

Consultancy Terms of Reference

Affordable Housing Market Capacity Development: Pakistan

A. Background

Reall is a UK-based international development organisation that is building an affordable homes movement which will improve the life chances of 100 million people in urban Africa and Asia by 2030.

Reall's strategy is to get affordable homes built at scale by targeting investments, generating ideas and championing evidence. This accelerates the flow of capital and the availability of end-user finance, leading to catalytic commercial, economic and socially sustainable change. Reall specifically targets the 40th percentile and below of the income pyramid in each location.

In Pakistan Reall has worked with local partners since 2015 and invested circa £10Million (GBP) to date; Pakistan is a priority country for our organisational strategy, and our ambitious country strategy seeks to facilitate local organisations to deliver affordable housing as well as transform the market itself.

We are seeking submissions for key consultancy and market intervention activities which will shift the market structure quickly and establish the conditions for a long-term scalability in the Affordable Housing sector.

B. Purpose of the Consultancy

The purpose of this consultancy is to address key deficiencies of the (Affordable) Housing market in Pakistan, including comprehensive sector data, service offering, collaboration, and potential to scale. These are split into two categories, representing the market information and the market scaling. In essence this consultancy seeks to establish the macro-market data and insights which the sector requires, and then develop and create the metrics for analysis, bench-marking as well as the on-going mechanisms for the market to operate effectively and sustainably going forward.

Within the two categories, five critical areas of market improvement have been prioritised to establish potential for long-term impact with quick implementation capability. The long-term outcomes will be an increase in market participants, and increased provision of Affordable Housing in the country. Funding will be provided to undertake these initiatives, and the scope will identify how they will become self-sustaining once implemented.

1. Market Information & Analytics

1.1. Client Credit Assessments (including Informal worker) Capability

Reall are seeking the development of Income Estimation & Credit Risk modelling capabilities to assess credit worthiness of those who are not currently eligible for existing mortgage finance or housing loans, there should be a particular focus on the informally employed and self-employed, with a broader scope covering the bottom 40th percentile of household incomes. The majority of potential homeowners in Pakistan are either self-employed or are reliant on some informal income for their household, and there is little to no current data or methodologies available for providers of financial products to assess and manage risk for this demographic.

The consultant will develop the methodology required to create industry benchmarks. profile income seasonality, volatility & market correlations, and then undertake research into the potential client base for the AH market.

1.2 Affordable Housing Dashboards

In order for new entrants to have confidence, for the sector to operate successfully, and to scale effectively, market information needs to evolve in sophistication; this element of the consultancy will be to identify key market data require for a more mature level of market operation. Typically this will involve supply chain and market data, research and dissemination that benchmark the industry trends. Examples will include:

- Cost & Price Indexing for AH Provision (including construction and land, professional fees, EUF costs etc)
- Quality Assurance, such as professional standards, performance track records, project delivery tracking, document management etc

1.3 Affordable Housing Stakeholder Network/Community

An affordable housing community's purpose is to enable enterprises to create value from outside their own firm by engaging with other enterprises within the housing industry ecosystem. This requires the ability to make assets like data, share intelligence, as well as publish details of their goods & services available to external businesses. The aim is to foster collaborative behaviour, given the scale of housing supply deficit, marketplaces compel competitors or organizations within the chain to cooperate in key areas.

Cross functional platforms promote the collaborative exchange of value with partners, the benefits of creating a platform where partners may share ideas, offer their services & products at subsidised rates helps in creating value for the end affordable housing consumer.

2. Market Scaling Initiatives

2.1 Housing Finance Analytics

In order for Finance organisations to understand and operate effectively in the Affordable Housing sector, there is a strong need for data analytics in order to provide insight, manage risk and improve efficiency. This element of the consultancy will be to develop the scope, parameters and service offer for the sector.

2.2 Mortgage as a Service

Through a "Mortgage as a Service" offering, standardised operations and risk assessments can be made available for commission by existing financial institutions looking to enter the affordable housing finance sector. This consultancy would develop the scope and implement the service to the Pakistan market in order to facilitate the financial sector to serve the affordable housing need in country.

2.3 Digital Conveyancing Portal

Development of a portal for a consortium of (financial) institutions (MFIs/MFBs/Banks/DFIs) to interface with various public organisations (Land Development Authorities, Sub-Registrars, Building Control Authorities, Tax Authorities, Utility Companies, Survey Departments) to streamline conveyancing & reduce transaction costs.

C. Methodology

Each individual initiative will require a bespoke approach suitable to the specific outcomes that are sought; the tender party is invited to demonstrate in detail how they would resource and implement the following AH market capacity development initiatives.

Each initiative should be structured in four standard phases:

- Mobilisation
- Initiation & Piloting
- Review
- Implementation

1. Market Information & Analytics

Consultants should propose the methodology to both undertake the market research as well as the scope to standardise the data management and analysis required for the actors in the AH sector to engage and adopt the information collated and the systems proposed. For each initiative the following is expected as a minimum undertaking, and the proposals should build on these in further detail:

- Client Credit Assessments (including Informal worker) Capability
 - Market research
 - Review
 - Assessment trials
 - Analysis
 - Launch

- Affordable Housing Dashboards
 - Scoping
 - Stakeholder engagement
 - Tendering
 - Research & Trials
 - Review and Analysis
 - Launch
- Affordable Housing Stakeholder Network/Community
 - Scoping
 - Stakeholder engagement
 - Design
 - Pilot
 - Launch

2. Market Scaling Initiatives

For the market to scale there is a need for specific expertise that can surpass the barriers to market entry, the consultancy will require details of how financial analytics, service and information management can be provided to the sector in order to unlock the scale of resources that is required to serve the need for AH in country.

- Housing Finance Analytics
 - Mobilisation
 - Scoping
 - Design
 - Implement
- Mortgage as a Service
 - Mobilisation
 - Scoping
 - Design
 - Implement
- Digital Conveyancing Portal
 - Mobilisation
 - Scoping
 - Design
 - Implement

D. Deliverables

Expected deliverables are:

The purpose of this consultancy is to implement key market deliverables, each five critical areas of intervention will require:

- Initial market research and analysis
- Refined intervention/initiative detail
- Launch

For each stage the provider is required to present and report to Reall. The market research and analysis will be open source unless agreed otherwise, and Reall will reserves the right to share and disseminate by agreement. The Proposed intervention/initiative will be presented to Reall in electronic form and verbally, this can be a written report, presentation such as powerpoint, and the team will be required to formally present to Reall the content via a video conference. The Launch will be documented and evidence of the key milestones reported to Reall to demonstrate the completion of the initiative.

Reports should be written in English, concise and free of unnecessary jargon.

E. Timeframe

The following is a provisional timeframe which may be subject to change based on negotiations with the provider:

- 2nd February – 2nd March: Tender Period (30 days)
- 12th March 2021: Appointment Complete
- 15th March 2021: Commencement
- 31st March 2023: Completion

F. Qualifications

- Demonstration of relevant expertise and capacity regards each initiative;
- Demonstration of an understanding of microfinance and other mechanisms designed to improve financial access for low-income communities;
- Demonstration of an in-depth knowledge of mortgage finance, with specific focus on Affordable Housing;
- Experience of market research and analytics;
- Ability to produce, appraise and present financial models in an accessible way;
- Compliance with Reall's Basic Investment criteria covering Finance and Governance minimum standards

G. Budget

The proposed budget for the work should consist of:

- human resources, itemised per initiative and as a monthly cost;
- operational expenses
- a total cost.

H. Expressions of Interest

Applications should be sent to adam.dawson@reall.net and emma.ahmed@reall.net by:
9am GMT on Monday 1st March 2021.

Please send a proposal in electronic format, including the following information:

- Brief overview and understanding of the requirements
- Summary of the approaches and methods proposed
- Names, roles, responsibilities and key relevant experience of the team members including CVs and references demonstrating experience applicable to the proposal
- Overview of proposed budget and work plan
- Declaration that you/ your organisation has the capacity and resources to deliver the contract as set out in the Terms of Reference
- Declaration that you/ your organisation are compliant, and have not breached, the following restrictions: *

Candidates or tenderers will be excluded from taking part in a procurement procedure if:

- (1) it is bankrupt, subject to insolvency or winding-up procedures, where its assets are being administered by a liquidator or by a court, where it is in an arrangement with creditors, where its business activities are suspended, or where it is in any analogous situation arising from a similar procedure provided for under national laws or regulations;
- (2) it has been established by a final judgment or a final administrative decision that the candidate/tenderer is guilty of grave professional misconduct by having violated applicable laws or regulations or ethical standards of the profession to which the candidate/tenderer belongs, or by

having engaged in any wrongful conduct which has an impact on its professional credibility where such conduct denotes a wrongful intent or gross negligence, including, in particular, any of the following:

- i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract;
 - ii) entering into agreement with other economic operators with the aim of distorting competition;
 - iii) violating intellectual property rights;
 - iv) attempting to influence the decision-making process of the Contracting Party during the procurement procedure; or
 - v) attempting to obtain confidential information that may confer upon it undue advantages in the procurement procedure;
- (3) it has been established by a final judgment or a final administrative decision that the candidate/tenderer is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the applicable law;
- (4) it has been established by a final judgment that they, or persons having powers of representation, decision making control over them, is guilty of any of the following fraud, corruption, involvement in a criminal organisation, money laundering, terrorist financing, child labour (or any other forms of trafficking in human beings) or any other illegal activity detrimental to Sweden's or Sida's interests;
- (5) the tenderer has shown significant deficiencies in complying with main obligations in the performance of a contract financed by Sida or the Contracting Party, which has led to the early termination of a legal commitment or to the application of liquidated damages or other contractual penalties or which has been discovered following checks and audits or investigations; or
- (6) they, their subsidiary, another company belonging to the same group of companies, a consortium partner or other affiliate is found on the list of EU restrictive measures. The lists of persons, groups, entities subject to the EU restrictive measures are published on the following website:
www.sanctionsmap.eu.

Candidates or tenderers must certify on honour in their tenders that they are not in any of the situations listed above.

*Please note that all proposals shall be rejected and contracts terminated where the tenderer or candidate has been found to engage in corrupt, fraudulent, collusive or coercive practices.