**I. Context**

The Office of the United Nations High Commissioner for Refugees (UNHCR) has been present in Ukraine for nearly 25 years and has a signed host agreement with the Government of Ukraine, with the mandate for delivering humanitarian assistance to refugees and other persons of concern in Ukraine.

UNHCR seeks to expand its options for value transfers in UAH currency within the humanitarian objectives of its programme in Ukraine. For the purpose of national Know-Your-Customer (KYC) legislation, UNHCR is the customer under the financial service contract concluded as a result of this Request for Proposals (RFP).

UNHCR hereby solicits proposals for money transfer or banking services by Financial Services Providers (FSP) duly licenced by the National Bank of Ukraine and registered with Ukraine tax authorities. The proposals shall take into account and describe how the required services and mechanisms listed below will be delivered by the FSP.

**II. Description of Services and Conditions requested**

*General requirements:*

The United Nations High Commissioner for Refugees (UNHCR) wishes to conclude one framework agreement with a Financial Services Provider (FSP) for two years, with the possibility of extension for one additional year on the basis of the level of performance, for the provision of financial transfer services in support of its humanitarian assistance programme in specific geographic areas of Ukraine.

The contract with the FSP is expected to be non-exclusive, without any minimum volume or another commitment, and UNHCR will have no obligation (i) to deal with the FSP as a provider of exclusive or unique services or (ii) to order or buy a minimum quantity of services from the FSP.

The FSP shall be able to offer the latest technology in secure e-banking with appropriate internal control and fraud prevention mechanisms according to national legislation and international standards, a customer service or technical help desk, a network of cash dispensing/withdrawal points (ATM), and a dedicated contract/account manager.

*Specific requirements:*

* Full e-banking services with online access by UNHCR as the customer to all contract accounts and sub-accounts at any time (“24/7”).
* One main bank account in UAH currency.
* The main bank account is linked to a number of sub-accounts in UAH currency, as determined by the customer and with specific functionality.
* The sub-account functionality requirements include - but are not limited to - withdrawals, same-day transfers between main and sub-accounts, same-day transfers between sub-accounts, and same-day detailed transaction and balance reports as customer self-service (online view and download into a file format compatible with the customer’s ERP system).
* The replenishment of each sub-accounts performed through encrypted file transfer through a secure channel by the customer, or by the FSP account manager at the customer’s request.
* A supply of debit cards with PIN function for ATM withdrawal and Point of Sale, equivalent to the number of sub-accounts, and with a validity for at least two years. Each debit card is linked to a specific sub-account and delivered to the customer ready-for-use. The debit cards are not personalized but may be customized as per the customer’s request.
* Monthly bank statements with detailed transaction reports of main and sub-accounts.
* Optional: Ad-hoc bank statements at customer request to facilitate customer internal closure of accounts (estimated frequency: once per quarter).

*Geographical coverage:*

Lot 1: Kyiv and Kyiv region, Odesa and Odesa region, Kharkiv and Kharkiv region, Uzhgorod and Zakarpattia region, Lviv and Lviv region.

Lot 2: All of Ukraine. Locations as per Lot 1 plus all rayon centers of the government-controlled part of Ukraine.

UNHCR recognizes that a FSP may not be able to cover all the required geographical areas. Your company is invited to submit a proposal for 1 or more lots best suited to their abilities. However, all proposals should be able to cover all of the locations specified in the lot to which they apply.

If the FSP has no current operational capacity in some places, this should be indicated by specifying the maximum timescale when this operational capability will be in place. FSPs must also provide information about any partners/sub-contractors if intended to use to expand their service area.

**III.1. Scope and mechanism of transfers and disbursements**

The annual total of transfers related to this RFP is estimated to amount to between 350,000 and 500,000 USD equivalent in UAH currency.

The customer shall be provided with a main bank account and with up to 4,000 ready-for-use debit cards, as specified under III.2., linked to sub-accounts. The safe-keeping and administration of the debit cards and PINs rests with the customer (UNHCR).

The number of active sub-accounts and debit cards per year is estimated to be approximately 1,300. The first batch of 1,300 ready-for-use debit cards shall be delivered to the customer within one month of the start of the contract.

The maximum withdrawal amount per card shall not exceed 145,000 UAH per withdrawal/transfer act per day.

The frequency of replenishment of the main account via regular bank transfer by UNHCR is estimated to be once per month.

The frequency of sub-account replenishment from the main account is estimated to be once per month, or less frequent. Sub-account replenishment will be done through upload of encrypted file transfer through a secure channel either by UNHCR or by the FSP account manager at UNHCR’s request.

The customer should have the option to set an open or a time-limited withdrawal period for each sub-account following a replenishment, allowing for multiple withdrawals of partial amounts. Any remaining balance in the sub-account after end of a withdrawal period shall be credited back to the main account.

Any remaining balance in a sub-account linked to a cancelled card (theft/loss) will be credited back to the main account and the sub-account permanently closed.

Option to clear sub-account balances and balances credited to the main account twice per calendar year (mid year/year end).

Potential bidders should present examples of the effectiveness of their services, especially in the aforementioned geographical areas. The bidder should also describe how their funds transfer system will facilitate sub-account replenishment and deal with one-time cash transfers and regular transfers (monthly or other frequency). In addition, FSPs must detail their accessibility, for example the availability of the telecommunication network or the availability of agents / branches / ATMs with sufficient liquidity to make disbursements, based on the required volumes. The transfer mechanism(s) should be clearly presented and detailed in the proposal.

**III.2. Types of transfer mechanisms and disbursement:**

The types of transfer mechanism and disbursement considered include:

* Debit cards.

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| **Transfer/delivery mechanism** | Minimum standards |
| Debit cards | Debit cards to make withdrawals without withdrawal fee at FSP own withdrawal points (ATM);  Compatibility of cards with other network withdrawal points (ATM);  Compatibility of cards with point-of-sale terminals (payment function);  The design and configuration of the cards is defined in close collaboration with UNHCR to define the elements that are visible on each card, such as colour, customer and FSP logos, imprint of account number and/or bar code;  Each card is linked to a unique identification code/PIN code, the PIN code is shipped to the customer in a sealed envelope along with the card;  Each card is linked to a unique sub-account;  Each card is bar coded according to an international protocol (UPC, GS1, or Code 39) that allows scanning by the customer for its records;  Each card must be valid at least 2 years from the date of issue/delivery to the customer.  Cards can be quickly cancelled on request of UNHCR and the corresponding sub-account locked to prevent withdrawals;  The FSP provides a detailed list and the location of withdrawal points in each area;  The FSP guarantees the availability of the volumes of liquidity required in the FSP withdrawal points; |
|  | Optional standards |
|  | In case of cash withdrawal from other network withdrawal points (ATM), withdrawal charges shall not be deducted from the withdrawal amount but charged to the customer.  The possibility to have multiple portfolios (multiple wallets) on individual cards/sub-accounts can be an asset; |

**III.3. Dedicated account management and client service hotline**

FSPs are expected to fulfil the below customer service/account management requirements:

1. The FSP should be able to provide a dedicated service to UNHCR, including the provision of an office or a focal point dedicated to managing the account, answering questions and solving any operational problems within a reasonable timeframe.
2. The FSP should be available to provide this support during normal business hours from Monday to Friday. The channels of communication and reporting mechanisms should be established to ensure efficient resolution of issues.
3. The FSP should offer a general technical help desk or customer services available by phone and/or email outside of normal business hours (evenings/weekends) for software and other technical problems.
4. Training products or guidance documentation should be offered that will enable proper use of the service by UNHCR.

**III.4 Data protection**

It is a preeminent requirement of UNHCR to protect the confidentiality and security of personal data.

The FSP must have in place appropriate data protection policies or be able to put in place policies, including:

* The encryption of any database and account information;
* The policy for handling and management of customer data;
* In the event where the service provider would subcontract a third party to provide its services, this third party will be also held accountable to the same data protection standard. The FSP must therefore specify in its proposal if it will need to share confidential data with a subcontractor in which case the relevant provisions of the Supplemental Agreement will apply, including the requirements that the sub-contractor is approved by UNHCR, that the FSP signs a Data Protection Agreement with the subcontractor and that the FSP remains responsible for compliance.

**III.5. Mechanisms of internal control and risk management**

The FSP will ensure that appropriate internal control and fraud prevention mechanisms are in place. Although such mechanisms may vary depending on the type of FSP, the internal control mechanisms provided shall be clearly specified in the proposal. The submission should detail the company’s Business Continuity Plan, measures for monitoring and regular testing of security systems and procedures, and the mechanism of monitoring and detection and response in real time to technical problems and potential fraud.

The FSP will open a dedicated account for UNHCR, which will be supplied by UNHCR and will be used to conduct transfers to the sub-accounts. The e-banking software must enable differentiated levels of customer access and user access rights (data entry, review and approval functions, dual signatories). The service provider must ensure a complete separation of the funds and the traceability of these up to their withdrawal/disbursement.

The FSP must refund to the UNHCR main account any balance on any sub-account that are not withdrawn, in accordance with the terms which will be specified by UNHCR in the contract.

The FSP must maintain an up-to-date information security policy regarding the protection of customer data.

The FSP must ensure that control measures of physical or virtual system access are in place, including restricting access to the customer and account data and monitoring the access.

**III.6. Means of data transfer, payment/withdrawal, infrastructure and network**

FSPs will specify in their submission the means of individual payment/withdrawal, including the infrastructure and communication network used for the provision of the service.

The proposal must detail the precise geographical location of payment/withdrawal (ATM) points, their type and number in each geographical area.

The mechanism and reaction time for cancellations or blocking of withdrawals in case of loss or theft of a debit card reported by the customer.

The FSP is responsible for ensuring that cancellation/blocking procedures are implemented within the agreed time and accepts financial responsibility to reimburse UNHCR for any financial loss resulting from the delay in processing by the FSP.

When the infrastructure and/or the network used for the transfer service does not belong to or is not supported by the FSP, the proposal should specify the mechanisms by which the FSP will ensure their quality and effectiveness to ensure the transfer service.

The FSP shall note the estimated withdrawal charge in % of a cash disbursement from ATM other than the FSP’s own ATM network.

Replenishment of sub-accounts from the main account is facilitated through encrypted data file provided by the Customer to the FSP account manager for upload, or through direct upload by the Customer.  The file will include identification numbers linked to a sub-account, the amount with currency and the frequency of the transfer. Upon receipt of this file, the FSP will proceed with the replenishment of the sub-account.

All transfers of data between FSP and Customer must be encrypted, contain integrity checks, and must be sent over secure lines, using protocols such as SFTP. The provider must submit detailed information about the security measures with the proposal.

In order to integrate the disbursement with the Customer’s proprietary payment calculation system, the FSP software and infrastructure for this project must be compatible (interface) with API integration protocol. The FSP shall specify in the proposal the type of interface used, with details on data required and data returned (the exact data fields will be determined between customer and FSP at the contract stage). In addition, credentials for a secure staging/test integration server as well as production server are required.

**III.7. Different agencies using same delivery mechanism**

Upon clearance by UNHCR and agreement with the financial service provider, other humanitarian actors should have the option to deposit restricted or unrestricted cash/vouchers on the account (through the card). The financial service provider shall have the capacity to clear separate funds from multiple humanitarian actors for tracing purposes either through the ability of FIFO (first in/first out) and/or through multiple wallets. Humanitarian actors who make use of this functionality shall be charged the same transaction fees and benefit from the same procedures, terms and conditions as agreed to between the service provider and UNHCR.

II**I.8. Integration with UNHCR’s ERP system for payment submission**

When it is determined to use UNHCR’s ERP system or any other proprietary payment calculation application, this section details the minimum requirements for integration between the Financial Service Provider (FSP) and UNHCR system via two basic interfacing methods:

1. **API integration**
   1. UNHCR requires a clear specification of the type of interface to be used, full details, on data required and data returned. The exact fields will be determined in collaboration with the FSP at the time of integration.
2. **Secure file transfer protocol**
   1. UNHCR shall establish a host to host connection and send payment files electronically from its ERP system by way of transfer of files.
   2. Connectivity between hosts shall be established in a secured manner and files will be encrypted and sent in XML format.
   3. UNHCR shall also expect a response from the FSP on the status of execution.
   4. The exact fields will be determined in collaboration with the FSP at the time of integration.

**Additionally, UNHCR will require:**

1. A secure Staging/Test integration server during the testing phase and subsequently a secure Production server at the time of going live.
2. FSP’s to specify in their submissions the means of integration.
3. Whenever possible, UNHCR will expect to use ISO 20022 standard for communicating and exchanging data with the FSP.
4. Alternatives to ISO 20022 will be considered but must align with UNHCR’s minimum integration requirements (see Annex G).
5. Additional development work needed for integration on the FSP side should be borne by the Financial Service Provider
6. UNHCR expects to work solely with FSP directly for integration between UNHCR and FSP systems

## **Prepaid Card Distributions**

When prepaid cards are the chosen delivery mechanism, it is important that the cards be bar-coded with one of the standard barcoding schemes, such as UPC, GS1 or Code 39 in order to quickly and precisely record the cards in UNHCR card-distribution systems.

Ideally, the barcodes will be visible on the outside of the package/envelope containing the cards in order to minimize the possibility of fraud.

Additional requirements specific to cash may be included elsewhere in the RFP.

**III.9. Reporting and reconciliation**

Regular bank statements and reports shall be provided by the FSP for monitoring, recording and reporting of transactions, including receipts of funds by the customer and evidence of withdrawals/disbursements.

On a *monthly* basis, the FSP will provide to UNHCR:

* Report listing the accounts activated and deactivated;
* Report on movements on the account(s) dedicated to UNHCR;
* Report detailing, for each sub-account, the amounts credited and withdrawn;
* Report listing all the attempts or cases of fraud or withdrawal attempts after blocking;
* Report listing all incidents and delays in implementation of the service.

On an *annual* basis, the FSP will provide to UNHCR:

* The FSP will share the official annual company financial statements with the UN Board of Auditors.

The reporting system is strongly dependent on the type of delivery mechanism used.  The preference of UNHCR is to have an electronic reporting system accessible online in real time. This possibility will be considered an asset for submissions including this service.

Reporting related to potential integration with the customer’s ERP system:

The service provider should be able to provide either fully formatted reports pertaining to the transactions made from accounts of UNHCR, or at the very least the raw data for creating these reports. The most general reports (or data) required are as follows:

* Outbound file transactions status: for each transaction in the outbound file, the FSP should provide a response with status e.g. “Transaction Successful” or “Transaction Failed” within 12 hours. The response should be provided to UNHCR in an agreed upon format.
* Summary transactions reports, which show the total amount and the number of transactions for each payment status during a select pay period. The report should be encrypted and sent in XML format.

There may be additional reporting requirements for a specific operation; these are the most general and represent the minimum requirements.

**IV. Financial capacity and regulatory compliance**

The FSP must submit the following with its technical proposal documents:

* Document(s) for registration of the company with the relevant national authorities, with a foundation year minimum 3 years before the tender deadline.
* Document(s) for registration of the company with the national tax services.Certified copy of the license to provide money transfer services, or banking license, issued by the relevant government authority *(National Bank of Ukraine).*
* Audited financial statement, including Auditor’s opinion, of the company for at least 1 year, with 3 years recommended.
* In case of a non-Bank Financial Service Provider, provide information on the **availability of a Performance Bond**.

**V. Insurance**

The FSP must specify the mechanism of insurance in place or planned to be implemented in order to provide the necessary financial guarantees in cases of fraud, misappropriation or loss of funds for this project under the responsibility of the FSP, namely the transfer of initial funds of UNHCR to the dedicated account of the FSP and the onward disbursement to the sub-accounts and linkage to debit cards.

**VI. Assessment of performance / Key performance indicators**

UNHCR will periodically review the performance of FSPs to ensure among other things the following:

* Efficiency and effectiveness of the disbursements (metric: The time limit for cancellation of a means of payment/withdrawal after the request by UNHCR in case of loss, theft or other incident);
* Time frame of the transfer and disbursement (metric: the average time between the transfer by UNHCR to the FSP and the availability of funds for withdrawal through a card [in number of days]);
* Security of transfers (metric: absence of irregularities);
* Technical assistance and problem solving (metric: the average response time for customer service inquiries; number of problems solved against total number of problems);
* Accuracy of the accounts and reports of disbursement/withdrawals (metric: monthly reports);
* Usability and ease of use of the mechanism (metric: customer complaint and resolution tracking).

Submissions should confirm or describe the key performance indicators that will be used and disclosed regularly in a contractual manner by the FSP.

**VII. Duration of the contract**

The proposed framework agreement(s) will be signed for a period of 24 months, with an option of renewal for another 12 months, on the basis of the level of performance.

**VIII. Respect for national legislation**

All financial transfers and other services offered, as well as the underlying infrastructure, must conform to national regulatory frameworks, in particular with regard to the licenses granted by the Government, taxation, KYC, anti-money laundering, anti-terrorist and international sanctions, the laws/standards concerning protection of personal data and/or mandatory information security requirements. Proposals must provide the required certifications or a letter of confirmation to ensure that the transfer and disbursement mechanism is in full compliance with national legislation.

**IX. Settlement of Disputes and Governing Law.**

Any disputes, controversies or claims arising out of or in connection with the Contract will be subject to and governed exclusively by Article 18 of the UNHCR General Conditions of Contract for the Provision of Services, which will be annexed to the contract. The interpretation, construction and performance of the Contract will be exclusively governed by general principles of international commercial law, to the exclusion of any choice of law rules which would subject the Contract to the laws of any jurisdiction.

**X. Privileges and Immunities.**

The financial service provider will acknowledge and agree that UNHCR, its property, funds and assets and its officials and consultants, enjoy the privileges and immunities provided for by the 1946 Convention on the Privileges and Immunities of the United Nations. The UNHCR bank account will enjoy the privileges and immunities of UNHCR, including full immunity from any attachment, lien or other encumbrance against such UNHCR-owned accounts or any funds contained therein.

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