

Terms of Reference (Draft 31May 2021)

Title: **National Financial Management Specialist (NFMS)**
Contracting Authority: Environment Protection Fund (EPF)
Location: EPF Office in Vientiane
Duration: Full time 12-month period (July 2021-June 2022)

Background

1. The Environmental Protection Fund (EPF) was established in 2005¹ with an aim to strengthen environmental protection, sustainable natural resources management, biodiversity conservation and community development in Lao PDR. EPF funding support is provided through the following financing windows: Policy Implementation and Capacity Enhancement (PICE), Biodiversity and Community Development (CBD), Water Resources Management (WRM), Pollution Control (PC, Sustainable Land Management (SLM) and Climate Change (CC). EPF beneficiaries can be individual, commercial entities, government organizations or civil society entities. Funding supports include non-refundable grants, preferential loans, interest rate subsidies, or a combination of these. EPF funding sources includes benefits from EPF endowment, contributions from investment projects, and funding supports from international organizations. EPF Office (EPFO) is responsible for day-to-day operations under policy guidance of EPF Board.

EPF Operations

2. The EPF operates a sub-project mechanism dispatched through six thematic windows. The administration of the sub-projects is guided by various instruments covering sub-project operations, monitoring and evaluation, financial management and procurement. The EPFO is led by an Executive Director (ED) and a deputy (DED) and three management units: Finance, Procurement and Project Operation. Currently EPF is implementing small projects using EPF fund from in-country contribution as well as projects funded by international agencies including the World Bank (WB), Government of Germany (GIZ), UN agencies (UNEP and UNDP), and the Green Climate Fund (GCF). The project area covers 18 provinces in Lao PDR in general with specific target provinces as agreed with the funding agencies and approved by EPF Board.

3. Currently there are two accounting systems and the excel sheets. First, accounting System KPACC for national fund. Weakness of KPACC is dependent on one software developer. Vouchers do not have a code for the cost activities (only component). A simple accounting system is sufficient for the national requirements. Second, accounting System APIS for LENS2 project. The weakness of APIS is user rights in APIS are not functional. The monthly periodic statements cannot be closed. The data figures from APIS cannot be taken over in a just on time manner for the monitoring-/evaluation system. The Excel sheets for UNDP – Projects (Excel is not a substitute for a booking system). Therefore, EPFO is purchasing new accounting software ACPACC (new system), in order EPF to meet One EPF One Agenda, that stated in EPF vision 2030 as well as 5 Year Plan (2021-2015). So, one single accounting system

¹ The Prime Minister Decree No 146/PM established EPF as a financially autonomous organization. However per the revised EPF decree in 2017, EPF office is considered part of the Ministry of Natural Resources and Environment (MONRE).

for all fund in EPF is one of our goal. To use new accounting software, the old data need to be kept and transferred to new software. The direct data migration from APIS (old system) to ACCPAC (new system) cannot be done automatically due to the differences in data fields. The two system is a different software and it is a completely different financial management system. EPFO and WB agreed to keep the APIS alive for detail referencing and back date data entry for 2021 for every detail transaction. As EPFO has many source of fund and needs someone to assist EPFO manager to analyze all sources of fund such as project of fund flow and using fund effectively.

Objective of the assignment

4. The main objectives of the assignment are to (a) improve effectiveness and reliability of EPFO financial management (FM) system and (b) provide technical guidance to the accounting software firm that are being mobilized to develop a new system (ACCPAC) for EPFO. Specific assignments are as followings:

- Review financial management system of EPFO, identify the existing gaps, and provide guidance to the accounting software firm to design and develop EPFO Accounting Software that can generate periodic financial reports as per requirements of EPF board, Government, and key development partners that provide funding supports to EPFO;
- Strengthen EPFO staff capacity of the current financial management staff through on-the-job training and specific training course (as needed) so that they can timely and effectively perform their functions on financial management for the EPFO projects;
- Establish a standard operations procedure (SOP) and draft templates/documents that could help the FM Unit Head oversee and supervise the day-to-day FM operations of EPFO.
- Propose roadmaps for improvement in the financial management system of EPFO for short term, medium term and long term with clear actions and timeline.

Scope of the assignment

5. The Consultant (NFMS) will work closely with EPFO FM staff and the accounting software firm that has been mobilized to design and develop Accounting Software (ACCPAC) for EPFO and strengthening EPF staffs capacity on financial management. Specifically, the Consultant will carry out the following tasks:

- Conducting a financial management assessment of EPFO FM capacity to provide FM services to key international funding agencies taking into account the FM requirements of the international agencies in light of the FM capacity of the executing and implementing agencies. The assessment will include, but not limited to, the following: (a) assessing whether previous financial management assessments have been conducted by EPFO or other agencies and, if so, reviewing the results and ascertaining whether these can be used as input, (b) assessing capacity for planning and budgeting, management and financial accounting, reporting, auditing, internal controls, and information systems (c) reviewing proposed disbursement and funds-flow arrangements, and (d) concluding on the financial management risk rating and identifying and confirming measures for addressing identified deficiencies;
- Supporting the preparation and agreement of cost estimates and a financing plan, which are based on verifiable data and are sufficient to support project implementation;

- Preparing financial projections and conducting financial analyses of the executing and implementing agencies, and incremental recurrent costs, to determine financial sustainability, and reviewing proposed cost-recovery and tariff policies, including affordability;
 - Conducting financial evaluations (financial cost-benefit analyses) including sensitivity analyses of project components that have a cost-recovery objective;
 - Where significant risks are identified to project financial sustainability or viability, proposing relevant financial performance indicators to be incorporated in financial covenants;
 - Assessing and reaching agreement on financial reporting, auditing and public disclosure arrangements for the project, and, as appropriate, identifying and agreeing arrangements for receiving financial statements from executing and/or implementing agencies;
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- Providing guidance to EPFO FM unit head and FM staff to plan, manage, and monitoring the LENS2 fund and budget and be ready for properly closure of the LENS2 by end of June 2022 in close consultation with WB team. Specific training to staff responsible for the activities should also be provided;
 - Reviewing the draft EPFO operations manual (OM) and the comments and/or recommendations provided by the WB, the international FM experts conducted with GIZ supports in late 2019, and others; and provide comments and/or recommendations to translate them into an action plan to be implemented by EPFO during 2022-2025 to 2030. This will be done in close consultation with EPFO managers, the FM unit head, and the Admin Unit head taking into account the different FM services being provided to different international funding agencies, current capacity and work load; and the need to improve technical and management capacity of EPFO FM staff at all levels (manager, officers, accountants, and assistants); and
 - Establishing a Standard Operations Procedure (SOP) and draft templates/documents that could help the FM Unit Head oversee and supervise the day-to-day FM operations of EPFO. This to be done in light of GOL requirements according to the EPF Bylaws as well as those being/to be required by different international funding agencies (WB, GIZ, UNEP, UNDP, and GCF). This is to ensure all accounting transactions are properly authorized, supported by proper documentation and completed in accordance with the agreed procedures and recorded in the system on a timely basis as well as drafting specific TOR for the EPFO internal financial auditor as required by GCF and in line with the EPF Bylaws.
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Expected inputs

6. This is a full-time twelve months assignment base at EPF Office with the possibility of extension over the duration of the project. based on satisfactory performance evaluation and business needs

Experience and qualifications

7. Consultant should demonstrate skills and core competencies to deliver and attain results expected above, along with ability in interpersonal relation and communication, and in working effectively with a wide range of constituencies in a diverse working environment. It is also expected he/she should be adequately experienced in and comfortable working with public institutions similar to those in project document context. Key Academic and Professional Qualifications:

- At least master degree in accounting or finance related field, International professional accounting qualification (CPA, CA) is highly desirable.
- A minimum of 12 years working experience in financial management with at least 7 years' experience in developing and setting up financial management system for organization comparable to EPF;
- Fluency in both English and Lao in speaking and writing is a must;
- Experience with the World Bank financed project is an advantage;
- Ability to engage and/or collect necessary data in Lao PDR will be highly advantage.

Source of information

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