## ANNEX I

### TERMS OF REFERENCE

<table>
<thead>
<tr>
<th>Title of the Consultancy:</th>
<th>To Undertake Feasibility Study, Design, Establish and Provide Advisory Services for the African Union Development Fund</th>
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<tbody>
<tr>
<td>Position type:</td>
<td>Consultancy</td>
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<tr>
<td>Office/Project:</td>
<td>AUDA-NEPAD under the Directorate of Programme Innovation Planning</td>
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<tr>
<td>Conditions of work:</td>
<td>- Not based at the NEPAD Offices, using own infrastructure/equipment;</td>
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<td>- The proposed fee covers all the costs the consultant/consulting firm will incur including consultancy fees, in-country travels, accommodation &amp; upkeep, operational and coordination costs, and documentation.</td>
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<td>Duration of contract:</td>
<td>12 months</td>
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<td>Requirement for travel &amp; Location:</td>
<td>All costs for travel are included in proposed fees.</td>
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<td>Conditions of payment:</td>
<td>- Twenty percent (20%) of fees and charges shall be paid upon submission and acceptance of an Inception Report;</td>
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<td>- Forty (40%) of fees and charges shall be paid upon submission and acceptance of all draft Reports</td>
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<tr>
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<td>- Forty percent (40%) of fees and charges shall be paid upon submission and acceptance of all final Reports and deliverables.</td>
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<tr>
<td>Qualifications and Competencies of the Firm</td>
<td>- The firm should at least have five (5) years of experience in operation with core business in capacity development, institutional development, financial investments portfolio and/or economics related business;</td>
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<td>- Knowledge and understanding of development financing, particularly in Africa context</td>
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<td>- Expertise in areas of Economic Integration, Industrialisation, Human Capital and Institutions Development and Environmental Sustainability;</td>
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<td>- Knowledge of fund management and various types of funds to finance development programmes,</td>
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<td>- Access to stakeholders and relevant information sources</td>
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<td>- Knowledge of financial accounting procedures;</td>
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<td>- Good organization, time management and analytical skills;</td>
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- Operational skills for preparation of investment programs/projects (including preparation of documents, processes, costing);
- High level of accuracy, attention to detail and thoroughness;
- High level of integrity and accountability, flexible approaches to work coupled with enthusiasm and commitment;
- Ability to perform multiple tasks and work under pressure with a wide range of individuals and institutions;
- Excellent oral, writing and editing skills;
- Ability to work in a multi-cultural and multi-national environment;

Team Composition:
The team should be composed of at least the following:

**Qualifications and Experience of the Experts.**
The Firm will be required to have a pool of highly qualified financial management and/or capacity development experts and the following shall be the requirements:

**Senior Level Management Staff (SLMS - 3)**

a. **Key Expert 1 (SLMS):** Team Leader, with a Masters Degree or better qualification in Financial Management, Accounting, Business Administration or Law - 10 Years’ experience in areas of corporate finance, business analysis or project management with 5 years’ experience in handling financial management systems planning or implementation. Strong understanding of current best practice of enterprise systems market and solution trends regarding financial management the relevant field; (PhD and/or Professional Board affiliation an added advantage).

b. **Key Expert 2 (SLMS):** Senior Expert Advanced Degree or better qualification in Financial Management, Accounting, Business Administration or Law - 8 Years’ experience in areas of corporate finance, business analysis or project management with a minimum of 3 years’ experience in handling financial management systems planning or implementation. Ability to undertake technical policy-focused research related to Accounting and or finance the relevant field; (Masters and/or Professional Board affiliation an added advantage).

c. **Key Expert 3 (SLMS):** Project Staff Advanced Degree or better qualification in Financial Management, Accounting, Business Administration or Law - 5 Years’ experience in the relevant field; (Masters and/or Professional Board affiliation an added advantage). Have a minimum of 5 years’ experience and proven expertise in governance, institutional development for international organisations.

**Middle Level Management Staff (MLMS - 2).**

d. **MLMS Expert 1 & 2.**
   Graduate Degree or better qualification in Financial Management, Accounting Business Administration or Law - 5
Years’ experience in the relevant field; (Advanced qualification and/or Professional Board affiliation an added advantage)

**Junior Staff (JS - 2)**

e. **JS 1 & 2**

Diploma or better qualification in Financial Management, Accounting, Business Administration or Law - 3 Years’ experience in the relevant field; Graduate Degree Qualification and/or Professional Board affiliation an added advantage.

**Management & Administration of the Assignment:**

- The consultant/consulting firm will report to the Director of Programme Innovation and Planning (PIPD) through the Officer designated for the assignment;
- An initial meeting to debrief the consultant/consulting firm on the assignment will be conducted between AUDA-NEPAD and the consultant/consulting firm;
- Regular communication by emails and phone calls will be made where need arises for AUDA-NEPAD to follow up and provide guidance for assignment.

**1. Background:**

The Consultancy work aims at establishing the African Union Development Fund (AUDF). The idea came about during NEPAD Senior Management Team brainstorm sessions to design financial tools and instruments to sustain the funding of the AUDA – NEPAD. For the new Development Agency to fulfil its mandate, it was agreed on the necessity to find a mechanism to provide a sustained revenue generation stream to fund its continental programmes. It was also established; the annual assessment of the member’s states will not be adequate to meet the funding requirements of the AUDA-NEPAD. Further the African Union member’s states are overburdened by the annual assessment contribution to the Union, this is because the poor economic outlook of many countries. The proposed creation of the African Union development Fund was for the first time presented to the AU member’s states during the budget hearing in Bahir Dar (Ethiopia) to the Permanent Representatives Committee (PRC) subcommittee on budget and administrative matters on the 31st of May 2019. The PRC approved the idea and requested a concept note to be developed. It is clearly articulated during the PRC’s budget hearing that each member state has its own economic challenges hence it will be unreasonable to further burden them with new funding requests. Hence the support of the PRC to create Africa Union Development Fund to finance the development agenda of the Union.

**2. Rationale**

The mission of the AUDA-NEPAD is “To foster the development of the continent through effective and integrated planning, coordination and implementation of Agenda 2063 with Member States, Regional Economic Communities and Pan-African institutions by leveraging partnerships and technical cooperation”. The AUDA-NEPAD therefore cannot rely only on the assessed contribution by its member’s states as means of funding its continental programmes, but rather must find means to secure its own sources of revenue. Hence the justification to set up a development fund. The AUDA-NEPAD in its constitutive act clearly set up the following objectives:
- Coordinate continental programmatic delivery for successful horizontal linkages between regional economic communities, and vertical linkages between continental, regional and national levels, to achieve Regional Integration.
- Design a business and operating model is based on flexibility, autonomy and efficiency to enhance a clearer division of labour with the African Union Commission, RECs and pan-African institutions
- Leverage the demonstrated strengths of AUDA-NEPAD with an enhanced operating model and clear mandate to sharpen its delivery capacity in full alignment with continental priorities.
- Ensure continental policies and decisions are implemented at continental, regional and national spheres with sound results-based approach.
- Play a catalytic role to support capacity development of Member States and Regional Economic Communities.
- Mobilize resources for accelerated and expanded implementation of development programmes across the continent to achieve Agenda 2063 and the Sustainable Development Goals

At the turn of the century, African leaders undertook various initiatives to bring the continent to the path of sustained development. Amongst those initiative, were OMEGA plan for Africa and millennium Africa Recovery Plan. Those plans later were merged to create the New Partnership for Africa’s Development (NEPAD). The then NEPAD Secretariat mandate was to bring the continent to the path of prosperity. Through the years, the NEPAD secretariat was later transformed into the NEPAD Planning and Coordinating Agency (NEPAD Agency) in 2010 with an increased mandate. The Secretariat and later the AUDA-NEPAD could not fully fulfil their mandates because of the inadequacy of funds. Importantly both relied on the development partners to fund their respective programmes. This lack of clear strategy to attract funding resulted in mixed emotions about the results of both predecessors of AUDA-NEPAD. Against the background of new hope and economic freedom advocated by the Secretariat and the NEPAD Agency, an increased number of Africans in various quarters of think tank started to raise the fundamental question of the relevance of the African institutions to tackle the continent’s development issues.

Several the African elite including the diaspora argued that the main challenge of the continent’s development is mainly the inability to develop financial instruments to sustain the generation of adequate resources to support the effort of the development.

3. Objectives of the Assignment:
The main objectives of this assignment is to undertake feasibility study, design , establish and provide management advice (when the fund is functional). The aims is to set funding mechanism to supplement the effort of African State to fund the development agenda of the continent. The Fund is expected to become the main source of funding African Development Programmes.

4. Scope/Main Responsibilities of the Assignment:
The consultant/consulting firm is expected to:
   i. Undertaking feasibility study of the Fund
   ii. Consulting with the AUDA-NEPAD to design a Fund for African Union Programmes and Projects.
iii. Establishing the fund
iv. Advising, facilitating and providing guidance to the AU-NEPAD in the management of the Fund through AU policy organs.

4. **Key Deliverables:**

Expected deliverables will include the following Products:

- Inception report analysing the investment strategy/mandate for the endowment fund;
- Outlining of possible funds management and governance arrangements;
- Benchmarking global analysis to assess feasibility and scale of proposed annuities;
- Compiling factors for consideration in determining the optimal location for the fund to be housed and technical/regulatory/ethical/political issues that will need to be considered (actual analysis to be conducted later);
- Defining the application of the fund including modalities of application options and targeted contributing stakeholders,
- Listing of summarily potential sources of funding (to then be explored in more detail)
- Closing and Final report on designing of comprehensive African Union Development Fund (with multiple windows).

5. **Reports and Schedule of Reporting:**

- One (1) Inception report: Feasibility Study, three (3) weeks after the commencement of the assignment;
- One (1) Progress Report: Feasibility study of the Fund, four (4) weeks after submission of the inception report
- Final Report on the feasibility study of the Fund, four (4) weeks after the progress report
- Final report on the design report fund (recommendations), 2 months after the acceptance of the final report of the feasibility report
- Final recommendation on the establishment and modalities/mechanisms of management of the Fund, 3 months after submission of the design report
- Provide in form of reports or recommendations, for the remaining of the contractual period (4 (four) months), management advisory services on the activities to be undertaken to mobilize financial resources and media exposure

**NOTE:** All drafts and final reports should be submitted in word version (word 97-2003)

6. **Proposals Submission Date**

**Deadline for submission of applications:**
TORs approved by:

**Head of Division:**
**Signature:**

**Date:**