# Terms of Reference

**PROVIDING CONSULTANCY SERVICES FOR FINANCIAL MANAGEMENT SUPPORT CONSULTANT**

**Bihar Kosi Basin Development Project (BKBDP)**

1. **PROJECT OVERVIEW**

* 1. **Project Background**

A breach in Kosi embankment in August 2008 led to inundation of a large area by flood waters. This brought a lot of hardship to the people residing in the region as they lost their place of residence & source of livelihood both.

As a reconstruction effort to the devastating flood the GoB has evolved the Kosi Flood Rehabilitation and Reconstruction program to be implemented in phased manner.

The first phase of the project, namely “Bihar Kosi Flood Recovery Project” (BKFRP) has been processed as an emergency operation to provide focused support to Bihar’s re-construction efforts, as a short term measure, for which a credit of US $ 170 Million has been received from the World Bank (IDA). Though considerable progress has been achieved in reconstruction activities in the fields of bridges, roads, embankment, & houses under BKFRP, the reconstruction and recovery needs are still enormous.

The second phase of the project, namely “Bihar Kosi Basin Development Project (BKBDP)” is being processed under a multi-sectoral framework, with investments aimed at reducing the volatility of agricultural outputs and increasing overall economic productivity in the Kosi River Basin. To achieve the State’s overall development objectives, the project will enhance the benefits gained from reduced flood risk by financing a series of complementary investments to unlock the agricultural potential of the area. Investments in installation of shallow tube wells under the component “Enhancing Agricultural Productivity and Competitiveness” will improve farmer’s access to water and water efficiency. When coupled with agricultural extension services, training programs and demonstration plots, the provision of high-quality inputs, and the diversification of income sources, these investments will enhance agricultural productivity. Such investments will be inclusionary in design and attempt to reach women farmers, marginalized farmers and farmers with severely affected land quality. Furthermore, an improved road network will provide farmers greater access to market opportunities. For implementation of BKBDP a credit of US $ 250 Million has been received from the World Bank (IDA).

The GoB has implemented BKFRP and is implementing BKBDP through its society namely “Bihar Aapda Punarwas Evam Punarnirman Society” (BAPEPS). The BKFRP has been closed w.e.f. 30.06.2018.

**1.2** **Project Objectives**

The objective of the project is convening mechanism between the respective line departments to ensure that synergies among these investments are maximized. By integrating activities from several departments, the project seeks to take advantage of complementary actions. Flood risk management, improved access to water, improved connectivity to markets, and increased agricultural productivity will build on each other to help increase output in the targeted area. In addition, several activities will leverage each other. For example, rural roads will be used for evacuation in case of floods and off-grid diesel motors can provide electricity for other activities.

**1.3** **Project components**

The Bihar Kosi Basin Development Project has the following five components. A short description of objectives and activities envisaged under each of the component is given below:

***Component 1 – Improving Flood Risk Management, US$100 million (with US$ 66.67 million Bank Financing)***

The objective of the component is to increase the capacity of the Water Resources Department (WRD) to manage flood risk and to decrease vulnerability to floods in the Kosi River Basin. This objective will be achieved by investing in flood protection infrastructure to reduce vulnerability and by strengthening institutional capacity to better manage the flood protection infrastructure, and understand how the Kosi River system would behave. Activities will build on technical studies, flood forecast modeling, and pilot embankment strengthening activities already underway in BKFRP and FMISC II.

***Component 2 - Enhancing Agricultural Productivity and Competitiveness, US$76.5 million (with US$ 50 million Bank Finance)***

This component would work with organized farmers to increase agricultural production (which includes crops, horticulture, livestock and fisheries) and productivity by expanding their access to and adoption of innovative and climate -resilient farm technologies and practices (including irrigation) and extending their linkages to market infrastructure. Active farmer participation, including that of women farmers, landless and farmers from socially excluded backgrounds, in planning, implementing, and evaluating project interventions will enhance the relevance of crops/varieties selected for cultivation and marketing, increase technology adoption, and contribute to the sustainability of both technical interventions and the local institutions supporting farmers.

***Component 3 – Augmenting connectivity, US$ 173 million (with US$ 115.33 million Bank Financing)***

The objective of this component is to improve farmers’ access to markets through the expansion of the local road network that connects rural roads to the main road network that improves connectivity of habitations to the market centers. To achieve this objective, the component will be structured in two subcomponents. These activities will be a continuation of the initiatives started under BKFRP, and will include the same specifications, implementation arrangements, and bidding plans already in place.

***Subcomponent 3.1*** *– Construction of roads (US$80 million with US$53.33 million Bank Financing)*.

This subcomponent will finance the construction of linking roads to major roads and the upgrading of rural roads to provide small villages (population less than 500) greater access to local markets. The sub-component will be implemented in the targeted districts. An estimated 400 km of rural roads will be constructed as black top roads and will be built to the latest rural road standards followed under the GoI and Bank financed PMGSY Rural Roads Program.

***Subcomponent 3.2*** *– Institutional strengthening activities at Rural Works Department will amount to US$ 3.0 million (with US$ 2.0 million Bank Financing)*.

That will focus on the development of asset management and maintenance system, as well as a road maintenance strategy. Activities will also be financed to support training in technical skills and management information systems for the staff of the Rural Works Department.

***Subcomponent 3.3*** *– Construction of bridges (US$90.0 million with US$60.0 million Bank Financing)*.

This subcomponent will finance the construction of small and medium bridges to provide greater access to local markets. About 57 bridges will be constructed in the targeted districts. Bridges and culverts will be designed to withstand earthquake forces (per the guidelines of the Bureau of Indian Standards) and with regard to topography and hydrology (per the guidelines of the Indian Roads Congress, the Ministry of Road Transport and Highways, and projected demographic changes).

***Component 4 – Contingent Emergency Response, US$0 million***

Following an adverse natural event that causes a major natural disaster, the GoB may request the Bank to re-allocate project funds to support response and reconstruction. This component would draw resources from the unallocated expenditure category and/or allow the GoB to request the Bank to re-categorize and reallocate financing from other project components to partially cover emergency response and recovery costs. This component could also be used to channel additional funds should they become available as a result of the emergency.

***Component 5 – Implementation Support, US$27.0 million (with US$ 18.0 million Bank Financing)***

This component would finance activities required for project implementation that would include incremental operating costs of BAPEPS and the IAs. These funds are available to BAPEPS and Project Implementations Units of the IAs to employ subject matter experts, consultants, safeguard and gender experts, financial management consultants/firms agents, and support staff to be housed within each IA and assist with the preparation, implementation, and supervision of project activities. In addition, training, exposure visits, documentation, and monitoring and evaluation, equipment like computer, furniture etc. and project offices, Project Management Consultants, MIS and Third Party Quality Audit (TPQA), internal & external audits, etc. will be financed out of this component. BAPEPS, in coordination with the IAs, will derive a detailed plan for each IA and help strengthening the PIUs for project implementation.

**1.4** **Project Implementation Arrangements**

1.4.1 Under BKFRP, the Government constituted the Bihar Aapda Punarwas Evam Punarnirman Society (BAPEPS) to coordinate project implementation. The BKBDP operation will benefit from this existing arrangement, along with the capacity building activities, the Bank is continuing its support to ensure that BAPEPS successfully implements both projects. This society will act as the SPMU for all components and will be primarily responsible for the implementation of BKBDP. To efficiently implement both the Projects, BAPEPS will rely on a State level office as well as DPIUs of concerned IAs. Project Director, BAPEPS heads the SPMU. The ex-Officio Chairperson of the Society’s Executive Committee is the Development Commissioner, GoB.

The SPMU is responsible for coordinating and monitoring the implementation of the Bihar Kosi Basin Development Project (BKBDP), being executed by the respective Implementing Agencies (IAs). The five Line Departments namely Bihar Rajya Pul Nirman Nigam Limited (BRPNNL), Rural Works Department (RWD), Water Resources Department (WRD), Department of Agriculture (DoAg) and Animal and Fisheries Resource Department (AFRD) are the Implementing Agencies and are responsible for ensuring timely completion of the works maintaining specific quality standards as spelt out in respective agreements made with the contractors.

1.4.2 The Financial Management Support Consultant (FMSC) will be appointed by the BAPEPS. The FMSC shall report to BAPEPS and submit its findings.

# 2. OBJECTIVE OF SERVICES TO BE PROVIDED BY FINANCIAL MANAGEMENT SUPPORT CONSULTANT

The overall objectives of the proposed services are:

1. Financial management aspects of Bihar Kosi Basin Development Project (BKBDP): To ensure that all financial management aspects (including accounting) of the project at BAPEPS are being handled in satisfactorily manner. The consultants would provide the required support to project financial staff, including hands-on operational support, and be responsible to ensure that the service standards for financial management activities indicated in the Project Financial Management Manual are met.
2. Training: To provide training to Implementing Agency’s financial and procurement staff.

# SCOPE OF SERVICES

**ACCOUNTING ASPECT**

The main focus of the services would be to provide the necessary operational and technical support to the project financial staff to ensure that the above objectives are achieved. The scope of services to achieve these objectives and the required outputs are given below. The scope outlined below are indicative and not exhaustive, for the project i.e. BKBDP:

1. The Financial Management Support Consultant shall maintain or cause to be maintained a financial management system and prepare financial statements (“Financial Statements”) in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the project.
2. The Financial Management Support Consultant shall:

* have the Financial Statements periodically audited in accordance with the Legal Agreements by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank.
* not later than the date specified in the Legal Agreements, furnish or cause to be furnished to the Bank the Financial Statements as so audited, and such other information concerning the audited Financial Statements and such auditors. As the Bank may from time to time reasonable request; and
* make the audited Financial Statements, or cause the audited Financial Statements to be made, publicly available in a timely fashion and in a manner acceptable to the Bank.

1. satisfactory financial and accounting system in TALLY is installed and maintained throughout the contract period; and ensure that all accounting and financial reports are generated based on Tally outputs for components under BKBDP.
2. ensure that accounting is carried out as per the agreed financial management system are adhered to;
3. the service standards for financial management aspects indicated in the Project Financial Management Manual are met. Accounting books and records are up-to-date and satisfactorily maintained;
4. reports are submitted to the World Bank on timely manner
5. ensure submission of IUFR to bank on timely basis.
6. internal control system, including aspects such as internal checks, reconciliations, verification of assets, etc. is satisfactory and commensurate with the size and scope of the project;
7. the budgeting system and forecasting system, is satisfactory.
8. Analysis and summaries of the various reports to facilitate decision making by project management would be prepared as appropriate.
9. Providing proper & adequate advice with regard to procurement of goods, works, consultancy services etc by BAPEPS and by IA’s, specifically on the post review procurement activities.
10. Ensure that Annual Project Financial Statements (consolidated for the whole project) are satisfactory and prepared in a timely manner. It is expected that the project financial statements are prepared within timeline and presented to the project auditors for audit.
11. To liaise with and provide necessary information to the auditors (both Internal and Statutory) to ensure that the annual audit and the concurrent financial review are satisfactory and timely. The consultant would follow-up and take necessary action based on the audit reports, review reports and management letters.

# PERIOD OF ASSIGNMENT

The assignment would be for Financial Year 2019-20 & 2020-21. This period could subsequently be extended for a further period of 1(one) year based on mutual agreement between the BAPEPS and the consultant.

# 5. TEAM COMPOSITION AND ESTIMATED MAN MONTH INPUTS

The list of key personnel and support Staff along with their required man days required for the assignment is as under:

| **S.**  **No.** | **Key Professionals** | **Description of Services to be provided** | **Experience** | **No. of**  **persons** | **Total Man months for 2 years** |
| --- | --- | --- | --- | --- | --- |
| **Key personnel** | |  |  |  |  |
| 1 | Team leader | Support the CFO/Deputy Director (Finance) so that Financial management aspects in the project are satisfactorily met. | Chartered Accountant with at least 08 years post-qualification experience; should have good working knowledge of installation of TALLY Accounting system; be proficient in usage of electronic spreadsheets, word processors; good knowledge of statutory and tax issues, internal control issues and banking arrangements. Experience of financial management aspects in World Bank aided project is desirable. | 1 | 4 |
| 2 | Financial Management Specialist | Support the Team Leader | Chartered Accountant with at least 3 years post-qualification experience; should have good working knowledge of installation of TALLY Accounting system; be proficient in usage of electronic spreadsheets, word processors; good knowledge of statutory and tax issues, internal control issues and banking arrangements. Experience of financial management aspects in World Bank aided project is desirable. | 1 | 16 |
| 3 | Team Member at state office | Support the Financial Management Specialist | CA (Inter)/CWA (Inter) with 2 years of experience; should have good working knowledge of TALLY Accounting system. | 1 | 17 |
| **Support Staff** | |  |  |  |  |
| 4 | Team Member/ Accountant at SPMU | To ensure that the TALLY accounting system is satisfactorily operated and generate periodic financial reports | B.com /M.com with 2 year experience in accounting and banking arrangements. Should have good working knowledge of the operation of TALLY Accounting systems; and be proficient in usage of electronic spreadsheets, word processors. | 2 | 48 |

**6.0** **SERVICES TO BE PROVIDED BY THE CLIENT**

The Consultant will be provided access to all such information as is necessary to execute the assignment. The consultant’s personnel would be based/ located in the BAPEPS office at Patna, and would make field visits to all the project offices and IAs as needed. The client would provide the necessary office space to the consultants.

**7.0 SCHEDULE OF PAYMENTS**

The schedule of payments will be deliverable based, as specified below :-

|  |  |  |
| --- | --- | --- |
| **Sl. No.** | **Output** | **Payment% of contract value** |
| 1 | Quarterly deliverables     - points 1,2,3,4,6,10 &11  as per Para 9.0 (given below) | 7.5% **X** 8 = 60%  (8 installment) |
| 2 | Annual deliverables - points 5,7,8 and 13 (accounts related) of Para 9.0 (given below) | 7.5% X 2 = 15%  (2 installment) |
| 3 | Annual deliverables - point 12 (audit completion ) of Para 9.0 ( given below) | 12.5 X 2 = 25%  (2 installment) |

# 8.0 REVIEW AND MONITORING OF CONSULTANT’S WORK

(i) Consultant’s performance and quality of work will be continuously reviewed by the BAPEPS.

(ii) There would be formal review, annually by a committee set up at BAPEPS and at the inception stage as well. Unsatisfactory performance will invite action including pre closure of contract in accordance with the contract provisions.

**9.0 REPORTING OBLIGATIONS OF THE WORK DONE AS PER SCOPE OF WORK &**

**DELIVERABLES**

|  |  |  |
| --- | --- | --- |
| **Sl. No.** | **Reporting obligations** | **Reporting Period** |
| 1 | Timely Maintenance of separate books of accounts of expenditure for SPMU and works related to IAs & submission of monthly expenditure/ financial progress reports in the prescribed formats. | Quarterly |
| 2 | Quarterly receipts and payments of account and utilization of project funds of SPMU & IAs. | Quarterly |
| 3 | Quarterly Bank Reconciliation Statements (duly signed by the Consultant) for all bank accounts operated and maintained under the BKBDP. | Quarterly |
| 4 | Quarterly, Annual and cumulative Beneficiary wise list of tranches released with respect to Agriculture and Animal & Fisheries beneficiaries. Annual Statements should be validated/certified by the Consultant and concerned officials. | Quarterly |
| 5 | List of assets procured from the BKBDP project funds at SPMU and IAs at each levels giving details of the cost, date of purchase, details of suppliers, identification and location of each asset including physical verification of such assets. These lists are to be signed by the Consultant and concerned officials. | Annually |
| 6 | Quarterly IUFR based on the books of account and beneficiary tranche payment list in the prescribed formats. | Quarterly |
| 7 | Statement of rectification entries passed to ensure compliance with the audit observations highlighted during statutory audits for the previous years. | Annually |
| 8 | Annual BKBDP Project Financial Statements along with the accounting policies, schedules and notes to accounts; All such statements of each of the PIUs are to be signed by the Consultant and concerned officials. | Annually |
| 9 | Monitor the functioning of the parent child account banking arrangements and its extension to the departments which are to be engaged/involved in execution of BKBDP. | Monthly |
| 10 | Provide advisory support to the state office in matters relating to statutory compliance (Tax and regulatory filing) and procurement at the state office. | Quarterly |
| 11 | Train and handhold project accounts personnel equipping them in accounting matters so that they become capable of handling these matters on their own. | Quarterly |
| 12 | Assisting Completion of statutory audit of the BKBDP project financial statements | Annually |
| 13 | Follow up and provide necessary support on resolution of outstanding audit findings from earlier years and ensure appropriate adjustment /prior period entries in the financial statements. | Annually |