

TERMS OF REFERENCE FOR CONSULTANTS

1. Two consulting firms will be engaged using the quality- and cost-based selection method with a standard quality cost ratio of 90:10 for financial institution capacity development (one international consultant and three national consultants) and for credit risk management (two national consultants). An international and national consultant will be recruited for the overall risk management of India Infrastructure Finance Company Limited (IIFCL). All consultants will be recruited in line with ADB's *Procurement Policy* (2017, as amended from time to time).

A. Consulting Firm—Financial Institution Capacity Development (6.2 person-months)

2. The consulting firm will be paid on a lump-sum contract basis, upon completion of the following key deliverables:

- (i) development of and user training on a multi-year financial forecasting tool,
- (ii) establishment of key performance indicators in line with IIFCL's growth strategy,
- (iii) certification of IIFCL's management information systems integration,
- (iv) execution of a safeguard training program that integrates classroom work with site visits to infrastructure projects with complex safeguard management measures in at least two foreign jurisdictions, and
- (v) completion of eight semiannual safeguard review missions and submission of required safeguard reports compliant with national standards and ADB's Safeguards Policy Statement.

3. The following positions in the consulting firm will be required. The firm will indicate the team leader.

4. **National Financial Planning Specialist** (national, 1.2 person-months, intermittent). The specialist should have a master's degree or equivalent, either in finance, accounting, economics, or any related field and must have at least 7 years' experience in business management and financial planning. The person will perform the following tasks:

- (i) develop multi-year (minimum 5 years) financial forecasting tool for both operational and strategic functions;
- (ii) establish key performance indicators in line with IIFCL's growth strategy; where appropriate these key performance indicators should be reflected in the financial forecasting tool;
- (iii) submit initial financial forecasts and key performance indicators to IIFCL's board for review;
- (iv) prepare a manual on the financial forecasting tool and thoroughly train IIFCL staff on its use; and
- (v) Twelve months following the initial work, coach IIFCL through the preparation of the subsequent year's financial forecasts including any key performance indicators.

5. **National Management Information System Integration Verification Officer** (national, 0.68 person-months). The officer must have a graduate degree in information and communication technology (ICT), engineering, or related field and at least 5 years' experience implementing ICT solutions in financial institutions. The expert will perform the following tasks:

- (i) validate IIFCL's newly installed management information system (MIS) through an independent audit;
- (ii) review the integration of IIFCL's current MIS with its other information technology systems;

- (iii) assist IIFCL in correcting any shortcoming in the MIS installation or integration;
- (iv) validate excel spreadsheets, templates, and risk systems used by the risk department for the preparation of risk management reports;
- (v) assist IIFCL in identifying any gaps in the risk management reports generated from the system and making the necessary corrections; and
- (vi) provide assessment to ADB as to whether IIFCL's MIS has been materially integrated with IIFCL's other information technology systems.

6. **International Safeguards Specialist** (international, 0.68 person-months). The safeguards specialist should have a master's degree, or equivalent, in environmental science, applied social science, or related fields. The specialist must have at least 10 years of relevant professional experience in environmental or social safeguards. If the specialist's experience is oriented toward environmental safeguards, then the specialist should have a strong working knowledge of social safeguards and vice versa. International experience in several countries and safeguard due diligence for financial institutions is required. The specialist will undertake the following tasks:

- (i) review IIFCL's environmental and social safeguards management policies and systems;
- (ii) provide recommendations to address any shortcomings in IIFCL's environmental and social safeguards management policies and systems; and
- (iii) design and implement a 2-week case study-based training program that covers:
 - (a) weaknesses identified in IIFCL's safeguard policies and systems, (b) international best practices in managing infrastructure projects with significant (category A) safeguard effects, and (c) international best practices in incorporating disaster risk and climate change risk into infrastructure projects. The course should integrate classroom instruction with four site visits in up to two international jurisdictions.

7. **Safeguard Consultant** (national, 3.64 person-months). The consultant should have a master's degree in urban planning, social science, or related field with at least 5 years' experience in social and environmental safeguards assessment. Experience in safeguards work with multilateral development banks is preferable. The consultant will perform the following tasks for ADB-funded IIFCL subprojects:

- (i) plan and conduct, in coordination with IIFCL and ADB, eight semi-annual safeguard review missions with each mission lasting up to 2 weeks assessing that the projects against the requirements of national laws and regulations and ADB's Safeguard Policy Statement and
- (ii) submit following each semiannual review required safeguard reports.

B. Consulting Firm—Credit Risk Management (16.90 person-months)

8. **Credit Risk Management Officer** (national, 8.45 person-months x 2). The credit risk management officer will have a graduate degree either in economics, finance, accounting, or related field and should have at least 5 years' experience. The consultant will implement credit rating models for the road and power subsectors. The consultant will (i) ensure that the models are fully installed and integrated with IIFCL's systems, (ii) include a detailed user manual, and (iii) conduct user-acceptance training. The consultant will validate that IIFCL has operationalized the models correctly 12 months following installation. The consultant should also indicate what support, if any, and for how long he or she is willing to provide IIFCL even after the conclusion of the contract.

C. Individual—International Risk Management Specialist (2.18 person-months). The risk management specialist must have a graduate degree in finance, accounting, management, or related field and should have at least 10 years' risk management experience in the United States, Europe, Singapore, Hong Kong, or other international financial center. The consultant will undertake the following tasks:

- (i) review IIFCL's risk management framework—including but not limited to credit risk appraisal, credit risk management, interest rate risk management, and operational risk management—and submit a report on the findings;
- (ii) review IIFCL's existing risk management framework covering credit risk, market risk, asset-liability management, operational risk, and group risk to identify gaps to ensure end-to-end implementation of risk policies, processes, and procedures across organization;
- (iii) review other departments' standard operating procedures and recommend changes to address any shortcomings that adversely affect IIFCL from a risk management perspective;
- (iv) advise on the procurement of risk models;
- (v) design key risk management reforms;
- (vi) streamline existing procedures, systems, processes, and practices across the organization where the current procedures unduly hamper IIFCL's risk management;
- (vii) identify additional risk parameters and devise mitigation strategies;
- (viii) assist to implement key risk management reforms including return visits to IIFCL 3 months, 9 months, and 18 months after the initial visit;
- (ix) answer questions and provide remote coaching to IIFCL in between onsite visits;
- (x) coordinate closely with the national risk management specialist so that he or she is able to assist IIFCL with the implementation of key risk management reforms; and
- (xi) conduct risk management training so that all reforms are sustainable and well understood at the staff, management, and board levels.

D. Individual—National Risk Management Specialist (11.55 person-months, time-based contract). The risk management specialist will have a graduate degree in economics, finance, accounting, management, or related field and should have at least 5 years' private sector risk management experience. The consultant will assist the international risk management specialist in the above tasks, provide day-to-day assistance in implementing risk management initiatives, and work closely with IIFCL's risk management taking instruction from IIFCL's general manager responsible for risk management. The consultant will prepare and deliver training sessions, targeting different levels of IIFCL staff and board, that cover various facets of risk management, including credit appraisals of various subsectors of infrastructure projects. Specific training requirements and modules will be identified during the course of the assignment.