

**REQUEST FOR PROPOSAL: No. RFP/RBE/002/2023**  
**Financial Services for Delivering Cash-Based Interventions for UNHCR in *Bulgaria***

**Annex A, Part 5 / BULGARIA - TERMS OF REFERENCE (ToR)**

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**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 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.

- Since the outbreak of the conflict in Ukraine in February 2022, over two million refugees from Ukraine have entered Bulgaria. By October 2023, Bulgaria has granted Temporary Protection to more than 169,000 of these refugees, with most being women and children. Currently, some 52,000 refugees from Ukraine are still in Bulgaria, with the UNHCR assisting the Bulgarian government in addressing their needs. Additionally, Bulgaria as an external EU border, plays a strategic role in refugee protection within Europe. In 2023, Bulgaria has registered some 16,000 asylum seekers, primarily from Syria and Afghanistan.
- To offer assistance to the displaced and stateless individuals in Bulgaria, the UNHCR introduced a cash for protection program in August 2022. Initially, the program provided one-off assistance, but recognizing the prolonged need, it underwent revision. From July 2023, the program was updated to offer multi-transfers, and will continue into 2024. The objective of this program is to offer financial assistance to vulnerable households, while providing supplementary services and support for their inclusion into broader social protection schemes. The program is projected to assist between 2,000 to 3,000 households and its operations cover various locations throughout Bulgaria.

Populations within the mandate of UNHCR in **Bulgaria**, which will benefit from cash transfers, include asylum-seekers, refugees, temporary protection holders and stateless persons. For asylum-seekers and temporary protection status holders, each person has a government-issued registration card of asylum seeker or of temporary protection status holder, with a unique personal identification number (children below 14 are included on the card of the parent but also have unique identification number). Bulgarian legislation does not recognize these documents as identification documents. Persons granted international protection (refugee or humanitarian status) are entitled to receive identity cards issued by the Bulgarian Ministry of Interior (refugee card and card of humanitarian status holders) which are required to be used as identification. The Financial Service Provider (FSP) should take into account that these ID limitations/restrictions could affect a FSPs ability to “Know Your Customer” and provide services.

Additional constraints and opportunities for delivering cash transfer services, include, but are not limited to, the following:

- National and financial service constraints for under-18s prevent them from receiving cash payment through FSP
- Asylum seekers and TP holders cards not being recognized as identification documents restrict payment access.
- Temporary protection holders without biometric passports face payment access issues at certain financial service offices as non-biometric passports and Ukrainian ID cards are not accepted as proof of identification.
- Some beneficiaries lack mobile phones or do not have local SIM cards for some; need alternative communication channels in addition to sms/call notification.
- Potential obstacles in opening bank accounts due to security check requirements.
- Geographical challenges: beneficiaries residing in small and remote areas are located far from offices of FSPs.
- Part of the population may face mobility issues, requiring alternative delivery mechanisms

**II. Description of required services**

These Terms of Reference are written to define terms and conditions with FSPs where the operation does and does not use UNHCR’s Enterprise-Resource-Planning (ERP) system for payment submission. Details on the ERP system are located in Section VII of this document.

The currency of implementation for the cash transfers is: Bulgarian Lev (BGN)

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 targeted populations and implementation contexts.

Lot	Specific information on the target population
1) Direct cash disbursement by FSP or an agent  2) Transfer to bank account with ATM card	<u>Geographical locations and estimated number of beneficiaries:</u> Across country <u>Indicative transfer frequency and value (in USD):</u> Around 240 USD per month per household, for a period of four months. <u>Indicative total transfer amount per year:</u> 2,000,000 USD <u>Type(s) of population:</u> asylum-seekers, temporary protection status holders, refugees and stateless persons <u>Type of documentation of the target population:</u> Asylum seeker cards, temporary protection status holder cards, humanitarian status holder cards, refugee cards <u>Individual ownership of mobile phones:</u> N/A <u>Literacy (% of illiterate people):</u> N/A <u>Main language(s) spoken:</u> Ukrainian, Russian, Bulgarian, English, Arabic, Pashto, Dari <u>Population mobility:</u> Mobility across the country is common

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 this 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 target beneficiaries, the amount to transfer and related financial details. 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.

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 include:

- Direct cash disbursement by FSP or an agent;
- Transfer to bank account with ATM card

The minimum standards related to any delivery mechanism include the following:

- 1) The FSP provides a detailed list and the precise location of funds withdrawal points in each area of intervention.
- 2) 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;
- 3) Based on demand for services, the FSP should have the capacity to open new withdrawal points with sufficient liquidity.
- 4) The FSP should reduce the balance of each account each time that the beneficiaries carry out withdrawals, purchases or other transaction using the available funds on their account. The account balance represents the total of the amounts that have not been received/used by beneficiaries.
- 5) The FSP must ensure that accessible and confidential communications channels are established to ensure that beneficiaries can request and/or raise service issues or complaints.
- 6) Each transaction (i.e. card distribution, payment/withdrawal) with an individual beneficiary must be individually recorded and documented by the FSP, with all the relevant details of the transfer. This is to include a recording of the verification of the identity of the person (i.e. signature, biometrics capture or PIN) effecting the transaction.

Standards related to specific delivery mechanisms, which are listed as mandatory or recommended, are detailed in the below table:

Transfer mechanism	Standards	Mandatory or Recommended
Direct cash disbursement (OTC or by an Agent)	1) The FSP shall state and justify the mechanisms that will be implemented to ensure the security of beneficiaries and staff of UNHCR or its partners at the point of withdrawal/disbursement of the money.	Mandatory
Transfer to bank account with ATM card	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. This may or may not include ATM cards for withdrawal of funds. 2) Indicate the option of services for transfers to existing bank accounts, via IBAN 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 target beneficiaries.

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

In operations where UNHCR is using ERP system, 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;

In operations where UNHCR is not using ERP system, UNHCR will provide lists of the targeted beneficiaries to the FSP in the form of an encrypted file. The file will include the beneficiaries name, identification number, and amount of transfer. Upon receipt of this file, the FSP will proceed with the payment of money to the targeted beneficiaries.

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 provider 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, Bulgarian, English, Arabic**. 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. If the transfers and disbursements are made through banks, cards, mobile phones or other electronic system, 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 company'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 FSP 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 target 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 would subcontract a third party to provide its services, this third party will be also held accountable to the same data protection agreement.

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 from the FSP.

## **XIII. Assessment of performance**

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

- 1) Acceptance of beneficiaries' 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 (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.

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