



SAARC Development Fund

TERMS OF REFERENCE FOR CONSULTING FIRM TO CONDUCT LOAN PRICING ANALYSIS FOR SOVEREIGN AND NON-SOVEREIGN LENDING UNDER THE ECONOMIC AND INFRASTRUCTURE WINDOWS

Scope of work

A consulting firm will be engaged to conduct the Loan Pricing Analysis on both sovereign and non-sovereign lending for the Economic and Infrastructure projects in each of the SAARC Member States. The selection of consulting firm will be done using quality - and cost-based selection method with 70:30 quality-cost ratio. The contract with the firm will be lump-sum.

Deliverables

The firm shall submit the following reports: (i) Draft Loan Pricing Analysis Report and presentation to SDF management at Thimphu, Bhutan, and (ii) Final Loan Pricing Analysis Report after incorporating all comments and/or recommendations of SDF and the member countries. The assignment would be a desk work and the loan pricing analysis needs to be prepared by taking facts and figures from relevant and authentic sources like Central Bank of each SAARC Member States.

Pricing Factors

The following factors should be taken into consideration for Government/ government bodies/ Public sector enterprises/ AA- externally rated Corporates for 1/3/5/10y tenor while preparing a **scientific loan pricing analysis** for both sovereign and non-sovereign lending:

- a) Cost of borrowing in each SAARC Member States in:
 - a. Local Currency
 - b. Foreign Currency mainly USD
- b) Opportunity Cost in each SAARC Member States
- c) Country risk associated in each SAARC Member States,
- d) Prevailing USD/ local currency hedging cost in each SAARC Member State for 1/3/5/10y tenor
- e) Prevailing Terms and Conditions in the lending market in each SAARC Member States,
- f) Guidelines and prevailing rate of interest as per central banks of each SAARC Member States,
- g) Assessment of competitions in lending market for both sovereign and non-sovereign lending in each SAARC Member States,
- h) Separate pricing analysis to be done for each SAARC Member States

All the reports should be published in English.

Consultant's Eligibility and Qualification Criteria

The minimum requirements for the firm are (i) extensive experience in conducting loan pricing analysis for financing economic and infrastructure projects for both sovereign and non-sovereign lending while adopting all the factors as mentioned above, (ii) must have implemented similar loan pricing analysis consulting assignments in SAARC Member States (iii) at least 15 years of experience for the team leader and 7 years of experience for other key staff in similar roles; (iv) the firm needs to be incorporated or have at least a registered office in any of the SAARC Member State.

Evaluation Methodology

The contract will be awarded to the consultancy firm whose offer has been evaluated as technically responsive and having scored the highest score out of a pre-determined set of weighted technical and financial criteria specific to solicitation.

- Technical Criteria Weight – 70
- Financial Criteria Weight 30

Criteria Outlined	Weight	Score
<u>Technical Proposal</u>		
<ul style="list-style-type: none">• Demonstrated experience of conducting similar loan pricing analysis for international development organization/ lending organizations in SAARC region	20%	20
<ul style="list-style-type: none">• Demonstrated knowledge of preparing analysis for both sovereign and non-sovereign lending keeping into consideration the major loan pricing factors as mentioned above	20%	20
<ul style="list-style-type: none">• Demonstrated experience in technical report writing with substantial reference to authentic facts and figures obtained from relevant sources	10%	10
<ul style="list-style-type: none">• Composition of Team and Expert to undertake the assignment	10%	10
<ul style="list-style-type: none">• Overall quality of proposal submitted to SDF	10%	10
<u>Financial Proposal</u>	30%	30

Note – The consulting firms scoring a minimum of 60 points out of 70 under the technical criteria would only be considered for the financial evaluation.

Payment terms:

Percentage of Contract Amount	Deliverables
5%	Submission of work plan to SDF (within 3 days of signing of contract) and acceptance by SDF
45%	On submission of first draft and presentation to SDF Management at Thimphu, Bhutan and acceptance of first draft by SDF
50%	On submission and acceptance of final draft after incorporating all comments and observations of SDF by SDF

Work Schedule:

Description of Assignment	Time Frame
Submission of work plan to SDF by the Consulting Firm	Within 3 days from the date of signing of contract
Approval of Work Plan by SDF	Within 3 days from the date of receipt of Work Plan by SDF
Submission of first draft and presentation to SDF Management through videoconference	Within 3 weeks from the date of approval of Work Plan by SDF
Presentation to SDF Management at Thimphu, Bhutan	Within 1 week from the date of approval of first draft and video presentation to SDF
Submission of final draft after incorporating all comments and observations of SDF/ Member States.	Within 1 week from the date of approval and comments on first draft and presentation to SDF Management.

Expected Date of Commencement of Service: April 2018

Confidentiality: The consulting firm and deputed employees should maintain the confidentiality of all the information and records obtained during the course of assignment and should not be disclosed to any unauthorized persons even after the submission of report

Non-Disclosure Agreement (NDA) to be signed with SDF regarding the confidentiality of all the data pertaining to SDF and SDF related stakeholders.

