

20-year strategic vision for the Union

Terms of Reference for Financial Consultant

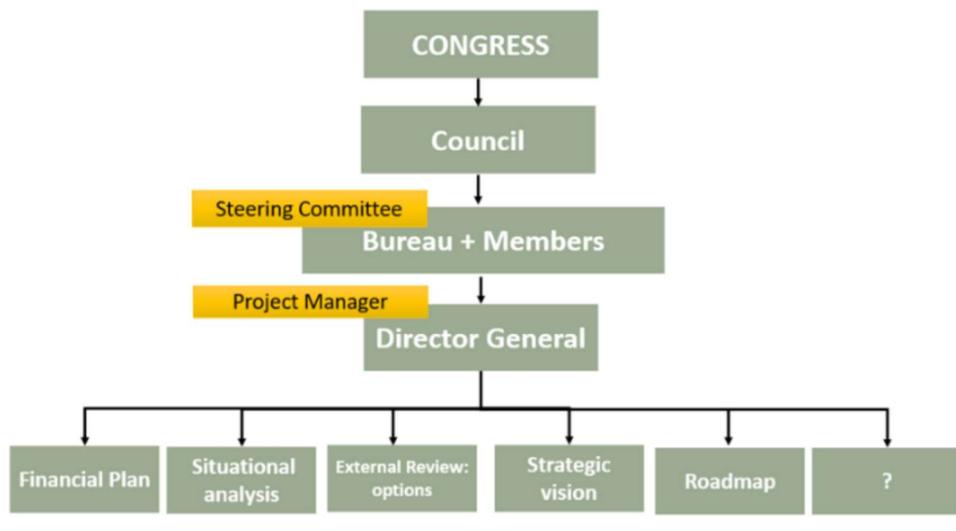
Background

IUCN is a democratic Union, bringing together more than 1400 Members, including national and subnational governments, international and national non-governmental organisations (NGOs) and Indigenous Peoples Organisations (IPOs) to: *Influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable.*

At the meeting of the IUCN membership held in September 2021 (the IUCN World Conservation Congress) a decision was taken to develop a 20-year Strategic Vision, inclusive of a Financial Strategy, and Strategic Plan for the Union.

A project workplan and timeline was approved by the IUCN Council¹ at its 107th meeting in May 2022. The final strategic plan will be approved by the IUCN World Conservation Congress when it meets in 2025.

The components of this exercise, together with the project organizational structure are shown in the below diagram.



The financial component of this strategy exercise has been split into two parts:

¹ The IUCN Council is elected by Congress and is responsible for the oversight and general control of the affairs of IUCN.

1. An assessment of the current financial model and recommendations for improvements to be implemented over the next 5 years.
2. The development of high-level financial plans for a set of 20-year strategic vision options for IUCN. The financial plans shall include an assessment of the financial implications of implementation of the various 20-year strategic vision options

Part 1 will be overseen by the Finance and Audit Committee (FAC), a committee appointed by Council, comprising members of Council.

Part 2 will be overseen by the Steering Committee for the 20-year strategic vision exercise.

The Chief Financial Officer will be the main point of contact for the consultant, liaising with the FAC and Project Manager, as appropriate.

Timeline

Part 1 is expected to be completed by the end of January 2023.

Part 2 is dependent on the vision options that will be developed. This will be an iterative process. The initial development of options should be completed by the end of quarter 1 of 2023. The related financial plans should be completed shortly thereafter. The options together with the high-level financial plans will then be shared with the IUCN membership for consultation. Following consultation and the analysis of feedback, the preferred option will be further developed, together with the strategic and financial plans. This stage is expected to be finalised by the end of 2023. During 2024 the statutory changes required for the chosen option will be determined. The statutory changes, together with the vision option, strategic plan and high-level financial plan will be presented to the IUCN World Conservation Congress for decision in 2025.

Part 1: An assessment of the current financial model and recommendations for improvements to be implemented over the next 5 years.

This part of the assignment will cover the following:

1. Financial Reserves

Review the level of reserves currently held by IUCN and make recommendations on the optimum level of unrestricted reserves that IUCN should hold on the basis of the current level of activities and associated risks, such as revenue risks, portfolio risks, and other operating risks such as investment risks and foreign exchange risks. Detail the main drivers of the reserve requirement and present scenarios for future reserve requirements that take into consideration

potential changes in the scale and type of IUCN activities and the associated risks. Benchmark the IUCN reserves requirement with that of comparable organisations.

Advise on how the reserves target could be reached and the time line.

2. Office Footprint

Assess the cost effectiveness of the current global Secretariat and the financial implications of the current office distribution and its related staffing/service strategy. Develop potential alternatives for consideration. Include perspectives on the footprint of comparable organizations (similar sector, service type, size). Propose high level organizational models for different growth scenarios.

Assess the cost of transition to new models.

3. Cost analysis

Review cost trends over the past five years. Assess the relative cost of the different functions compared to total costs. Compare to other similar sizes/types of organization or/and industry benchmarks.

The analysis should cover:

- a) Programmatic costs
- b) Programme support costs
 - Planning, Monitoring, Evaluation, Risk Management and Assurance
 - Fundraising
- c) Union costs
 - Membership engagement
 - Commission support
 - Governance
- d) Corporate costs
 - Corporate communications
 - Information systems costs
 - Office and administration
 - Finance
 - Human resources
 - Legal and Oversight
 - Management and leadership

The analysis should consider staff costs vs. non-staff costs, and other cost categories where relevant. The analysis should also consider to what extent the different cost categories can be financed by restricted funds vs. unrestricted funds.

Provide advice on the level of investment required to maintain/improve corporate services so as to keep abreast of developments in the various domains and improve efficiency.

What would be the annual surplus required to enable this level of investment?

4. Investments in programme development and innovation

Review investments made in programme development and innovation over the past 5 years.

Provide advice on the level of investment required to position IUCN as a conservation leader, thereby ensuring long-term relevancy and financial sustainability. Investments may be made through both unrestricted and restricted funding streams.

What would be the annual surplus required to enable this level of investment?

Review and comment on the process and criteria for approving investments and FAC's oversight role.

5. Project portfolio cost and revenue structure

Assess portfolio structure and its capacity to generate income to cover staffing costs, corporate costs, and its ability to generate income to cover risks and fund programme development and portfolio growth, thereby ensuring financial sustainability for the portfolio and for IUCN as a whole. Assess whether the project costing model meets the definition of "full cost recovery". Make recommendations for improvements to IUCN's costing model.

Assess portfolio risks and how such risks should be covered/funded. (Linked to section 1: Financial Reserves).

Compare to similar organisations, if possible.

Provide advice on internal and external pricing mechanisms.

6. Revenue

Analyse the revenue streams of IUCN

What would be the optimal mix of unrestricted vs restricted revenue to enable IUCN to meet its objectives, provide resources for investment and for the building of reserves?

Provide advice on:

- Revenue diversification
- The level of contribution from members and its adequacy
- How IUCN could leverage its assets to generate revenue
 - Knowledge generally, or
 - Specific knowledge products such as the IUCN Red List of Threatened Species, IUCN Green List of Protected and Conserved Areas
- Opportunities for generating revenue through the provision of services
- Tracking revenue diversification

Review IUCN's resource mobilization strategy and provide recommendations for improvement. Review the current level of investment in resource mobilisation and its adequacy taking into consideration IUCN's desire to diversify revenue.

7. Oversight

a) Indicators

Review existing financial performance indicators. Propose additional potential indicators to allow Council and FAC improved insight on important areas of financial performance over time (5-year trend) and on a year by year basis.

Areas for consideration:

- Restricted and unrestricted revenue
- Corporate costs as a % of total
- Levels of cost recovery from the project portfolio: staff cost recovery, overheads cost recovery
- Diversity of revenue sources
- Geographical indicators: revenue and costs
- Efficiency ratios - programme expense ratio, fundraising ratio
- Portfolio indicators: length of contracts, mean contract

Where appropriate, include indicators used by similar organizations.

Proposed indicators should be simple to generate and at a reasonable cost.

b) Governance

Review financial oversight processes and compare with other similar organizations and provide recommendations to improve financial oversight by Council, FAC and Members.

Oversight activities should encompass all components of the Union, and not be limited to the Secretariat.

The components of the Union are:

- a) the World Conservation Congress;
- b) the Council;
- c) the National and Regional Committees, and Regional Fora of Members;
- d) the Commissions; and
- e) the Secretariat

Part 2: The development of high-level financial plans for a set of 20-year strategic vision options for IUCN.

This part of the exercise will be dependent on strategic options developed by other working groups. The TOR will therefore need to be further elaborated at a later stage.

It is envisaged that this part will include an assessment of the costs and revenues of each option. The financial plans for each option should build on the work performed in Part 1.

1. Expenditure analysis

What would be the cost implications of the different options?

What organizational structure would be required to support the different strategic options and what would be the cost?

2. Revenues analysis

How would the different options be financed?

Taking the current revenue streams as a benchmark, how would these streams need to evolve to support the different options?

3. Union components

What would be the cost and revenue implications of the roles of the various IUCN components in the strategic options? Eg IUCN Commissions, National and Regional Committees.

4. Investment plans (transitional costs)

What investments would need to be made to realise the different strategic options? What would be the cost of transitioning from the current model to the new model?

Deliverables

The main deliverables of the consultancy assignment are:

Part 1

- An inception meeting with the CFO, Treasurer and Chair of the Finance and Audit Committee to agree on the work plan
- An intermediary presentation of initial findings to the Finance and Audit Committee and representatives of Senior Management
- A draft final report presenting the analysis, findings and recommendation, including annexes, presented to the Finance and Audit Committee and representatives of Senior Management
- A final report following integration of comments from IUCN

The consultancy assignment must be completed by 31st January 2023. The following table provides an indicative timeline and work plan for the deliverables:

Main deliverables	Timeline
Work plan and inception	1 November 2022
Intermediary presentation	20 December 2022
Presentation of final draft	20 January 2023
Final report	31 January 2023

Part 2 (indicative)

- An inception meeting with the Project Manager for the 20-year strategy
- A draft report and presentation of options to the Steering Committee for the 20-year strategy
- A provisional final report following integration of comments from the Steering Committee
- A final report following integration of comments from the IUCN membership

Main deliverables	Timeline
Work plan and inception	1 April 2023
Draft Report and presentation to Steering Committee	31 May 2023
Provisional final report	30 June 2023
Final report	31 December 2023

Profile and experience required:

- Professional financial qualification or MBA with emphasis on finance
- Expertise and experience in assessing and advising organizations in the not-for-profit-sector on their financial structures and performance
- Track record of high standards in drafting and producing analysis and recommendations for senior management and governance in international organisations or international non-government organisations
- Fluency in written and spoken English