

## TERMS OF REFERENCE FOR CONSULTANTS

### A. Technical Advisor to Bhutan Development Bank (international, 6 person-months, intermittent)

1. The technical advisor shall have at least master's degree in business, finance or other relevant field and at least 15 years of experience in operation and management at banks or financial institutions. The technical advisor shall have sound knowledge in development of banks and financial institutions, and must have knowledge on comprehensive aspects of modern banking operations. The experience of transforming a government-owned bank into a viable and sustainable commercial bank is essential. Familiarity with rural and agricultural finance is preferable. Experience in donor-funded projects is an advantage. Working experience in South Asia countries is desirable. Working with the board of directors and management of Bhutan Development Bank (BDB), the technical advisor will:

- (i) Support BDB management to implement the BDB institutional strengthening plan covering, but not limited to (a) strategic planning, (b) corporate governance, (c) human resources and training, (d) information technology, (e) internal audit and fraud control, (f) risk management, (g) loan products, (h) cottage and small industry (CSI) outreach, (i) portfolio quality, and (j) financial and operational performance. Ensure the expected BDB institutional strengthening plan targets and milestones are achieved in a timely manner. Identify any shortfalls in the implementation and devise appropriate remedial measures in consultation with BDB management and board of directors.
- (ii) Take the lead in BDB's strategic planning by involving BDB board, management, staff and core constituencies to reformulate BDB's (a) vision, (b) mission, and (c) core value to align with BDB's mandate as a financial intermediary for rural, agriculture and CSI sectors. Carry out the dissemination and sensitization of BDB's new vision, mission and core value across the BDB management and staff.
- (iii) Organize the BDB annual business plan review and evaluate the financial and operational achievements against the business plan targets. Based on the business plan review, conduct the annual business plan development exercises involving the board of directors, management, and staff. Make presentations to the board of directors and other key stakeholders on the BDB annual business plan.
- (iv) Engage with the government and the central bank (Royal Monetary Authority [RMA]) in a constructive dialogue on BDB's corporate governance to strengthen banking expertise in BDB's management. Specifically, discuss with the concerned authority of the government and RMA to (a) recruit a deputy chief executive officer (CEO) (credit), and (b) appoint at least two additional board of director members with private sector banking and finance background.
- (v) Manage and supervise the national consultant experts to attain BDB institutional strengthening plan's respective actions and milestone. Specially, ensure that each national consultant carry out the BDB institutional strengthening plan's respective areas. Provide periodical feedback to the national consultant experts and evaluate

their performance. Coordinate the institutional strengthening unit at BDB and provide periodical updates on the national consultant experts' work progress.

- (vi) Coordinate with the BDB institutional strengthening unit and the national consultant experts, ensure BDB meets the financial and operational performance benchmark targets according to the BDB institutional strengthening plan. Provide regular and frequent updates to the BDB board of directors and management on the BDB performances against the performance benchmark and discuss solutions if there are any issues for BDB to achieve the targets.
- (vii) Report to the BDB board of directors, management, and ADB on the BDB institutional strengthening plan progress by compiling quarterly BDB institutional strengthening plan progress report covering all aspects of the institutional strengthening plan. At the end of the assignment, produce the BDB institutional strengthening plan evaluation report summarizing the results and outcomes of the BDB institutional strengthening and recommendations for BDB's further performance improvements. Produce other reports, briefs and presentations on the BDB institutional strengthening as reasonably requested by the BDB board of directors, management and ADB.
- (viii) Any other relevant tasks as reasonably requested by the BDB board of directors, management, and ADB.

2. Deliverables: quarterly BDB institutional strengthening plan progress reports; and BDB institutional strengthening plan evaluation report. Other reports, presentations, briefs as requested by the BDB board of directors, management and ADB.

**B. Bank Restructuring Specialist (international, 16 person-months, intermittent).**

3. The bank restructuring specialist shall have at least master's degree in business, finance or other relevant field and at least 15 years of experience in operations and management at banks or financial institutions. Experience in successful reform and transformation of banks or financial institutions is essential. Prior involvement in restructuring of a state-owned financial institution is an advantage. The consultant shall be familiar with rural and agriculture financing as well as microfinance. Experience in working in South Asia countries is an advantage. Experience in working in donor-funded projects is an advantage. Working with the technical advisor, the bank restructuring specialist shall:

- (i) Coordinating with the technical advisor and other national consultant experts, guide the BDB institutional strengthening unit on the implementation of the BDB institutional strengthening plan. Monitor the BDB institutional strengthening implementation progress and ensure that BDB's institutional strengthening milestones and targets are achieved in a timely manner. Conduct periodical reporting sessions with the BDB board of directors and management on the BDB institutional strengthening process and discuss any issues and constrains in achieving the institutional strengthening milestones.
- (ii) Coordinating with the technical advisor, other international and national consultant experts, and the BDB institutional strengthening unit, develop road maps and detailed implementation plan of each area of the BDB institutional strengthening plan. Carry out information dissemination and sensitization on the BDB institutional

strengthening plan road map and implementation plan across the BDB board of directors, management and staff.

- (iii) Take the lead in the institutional strengthening actions of internal audit and fraud control in the BDB institutional strengthening plan. In coordination with the relevant BDB departments and units, develop (a) comprehensive internal control and compliance framework, and (b) accounting policy and financial administration by laws. Carry out information dissemination and training on fraud control across branches. Provide necessary technical support and capacity development training to the BDB internal audit department to enable them to conduct effective fraud control and monitoring.
- (iv) Take the lead in the institutional strengthening actions of risk management in the BDB institutional strengthening plan. In coordination with BDB risk management division, develop the new reporting template including branch analysis, asset and liability maturity mismatch and scenario analysis and monitor its implementation. Provide necessary training and capacity development support to the risk management division to operationalize the new reporting template.
- (v) Take the lead in the institutional strengthening actions of loan products in the BDB institutional strengthening plan. Involve the BDB board of directors, management and staff, conduct a loan review exercise to reduce the number of loan products to align with BDB's mandate. In consultation with the relevant departments at BDB, develop the new credit manual with the improved credit underwriting process, risk-based scoring system and interest rate setting methodologies. Conduct information dissemination and training on the new credit manual to the credit officers.
- (vi) Constantly monitor the BDB financial and operational performances and ensure that BDB meets the performance benchmark targets according to the BDB institutional strengthening plan. Discuss with the BDB board of directors and management to develop solutions if there are any issues and constraints achieving the benchmark targets.
- (vii) Provide inputs for the technical advisor to prepare the quarterly BDB institutional strengthening plan progress report to submit the BDB board of directors, management and ADB. Produce other reports, briefs, and presentation as reasonably requested by the technical advisor.
- (viii) Any other relevant tasks as reasonably requested by the BDB board of directors, management, and ADB.

4. Deliverables: Inputs for quarterly BDB institutional strengthening plan progress reports; and BDB institutional strengthening plan evaluation report. Other reports, presentations, briefs as requested by the BDB board of directors, management and ADB.

**C. Bank Capacity Development Specialist (international, 16 person-months, intermittent).**

5. The bank capacity development specialist shall have master's degree in business, finance and other relevant field and at least 15 years of experience in operations in banks or financial

institutions. Experience in human resource management and training for banks and financial institutions is essential. The consultant shall have in depth knowledge on rural and agriculture finance, microfinance and SME finance. Working experience in South Asia countries is an advantage. Working experience with donor-funded project is preferable. Under the supervision of the CTA, and in coordination with the bank restructuring specialist, the bank capacity development specialist shall:

- (i) Take the lead in the institutional strengthening actions on human resource and training in the BDB institutional strengthening plan. Develop the staff redeployment and recruitment plan in consultation with the BDB management and relevant divisions and units. Conduct information dissemination and sensitization on the staff redeployment and recruitment plan to the BDB board of directors and staff and monitor its implementation.
- (ii) Develop the mandatory three-week comprehensive introductory training programs for new recruits. Conduct the training with the examination, certification requirement and performance incentives. Solicit feedbacks and evaluations from the trainees.
- (iii) Develop and introduce the mandatory credit training programs for the credit officers with the examination, certification requirement and performance incentives. Solicit feedbacks and evaluations from the trainees.
- (iv) Introduce a performance incentive evaluation and reward system for credit officers at the end of the second-year of employment to determine the continued engagement in the credit operations.
- (v) Provide inputs for the technical advisor to prepare the quarterly BDB institutional strengthening plan progress report. Produce other reports, briefs, and presentation as reasonably requested by the technical advisor.
- (vi) Any other relevant tasks as reasonably requested by the BDB board of directors, management, and ADB.

6. Deliverables: Inputs for quarterly BDB institutional strengthening plan progress reports; and BDB institutional strengthening plan evaluation report. Other reports, presentations, briefs as requested by the BDB board of directors, management and ADB.

**D. Rural Finance Specialist (international, 16 person-months, intermittent)**

7. The rural finance specialist shall have master's degree in business, finance or other related field and at least 15 years of experience in operations in banks, microfinance institutions, or nonbank financial institutions. The specialist shall have in-depth knowledge on rural and agriculture finance, microfinance and small and medium-sized enterprise finance. The consultant shall have substantial experience of providing financial literacy education to the poor, rural and unbanked populations. Working experience in South Asia countries is an advantage. Experience with donor-funded project is an advantage. Working in coordination with the technical advisor and bank restructuring specialist, the rural finance specialist shall:

- (i) Take the lead in updating BDB's group loan manuals in view of the current rural CSI financing needs to substantially expand rural CSI financing outreach especially to the unbanked small and marginal farmers and women.
- (ii) Conduct information dissemination and sensitization of the revised group loan manuals to the BDB board, management, and staff. Develop and conduct training to credit officers on the group loan manuals.
- (iii) Develop the group loan operational plan with branch wise outreach, financial, and non-financial (financial literacy training and business development support) targets. The operational plan shall include, but not limited to, establishing branch focal for group loans, and reporting and monitoring requirements.
- (iv) Develop and conduct training on agriculture and livestock financing to all credit officers across branches. The agriculture and livestock training shall be relevant to rural CSI subprojects in the area where a branch is located, and shall include production, processing, risks, pricing, markets, etc.
- (v) Supervise and monitor the group loan operational plan implementation at branches. Provide additional training and capacity development support to branch credit officers and staff. Provide necessary support to resolve any outstanding issue to attain the operational plan targets. Facilitate the annual group loan operational plan review and update the operational plan annually.
- (vi) Assist the financial literacy development specialist to develop financial literacy training program and financial literacy training program operational plan. Ensure that financial literacy training is included as an integral part of BDB's rural CSI financing business process especially for group loans.
- (vii) Coordinating with BDB credit division, develop business service development methodologies and templates for the potential rural CSI subloans based on samples provided by ADB. Develop and conduct training on business development service to credit officers. Ensure that business develop services are included as an integral part of client outreach and credit underwriting in BDB's CSI financing operations especially for group loans.
- (viii) Enhance BDB's outreach to rural CSIs especially for unbanked small and marginal farmers and women, develop financial literacy training program, which covers, but not limited to, basic accounting and budgeting, cash flow management, risk management, financial products, consumer rights, etc.
- (ix) In consultation with the rural finance specialist, develop the financial literacy training operational plan. Conduct information dissemination and sensitization plan on the financial literacy operational plan to the BDB board of directors, management and staff.
- (x) Conduct training of trainers program on the financial literacy training program to the credit officers.
- (xi) Supervise and monitor the financial literacy training operational plan at branches. Provide necessary support to resolve any outstanding issue to attain the

operational plan targets. Facilitate the annual financial literacy operational plan review and update the operational plan annually.

- (xii) Conduct the client evaluation on the understanding of the financial literacy training.
- (xiii) Provide inputs for the technical advisor to prepare the quarterly BDB institutional strengthening plan progress report. Produce other reports, briefs, and presentation as reasonably requested by the technical advisor.
- (xiv) Any other relevant tasks as reasonably requested by the BDB board of directors, management, and ADB.

8. Deliverables: Inputs for quarterly BDB institutional strengthening plan progress reports; and BDB institutional strengthening plan evaluation report. Other reports, presentations, briefs as requested by the BDB board of directors, management and ADB.

#### **E. Core Banking System Specialist (national, 9 person-months, intermittent)**

9. The core banking system (CBS) specialist shall have at least master's degree in information technology, engineering or other relevant field. The specialist shall have more than 10 years of experience in administration, operation or development in core banking system for banks or financial institutions and have familiarity with financial reporting applications (Excel, Python Pandas, etc.). The specialist shall have familiarity with operations of banks, microfinance institutions or nonbank financial institutions. Experience in international donor-funded projects is an advantage. Working under the supervision of the technical advisor and with the bank restructuring specialist, the CBS specialist shall:

- (i) Work with BDB's IT division, review BDB's application of Finacle CBS to establish a functional management information system (MIS) at BDB. Conduct annual IT audit to ensure the data integrity and security, and compliance with the RMA regulations. Develop recommendations for better CBS application, i.e., better financial reporting formats, data analysis, etc.
- (ii) Guide BDB a proper application of Finacle CBS to enable BDB to produce consistent, timely, and accurate financial data and reports. Instruct and monitor BDB staff accurate and timely data inputs. Install measures to verify the data consistency and accuracy. Introduce the training on CBS application and data management, as and when necessary.
- (iii) Review BDB's IT environment and infrastructure and staff capacity in view of installing tablet banking at branches to improve operational efficiency and risk management. Develop a plan of a pilot tablet banking operations in selected branches. Such operation shall cover, but not limited to, online loan application, loan disbursement, fund transfer, loan collection, saving and deposit mobilization.
- (iv) Conduct review of BDB's internet and mobile banking operations, and develop the mobile banking operation plans to expand the mobile banking services to rural areas. Assess the rural economic environment in view of mobile banking operations and develop appropriate mobile banking modalities as well as rural CSI client training on mobile banking.

- (v) Advise BDB on necessary staffing arrangement, staff skills and other institutional arrangement to operate and maintain CBS, tablet banking and mobile banking operations. Develop staff training plan, as required.
- (vi) Provide inputs to the technical advisor to prepare the quarterly BDB institutional strengthening plan progress report to submit to the BDB board, management and ADB. Produce other reports, briefs, and presentation as reasonably requested by the technical advisor.
- (vii) Other tasks as reasonably requested by BDB board, management and ADB.

10. Deliverables: Inputs for quarterly BDB institutional strengthening plan progress reports; and BDB institutional strengthening plan evaluation report. Other reports, presentations, briefs as requested by the BDB board of directors, management and ADB.

**F. Environmental and Social Safeguards Specialist (national, 3 person-months, intermittent)**

11. The environment and social safeguards specialist shall have at least bachelor's degree in environmental management, environmental sciences, natural resources management, environmental engineering, or other related specialized fields. The specialist shall have at least 7 years of relevant experience in environmental and social safeguards in various sectors. Work experiences in donor-funded projects are required. Experience in ADB-funded projects is preferable. Familiarity in financial intermediary projects especially in rural and agriculture finance is an advantage. Reporting to ADB, and working with the project implementation unit (PIU) director, the specialist will:

- (i) Ensure that BDB implement the project's environmental and social management system (ESMS) for all subprojects to be financed under the project.
- (ii) Guide and supervise the BDB regional offices to review the environmental and social screening checklists for BDB group loan subprojects to be financed under the project and verify the categorization.
- (iii) Provide inputs to BDB on the status of the environmental and social screening checklists for the project's quarterly project performance monitoring report.
- (iv) Facilitate BDB to prepare an annual environmental monitoring report by developing the report templates and providing BDB officers guidance on how to prepare such reports.
- (v) Develop the training plan and materials for BDB to implement ESMS.
- (vi) Conduct periodical dissemination, training and guidance for BDB on ESMS.
- (vii) Monitor the progress of ESMS implementation and identify any outstanding issues.
- (viii) Other tasks as reasonably requested by ADB or BDB.

12. Deliverables: Inputs for quarterly BDB institutional strengthening plan progress reports; and BDB institutional strengthening plan evaluation report. Other reports, presentations, briefs as requested by the BDB board of directors, management and ADB.

**G. Gender Specialist (national, 5 person-months, intermittent)**

13. The gender specialist shall have at least bachelor's degree in sociology, anthropology, development studies or other relevant field. The specialist shall have at least 7 years of experience in gender mainstreaming, analysis, research, designing gender policies, strategies, guidelines and training manuals. Working experience in donor-funded projects are required. Involvement in ADB-funded projects is preferred. Knowledge on rural and agriculture finance is an advantage. Reporting to ADB and working with the project implementation unit director, the specialist will:

- (i) Ensure the implementation of the project's gender action plan. Identify any outstanding issues in implementing gender actions and recommend measures to address such issues. In consultation with BDB, develop gender inclusive strategies to enhance women's participation in collective and individual enterprises.
- (ii) Organize consultations and communications on the gender action plan and other gender related information under the project to BDB.
- (iii) Conduct outreach program of BDB to disseminate and create awareness on gender related issues in rural enterprise finance.
- (iv) Identify any training or capacity development needs for BDB on gender mainstreaming.
- (v) Coordinate and provide information on the government, BDB on gender mainstreaming.
- (vi) Produce any material to showcase gender mainstreaming of the rural enterprise subprojects funded under the project.
- (vii) Other tasks as reasonably requested by ADB or BDB.

14. Deliverables: Inputs for quarterly BDB institutional strengthening plan progress reports; and BDB institutional strengthening plan evaluation report. Other reports, presentations, briefs as requested by the BDB board of directors, management and ADB.