Degree or equivalent in Computer Science/MIS/GIS or other relevant field.	<ul style="list-style-type: none"> • At least Ten years of relevant experience in IT, GIS mapping, geodatabase management, assessment of geospatial data at national or international level, preferably with renowned national or international organizations. • Solid understanding of GIS related tools as evidenced in the relevant experience. • Very good understanding of government functioning and protocols as evidenced in the past experience of the consultant.

<p>7. M&E Expert</p>	<p>Master’s Degree or equivalent in Economics, Statistics, Business Administration, Commerce or other relevant field.</p>	<ul style="list-style-type: none"> • At least Ten years of relevant experience in the field of monitoring and impact evaluation at the national or international level. • Solid understanding of monitoring & evaluation tools and mechanisms and its implementation in the field as evidenced in the relevant experience. • Very good understanding of government functioning and protocols as evidenced in the past experience of the consultant.
<p>8. Local Governance Expert</p>	<p>Master’s Degree or equivalent in Economics, Public Administration, Business Administration, Commerce, Social Sciences or other relevant field.</p>	<ul style="list-style-type: none"> • At least Ten years of relevant experience in fiscal decentralization and local governance in Pakistan or similar other countries. • Solid understanding of Punjab’s local governance rules/regulations and its implementation in the field. • Very good understanding of government functioning and protocols as evidenced in the past experience of the consultant.
<p>9. Procurement Expert</p>	<p>Minimum 16 years education in Business Administration / Finance / Economics/Public Administration/LLM from a reputed Foreign University or HEC recognized institutions</p>	<ul style="list-style-type: none"> • Post qualification relevant professional experience of 10 years in procurement planning and undertaking large and complex procurements. • Understanding of E-Procurement and public sector procurement processes would be preferred • Candidate must possess effective communication skills.
<p>10. Environmental & Social Safeguard Expert.</p>	<p>Minimum 16 years education in Environmental or Social Sciences, Environmental Engineering, Management Sciences.</p>	<ul style="list-style-type: none"> • Post qualification 10 years relevant experience of conducting Environmental & Social Assessments. • Understanding of Environmental & Social Safeguard Rules.

9. Selection Process

Firm will be selected in accordance with the Consultant Qualification (CQS) Selection method set out in the World Bank’s Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services dated July 1, 2016, and revised August 2018 (Procurement Regulations).

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