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TERMS OF REFERENCE (TOR)

ETHIOPIA

GENERAL INFORMATION

Services/Work Description:	National Firm Level Consultancy for HACT Micro Assessment of the Department of Rural Economy and Agriculture of the AU Commission
Project/Program Title:	Strengthening Africa's resilience and capacities for adaptation and disaster risk reduction: fostering risk-informed solutions for sustainable development
Duty Station:	Addis Ababa with travels to UNDP Regional Service center and/or Ethiopia Country Office
Type of the Contract:	National Consultancy- Firm
Duration:	20 Days
Expected Start Date	Immediately after contract agreement

I. BACKGROUND / RATIONALE

The UNDP Regional Service Centre for Africa developed a regional project ***"Strengthening capacities for disaster risk reduction and adaptation for Resilience in the Sahel Region: fostering risk-informed solutions for sustainable development"***. The main objective of this regional initiative is that regional institutions and national governments have institutionalized and domesticated risk-informed development planning, programming and investment for resilience building.

Pursuant to the UN General Assembly Resolution 56/201 on the triennial policy review of operational activities for development of the United Nations system, UNDG ExCom Agencies adopted a common operational (harmonized) framework for transferring cash to government and non-government Implementing Partners (HACT) in 2005. Its implementation will significantly reduce transaction costs and lessen the burden that the multiplicity of UN procedures and rules creates for its partners. The HACT framework represents a shift from assurance for cash transfers derived from project level controls and audits towards a method of assurance derived from risk/system-based assessments and audits.

This approach uses micro assessment conducted with implementing partners during programme preparation, to determine levels of risk and capacity gaps to be addressed. It uses assurance activities such as audits and spot checks during implementation and it introduces a harmonized format, Funding Authorization and Certificate of Expenditures (FACE) form for implementing partners to request funds and report on how they have been used.

With this context, the UNDP Financial Rules and Regulations require that a Micro Assessment of the Department of Rural Economy and Agriculture of the AU Commission, an Implementing Partner (IP) for the regional project, be conducted by independent consultants to determine the overall risk rating and assurance activities.

II. OBJECTIVES OF THE SERVICE / WORK

The purpose of the assessment is two-fold:

- ***Capacity development objective:*** The review will enable UNDP and AU to identify strengths and weaknesses in the capacity of the Department of Rural Economy and Agriculture for financial management and areas for capacity development by AU and others as appropriate.
- ***Financial management objective:*** The review will assist in the establishment of appropriate cash transfer modalities, procedures, and assurance activities to be applied by UNDP.

III. SCOPE OF THE SERVICE / WORK

The micro assessment is performed by a third-party service provider/consulting firm and includes a site visit to the IP. The assessment primarily consists of interviews with IP personnel and a review of relevant documentation sufficient to complete the micro assessment questionnaire (Annex 2). The questionnaire provides an overall risk rating based on responses provided:

- **Low risk** – Indicates a well-developed financial management system and functioning control framework with a low likelihood of negative impact on the IP's ability to execute the programme in accordance with the work plan.
- **Medium Risk** – Indicates a developed financial management system and control framework with moderate likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.
- **Significant Risk** – Indicates an underdeveloped financial management system or control framework with a significant likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.
- **High Risk** – Indicates an underdeveloped financial management system and control framework with a significant likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.

The assessment would provide an overall assessment of the Implementing Partner's financial management capacity and review funds flow, staffing, accounting policies and procedures, internal audit, external audit, reporting and monitoring and information systems. The risk rating, along with other available information, shall be taken into consideration when selecting the appropriate cash transfer modality for an IP, based on UNDP's business model.

IV. EXPECTED OUTPUTS / DELIVERABLES

For the IP assessed, the consultant/firm should submit a report, not exceeding 4 pages as per provided template (Annex 3) without annexes, with the following:

- The risk rating (H -high risk; S-significant risk; M-moderate risk; L- low risk) of the Implementing Partner overall and as per subject area, based on completed and annexed Micro Assessment Questionnaire (Annex 2).
- Detailed description of any specific internal control weaknesses and recommendations for monitoring and assurance activities to address or compensate for the weaknesses in the short term, and recommendations to resolve/eliminate the internal control weaknesses noted, including short and medium-term capacity development measures.

The assessment should be completed (including the site visit) within four weeks of engaging the service provider. The HACT focal point will introduce the consultant and the IP to aid coordination of the site visit.

V. METHODOLOGY / APPROACH OF THE SERVICE (WORK)

The consultant/firm receives general information regarding the IP and the programme from the HACT focal point in preparation for the assessment (see Annex I for details). The consultant reviews this documentation in advance of performing a site visit to the IP. The consultant should also provide the IP with an advance request of the documents and interviews they would like to have while on site, to ensure efficient use of time while on-site. The consultant/firm also completes the micro assessment questionnaire (Annex 2) based on the procedures performed during the assessment period. The consultant discusses the results of the questionnaire with relevant agency personnel and the HACT focal point before finalizing it. Upon finalization, the service provider delivers an executive summary detailing the overall risk rating and specific identified risks, and the completed questionnaire. The micro assessment report is to be delivered in the format given in Annex 3.

The consultant must utilize "Micro Assessment Questionnaire" provided in Annex 2, with detailed instructions provided in Annex 2a.

The agency provides the following documentation before starting fieldwork:

- UN agency work plan and programme documents with the IP
- Copies of reports of any micro assessments or other relevant assessments previously performed on the IP, if available
- General IP and Programme information as per Annex 1

- Any other documentation that may help the service provider better understand the context from a United Nations perspective (The revised Harmonized Approach to Cash Transfer (HACT) Framework will be provided, Procurement Manual, Audit report and government Finance manual)

The third-party service provider should review the information received before performing the assessment.

The consultant should have full and complete access at any time to all records and documents (books of account, legal agreements, minutes of committee meetings, bank records, invoices and contracts, etc.) and all employees of the Implementing Partner. The consultant should be advised that he/she has a right of access to banks and depositories, consultants, contractors and other persons or firms engaged by the partner. If the consultant may have restricted access to any records, person or location during the course of the assessment, this restriction should be clearly defined, with reasons, in the report.

VI. LOCATION, DURATION AND TIMEFRAME OF THE WORK /DELIVERABLES/OUTPUT

This consultancy assignment will be home-based with site visits to the AU Commission. The assessment is expected to be completed within four weeks (including the site visits) starting 1 October 2020. A tentative date for the briefing meeting with the IP for the consultant to brief on the results of the assessment is within one week of the conclusion of site visits and submission of draft assessment report. The final report is due within 2 weeks of the conclusion of the assessment. The following table provides an indicative breakdown of deliveries and timeframe:

No.	Deliverables	Duration (approx.)
1	Micro assessment plan	2 working days
2	Draft HACT Micro Assessment report	15 working days
4	Final HACT Micro Assessment Report	3 working days
Total Working Days		20 working days

VII. INSTITUTIONAL ARRANGEMENT / REPORTING RELATIONSHIPS

The HACT focal point will provide an overall and direct supervision of the micro assessment process, including preparation of the micro assessment plan. The focal point is also responsible for ensuring quality of assessment reports.

The Implementing Partner facilitates the micro assessment process by availing required personnel and documentations.

A meeting will be organized with the IP for the consultant to brief on the results of the assessment. Once all the assessments are concluded, a consolidated summary of the major findings will be prepared and shared with UNDP and the IP.

VIII. PAYMENT MILESTONES AND AUTHORITY

The prospective consultant will indicate the cost of the service **all-inclusive¹ lump-sum contract amount** when applying for this consultancy. The consultant will be paid only after approving authority confirms the successful completion of the deliverable as stipulated hereunder.

The qualified consultant shall receive lump sum service fees upon certification of the completed tasks satisfactorily, as per the following payment schedule:

Installment of Payment/ Period	Deliverables or Documents to be Delivered	Approval should be obtained from	Percentage of Payment
Final Payment	HACT Micro Assessment Report of the Department of Rural Economy and Agriculture of the AU Commission	UNDP	100%

¹ The term "All inclusive" implies that all costs (professional fees, travel costs, living allowances, communications, consumables, etc.) that could possibly be incurred by the Contractor are already factored into the final amounts submitted in the proposal

IX. MINIMUM ORGANIZATION AND CONSULTANCY TASK FORCE REQUIREMENTS

9.1 Minimum Organization Requirements

Generally, a reputable public accounting firm should be competent to conduct such an assessment. The firm should be experienced in performing assessments similar to a micro assessment and assessing risks related to organizational financial management capacity (i.e. accounting, reporting, procurement and internal controls). A firm who has conducted prior audits and have knowledge of the United Nations System or conducted a prior audit of the IP may be most suitable to assess financial management since it would have knowledge of the United Nations and Implementing Partner's systems and procedures.

The firm must be completely impartial and independent from all aspects of management or financial interests in the entity being reviewed or those of its implementing/supervising agency or directly related entities. The firm should not, during the period covered by the assessment nor during the undertaking of the assessment, be employed by, or have any financial or close business relationships with any senior participant in the management of the entity. It may be appropriate to remind the firm of any existing statutory requirements relating to independence and to require it to disclose any relationship that might possibly compromise its independence.

The firm should provide Curriculum vitae (CV) of the staff who would be responsible for drafting the report, together with the CVs of members of the assessment team. The CVs should include details on audits carried out by the applicable staff, including ongoing assignments indicating responsibilities assumed by them, their qualifications and experience in undertaking similar assessments and their capability and capacity to undertake the audit.

The required expertise and skills of the team members that will be required to adequately carry out this task are detailed below:

9.2 Task Manager / Team Leader

Academic Qualification:

- A minimum of Master's degree or equivalent in Accounting, Finance, Economics, or another related field.
- ACCA/CPA qualified

Experience:

- Minimum 5 years of proven experience of working in Audit Firm
- Minimum 3 years in conducting independent evaluations or institutional management assessment
- Experience working with UN agency funded projects

Competencies:

- Proven experience in reporting writing
- Excellent command on both written and spoken English is essential
- Strong presentation and facilitation skills;

9.3 Lead Consultant / Senior Expert

Academic Qualification:

- A minimum of Master's degree or equivalent in Accounting, Finance, Economics, or another related field.
- ACCA/CPA qualified

Experience:

- Minimum 5 years of proven experience of working in Audit Firm
- Minimum 3 years in conducting independent evaluations or institutional management assessment
- Experience working with UN agency funded projects is desirable

Competencies:

- Proven experience in reporting writing
- Excellent command on both written and spoken English is essential
- Ability to work under pressure and to deliver in a timely manner without compromising quality standards;

9.4 Team Members (Minimum of One expert)

Academic Qualification:

- A minimum of University degree in Accounting or Financial Management
- ACCA, CPA, CIA qualification is desirable

Experience:

- Minimum 5 years proven experience working in Audit Firm
- Relevant experience in conducting independent evaluations or institutional management assessment
- Experience working with UN agency funded projects is desirable

Competencies:

- Proven experience in reporting writing
- Excellent command on both written and spoken English is essential
- Ability to work under pressure and to deliver in a timely manner without compromising quality standards;

X. CRITERIA FOR SELECTING THE BEST OFFER

Upon the advertisement of the Procurement Notice, qualified Consultancy Firm is expected to submit both the Technical and Financial Proposals. Accordingly; the firm will be evaluated based on Cumulative Analysis as per the following conditions:

- Responsive/compliant/acceptable as per the Instruction to Bidders (ITB) of the Standard Bid Document (SBD), and
- Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation. In this regard, the respective weight of the proposals is:
 - a. Technical Criteria weight is 70%
 - b. Financial Criteria weight is 30%

XI. LOGISTICAL SUPPORT

When necessary and if applicable, the UNDP RSCA shall ensure that the Consultancy Firm receives access to the RSCA Compound in Addis Ababa, Ethiopia. When required, the Firm will be provided with workspace and internet access within UNDP.

XII. RECOMMENDED PRESENTATION OF TECHNICAL PROPOSAL

For purposes of generating proposals whose contents are uniformly presented and to facilitate their comparative review, a Service Provider advised to use a proposed Table of Contents. Hence, your Technical Proposal document must have at least the preferred content as outlined in the respective RFP Proposal Submission Form.

XIII. CONFIDENTIALITY AND PROPRIETARY INTERESTS

The consultants shall not either during the term or after termination of the assignment, disclose any proprietary or confidential information related to the consultancy or the Government without prior written consent. Proprietary interests on all materials and documents prepared by the consultants under the assignment shall become and remain properties of UNDP. This assignment will be administrated by the United Nations Development Programme (UNDP), and all relevant UNDP rules, policies and procedures will apply.

XIV. ANNEXES TO THE TOR

Annex 1: General IP and Programme Information

Annex 2: Micro Assessment Questionnaire

Annex 2a: Instructions on Micro Assessment Questionnaire

Annex 3: Micro Assessment Report Template

PROPOSED STANDARD TECHNICAL PROPOSAL EVALUATION CRITERIA

Herewith please find the **Standard Technical Proposal Evaluation Criteria** along with respective allocated weight template for Requester's subsequent review. As per the relevance of the proposed criteria it can either:

- Redistributed the allocated weight;
- Delete specific criteria if you find it irrelevant or less relevant; or
- Replace with new criteria along with corresponding allocated weight

Summary of Technical Proposal Evaluation Forms		Score Weight	Points Obtainable
1	Expertise of Firm / Organization	30%	300
2	Proposed Methodology, Approach and Implementation Plan	40%	400
3	Management Structure and Key Personnel	30%	300
TOTAL		100%	1000

Technical Proposal Evaluation (FORM I)		
Expertise of the Firm / Organization		Points Obtainable
1.1	Reputation of Organization and Staff / Credibility / Reliability / Industry Standing	50
1.2	General Organizational Capability which is likely to affect implementation - Financial Stability - Loose consortium, Holding company or One firm - Age/size of the firm - Strength of the Project Management Support - Project Financing Capacity - Project Management Control	90
1.3	Extent to which any work would be subcontracted (subcontracting carries additional risks which may affect project implementation, but properly done it offers a chance to access specialized skills.)	15
1.4	Quality assurance procedure, warranty	25
1.5	Relevance of: - Specialized Knowledge - Experience on Similar Programme / Projects - Experience on Projects in the Region - Work for UNDP/ major multilateral/ or bilateral programmes	120
SUB TOTAL		300

Technical Proposal Evaluation (FORM II)		
Proposed Methodology, Approach and Implementation Plan		
2.1	To what degree does the Proposer understand the task?	30
2.2	Have the important aspects of the task been addressed in sufficient detail?	25
2.3	Are the different components of the project adequately weighted relative to one another?	20
2.4	Is the proposal based on a survey of the project environment and was this data input properly used in the preparation of the proposal?	55

2.5	Is the conceptual framework adopted appropriate for the task?	65
2.6	Is the scope of task well defined and does it correspond to the TOR?	120
2.7	Is the presentation clear and is the sequence of activities and the planning logical, realistic and promise efficient implementation to the project?	85
SUB TOTAL		400
Technical Proposal Evaluation (FORM III)		
Management Structure and Key Personnel		
3.1	Task Manager / Team Leader	
	General Qualification	
	Suitability for the Project	
	- International experience	25
	- Training experience	20
	- Professional experience in the area of specialization	45
	- Knowledge of region	30
	- Language qualification	20
SUB TOTAL		140
3.2	Senior Expert / Lead Consultant	
	General Qualification	
	Suitability for the project	
	- International experience	15
	- Training experience	15
	- Professional experience in the area of specialization	45
	- Knowledge of the region	25
	- Language qualification	20
SUB TOTAL		120
3.3	Team Member	
	General Qualification	
	Suitability for the project	
	- International experience	5
	- Training experience	5
	- Professional experience in the area of specialization	10
	- Knowledge of the region	10
	- Language qualification	10
SUB TOTAL		40
	Aggregate	1000