# Terms of Reference of the Project Management Consultant (PMC) for the Shariah Affordable Housing Finance Project

1. **Background**

The Shariah Affordable Housing Finance Project in Kyrgyzstan, supported by the Islamic Development Bank (IsDB), aims to meet the country's affordable housing needs. The project responds to the growing demand for housing and the need to develop sustainable financing solutions.

The State Mortgage Company (SMC) plays a central role as the implementing agency of the project. The anticipated financing from the Islamic Development Bank (IsDB) is in line with the Kyrgyz Government's strategic objectives in the housing sector as set out in the “My House” Housing Program for Kyrgyz citizens for 2021-2026.

IsDB financing will help address various aspects of the government's housing objectives, including increasing affordability, improving access to quality housing, enhancing living standards, and promoting a healthy environment. In addition, the financing is in line with the objectives of facilitating access to finance and developing the rental market through a combination of construction finance, mortgage finance and savings. Along with this, in the long term, this IsDB financing will also help develop SMC's capacity to position itself as the highest public housing management institution in the country, participating in both demand-side lending and supply-side initiatives.

The project is a strategic initiative to address the housing shortage and improve living standards. IsDB's involvement is significant due to its experience and resources in implementing large-scale infrastructure and development projects, especially those that are consistent with Islamic finance principles. Working with the Ministry of Finance, Ministry of Economy & Commerce and SMC, the IsDB aims to create a sustainable, economically viable, and culturally appropriate solution to Kyrgyzstan's housing problems, reflecting the country's socioeconomic aspirations and the growing demand for Shariah-compliant financing solutions, both for this project and for future potential housing initiatives in the country for affordable housing.

1. **Project Objectives**

The main objective of this project is to significantly improve the socio-economic well-being and living conditions of the population of the Kyrgyz Republic. This entails an increase in the supply of affordable housing, especially for lower middle-income segments of society. Moreover, the project aims to promote the development of the Islamic finance sector in the Kyrgyz Republic by introducing innovative Shariah-compliant mortgage finance instruments. The initiative is expected to expand opportunities in the housing finance sector and update a technical strategy for new affordable housing to make homeownership more accessible to broader population segments.

1. **Criteria for Selection of the Project Site**

The project covers several sites throughout the Republic of Kyrgyzstan, specifically in the seven cities: **Bishkek, Batken, Jalal-Abad, Osh, Tokmok, Talas, and Karakol**, as identified in the Cabinet of Ministers’ resolution on land transfers (Resolution № 387-r dated February 26, 2022). The selection of these locations was based on a strategic approach that includes identifying land suitable for SMC projects and negotiating with the relevant authorities to transfer land to SMC. This approach is necessary to ensure that the project sites are not only optimal for construction but also contribute to the broader urban development objectives of the region. It should be noted that the selected project sites should be consistent with the city's architectural development plans with access to connected utilities. In this regard, the consultant will also be requested to review and verify the suitability of the project site to meet the project objectives.

As detailed in the feasibility study, the construction of 1,425 units of affordable housing will be spread across several sites across the country. Here is a detailed list of the project sites, the number of homes to be built on each site, and the required typology:

Land plot located in Chui oblast, Sokuluk district, Sary-Ozon aiyl okmotu with the area of 15 hectares. It is planned to build a multifunctional residential complex on the mentioned plot. Preliminary technical and economic indicators of the residential complex:

* 19-blocks
* The total number of apartments 1 425 apartments of them:
	+ one-room apartments in number - 570 apartments (46,42m2 - 51,41m2 each)
	+ two-room apartments in number - 570 apartments (73,26 m2; 68,16 m2; 64,32 m2,)
	+ three-room apartments - 285 apartments (90,30 m2).
* the total area of apartments is 96 014 m2.

The location of the housing construction can be changed by mutual agreement of the parties, as noted in the Agreements between the Kyrgyz Republic and the IsDB.

1. **Project Description**

This project includes a comprehensive approach to developing affordable housing solutions in the Kyrgyz Republic. It involves the construction of affordable housing as well as the implementation of Shariah-compliant mortgage financing options. The project aims to address the housing shortage and provide sustainable and affordable housing solutions for the intended target beneficiaries. It is designed to be scalable and replicable, allowing it to be scaled up in different regions of Kyrgyzstan. The approach is to build affordable housing and create a supportive financial ecosystem that makes housing affordable and accessible to a wider segment of the population.

The two key components of the affordable housing finance project to be implemented by SMC are:

1. Construction of affordable apartments (through rent-to-own mechanism): This project component will focus on the construction of affordable apartments that are leased to eligible low- and middle-income beneficiaries on a lease-purchase basis using Ijarah Muntahiya Bitamlik.
2. Line of finance for Shariah-compliant mortgages for self-build apartments: This component aims to provide a financing line to banks through SMC as a conduit for the disbursement of Shariah compliant mortgages for beneficiary-led housing construction. This activity will target households from low- and middle-income groups who have land but insufficient capital to build a house and cannot afford mortgages available in the market.

The project places great emphasis on understanding and meeting the needs of the target beneficiaries. An affordability analysis, critical to the success of the project, has been included in the feasibility assessment which will be refined by the PMC, to ensure that the proposed housing solutions are in line with the economic capacity of the intended beneficiaries. This analysis is critical in shaping the project approach and ensuring that the housing is indeed affordable to those who need it

Capacity building of the key implementing agency, i.e. SMC, in the project ensures the long-term success and sustainability of the project. Strengthening the skills and experience of the local leadership, especially in project design and management, also ensures the success of the project. The affordable housing project provides immediate benefits but also lays the foundation for future affordable housing initiatives of the Kyrgyz Government.

The transfer of knowledge on international best practices in planning, design and management through this project paves the way for more sustainable and affordable housing solutions in Kyrgyzstan, creating a ripple effect beyond the immediate objectives of this initiative. This approach ensures that the skills, methodologies and structures developed are not limited to a single project but become part of a broader strategy to address housing needs in the country.

1. **Project Stakeholders**

The key stakeholder of the project includes the Ministry of Economy and Commerce, SMC, State Agency for Architecture, Construction, Housing and Communal Services, Municipal Governments, the Islamic Development Bank, and the authorities in charge for construction and utilities.

Other important stakeholder especially for the line of finance component are the local commercial banks, microfinance institutions, and local NGOs in the housing sector.

1. **The Objective of the Consultant**

PMC will serve as the technical lead for the project, ensuring that every aspect of the project, including construction, line of finance, and capacity building activities, meets the high standards set by the State Mortgage Company and the Islamic Development Bank.

1. **Detailed Scope of Services**
* Technical guidance, advisory and implementation of the project activities throughout the development period, currently estimated at 48 months.

PMC shall ensure the application of national green housing standards, integrating climate-resilient and energy-efficient design elements into all housing units, including the use of sustainable materials and energy-saving technologies.

* Compliance of the financing according to Shariah standards: Ensure that all aspects of the project, from design to construction, comply with Shariah compliant financing mechanisms. This requires a thorough understanding of the principles of Islamic finance and their application in the housing context.

PMC shall engage closely with the Shariah Advisory Board, providing comprehensive documentation and support for audits and reviews to ensure compliance of financing instruments (including Ijarah, Murabaha, Istisna, and Wakalah bil Istithmar) with Islamic finance principles.

* Project management and coordination: Coordination between various stakeholders including SMC, local authorities, contractors, engineering consultants and suppliers. Ensure smooth interaction and resolution of any conflicts or problems that may arise during project implementation.

In close coordination with the Engineering Technical Consultant, PMC will ensure that construction meets the required quality of work, materials, and work schedules throughout the project and implement quality control measures.

They will identify potential risks, develop mitigation strategies, including addressing issues such as weather delays, labor shortages, unforeseen procurement and construction problems.

In close coordination with the Engineering Technical Consultant, the PMC oversees contracts with subcontractors, suppliers, and other stakeholders, ensuring that all parties honor their commitments and agreements. PMC will also develop (1) a robust Contract Management Plan (CMP) to be prepared for each contract; and (2) a Project Implementation Manual (PIM).

PMC shall integrate and utilize digital platforms to ensure transparent and efficient processes for beneficiary selection, project tracking, stakeholder communication, and reporting.

* Leading the project procurement activities: PMC is to lead the procurement activities of the project, including procurement of civil works, consultancy services, and goods, in compliance with the IsDB procurement guidelines and procedures, and in close coordination with SMC and IsDB project team, to meet the quality and timeliness of the project implementation schedule.
* Environmental and Social Impact Assessment of the project. Conduct a thorough environmental and social impact assessment in accordance with the Environmental and Social Management Framework Plan. Implement strategies to minimize negative impacts and increase the positive social and environmental contribution of the project.
* Manage the project budget and schedule: Maintain continuous monitoring of the project budget and schedule, ensuring that the project remains within the allocated financial resources and is completed within the agreed timeframe. They will create a comprehensive project plan that outlines the scope, schedule, budget, and resources needed. This plan serves as the roadmap for the entire project.
* Schedule Management: PMC to develop and maintain the project schedule by tracking milestones and deadlines. They also identify and resolve any delays or problems that may occur during construction. Provide regular financial and progress reports and performance reports to the SMC and IsDB.

* Handle incoming and outgoing correspondence throughout the project implementation. Translation of correspondence into Kyrgyz, Russian and English. Sending and receiving correspondence to the state bodies of the Kyrgyz Republic, SMC, IsDB and other interested organizations. Participation in meetings, sessions in the interested state bodies of the Kyrgyz Republic, in the Cabinet of Ministers of the Kyrgyz Republic, as well as participation in meetings within the framework of the Jogorku Kenesh of the Kyrgyz Republic. Organization and support of video-calls on the project, as well as ensuring quality translation during discussions in any format within the project implementation. Preparation and provision of full information on the project implementation, continuous monitoring of the project implementation.
* Capacity building and knowledge transfer: Facilitate capacity building and knowledge transfer activities with local stakeholders and construction teams. Includes training in sustainable construction methods, energy efficient construction methods and Shariah compliant housing, etc.

PMC shall implement, monitor, and regularly report on strategies ensuring inclusive access and affordability of housing for women-headed households, single mothers, informal workers, youth, and other vulnerable groups.

* Safety and Compliance: in coordination with the Engineering Technical Consultant to ensure all safety standards and regulations are adhered to throughout the construction process. Conduct regular safety inspections and take necessary measures to prevent accidents and ensure the well-being of construction workers.

Given Kyrgyzstan’s high geological risks, particularly seismic risks, PMC shall enforce stringent earthquake-resilient design criteria and supervise adherence rigorously during construction. Regular risk assessments and compliance reports must be submitted periodically.

* Final Report and Documentation: Upon completion of the project, PMC, in coordination with the relevant parties, will provide complete documentation, including as-built drawings, construction reports, and a summary of the project results. This document should detail problems encountered, solutions implemented, and key findings that can be applied to future projects. Upon completion of the project, provide a full report including detailed project information and calculations.
1. **Requirements for Environmental and Social Management Plans**

Compliance with the Environmental and Social Management Framework Plan is a mandatory aspect of the project. PMC in coordination with the Engineering Technical Consultant will be required to implement all necessary environmental and social safety measures, ensuring that the project meets and exceeds environmental and social safety standards.

1. **Completion**

The success of a project depends on its speed, quality, and compliance with the IsDB guidelines and procedures. The PMC will ensure that all phases of the project are completed within the planned schedule and budget, maintaining the highest standards of quality and efficiency.

Upon completion of construction, PMC will facilitate the handover process of the facility, ensuring that SMC is equipped with all necessary documentation and assurances.

1. **Reporting and results**

Regular reporting on the progress of the project is essential and should be conducted thoroughly. The firm is expected to provide the SMC and IsDB with detailed reports documenting all aspects of project progress. Given the duration and phasing of the project as outlined in the feasibility study, a structured reporting structure is essential for effective monitoring and management. The following describes a set of reporting requirements, their relevance to the project phases and the regularity of their preparation

* Initial report: Overview of project scope, design & implementation approach, staffing and readiness of the PMC staff, work schedule (by integrating the procurement plan, disbursement plan and project implementation plan), initial risk assessment, brief stakeholder analysis and baseline analysis. Regularity: Single report at the start of the project.
* Monthly progress reports (construction phase): updates on construction progress, budget execution, compliance with environmental and social safeguards, and any deviations from the plan. Regularity: monthly, throughout the construction phase.
* Quarterly reports (throughout the project): Detailed financial reporting, including budget tracking, detailed expense information and financial projections. Updated risk assessments. Regularity: Every three months throughout the project.

PMC shall refine and continually update the affordability model periodically throughout the project lifecycle to ensure housing costs consistently remain below 30% of household income. Updated affordability assessments must be included in quarterly and annual progress reports.

* Biennial Environmental and Social Impact Reports (Construction Phases): Assessment of environmental and social impacts, effectiveness of community strategies, and recommendations for improvement. Regularity: every six months, within one year of construction completion.
* Phase Completion Reports (Completion of milestones): A summary of accomplishments, challenges, and lessons learned at the end of milestones such as design completion, construction milestones, and operational readiness. Regularity: at the end of each main phase.
* Annual report on stakeholder engagement (throughout the project): A summary of stakeholder engagement activities, feedback received, and actions taken in response to stakeholder concerns. Regularity: annually, throughout the project.
* Final report after completion of the project: Comprehensive analysis of the entire project, including achievement of objectives/development results, overall financial and operational performance, impact assessment and recommendations for future projects. Regularity: A single report upon completion of the project.
* Post-construction monitoring reports (post-construction phase): Assessment of the performance of housing units, long-term environmental and social impacts, and feedback from beneficiaries. Regularity: annually for five years after completion of training.

Each report must follow a standardized format and be submitted to the authorized project authorities, including the SMC and the IsDB. This structured reporting approach ensures consistent monitoring and evaluation throughout the project, facilitating timely decision making and effective resource management.

**Results-Based Logical Framework and Outcome Indicators.**

PMC shall continuously monitor and report against the Key Development Results Indicators outlined in the PAD, including but not limited to:

* Construction of 1,875 affordable and resilient housing units, allocating at least 30% to women-headed households.
* Reduction of energy and water consumption by at least 20%.
* Implementation of at least one Shariah-compliant mortgage product, targeting at least 333 beneficiaries, with a minimum of 30% women-headed households
1. **Qualification requirements**

The PMC should have extensive experience in delivering large scale housing projects with a particular focus on affordable housing.

The PMC must also have a deep understanding of Islamic finance and Shariah-compliant practices, as well as in-depth knowledge of the socio-economic context of Kyrgyzstan/Central Asia, including affordability considerations based on average incomes and cost of living.

The PMC should include a diverse set of roles and positions, each with specific knowledge and experience necessary for the successful implementation of the project. Below is a detailed list of key roles and relevant qualifications:

* Project Manager
* Bachelor’s degree in civil engineering and master’s degree in project management, engineering, urban planning or related field.
* PMP certified or similar accreditation on project and construction management.
* Proven experience in managing large-scale construction or housing projects.
* Excellent leadership, communication and organizational skills (fluent in English and Russian is a must)
* Lead Civil Engineer
* Bachelor’s and master’s degree in civil engineering.
* Extensive experience in designing and supporting construction projects, especially in the field of housing or infrastructure.
* Knowledge of modern engineering programs and tools, including energy efficient systems and infrastructure.
* Demonstrated experience in structural analysis, design, and disaster risk management particularly in seismic zones.
* Lead Architect
* Bachelor’s and master’s degree in architecture with a focus on sustainable, affordable and energy efficient multistory apartment design.
* Experience in designing multi-apartment residential buildings.
* Knowledge of local building codes
* Lead Procurement Specialist
* Bachelor’s degree in civil engineering, procurement or supply chain management and Master’s degree in procurement and contract management, construction management or public administration is an advantage.
* Strong knowledge and experience in public procurement processes, particularly in the housing development, involving the funding from international financial institutions
* Familiarity with tendering processes, bid evaluation, contract negotiations, and vendor management
* Expertise in managing contracts for construction materials, labor and services
* Knowledge of FIDIC contract conditions
* Experience in cost estimation and budget management, ensuring procurement activities remain within the budget.
* Environmental Specialist
* Bachelor’s degree in environmental science, engineering or related field.
* Experience in conducting environmental impact assessments and implementing interregional measures.
* Knowledge of local and international environmental regulations.
* Health and Safety Specialist
* Health and safety certification such as NEBOSH or OSHA.
* Experience in implementing health and safety standards on construction sites.
* Ability to conduct safety training and inspections.
* Social Impact and Public Relations Specialist
* Degree in social sciences, urban planning or related field.
* Experience interacting with the public and addressing social impacts of construction projects.
* Strong communication and stakeholder management skills.
* Islamic Finance Specialist
* Degree in finance, economics or related field with an emphasis in Islamic finance.
* Understanding of Shariah compliant financial products and services.
* Experience in developing financial models for housing projects within the framework of Islamic finance principles.

Each PMC member must have a deep understanding of the project's goals, especially as it relates to affordable and sustainable housing. In addition, fluency in Russian ​​and English is essential for effective communication and coordination among various stakeholders.

Through this TOR, SMC/GIK seeks to attract a Project Management Company that not only meets the technical requirements of the project, but also shares its vision of creating sustainable and affordable housing solutions that will have a long-term impact on the Kyrgyz Republic.