

Term of Reference
IOM Ethiopia Mission
Provision of Financial Services
Under Long Term Agreement (LTA)

1. Background:

The International Organization for Migration (IOM) is an intergovernmental organization established in 1951 is committed to ensuring orderly and humane management of migration to promote international cooperation on migration issues. IOM assists in the search for practical solutions to migration problems, and provides humanitarian assistance to migrants in need, including refugees and internally displaced people. Since its first presence in Ethiopia in 1995, the International Organization for Migration (IOM) has been contributing to the efforts of the Government of Ethiopia (GOE) to effectively manage migration through a wide variety of projects and programmes through its different offices.

An efficient and effective cash delivery mechanism is essential to ensure that beneficiaries in all IOM programs receive cash transfers transparently and securely. IOM aims to enhance its cash delivery capacity with improved transparency and accountability. Therefore, IOM seeks Financial Service Provider(s) (FSP/s) who offer a variety of cash delivery mechanisms/options across all regions of the country, which are widely accepted by partners, stakeholders, national government, service providers, and beneficiaries.

2. Objective

The objective of the assignment is to hire Financial Service Provider (FSP) (s) that has/have the required capacity, experience, coverage, various transfer mechanisms, and interest to provide cash distribution and disbursement services to program beneficiaries and partners including local suppliers and service providers whenever there is a need for cash-based intervention by using available and appropriate technology. The service provider will deliver the cash using a single or combination of cash delivery mechanisms.

3. Deliverables

3.1 Deliverable-1: Delivered cash to program/project beneficiaries

- The Financial Service Provider (FSPs) will facilitate IOM Cash distribution to a large number of beneficiaries under its Cash Based Intervention programs providing all the required financial services including reliable and feasible technology, financial capacity, technical capacity, geographic coverage, and better KYC requirements as per the list of beneficiaries across the country as requested by IOM in accordance with agreed specified transfer modalities and the project(s) requirements.

3.2 Deliverable-2: Cash Disbursement

- The FSP will be responsible for cash disbursement service to IOM partners, local suppliers, service providers, training or conference participants and individuals in a way that meets the constraints of the operating context where IOM requirements as the FSP's customers.

3.3 Deliverable -3: Proper record and Timely Settlement of accounts

- The FSP shall properly record and account for all cash transfers and payments and timely reconciled all transactions per agreed schedule and service level.

4. Applicable transfer modality

- Hard Cash Transfer (Cash-in-hand)
- Bank transfer
- Mobile Money Transfer:

5. Service Modality

5.1. FSP Pre-Financing (Without IOM advance),

- Pre-financing is the preferred mode of IOM cash transfer and disbursement services. The FSPs will transfer cash using their own finance upon receipt of IOM Authorized Payment Requests and reimbursed upon submitting receipts, documents, and reconciliation of accounts.
- FSPs are required to provide detailed accounts of their pre- financing capabilities as part of the technical proposal in the RFP.

5.2. Advance Payment of the benefit amount to the FSP from IOM

- As per IOM working procedure, advance payments are not applicable. Thus, prefinancing option is the standard form of implementing the cash transfer. In exceptional circumstances, constrained by operating contexts, such as in the absence of FSP having better project financing capabilities in a specific location and local contexts, the service could be delivered through IOM advance.
- Any advance payment for a benefit amount greater than 25,000 USD shall be secured by advance payment guarantee from a reputable bank.
- The service fee (if any) on this modality will be paid upon submission of settlement documents

7. Cash transfer mechanism

FSPs will carry out cash transfers and disbursement requests using their own funds upon receiving IOM Authorized Payment Requests. The FSP will be reimbursed after completing the cash transfer service upon submitting the necessary documents, receipts, and account reconciliations in the agreed-upon formats.

Every FSP should comply with minimum general standards for all transfer mechanisms and specific standards for the transfer mechanisms chosen for submission.

7.1 Lot 1 - Direct cash (cash in hand) to individual beneficiary by FSP

- The location of cash transfer to individual beneficiaries will be in proximity to fewer beneficiaries' location agreed between IOM and financial service provider. The main pay points could be at airports, rural areas, urban areas, camps, among others.
- The FSP must ensure compliance with procedures of verification of the identity of the beneficiaries and require the signature of the recipient on the list of payment.
- The FSP should be able to provide IOM with documentation showing a list of payments specifying amounts withdrawn, name of beneficiary and signature, in an agreed paper or electronic format.

7.2 Lot 2a – Cash Transfer to beneficiaries, government representatives or concerned individuals/groups through financial institution/banks

- The FSP transfer cash to beneficiaries as per IOM written request to FSP through the agreed location and financial branch.
- The FSP must ensure compliance with procedures of verification of the identity of the beneficiaries and require the signature of the recipient on the list of payment.
- The FSP shall ensure the security of beneficiaries and staff of IOM or its partners at the point of withdrawal of the money.
- The FSP should be able to provide IOM with documentation showing a list of payments specifying amounts withdrawn, name of beneficiary and signature, in an agreed paper or electronic format.

7.3. Lot 2b- Mobile Money

- The FSP should have a specialized system or platform dedicated to the management of mobile money transfers.
- The FSP shall ensure the quality of the system and put in place security measures to ensure reliability
- The FSP should be able to provide IOM with documentation showing list of payments specifying amounts withdrawn, name of beneficiary and signature, in an agreed paper or electronic format.

8. Scope of the Financial Service

8.1. Area coverage:

- All Regions and locations of Ethiopia (Afar, Amhara, Benishangul-Gumuz, Central Ethiopian Regional state, Dire Dawa (city), Gambela, Harari, Oromia, Sidama, Somali, South Ethiopia Regional State, Southwest Ethiopia Peoples' region and Tigray Region).

- IOM recognizes that FSPs may not be able to cover all the required geographical areas. However, the FSPs, with no current operational capacity in some regions in the country, they should indicate by specifying maximum timescale in which this operational capability will be in place or indicate means to reach out to beneficiaries based on their operational capability. FSPs must also provide information about any partners/sub-contractors that they can use to expand their service area.

8.2. Currency

- Currency of the Cash distribution and disbursement service to the beneficiary shall be in ETB.

8.3. Time Frames

- The service shall be valid for **a period of two years** with the possibility of an extension of additional **two years**. The service will be required all over the year as and when required.

9. Responsibilities of the FSP

- a. The FSP is expected to distribute and disburse cash to meeting/training/workshop participants, IDPs/returnees and any other disaster-affected households and beneficiaries on the selected site which can be regional, zonal, woreda town, kebele, or a village identified by IOM
- b. Set up the necessary infrastructure and human resources (distribution points, agents/merchants, network, logistics etc.) required to deliver to the targeted beneficiaries.
- c. The FSP must check and confirm that the name of the recipient is as per the provided list. This can be confirmed by checking one of the National ID cards (Driver License, Passport) and or other approved IDs.
- d. Maintain the required minimum infrastructure in all the distribution locations to continue providing financial services to the targeted beneficiaries.
- e. The FSP shall have safe and secured cash transportation mechanisms for cash distributions in remote areas.
- f. Conduct distribution and disbursement of cash to selected participants with proper safety and security. IOM shall not be liable for any kind of cash misappropriation and embezzlement.
- g. FSP shall be responsible to have appropriate insurance cover for hard cash and related resources deployed for the services.
- h. Assign cash distribution/ disbursement team or tailors as per IOM request,
- i. Arrange transportation for the cash to and from the distribution/disbursement site, for its staff in each location.
- j. The FSP should orient its staff on delivering service with dignity and respect to affected people and other IOM beneficiaries and staff at all levels.

- k. Up on pre-agreement the FSP can provide service through their agent, networks, or banking channel or other technology providers
- l. Submit proof of evidence of the fund transfer or cash distribution as per the agreed format and timeline.
- m. The FSP will be responsible to maintain all the necessary documents on the checklist IOM provides and ensure the payment summary aligns with these documents.
- n. Submit all complete documentation to IOM within agreed timeframe.
- o. The tasks set out in the contract will be overseen by the transacting agency's Head of Operations/ Finance.

10. Responsibilities of IOM

- IOM shall contact FSP for the service in advance as indicated on the service level with the agreed and approved "Cash Distribution/Disbursement Service request form".
- A Purchase Order will be issued for fees and charges (if applicable). Financial commitments will only be established each time the services are requested within the scope of the LTA through the approved "Cash Distribution/Disbursement Service request form" and submission of appropriate reconciliation documents
- The IOM field team shall provide a beneficiary list along with a payment sheet both in hardcopy and soft copy form.
- For those IDPs without ID cards, IOM field team in coordination with IDP leaders/woreda authorities will verify the beneficiary to be paid without an ID card.
- IOM will provide a payment summary checklist to the FSP in order to reconcile the accounts with the required documents.
- Disburse the benefit amount and service fee to the FSP in accordance with the agreed documentation requirements, conditions, and currency within three weeks upon submission of complete documentation.

11. Cash Distribution and Other Disbursement Activities;

- Prepare cash distribution payment sheet format compatible with the provided technology and in line with IOMs internal financial procedure as well as the donor requirement.
- Conduct beneficiary verification on distribution sites by using ID or through biometric verification if technology is used. The FSP must obtain the signature of the recipients on the Cash Disbursement Form (IOM Form) and collect the copy of the ID used for verification.
- After completion of distribution/disbursement, the FSP along with IOM field team will endorse the payment sheets with local government stamp, by stamping on each page of the payment sheet.

- Submit one set of signed original cash disbursement payment sheets and a copy of their receipt to the transacting UN agencies on agreed time.
- Report and return undistributed amount (if any on agreed time).
- The FSP shall be willing to adopt IOMs cash distribution format whenever required as appropriate with the FSP technology.
- Timely assign the required number of staff/tellers to facilitate the cash distribution at the distribution site/sites. The number of team to support the distribution will depend on the scope of the distribution.
- Conduct simultaneous cash distributions in various Woredas/zones/regions in the country.
- Timely delivery of cash to the target beneficiaries including IDP and returnees where vulnerable populations are residing.

1. Service Level Objective

Below are the desired service level and key performance indicators. FSP shall abide by performance indicators and indicators and during the contract period.

| KPI | Service Categories and Standards | | | | |
|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------|----------------------|-----------------------------------------------------|-------------------------------------------------------------------------|
| | Cash distribution to the beneficiary anywhere in the country | | | Cash Disbursement anywhere in the country | |
| Response time (time between IOM request for the service and FSP's availability on-site with needful resources) | 5 working days | | | 1 working day | 2 working days |
| Cash Distribution/Disbursement Time | < =500 beneficiaries | 500-to-2000 [Text Wrapping Break] beneficiaries | >=2001 beneficiaries | < =200 beneficiaries/[Text Wrapping Break]Suppliers | >=200[Text Wrapping Break] beneficiaries/[Text Wrapping Break]Suppliers |
| | 1 working day | 3 working days | 3 to 5 working days | 1 working days | 2 working days |

| | | | | | |
|----------------------------------------------------|---------------------------------------------------------------|-----------------------|-----------------------|--------------------|-----------------------|
| Settlement Document Submission Time | 10 to 15 working days | 10 to 15 working days | 10 to 15 working days | 10-15 working days | 10 to 15 working days |
| Accuracy of disbursement documentation and invoice | Target :100% Error Free Acceptable: 98% correct submission | | | | |

The cash disbursement period is subject to change depending on the project activity. Both parties, the FSP and IOM may discuss further on the process of settlement document submission prior to signing of the service agreement.

12. Technology:

IOM Ethiopia is willing to consider appropriate and reliable technology as cash delivery mechanism with alternatives based on situation and contexts. However, IOM will also consider direct cash distribution mechanism based on context and location.

The technology should fulfil the following:

- i. The FSP shall provide appropriate and reliable technologies for cash distribution.
- ii. The technology should provide various options including but not limited to: online transaction monitoring and tracking system for authorized IOM staff, provide the possibility to upload beneficiary list, printing beneficiary list, online authorization of payments and possibility to change/amend beneficiary list by authorized IOM staff.
- iii. The technology should be authorized by national government and tested with other similar responses.
- iv. The technology shall provide alternative options in case of failure due to connectivity and other related issues.
- v. The FSP shall have skilled manpower for the establishment, operation and maintenance whenever required.
- vi. The FSP shall provide trainings to IOM staff on the technology whenever required.
- vii. The technology should cost-effective, feasible and operable in majority of the regions where IOM have responses.
- viii. Undertake biometric verification of targeted beneficiaries during the registration of beneficiaries (for the technology related like smart cards, prepaid cards, etc distribution to beneficiaries) against a beneficiary list that will be provided by IOM.

- ix. Provision of basic training/ awareness to IOM staff, agents/merchants and beneficiaries on how to use the technology.
- x. Assign technical person who can operate the technology and maintain if there is any issue at field level. The technical person shall closely work with IOM field team on technology related complaint handling.
- xi. The FSP should be able to provide a service dedicated to the IOM responses, including by the provision of an office or a focal point dedicated to managing this project and answer questions and solve problems of operations within a reasonable time, if and when they arise.

13. Reporting:

- i. The FSP shall use IOM's financial reporting format for distribution report submission.
- ii. Conduct financial and distribution reconciliation on daily basis at distribution site in coordination with IOM staff.
- iii. Provide one copy of distribution list to IOM field staff supporting the cash distribution at field level, at the end of distributions.
- iv. Submit cash distribution financial reports and original distribution list to IOM within five working days after the distribution is completed.
- v. SWIFT payment list no later than Two working days after payment transfer.

14. Sharing Beneficiary Data with FSP

IOM will provide lists of the targeted beneficiaries to the FSP in the agreed format either in hard copy or soft copy file with all the relevant beneficiary data including name, age, sex, family size, identification number (if available) and transfer amount for each beneficiary. IOM will counter sign beneficiary data protection and management agreement with the selected FSP immediately after the selection prior to any distribution.

IOM is willing to review and adopt any data protection procedures provided by FSP if compatible with internal procedures and expected to further enforce beneficiary data management.

15. Data Protection Agreement

The FSP shall provide services and proposed transfer mechanisms that must be aligned with IOM's policy on data protection of individuals/beneficiaries under its mandate and should reflect the rules and processes that allow the encryption of beneficiary' data. The FSP should understand that IOM is bound by a duty of confidentiality in relation to the personal data it receives from data subjects or collected on behalf of IOM and shall take all reasonable and necessary precautions to preserve the confidentiality of the selected personal data and the anonymity of data subjects. In view of this, the FSP shall consult and get formal approval from IOM prior to sharing/transferring or using beneficiary data for other purposes. Hence for this purpose, the FSP must have in place an appropriate data protection policy.

16. Reimbursement

- The FSP(s) with pre-financing options will be granted to claim the sum of all disbursements in local currency (ETB) and IOM will make the transfer to the FSP in ETB upon clearance on satisfactory delivery of each disbursement and submission of proof of evidence of the transfer as per the agreed format **not later than three weeks period.**

17. Expertise of the Firm

The Financial Service Provider should provide detailed information on the following:

- Previous experience (more than three years) on humanitarian cash transfer in partnership with International Organizations, NGOs and UN agencies.
- Experience in working in the UN system and with civil society in Ethiopia.
- Efficiency and effectiveness of the disbursement to beneficiaries including the maximum time between the transfer by IOM to the FSP and the availability of funds to the beneficiaries (with in the notification period).
- Having plan and capacity to expand the cash transfer services to the required locations or beneficiaries within the notification period (five working days).
- Having enough liquidity to deliver cash to 300 to 500 people beneficiaries per day in the selected distribution sites.
- Having appropriate, user friendly and tested technology with alternative mechanisms
- Security of payments and beneficiaries
- Usability and ease of use of the mechanism, based on the comments of beneficiaries
- Effective access to financial services by the beneficiaries, considering their specific vulnerability
- Industry compliance to the national financial service provision
- Wide range of presence in the localities of all over Ethiopia at least in the main
- Financial capabilities: minimum of working capital 30 million in local currency