

REQUEST FOR EXPRESSIONS OF INTEREST (CONSULTING SERVICES – FIRMS SELECTION)

[PAKISTAN]

[PAKISTAN RAISES REVENUE PROJECT]

Credit No.: 6435-PK

Assignment Title: Independent Verification Agent (IVA)

Reference No. (as per Procurement Plan): PK-FBR-172355-CS-CQS

The Federal Board of Revenue (“FBR”) has *received* financing from the World Bank toward the cost of the Pakistan Raises Revenue project, and intends to apply part of the proceeds for the following consulting services.

The consulting services (“the Services”) include Reporting the progress and verification of achievement of Results of Disbursement Linked Indicators (DLIs) of the Pakistan Raises Revenue Project (PRRP) by the Federal Board of Revenue, according to the defined Project Development Objectives, to the World Bank, in the manner as prescribed in the Project Documents. Before their submission to the World Bank, these results will have to be verified by a firm competitively recruited by the Federal Board of Revenue, Government of Pakistan as IVA for the period up to 30 June 2022. The IVA activity aims to verify the accuracy of DLIs data reported by the FBR by conducting independent reviews/audits of the DLI data. The DLIs have annual results which are to be verified once they are achieved and reported to the World Bank, however, interim reports on the progress of DLIs may be required by FBR.

The detailed Terms of Reference (TOR) for the assignment *are attached to this request for expressions of interest and the can be found at the following website: www.fbr.gov.pk.*

The Federal Board of Revenue now invites eligible consulting firms (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services as follows:

- i. Should have 10 years overall experience with at least five years in monitoring, assessing, validation/verification of indicators and evaluating public and/or private sector of comparable scale and complexity at national/international level. Should have successfully completed at least three similar assignments in past three (3) years
- ii. Verifiable statistical and research, monitoring and evaluation expertise, as relevant to the TORs.
- iii. Should be in the State Bank of Pakistan’s approved panel of auditors with satisfactory Quality Control Review (QCR) rating from ICAP.
- iv. The key staff team members should possess relevant expertise and skills to carry out validation, recommended to be inclusive of resources that will combine skills of project management, data collection, data entry, data verification, data analysis, and reporting).

- v. Documented experience of preparing quality reports which are concise and succinct to allow policy and technical decisions.

The shortlisting criteria are:

General Experience	10 marks
Qualification & Accreditation of the Firm	15 Marks
Specific Experience of the Firm	40 Marks
Verifiable statistical and research, monitoring and evaluation expertise	15 marks
Over all managerial capacity of the firm	20 Marks
<u>Total Weightage for Evaluation Criteria</u>	<u>100 Marks.</u>

The attention of interested consulting firms is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank's "Procurement Regulations for IPF Borrowers" July 2016 ("Procurement Regulations"), setting forth the World Bank's policy on conflict of interest.

A Consulting firms will be selected in accordance with the Consultant's Qualification-based Selection (CQS) method set out in the Procurement Regulations of the World Bank for IPF Borrower July 2016 Revised November 2017 and August 2018.

Further information can be obtained at the address below during office hours *i.e. 1000 to 1600 hours*.

Expressions of interest must be delivered in a written form to the address below (in person, or by mail, or by fax, or by e-mail) by May 29th, 2020, on or before 1230 hours.

Attn: Muhammad Khalid Jamil
Director (Program Office)
Pakistan Raises Revenue Project
Room No. 574, 5th Floor,
FBR House, Constitution Avenue,
Islamabad.
Tel: 051-9219649
E-mail: director.prr@fbr.gov.pk

**Terms of Reference (ToRs) For
Hiring of Independent Verification Agent (IVA) For DLIs Verification
Under
Pakistan Raises Revenue Project (P165982), FBR**

1. Background

The Government of Pakistan has received a loan from World Bank/IDA for the project named “Pakistan Raises Revenue”. The objective of the Project is to contribute to a sustainable increase in domestic revenue by broadening the tax base and facilitating compliance. The Project requires the recipient to undertake a verification of DLIs in the manner as specified in Program Appraisal Document. The project has two components:

1.1 Component 1: Results-based component.

Component one will disburse against documented execution of eligible expenditures under the Eligible Expenditure Programs (EEPs) and the achievement and verification of the DLI targets. This US dollar 320 million component comprises four objectives areas with 10 DLIs. The DLIs have been selected to capture the key interventions and intermediate results that directly contribute to the PDO (Project Development Objective) and PDO indicators. Project Appraisal Document (PAD) can be downloaded from the following link for detailed information:
<http://documents.worldbank.org/curated/en/458051560736948947/Pakistan-Raises-Revenue-Project>

1.2 Component 2: Traditional IPF component that finances investments in ICT.

The traditional IPF component of PRRP aims to upgrade the FBR’s Information Communication and Technology (ICT) systems, including a high-capacity Data Warehouse to support Big Data analysis and integration of databases along with the replacement of end-of-life equipment of the FBR’s data centers.

2. Objective of the Consultancy

2.1 The progress and success in the achievement of Key Results and DLIs of the Pakistan Raises Revenue Project (PRRP), IDA Credit # 6435-PK according to the defined objectives of the project are to be reported to the World Bank, by the Federal Board of Revenue for each Financial Year. Some of the DLIs will be verified by the World Bank, while for others the results will be verified by a firm competitively recruited by the Federal Board of Revenue, Government of Pakistan as IVA. In some cases, the DLI result for a year may be partially verified by World Bank and partially by IVA.

2.2 The Independent Verification activity aims to verify the accuracy of DLIs data reported by the FBR. To conduct independent reviews/audits of the DLI data, the FBR plans to enter into multi-

year contract agreement with Consultants / Firms for undertaking the envisaged Independent Validation of the defined project objectives and respective results.

4. Scope

4.1 The contract shall cover the Disbursement Linked Indicators (DLIs) listed at **Annex-I**.

4.2 The Specific Scope of Work for the Consulting Firm is as under:

- a) Firm will place dedicated resources for carrying out third party data verification of results reported by the responsible implementing entities for each of the following project indicators: Project Development Objectives (PDOs), Disbursement Linked Indicators (DLIs) and Result Indicators (RIs) as per the project's Results Framework in the Project Appraisal Document (PAD).
- b) Firm will appoint a project manager who will be responsible for coordination of all third party validation activity and serve as the point of contact for Program Office (PRRP).
- c) The firm will verify the accuracy of data provided by the responsible entities on the progress towards the targets of each indicator based on the definitions, metrics, and verification protocols for the DLIs specified in the PAD; specified indicators and results means such DLIs required by the board that are defined in the PAD. An indicative list of such DLI results for the entire duration of the project is at Annex I.
- d) The firm will design and conduct data quality assessments and report on the validity of the results reported by the implementing entities, identifying any deviations from the annual targets specified by the results framework in the PAD.
- e) The firm will submit draft bi-annual and annual reports to the Program Office (PRRP) on actual results of the data verification for each of the indicators. The firm will revise the draft reports to address any Program Office (PRRP) comments, and annual reports will subsequently, be submitted by the Program Office (PRRP) to the World Bank to confirm the achievement of results reported by the responsible entities.
- f) The firm will be hired (contract signed) by May 2020.
- g) Verification of DLIs achieved in FY 2019-20 may be required before June 20, 2020 and the firm shall need to commence the verification process immediately on award of contract and complete the verification process within the timeline.
- h) The contract will cover the progress of the project and DLIs achieved up to June 30, 2022 with exit clauses in case of no performance.

Qualification and Experience of Team (CVs not required at REOI Stage):

1. Sr. M&E Expert/Team Leader

Qualification:

Master's Degree in Economics, Accounting, Engineering, Statistics, Business Administration, Computer Sciences or other relevant field.

Experience:

At least Fifteen years of relevant experience in the field of monitoring and impact evaluation at the national and international level.

Solid understanding of monitoring and 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.

2. Tax Expert:

Qualification:

Master's Degree in Economics, Accounting, Business Administration, Tax Administration or other relevant field.

Experience:

At least Ten years of relevant experience in tax administration, taxation and tax policy at national and international level.

Solid understanding of provincial and federal 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.

3. Database Expert:

Qualification:

Master's Degree in Computer Science/MIS or other relevant field.

Experience:

At least Ten years of relevant experience in Information Technology, data management database administration at national and international level preferably with renowned national and international organizations.

Solid understanding of database management and administration as evidenced in the relevant experience.

Very good understanding of government functioning and protocols as evidenced in the past experience of the consultant.

4. M&E Expert:

Qualification:

Master's Degree in Economics, Accounting, Engineering, Statistics, Business Administration, Computer Sciences or other relevant field.

Experience:

At least Ten years of relevant experience in the field of monitoring and impact evaluation at the national and international level.

Solid understanding of monitoring and 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.

5. ICT Expert:

Qualification:

Master's Degree in Computer Sciences Management Information Technology, ICT or degree in other relevant field. ICT related qualification/certifications will be accorded due weightage

Experience:

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.

5. Coordination Responsibility:

5.1 The consulting firm will report to the Director (Program Office-PRRP), FBR or any other staff designated by the Chairman, FBR.

5.2 The firm will be practical and sensitive to the capacity of implementing entities to report data to Program Office-PRRP as well as to the confidentiality requirements of government departments for sharing data.

5.3 The firm will be expected to guide and assist the implementing entities in preparing their data sharing patterns for the project activities.

6. Timelines & Deliverables

6.1 Federal Board of Revenue requires evidence based verifications of the Disbursement Link Results (**Annex-I**) and the firm shall be available to conduct such verifications as frequently and as and when required. The Annex provides more operational details.

6.2 The firm shall provide bi-annual and annual report on the DLIs achievement and verifications.

6.3 Verification of DLIs achieved in FY 2019-20 may be required before June 20, 2020 and the firm shall need to commence the verification process immediately on award of contract and complete the verification process within the timeline.

7. Timelines

Summarized timeline is as under:

Milestones	Deadline for Final Report
Verification of DLI results achieved in FY 2019-20	20 June, 2020
Verification of DLI results achieved in FY 2020-21	10 June, 2021
Verification of DLI results achieved in FY 2021-22	10 June, 2022

8. Eligibility of the Consulting Firm

- The firm should have 10 years overall experience with at least five years in monitoring, assessing, validation/verification of indicators and evaluating public and/or private sector contracts at National / International levels of comparable scale and complexity
- Should have completed at least three similar activities in past three (3) years
- Verifiable statistical and research, monitoring and evaluation expertise, as relevant to the TORs.
- The firm should be in the State Bank of Pakistan's approved panel of auditors with satisfactory Quality Control Review (QCR) rating from ICAP.
- The key staff team members should possess relevant expertise and skills to carry out validation, recommended to be inclusive of resources that will combine skills of project management, data collection, data entry, data verification, data analysis, and reporting.
- Documented experience of preparing quality reports which are concise and succinct to allow policy and technical decisions.

9. Selection Process

Firm will be selected in accordance with the Consultant's Qualification-based Selection (CQS) method set out in the World Bank's Procurement Regulations for IPF Borrower July 2016 Revised November 2017 and August 2018.

PAKISTAN RAISES REVENUE
 Disbursement Linked Results requiring Independent Verification
DLR Description and verification protocols

DLI/DLR	Due By	Verification Matrices	Field /Desk	Skills Required
DLI 3 – Coordination with provinces	2020-2024	WB review of MoUs with provinces; Testing of automated data sharing in FBR Data Warehouse by the IVA		Tax policy, Inst Dev Data Analysis Inf & Comm Technologies
DLR 3.4 Automated data sharing system with all provinces functional, including automatic algorithm-based cross-checks of taxpayer information Automated data sharing system with all provinces functional, including automatic algorithm-based cross-checks of taxpayer information	June 30, 2023	Onsite review of the FBR Data Warehouse to verify availability of real-time data from provincial tax authorities and functionality of automated cross-checks	Field	
DLI 4 – Track & Trace and electronic monitoring of production in key sectors (# of sectors)	2020-2024	IVA review of electronic production and track & trace data reported to the FBR through site visits to sample of production sites/ sales points for relevant sectors	Desk and field (all DLRs)	IT audit, audit of production and sales
DLR 4.1 Track & Trace/e-monitoring of production in 3 sectors	June 30, 2020			
T&T/ e-monitoring in an additional 2 sectors (total 5 sectors)	June 30, 2021			
DLR 4.3 Additional 2 sectors (total 7)	June 30, 2022			
DLR 4.4 Additional 2 sectors (total 9)	June 30, 2023			
DLR 4.5 One additional sector (total 10)	June 30, 2024			

DLI 5 – Numbers of taxpayers with taxable incomes/ economic activities identified through automated data sharing and ICT-based business intelligence	2020-2024	IVA to confirm the number of new taxpayers who received FBR notices, registered, filed and paid taxes in each fiscal year.	Desk/field (FBR datacenter) -- review of administrative data and process review of BI outputs resulting in the addition of new taxpayers	Auditors with expertise in IT audit.
DLR 5.1 50,000 taxpayers with taxable incomes/ economic activities identified through automated data sharing and ICT-based business intelligence added	June 30, 2020			
DLR 5.2 100,000 taxpayers added (total added: 150,000)	June 30, 2021			
DLR 5.3 300,000 taxpayers added (total added: 450,000)	June 30, 2022			
DLR 5.4 600,000 taxpayers added (total added: 1,050,000)	June 30, 2023			
DLR 5.5 500,000 taxpayers added (total added: 1,550,000)	June 30, 2024			
DLI 6 – Risk based Audit	2020-2024	WB review of FBR regulations IVA review of audits completed based on data from the AMIS	Desk	Tax audit Risk Analysis IT audit
DLR 6.3 FBR has completed at least 15 comprehensive field audits of Large Taxpayers for cases selected by the risk-based selection tool and monitored by the Compliance Unit through AMIS with associated reports submitted to FBR management	June 30, 2022		Desk and field (onsite review of AMIS data)	Auditors with experience of IT audit.
DLR 6.4 FBR has completed at least 25 additional comprehensive field audits of Large Taxpayers for cases selected by the risk-based selection tool and monitored by the Compliance	June 30, 2023		Desk and onsite review of AMIS data	Auditors with experience of IT audit.

Unit through AMIS with associated reports submitted to FBR management				
DLR 6.5 FBR has completed at least 45 additional comprehensive field audits of Large Taxpayers and 15 issue-oriented audits for cases selected by the risk-based selection tool and monitored by the Compliance Unit through AMIS with associated reports submitted to FBR management.	June 30, 2024		and onsite review of AMIS data	Auditors with experience of IT audit.
DLI 7 – GST Filing Simplification	2020-2024	WB review of revised GST forms and regulations; IVA testing of functionalities of GST single portal functionalities	Desk and field: Testing of GST portal functionalities	IT audit
DLR 7.3 Single portal for filing and paying GST and GSTS for FBR and the provinces is functional.	June 30, 2022		Field – testing of GST portal functionality	
DLR 7.4 Single portal automatically calculates input adjustments to tax authorities	June 30, 2023		Onsite review of backend functionality of GST system	
DLR 7.5 Single portal automatically calculates and pays GST refunds to taxpayers	June 30, 2024		Onsite testing of GST portal functionality	
DLI 8 – Goods declarations going through the red and yellow channels at the border (average for imports and exports)	2020-2024	Review of GDs records and inspections reports in WeBOC system	Desk and field – a review of the WeBOC system is required to verify administrative data	IT audit
DLR 8.1 55% of GDs going through red and yellow channels	June 30, 2020			
DLR 8.2 45% of GDs going through red and yellow channels	June 30, 2021			

DLR 8.3 40% of GDs going through red and yellow channels	June 30, 2022			
DLR 8.4 35% of GDs going through red and yellow channels	June 30, 2023			
DLR 8.5 25% of GDs going through red and yellow channels	June 30, 2024			
DLI 9 – FBR core businesses (BPs) simplified and automated	2020-2024	Review of Business Process Improvement reports; testing of FBR ICT systems; review of SOPs and training records	Desk (for business process mapping and redesign) and field (onsite review of functionality of automated business processes -- step 3 in BPI)	IT audit
DLR 9.1 FBR has appointed a Chief Information Officer (CIO) appointed and assigned full-time staff from Inland Revenue and Customs areas to the Business Domain Team; and completed 3 steps in Business Process Improvement (BPI)	June 30, 2020		Desk (unless one of the 3 steps involves full automation of a business process, which needs to be tested)	
DLR 9.2 FBR has completed 14 additional steps under the BPI	June 30, 2021		Desk and onsite review of functionality of automated business processes (step 3 in BPI)	
DLR 9.3 FBR has completed 16 additional steps under the BPI	June 30, 2022		Desk and onsite review of functionality of automated business	

			processes (step 3 in BPI)	
DLR 9.4 FBR has completed 15 additional steps under the BPI	June 30, 2023		Desk and onsite review of functionality of automated business processes (step 3 in BPI)	
DLR 9.5 FBR has eliminated and replaced previously paper-based processes with the newly automated business processes created under the Business Process Improvement.	June 30, 2024		and onsite review of functionality of automated business processes (step 3 in BPI)	

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