

I. Assignment Information

Assignment Title:	Public Financial Management Expert – GCF Accreditation Support
Reports to:	Deputy Executive Head of NCDD-S
Contract Type:	International Consultant
Duration of Assignment:	45 working days over three months from December 2017 to February 2018

II. Background

National Committee for Sub-National Democratic Development – Secretariat (NCDD-S) was established by Royal Decree in 2009 and is primarily responsible to coordinate implementation of the Royal Government of Cambodia’s National Programme for Sub-National Democratic Development (NP-SNDD). NCDD-S does this primarily through leading implementation of the three-year work plan of the NP-SNDD known as IP3 (the third phase, IP3-III) is currently in preparation) which is financed by RGC and a donor-supported basket fund. Additionally, NCDD-S implements a number of standalone projects supporting decentralization reforms and financing development investments of local administrations.

Among the sub-national financing mechanisms implemented by NCDD-S is the Performance Based Climate Resilience Grant (PBCRG) mechanism, piloted by the Local Governments and Climate Change project within the framework of United Nations Capital Development Fund (UNCDF) multi-country Local Climate Adaptive Living (LoCAL) programme. In 2018, a total of 42 Districts will receive PBCRG financed by LGCC and two additional donor financing facilities. NCDD-S has been nominated to become a National Implementing Entity (NIE) of Green Climate Fund (GCF) under GCF’s Enhanced Direct Access (EDA) Pilot. If successfully accredited, NCDD-S intends to access GCF funds for further scale-up of the PBCRG mechanism.

A Readiness Gap Assessment and Action Plan was prepared by PWC Ltd. in 2016. Subsequently NCDD-S submitted its application for accreditation to GCF. GCF requested additional information, to which NCDD-S has responded in detail. Both PWC and GCF highlighted areas of concern related to GCF’s Basic Fiduciary Criteria (Section 4 of the application form), including (but not limited to) (1) internal and external auditing arrangements; (2) objective setting, general management plans and monitoring and evaluation; (3) oversight of procurement; (4) complaints receiving and handling; (5) prevention of malpractice including code of ethics, conflict of interest procedures, whistleblower protection and investigations functions; and (5) anti-money laundering and anti-terrorism policies. An edited table of questions from GCF to NCDD-S at Stage 1 of the application review process is attached as an Appendix.

NCDD-S is receiving support from UNCDF to meet GCF accreditation requirements under Section 5 of the application form (Specialised Fiduciary Criteria). NCDD-S expects to receive support from GCF Readiness and Preparatory Support facility to meet outstanding requirements under Section 6 (Environmental and Social Safeguards) and Section 7 (Gender).

NCDD-S general fiduciary framework is defined by its Finance and Administration Manual (“the Manual”) which includes financial management, procurement and human resources management sections. NCDD-S responses to GCF questions include commitments to review the provisions of the Manual in a number relevant areas. Some work has already been carried out internally as part of a broader review of NCDD-S financial management and procurement procedures. However, the current drafts are

in Khmer language and have not been reviewed by an expert able to evaluate their full compatibility with GCF requirements. Accordingly, NCDD-S management has decided to prepare an English language translation of the Manual including the current draft amendments, and to engage an international expert in public financial management and fiduciary procedures, in order to review the current draft and to identify and address remaining gaps to achieve compatibility with GCF accreditation requirements. The National Designated Authority (NDA) for GCF in Cambodia is the Chair of the National Council for Sustainable Development (NCSA). NCSA, through the Climate Change Department of its Secretariat, manages funds from GCF to support readiness for NIE accreditation. NCDD-S is the first public-sector candidate for NIE accreditation in Cambodia and as such, its experience in this process will be highly valuable to subsequent candidates.

These Terms of Reference for an International Public Financial Management expert to support NCDD-S's application for accreditation to GCF are financed by the NDA, using Cambodia Climate Change Alliance funds (UNDP, EU, Sweden) and GCF readiness funds. Additional and complementary support will be provided by the LGCC project which is financed by Swedish International Development Agency and UNCDF.

III. Objective of the assignment

The objective of the assignment is to assist NCDD-S to meet the general fiduciary criteria for accreditation to GCF as an NIE. This will be achieved primarily by (1) identifying areas in which the provisions of the NCDD-S Finance and Administration Manual do not satisfy the requirements for accreditation as a National Implementing Entity of Global Climate Fund; (2) discussing with NCDD-S leadership, financial and administrative officials and other stakeholders to identify how these requirements can be fulfilled in a way that is compatible with the mission, institutional framework and administrative capacity of NCDD-S; and (3) preparing draft revisions to the Manual for consideration and approval by NCDD-S leadership. A secondary objective is to assist the NDA to thoroughly understand the requirements for GCF accreditation for future reference.

IV. Scope of Work

The Expert will perform the assignment through close cooperation with a Task Team of officials to be designated for the purpose by the leadership of NCDD-S. The NDA will be kept fully informed of progress and a representative of the NDA will be invited to join meetings of the Task Team.

The Expert will carefully examine the existing NCDD-S Finance and Administration Manual, including recently drafted changes. The review will be based on an English text of the manual to be provided by NCDD-S.

The Expert will discuss his / her initial findings with the Task Team in order to thoroughly understand the background and purpose of provisions in the Manual including recently proposed changes.

The Expert will carefully review the basic fiduciary requirements (i.e. Section 4 of the GCF Accreditation Application Form) for accreditation as a National Implementing Entity of GCF, including (1) published GCF policy; (2) [TOR] for Enhanced Direct Access Pilot; (3) the application form for NIE accreditation; (4) the Gap Assessment and Readiness Action Plan produced by PWC in 2016; (5) the application form and supporting documents submitted by NCDD-S; (6) the initial response received from GCF including comments and requests for additional information; (7) the additional information submitted by NCDD-S to GCF in response to these first-round comments; and (8) any further comments on NCDD-S application provided by GCF.

For further clarification, NCDD-S will facilitate discussion, (e.g. by Skype call) between the Expert, the Task Team and GCF accreditation officials.

The Expert will tabulate and cross-reference outstanding areas in which (1) NCDD-S have committed to strengthen fiduciary provisions in response to comments from GCF; or (2) further strengthening is likely to be needed, including areas in which the proposals already made by NCDD-S may prove inadequate.

The Expert will discuss with the Task Team to identify potential changes to the organizational structures and fiduciary procedures described in the Manual, expected to be sufficient to satisfy the requirements of GCF.

The Expert will discuss these proposed changes with other stakeholders, in particular (1) officials of the GCF National Designated Authority / National Committee for Sustainable Development; (2) officials of Ministry of Economy and Finance; (3) National Audit Authority; (4) development partners supporting the IP3-III; and (5) development partners financing standalone projects of NCDD-S, to ensure that the proposed changes are acceptable to all concerned parties.

The Working Group will then submit the proposed changes to the manual to the leadership of NCDD-S for outline approval. If needed, the proposed changes will be presented by the Expert, with supporting rationale, at a workshop to be organized for the purpose by NCDD-S.

Based on outline approval received, the Expert will then prepare a revised draft of the Manual incorporating the proposed changes.

In addition to supporting revisions to the Manual, the Expert will review the NCDD-S online application for GCF accreditation and its supporting documents, particularly in the light of further questions / requests for clarification from GCF, and will advise NCDD-S on how to respond in order to meet GCF accreditation standards. This work will primarily, but not exclusively, focus on Section 4 of the application form (General Fiduciary Criteria).

The Expert will advise the NDA on key requirements for GCF accreditation, based on the experience of NCDD-S application but also on experience of applicants in other countries, in order to strengthen the ability of the NDA to support further accreditation applications in future. The Expert will prepare a short report summarising lessons learned, key challenges in the accreditation process and suitable approaches to achieve accreditation requirements. The report will be submitted through to the NDA via NCDD-S.

V. Deliverables				
The firm is expected to deliver key outputs as follows:				
No.	Deliverables/Outputs	Estimated Duration to Complete	Target Due Dates	Review and Approvals Required
1	An analysis of areas in which the current NCDD-S Finance and Administration Manual (including recently drafted changes) does not meet the requirements for accreditation as NIE to GCF. The analysis will include tabulated cross-references between Manual and GCF requirements.	10 working days after start of assignment	25%	An analysis of areas in which the current NCDD-S Finance and Administration Manual (including recently drafted changes) does not meet the requirements for accreditation as NIE to GCF. The analysis will include tabulated cross-references between Manual and GCF requirements.
2	A summary proposal of changes to be made to the Manual to meet the GCF accreditation requirements, including alternative options where appropriate, suitable for consideration and approval by NCDD-S leadership.	20 working days after start of assignment	25%	A summary proposal of changes to be made to the Manual to meet the GCF accreditation requirements, including alternative options where appropriate, suitable for consideration and approval by NCDD-S leadership.
3	A revised draft of the NCDD-S Finance and Administration Manual, in English, incorporating the changes approved by NCDD-S leadership.	40 working days after start of assignment	25%	A revised draft of the NCDD-S Finance and Administration Manual, in English, incorporating the changes approved by NCDD-S leadership.
4	A short report summarising lessons learned in the GCF accreditation process, key challenges and approach for achieving GCF accreditation, designed to inform and assist future applicants from Cambodia.	On completion of assignment	25%	A short report summarising lessons learned in the GCF accreditation process, key challenges and approach for achieving GCF accreditation, designed to inform and assist future applicants from Cambodia.
Total # of Days:		45 working days		
VI. Duration				
45 working days over three months from December 2017 to February 2018				
VII. Management arrangement				
The Public Financial Management Expert will report to the Deputy Executive Head of NCDD-S. In addition to the Task Team described above, the Expert will liaise closely with the NCDD-S Finance Adviser and the NCDD-S International Policy Adviser.				

Administration and Logistical Arrangements

NCDD-S will provide working space for the Expert at NCDD-S headquarters which is in the compound of Ministry of Interior, Phnom Penh. The Expert is expected to provide his / her own computer. NCDD-S will provide transport for travel outside Phnom Penh should this be necessary.

Payment will be on a lumpsum contract basis, subject to acceptance of key deliverables by NCDD-S and NCSD. The Expert is to propose a financial proposal with lumpsum amount and breakdown as fees, subsistence, travel costs and other expenses.

By agreement with NCDD-S management, the Expert may choose to perform part of the assignment from his/her home base. Any such proposal must ensure that the Expert is present at the duty station for at least 50% of the period of the assignment, at times to be agreed with NCDD-S leadership; and must be reflected in the Expert's financial proposal.

VIII. Requirements

Experience	<p>The Public Financial Management Expert will have the following qualifications:</p> <ul style="list-style-type: none"> - Not less than 10 years' professional experience in Public Financial Management and closely related fields; - Master's degree or equivalent qualification in a relevant field e.g. Public Financial Management, Accounting, Business Law etc; - Substantial experience of the fiduciary requirements of major international aid financing institutions, for example conduct of fiduciary reviews, financial management capacity assessments; drafting financial and administrative procedures to meet the requirements of financing institutions etc; - Understanding keys requirement on public sector agency in a developing country for Green Climate Fund NIE accreditation is preferred. - Experience of public financial administration reform in Cambodia or a closely comparable country is preferred; - Fluency in written and spoken English is essential; - A candidate who fully meets other requirements and is literate in Khmer language will have a strong advantage. -
Language	<ul style="list-style-type: none"> - Excellent written and oral communication skills in both Khmer and English
Financial Offer	<ul style="list-style-type: none"> - Periodic preparation and reporting of financial statements in accordance with recognized accounting standards; track record in the preparation and transparent use of business plans, financial projections and budgets - Please provide financial statements for the past 3 years. Confidential information may be redacted. - i) Financial Statements, including entity's financial statements for the past 3 years - Please provide a list of types of major reports prepared using the Financial Information Systems mentioned in Chapter 12 (pp150-164) of '012 NCDDS OPP Manual'.

APPENDIX TO TOR: GCF QUESTIONS IN STAGE 1 OF APPLICATION REVIEW PROCESS

Annex:

The following table is an edited summary of GCF questions submitted to NCDD-S during Stage 1 of the accreditation application review process. NCDD-S has responded to these questions and re-submitted the application, and is awaiting further feedback from GCF. These questions are presented here as an indication of the scope of GCF concerns under Section 4: General Fiduciary Criteria, of the application form.

Item	Information Required	GCF Questions to Applicant (Stage 1 Review)
4.1.1	<p>General management and administrative capacities A clearly defined governance and oversight structure that formally defines the roles, responsibilities and assigned authority of each functional area and individual in the organization</p> <p>i) Organisational chart, including clearly defined roles and responsibility to uphold fiduciary standards (for management, auditors, and other personnel)</p>	<ul style="list-style-type: none"> • Please provide the reporting structure of the Audit Committee and other senior management committees/governance bodies. Please provide information regarding reporting structure for Finance, Internal Audit and Procurement functions. • In addition, a continuous error occurs when opening the attached ‘012 NCDD-S OPP Manual’ on OAS. Please double check if the file is viewable on OAS and upload the file again in a PDF format.
	<p>ii) General management plan that includes processes to monitor and report on the achievement of set objectives</p>	<ul style="list-style-type: none"> • Please provide more detailed monitoring processes/procedures including responsibilities for periodic monitoring and evaluating of the plans.
	<p>iii) Existence of adequate internal oversight bodies and transparent rules regarding the appointment, termination and remuneration of members of such committees</p>	<ul style="list-style-type: none"> • Please provide detailed information on the composition of the Internal Auditing Group. This information is required in order to assess the functioning, capabilities and competencies of the body that oversees the audit function. Confidential information may be redacted. • Please provide information on terms relating to appointment, termination and remuneration of members of oversight bodies including the Internal Auditing Group.
	<p>iv) A consistent and formal process to set objectives and to ensure that the chosen objectives support and align with the mission of the entity</p> <p>v) Indicators to measure defined objectives and internal documents demonstrating that organization-wide objectives provide clear guidance on what the entity wants to achieve</p>	<ul style="list-style-type: none"> • Please clarify whether the process of developing the Second Phase of IP3 in p5 of ‘019 Second IP3 Program Document’ is the official objective setting process. • Please specify how the applicant ensures that the objectives are aligned with the organization’s mission.

		<ul style="list-style-type: none"> • Please provide information to demonstrate organizational objectives are further broken into departmental objectives with supporting action plans. Currently, the annual plan is broken down into the project level. • If such information is not available, please state so and indicate whether the applicant is willing to develop one.
4.1.2	<p>Financial management and accounting Periodic preparation and reporting of financial statements in accordance with recognized accounting standards; track record in the preparation and transparent use of business plans, financial projections and budgets i) Financial Statements, including entity’s financial statements for the past 3 years</p>	<ul style="list-style-type: none"> • Please provide financial statements for the past 3 years. Confidential information may be redacted.
	<p>ii) Financial information systems used</p>	<ul style="list-style-type: none"> • Please provide a list of types of major reports prepared using the Financial Information Systems mentioned in Chapter 12 (pp150-164) of ‘012 NCDDDS OPP Manual’.
4.1.3	<p>Internal and external audit Fully functional independent audit committee; the internal audit function is carried out in accordance with internationally recognized standards; appointment of an independent external audit firm to carry out its work in accordance with internationally recognized standards iii) Audit plans for the past 3 years</p>	<ul style="list-style-type: none"> • Please provide annual audit plans for each of the past 3 years in English, or a summary in English. • Please provide status of execution of the past 3 years’ audit plans (e.g. whether the audits are implemented in accordance with the plans). •
	<p>iv) Audited financial statements for the past 3 years v) Internal and external audit reports for the past 3 years</p>	<ul style="list-style-type: none"> • Please provide audited financial statements for the past 3 years. • If these three documents (020 2013_NCDD_Final Audited FS’, ‘021 2014_NCDD Final Audited FS’, and ‘022 2015_NCDD Final Audited FS’ are the most recent financial statements of the applicant, please state so. • Please provide sample internal audit reports written in English, or summaries in English. • Please provide information on status of action taken on all the observations / recommendations

		<p>contained in the external and internal audit reports of the past 3 years.</p> <ul style="list-style-type: none"> • Additionally, '028a 2014 External Audit Management Letter' and '028b External Audit Management Letter' have been submitted for the item, but these are management letters that contain internal control systems.
4.1.4	<p>Control frameworks Documented processes in place to ensure that objectives are achieved, including verification that operations are carried out effectively, financial risks are assessed and managed, and proper financial management is carried out</p> <p>ii) Financial control procedures</p>	<ul style="list-style-type: none"> • Please provide documentation demonstrating the following: • At the institutional level, risk-assessment processes are in place to identify, assess, analyze and provide a basis for proactive risk responses in each of the financial management areas. • If such documents are not available, please state this in your response. Please also indicate whether the applicant would consider updating its financial control policy and systems to include such processes. If yes, please indicate the timeframe for which the applicant could undertake this.
4.1.5	<p>Procurement Formal procurement standards, guidelines and systems in place to ensure fair and transparent procurement processes</p> <p>iii) Procedures for overseeing the procurement function</p>	<ul style="list-style-type: none"> • Please provide information on the procedure of oversight/ audit of the procurements undertaken by an independent authority or external or internal auditors in English, or a summary in English. • Please provide some recent procurement oversight reports in English, or a summary in English.
	iv) Procedures for controlling procurement in Executing Agencies	<ul style="list-style-type: none"> • Please provide information for control/oversight/ of the procurements undertaken by the entity by Executing Agencies.
	vi) Procurement complaints/disputes	<ul style="list-style-type: none"> • Please provide data on procurement complaints handled in the past 2 years along with brief details of sample cases and their closure. Confidential information may be redacted. • If the applicant does not have such data, please state so.
4.2.1	Code of ethics	<ul style="list-style-type: none"> • Please indicate whether the applicant would consider establishing an Ethics Committee.

	<p>A documented code of ethics or a set of clear and formal management policies in place to define ethical standards to be upheld by all individuals contracted or functionally related to the organization</p> <p>iii) Organisational ethics committee, including names and roles</p>	<ul style="list-style-type: none"> • If not, please indicate this in the input data and explain how the function of ethics management is maintained within the applicant’s organization.
4.2.2	<p>Disclosure of conflicts of interest</p> <p>A disclosure policy or equivalent in place to establish the necessary mandatory financial disclosures of possible, actual, perceived or apparent conflicts of interest</p> <p>i) Financial disclosure policy</p>	<ul style="list-style-type: none"> • Please provide a copy of the entity’s Financial Disclosure policy or a similar policy.
	<p>ii) Conflict of interest review and resolution procedures</p>	<ul style="list-style-type: none"> • Please provide a copy of the Conflict of Interest review and resolution procedures. • Please confirm whether the applicant has a Conflict of Interest review and resolution procedures. • If the applicant does not have such procedures, please indicate whether the applicant is willing to establish one.
	<p>iii) Demonstration of practice, for example annual disclosure of interest statements by employees</p>	<ul style="list-style-type: none"> • Please provide documents/practices as a demonstration of practice of Conflict of Interest policy. This may include sample or template contracts for employees, or a statement that all employees must sign regarding conflict of interest and ethics. • If the applicant does not have experience of implementing Conflict of Interest policy, please state so.
4.2.3	<p>Preventing financial mismanagement</p> <p>Demonstrated experience and track record in accessing financial resources from national and international sources; Evidence of a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by staff members, consultants, contractors, etc.</p> <p>i) Policy on financial mismanagement</p>	<ul style="list-style-type: none"> • Please provide a policy on financial management. The policy may include a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by staff members, consultants, contractors, etc. • Please provide an explanation and information on how the applicant meets or could meet the policy.
	<p>ii) Evidence of communicating a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice</p>	<ul style="list-style-type: none"> • Please provide information on how management communicates a policy of zero tolerance to staff, suppliers and other stakeholders (including Executing Entities/ Agencies) of the entity.

		<ul style="list-style-type: none"> • Please provide evidence of actual communication of the policy of zero tolerance to staff, suppliers, and other stakeholders (including Executing Entities/ Agencies) of the entity (e.g. email communication, publishing on a notice board).
	iv) Reporting frauds, malpractices, etc.	<ul style="list-style-type: none"> • Please provide information on process/avenues for reporting fraud, financial mismanagement and other forms of misconduct (these should include placement of a provision for reporting violations on the entity’s website). • If the applicant does not have such processes/avenues, please indicate this in your response. Please also indicate if the applicant would be willing to develop and implement such processes.
	v) Whistle blower protection	<ul style="list-style-type: none"> • Please provide detailed procedures for whistle blower protection. • If the applicant does not have such procedures for whistle blower protection, please indicate this in your response. Please also indicate if the applicant would be willing to develop and implement such procedures.
4.2.4	<p>Investigations Evidence of an independent and objective investigation function for allegations of fraud and corruption, with publicly available terms of reference</p> <p>i) Investigations structure within the organization</p>	<ul style="list-style-type: none"> • Please indicate whether the applicant would consider establishing a formal investigations structure within the organization.
	ii) Procedures for investigating fraud and corruption within the entity	<ul style="list-style-type: none"> • Please confirm whether the Investigating Procedure mentioned in the document ‘012 NCDOS OPP Manual’ is currently being implemented. • If yes, please provide more detailed information on the current procedures. • Also, please indicate whether the applicant would consider establishing a more structured formal investigation procedure or investigation structure

		for investigating fraud and corruption within the entity.
	iii) Information on the cases of violation of code of ethics, fraud or corruption in the past 3 years	<ul style="list-style-type: none"> • Please provide list of cases of violation of code of ethics, fraud or corruption reported in the past 3 years if there are any cases collected through informal channel. Confidential information may be redacted. • If there is no case to submit, please state so.
4.2.5	<p>Anti-money laundering and anti-terrorist financing policies</p> <p>Evidence of adequate control and procedures in place to enable the applicant entity to carry out adequate “Know your customer” due diligence.</p> <p>i) Anti-money laundering and anti-terrorist financing policy</p>	<ul style="list-style-type: none"> • Please confirm whether the applicant has a group of policies that reflect elements of an anti-money laundering or anti-terrorism financing policy. If yes, please provide those documents. • Please indicate whether the applicant would consider establishing a formal anti-money laundering and anti-terrorist financing policy. • Please provide an explanation and information on how the applicant meets or could meet the policy.
	iii) Mechanisms to trace/monitor electronic transfer/wiring of funds	<ul style="list-style-type: none"> • If the applicant does not have a KYC or similar due diligence procedure, please provide documented evaluation/due diligence report of the local government entities that have received grants from the applicant. Confidential information may be redacted.
	iii) Mechanisms to trace/monitor electronic transfer/wiring of funds	<ul style="list-style-type: none"> • Please provide 2 copies of monitoring reports on electronic funds transfer prepared in the past 3 years. Confidential information may be redacted.