

**REQUEST FOR PROPOSAL: No. RFP 2024-02**  
**Financial Services for Delivering Cash-Based Interventions for UNHCR in UKRAINE**

**Annex A - TERMS of REFERENCE (ToR)**

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**I. Overview**

Cash-based interventions (CBI) 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.

Populations within the mandate of UNHCR in Ukraine, which will benefit from cash transfers, include asylum seekers, refugees, returnees, internally displaced persons and conflict affected populations. For refugees and asylum seekers, each recipient has one of the following documents:

- i. Refugee certificate (Посвідчення біженця) (established by State Migration Service),
- ii. Certificate of a person in need of complementary protection (Посвідчення особи, яка потребує додаткового захисту) (established by State Migration Service),
- iii. Certificate for applying for asylum in Ukraine (Довідка про звернення за захистом в Україні) (established by regional bureaus of the State Migration Service).
- iv. Protection Letter (established by UNHCR).

These documents should be used as a piece of identification in lieu of a national identity card for transfers made on behalf of UNHCR. *For internally displaced persons and conflict affected populations, who may not have national identity cards, the FSP should indicate any alternative identification that may be accepted.* The FSP should take into account that these ID limitations/restrictions could affect a Financial Service Provider's (FSPs) ability to "Know Your Customer" and provide services.

**II. Description of required services**

The ToR is written to define terms and conditions with FSPs where UNHCR's does and does not use 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: 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 population. 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.

Lot	Specific information on the target population
1	<p><u>Geographical locations:</u> UNHCR in Ukraine delivers cash assistance to refugees, asylum-seekers, displaced and conflict affected populations across the country.</p> <p><u>Indicative total transfer amount per year:</u> USD 10.00 million</p> <p><u>Indicative transfer frequency and value (in USD):</u> UNHCR provides assistance to its beneficiaries both as one-off distributions and as quarterly transfers. In 2024, the projected monthly average will be USD 833,333. Average distribution amount is estimated at approx. USD 290 per individual per transfer. Approximately 30% via Prepaid Card and 70% via Cash over the Counter modality.</p> <p><u>Type(s) of population:</u> Asylum-seekers, refugees, returnees and stateless persons in addition to Internally displaced and conflict affected populations..</p> <p><u>Type of documentation of the target population:</u></p> <ul style="list-style-type: none"> <li>- IDP certificate (issued by centers for civil services) (Довідки про взяття на облік внутрішньо переміщеної особи),</li> <li>- Tax ID,</li> <li>- Passport</li> <li>- National ID cards</li> <li>- Refugee certificate (Посвідчення біженця),</li> <li>- Certificate of a person in need of complementary protection (Посвідчення особи, яка потребує додаткового захисту),</li> <li>- Certificate for applying for asylum in Ukraine (Довідка про звернення за захистом в Україні),</li> <li>- UNHCR Protection Letter.</li> </ul> <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, Russian</p> <p><u>Population mobility:</u> The internally displaced population is primarily resident in 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. Asylum-seekers and refugees are primarily residing in the Kyiv, Odesa and Lviv 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. Approximately 40% of the IDP and conflict affected population targeted by the assistance subject of this RFP resides within 30 kilometers from the contact line.</p>

As UNHCR responds to displacement emergencies and spontaneous returns of the people it works with, that could go beyond the scope of the 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 are:

- Direct cash disbursement (by the FSP or an agent)
- Prepaid cards.

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) 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.
- 4) 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 at the point of withdrawal/disbursement of the money.	Recommended
	2) The FSP shall accept refugee certificate, certificate of a person in need of complementary protection, certificate for applying for asylum in Ukraine as identification documents	Mandatory
	3) The FSP shall accept UNHCR Protection Letter as identification document and IDP certificate (issued by centers for civil services) (Довідки про взяття на облік внутрішньо переміщеної особи).	Recommended
Prepaid cards	1) Prepaid cards to make withdrawals at ATMs and payments at Points of Sale (PoS) terminals, or through mutual agreement with an agent approved by the FSP pending beneficiary authentication;	Mandatory
	2) Each card must have a unique identification code/PIN code;	Mandatory
	3) Cards must be able to be quickly cancelled on request of UNHCR or the beneficiary (in case of loss, theft or other) and the amount refunded without delay to UNHCR. If the cancellation is done by the FSP or beneficiary, the status of the card should be reflected to UNHCR without delay in the form of an API or encrypted file.	Mandatory
	4) The FSP should be able to provide UNHCR with list of withdrawal points, amounts and timestamps of all withdrawals made with an entitlement card in an agreed upon electronic format;	Recommended
	5) The FSP should reduce the balance of card account whenever the beneficiaries carry out withdrawals or purchases. Statements of the card account (showing the movements and balances) must be regularly communicated to UNHCR. The balance of the card account represents the total of the amounts that have not been used by beneficiaries;	Recommended

## **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.

UNHCR is using ERP system and 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 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 and Russian languages*. Standard Operating Procedures (SOPs) should be in place or 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 populations UNHCR works with and ensure appropriate training for its staff/agents on Fraud Prevention and Prevention of Sexual Exploitation and Abuse.

#### **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 Financial Service Provider 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 financial service provider, 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 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. 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 service provider 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 Financial Service Providers 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 contract period only refundable upon satisfactory performance and conclusion of the contract.

#### 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 service provider 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

In addition to the Frame Agreement signed by UNHCR with the FSP, the UNHCR data protection agreement (Annex F) will be signed between the two parties. 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 agreement.

The FSP must maintain an up-to-date information security policy that is in line with the UNHCR policy on the protection of personal data.

## **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 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 (SIM cards, bankcards, mobile phones, 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 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 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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