



**MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING, URBAN
DEVELOPMENT AND PUBLIC WORKS
STATE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECOND KENYA INFORMAL SETTLEMENTS IMPROVEMENT PROJECT (KISIP2)**

Credit No: 6759-KE

Terms of Reference

For

Consultancy Services for an Independent Fiduciary Agency (IFA) Consulting Firm

Contract No. KE-MOTI-214044-CS-QCSB

JUNE 2021

1.0. Introduction

The Government of Kenya is preparing a proposed second phase of the Kenya Informal Settlements Improvement Project (KISIP2) which shall be financed by International Development Association (IDA) and implemented by the State Department of Housing and Development (SDHUD) and selected counties and other implementing agencies. As part of the key fiduciary requirement is to procure the services of a consulting firm to provide the services of an Independent Fiduciary Agent (IFA).

2.0. Objectives and Principles of KISIP2

The overall project development objective of the project is to *improve access to basic services and tenure security of residents in participating urban informal settlements and strengthen institutional capacity for slum upgrading in Kenya.*

The project has the following four components:

Component 1: Integrated settlement upgrading. This component supports settlement upgrading through two main interventions classified under two subcomponents:

Subcomponent 1.1: Tenure regularization- This sub-component coordinates regularization of tenure for people living on uncontested public lands whose process includes: Development of a local physical plan for the settlement which lays out land parcels and infrastructure like roads, drainage, walkways; Surveying with physical placement of beacons to demarcate the parcels as per the plan; Preparation and issuance of letters of allotment based on the survey plan; and Issuance of titles.

Subcomponent 1.2: Infrastructure Upgrading

This sub-component coordinates infrastructure investment portfolio whose menu includes: roads, bicycle paths, pedestrian walkways, street and security lighting, vending platforms, solid waste collection and settlement sorting, storm water drainage, water and sanitation systems, public parks, and green spaces. It further includes investments related to prevention of crime and violence, including but not limited to community centres.

Component 2: Socio-economic inclusion planning.

This component supports community development plans to enhance social and economic inclusion, identifies beneficiaries who fit the eligibility criteria of government programs but are excluded and connects them appropriately, supports participatory crime and violence mapping, monitors the employment of local labour, carries out community capacity building and awareness raising for various project interventions including community-based solid waste management. This component includes the Labour Intensive Community Works (LICW) geared towards creating employment for the youth.

Component 3: Institutional capacity development for slum upgrading

This component supports institutional and policy development at national and county levels; develops a capacity building plan for national and county levels to implement the Strategy and

to develop understanding of slum upgrading processes; also supports technical assistance, training, workshops and learning events, experience sharing and peer-learning activities with other counties, and other capacity building activities.

Component 4: Program management and coordination.

This component supports activities of the NPCT and the CPCTs related to national and county-level project management and coordination, including planning, surveying, engineering, fiduciary (financial management and procurement), safeguards compliance and monitoring, monitoring and evaluation (M&E), communication and community development.

3.0. Objectives of the Assignment

The primary objective of the consultancy shall be to conduct independent verification of Components 1.2- Infrastructure upgrading which shall be implemented at the selected counties and Component 2 which includes the LICW which shall be implemented by the national government with input from select counties as well.

The activities under Component 1.2 shall include an integrated package of investments to upgrade settlements in line with the eligibility criteria. These activities shall include the procurement and construction of roads, bicycle paths, pedestrian walkways, street and security lighting, vending platforms, solid waste collection and settlement sorting, storm water drainage, water and sanitation systems, public parks, and green spaces. It further shall include investments related to prevention of crime and violence, including but not limited to community centres.

The activities under component 2 shall focus on ensuring that the construction works and other labor-related activities continue to create jobs in the informal settlements through the LICW initiative. The activities include street and drainage cleaning, solid waste management, fumigation and disinfection, etc. Vulnerable and unskilled members of the community will be prioritized under this arrangement.

The consultant shall provide regular support in following up and resolving challenges related to budget and work planning, disbursement, accounting, internal control, financial reporting and audit issues of the project.

4.0. Scope of Services

The IFA is expected to provide continuous assessment of the implementation of the activities of KISIP2 project and more specifically Component 1.2- Infrastructure upgrading at the county level and Component 2- Social inclusion planning- LICW implemented by the national government with the support of the selected implementing counties. The IFA will put in place measures to ensure that project funds and resources are used for the intended purposes in an efficient and economical manner in compliance with the financial covenants and other project documents and manuals. The IFA will report on, quantify, and make recommendations of mitigation measures with respect to any cases of weaknesses in fiduciary and technical arrangements and noncompliance with project documents.

The IFA is also required to assess the accounting and internal control environment at county level for early identification and reporting of fiduciary risks for prompt remedial action; monitoring of county fiduciary performance and reporting on any cases of noncompliance with recommendations of actions to be taken and provide technical assistance and capacity building training to counties; and providing support in the strengthening of the county internal audit function. For the LICW activities, the IFA will assess the whole process of identification and selection of beneficiaries, identification, selection and quantification of the labour intensive works, maintenance of database of the beneficiaries, review of the conduct of the works and the payment processes.

The IFA shall provide regular support in following up and resolving challenges related to budget and work planning, disbursement, accounting, internal control, financial reporting and audit issues. These activities are to cover the 33 counties participating in the program including Nairobi, Mombasa, Kisumu, Kakamega, Nakuru, Kilifi, Uasin Gishu, Kiambu, Kwale, Kilifi, Lamu, Taita Taveta, Wajir, Meru, Tharaka Nithi, Nyandarua, Nyeri, Trans Nzoia, Elgeyo Marakwet, Nandi, Kajiado, Bungoma, Homa Bay and Nyamira.

Specific tasks are as follows.

i. Component 1.2- Infrastructure Upgrading

Specifically, the firm shall ensure that Component 1.2 activities adhere to the provisions of the Financing Agreement, Project Operations Manual (POM) and the Financial Management Manual (FMM). The activities in this component shall include but are not limited to the following.

- a. Ensure that the procurement of the goods, consulting and non-consulting services are in line with the approved work plans, budgets and procurement plan of the counties.
- b. Review the projects and ensure compliance to the detailed Engineering designs and Bidding Documents (including Environmental and Social Impact Assessment (ESIA), Resettlement Action Plans (RAP) preparation)
- c. Ensure compliance to procurement regulations and procurement specifications of the projects and assess the evaluation and shortlisting procedures followed at the counties.
- d. Assess the conformity of the delivered results to the contractual requirements to ensure that performance and achievement of the desired objectives within the set timelines.
- e. Ensure that for works contracts, Bidding Documents with the requisite provisions for mitigating risks associated with ESHS including Gender-Based Violence (GBV) and Sexual Exploitation and Abuse (SEA) for contracts following national procurement procedures are used.
- f. Assess whether Contract Management Plans (CMP) were developed for all relatively high value contracts as per the procurement plan with Key Performance Indicators (KPI) identified and appropriate technical and financial resources deployed.
- g. Carry out continuous assessment of the accounting and internal control environment at county level for early identification and reporting of fiduciary risks for prompt remedial action.
- h. Ensure that counties have developed and implemented ESIA, Environmental and Social Management Plan (ESMP) and RAP and there is frequent monitoring.
- i. Ensure that only eligible expenditure is paid from the project funds and other operational costs are paid for from Government's counterpart funding.

- j. Ensure that all payments from the project are in line with the Public Finance Management Act and other government regulations.
- k. Ensure all the records are available to support the project transactions.
- l. Ensure that any risks relating to suspected fraud and corruption are identified and quantified and make recommendation to strengthen corruption prevention measures.

ii. Component 2 Social Economic Inclusion Planning

The consulting firm shall ensure that Component 2 activities specifically the LICW activities adhere to the provisions of the Financing Agreement (FA), POM, FMM and the LICW Manuals. The activities in this component shall include but are not limited to the following.

- a. Review the reports and ensure that the work identified and carried out is in line with the criteria set in the LICW Manual.
- b. Ensure that the quantification of work done is based on the parameters stipulated in the different areas of work for LICW activities and it matches the defined outputs per deliverables per activity.
- c. Review the recruitment and selection process and ensure compliance to the criteria set out for selection in the LICW Manual including, age, need for an ID, confirmation of settlement etc.
- d. Review the payment schedule and ensure that there is sufficient evidence to confirm the work undertaken by the eligible beneficiaries in the agreed manner and it has been properly approved by the authorized persons.
- e. Review each payment cycle as executed by the Mobile money service provider to confirm that only the youths with evidence of work have been paid and the payments are through the registered numbers which appear in the beneficiary database.
- f. Ensure that youths without Identification Documents are not paid from IDA funds and instead are paid from the government counterpart funds until when they get the required documentation.
- g. Review the reconciliation reports to establish the challenges resulting to non-payments and confirm amendments or otherwise.
- h. Ensure that that payments made in each of the cycles reconcile to the approved work plans and budgets and any refunds are duly made to the project account.
- i. Carry out continuous assessment of the accounting, internal control and anti-corruption environment of the LICW activities for early identification, quantification and reporting of fiduciary risks for prompt remedial action.
- j. Ensure that the reports of the review of each payment cycle is part of the quarterly report to be submitted by the IFA to the SDUD and the World Bank within 45 days after the end of every quarter.

5.0. Deliverables

The consultant should prepare reports with distinctive sections for Component 1.2- Infrastructure upgrading and Component 2- LICW. The reports are as follows.

- (a) **Inception Report**- outlining the consultants' understanding of the assignment and proposed approach to meeting the Projects' conditional grant requirements; the inception report should include the consultant's understanding, proposed approach and methodology.
- (b) **Quarterly report**- This report shall be prepared 45 days after the end of the quarter. For Component 1.2 the report shall include an assessment of the compliance to the fiduciary requirement or lack of based on the review of the corresponding activities. The report for component 2 shall include the exception reports after each payment cycle pointing out to compliance or lack of in the activities undertaken.
- (c) **Annual IFA Report**- This shall be undertaken at the end of every financial year. The report shall be submitted three months after the end of the financial year. The report shall detail the following:
 - a. Compliance or non-compliance the fiduciary conditions, based on either fieldwork data or documentary evidence submitted by counties on or before 30 June each year;
 - b. funds utilization and expected allocations

To achieve the deliverables above, the following guidelines shall be used to establish the level of effort.

Preparations:

3 assessment teams of two person's x 3 days = 18 person days

I coordinator x 3 days = 3 person days

Fieldwork:

3 assessment teams of two person's x 3 days per county x 11 counties = 198 person days

I coordinator x 11 days per team x 3 teams = 33 person days

Fieldwork analysis and reporting:

3 assessments team's x 2 person's x 3 days = 18 person days

I coordinator x 3 days = 3 person days

Final report:

I coordinator x 5 days = 5 person days

I assistant x 5 days = 5 person days

6.0. Duration and Timing of Services

The assignment will be an overall period of Sixty (60) Months equivalent to five years. It is intended that this Consultancy will be contracted for an initial period of Thirty (30) Months equivalent to 2.5 years from the date of commencement. This period is subject to continuity for a further Thirty (30) Months equivalent to 2.5 years based on satisfactory performance. The contract shall be lumpsum based but directly linked to the deliverables.

7.0. Expertise Required

The selected consulting firm should be properly registered and has been in operation for at least 10 years and will have demonstrated ability to:

- Conduct a skills/ expertise audit on fiduciary matters (financial management and procurement) and propose improvements
- Deploy staff with qualification and experience of not less than 10 years in accounting, audit, procurement and Public Finance Management.
- Regular support in financial reporting.
- Checking compliance and proposing corrective measures
- Be familiar with Public Financial Management Act and Regulations, Public Procurement and Disposal Act and regulations, government procedures and processes, Donor financing and requirements thereof.
- The firm should have conducted engagements of similar nature in the past.
- The firm should be able to meet the tight reporting timelines required by the project.

The firm will propose their own team composition as part of their proposal. The team should be available through the initial 30 months and subsequently during the next 30 months of the project.

The core team will have the following expertise.

1. Coordinator (Team Leader) should have the following at a minimum:
 - **Qualifications:** a post-graduate degree in public administration, public finance, economics, the social sciences or a related field
 - **Experience:** At least 10 years' experience in public finance management should have an extensive knowledge, and experience in planning and budgeting, procurement and financial management at the national and county level in Kenya.
 - Additionally, the team leader should have experience in undertaking fiduciary verification in the recent past. They should have proven familiarity with Kenya's current (post-2010) devolution reforms would be a major asset. The team leader should have demonstrated track record of providing consultant deliverables on a timely basis, should demonstrate a track record of successful similar work in other settings and should have 100 percent commitment and availability in the country during the implementation period of the assignment.
 - The team leader should have a track record on delivering on assignments (Evidence based). They should have experience in dealing with devolved units, demonstrate adequate leadership and team management skills, strong personal organization and time management and excellent writing, communication skills and presentation skills.
2. **Financial Management Specialist** should have the following at minimum.

- **Qualifications:** Bachelor's degree in Commerce, Economics, Business Administration or any other relevant course.
 - **Experience:** Minimum 5 years of practical experience in public financial management in areas of financial reporting and/ or audit. The specialist should have experience in audit and quality assurance will be an added advantage and should demonstrated experience in training and leading a teams. Registration with professional body (ICPAK) and must be in good standing.
3. **Procurement Specialist** should have the following at a minimum.
- **Qualifications:** Bachelor's degree in procurement, Commerce, Economics, Business Administration or any other relevant course.
 - **Experience:** Minimum 10 years of practical experience in public procurement. The specialist should demonstrated experience in undertaking procurement reviews and assurance. They should have experience in donor funded projects, registration with professional body is an added advantage.

8.0. Responsibilities of the Client

The Client will provide office space for the consultants in the same location as the KISIP2 preparation team to facilitate close cooperation/consultation with their counterparts. The Client will avail all relevant documents to the consultants and will facilitate meetings with stakeholders. The Client will organize and finance any stakeholder workshops. The Client will reimburse the consultants for expenses related to any approved travel undertaken for the purposes of carrying out the assignment.

The Client will provide to and collaborate with the Consultant in making available the following documents relevant to the project subject to the extent of availability of such information:

- Access to Project's existing Information on the informal settlements
- Financing Agreement (FA)
- Disbursement and Financial Information Letter (DFIL)
- Project Appraisal Document (PAD)
- Project Operations Manual (POM)
- Financial Management Manual (FMM)
- Labour Intensive Community Works Manual (LICW)
- Other relevant policy documents.
- The Client will also facilitate the Consultant's access to Government departments.

However, it is the duty of the Consultants to check availability, quality and suitability of this information. The information, data, reports as mentioned above will be available for the consultant's unlimited use during execution of the proposed services within the Project.

7. Responsibilities of The Consultant

The consultant shall be responsible for the provision of all the necessary staff and resources to carry out the Services such as project transportation for visits to counties, subsistence allowances, accommodation, information technology, means of communications, Database

software, Organization of the workshops, reporting materials, insurance and any other required resources.

The consultant is expected to undertake activities that will ensure that outputs are consistent with the professional and legal requirements. All outputs will be presented using modern techniques/technology. It is also required that the data is generated through a consultative process that guarantees authenticity and ownership.