

## Terms of Reference

PRODUCTION INFORMATION	
Production Output	Independent review of IOM's EDF Grant Management related Internal Control Systems, Data and Processes
Location	Multicountry
Duration of Assignment	10 - 12 weeks
Organizational Context and Scope	
<p><b>IOM's Enterprise Development Fund (EDF)</b> is an innovative programme that supports livelihoods and job creation in small and medium enterprises (SMEs) through private sector revitalization and economic development. The EDF provides financial capital to SMEs in primary, secondary, and tertiary economic sectors with a high demand for labor. Concurrently, targeting key sectors and businesses with the greatest potential to create jobs, the EDF encourages rapid and large-scale job creation. The EDF helps businesses to expand and grow and create jobs. The EDF uses market data and data analysis for decision making. More information could be found on the EDF website: <a href="https://edf.iom.int/">https://edf.iom.int/</a></p> <p>The EDF provides financial capital of between <b>\$3,000 - \$50,000 USD</b> to establish or expand <b>Small and Medium Enterprises (SMEs)</b> in economic sectors with a high demand for labor, to support <b>post-conflict economic recovery, climate-driven mobility, inclusive economic development, and job creation.</b></p> <p>The EDF has undergone considerable growth since its inception. What began as a modest pilot project in Mosul, Iraq has evolved into a national program in Iraq and a global initiative spanning <b>nine</b> countries, namely <b>Iraq, Turkey, Lebanon, Somalia, Ecuador, Colombia, Nigeria, Ethiopia, and Pakistan.</b> This expansion demonstrates how the EDF can address multifaceted challenges, in different contexts and towards different objectives. Through the program's substantial investments, exceeding 40 million USD worth of direct financial capital injected to SMEs, the EDF has supported over <b>2,600 SMEs</b>, resulting in the creation of more than <b>12,000</b> new jobs and improvements in the working conditions of over <b>10,000</b> existing jobs. The EDF has also mobilized over 25 million USD in private capital of targeted SMEs.</p> <p>Through adaptations to different sectors or groups of individuals (such as women), the EDF continues to be flexible, adaptable, and scalable. Comprehensive due diligence processes that are diversified across different incumbents reduce risk, ensure accountability, and increase efficiency and value-for-money. Operating since 2018 in Iraq, the EDF has developed a robust, multi-stage grant management process from screening to identify genuine potential among applicants through funding and Monitoring &amp; Evaluation systems to monitor the implementation of the business plan implemented by the fund's beneficiaries. EDF also counts on vast experience and lessons learned, which allows for its processes to be exported to other contexts.</p> <p>In that context the IOM is looking for concrete and actionable levers to:</p> <ul style="list-style-type: none"> <li>• Adapt the EDF approach to local economic conditions in countries characterized by different challenges and levels of development, with the aim of maximizing the fund's social and economic impact, promote sustainable change, and reduce the potential for market distortions.</li> </ul>	

- Proactively identify and propose adequate actionable measures for the EDF to develop efficient, scalable, automated ways to further strengthen the fraud detection capacity of EDF, building on the data it collects on beneficiary firms and best practices from the financial industry.
- Build a standardized, evidence-based approach to use existing data, or readily available new data sources, to estimate the indirect impact of EDF.

**Project outcomes:**

- Broad archetypes of countries in terms of risk landscape
- Comprehensive mapping of the EDF processes with a focus on:
  - *Risks,*
  - *Internal controls,*
  - *Data collection, use and governance around relevant data points.*
- A set of comprehensive, risk-based assurance recommendations to:
  - *Improve the efficiency of systems, processes, and Internal Control mechanisms,*
  - *Foster a better, more systematic use of data.*

**Deliverables**

#	Deliverable	Timeline	Overview
1	Inception Report	2 weeks	Initial understanding of TOR, proposed methodology, work plan, and initial findings
2	Risk and Process Mapping Report	4 weeks	Detailed documentation of risks, processes, workflows, and data handling within EDF Grant Management.
3	Fraud Risk Assessment Report		Evaluation of fraud risks with proposed controls
4	Country Archetypes and Impact Framework	2 weeks	Identification of country risk profiles and framework for estimating EDF's indirect impact.
5	Final Report	3 weeks	Consolidation of findings, recommendations, and implementation roadmap. Includes stakeholder feedback
6	Presenting the findings	1 week	Online presentation to country teams and IOM HQ

IOM is looking for a professional services firm to perform a risk assessment and independent review of the effectiveness of the EDF Grant Management Internal Control System and adjacent processes in place with a strong focus on the data captured as part of the EDF processes on grant management (from allocation to implementation or ex-post monitoring phases).

The consultancy is expected to start in September 2024, take up to 12 weeks, with final deliverables submitted within the consultancy period. The work will be performed offsite, where the firm is based, supported by virtual interactions with relevant stakeholders.

**SCOPE OF WORK AND RESPONSIBILITIES**

**RESPONSIBILITIES**

The Service Provider is expected to deliver the following outputs for the EDF Grant Management related Internal Control Systems, Data and Processes:

- Propose a work plan detailing the project as well as the identification of key activities and milestones associated with the project implementation and reporting.
- Map and document risks, processes, and workflows with a focus on manual interventions and data points (from collection to processing).
- Identify key risks and related controls.
- Perform a fraud risk assessment.
- Identify opportunities for efficiency gains to be achieved with a focus on Datas and relevant technologies.
- Inform the subsequent methodology for the IOM to adapt the EDF approach to local economic conditions in countries characterized by different challenges and levels of development, with the aim of maximizing the fund's social and economic impact, promote sustainable change, and reduce the potential for market distortions.

## **SCOPE OF WORK**

IOM / EDF is open to proposals by the consultant for the right approach to deliver these objectives. However, we envisage that the following activities will probably be required:

- Perform a desk review of any relevant documents, policies, or procedures around the Internal Controls Systems in place over 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> line of defenses, overall risk management frameworks, reporting mechanisms, Implementation Arrangement Map, relevant internal audit reports, whistleblower statistics, risk reports, incident/fraud reporting, investigations, due diligence previously performed, policies, procedures.
- Conduct interviews with the relevant EDF teams to understand the respective priorities of the implementation arrangement to enable effective evaluation and assessment of the risks, including fraud risks, and to inform prioritization of recommendations.
- Using the information gathered, develop the relevant process maps & collected data points as a Baseline. Then based on subject matter expertise, benchmark the EDF baseline with potential peers' group to identify possible improvements.
- Perform a thorough analysis of relevant data (and meta data) bases, glossaries, and conduct additional consultations to further baseline data collection, stewardess, governance processes and overarching data architecture.
- Outline broad country archetypes in term of risk profiles, then map all potential gaps, overlaps as per risk appetites to identify potential efficiency gains to be realized at scale, also as per core features of the Internal Control System to be 100% replicable vs the one to be customized (e.g. as per specific risk appetite or local practices).
- Identify opportunities for automation and technology enhancements (RPA, Blockchain, AI...).
- Socialize the recommendations and align relevant stakeholders on a concrete actionable plan with key priorities for 2025 outlined.

The entire process should be carried out in close consultation with the requesting unit in IOM.

## **REQUIREMENTS**

- The proposed team to be used for this assignment should be independent of the teams performing routine assurance services for the IOM or any related party to the EDF.
- The proposed team member(s) should have a qualification and/or experience in Risk Management, Internal Audit, and Fraud Risk Management in the context of Grant Management. At least one of the proposed team member(s) should be certified in that context.
- The proposed team member(s) must have five (5) years proven experience in Fraud Risk Management, reviewing or designing Risk Management frameworks or Internal Control Systems.
- The proposed team member(s) should have extensive knowledge of relevant Public Service Code of Conduct, the Public Service Regulations, Fraud and related Acts and policies. The Team Leader must have proven experience of Risk Management, Internal Audit, and Fraud Risk Management in the context of Grant Management done in public service.

## ELIGIBILITY AND SCORING

### EXPERIENCE

**To be eligible for consideration, interested service providers should have staff who demonstrate the following qualifications:**

- Portfolio and business profile is requested.
- The extent to which the supplier has the necessary experience in similar context and in IOM / EDF relevant countries. Please give at least three past projects in the last five years relevant to the work requested, highlighting the challenges encountered and outcomes achieved.

### TECHNICAL REQUIREMENT

- Understanding of the objective and scope of work: The extent to which the proposal demonstrates responsiveness to the nature and scope of the work being undertaken.
- Approach and tools: The appropriateness and relevance of the proposed approaches and methodologies including quality assurance of the work.
- Innovative suggestions: The extent to which the applicant proposes innovation in methodologies or any other elements of the work.
- A quotation for the proposed fees

### Proposal scoring

- The work experience presented through a comprehensive portfolio will be evaluated to assess the quality of the company's work **[30 points]**.
- Experience and qualifications of the team proposed to deliver the work by the company. This part of the evaluation will be based on the CVs of the individuals comprising the team that need to be shared by the firm in their proposal **[10 points]**;
- Technical and cross sectoral experience in relevant areas **[30 points]**;
- Experience working in the related industries, such as Business Organizations, Chambers of Commerce, UN, NGOs, etc., **[10 points]**;
- The financial offers of the service providers, considering realistic costs and details **[20 points]**.

### GENERAL REQUIREMENTS

Working closely with IOM, the service provider must abide by the following general requirements:

- a) All work must be completed as per the IOM's specifications.
- b) IOM will own copyright for all materials developed. All source materials and editable files for the developed products must be delivered to the IOM upon request and/or completion of the relevant design project.
- c) The service provider must not share any materials developed within the scope of this assignment externally, including in the company portfolio or social media platforms, without prior written consent from IOM.
- d) All rates must be all-inclusive and include all charges connected with the services offered.

**Requests for clarification**

Service Providers requiring any clarifications on the content of this ToR may notify IOM in writing at the following addresses: [Mahdahmed@iom.int](mailto:Mahdahmed@iom.int), [hlim@iom.int](mailto:hlim@iom.int) and [gbaudino@iom.int](mailto:gbaudino@iom.int)

**RESERVATIONS, CONFIDENTIALITY, AND INTELLECTUAL PROPERTY**

IOM reserves the right to withhold all or a portion of payment if performance is unsatisfactory, if work/output is incomplete, not delivered, or for failure to meet deadlines. In the event of the service provider ending the contract prior to delivering all agreed-upon products, a portion of the payments shall be returned to IOM. The service provider undertakes to maintain confidentiality on all information that is not in the public domain and shall not be involved in another assignment that represents a conflict of interest with the prevailing assignment. The service provider shall undertake to refrain from promoting any political or religious beliefs during the event management process.

All intellectual property and other proprietary rights including, but not limited to, copyrights and ownership of data and content resulting from the performance of the services shall be vested in IOM, including, without any limitation, the rights to use, reproduce, adapt, publish, and distribute any item or part thereof.