Ministry of Agriculture

Participatory Agriculture and Climate Transformation (PACT)

Terms of Reference:

Customizing Web-based financial management Software (Enterprise Resources Planning) for PACT

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Addis Ababa

**Introduction**

The Participatory Agriculture and Climate Transformation Programme (PACT) has been meticulously planned and a formal agreement was reached between the Ethiopian government and IFAD on May 8, 2023. The national program team has strategically set the program's launch date for December 2023. In preparation for this momentous occasion, the national program coordination unit has diligently carried out preparatory tasks for PACT, which includes the implementation of appropriate financial management software at both the federal level and in each specific target region.

1. **Background:**

This document outlines the terms of reference (ToR) for the customized financial management software for the Participatory Agriculture and Climate Transformation Programme. The software will be customized to support financial management and reporting processes related to the program, ensuring accurate tracking of funds, efficient budgeting, and compliance with financial regulations

1. **Objectives:**

The main objective of the assignment is to purchase customized, user-friendly, smart, and web-based ERP software for financial management. The firm shall customize the latest version of the product according to the requirements of the Programme. The firm will customize ERP, including designing a chart of accounts in line with the intended project feature and scope.

The firm will provide training, installation, and implementation of ERP financial management software to MoA. The computerization process addresses the accounting and reporting requirements of the organizations and financial management components including budgetary controls.

1. **Scope:**

The scope of this project includes, but not be limited to, delivery of the latest version of financial management software with multiple user licenses of at least 30 users and assisting with the customization of the chart of accounts of the PACT in line with the budget structure and reporting requirement of internal and external users and provision of training & support on chosen financial management software. The assignment will be accomplished under the guidance and direct supervision of the MOA finance department. In addition, remote access configuration support will be provided.

The scope of this project is limited to the implementation of the ERP financial management desktop version Plus remote access for program target areas at:

● National coordination office (1)

● Regional coordination Offices (9)

For this purpose, the financial management system must have the following specifications as per the specification category:

**Interface:**

1. User Friendliness: Software must be as user-friendly as possible to allow for easy data recording and minimization of prior training sessions needed.
2. Multilingual read and write: Software must allow for both entering data in English as well as being able to read and report on such data.
3. Multi-period and Multi-user Processing: Software must allow for registering multiple periods as per the lifetime of the project. Software must enable access to the database by multiple level users depending on each user’s data requirements.

**Accounting Module**

1. Chart of Accounts: Software must allow the creation of various forms of charts of accounts in coherence with the project’s budget lines as stated in the project’s paper
2. Double Entry Accounting: Ability to record transactions based on double entry accounting procedures where each debit entry is not registered until mirrored by an equal credit entry
3. Multi-currency Entries: Ability to record multicurrency entries based on the currencies of the relative invoices
4. Sub-ledgers for advances to staff, contractors, sub-implementing units, and Implementing Partners.
5. Able to record contributions from beneficiaries / co-financiers for both receipts and payments.
6. Calculation of foreign exchange gains/losses with system integrity. Both realized and unrealized gains/losses.
7. Generation of bank reconciliation statements with integrity
8. Able to attribute each expenditure to multiple financing sources if needed
9. Systems to record non-cash accounting transactions
10. There should be a segregation of duties in the software

**General Reporting**

1. Standard Financial Reports: Software must be able to produce standard financial reports such as Profit and Loss statements, Balance Sheets, and Cash flow statements.
2. Period end closures. The system should allow for period-end closures with only controlled/limited possibility to change data of previous periods.
3. Standard Accounting Reports: Record and produce basic accounting records such as journal vouchers, payment vouchers, trial balance, and statement of account
4. Payment Method: Must be able to process and print payment criteria such as transfers related to project fund accounts
5. Audit Trail: Be able to print out an audit trail report for facilitating audit tracking and verification
6. List of pending advances (advances not yet justified) to implementing partners, individual staff members, etc….)
7. List of Transactions

**IFAD Reporting**

The system should support both cash-basis and accrual-basis reporting options.

**Interim Financial Reports:**

Software must process and print IFAD interim financial reports including the following:

1. Statement of sources and uses of funds by category, component, and financier
2. Statement of actual vs planned expenditures in the budget (variance analysis by component and category, by quarter, financial year, and cumulative.)
3. Cash forecast
4. Designated Account Activity Statement.

Sample Interim Financial reports are included in Annex A.

**Generation of annual financial statements**

Software must process and print IFAD interim financial reports including the following:

1. Statement of cash receipt and payments
2. Comparison of budget and actual amounts
3. Sources and uses of funds statement, by component, category, and by financier
4. Fixed Asset Register
5. Designated Account statements and reconciliations

Sample Financial reports are included in Annex B.

**Budget Setup**

1. Ability to set project budgets based on the project paper and process multi-donor budget scenarios (more than 2 donors)
2. Ability to monitor budget execution in the software.

**Fixed Asset Module**

Software must contain an asset registration module, which enables users to track all procured assets based on unique reference numbers and centers. The fixed asset register should include details such as tag and serial numbers, location of the asset, custodians, date of purchase, and the cost.

**Advanced Backup Options**

Ability to back up database both on an internal server and on external data drives

Facilitate commitment controls on expenditure: i.e. track each Contract against the corresponding budget line item, and then each payment against each contract.

**Other:**

1. Advanced search criteria
2. Keyword search for all system modules
3. Advanced Export options
4. Ability to export all screen reports to different file formats such as HTML, CSV, XML,
5. Edit checks within the system to prevent the duplication of transactions e.g., not being allowed to enter the same invoice number for the same supplier.
6. User roles defined within the system and allocated as part of user-ids
7. Unique user-ids and passwords
8. **Deliverables:**

The following deliverables are envisioned under this TOR

● **Customized Software**: Provide customized software for ERP financial management desktop version Plus remote access within 30 days of the contract signing date. an updated version will be provided if any is released.

● **Develop Chart of Accounts & Training Manual**: Develop a customized chart of Accounts as well as a user manual and deliver training to PACT staff and system administrators for the use of software, system maintenance, and administration.

● **Support and Maintenance**: The firm should provide administrative, technical support, upgrade, and quality control for a period of the next 7/seven/ years after the successful installation of the software.

1. **Contract Timeline:**

The duration of the contract will be 45 days.

A detailed implementation plan will be submitted by the firm.

1. **Reporting and Communication:**

The project stakeholders should receive regular progress reports, including updates on milestones, risks, and issues. The project manager should be responsible for maintaining effective communication channels and ensuring the timely dissemination of information.

1. **Responsibilities of vendor**

The firm is expected to:

* Assess and customize its current products according to the requirements of PACT and should be fully responsive and compatible across all major operating systems and screen sizes.
* Maintain regular contact and provide periodic progress updates on the customization and development of the software applications.
* Provide the customized demo version within one month of the contract signing.
* Demonstrate and present the software application at PACT and accommodate feedback promptly.
* Develop User and administrator manuals and deliver training to PACT staff to perform the system.
* Mandatory implementation support/recommendation plans for 07 /seven/ years after the implementation
* The system should have a warranty of 1 year.

1. **Required Skills and experience of the firm**

The firm should have

* Registration as a software development company
* Experience in at least three similar projects over the past 5 years, one of which should be a financial module similar to the one required under this contract.
* Comprise staff required for such an assignment including business analyst, system architect, and software developer, and preferably a chartered accountant or registered auditor.

1. **Selection process**

The firm will be chosen via ***CQS***.

By adhering to these terms of reference, the development of the financial management software for the Participatory Agriculture and Climate Transformation Programme will be guided effectively, ensuring the delivery of a high-quality solution that meets the program's financial management needs and contributes to the successful implementation of the program.

***Annex A: Interim Financial reports***

***Annex B: Annual Financial reports***