

Annex A, Part 1 / UKRAINE - TERMS of REFERENCE (ToR)

I. Overview

Cash-based interventions (CBI) and in-kind assistance are the principal modalities for delivering assistance and services. CBIs are intended to provide refugees, asylum-seekers, returnees, internally displaced (IDPs) and stateless people greater dignity of choice in how to meet their needs. Designed and delivered appropriately, CBIs can reduce protection risks, facilitate solutions and improve efficiency and effectiveness in programme delivery. They can also contribute to the local economy, enable financial inclusion and foster positive relations with host communities.

UNHCR has a long history of delivering cash assistance to displaced populations groups and communities they live amongst in Ukraine. After the full scale invasion in February 2022, UNHCR significantly scaled up its humanitarian cash assistance programmes in the country to address the heightened needs of internally displaced and war affected populations UNHCR's cash assistance programme serves as a transitional safety net supporting target populations to either meet their immediate basic needs, secure new accommodation, repair damaged shelter and/or promote their self-reliance through supporting development of nascent or existing businesses. Cash assistance boosts local economies as goods and services are purchased from local businesses. In 2024, UNHCR expects to support over 800,000 people, most of them women and children, with cash assistance amounting to USD 180 million.

Populations within the mandate of UNHCR in Ukraine, which will benefit from cash transfers, include IDPs, refugee, refugee returnees and non-displaced groups affected by the conflict. While the majority of the target population have identity documents, including the governmental DIAA application¹, the Financial Services Provider (FSP) should indicate any alternative identification that may be accepted for persons who may not have national identity cards. The FSP should take into account that these ID limitations/restrictions could affect an FSP's ability to "Know Your Customer" and provide services.

II. Description of required services

These Terms of Reference define terms and conditions with FSPs. Details on the ERP system are located in Section VII of this document.

The currency of implementation for the cash transfers is: Ukrainian Hryvnia (UAH)

The financial transfer services include, but are not limited to:

- One-time monetary transfers;
- Regular, monthly, bi-monthly or semi-annual monetary transfers.

The following table provides more detail on the specifics of the populations concerned according to their geographical location. This information is given as an indication. It is expected that proposals will take this information into account and will describe how the proposed service will be adapted to the target populations and implementation contexts.

¹ [Державні послуги онлайн | Дія \(diia.gov.ua\)](https://diia.gov.ua)

Lot	Specific information on the target population
Transfer to bank account or Card Account	<p><u>Geographical locations and estimated number of beneficiaries:</u> in 2024, UNHCR in Ukraine plans to deliver cash assistance to an estimated 800,000 displaced and conflict affected populations in 22 oblasts across the country, namely Cherkaska, Chernihivska, Chernivetska, Dnipropetrovska, Donetsk, Ivano-Frankivska, Kharkivska, Khersonska, Khmelnytska, Kirovohradska, Kyivska, Lvivska, Mykolaivska, Odeska, Poltavska, Rivnenska, Sumska, Ternopilska, Vinnytska, Volynska, Zaporizka, and Zhytomyrska oblasts.</p> <p><u>Indicative transfer frequency and value (in USD):</u> Transfers are made and expected on a regular basis. In 2023, a monthly average of approximately 45,000 individuals are assisted amounting to monthly transfer value of USD 9.2 million per month. In addition, UNHCR Ukraine, is expected to expand services to respond to urgent requirements, for which payment within 24 hours are needed. This will be on irregular basis for an estimated 5% of the total cash assistance. The average amount of cash distributed varies from USD 180 to around USD 900.</p> <p><u>Indicative total transfer amount per year:</u> USD 180 million</p> <p><u>Type(s) of population:</u> Internally displaced, refugees and returnee populations form the bulk of beneficiaries of cash assistance. Non-displaced groups in the locations mentioned above may also be assisted.</p> <p><u>Type of documentation of the target population:</u> Tax ID, Passport and National ID cards and the DIAA app, are the primary identification documents utilized by the target population.</p> <p><u>Individual ownership of mobile phones:</u> Majority of people within the target populations possess mobile phones. However, the types of phones owned vary between smartphones and feature phones with limited functionality including internet connectivity.</p> <p><u>Literacy (financial literacy and technological literacy):</u> According to a study by the Ministry of Digital Transformation in 2021, 11.2% of the population have no digital skills meaning there are relatively high levels of technological literacy across the country estimated. However, based on experience, and interaction with target populations, there are variations influenced by the age (older persons) and location (urban v. rural settings) of each individual recipient.</p> <p><u>Main language(s) spoken:</u> Ukrainian and Russian</p> <p><u>Population mobility:</u> The internally displaced, refugees and war affected population is primarily resident in the above-mentioned Oblasts. However, movements can be expected depending on the evolution of the situation in the country. This movements may include new displacements or return of displaced groups to their places of origin. Both scenarios should be anticipated.</p>

As UNHCR responds to displacement emergencies and spontaneous returns of refugees, asylum-seekers, IDPs, returnees, and stateless persons that could go beyond the scope of the locations and population numbers stated in these Terms of Reference where UNHCR may require services in the future under the same Frame Agreement, bidders are requested to list any other areas within the country where cash transfer services can be provided.

III. Mechanism for the transfer and disbursement

UNHCR will securely transmit to the FSP the lists of targeted beneficiaries, the amount to transfer and related financial details, through its Cash Assist system, whereupon the FSP will transfer the designated funds to the identified persons in an accountable, timely and secure way.

The bidder should also describe how their funds transfer system will deal with one-time cash transfers and regular transfers (monthly or other frequency). The transfer mechanism(s) should be clearly presented and

detailed in the proposal. In addition, the bidder should include the maximum amount and capacity to transfer to an individual.

FSPs are encouraged to clearly demonstrate what measures are being taken to ensure that the targeted beneficiary is able to access and effectively use the transfer service. If necessary, proposals must include the activities, modes and methods of communication and/or training that will be implemented to ensure an adequate knowledge of the transfer mechanism to ensure its proper use, both for the beneficiaries and for UNHCR staff and partners.

IV. Types of transfer mechanisms and disbursement

The types of transfer mechanism and disbursement considered is **Transfer to bank accounts via IBAN or using the card account.**

The minimum standards related to this delivery mechanism are the following:

- 1) The FSP should ensure that accessible and confidential communications channels are established to ensure that beneficiaries can request and/or raise service issues or complaints.
- 2) Each transaction (i.e. payment/withdrawal) with an individual beneficiary must be individually recorded and documented by the FSP, with all the relevant details of the transfer.
- 3) The FSP guarantees the availability of the volumes of liquidity required by UNHCR in points of withdrawal within a maximum period of 5 days after the credit of the account;

Standards related to this delivery mechanism, listed as mandatory are detailed in the below table:

Transfer mechanism	Standards	Mandatory or Recommended
Transfer to bank account or Card Account	1) Standard rules and procedures apply for the transfer of bank account information. This includes secured files transmitted to the FSP with beneficiary account numbers and required financial details. File transfer types includes but are not limited to API and XML types (Secure File Transfer Protocol (SFTP) or Host to Host protocol). May or not include ATM cards for withdrawal of funds	Mandatory
	2) Indicate the option of services for transfers to existing bank accounts, via IBAN and/or using the card account	Mandatory

V. Identification of the Beneficiaries

The FSP must specify in its proposal if the previously listed pieces of identification (See Section I – Overview) are valid for receiving the transfers and if this is in compliance with national Know Your Customer (KYC) regulations. Otherwise, the FSP must specify solutions and possible adaptations to ensure the transfer services can be provided to the targeted beneficiaries.

If relevant, other identification documents such as passport, driver's license, ID card, voter registration card, marriage or birth certificate should also be taken into account subject to the existing regulations.

UNHCR will provide payment instructions to the FSP in the form of an encrypted file via Application Programming Interface (API), Secure File Transfer Protocol (SFTP) or Host to Host protocol. The payment instruction will include but is not limited to beneficiary ID, account number, entitlement amount, etc. to be agreed upon with FSP and UNHCR;

All transfers of data must be encrypted, contain integrity checks, and must be sent over secure lines, using protocols including API, Host to Host and SFTP. The FSP must provide detailed information about the security measures they use.

VI. Dedicated customer service

The FSP should be able to provide a dedicated service to UNHCR, including the provision of a focal point dedicated to managing this project, answering questions and solving any technical issues within a reasonable timeframe. The FSP should be available to provide this support during normal business hours. The channels of communication and reporting mechanisms should be established to ensure efficient resolution of issues.

A free telephone hotline, or suitable alternative based on the communication preferences of the population, for individual beneficiaries should be included, especially in the case of loss or theft of means of withdrawal or other technical problems. A free telephone hotline, or suitable alternative, and if available online access must be included for the staff of UNHCR and other organizations authorized by UNHCR, who will use this service for the resolution of urgent problems related to the operation of the service. To the extent possible, this hotline should be accessible 24/7, in Ukrainian, Russian and English languages. Standard Operating Procedures (SOPs) should be established for appropriately managing complaints not related to CBI or sensitive information which may be shared via communications channels established by the FSP.

The FSP should also be able to provide training sessions and/or guidance documents to beneficiaries on how to access their funds and resolve customer service issues. A listing of the topics that the trainings are expected to cover are listed in Annex B.

The FSP should make its staff/agents available for a sensitization training by UNHCR or its partners on serving refugees, asylum-seekers, IDPs, returnees, and stateless persons and ensure appropriate training for its staff/agents on Fraud Prevention and Prevention of Sexual Exploitation and Abuse, and the Code of Conduct (CoC).

VII. Integration with UNHCR's Enterprise-Resource-Planning (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 FSP and UNHCR system via two basic interfacing methods:

1. API integration

- a. 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 (see Annex H – Data Dictionary for more information).

2. SFTP and Host to Host

- a. UNHCR shall establish a host-to-host connection and send payment files electronically from its ERP system by way of transfer of files.
- b. Connectivity between hosts shall be established in a secured manner and files will be encrypted and sent in XML format.
- c. UNHCR shall also expect a response from the FSP on the status of execution.
- d. The exact fields will be determined in collaboration with the FSP at the time of integration.

Additionally:

- a. The FSP should provide a secure Staging/Test integration environment during the testing phase and subsequently a secure Production server at the time of going live.
- b. FSP will provide all necessary data for end-to-end testing including beneficiary test accounts, test account numbers associated with test entitlement cards and test wallets.
- c. Whenever possible, UNHCR will expect to use ISO 20022 standard for communicating and exchanging data with the FSP.
- d. Alternatives to ISO 20022 will be considered but must align with UNHCR's minimum integration requirements (see Annex H – Data Dictionary).
- e. Additional development work needed for integration on the FSP side should be borne by the FSP and can be accounted for in the financial proposal.
- f. UNHCR expects to work directly with the FSP for integration between UNHCR and FSP systems.

VIII. Different agencies using same delivery mechanism.

Upon clearance by UNHCR and agreement with the FSP, other humanitarian actors should have the option to deposit restricted or unrestricted cash on the account (through the card or wallet) when targeting common beneficiaries. The FSP 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 FSP and UNHCR. The FSP will provide UNHCR with transactional data (transaction list, withdrawal type, amount, location, timestamp, balances, etc.) regarding clearance of funds.

IX. Reporting and Reconciliation

Regular reports shall be provided by the FSP for monitoring, recording and reporting of transactions, including order receipts and evidence of withdrawal/disbursement and receipt of funds by the beneficiaries. A detailed list of required reports can be found in the Technical Proposal document (Annex B).

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.**

Reporting related to potential integration with ERP:

The FSP should be able to provide either fully formatted reports pertaining to the transactions made from accounts of UNHCR to beneficiaries, or at the very least the raw data for creating these reports.

X. 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 FSP's *Compliance Risk Assessment program and 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.

For effective discharge of contractual obligations, selected FSPs may be required to provide a performance bond/bank guarantee. The bond/guarantee will be determined by UNHCR based on the results of operational and financial assessments. The bond/guarantee value will be a proportion of the monthly transfer value (subject to the level of risks identified) and cover the entire Frame Agreement period only refundable upon satisfactory performance and expiry or termination of the Frame Agreement.

Account management

The FSP will open a dedicated account or for UNHCR, which will be supplied by UNHCR and will be used to conduct transfers to the accounts/wallets of the targeted beneficiaries. The FSP must ensure a complete separation of the funds and the traceability of these up to their withdrawal/disbursement by the beneficiaries.

The FSP must reimburse UNHCR any balance not withdrawn by the beneficiaries on any UNHCR owned account in accordance with the criteria which will be specified by UNHCR in the Frame Agreement.

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

XI. Data Protection agreement

It is a preeminent requirement of UNHCR to protect the confidentiality and security of the people under its protection. Therefore, services and proposed transfer mechanisms must be aligned with the UNHCR policy on the protection of personal data of individuals under its mandate and should reflect the rules and processes that allow the encryption of beneficiaries' data. Where national Know-Your-Customer (KYC) legislation requires disclosure of personal data and identification of beneficiaries, FSPs are asked to specify whether an exception to these rules can be obtained from the authorities.

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

- The encryption of any database providing details on the beneficiaries.
- The policy for handling and management of personal data.
- Sharing and access to data in accordance with the UNHCR Policy on the Protection of Personal Data of Persons of Concern (UNHCR DPP) – please see Annex J for reference.

In addition to the Frame Agreement signed by UNHCR with the FSP, the UNHCR Supplementary Agreement on Data Protection (Annex F) will be signed between the two parties. In the event where the FSP proposes to subcontract a third party to provide part of its services, this third party will be also held accountable to the same Supplementary Agreement on Data Protection.

The FSP must maintain an up-to-date information security policy that is in line with the UNHCR DPP.

XII. Insurance

UNHCR cannot be held responsible for the fraud, misappropriation or loss of funds occurring between the UNHCR dedicated account at the FSP and the targeted beneficiaries.

The FSP should 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 targeted beneficiaries.

In certain cases, a performance bond/security will be required.

XIII. Assessment of performance

UNHCR will periodically review the performance of FSPs to ensure, inter alia, the following:

- 1) Acceptance of the targeted beneficiaries' ID documentation for account opening and transfer services
- 2) FSP's funds transfer system met the requirements as per Frame Agreement/FSP proposal.
- 3) Geographical coverage of services provided as per Frame Agreement/FSP proposal.
- 4) Distribution of means of payment (bankcards, PINs, locations of withdrawal, liquidity points etc.) done as per Frame Agreement/FSP proposal.
- 5) Timeliness and accuracy of distribution, confirmation reports, reconciliation reports, refunds, invoices and other items detailed in the Frame Agreement/FSP proposal.
- 6) Availability of cash out points with sufficient level of liquidity (including right denominations) for the beneficiaries.
- 7) Training of beneficiaries and staff/field agents as per FSP proposal
- 8) Effectiveness of communication, complaints management and response mechanisms provided to the beneficiaries (i.e., customer service hotlines)
- 9) Effectiveness of FSP's response mechanisms to cases of loss/theft of means of payment or withdrawal.
- 10) Staff/Agents professionalism in service delivery and responsiveness of FSP to UNHCR inquiries or request

Additionally, UNHCR will also assess the Key Performance Indicators (see listing of proposed indicators in Annex B) are met as per the Frame Agreement/FSP proposal.

XIV. 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 to ensure that the transfer and disbursement mechanism is in full compliance with national legislation.

XV. Settlement of Disputes and Governing Law

Any disputes, controversies or claims arising out of or in connection with the Frame Agreement will be subject to and governed exclusively by Article 19 of the UNHCR General Conditions of Contract for the Provision of Goods and Services, which will be annexed to the Frame Agreement. The interpretation,

construction and performance of the Frame Agreement will be exclusively governed by general principles of international commercial law, to the exclusion of any choice of law rules which would subject the Frame Agreement to the laws of any jurisdiction.

XVI. Privileges and Immunities

The FSP 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.

END
