

**KARANDAAZ PAKISTAN**

**Request for Proposals**

**RFP # 024**

**“Study on the Uptake of Warehouse Receipt Financing in Pakistan”**

**Issue Date: February 12, 2017**

**Deadline for Questions: February 16, 2017**

**Deadline for Karandaaz Pakistan Responses: February 17, 2017**

**Deadline for Submission of Proposals: February 27, 2017 (12:00 PM)**

**www.karandaaz.com.pk**

**SECTION 1. LETTER OF INVITATION**

**RFP No. 24**

February 12, 2017, Islamabad

1. The purpose of this RFP is to solicit Proposals for Karandaaz Pakistan’s “**RFP for Study on the Uptake of Warehouse Receipt Financing in Pakistan**”
2. Karandaaz Pakistan invites sealed proposals from interested and eligible organizations. More details on the Services required are provided in the Terms of Reference (Section 4 of RFP).
3. The company will be selected under competitive procedures, in accordance with the procurement policies and procedures of Karandaaz Pakistan.
4. Proposals must be submitted before 12:00 pm Pakistan Standard Time on **February 27, 2017**. **A single sealed envelope with three separately sealed envelopes containing the pre-requisites package (one hard copy), technical proposal (three hard copies) and financial proposal (one hard copy)**, must be submitted to the attention of ‘**The Procurement Department**’ 1-E, Mezzanine Floor, Ali Plaza, D Chowk, Nazimudin Road, Blue Area, Islamabad. The Proposals must also be sent via email to [**procurement@karandaaz.com.pk**](mailto:procurement@karandaaz.com.pk)**.**
5. Any bidder/potential contractor feeling aggrieved may lodge a written complaint at [ProcComplaint@karandaaz.com.pk](mailto:ProcComplaint@karandaaz.com.pk) not later than fifteen (15) days after the completion of evaluation process; however mere fact of lodging a complaint shall not warrant suspension of the procurement/award process.

Yours sincerely,

**The Procurement Department**

Karandaaz Pakistan

**SECTION 2. INSTRUCTIONS TO FIRMS**

**A. General**

1. **Scope of Proposal**

Karandaaz Pakistan issues this Request for Proposal (RFP) for the following services:

“***RFP for Study on the Uptake of Warehouse Receipt Financing in Pakistan***”

Throughout this RFP:

1. The term “in writing” means communicated in written form (e.g., by mail, e-mail, fax)
2. “Day” means calendar day
3. **Fraud and Corruption**

Firms shall comply with Karandaaz Pakistan’s policy regarding fraud and corruption given in Section 3 of the RFP

1. **Eligibility**

The Prerequisites for this procurement are mentioned in Section 24 along with the evaluation criteria. The firm has an obligation to disclose to Karandaaz Pakistan any situation of actual or potential conflict that impacts its capacity to serve Karandaaz Pakistan’s best interests. Failure to disclose such situations may lead to the disqualification of the firm or the termination of its Contract. Karandaaz Pakistan’s policy with regard to conflict of interest is given in Section 3 of the RFP. Firms shall provide such evidence of their continued eligibility satisfactory to Karandaaz Pakistan, upon request.

1. **One Proposal Per Firm**

Each firm shall submit only one Proposal, either individually or as a partner in a joint venture. A firm that submits or participates in more than one Proposal shall cause all the Proposals with the firm’s participation to be disqualified.

1. **Cost of Preparation of Proposal**

The firm shall bear all costs associated with the preparation and submission of its Proposal. Karandaaz Pakistan shall not be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.

**B. Request for Proposal**

1. **Contents of the RFP**

The RFP includes the documents listed below and any Addendum issued in pursuant to point 8 of this section ‘Amendment of RFP’.

Section 1 - Letter of Invitation

Section 2 - Instructions to firms

Section 3 – Procurement Policy – vendor conduct

Section 4 - Terms of Reference

Annexure A – Proposal Submission Form

Annexure B – Financial Proposal Template

1. **Clarification of RFP**

All questions and/or clarifications regarding this RFP must be submitted via email to [**Procurement@karandaaz.com.pk**](mailto:Procurement@karandaaz.com.pk)no later than 5:00 pm local time on **February 16, 2017**. All correspondence and/or inquiries regarding this solicitation **must reference the** **RFP number and name**. No phone calls or in-person inquiries will be entertained; all questions and inquiries must be in writing

Questions and requests for clarification—and the responses thereto—will be circulated to all RFP recipients who have indicated an interest in bidding by 5:00 pm on **February 20, 2017**.

Only the written answers will be considered official and carry weight in the RFP process and subsequent evaluation. Any verbal information received from a Karandaaz Pakistan employee or other entity should not be considered as an official response to any questions regarding this RFP.

1. **Amendment of RFP**

At any time prior to the deadline for submission of bids, Karandaaz Pakistan may amend the RFP by issuing an Addendum.

If any Addendum to this RFP is issued, it shall be shared with all the companies who are invited to submit proposals.

To give prospective firms reasonable time in which to take an Addendum into account in preparing their bids, Karandaaz Pakistan may, at its discretion, extend the deadline for the submission of bids, pursuant to point 17 ‘Deadline for Submission of Proposals’ of this section.

**C. Preparation and Submission of Proposals**

1. **Language of Proposal**

All documents relating to the Proposal shall be written in the English language.

1. **Documents Comprising the Proposal**

|  |  |  |  |
| --- | --- | --- | --- |
| **Document** | **Page Limit** | **No. and Type of Copies for submission at Karandaaz Office** | **Submission by Email** |
| **Qualifying Packet** | N/A  All specified official documents should be bound in report form | 1 hard copy | Yes |
| **Technical Proposal** | No more than 15 pages (additional 10 pages for Annexes, if required) | 3 hard copies | Yes |
| **Financial Proposal** | No more than 5 pages, complete with budget narrative (should also be supported by excel file) | 1 hard copy | Yes |

**Prerequisites/Qualifying Packet (to be submitted in a separate sealed envelope):**

Applicant firms will need to provide the following pre-requisites for further evaluation:

* Copy of official registration
* An NTN
* Latest audited financials
* Link to company website with complete list of projects, address, governance details
* All team members are able to travel to and work across Pakistan (undertaking on letterhead)

**Technical Proposal (to be submitted in a separate sealed envelope):**

* Company Profile (organogram, team, governance, mission and vision)
* Profiles for proposed team (academic and professional qualifications, experience and proposed role in project)
* Past performance on relevant/similar projects undertaken by applicant(s)
* Project (Technical) Proposal (sector overview, proposed methodology, proposed work plan)

*NOTE: In case of a consortium, the role and relevant experience of each consortium partner should be clearly specified.*

Other specifications: the proposals should be developed in font Calibri, font size 11.

**Financial Proposal (to be submitted in a separate sealed envelope)**

* Financial Proposal

Detailed budget outlining the cost for each services mentioned in the TOR/SOW.

1. **Currencies of Bid and Payment**

Firms may express the price only in PKR.

1. **Proposal Validity**

Proposal shall remain valid for ninety (90) days after the Proposal submission deadline date established by Karandaaz Pakistan. A Proposal valid for a shorter period shall be rejected as non-responsive.

In exceptional circumstances, prior to the expiration of the Proposal validity period, Karandaaz Pakistan may request all firms who submitted their Proposals to extend the period of validity of their Proposal for a specified additional period. The request and the responses shall be made in writing. If the firm agrees to extend the validity of its Proposal, it shall be done without any change in the original Proposal and with the confirmation of the availability of the key experts. The firm has the right to refuse to extend the validity of its Proposal in which case such Proposal will not be further evaluated.

1. **Proposal Security**

In this procurement, a bid security is not required.

1. **Alternative Proposals**

Alternative Proposals shall not be considered.

1. **Format, Signing, and Submission of Proposal**

The firm shall prepare and email a scanned copy of the documents comprising the Proposal as described in point 10 on official company letterhead. Each document shall be signed by a person duly authorized to sign on behalf of the firm.

The Proposal shall contain no alterations or additions, except those to comply with instructions issued by Karandaaz Pakistan, or as necessary to correct errors made by the firm, in which case such corrections shall be initialled by the person or persons signing the Proposal.

1. **Deadline for Submission of Proposals**

Proposals must be received by Karandaaz Pakistan no later than 12:00 pm Pakistan Standard Time on **February 27, 2017**.

Karandaaz Pakistan may extend the deadline for submission of Proposals by issuing an amendment in accordance with point 8 ‘Amendment of RFP’, in which case all rights and obligations of Karandaaz Pakistan and the firms previously subject to the original deadline shall then be subject to the new deadline.

1. **Late Proposals**

Any Proposal received late by Karandaaz Pakistan will be considered only at the discretion of the evaluation team.

1. **Withdrawal, Substitution, and Modification of Proposals**

Firms may withdraw, substitute or modify their Proposals by giving notice in writing before the deadline for submission of Proposals prescribed in point 16 ‘Deadline for Submission of Proposal’ of this section.

Each firm’s withdrawal, substitution or modification notice shall be prepared, sealed, marked, and delivered in accordance with point 15 ‘Format, Signing, and Submission of Proposals of Proposal’, with the subject line as: Responding to RFP for “**RFP for Study on the Uptake of Warehouse Receipt Financing in Pakistan**” - “WITHDRAWAL,” SUBSTITUTION” or “MODIFICATION” as appropriate. No Proposal may be substituted or modified after the deadline for submission of Proposals.

**E. Proposal Opening and Evaluation**

1. **Proposal Opening**

Karandaaz Pakistan shall open the Proposals, including modifications made pursuant to point 18, within 5 working days after the deadline.

1. **Confidentiality**

Information relating to the examination, evaluation, comparison, and post-qualification of Proposals, and recommendation of contract award, shall not be disclosed to firms or any other persons not officially concerned with such process until publication of the contract award. Any effort by a firm to influence Karandaaz Pakistan in the examination, evaluation, comparison, and post-qualification of the Proposals or contract award decisions may result in the rejection of its Proposal. Notwithstanding the above, from the time of Proposal opening to the time of contract award, if any firm wishes to contact Karandaaz Pakistan on any matter related to the bidding process, it should do so in writing at the address indicated in point 7 ‘Clarification of RFP’.

1. **Clarification of Bids**

To assist in the examination, evaluation, and comparison of Proposals, Karandaaz Pakistan may, at its discretion, ask any firm for clarification of the firm’s Proposal. The request for clarification and the response shall be in writing, but no change in the price or substance of the Proposal shall be sought, offered, or permitted except as required to confirm the correction of arithmetic errors discovered by Karandaaz Pakistan in the evaluation of the Proposals in accordance with point 25 ‘Correction of Errors’.

1. **Preliminary Examination of Proposals**

Prior to the detailed evaluation of Proposals, Karandaaz Pakistan shall first review each Proposal and check the power of attorney or any other form demonstrating that the representative has been duly authorized to sign the Proposal etc.

1. **Determination of Firm’s Eligibility and Qualifications**

Karandaaz Pakistan shall determine whether the firm meets the eligibility and qualification requirements (Prerequisites) of the bidding documents. Firms failing to comply with the eligibility criteria indicated in point 3 ‘Eligibility’ shall be disqualified.

Further, Karandaaz Pakistan shall determine whether the proposal is substantially responsive to the requirements of the bidding documents. The companies meeting the minimum qualification criteria will be evaluation on the criteria mentioned in the Section No. 27.

Karandaaz Pakistan’s determination of a Proposal’s responsiveness is to be based on the contents of the Proposal itself. A substantially responsive Proposal is one, which conforms to all the terms, conditions, and specifications of the RFP, without material deviation or reservation. A material deviation or reservation is one (a) which affects in any substantial way the scope, quality, or performance of the service; (b) which limits in any substantial way, inconsistent with the RFP, Karandaaz Pakistan’s rights or firm’s obligations under the contract; or (c) whose rectification would affect unfairly the competitive position of other firms presenting substantially responsive Proposals.

1. **Evaluation of Technical Proposals**

***A firm that does not submit the prerequisites for application will be excluded from the RFP process. Please note that firms must submit all the documents mentioned in Section 10.***

**Evaluation Criteria:**

**Technical Score (80 %)**

1. Understanding of the Sector – **15%**
2. Proposed methodology and work plan/project schedule, and responsiveness to TOR – **30%**
3. Company profile (organogram, governance, management, geographic spread) and relevant past experience (assessing financial sector programmes; implementing primary research techniques, including surveys and interviews, and financial product design; relevant agri sector knowledge/experience will be an added advantage) – **15%**
4. Proposed team and study lead (highly recommended to be inclusive of a regulation expert and a financial sector expert(s) familiar with banking industry and designing debt instruments, knowledge of agri financing highly preferred) – **20%**

**The firms that receive 65% (52 marks out of 80) will proceed to the financial evaluation stage.**

**Financial Score (20%)**

* Detailed budget outlining the cost of each of the services mentioned in the Scope of Work/TOR.

1. **Correction of Errors**

Proposals determined to be substantially responsive shall be checked by Karandaaz Pakistan for any arithmetic errors. Errors shall be corrected by Karandaaz Pakistan as follows:

Where there is a discrepancy between the amounts in figures and in words, the amount in words shall govern.

The amount stated in the Proposal shall be adjusted by Karandaaz Pakistan in accordance with the above procedure for the correction of errors and, with the concurrence of the firm, shall be considered as binding upon the firm. If the firm does not accept the corrected amount, the Proposal shall be rejected.

1. **Currency for Price Evaluation**

PKR only.

1. **Evaluation of Proposal Price and ranking:**

**Financial Score (20 marks)**

* Detailed budget outlining the cost of each of the services mentioned in the Scope of Work/TOR

20 points will be awarded to the lowest responsive bidder while rest of the bids will be allocated points according to following formula:

Points of a Bidder = (P1/ P2)\* 20

Where:

P1= Price of Lowest Responsive Bidder

P2= Price of the Bidder

**F. Award of Contract**

1. **Award Criteria**

Subject to 31 below, Karandaaz Pakistan shall award the contract to a responsible firm with a complete financial and technical Proposal.

1. **Karandaaz Pakistan’s right to accept any Proposal and to reject any or all Proposals**

Notwithstanding point 28 above, Karandaaz Pakistan reserves the right to accept or reject any Proposal, and to cancel the bidding process and reject all bids, at any time prior to the award of contract, without thereby incurring any liability to the affected firm or firms or any obligation to inform the affected firm or firms of the grounds for Karandaaz Pakistan’s action.

1. **Notification of Award and Signing of Agreement**

The firm whose Proposal has been accepted shall be notified of the award by Karandaaz Pakistan prior to expiration of the Proposal validity period in writing.

Karandaaz Pakistan will also promptly notify in writing each unsuccessful firm. After publication of the award. Also, Karandaaz Pakistan shall entertain a complaint from any firm that claims to have suffered or that may suffer, loss or injury due to a breach of a duty by the company in the conduct of this bidding process. Any bidder/potential contractor feeling aggrieved may lodge a written complaint at ProcComplaint@karandaaz.com.pk not later than fifteen (15) days after the completion of evaluation process; however mere fact of lodging a complaint shall not warrant suspension of the procurement/award process.

**SECTION 3. PROCUREMENT POLICY – VENDOR CONDUCT**

1. **Corrupt or fraudulent practices**

Bidders, suppliers, contractors and their agents (whether declared or not), contractors, sub-consultants, firms or suppliers, and any personnel thereof, shall observe the highest standard of ethics during the procurement and execution of contracts.

Karandaaz Pakistan shall not award contract if it is determined that the bidder, or any of its personnel, or its agents, or its consultants, sub-contractors, firms, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question. As part of bidding/ solicitation documents, Karandaaz Pakistan will seek declaration of ‘Non collusive non corrupt practices’ from each bidder. Format for such declaration is prescribed in section 3 of the standard bidding document. In pursuance of this policy, following terms are defined as follows:

1. “Corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
2. “Fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
3. “Collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
4. “Coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
5. “Obstructive practice” is deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation.
6. **Avoidance of conflict of interest**

Any firm participating in the procurement process should disclose any actual or perceived conflict of interest situation/condition. Any firm found to have a conflict of interest shall be ineligible for award of a contract.

A firm shall be considered to have a conflict of interest in a procurement process if:

1. Such firm is providing goods, works, or non-consulting services resulting from or directly related to consulting services for the preparation or implementation of a project that it provided or were provided by any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm; or
2. Such firm submits more than one bid, either individually or as a joint venture partner in another bid, except for permitted alternative bids. This will result in the disqualification of all bids in which the bidder is involved. However, this does not limit the inclusion of a firm as a sub-contractor in more than one bid. Only for certain types of procurement, the participation of a bidder as a sub-contractor in another bid may be permitted subject to the company’s no objection and as allowed by the standard bidding documents applicable to such types of procurement; or
3. Such firm (including its personnel) has a close business or family relationship with a professional staff of the company who: (i) are directly or indirectly involved in the preparation of the bidding documents or specifications of the contract, and/or the bid evaluation process of such contract; or (ii) would be involved in the implementation or supervision of such contract unless the conflict stemming from such relationship has been resolved in a manner acceptable to the company throughout the procurement process and execution of the contract; or
4. Such firm does not comply with any other conflict of interest situation as specified in the standard bidding documents relevant to the specific procurement process.
5. **Duty of care**

The supplier in performance of services for Karandaaz Pakistan shall exercise duty of care. Duty of care holds the supplier responsible for the safety and well-being of its personnel and any third party affected by its activities.

**TERMS OF REFERENCE**

**Thematic Area**: Knowledge Management

**Project Title: Study on the Uptake of Warehouse Receipt Financing in Pakistan**

**Expected Start Date:** March 2017

**End Date:** April 2017

**Task Manager:** Senior Manager KM**,** Karandaaz Pakistan

**About Karandaaz Pakistan**

KARANDAAZ PAKISTAN, a not-for-profit company established in August 2014, promotes access to finance for small businesses through a commercially directed investment platform, and financial inclusion for individuals by employing technology enabled digital solutions. The company has financial and institutional support from leading international development finance institutions; principally the United Kingdom Department for International Development (DFID) and the Bill & Melinda Gates Foundation.

Karandaaz Pakistan has three core work streams:

1. **Corporate Investment and Credit (CIC)** focuses on providing credit and capital to high impact small and medium-size businesses, and business models that have potential to generate sustainable employment and offer attractive risk-adjusted financial returns.
2. **Digital Financial Services (DFS)** focuses on expanding the poor’s access to digital financial services in Pakistan by working across the ecosystem of local actors – policy-makers, regulators, government departments, businesses, researchers and academics. The DFS team facilitates digitization of government and other payment streams, encourages experimentation with businesses, and provides support to innovative DFS start-ups.
3. **Knowledge Management and Communications (KMC)** focuses on developing and disseminating credible insights to inform the core themes of the Company, including DFS innovation, women’s empowerment and youth employment.

**About the Project**

Karandaaz Pakistan plans to commission a research study to analyse the status and uptake of Warehouse Receipt (WHR) Financing in Pakistan by banks and other stakeholders and to explore through primary and secondary research the factors that have affected its uptake, or lack thereof. The research will not be limited to banks and financial institutions, but will include various participants in the value chain (warehouse owners, collateral management actors, Pakistan Mercantile Exchange, CDC, etc.), relevant regulatory and policy bodies, and others such as development organizations. Primary research will be supplemented with a secondary literature and data review. The primary aim is to develop insights into the factors impacting uptake in order to inform regulators, financial institutions and value chain participants/enablers on how to improve the current eco-system and product offerings.

The primary objective of the research is to:

* Ascertain the extent of uptake by demand and supply side players to WHR Financing (especially after introduction of the WHR Financing Framework)
* If uptake is slow, what are the primary reasons, including financial industry capacity (including product design), regulatory and policy environment, infrastructure shortages/weaknesses, collateral management limitations, etc.
* Recommendations, inclusive of strengthening of WHR Financing Framework (if deemed necessary), based on learnings from the above.

To comprehensively respond to the information points listed above, the documentary and data review should be supplemented with a systematic sector consultation inclusive of value chain actors/enablers. Key informant interviews are highly recommended with:

* + State Bank of Pakistan, SECP
  + Commercial Banks, Islamic Banks, Microfinance Banks, ZTBL and Punjab Provincial Cooperative Bank Limited
  + CDC (and other collateral management companies)
  + Pakistan Mercantile Exchange (PMEX)
  + Donor organizations, e.g., USAID (its relevant project or component working on WHR Financing)
  + Provincial Agricultural Departments, Planning Commission
  + Warehouse owners and operators (multi crop)
  + Farmers, traders and other potential end users (food processors)
  + Associations such as the Pakistan Agriculture Coalition (PAC)

This list may be further elaborated.

**Project Background and Rationale**

The agriculture sector in Pakistan contributes around 24% of GDP, employs around half the labour force and is the biggest source of foreign exchange earnings.[[1]](#footnote-1) Despite being the virtual backbone of Pakistan’s economy, as per the National Financial Inclusion Strategy (NFIS), 85% of Pakistani farmers are financially excluded.[[2]](#footnote-2) Agriculture loans constitute a meagre 7.6% of total outstanding bank loans. Instead, the sector is disproportionately reliant on informal financing by intermediaries (*Arthis*).

To expand farmers’ access to formal sources of finance, the State Bank of Pakistan (SBP) introduced the Warehouse Receipt (WHR) Financing Framework in 2014. In addition to elaborating the concept of WHR Financing and the potential benefits to farmers and the economy of Pakistan, the Framework clearly highlights roles for a variety of players (collateral management companies, warehouse licensing authorities, etc.) and lists prerequisites for successful uptake.

Since the issuance of the Framework, the SBP has engaged on multiple levels to facilitate the uptake of WHR Financing, including:

* Set up a Committee consisting of multiple stakeholders (ZTBL, Provincial Agri Secretaries, USAID, etc) to take forward the WHR Financing initiative
* Liaised with the Securities and Exchange Commission of Pakistan (SECP) to create rules for collateral management and licensing of warehouses
* Planned two WHR Financing pilots (Sindh and Punjab) to better understand implementation realities of WHR Financing
* Collaborated with USAID to provide support to CDC set up a subsidiary company for collateral management
* Collaborated with USIAD to develop the capacity of banks at multiple levels for the introduction and operationalization of WHR Financing.

The regulations were developed to support the development of WHR financing. There is however a strong need for research into whether the pre-requisites for the largescale uptake of WHR Financing have been established, whether the objectives have been fulfilled, the potential of various commodities in terms of utilizing WHR Financing, and whether the envisioned roles of the stakeholders have been adopted. This study will respond on selected information needs identified.

**Scope of Work**

**Scope of Work**

The research will have three parts (described in detail below). The contractor can initiate and implement steps 1 and 2 concurrently; step 3 will follow steps 1 and 2.

**Step 1: Regulatory and Literature Review**

The contractor will review and summarize relevant regulations/documents/databases including:

* 1. Review of relevant rules, regulations and frameworks pertaining to WHR financing, collateral management and warehouse registration and licensing (SBP’s Framework for WHR Financing, SECP’s Draft Collateral Management and Warehousing Regulations, Warehouse Registration Rules, etc.)
  2. Relevant financial sector data, especially sourced from SBP financial sector updates and status reports
  3. Other research on Pakistan (ADB, CSF, PMN, IFC, SBP Working Group, etc.) that is relevant to WHR Financing, collateral management, pilots, etc.

Simultaneously, the contractor will complete an ecosystem review supplemented with a comprehensive stakeholder mapping exercise (to be supplemented during primary research stage). Information on the actual and proposed role of identified stakeholders will be completed/updated/supplemented with primary research.

**Step 2: Stakeholder Consultation**

Primary research will largely consist of a stakeholder consultation and key informant interviews with a range of stakeholders. The stakeholder consultation process will inform the following research questions:

* The uptake of WHR Financing by stakeholder (financial institutions and others)
* Primary bottlenecks to uptake of WHR Financing
* Which crops are most suited to WHR Financing

The contractor will also consult selected stakeholders (warehouse owners and managers, food processing companies, associations such as PAC, informal agri financiers, etc.) to gather insights on warehouse conditions, warehousing practices, and owner knowledge and perception, and to provide insight on the crops (grain, pulses, vegetable, citrus, etc.) most suited to WHR Financing.[[3]](#footnote-3)

The preceding steps will enable the contractor to establish the following:

* 1. The current status of the WHR Financing initiative and recent developments since the introduction of the Framework in 2014
  2. Map the ecosystem and identify all ecosystem players e.g., collateral registry companies, PMEX, regulatory bodies and their role (SBP, CDC, SECP, CCP, Agri Departments, financial service providers, international donor agencies, associations)
  3. Document existing WHR Financing products offered (including in pilot phase) by banks before and after the introduction of the Framework by SBP in 2014
     1. Details on uptake by banks - number and type of banks (Islamic, development, commercial, MFB) offering WHR financing (pre- and current), proportion of portfolio, types of products; compared to outstanding agri portfolio
     2. Process flows and actors involved
     3. Commodities and sectors covered by these WHR Financing actors
     4. Discussions with banks, microfinance banks, ZTBL, PPCBL (Punjab Provincial Cooperative Bank Limited) and Islamic banks that are required to provide agricultural credit by SBP about the possibility of launching WHR Financing products
  4. Analysis of informal commodity financing products provided through intermediaries (*arthis* and post-harvest contractors) and how these compare to formal products
  5. Discussions with USAID on their partnership with SBP to provide capacity building training to banks and support to CDC
  6. Sampled key informant interviews (KII) with warehouse owners, farmers and other end users such as traders and *arthis* to develop indicative understanding of:
     1. Warehouse and collateral management – status and perception
     2. Regulatory developments, challenges and gaps
     3. Experience (if any) of WHR financing

**Step 3: Analysis**

In the final step, the contractor will utilize the information gathered through the first two steps to achieve the following:

1. SBP’s *Framework for Warehouse Receipt Financing:*

* Review progress in light of the objectives outlined by the SBP (page 9 of *Framework for Warehouse Receipt Financing System*)
* Review of whether the pre-requisites outlined by SBP exist (page 11 of *Framework for Warehouse Receipt Financing System*) after 2 years of launch of the plan
  + What has been the progress on development of modern warehouses and collateral management companies?
  + How comprehensive are SECP Rules for Collateral Management
* Review of whether the roles envisioned by the SBP of the diverse actors are being fulfilled (page 12 of *Framework for Warehouse Receipt Financing System*)
* Analysis of risks identified:
  + Their occurrence
  + If they occurred, the degree to which they were envisioned

1. Recommendations should include the following:

* Regulators – what sort of changes need to be implemented to improve uptake of the WHR Financing Framework
* Value Chain Actors:
  1. What roles should the actors be playing?
  2. What factors will help improve uptake of the concept by the actors?
  3. What sort of information is required by the actors?
* Enabling Environment – what sort of specific improvements are required in infrastructure to improve the uptake of WHR financing?
* Banks – how can the banks design profitable products in the current scenario?
* Integration of ICT – How can developments in technology improve uptake of the system to, e.g. reduce information asymmetry?
* PMEX – recommendations on how Pakistan Mercantile Exchange Limited (PMEX) can contribute to improving uptake of the system
* SECP– recommendations on how SECP can contribute to improving uptake of the system
* What commodities are best suited to WHR Financing given the situation analysis above?

**Methodology**

The contractor will start by reviewing the secondary literature to establish an understanding of the sector in Pakistan. Concurrently, the contractor will prepare a research and consultation plan which will be shared with and approved by Karandaaz. The contractor will then carry out the primary research while finalizing the secondary review.

Karandaaz Pakistan envisions background research on publically available documents, datasets, reports and legal documents. However, given the nature of this study, it is expected that the scope for desk research will not be sufficient and will have to be supplemented with a sufficiently extensive stakeholder consultation exercise. The results of the study will be presented to Karandaaz Pakistan (and other interested parties to be agreed with Karandaaz).

The required language for written deliverables is English.

**Reporting, Timeline, Deliverables and Location**

The Contractor will report to Senior Manager Knowledge Management. Karandaaz Pakistan may designate another qualified task manager. The Task Manager has final sign off on deliverables and invoices.

The engagement shall commence in March 2017 and expected to be concluded by April 2017. The Contractor shall provide a policy paper, no longer than 20 pages (exclusive of annexes) by the end of the engagement and remain available to respond to any queries thereafter, including one presentation at the research launch event (TBC at a later stage). The policy paper should be clearly and concisely written (supported by images and data tables), including adequately detailed sections on:

* Warehouse Receipt Financing Ecosystem and Stakeholder Map, including roles (actual and perceived)
* WHR Financing Status i.e., uptake by banks and value chain actors/enablers
* Stakeholder consultation and key informant interview findings, including feedback on regulations, other prerequisites, ICT, PMEX, pilots, products
* SBP Framework Review and Analysis
* Recommendations

The contractor will also make an interim presentation to Karandaaz (presenting findings of stakeholder consultation, prior to finalizing recommendations). The final paper will be presented at a Karandaaz event (timeline and event TBC). A blog will also be authored and submitted in partnership with Karandaaz for upload to the company website.

The Karandaaz Knowledge Management team shall coordinate the engagement and participate in primary research activities where possible. The Contractor shall be responsible for making all logistical arrangements for their team required with respect to the engagement.

**Partner Qualifications**

The ideal contractor will bring the following key elements:

* A team of experts including:
  + Knowledge of the financial sector, knowledge of agri finance will be strongly preferred
  + Prior banking experience, especially strong financial product development experience
  + Knowledge of financial regulation and landscape
* A track record in similar initiatives
* Strong financial industry networks and access
* Prior experience in developing qualitative research
* Availability of key staff within the stipulated time frames for this work. Specific names and resumes (relevant experience only) of the team should be included

Late proposals or those that exceed the page limit will not be entertained.

Each type of document will be separately sealed and then included in one sealed package. Submissions must be mailed to the following office and email address no later than **12:00 PM on February 27, 2017**.

**Office Address:** The Procurement Team, Karandaaz Pakistan, 1-E Ali Plaza, Nazim ud din Road, D-Chowk, Islamabad

**Email:** [procurement@karandaaz.com.pk](mailto:procurement@karandaaz.com.pk)

Envelops should be marked: ***“RFP No. 24 for Study on Uptake of Warehouse Receipt Financing in Pakistan***”.

Annex - A

**PROPOSAL SUBMISSION FORM**

Dear Sir/Madam,

Having examined the Solicitation Documents, the receipt of which is hereby duly acknowledged, “THE FIRM NAME” undersigned, offer to provide consulting for “INSERT REFERENCE NUMBER” to Karandaaz Pakistan in accordance with the Price Schedule attached herewith and made part of this Proposal. “THE FIRM NAME” undertake, if our Proposal is accepted, to commence and complete delivery of all services specified in the contract within the time frame stipulated.

“THE FIRM NAME” agree to abide by this Proposal for a period of 90 days from date fixed for opening of Proposal in the invitation for Proposal, and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

We understand that you are not bound to accept any Proposal you may receive.

Dated: this------day of -------2017

**Name, Designation and Signature of the “firm Representative”**

Annex - B

**RECOMMENDED TEMPLATE FOR SUBMISSION OF COST PROPOSAL**

The cost proposal should be sufficiently detailed with the indicative breakdown shown below. All assumptions (if any) must be clearly listed and explained/justified in the narrative.

|  |  |  |
| --- | --- | --- |
| **No.** | **Activity with Description** | **Cost in PKR** |
| 1 | Step 1: e.g., Secondary Literature and Regulatory Review |  |
| 1.1 | LOE (daily rates and # of days by resource) |  |
| 1.2 | Administrative/Logistical |  |
| 2 | Step 2 e.g., Primary Data Collection: Stakeholder Consultations and Key Informant Interviews |  |
| 2.1 | LOE (daily rates and # of days by resource) |  |
| 2.2 | Administrative/Logistical |  |
| 3 | Step 3 e.g., Analysis and Recommendations |  |
| 3.1 | LOE (daily rates and # of days by resource) |  |
| 3s.2 | Administrative/Logistical |  |
|  | **Total Cost in PKR with Taxes (all taxes)** |  |

1. <http://www.pbs.gov.pk/content/agriculture-statistics> [↑](#footnote-ref-1)
2. *National Financial Inclusion Strategy*, State Bank of Pakistan, 2015 [↑](#footnote-ref-2)
3. Wheat is highly regulated and is stored in public warehousing. Given the limited participation of the private sector in the procurement and storage of wheat, it’s suitability to WHR financing is considered limited. [↑](#footnote-ref-3)