

**TO:** Kajal Chakraborty  
**Consultant**

**FROM:** Chase PALMERI,  
**Country Programme Manager**

**DATE:** **January 24, 2012**

**SUBJECT:** Terms of Reference: Tonga Rural Innovation Project – Implementation Support Mission

## **Background**

1. The **Tonga Rural Innovation Project (TRIP)** was approved at the IFAD Executive Board in April 2012. It is a 5 years Project with the goal to contribute to the improved sustainable livelihoods of vulnerable communities in rural areas of Tonga. The development objective is to “strengthen the capacity of target communities to plan and manage their development priorities in order to achieve improved sustainable livelihoods”. The Project objectives would potentially be pursued through the implementation of the following activities: (i) Community Development, including support for community development plans and community economic infrastructure; (ii) Business Development including investment in publication and promotions and agriculture and rural business development; and (iii) Project Management. The project will be implemented by the MORDI Tonga Trust, via an agreement with the Ministry of Finance and National Planning of the Government of Tonga.

## **Objective and Scope of Assignment**

2. The overall objective of the mission are to:
- i. Build up the capacity of the TRIP financial management team to supervise and manage the financial management system of the Project which meets and satisfied IFAD and the Government of Tonga requirements;
  - ii. Strengthen the financial management capacity and provide advice and recommendation for further improvement;
  - iii. Establish a safeguard mechanism for the project assets
  - iv. Advice and work closely with TRIP management team on annual budget preparation and reporting for the Project.
  - v. Make an assessment of the fiduciary environment of the project, with special focus on financial management, as per FMA guidelines issued by CFS in 2012
3. The assignment will require approximately 18 days, including travel and report writing.

## **Specific Duties and Responsibilities**

4. The consultant will be responsible for undertaking the following tasks in consultation with IFAD and MORDI Tonga Trust:
- i. Train TRIP Project Manager on how to supervise the management and administration of all financial transactions and payments under the project.
  - ii. Train Project Manager and Finance Officer on how to maintain and monitor the integrity of the Project's Financial Management System (including the Chart of Accounts) by ensuring that the procedures and controls set out in the Project Finance Management Manual are correctly implemented and managed efficiently.
  - iii. Facilitate and participate in the preparation and processing of IFAD Withdrawal Applications and their supporting documents and the accounting for funds transfers into the Project's bank accounts
  - iv. Assist with the preparation of the financial and annual budgets plan, procurement plan and issue timely and reliable financial management reports for the Project to support effective monitoring and evaluation of project progress and variances against plans by management, Ministry of Finance and National Planning (MNFP) and the International Fund for Agricultural Development (IFAD)
  - v. Assist with the preparation of the annual financial statements of the Project and submit for audit; provide assistance to the auditors to enable timely completion of the audit of the financial statements and the project;

- vi. Ensure compliance and observance of all financial obligations with Government and IFAD requirements (in particular, the Government regulations, rules and, the Financing Agreement, the Project Design Document (Appraisal Report), Project Implementation Manual (PIM), the IFAD Procurement Guidelines, IFAD Procurement Handbook, IFAD Disbursement Handbook and Letter to the Recipient;
- vii. Provide financial management/accounting training in the implementation of Financial Management procedures as required, for the project staffs at MORDI Tonga Trust.
- viii. Facilitate designing and preparation monthly and quarterly financial reports in agreed formats as guiding in the LTR and Loan and Grant manual and submitting them to Project Manager, MNFP and IFAD..
- ix. Assist the development of a monitoring system for the project cash flow and ensure appropriate action is taken to ensure both safe and efficient management of funds.
- x. Assist TRIP Management in preparing and monitoring project budgets.
- xi. Assist TRIP Management in designing appropriate systems and procedures for financial management and monitoring of the project.
- xii. Risk assessment activities:

Assess the Project Financial Management Arrangements by:

- Using the IFAD FMAQ as the basis to collect the relevant information assess the strengths and weaknesses of financial management systems, internal controls and financial reporting systems relating to financial management and financial administration of project funds in order to ensure that they satisfy IFAD's fiduciary requirements.
  - Test checking sample internal controls, by system "walk through" to ensure that approved procedures are consistently being followed.
  - Identifying current risks arising from material deficiencies and propose practical recommendations for improving financial management functions and/or staffing for financial operations needed to mitigate risk.
- Preparing the current Summary Risk Analysis.
- xiii. Undertake other tasks as agreed with the Country Programme Manager.

### **Mission Outputs**

5. At the conclusion of the assignment the consultant will submit a brief mission report to MORDI Tonga Trust, Government of Tonga and IFAD detailing the mission activities. Any proposed recommendation or agreed action contained in the report should be developed through a participatory process with the MORDI Tonga Trust Management, together with IFAD.

6. FM Reporting

- The FMAQ and the Summary Risk Analysis table, together with a relevant set of comments, will be included the mission report and transmitted to CFS as soon as finalized as advance information

### **Documentation**

7. The following documentation will be made available to the consultant for undertaking the assignment:

- SRESOP;
- Relevant IFAD policies, procedures and templates;
- TRIP Project Design Report and relevant working papers;
- TRIP Project Implementation Manual.
- Financial Policy Manual.
- Annual Working Plan and Budget (AWPB).
- Procurement Plan (PP)

### **Mission Schedule**

8. The schedule for the assignment is 21 February to 10 March 2013.