

Terms of Reference (TORs)

Consultancy Services

**FIRM FOR STUDY & ASSESSMENT ON SUCCESSFUL ROLL OUT OF (IFMIS) SAP
IN LOCAL COUNCILS OF KARACHI**

under

Competitive and Livable City of Karachi (CLICK) Project

Background

1. **Pakistan**, the sixth most populous country in the world is at a crossroads in development. The economy accelerated with Gross Domestic Product (GDP) growth of 5.8 percent in FY18 and slowed down to 3.5 percent in FY19 as fiscal and external imbalances persisted. Poverty declined from 64.3 percent in 2001 to 24.3 percent in 2015, however, inequality persists. The country ranks low on the 2018 Human Capital Index, at 134 out of 157 countries.
2. **Karachi** with an estimated population of 16 million is Pakistan's largest city, economic and financial hub, and main sea port. It contributes 15 percent of the national GDP and the largest share of national tax revenues, industrial employment, manufacturing, and high-end services. The city dominates the economic landscape of Sindh, with nearly all of the province's industrial and service economy and the majority of its labor force. It continues to be the engine of economic growth for the country, given its size, location, industrial and human capital. In recent decades, however, the city's livability and competitiveness have declined. It now ranks 137 out of 140 cities globally for livability. In recent decades access to basic infrastructure and services has declined. Nearly half its residents live in informal settlements ("Katchi Abadis"). Only half of the city's water demands are met; public transport has deteriorated; and pollution is severe. Nonetheless, a substantial reduction in violent crime has been achieved through concerted government efforts. The Karachi City Diagnostic and Transformation Strategy identifies infrastructure gaps of over \$9 billion in public infrastructure. Institutional strengthening and investments aiming to enhance livability, competitiveness, and sustainability have emerged as priorities for Karachi.
3. **CLICK Project**: To address some of the substantial challenges faced by Karachi, the Government of Sindh (GoS) through its Local Government Department (LGD) is implementing the CLICK project with the World Bank's support since July 2019. The project is scheduled to close in June 2024. Its Project Development Objective (PDO) is to improve urban management, service delivery, and improve the business environment in Karachi. This project will address the above constraints by selectively tackling critical bottlenecks in an incremental and systematic way through selected interventions. Activities under the project will help put the city on a long-term path toward achieving adequate service provision and a competitive business environment. In this context of incremental improvements, the project includes the following four components;
 - (I) Performance-based Grants and Capacity Building of Local Councils;
 - (II) Modernizing Urban Property Tax Administration and System;
 - (III) Improvement of City Competitiveness and Business Environment, and
 - (IV) Technical Assistance for Solid Waste Management.

Under Component I, performance-based grants will be provided to Local Councils (LC) for improved public services delivery and quality municipal services to finance their capacity strengthening and capital infrastructure sub-projects. LC will develop sub-projects/schemes to improve basic public infrastructure in their respective constituencies.

Consultancy Services Objectives: Under Component 1, Performance based grants a performance measure “Preparation of budget as per Chart of Account has been linked with the Local councils for eligibility of investment/Capital infrastructure grants, for which a team of experts has been engaged by PIU CLICK for effectively roll out of SAP in local councils of Karachi, and as to date Karachi Metropolitan cooperation (KMC) payroll is currently running on SAP system whereas other remaining councils payroll is under process of integrating the data in SAP.

Once the SAP system is in place with the councils an assessment study is a pre-requisite to assess the existing capacities of the council in terms of IT infrastructure and staffing along with identifying the current processes.

The assessment study shall cover the following for the local councils.

- Complete Hierarchy with seniority level (Who reports to whom)
- Who is Authorized for expenditure approvals?
- Who is Responsible for revenue collection?
- How the development work/schemes are being managed
- Internal Stakeholders:
 - 1) Human Resource Department
 - How salary and pension payroll are processed
 - Entire processes and procedures related to employees (Entry, leaves, allowances, benefits, transfers, exit, retirement, post-retirement)
 - 2) Finance Department
 - Sources and methods of collecting revenues
 - Accounting treatment for recording revenues
 - Accounting treatment for booking expenditure
 - Necessary approvals and SOPs for expenditure booking
 - 3) Administration Department
 - All tasks which come under the administrative department
 - Necessary paperwork for all those tasks
- External Stakeholders
 - Banks (SOPs for revenue deposits and withdrawals, account reconciliations, check signing authority)
 - Management and Maintenance of Parks, Hospitals, etc.
- IT Infrastructure:
 - Assessment of existing Hardware and software in order to identify the need for required hardware and software for an automated system.
- Capacity Building:
 - Measure the current capacity of employees and plan training and capacity-building activities accordingly.
- Document the business process of all the entities in the local government which may include;
 - Mapping the business process of administrative/management setup of the local councils including their procedures and documents used.

- Document the procedure used for the procurement process which may include;
 - Planning and Budgeting, Procurement method to be used (e.g., competitive bidding, request for proposals or direct contracting), Tendering Process, Bid Evaluation and Selection, Contract Award and Execution e.t.c
 - Mapping the expenditure-incurring process of local government entities by documenting the steps involved in initiating, approving, and executing expenditures.
 - Identify the revenue-generating points/activities of the local government and map the process of documenting/recording revenue collection, accounting and depositing the revenue in the government accounts.
 - Review the current HR policies and practices of the local government and review any available documentation related to human resources, such as organizational charts, job descriptions, policies and procedures, performance evaluation forms, and training records.
 - Conduct interviews and engage with employees at various levels within the local government entity to gather their perspectives on HR practices and assess their competency so gaps can be identified.
 - Mapping the IT resources of local government entities and identifying areas for improvement involves assessing the existing IT infrastructure, systems, and processes which may include;
 - Review any available IT documentation, including network diagrams, hardware and software inventory, IT policies and procedures, service level agreements, and IT strategic plans.
- After mapping the current business process, analyze the data and identify bottlenecks, suggest processes to improve efficiency, ensure compliance with regulations, hiring of competent resources to fill the human resource gap and procure necessary IT hardware.

Deliverables:

<u>Description</u>	<u>Timeline</u>	<u>Indicative Payment</u>
Submission Draft Report and Acceptance	Within 2 months of the Contract	40%
Submission of Final Report And Acceptance	Within 3 months of the Contract	60%

Qualification of Firm:

- Have at least 10-year experience of in providing comprehensive assessment studies and evaluation services in terms of IT infrastructure to at least three (3) organizations.
- Have a documented track record of completing at least 3 similar assignments with comparable coverage as is required under this assignment. The agency is expected

to provide documentary evidence of a) technical and best practice experience in business process re-engineering and Assessment studies.

Selection Method:

- Firm shall be selected in accordance with the selection Based on Consultant's Qualification (CQS) method.