



SAARC Development Fund Thimphu, Bhutan

Request for Proposals for Services of Investment Banker & Project Evaluation Firm

1. The SAARC Development Fund having its Secretariat in Thimphu, Bhutan, invites
 - (a) Proposals from interested **Investment Bankers** for services of Portfolio Management, Investment & Treasury Management; and
 - (b) Proposals from **Evaluation Firms** for services of carrying out third party evaluation of SDF funded projects in SAARC Member States.
2. The interested bidders for the above services are requested to submit their techno-financial bids/proposals under two separate password protected files by the close of business (before 1600 hours) on 5th September 2017 at **info@sdfsec.org**. For further details, please contact SDF on +975-2- 321152/ 53 or visit **www.sdfsec.org**



TOR for Investment Banker and Treasury Management Services

1. Objective:

The objective of this exercise is to develop and implement a comprehensive strategy for the SDF for investing, managing (portfolio management) and fund deployment (for the different windows- Economic, Infrastructure and Social). This may be carried out by using the services of a fund manager to diversify the portfolio across geographies (across all SAARC member states) and across instruments with a view to get higher returns and better portfolio management, within a given risk framework, and within the applicable rules and regulations.

2. Scope of work

- a) Conduct a comprehensive analysis of the Investment avenues in all SAARC Member States and make recommendations for investments.
- b) Define a long term, medium term and short-term strategy for the SDF to manage funds taking into account SDF rules and regulations, charter, bye laws, policies and processes, strategic objectives, existing methodology, and suggest a detailed policy for portfolio investment of SDF by
 - i. Optimizing the risk-return profile of the portfolio.
 - ii. Considering appropriate exposure norms / limits, risk limits (liquidity, credit, market, sovereign and operational risks) and
 - iii. Diversification across geographies and instruments and institutions
 - iv. Consideration of hedging requirements.
 - v. To monitor the performance and makeup of the example portfolios and assess the requirements of change.
 - vi. Exit strategy.
- c) Make investments on behalf of and on the directions of SDF and build a portfolio of different investment options / instruments taking into account the portfolio investment strategy / policy.
- d) To devise, review & monitor the investment portfolios and investment avenues, and advise the management in a professional manner on a periodic basis. To apprise the management of the continued effectiveness of the investments from time to time.
- e) Constantly monitor the portfolio to identify any risks and act on the investment decisions including exiting them (subsequent to reporting to SDF) based on instructions from SDF
- f) To advise & to give presentation to the management, with a view to monitoring the continued suitability of the investment strategy of the funds.
- g) Assist SDF in getting tax and exchange control exemptions (as per SDF Charter and Bye Laws) for opening bank accounts, making investments and in all aspects of portfolio management and deployment of funds.

- h) Assist the SDF take necessary approvals of the respective statutory authorities (Exchange Control Authorities/Central Banks/Securities Regulators etc.) of the Member States so that the SDF may be allowed to make these investments through intermediary entities, wherever applicable, authorized by the respective rules, regulations and/or laws of the respective jurisdictions in the member states.
- i) Assist in obtaining approvals and defining processes/policies for monies of the SDF in the different member states to ensure it is freely repatriable and remittable between the different member states as well as to / from the SDF's primary bank accounts as well as convertible from one currency to any other currency.
- j) Assist in filing returns or reports with respective regulators as required for the investments.
- k) To assist for ensuring that Funds are held, disbursed and accounted for in a transparent and efficient manner in line with requirements of the SDF.
- l) A report on the best international practices followed by similar multilateral organizations to be provided to SDF.

Further details

The role will be on a continuous basis involving regular dealings with SDF. The above exercise would require that the firm staff be meeting/interacting periodically with the SDF team to coordinate respective activities. The selected firm will bear the cost of any related travel and other related expenses of its staff for such meetings.

3. Eligibility Criteria:

- a) Bank/financial Institution with Minimum experience of ten years is a must as an Investment Banker Demonstrated experience of working in any of the SAARC Member States, however preference will be given to the Investment Bankers who are having experience to working in SAARC Member States.
- b) Experience of maintaining portfolio of Multilateral Institutions, MNC's, Central Banks, Funds, would be an added advantage.
- c) Strong track record of regulatory compliances and having an independent team for compliance and legal requirements.
- d) Ability to create and manage a diverse portfolio, with a wide range of available instruments across SAARC member countries.

4. Deliverables:

- a) To act as Investment Banker and Treasury Manager for SDF.
- b) To provide an assurance of generating a minimum return on investment on monthly basis.
- c) To Share an indicative sheet mentioning the Professional Fees of the Investment Banker for rendering services to SDF.
- d) To identify avenues, products and product mix for investments and to carry out investments on behalf of SDF (based on SDF approvals).
- e) Submission of Investment Strategy.
- f) Analysis of the Investment avenues, and recommendations for investments.
- g) Active portfolio management and investment advisory services.
- h) Assist in meeting regulatory requirements and obtaining exemptions.
- i) Presentation to SDF management.
- j) Any other deliverable as mandated in the scope of work.

- k) A Non-Disclosure Agreement (NDA) to be signed with SDF regarding the confidentiality of all the data pertaining to SDF and SDF related stakeholders.

5. Evaluation Mechanism:

The bidders will be evaluated on two broad parameters (a) Company Profile and their cost of services and (b) Their expertise in offering the **Investment Banking, Portfolio Management and Treasury Management Services**. The evaluation criteria will carry the cumulative score in the ratio of 30:70 respectively covering the sub parameters as defined in the TOR.

TERMS OF REFERENCE FOR PROJECT EVALUATION FIRM FOR THE SAARC DEVELOPMENT FUND (SDF) FUNDED PROJECTS

1. BACKGROUND

SAARC Development Fund was established by the heads of the eight SAARC Member States in April 2010 with the aim to:

- a) Promote the welfare of the people of SAARC region,
- b) Improve their quality of life, and
- c) Accelerate economic growth, social progress and poverty alleviation in the region.

The Fund serves as the umbrella financial institution for SAARC projects and programs which are in fulfillment of the objectives of the SAARC Charter. It is aimed to contribute to regional cooperation and integration through project funding and collaboration

2. OBJECTIVE OF THE EVALUATION

- 2.1 The objective of the evaluation of the Project is to assess the impact of the project on the lives of targeted areas in terms of social and economic development in respective member states; and
- 2.2 The objective is to ensure the proper utilization of SDF Funds on the project activities as defined in the Sanction Letter/ Term Sheet, Project Finance Agreement (PFA), log frame, and approved budget shared with the grant recipients/ beneficiaries/borrowers.

3. PURPOSE OF THE EVALUATION

- 3.1 The evaluation is forward looking and will capture effectively lessons learnt and provide information on the nature, extent and where possible, the potential impact and sustainability of the project. The evaluation will assess the project design, scope, implementation status and the capacity to achieve the project objectives. It will collate and analyze lessons learnt, challenges faced and best practices obtained during implementation.
- 3.2 The emphasis on learning lessons speaks to the issue of understanding what has and what has not worked as a guide for future planning. It will assess the performance of the project against planned results. The results of the evaluation will draw lessons that will inform the key stakeholders of this evaluation.

4. SCOPE OF THE EVALUATION

- 4.1 End of year project evaluation will assess the effectiveness of the implementation strategy and the results. This will include the implementation modalities, SDF and Respective Member State roles and responsibilities, coordination, partnership arrangements, institutional strengthening, beneficiary participation, replication and sustainability of the project. The evaluation will include review of the project design and assumptions made at the beginning of the project development process. Project management including the implementation strategies; project

activities; it will assess the extent to which the project results have been achieved, partnerships established, capacities built, and cross cutting issues have been addressed.

4.2 In conducting the evaluation, special attention should be paid to the following:

- (a) All SDF funds have been used in accordance with the conditions of the Project/Loan agreement;
- (b) Comprehensive assessment of the adequacy and effectiveness of the overall internal control and monitoring system;
- (c) Assess the cost-efficiency of project interventions;
- (d) Conduct social audit and assess the progress made towards achievement of the specific objectives of the project, its outcome and impact;
- (e) The evaluator should ascertain changes being brought in the lives of communities as a result of the project in terms of social and economic development;
- (f) Assess relevance and effectiveness of the project's strategy and approaches for the achievement of the project objectives;
- (g) Assess performance of the project in terms of effectiveness, efficiency, and timeliness of producing the expected outputs;
- (h) Assess the quality and timeliness of inputs, the reporting and monitoring system and extent to which these have been effective;
- (i) Identify the intended and unintended outcomes, best practices, as well as challenges arising from project execution; and completion of various milestones;
- (j) Assess relevance of the project's management arrangements; identify advantages, bottlenecks and lessons learned with regard to the management arrangements;
- (k) The evaluation will come up with conclusions and recommendations for future course of action by the lenders including SDF.

5. METHODOLOGY FOR EVALUATION:

5.1 Project evaluation will be carried out in accordance with the **United Nations Evaluation Group (UNEG)** Evaluation Norms and Standards of Evaluation and Ethical Standards as well as OECD/DAC evaluation principles and guidelines and in full compliance with the DAC Evaluation Quality Standards (206). This is a summative evaluation involving qualitative and quantitative methods to evaluate the support and to make recommendations.

6. DATA COLLECTION

6.1 Project Evaluation will be carried out through a wide participation of all relevant stakeholders. Data collected should be disaggregated (by sex, age and location), where possible.

6.2 In order to avoid duplication evaluator can use existing sources/information if required. Data will also be collected from stakeholders' key informants through interviews, discussions, consultative processes, and observations in field missions.

7 EVALUATION REPORT

7.1 The report should:

- Contain an executive summary (mandatory)
- Be analytical in nature (both quantitative and qualitative)
- Be structured around issues and related findings/lessons learnt
- Include conclusions
- Include recommendations

8. MANAGEMENT LETTER

8.1 In addition to the evaluation report, the evaluators will prepare a “management letter” in which they will:

- (a) Identify specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement;
- (b) Report on the degree of compliance with each of the financial covenants on the Loan/Grant/Project Finance agreement and give comments, if any, on internal and external matters affecting such compliance;
- (c) Report on the implementation status of recommendations pertaining to previous period evaluation reports;
- (d) Communicate matters that have come to their attention during the evaluation which might have a significant impact on the implementation and sustainability of the project;
- (e) Identify the intended and unintended outcomes, best practices, lessons learned as well as challenges arising from project execution; and
- (f) Bring to the recipient/borrower’s attention any other matters that the auditors/evaluators consider pertinent.

8.2 Ideally, the management letter will include reactions/comments from PIAs on the weaknesses noted by the auditors/evaluators.

9 TIMING AND DURATION / GENERAL INFORMATION

9.1 The evaluation report, the management letter including the PIA’s responses should be received by the SDF within **one (1) month** after the end of the fiscal year under review.

9.2 The evaluators should be given access to all legal documents, correspondence and any other information associated with the project and deemed necessary by them. Confirmation of amounts disbursed and outstanding at the SDF should also be obtained. The project task manager/program officer at the SDF can assist in obtaining these confirmations.

9.3 It is recommended that the evaluators become familiar with the following documents that may have been prepared by the SDF:

- (a) Volume I: Legal Documents
 - SDF Charter
 - SDF Bye-Laws
 - Headquarters’ Agreement
- (b) Volume II:
 - Individual Project Development Format
 - Quarterly Progress Reporting Format
 - Project Performance Reporting
 - Procurement Guidelines for the Projects
 - Disbursement Procedures
 - Project Financing Agreement
- (c) Volume III: Service Manual
- (d) Financial & Administration Provisions

- (e) Service Rule of the SDF
- (f) Financial Regulations of the SDF
- (g) Efficiency and Disciplinary Rules of SDF
- (h) Rules of Procedure of the SDF Board
- (i) General Conditions Applicable to Loan, Guarantee and Grant Agreements;
- (j) Loan/Grant/Project Finance Agreement
- (k) Project proposal
- (l) Project Appraisal Report
- (m) Annual Report/Quarterly Progress Report/ Project Performance Report
- (n) Detailed Implementation Plans
- (o) Budget plan/Cash flows
- (p) Result based M&E Report
- (q) Field Visit Report
- (r) Guidelines for Financial Management and Financial Analysis of projects
- (s) Disbursement guidelines;
- (t) Procurement rules and procedures for works, goods and services
- (u) Aide Memoires and official communications with the SDF

10. FIRM/EVALUATORS EXPERIENCE AND QUALIFICATIONS

10.1 The Evaluation firm should be registered and have a license from a national or regional professional Body (if required in Member States). The firm should have relevant experience in evaluating of development projects, especially donor-funded operations.

The Evaluator must have the following expertise and qualifications:

- At least a master's degree in Public Policy, International Development, Development Economics/Planning, Economic, Public Administration, and Management and in any other related university degree.
- Extensive expertise, knowledge, and experience in the field of evaluation of development projects/programmes
- At least 15 years of experience in working with international organizations and donors;
- Experience of projects/programme formulation, monitoring and evaluation;
- Fluency in English; and
- Excellent written and verbal communication skills in English.

11. DELIVERABLES

- a) Inception report with detailed evaluation plan
- b) First draft report
- c) Final evaluation report
- d) Management Letter
- e) Submission of hard and electronic/soft copies of materials, data collected / analyzed and other evaluation documents.
- f) A summary PowerPoint presentation of highlighting main findings and recommendations.
- g) A Non-Disclosure Agreement (NDA) to be signed with SDF regarding the confidentiality of all the data pertaining to SDF and SDF related stakeholders.

12. SUBMISSION OF PROPOSAL

Interested Evaluation Firms are expected to submit a detailed expression of interest (**technical and financial proposal**) with the following components;

- Their understanding of the TOR
- Brief description of why the Evaluation Firm considers itself as the most suitable for the assignment, and a methodology, if applicable, on how firm will approach and complete the assignment
- Proposed methodology and work schedule
- Proposed Budget (Financial Proposal that indicates the all-inclusive fixed total contract price, supported by a breakdown of costs.)
- A profile of the firm including full name(s), physical addresses, telephone numbers, email address, website address (if any)
- Copy of CVs who will undertake the evaluation
- Validity of the quotation

13. EVALUATION CRITERIA

Submissions will be evaluated in consideration of the Evaluation Criteria as stated below:

The offer will be evaluated on two broad parameters **(a)** Company Profile and their cost of services and **(b)** Their expertise in offering the technical knowledge on evaluation of projects. The evaluation criteria will carry the cumulative score in the ratio of **30:70** (combined scoring method) respectively covering the sub parameters as defined in the TOR. Financial proposal will be evaluated on 30% whereas the technical one will be evaluated on 70%.

Below is the breakdown of technical proposal on 100% which will be brought to 70%:

Criteria	Weight	Max. Point
<u>Technical</u>		
At least master's degree in Public policy, International Development, Development Economics/Planning, Economic, Public Administration, and Management and in any other related university degree.	10%	10
Extensive expertise, knowledge, and experience	20 %	20
Overall Methodology	40%	40
Experience of project/ programme formulation, monitoring and evaluation;	20%	20
At least 15 years of experience in working with international organizations and donors;	5%	5
Fluency in English and a working knowledge of one of the other language	5%	5
TOTAL	100%	100

The Evaluation firm may be selected as per SDF's procurement guidelines from the Member State where the evaluation is being carried out.