

**Kingdom of Cambodia
Nation Religion King**

**Ministry of Agriculture, Forestry and Fisheries
Cambodia Agricultural Sector Diversification Project
IDA Credit No. 6366 KH**

ToR for Financial Management Consultants to Support Agricultural Cooperatives

Post Title: : Individual consultants with experience in delivering accounting services (preparation of financial statements), financial analysis, and training to agriculture cooperatives who have limited understanding of and experience in preparing formal financial statements.

Project Title : Cambodia Agricultural Sector Diversification Project (CASDP)

Duty station : Phnom Penh, Cambodia

Level : Individual consultants

Mode of Contract: Lump Sum Contract (174 working days)

Duration : 12 months and Subject to renewal based on the project needs and satisfactory performance

Supervisor : Project Director, CASDP

1. Background

The Cambodia Agricultural Sector Diversification Project (CASDP) aims to enhance market opportunities through an inclusive, beneficiary-led, market-driven approach leading to improved competitiveness and increased capacity to manage climate risks and is to be implemented over 6 years. The Project Development Objectives of CASDP are to facilitate the development of diversified agriculture value chains in selected geographical areas in Cambodia and to provide immediate and effective response in case of an eligible crisis or emergency. The project supports (i) facilitating integrated agribusiness investment; (ii) investing in farm-level organizations and farm productivity; (iii) expanding value chain linkages; (iv) stimulating agribusiness innovation; (v) investing in critical public goods which provide the supportive environment; and (vi) identification and provision of key economic infrastructure to remove constraints to diversified agriculture development. The key results the project expects to achieve are (a) Increase in the volume and value of gross sales at benefitting farms (percentage); (b) Increase in the value of gross sales of benefitting agribusinesses (percentage); (c) Share of non-rice production area of participating farmers. The main beneficiaries of the project are: (i) farmers in selected project regions, both rural and peri-urban; (ii) agribusinesses (entrepreneurs and workers) participating in identified value chain development; (iii) general population in rural project areas; and (iv) project implementing agencies (IAs) at national and sub-national level. The CASDP comprises the following five components: (a) Enabling Agriculture Diversification; (b) Supporting Public Infrastructure; (c) Improving Agriculture Information Systems and Quality Control Management; (d) Project Management, Coordination, and Monitoring and Evaluation; and (e) Contingent Emergency Response.

2. Rationale

Component 1 of CASDP aims at making the project known to all stakeholders, support the formation of teams, the identification of business opportunities and their translation into comprehensive

Diversification Plans (DPI) and associated Business Plans (BPI) and their evaluation and selection, and finally strengthen the capacity of selected Producer Organizations (POs), Agricultural Cooperatives (ACs) and their members, as well as SMAs.

The subcomponent finances: (a) awareness raising campaigns and teaming up of stakeholders; (b) support for the preparation and evaluation of DPI and associated BPI; and (c) DPI and BPI implementation support.

DPI and BPI preparation requires the ACs, POs and SMAs to prepare business plans that provide accurate financial information on their structures including income statement, Profit and Loss accounts and Balance Sheets. Cash flow projections for the proposed investment in the BPI are also required covering a 3-year investment cycle.

BPI is formulated on the basis of the product / production specification agreed between the producers and the buyer and include: (a) a description of the activities to be carried out by each one of the participating parties to fulfill their commitments under the marketing agreement; (b) the areas of capacity building at the farmer, PO and eventually SMA level; (c) a simple procurement plan comprising investments at farm and PO level, and if applicable a separate procurement plan for investments at SMA level; and (d) subproject sequencing and funding tranches. BPI is developed through close interaction with prospective buyers. To be eligible for support, business plans must include a rigorous financial analysis and be profitable. Business plans also include a technical description of the subproject, evaluation of market feasibility, an environmental assessment, a list with all participating farmers and associated investment and TA needs.

In addition to the core public services to be provided to the BPI beneficiaries as outlined in the DPI, support is provided to the POs and SMAs to make sure that all the investments and TA are implemented as planned and to the highest standards possible. The objective is to strengthen the implementation readiness at the farmer, PO, and SMA level. This support also includes financial literacy to increase the procurement and financial management (FM) capacity of the POs and SMAs.

The BPI beneficiaries will also receive core public technical services: (i) training in areas such as agricultural cooperatives (ACs) and contract farming; (ii) TA in areas such as postharvest management, organic farming, climate smart agriculture practices, agricultural machinery, and food safety; (iii) participation in workshops, fairs, and exchange visits domestic and regional; and (iv) training in environmental and social safeguards.

The experience of CASDP in working with POs and SMAs shows that formal accounting at AC and PO level is weak and generation of reliable financial statements is difficult due to poor accounting capacity among members. In many cases, financial statements of POs and ACs have to be reconstituted based on direct interviews with members of these organizations where formal records are not available.

Given the importance of reliable financial statements in (a) carrying out investment analysis of DPIs and BPIs, (b) monitoring the financial performance of ACs/POs and (c) supporting procurement process during the implementation of approved DPIs and BPIs, it was decided to recruit a specialized Contractor who will provide support to CASDP in addressing these issues.

3. The Objective

The principal objectives of this assignment are to: (i) support the preparation of quality new DPIs and associated BPIs with strong emphasis on ensuring that financial statements, planning, projection, and investment analysis are of high quality; (ii) improve the quality of the evaluated (by the Evaluation Committee) DPIs and associated BPIs (51 as of May 9, 2022) with strong emphasis on ensuring that pro forma financial statements and investment analysis are of high quality; and (iii) support implementation of the endorsed DPIs/BPIs (by the Advisory and Endorsement Committee) and focusing on improving financial management during the implementation of DPIs/BPIs. To achieve these objectives, the consultants will work in close collaboration with the Business Planning Advisor of

Technical Service Providers (TSPs) as well as the Marketing and Market Penetration advisor to support ACs, POs, and SMAs in the project coverage areas.

4. The Scope of Works:

It is expected that during the first stage a total of around 38 diversification plans would be developed under these TORs (10 of these are new ones while the balance are existing ones that may need revision), in line with the current target set out by the project. This target may or may not be updated downward depending on progress in the project implementation. Please note that a Diversification Plan is encouraged to cover more than one business plan in order to enable opportunities for aggregation.

The assignment is expected to support development of up to 5 value chains. Similarly, one value chain can cover more than one business plan. Supporting aggregation of agricultural products is an important aspect of this assignment.

The following key activities are expected to be performed by the consultants:

(a) *Support ACs and SMAs in the Preparation of new DPls/BPls and improvements of evaluated DPls/BPls*

- Transfer know-how on business plan development process, methodology and tools in agriculture sector in line with requirements of CASDP POM.
- Collaborate closely with the TSP/Business Planning Advisor as well as the Marketing and Market Penetration advisor in order to understand the business of each of the ACs/POs/SMAs whose DPI/BPI is being prepared or need to be improved.
- Prepare and/verify pro forma financial statements and investment analysis for each DPI/BPI to be submitted to the EC and AEC for evaluation and endorsement.

(b) *Improvement of financial management by ACs and SMAs*

- Assess the current system of bookkeeping and record keeping at AC, PO, and SMA level. Assess the capacity and knowledge of bookkeeping staff of ACs, POs, and SMAs in order to design appropriate methodology to ensure know-how transfer. Liaise with PFIs in order to review PFI requirements for due diligence when reviewing AC credit.
- Develop basic bookkeeping record templates for ACs/POs, and SMAs with input from participating PFIs who require AC financial data for due diligence of loan applications. Review internal controls and reporting mechanisms so that financial records are presented in transparent manner to AC members and comply with AC statutes.
- Train and coach PDAFF's and TSPs' staff to provide follow-up supports during missions to ACs so that they could help AC overcome any issues or problems related to AC accounting/bookkeeping.
- Based on assessment, design the appropriate know-how transfer modules using hands-on methodology delivered to nominated bookkeeping staff of ACs.
- Prepare delivery program in coordination with stakeholders including PFIs, PDAFF and TSP for review by PCO.
- Conduct follow-up support to the record keeping of ACs and troubleshoot any difficulties in recordkeeping of ACs or fill any gaps remaining in capacity of AC staff to maintain simple accurate records.
- Support ACs, POs, and SMAs as well as TSPs in the revision, where necessary, of *pro forma* financial statements and investment analysis to be presented as DPls to CASDP and to PFIs for accessing the credit line supported by the project.



- Advise TSP staff and those of PDAFF to support ACs/POs and SMAs to complete quarterly financial progress reports to CASDP.
- Review all supporting documents (Contract between ACs/POs and suppliers/contractors, original invoice, delivery note, request for payment from suppliers/contractors, cover letter on disbursement, bank statement) of Marching Grant disbursement 40% to PCO.
- Train ACs/POs and SMA management to correctly interpret financial reports and report financial results to all AC members transparently by AC committee.

5. Duration of the assignment

The planned duration of the Contract is 12 months. The Consultants are expected to provide continuous support to the ACs/POs and SMAs involved in CASDP. MAFF will evaluate the performance of Individual Consultant on an annual basis. If consultant's performance is poor, the Employer will give the consultant one month notice to remedy failure in performance. Failure to remedy performance may result in termination of the contract.

6. Working Arrangement, Deliverables and Reporting Requirements

- (a) **Working arrangements.** The Consultants will work closely with, as well as report to, MAFF. The consultants are also expected to work collaboratively with the Business Planning Advisor of the Technical Service Provider as well as the Marketing and Market Penetration advisor.
- (b) **Deliverables.** The Consultants will be responsible for the following main deliverables:
 - An assessment/audit report of the current financial record keeping system in practice among the ACs and SMAs participating in CASDP.
 - Support the preparation by ACs, POs, and SMAs, of around 38 DPLs (10 new ones and revise existing ones based on actual demands determined by the PCO) during the first stage (pro forma financial statements and investment analysis of a quality accepted by PCO) for evaluations and endorsement by the EC and AEC respectively. Priorities in 2023 is to ensure that at least 5 DPLs commence operations (delivery and installation of MGA procured works/goods) by ACs and in parallel, a functional financial record system of ACs will be in place by the end of 2023. The remaining DPLs will be supported in 2023 and 2024, and it is expected that the Consultants will establish bookkeeping system and delivery financial statements for ACs of all endorsed 38 DPLs.
 - The consultant, in close collaboration with the Business Planning Advisor, will be responsible for reviewing and updating DPL financial projections prepared by ACs and ensuring that financial information provided is reliable financial record system "true and fair view" according to international auditing standards of the actual financial situation of the AC.
 - Basic bookkeeping template for agriculture cooperative and agribusiness – One possible reference that could be adapted to the context of the CASDP is a "Bookkeeping Essentials for Agribusiness"¹. The final template will be approved by PCO after consultation with PFI, GDA and other CASDP stakeholders.
 - Where ACs do not have a dedicated bookkeeper and seek inputs from the consultant, support ACs in identifying book-keeper candidates and developing the capacity of the person.

¹ The "Bookkeeping Essentials for Agribusiness" is a part of the "Agribusiness Leadership Program", a learning platform developed by the International Finance Corporation (IFC) of the World Bank Group to strengthen and support the growth of agribusinesses. Additionally, MAFF-GDA has a financial record keeping format which can be also adapted to the AC requirements.



- Design a knowledge transfer approach to assist ACs adopting the bookkeeping template and provide practical coaching support for implementation.

No	Deliverables	Timeline	Payment Schedule (%)
1	Inception Report	After 1 month	10%
2.	• Assessment of the current bookkeeping practices of ACs, POs, and SMAs and capacity of their bookkeeping staff. • Following consultation with PFI and other CASDP stakeholders, finalize bookkeeping template for agriculture cooperative and agribusiness • Upon request for inputs from ACs, help identify suitable staff to carry out bookkeeping duties. Ensure that knowledge transfer to such staff occurred so that reliable and accurate bookkeeping is in place	Delivered in Q1/2024 for at least 5 DPLs within 3 months of contract effectiveness Completed in Q1/ 2024 for at least 5 DPLs within 3 months of contract effectiveness Delivered within 3 months of contract effectiveness.	10%
3.	Delivery of knowledge transfer of bookkeeping and basic accounting to the ACs. Delivery of TAs and coaching to ACs in order to finalize accurate and reliable BPLs. Quality of the financial proposals in BPL will be determined by 1) confirmed as acceptable by PFIs who carry out due diligence of the AC for credit purposes (if quality and accuracy unsatisfactory, will be re-worked by the Consultants and re-submitted for acceptance by PFIs and PCO or 2) success of the AC in obtaining credit line access due to clear financial records confirmed by EC and AEC evaluation of DPLs. Payment will be made for all DPLs having financial information accepted fully by PCO according to numbers schedule noted in adjacent column. Review all supporting documents of Marching Grant dibursment 40% to PCO. Assist ACs/POs to prepare inventory list (fixed asset registration).	(Month 4-Month 12) -10 DPLs -10 DPLs -10 DPLs -8 DPLs	15% 15% 15% 15%

4	Support 38 ACs to submit annual progress report to CASDP including presentation of their full annual accounts and cash position at end of year.	Year end	10%
5	Final Report	Following review and approval by PCO	10%
	Total		100%

(c) **Reporting requirements.** Most of reports are expected to be written in English and/or Khmer; exceptions may be agreed. This applies to the updated reports/plans specified below as well as studies, reports, briefers, technical guides or any other document for public distribution (on a case-by-case basis). All reports and plans are subject to approval by MAFF.

- The consultant will prepare work plan and budget under this assignment for each following fiscal year, entailing the activity plan including the training budget and applicable fee to be incorporated in the projects' AWPB. The cost of training will be covered by MAFF.
- CASDP M&E is required to analyse and process data collected from ACs/POs, SMAs and related stakeholders in order to comply with CASDP requirements to report on Project Development Objectives (PDO). The data for PDO related to financial results of DPI/BPI will be collected regularly by the consultants and submitted to M&E on a quarterly basis.
- **Inputs ensured by the MAFF.** The MAFF will ensure that the consultants have the necessary information, documents, and collaboration from the ministry's staff at all level. All logistic arrangements and costs related to the workshops/ trainings will be responsible by the Project PCO.

7. Payment:

The payment will be made to Individual Consultant upon satisfactory completion of each deliverable certified by Project Director.

8. **Duty Station:** The consultants will be based at MAFF/CASDP Office in Phnom Penh with frequent travel to the fields to support ACs implementing their grant. The DSA and transportation to the fields will be covered by MAFF.
9. **Key Personnel.** The assignment will be carried out by an individual consultant with the relevant experience specific to the assignment, and with an established track record in advising and training businesses to improve their financial management. Experience in agribusiness development programs would be an advantage.

10. The assignment will require to have the following minimum qualifications:

The candidate must have a track record of successful project management and experience in accounting or finance. Specifically, the consultants shall have:

- Minimum 8-10 years of experience in financial and accounting sector. Experience in mix of value chain development or agricultural development programs is an advantage;



- Minimum 10 years of experience as financial officer, financial audit, or chartered accountancy in private sector;
 - Minimum 8 years of work experience in business planning, and in the preparation of business plans and feasibility studies for investment projects in agribusiness; familiarity with development projects and their requirements as to financial management, procurement, social and environment safeguards;
 - Experience as a project manager for large and complex private sector agribusiness development projects;
 - Relevant graduate degree in accounting, financial management, auditing, and must be fluent in English; Khmer would be considered an asset; and
 - Other desired qualifications include: prior experience in East Asian countries; a proven ability to work collaboratively with the government, World Bank and/or other donors; experience forging partnerships between private sector entities.
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