

**REQUEST FOR EXPRESSION OF INTEREST  
FOR AN INDIVIDUAL CONSULTANT**



**AFRICAN DEVELOPMENT BANK GROUP**

*01, Avenue Joseph Anoma, Plateau, BP 1387, Abidjan, Côte d'Ivoire*

**Financial Management Department (FIFM) / Programming and Budget Department (SNPB)**

|   |   |
|---|---|
| <b>Title of the Assignment:</b>         | Review of the Bank Group Cost Sharing Formula   |
| <b>Brief description:</b>               | Conduct a full review of the current Cost Sharing Formula, a comprehensive assessment of the Cost Accounting System (CAS) outcomes and formulate recommendations for an enhanced formula. |
| <b>Departments issuing the request:</b> | Financial Management Department (FIFM) / Programming and Budget Department (SNPB)   |
| <b>Place of Assignment:</b>             | HQ, Abidjan, Côte d'Ivoire  |
| <b>Duration of the assignment:</b>      | 02 months between February and May 2019   |
| <b>Tentative date of Commencement:</b>  | 14 February 2019  |
| <b>Deadline for Applications:</b>       | 15 January 2019, at 6pm Abidjan Time  |
| <b>Applications to be submitted to:</b> | <a href="mailto:i.djofack@afdb.org">i.djofack@afdb.org</a> ; <a href="mailto:n.ahononga@afdb.org">n.ahononga@afdb.org</a> ;<br><a href="mailto:k.kouassi@afdb.org">k.kouassi@afdb.org</a> |

1. The African Development Bank hereby invites individual Consultants to indicate their interest in the following Assignment: ***Review of the Bank Group Cost Sharing Formula***.
2. The estimated duration of the consultancy mission is **two (02) months** between February and May 2019 and the estimated starting date is February 14<sup>th</sup>, 2019.
3. The consultant will be based in **Abidjan, Côte d'Ivoire**, for the duration of the consulting period.
4. The eligibility criteria, the establishment of a short list and the selection procedure shall be in conformity with the Bank's Rules and Procedure for Acquisition of Consulting Services funded by the Administrative or Capital Expenditure Budget.
5. Please, note that interest expressed by a Consultant does not imply any obligation on the part of the Bank to include him/her in the shortlist.

6. The Terms of References (ToR) indicate the scope of the assignment to be undertaken as well as the services required from the selected Consultant. You are kindly requested to comment on the ToR (in no more than 2 pages) for the proposed assignment, present your practical experience and updated Curriculum Vitae. You are also requested to present your financial proposal regarding the fees.
7. The proposals to be submitted by the consultants shall be evaluated on the basis of the following criteria:

|   |            |
|---|------------|
| <i>Experience in the specific assignment described in the ToR</i>         | <i>40%</i> |
| <i>Experience with multilateral financial institutions</i>                | <i>20%</i> |
| <i>General qualification and suitability for the task to be performed</i> | <i>20%</i> |
| <i>Knowledge of the African context and the Bank operations</i>           | <i>20%</i> |

8. Interested consultants may obtain further information at the address below during the Bank's working hours: 9am – 6pm.
9. Expressions of interest must be received at the address below **no later than 15<sup>th</sup> January 2019 at 6pm** Abidjan time and specifically mentioning “**Review of the Bank Group Cost Sharing Formula**”.

Mailing Address: The African Development Bank  
Headquarter, 01, Avenue Joseph Anoma, BP 1387  
Plateau, Abidjan  
Côte d'Ivoire

Attention: Mr. Jacques DJOFACK  
[j.djofack@afdb.org](mailto:j.djofack@afdb.org)  
Mrs. Nadine AHONONGA  
[n.ahononga@afdb.org](mailto:n.ahononga@afdb.org)  
Mr. Serge-Canut KOUASSI  
[k.kouassi@afdb.org](mailto:k.kouassi@afdb.org)

# TERMS OF REFERENCE

Financial Management Department (FIFM) / Programming and Budget Department (SNPB)

## Finance Consultant

### 1 Background

---

- 1.1 The African Development Bank Group (ADB, the Bank or the Bank Group) is a regional multilateral development finance institution established in 1963 with a mandate to further the economic development and social progress of African Countries, individually and collectively. It has 54 regional member countries and 26 non-regional shareholders from Asia, Europe and the Americas. It cooperates with a large network of international development partners.
- 1.2 The stated Vision of the ADB is to be the leading development finance institution in Africa, dedicated to assisting African Regional Member Countries in their poverty reduction efforts. Client Focus, Quality, Teamwork and Best Practices are the four corporate values essential to the realization of the Vision.
- 1.3 The African Development Bank Group (the Bank Group) delivers its operational programs through three entities: The African Development Bank (ADB), the African Development Fund (ADF) and the Nigeria Trust Fund (NTF). The Group has a single combined administrative expense budget and records expenses, when incurred, against such budget. While the three windows are complementary, they are statutorily required to be legally separate and distinct. ADF and NTF are required to reimburse the ADB for the fair value of their use of the offices, staff, organization, services and facilities in accordance with a sharing of costs through a defined cost sharing formula.
- 1.4 An appropriate cost-sharing formula allows a reasonable allocation of shared expenses, in response to the statutory requirements, thereby enabling the financial statements of each entity to reflect the costs of conducting its business.
- 1.5 The key elements of the current cost sharing formula are summarized as follows:
  - The Bank Group's administrative expenses<sup>1</sup> are divided into operational and non-operational expenses.
  - Operational expenses are shared according to the number of financing operations approved (weighted at 100%) by the Board during the year, as well as the number of funded operations under active execution as at the end of the previous year (weighted at 50%). Technical assistance operations (weighted at 30%) are also included in determining the number of lending operations<sup>2</sup>.
  - Non-operational expenses are shared on the basis of the relative asset size of the three institutions at the beginning of the year, excluding Trust Fund assets, Fixed Assets and ADB's equity investment in ADF. Non-operational expenses currently represent approximately one third of total expenses.

---

<sup>1</sup> Expenses attributable directly to an institution, such as private sector or borrowing expenses, as well as replenishment-related expenses, are borne entirely by the relevant institution.

<sup>2</sup> The 30% weight reflects the relatively lower work-effort required for technical assistance projects.

- In addition to the above, the administrative expenses borne by NTF are limited to 20% of NTF's gross income, with ADB assuming any residual expenses.

1.6 In 2010, Management undertook a study on the Review of the Bank's Cost Sharing Formula with the primary objective of identifying opportunities to improve the formula or its application, to reflect the evolution of the Bank Group's business activities. The review was to examine whether the Bank Group was making the best use of the available information to allocate its administrative costs.

## **2 Objectives**

---

2.1 In light of the above-mentioned background, the Asset and Liabilities Management Committee (ALCO<sup>3</sup>) requested to conduct a full review of the current Cost Sharing Formula and a comprehensive assessment of the Cost Accounting System (CAS) outcomes in order to identify opportunities to improve the current formula and to formulate recommendations for a more adequate formula that takes into account the best available information to allocate administrative costs. Thus, the Financial Management department (FIFM) and the Programming and Budget department (SNPB) will require services of a Senior Financial Expert (hereinafter "the Consultant") to conduct a mission in response to the expressed need.

2.2 Under the supervision and guidance of the directors of the Financial Management department (FIFM) and the Programming and Budget Department (SNPB), the consultant will work in close collaboration with the different Bank teams and stakeholders.

## **3 Financial Management Department (FIFM) / Programming and Budget Department (SNPB)**

---

### **Financial Management Department (FIFM)**

3.1 The role of the Financial Management Department is to develop and promulgate policies and guidelines relating to financial and risk management for the Bank Group, to ensure internal consistency of all financial policies and guidelines including those initiated and developed by the other Departments in the Finance Complex, and to monitor and report on compliance thereof.

The Department's primary focus includes asset and liability management and credit management for capital mobilization, borrowing, lending, and investment operations. The Department is responsible for developing and implementing models and systems to produce medium-term financial projections and for proposing measures to ensure satisfactory financial performance for the Bank Group. In common with all other organizational units in the Bank, the Department is also responsible for preparing, updating, and implementing strategic plans within the framework of the Bank's overall strategic plan.

---

<sup>3</sup> ALCO is the senior-most management forum for risk. The Vice President for Finance and Planning chairs ALCO, which meet at least monthly to perform its oversight role. ALCO is supported by the Asset and Liabilities Management Division, as Secretary, and four standing working groups. The day-to-day operational responsibilities for implementing the Bank's risk management policies and guidelines are delegated to the relevant business units.

## **Programming and Budget Department (SNPB)**

- 3.2 As a focal point for the Bank-wide resource allocation, performance monitoring and reporting and control activities, the Programming and Budget Department plays a guiding role in corporate planning, monitoring and reporting to ensure that work programs are aligned with the Bank's priorities, and consistent with the Bank's financial capacity.

The primary role of the Programming and Budget Department is to develop a strategic approach to planning and budgeting, and to coordinate the definition, planning, implementation and monitoring of Bank-wide programming and budgeting processes.

## **4 Scope of Consultant's work**

---

- 4.1 A thorough review of the status of recommendations made during the previous study.
- 4.2 Develop a comprehensive and high-level analysis of the full review of the adequacy of the current Cost Sharing Formula covering:
- i. An analysis of the Bank cost shares evolution for the past years with regards to peer institutions and international standards, and in the context of the Bank's new Development Business Delivery Model (DBDM); and a review of the key components of the formula;
  - ii. A thorough review of the data produced by the Cost Accounting System (CAS) and their relevance for the need of the sharing of the Bank Group expenditures;
  - iii. A review of the methodologies used by comparator organizations to allocate their administrative costs between their market based and concessional lending windows. This review should provide information on the choice of cost sharing parameters used by these institutions to allocate incurred expenses as well as the issues involved in the choice between different approaches;
  - iv. A review of the Trust Fund Management data and the way to allocate their costs;
  - v. On the basis of the above comparative review, develop options and parameters for allocating the business unit's costs to the Bank Group entities; review the current cost allocation methodology and identify any areas where the methodology could be enhanced to accommodate the above options and parameters;
  - vi. A recommendation on the appropriate Cost Sharing Formula for the Bank Group with regards to the evolution of the Bank's group activities in the context of the DBDM and the industry best practices, as well as the best use of available information to allocate administrative costs and the evolution of the Bank Group business activities;
  - vii. An analysis of the different financial implications of the recommended formula, including impacts on the Income of the Bank institutions and the different areas that will /should be affected such as ADF replenishment, ADF sustainability, ADB GCI, etc.

- viii. A recommendation on the relevance of shifting from the cost sharing formula to the Cost Accounting System (CAS) or other IT cost system, in light of peers' practices, and in order to improve the process of sharing the Bank Group expenditures.

## **5 Deliverables**

---

- 5.1 By the end of its mission, the Consultant is expected to deliver the following elements :
  - i. A comprehensive report (hereinafter "the report") including the different elements detailed in the "Scope of Consultant's work";
  - ii. Excel calculation files for the different self-produced/transformed data included in the report;
  - iii. Source documents used for benchmarks and external data included in the report.
- 5.2 The consultant is also expect to lead a closing presentation meeting with all relevant stakeholders to present the mission main findings.

## **6 Administration and Timeline**

---

- 6.1 The consultant will provide his services as defined in these Terms of Reference for a period of sixty (60) days spread from February to May 2019.
- 6.2 The main tasks and milestones will consist in a) desk research, interviews, benchmarking and meetings with the Bank's Management, Staff, and other appropriate means of data collection; and analysis: b) completing the 1<sup>st</sup> draft of report by end March 2019 and c) completing the final report and presentation to Senior Management and the Board of Directors by end May 2019 in Abidjan Cote d'Ivoire.
- 6.3 In conducting the tasks, the consultant will have full access to relevant documents of the Bank Group.
- 6.4 During the term of the contract, the consultant will work remotely but with at least 3 weeks in AfDB Headquarters in Abidjan to discuss with his findings and the reports. The timelines should be agreed by the Consultant and the Bank.
- 6.5 The consultant will work under the supervision of the directors of the Financial Management department (FIFM) and the Programming and Budget Department (SNPB).

## **7 Qualifications**

---

- 7.1 At least a Master's degree in Finance/Accounting or equivalent, plus a professional qualification in relevant field (CPA, ACA, ACCA, CFA...);

- 7.2 Have a minimum of ten (10) years of relevant work experience in a financial management, accounting or audit position; including Seven (7) years of work experience in a senior financial management position within a multilateral development institution, development finance institution, or similar organization;
- 7.3 Expert knowledge of International Financial Reporting Standards (IFRSs) and International Standards on Auditing (ISAs);
- 7.4 Previous work or consultancy experience with the African Development Bank Group, and extensive knowledge of the African environment and development challenges;
- 7.5 Previous work or consultancy experience on subjects related to the Cost Sharing in a similar organization to the AfDB;
- 7.6 Excellent contacts in other MDBs in order to inquire about their practices;
- 7.7 High level skills in communication, analytical skills, conducting meetings and solving complex problems;
- 7.8 Ability to communicate and write effectively in English and/or French with good working knowledge of the other language.