



Terms of Reference to Map and Assess Financial Mechanisms to receive, disburse, manage and report on LIFE-AR funds in Ethiopia

Date: April 2023

Location: Ethiopia

Assignment title	Map and Assess financial management options in Ethiopia
Reporting to	Morgan Williams, morgan.williams@iied.org
Duration of assignment	7 days
How to apply	Please submit the following documents to Morgan Williams, IIED, morgan.williams@iied.org by the end of the day Friday 28 th April, <ul style="list-style-type: none">• Curriculum Vitae• Summary of Relevant Experience• Three Performance References• Technical proposal• Financial proposal

1.0 Project background

To date, responses to climate change have often been short-term, projectised and sectoral, with limited impact due to climate action requiring long term, cross-sectorial and multi-level support. In addition, climate responses have often been defined and led externally and not by the Least Developed Countries (LDCs) themselves, limiting opportunities for long-term capacity building and the building of LDC systems.

To overcome the pressing and unprecedented challenge of climate change, the LDCs have launched their 2050 Vision for a climate resilient future: all countries to be on climate-resilient development pathways by 2030 and deliver net-zero emissions by 2050. One initiative to support LDCs in achieving this vision is called the LDC Initiative for Effective Adaptation and Resilience (LIFE-AR). This will be LDC led and driven, ensuring climate action is in line with LDC needs and priorities.

LIFE-AR is a 10-year initiative to support LDCs to strengthen their approaches to climate resilience and support learning between countries. The LIFE-AR Platform will initially work closely with a group of six “front-runner

countries” who are ready to commit to the changes required to deliver the Vision¹. The front-runner countries will develop, strengthen, and operationalise their own long-term climate resilient and low emission strategies and build on the core development interventions in country.

IIED has been providing support to the LDCs on climate change for nearly 20 years, including technical advice, training and capacity strengthening for its members and leaders. The LDC Group considered the options for a partner to support the interim period before the LIFE-AR platform is operational, and selected IIED to act as the interim secretariat for LIFE-AR.

In 2021, there was a need to identify an efficient way to transfer funds into each FRC for the establishment phase that met donor conditions, while a more long-term solution was agreed. In Ethiopia the Global Growth Green Institute (GGGI) Ethiopia was identified as the most appropriate short-term solution.

As part of the LIFE-AR due diligence process IIED are requesting a short consultancy to review existing options for managing funds for LIFE-AR as Ethiopia begins to move into the test and evolve phase of LIFE-AR.

2.0 Purpose

This terms of reference is to provide a thorough, concise review of the financial mechanisms in Ethiopia with a view of informing options, challenges and opportunities for managing the LIFE-AR fundings as Ethiopia moves from establishment to a test and evolve phase. This recommendation shall be provided in light of (i) the different development partner conditionalities (currently FCDO, U.S Department of State and Irish Aid, but potentially additional development partners); (ii) of the country public finance management policies, legislation and regulations; (iii) of the principles that underpin the LIFE-AR initiative; (iv) Preference of the EPA; (v) learnings from GGGI as the fund manager of the establishment phase.

3.0 Scope of Work

- 1.1 IIED is looking for a registered and qualified accountant or qualified by experience' (QBE) with a minimum of 8 years' experience within the sector and with a proven track record of carrying out similar assignments.
- 1.2 The Consultant will undertake a review of the available options for fund management in Ethiopia and existing organisations providing this service to the Government of Ethiopia. They will assess the pros and cons and make a recommendation based on their analysis. Their review should take account of the following:
 - Establish from EPA how different development partners have to date transferred funds into Ethiopia to support their activities. What are the typical ways they work with the different partners to finance programmes (highlighting any barriers or challenge to accessing funding directly). Provide any examples given of direct support from the UK, Ireland, Norway or the USA (the current providers of finance to LIFE-AR). If there are other important examples of good funding relationships between Ethiopia and other major development partners, consider these also.

¹ Uganda, Malawi, Burkina Faso, Bhutan, The Gambia, Ethiopia

- Use this analysis to prepare potential options for fund management in Ethiopia that can apply to LIFE-AR funds.
- Bear in mind that these options must be scalable and ultimately transition in to the Government systems – CRGE for example.
- Document the current relationship between EPA and GGGI including but not limited to LIFE-AR.
- In general, the options for fund management should be assessed against different criteria and there should be an assessment of the capabilities of the different organisations in Ethiopia who could provide financial management services for LIFE AR funds. This might be with respect to capabilities to receive, manage and report on the funds received and their application and impact. If the entity has undergone an external due diligence process, who requested it and what were the key findings? Are there annual independent audits on the entity? What would be the different costs, taxation, conditionalities, risks or other issues for IIED in selecting amongst the options?

1.2 The report must present at least 3 of the best options for in-country financial management from the analysis with the most preferred option identified and justified.

4.0 Delivery model

Activities:

- 4.4 Desk review of relevant documentation, contractual limitations and LIFE-AR development partner conditionality,
- 4.5 Arrange visits with relevant stakeholders in Ethiopia (and online interviews with relevant stakeholders elsewhere) including potential candidates to receive the funds. This includes but is not limited to relevant Ministries and development partners as outlined in Section 3.0.
- 4.6 Desk review and interviews with relevant stakeholders to outline the in-country mechanisms to manage fiduciary risks and delivery on the LIFE AR principles within the Test and Evolve phase.
- 4.7 Analyse findings, write up draft report outlining recommendations and identifying potential in country organisations to manage finances for LIFE AR in the Test and Evolve phase. Submit for comments.
- 4.8 Incorporate/address comments from draft report and submit final report.

5.0 Outputs

The outputs expected from the exercise include but not necessarily limited to:

- 5.1 A short (no more than 2 pages) Inception report – outlining the approach being taken and a programme of work (with dates for milestones)
- 5.2 Draft report on
 - a) Outline options for enhancing effectiveness in fund management for Ethiopia given the needs for the Test and Evolve phase of LIFE-AR.

- b) Provide an update on how international donors are currently funding the Ethiopian Government.
- c) Provide a recommendation on fund management for Ethiopia .

The report should include:

- Map key development partner funding channels to Ethiopia
 - Include examples of current mechanisms used by international donors to fund other work that the LIFE AR initiative can learn from, focussing on mechanism that are led by the Government of Ethiopia focussing on the ‘How’ in the functions of the current mechanisms.
 - clear diagrams to show the flow of funds/timelines/governance structure and team organigrams for any recommended options.
- Summaries of all interviews with key stakeholders with key messages as annex to the report

The draft will be reviewed (validation) and comments will be incorporated by the consultant

5.3 Final report to be submitted within 2 days of comments being provided.

6.0 Time Frame

The Consultancy services shall be provided over a period of seven (7) days, starting May 2023. The final duration of the individual activities and thus submission of outputs shall be defined as part of the Consultant’s work plan.

Both parties recognise that the achievement of this timetable depends to a large extent on the good cooperation of the Employer and other stakeholders, the timely provision of adequate information to the consultant and the timely feedback to the consultant on report and recommendations.

Any modification of the above-mentioned time schedule due to a substantiated request by either party shall be mutually agreed upon in writing.

7.0 Reporting Requirements/Project Organization

The management of the consultancy will be organized as follows:

- 7.1 The Consultant shall report to Morgan Williams, IIED.
- 7.2 However, for financial or operational matters, the Consultant shall be supervised by the Valentine Lecluse, IIED.
- 7.3 The LIFE-AR Task Team secretariat, in partnership with IIED, will work together to support the consultancy processes.

8.0 Consultant’s Inputs

The Consultant shall be required to provide the following;

- Professional personnel (with relevant qualifications and experience) in Accounts/Financial Management
- Own transport for the period of the exercise
- Own Secretarial services, including materials
- Own office facilities
- Own insurance where required
- Preferably located in Ethiopia

9.0 Support from the Client

The Client shall provide the following inputs to support the Consultant in undertaking the assignment:

- Relevant documents related to the assignment and LIFE-AR project.
- Any other information required for the exercise in the agreed time.

10.0 How to apply

IIED is committed to diversity and inclusion within its workforce and encourages qualified female and male candidates from all religious and ethnic backgrounds, including persons living with disabilities, to apply to work with our organisation.

To avoid any conflict of interest, applications received from current civil servants will not be considered. This is to ensure the consultancy is guided by neutral principles and leads to an unbiased decision on the best mechanism that is suitable for the LDC group intentions under LIFE-AR, the Development Partners expectations and the Government of Ethiopia's convenience and commitment of the offer to support LIFE-AR.

Please submit the following documents to Morgan Williams, IIED, morgan.williams@iied.org **by the end of the day Friday 28th April,**

- Curriculum Vitae
- Summary of Relevant Experience
- Three Performance References
- Technical proposal
- Financial proposal

11.0 LIFE-AR Reference Materials

LIFE-AR 10 years strategy

LDC Group Vision - see <http://www.ldc-climate.org/wp-content/uploads/2017/12/LDC-Group-Vision-1.pdf>