



Adaptation of Agricultural Production Systems
in Coastal Areas of Northwest Guinea-Bissau

TERMS OF REFERENCE

INDPENDENT EXTERNAL AUDITOR

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2. Introduction

The project, APICA GNB Project/ No 1/APICA GNB/OSS_ADPP-GB/23, Adaptation of Agricultural Production Systems in Coastal Areas of Northwest Guinea-Bissau was approved on 30 August 2023 to enhance the climate-resilience of livelihoods and food security of the most vulnerable populations in Oio's and Cacheu's coastal areas in Guinea-Bissau for a total financing of USD 9,807,800.00 in the form of grant. ADPP-GB co-finances USD 147,200.00. The grant agreement, signed between Sahara ad Sahel Observatory "Accredited Entity" and ADP-GB "Executing Entity" became effective on the 06th of February 2024, project launch date.

Guinea-Bissau is a small West African coastal country with an area of 36,125 km² and an estimated population of 1.82 million, growing at a steady rate of 2.5%, of which 58% live in rural areas and about two-thirds are under 30 years of age. It is considered a Small Island Developing State (SIDS). The target areas in the Cacheu and Oio regions are characterised by a vast hydrological network, composed of large estuaries of the Cacheu and Mansoa rivers, determining the lifestyle of the inhabitants of the rural areas.

The mangrove area, which covers about 10% of the country, is the 2nd largest of its kind in Africa. Socio-economically, the targeted regions reflect the country's low Human Development Index score of 178 out of 189 (2019), characterized by high poverty rates, 79% in Oio and 64% in Cacheu, manifested in the form of poor access to decent housing, malnutrition, low quality in education, health and sanitation services. The lack of income generating opportunities further contributes to widespread poverty and life expectancy below 60 years of age, a rate well below the African average and significantly below the world average. The main livelihood activities in Oio and Cacheu are based on the exploitation of natural resources through subsistence agriculture, livestock, and fishing and cashew plantations.

Guinea-Bissau has been facing great stability challenges which hinder the availability of capital and institutional confidence to attract bilateral/multilateral financing. Its lagging development opens possibilities for a paradigm shift by supporting efforts to increase the population's adaptive capacity and climate resilience.

2.1. Project Information

The Sahara and Sahel Observatory (OSS), as the Accredited Entity (AE) of the Green Climate Fund (GCF) and the Implementing entity of the project and Ajuda de Desenvolvimento de Povo para Povo Guine-Bissau (ADPP-GB), as the Executing Entity (EE), in collaboration with the Ministry of Environment, Biodiversity and Climate Action of the Republic of Guinea-Bissau (MoEBCA) are executing the "**Adaptation of Agricultural Production Systems in Coastal Areas of Northwest Guinea-Bissau – APICA-GNB**" Project, financed by the GCF.

2.2. Project Objectives

The overall objective of the project is to "enhance the climate-resilience of livelihoods and food security of the most vulnerable populations in Oio's and Cacheu's coastal areas".

The project aims to "benefit the most vulnerable populations with increased climate resilient sustainable development" through actions that address the GCF Adaptation Results Areas, specifically:

- "Increased resilience and enhancing the livelihoods of the most vulnerable people, communities and regions" (ARA1); and
- "Increased resilience of health and well-being, and food and water security" (ARA2).

2.3. The project specifically objectives

- i. The high levels of climate vulnerability in rural coastal communities, and the high vulnerability of a very poorly developed and organised agricultural sector.
- ii. The lack of knowledge, capacity and robust monitoring systems related to Climate Change (CC), its impacts and adaptation options; and
- iii. The extent and limited adoption of climate resilient agricultural and livelihood practices.

2.4. Project Components

The APICA GNB project consists of three interlinked components and accompanying specific objectives to achieve the above-stated project priorities and objectives, which are identified in national programmes and policies on adaptation.

- **Component 1:** "Development of technical and institutional capacity of government and civil society", with the specific objective to strengthen capacities and knowledge management to monitor and respond to climate risks related to water and agriculture in the Regions of Oio and Cacheu;
- **Component 2:** "Adaptation of water management to climate risks in coastal areas", with the specific objective to sustainably manage coastal ecosystems leading to climate resilient communities in Oio and Cacheu;
- **Component 3:** "Building the resilience of farming communities to climate change", with the specific objective to improved climate resilient living conditions, and food and water security of the most vulnerable populations in coastal communities of the Oio and Cacheu Regions.

2.5. Target Areas

The project will be implemented in the regions of Cacheu (northwest) and Oio (central-north) – covering the coastal areas, the estuary and the banks of the Cacheu and Mansaba rivers, as well as the Geba river in the north. It targets 17 communities in the Cacheu region and 17 communities in the Oio region.

3. Purpose of the Service

ADPP-GB, intends to hire an independent auditor to carry out a annual financial audit of the APICA GNB project.

The audit shall cover the fiduciary risk management, the effectiveness, efficiency and compliance with the deadlines required for the execution of the Project. It shall highlight the barriers requiring decisions and actions and shall present the lessons learned from the execution and management of the project.

3.1. Objectives

The objectives of the audit of the project financial statements are to enable the auditor to express opinions on:

- 1) Whether the project financial statements (including the notes thereto and supplementary statements) present fairly, in all material respects, (or give a true and fair view of) the grant financial position as at each accounting year-end, and its cash flows for the years then ended, in conformity with the accounting standards acceptable to the GCF,
- 2) Whether the proceeds of the grant were used for the intended purpose, and
- 3) Whether the project has complied with the and disbursements and covenants stated in the grant agreement, general conditions and PIM.

3.2. Accounting Standards

The financial statements are prepared on an accrual basis of accounting in accordance with the International Financial Reporting Standards.

4. Management Responsibility

ADPP-GB is responsible for preparing and fairly presenting the project financial statements including adequacy of disclosure, and for maintaining sufficient internal controls to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

The executing entity is also responsible for ensuring that the funds were used only for the purposes of the project, for compliance with financial covenants, and for ensuring that effective internal controls including over the procurement process are maintained.

The project's books of accounts provide the basis for preparation of the financial statements and are established to reflect the financial transactions in respect of the activities. This includes maintenance of adequate accounting records and supporting documentation for transactions, selection and application of accounting policies, and safeguarding of project assets.

Provide specific information on systems and processes for the accounting, recording and preparation of project financial statements that are relevant for the audit.

4.1. Auditing Standards

The Auditor will carry out the audit in accordance with International Standards on Auditing.

4.2. Auditor Responsibility

The auditor is responsible for forming and expressing an opinion on the project financial statements in accordance with the auditing standards. As part of the audit process, the auditor may request from the executing entity written confirmation concerning representations made in connection with the audit.

In the conduct of the audit, the auditor is expected to:

- 1) Plan and perform the audit to reduce risk to an acceptably low level, including risks of material misstatements in the financial statements whether due to fraud or error,

- 2) Design and perform audit procedures, and evaluate and report the results thereof including any noncompliance with laws and regulations,
- 3) Communicate matters of governance arising from the audit of financial statements,
- 4) Carry out tests to confirm compliance with the grant agreement, such as:
 - Grant funds have been used in accordance with the conditions of the grant agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided,
 - Goods, works, and services financed have been procured and project expenditures have been incurred in line with the procurement policy and procedures,
 - Assets and inventories procured from grant funds exist and there is verifiable ownership and traceability in accordance with the grant agreement,
 - All necessary supporting documents, records, and accounts have been maintained in respect of all project activities,
- 5) Review the activities of the project's designated account including deposits received, payments made, interest earned, exchange rates used, and reconciliation of period-end balances, and
- 6) Review all semi-annual financial reports submitted to the OSS and assess the methods used to compile the reports, ascertain that the information given in the reports accurately reflect the underlying records, documents and books of accounts, and verify that the information in the reports reconcile with the annual financial statements.

4.3. Audit Scope and Reporting

The auditor is required to deliver an audit report in the English language comprising:

a) Auditor's Opinion on The Financial Statements

An auditor's opinion providing reasonable assurance over the audited project financial statements, including the notes thereto and supplementary statements.

b) AUDITOR'S Opinion on Compliance with Legal Agreement

An auditor's opinion made in accordance with ISAE 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial providing reasonable assurance that the:

- I. Proceeds of the grant were used only for the purpose of the project¹, and
- II. Project was in compliance with the covenants in the grant agreement².

4.4. Audited Project Financial Statements

Consolidated (all sources of funds) financial statements with comparative presentation:

- I. Statement of Financial Position
- II. Statement of Financial Performance
- III. Statement of Cash Flows
- IV. Statement of Comparison of Budget and Actual Amounts

¹ This includes assurance that activities were carried out in conformity with sound administrative, technical, financial, business and development practices.

² This refers to compliance with all the terms and conditions of the grant agreement, including the Standard Conditions and the Policy on Prohibited Practices.

- V. Supplementary Schedules
 - ❖ Statement of Bank Account Reconciliation
 - ❖ Certificate of Cash Position
 - ❖ Summary Statement of Expenditures
- VI. Notes to the Financial Statements

4.5. Management Letter

A management letter provides the auditor's observations and findings on accounting records, systems and internal controls that were examined during audit, including:

- I. Weaknesses and issues in accounting and internal control systems, including irregularities in the use of grant funds, ineligibility of expenditures, and procurement-related weaknesses and issues.
- II. Auditor's assessment of the causes, and recommendations to improve or rectify the identified weaknesses and issues.
- III. Executing Entity's responses to the weaknesses and issues including explanations of the causes, proposed action plan to address the concerns, and the timeline for completion.
- IV. Status of weaknesses and issues identified and reported in prior periods.
- V. Any continuing or persistent issues and weaknesses, and follow-up actions taken.
- VI. Any matters the auditor considers pertinent or significant as to impact implementation.

The audit shall be for each of the following periods:

- I. From 31st December 2024 to 31 December 2028
- II. For the period ending 31 December 2024
- III. For the period ending 31 December 2025
- IV. For the period ending 31 December 2026
- V. For the period ending 31 December 2027
- VI. For the period ending 31 December 2028

All final audit reports shall be submitted to ADPP-GB on or before 15th of March annually and be forwarded to the OSS no later than **Three (3)** months after the end of such period, pursuant to the grant agreement.

5. Auditor Qualifications

The auditor must satisfy the following minimum requirements:

- a) A legal entity in UMEQ region with business license granted by appropriate authority.
- b) A member of a professional body affiliated with the International Federation of Accountants or Country Association of Accountants.
- c) Have adequate relevant professional and educational qualifications, or able to provide audit staff with adequate qualifications, experience, and competence.
- d) Technically competent and able to conduct audit in line with the auditing standards.

- e) Objective and independent from the project, its staff, and activities, and from all aspects of management or financial interests of the Executing Entity.
- f) Possesses proven track record in financial audit of public sector projects, or audits of similar nature, type, and complexity, or donor-funded projects.
- g) A good command for English language.

5.1. Other Matters

The auditor is entitled to unlimited access to all legal documents, correspondences, project preparation and supervision reports, reports of reviews and investigations, financial management assessment reports, and any other information and explanations associated with the project and considered necessary to facilitate the audit. The auditor may also obtain written confirmation of amounts disbursed from the Accredited Entity.

The auditor is encouraged to meet with ADPP-GB to discuss audit-related matters including inputs to the audit plan.

At conclusion of audit, the auditor will hold a closing meeting with the ADPP-GB to obtain the Executing Entity's comments on the accuracy and completeness of facts and conclusions, including whether or not Executing Entity concur with the audit findings. The closing meeting will be part of audit.

The reporting and communicating language for this engagement is English. Auditor should have an excellent command for English both written and spoken.

6. Budget

Annual all-inclusive audit fees fixed at a maximum cost of US\$5,000.00 per annum.

7. Terms and conditions

Bids are to be submitted to the following email addresses gerente.eco.adm@adpp-gb.org and apica.hr@adpp-gb.org with a subject reference APICA GNB External Audit by no later than 28th of November composed of cover letter, technical proposal, financial proposal, CVs of the audit team, professional certifications of the audit team, at least three relevant work certificates.