

Requesting Section: Regional Operations, UNICEF EAPRO

TITLE: Long-Term Agreement for Harmonized Approach to Cash Transfers (HACT) Services in EAP Region

- Macro assessment
- Micro assessment
- Financial Spot Checks
- HACT Audits
- Special Audits
- Capacity Development Activities related to Financial Management Systems of Implementing Partners
- Other Advisory Services

1. Background

The UNICEF Regional Office for East Asia Pacific seeks to establish one or more long term agreements for services to provide a range of financial assessment and assurance activities, and capacity development related to Implementing Partners (IPs), to UNICEF Country Offices throughout the East Asia and Pacific region. The financial assessment and assurance activities, as well as capacity development and other advisory activities and services, will be provided under the HACT (Harmonized Approach to Cash Transfers) Framework. The assurance and assessment activities will encompass macro assessments, micro assessments, financial spot checks, financial audits, and scheduled audits. The capacity development activities will comprise tailored activities to address specific weaknesses or gaps in financial management and reporting systems of UNICEF's implementing partners in programme countries in the East Asia and Pacific region.

The HACT framework was first adopted in 2005 and updated in 2014. It is applied by UNICEF, UNFPA, and UNDP, pursuant to United Nations General Assembly Resolution 56/201 on the triennial policy review of operational activities for development of the United Nations system. The HACT framework represents a common operational (harmonized) framework for transferring cash to government and non-governmental IPs, irrespective of whether these partners work with one or multiple United Nation agencies. The objective of the HACT framework is to support a closer alignment of development aid with national priorities and to strengthen national capacities for management and accountability, with the ultimate objective of gradually shifting to national systems. It is understood that 'harmonized' in the context of the HACT framework refers to agencies implementing a common operational framework using the same, consistent, standardized approach and tools.

The HACT framework represents a shift from assurance for cash transfers derived from project level controls and audits towards a method of assurance derived from risk/system-based assessments and audits.

A. MACRO ASSESSMENT

To ensure adequate awareness of the public financial management (PFM) environment within which agencies provide cash transfers to IPs, a desk review of assessments of the PFM system is conducted. In the HACT framework PFM is broadly defined to include a range of considerations for operating in the country. It is not limited solely to the financial environment but also includes national procurement capacity, exchange rate volatility, presence of informal/black markets, etc. This assessment is called a macro assessment.

The two primary outputs of the macro assessment are:

- a. An outline of risks related to the use of the PFM for cash transfers to government IPs within the country (individual IP risk is determined through the micro assessment), as well as other country- specific knowledge for non-governmental IPs, such as environmental conditions, exchange rate volatility, presence of black markets, etc.; and
- b. A determination on whether the government's supreme audit institution (SAI) has the capacity to undertake the scheduled and special audits of government IPs.

B. MICRO ASSESSMENT

The micro assessment assesses the IP's financial management capacity (i.e. accounting, procurement, reporting, internal controls, etc.) to determine the overall risk rating and assurance activities. The risk rating,

along with other available information, is also taken into consideration when selecting the appropriate cash transfer modality for an IP, based on each agency's business model. This assessment applies to both governmental and non-governmental IPs.

The two primary outputs of the micro assessment are:

- a. An overall risk rating related to cash transfers to IPs (low, moderate, significant or high); and
- b. The appropriate type and frequency of assurance activities and cash transfer modality based on each agency's business models.

The micro assessment is viewed as a component of the standard overall assessment of an IP, in addition to other available sources of information (e.g. history of engagement with the agency, previous audit reports, etc.) and results from the macro assessment (or the absence of information regarding the PFM environment and capacity of the SAI if no macro assessment exist).

C. ASSURANCE ACTIVITIES

The purpose of assurance activities is to determine whether the funds transferred to IPs were used for their intended purpose and in accordance with the work plan. Without appropriate completion of the assurance activities, the HACT framework would only serve as a mechanism for risk assessment/ identification, rather than a mechanism for risk management and mitigation. This would expose the United Nations to significant risk and audit findings.

The components of financial assurance activities are briefly described as:

- a. Spot checks: a review of financial records related to the management of the partnership with UNICEF. Spot checks are performed in the office of implementing partners. Spot checks are not audits therefore the extent of expense testing is generally lower than what would be undertaken during an audit.
- b. HACT audit: a systematic and independent examination of data, statements, records, operations and performance of an implementing partner carried out by an external service provider.
- c. Special audit: an audit performed when significant issues and concerns are identified during the programme cycle, often the result of findings of programmatic visits and spot checks.

D. CAPACITY DEVELOPMENT

Capacity development is a central part of the HACT vision and is a core component of managing risk, rather than just assessing it. Identification of capacity gaps in IPs and plans to address them must be an element of HACT implementation. In this context it is acknowledged that financial management capacity is a cross-cutting, underlying capacity necessary for any IP to effectively contribute to achievement of the programme result.

Capacity development work in this context will take place at the IP level, and will be provided through activities targeted to improve specific gaps in financial management capacity. Capacity development is key to achieving the HACT objective of promoting national ownership.

E. IMPLEMENTING PARTNER:

The IP is the entity responsible and accountable for ensuring proper use of UNICEF-provided resources and implementation and management of the intended programme as defined in the work plan. Possible IPs include:

- Government institutions;
- Inter-governmental organizations; and
- Eligible civil society organizations, including non-governmental organizations.
- Eligible civil society organizations are those that are legally registered (if required) in the country where they operate.

2. Objectives, Purpose & Expected results

UNICEF Regional Office for East Asia and the Pacific would like to establish one or more regional Long-Term Agreements for the above-described services. Contracts for specific services would then be enacted by UNICEF country offices across the region at the LTA-specified unit costs and other conditions. This means that the service provider would (ideally) have offices in those countries. The offices in those countries would be the direct service providers. It is not envisaged that the signatory of the LTA, wherever based, would send staff out to those countries to provide the services. This latter arrangement is not considered feasible (lack of local knowledge and infrastructure) nor cost effective. However, it is possible that where some countries in the region do not have a local office of the service provider, staff may be flown in from neighboring countries to undertake the contracted services.

3. Description of the assignment

This LTA seeks to identify one or more service providers to provide professional services to UNICEF country offices across the East Asia Pacific region as described in Table 1.

Table 1: Scope of professional services

	Service	Terms of reference, including output	Comments
1	Macro assessment	Annex E.1: Terms of Reference for Macro Assessment	Required once every programme cycle (5 years).
2	Micro assessment	Annex E.2: Terms of Reference for Micro Assessment	Required for all partners receiving more than \$100,000/year (must be updated at least every 5 years).
3	Spot checks	Annex E.3 Terms of Reference for Spot Checks	Required for all partners receiving more than \$50,000/year with increased frequency for higher value of cash transfers and higher risk partners.
4	HACT audit	Annex E.4 Terms of Reference for Financial Audit	The scheduled HACT audit is the common approach taken by UNICEF for audit of partners.

5	Special audits	The specific terms of reference and outputs will be developed in accordance with the issue that triggered the special audit.	Triggered as a result of specific issues and concerns arising during the programme cycle. Examples include operational audits, financial audit and investigative procedures.
6	Financial management capacity development	The specific terms of reference and outputs will be developed according to the specific capacity development activity.	Financial management capacity development will be advisory services to assist partners in the remediation of issues identified by micro assessments and assurance activities.

As at the date of this RFP, it is difficult for UNICEF to provide figures as to the volume of services required for year 2022 and beyond. This is due to the fact that the request for services will be driven by the number and volume of partners of each UNICEF office and this varies (UNICEF East Asia Pacific region has 13 country offices, 1 multi-country office, and 1 regional office). In addition, while offices will be encouraged to use the regional service provider/providers, it will not be mandatory if the case arises that country office can procure locally with better value.

Table 2 provides 2020 data on the number of partners and value of cash transfer (USD) to partners by country, and the number of spot checks, audits and micro assessments completed.

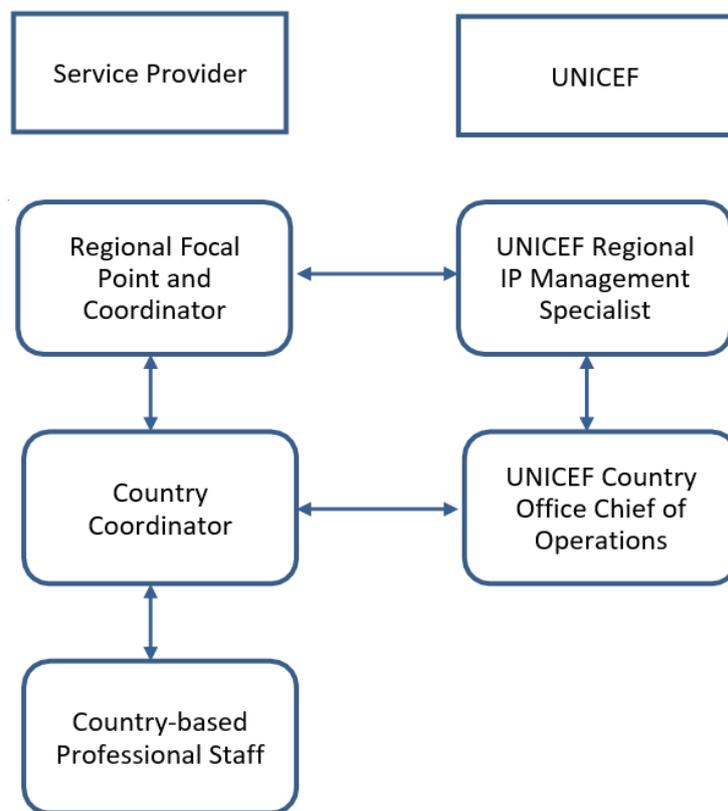
Country	Government		Civil Society		Total		Total number of		
	Number partners	Cash Transfers Amount	Number partners	Cash Transfers Amount	Number partners	Cash Transfers Amount	Spot Checks	Audits	Micro-assessments
Cambodia	85	12,218,259	9	2,634,730	94	14,762,989	49	3	0
China	22	12,295,858	6	263,885	28	12,559,743	15	1	0
DP Republic of Korea	4	204,693	0	0	4	204,693	0	0	0
EAPRO, Thailand	1	13,045	7	346,388	8	359,433	1	0	0
Fiji (Pacific Islands)	46	6,552,439	26	1,696,112	72	8,248,551	15	0	0
Indonesia	14	1,605,608	75	10,826,661	89	12,432,269	35	6	0
Lao People's Dem Rep.	66	4,728,225	2	115,978	68	4,844,203	16	0	0
Malaysia	8	176,530	17	987,688	25	1,164,218	5	0	0
Mongolia	40	3,472,473	14	722,829	54	4,195,302	21	0	6
Myanmar	20	8,430,974	43	14,210,729	63	22,641,703	32	2	8
Papua New Guinea	15	2,191,600	17	9,434,511	32	11,626,111	15	0	10
Philippines	16	1,097,198	46	9,614,779	62	10711,977	28	4	6
Thailand	20	1,380,067	40	2,272,483	60	3,652,550	18	0	0
Timor-Leste	11	1,004,274	12	1,137,379	23	2,141,653	11	0	2
Vietnam	18	7,426,942	8	407,739	26	7,834,681	15	0	0
Grand Total	386	62,798,185	322	54,671,891	708	117,380,076	276	16	32

OPERATIONAL STRUCTURE AND ROLES

The operational structure envisioned for this arrangement consists of a Regional Focal Point and Coordinator appointed by the regional firm. The Regional Focal Point and Coordinator will be a senior partner appointed by the firm who will be responsible to ensure that there are regional mechanisms in place for overall project quality assurance and service delivery to UNICEF. All issues with quality or timely service delivery are to be addressed by the Regional Focal Point and Coordinator. UNICEF EAP Regional Office HACT Specialist will interact with the Regional Focal Point and Coordinator.

Under the supervision of the Regional Focal Point and Coordinator, the delivery of professional services in each country will be the responsibility of the Country Coordinator. The Country Coordinator will coordinate with the UNICEF Country office requesting a service and be responsible for carrying out planning, execution and reporting. The contact person in each UNICEF Country Office will be the Chief of Operations/Operations Manager.

An indicative organizational structure:



4. Deliverables

Please refer to detailed deliverables, timeframes, checklist and report format and template of each service area – see **Annex E.1, E.2, E.3 and E.4**

5. Reporting requirements

The exact report specifications are provided in sub-Annexes to each **Annex E.1, E.2, E.3 and E.4**. These report templates are to be used by the service provider in all countries where work is undertaken through this LTA.

Final reports are to be issued by the service provider directly to UNICEF Country Office. UNICEF will share the final report(s) with the implementing partner and other UN agencies. The service provider will not share any deliverable to any other party, including donors providing funding for the specific project or programme.

Any indication included in any deliverable restricting its distribution and/or use will be null and void.

Reports are to be provided in Word or Excel format, as appropriate (or as may be further specified in the specific terms of reference). Where the service provider's internal policies require the final signed version to be provided only in PDF, UNICEF will accept the PDF version accompanied by a Word/Excel version with same content but without signature and/or branding (as per service provider's internal policies).

6. Location and Duration

Contract Duration: UNICEF wishes to establish one or more non-exclusive LTAS (Long-Term Agreement for Services) for an initial duration of two years, **starting from 1 January 2022**, with the option of two one-year-extensions based on satisfactory performance and agreement between the contracting parties (i.e. total maximum duration of 24 + 12+ 12 = 48 months). The resulting LTAS are time-bound and do not represent a monetary value or guaranteed offtake.

Location: The LTAS will be raised by the UNICEF Regional Office for East Asia and Pacific. Contracts issued under the LTAS may be issued by UNICEF Country Offices located throughout the region; and may also be issued by the Regional Office.

The work will take place in the country which issued the contract, and may be located either in the capital city, or at provincial, district or other sub-national level. Should there be movement restrictions imposed by the Government, then the assurance activities may be conducted remotely after consultation with the relevant Country Office.

7. Qualification requirements or Specialized skills/Experience Required:

- Professional experience and qualification of each team member are expected to meet or exceed specific requirements listed in the **TOR per service area– see Annex E.1, E.2, E.3 and E.4**
- The service provider must be experienced in performing assessments similar to a micro assessment and assessing risks related to organizational financial management capacity (i.e. accounting, reporting, procurement and internal controls). The service provider must also have knowledge of the United Nations system and the development sector.
- Any staff of the service provider providing services to UNICEF is required to review UNDG HACT Framework, UNICEF HACT related policies and procedures (provided upon contact award) and other pertinent background material in order to provide quality services to UNICEF.
- For Spot Check assignment, the service provider staff must be experienced in applying ISRS standards. The service provider should employ staff with recognized professional qualifications and suitable experience with ISRS standards, including experience in reviewing similar entities. Please see details on **Annex E.3 - Spot Check**
- For HACT Audit assignment, relevant ethical requirements ordinarily comprise of Parts A and B of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) related to an audit of financial statements together with national requirements that may be more restrictive – see details on **Annex E.4 – HACT Audit**
- UNICEF reserves the right to request CVs for each service provider staff member that will be carrying out any work under this LTA.
- UNICEF reserves the right to request the service provider to provide replacement staff where UNICEF feels CVs do not meet minimum requirements as per the specific terms of references.

8. Evaluation process and methods

The evaluation panel will first review each response for compliance with the mandatory requirements of this RFPS. Failure to comply with any of the terms and conditions contained in this RFPS, including provision of all required information, may result in a response or proposal being disqualified from further consideration. Kindly also refer to the detailed instructions in the main LRPS document.

Each valid proposal will be assessed by an evaluation panel first on its technical merits and subsequently on its price. For this RFPS, the weight allocated to the technical proposal is 70 % (i.e. 70 out of 100 points). To be further considered for the financial evaluation a minimum score of 49 points is required. Only proposals with a score of 49 or more points in the technical evaluation will be financially evaluated (i.e. the financial proposal will be opened). For further details and the distribution of points kindly refer to **table 1** below.

The weight allocated to the financial proposal is 30 % as per the following: the maximum number of 30 points will be allotted to the lowest technically compliant proposal. All other price proposals will receive points in inverse proportion to the lowest price. Commercial proposals should be submitted on an all-inclusive basis for providing the contracted deliverables as described in the TOR.

The proposal(s) obtaining the overall highest score after adding the scores for the technical and financial proposals is the proposal that offers best value for money and will be recommended for award of the contract.

Table 1: Evaluation Criteria and distribution of points

Brief Description of Firm		7 points
1	Provide brief description of the organization, including the year and country of incorporation, type of activities undertaken, and approximate annual billings	
2	Provide details of partner collaborations, affiliations or licensing arrangements in countries, where the bidder does not have own presence including the duration of the partnerships and number of joint accounts as partners etc.	
3	Reference any history of litigation and arbitration in which the firm has been involved (careful with points award)	
General Organizational Capability		7 points
4	Describe corporate capability for management of the project in accordance with the Terms of Reference, including an outline of global network (presence or partner's presence countries of UNICEF operations)	
5	Provide listing of present and ongoing contracts that have a direct relationship to this requirement	
6	Demonstrate ability to conduct audits using multilingual staff where and when required (as related to UNICEF's areas of operations)	
7	Demonstrate knowledge of governance and oversight structures of the public sector and/or multi-lateral or multi-national clients	
8	Demonstrate knowledge of UNICEF's operations and operating model as it relates to cash transfers to partner	

Specialized Knowledge and Experience		14 points
9	<p>Provide evidence of successful completion of at least three similar contracts within the last five years, by submitting for each contract:</p> <ol style="list-style-type: none"> 1. client organization, 2. name of the country (s), 3. dollar value of the contract, 4. number of Bidder resources involved in the project, 5. the total level of effort; in days, 6. start date and end date of the project, 7. short description of the project, 8. reference name, title, description of role/knowledge related to the project, phone, email <p>References may be contacted for verification. (Maximum of one (1) page per contract)</p>	
10	Description of recent experience on projects delivering services similar to each of the specific requirements (see Annex E.1: Annex 1), highlighting experience with other UN organizations and similar public sector international organizations	
11	Demonstration of a minimum of 15 years work experience in all the six regions of UNICEF operations (see Annex E.2: Annex 2) either by the firm or through arrangements with affiliates	
Quality Assurance and Risk Management		14 points
12	Description of quality assurance and project risk management mechanisms in place to ensure that all professional services undertaken are consistent with the Terms of Reference. Specifically include a description of the role of the Global Coordinator and activities that he/she will undertake to ensure quality service is provided to UNICEF.	
13	Description of mechanisms in place to identify and report to UNICEF any conflicts of interest prior to undertaking any specific tasks if contract awarded	
14	Description of information security policies and practices	
15	Description of the quality assurance and coordination mechanisms to provide professional services in areas where the bidder does not have presence and relies on affiliates	
Approach and Methodology		14 points
16	Description of the Bidder's perspective on possible challenges related to UNICEF's operating environment and nature of partnerships in providing services as per Annex 1 in Annex E.1, E.2 and E.4 and Annex A in Annex E.3, in accordance with each Annex E.1 – E.4 and how the Bidder would overcome such challenges	
17	Description of the Bidder's approach and methodology to undertake investigative procedures	
18	Description of the Bidder's perspective on possible challenges in providing financial management capacity development service to different types of partners and how the Bidder would overcome such challenges	

Project Team Structure and Expertise		14 points
19	Describe the composition of the team proposed to provide the services, including an organizational chart illustrating the office location (city and country), reporting lines, together with a description of overall firm structure to support the team	
20	Provide the curriculum vitae of the proposed key team member (Global Coordinator, at least five Country Coordinator for each region and any relevant Subject Matter Experts) that will be involved either full time or part time (Curriculum vitae format provided below)	
Total Technical proposal - minimum pass mark 49 out of 70		70 points
FINANCIAL PROPOSAL		30 points
Full marks are allocated to the lowest priced proposal. The financial scores of the other proposals will be in inverse proportion to the lowest price.		
TOTAL POINTS		100 points

9. Administrative issues and response to this tender

- Bidders are requested to provide a detailed technical proposal in **Annex C** – Technical response form. The technical proposal must include all information needed to fully evaluate the proposal against the requirements and evaluation criteria outlined in section 7 and 8 of this TOR.
- Bidders are requested to provide an all-inclusive cost in the financial proposal and more detailed instructions are provided on each section of the Format for Financial Proposal in this regard - **Annex D**.
- The bidder is required to include the estimate cost of travel in the financial proposal noting that i) travel cost shall be calculated based on the most direct route and economy class travel, regardless of the length of travel and ii) costs for accommodation, meal and incidentals shall not exceed applicable daily subsistence allowance (DSA) rates, depending on the location, as promulgated by the International Civil Service Commission (<https://icsc.un.org/>).
- Unexpected travels shall be treated as above.
- UNICEF will not provide resources and facilities to the contractor such as access to printer, office space etc.

10. Payment Schedule

Payment for each activity will be made in full upon completion of the work and presentation and acceptance of a final report and invoice

No.	Payment	Schedule	Remarks
1.	100%	Within 30 days upon receipt of approved invoice	Performance evaluation of the contractor will be done by the contract supervisor, as part of a mandatory document for the payment process

11. Other Pertinent Matters:

In the delivery of any services under this LTA, cases which indicate fraud or presumptive fraud will be brought to the immediate attention of the designated person in each UNICEF office without waiting for the issuance of the audit report.

The service provider is to maintain working papers supporting audit work at its premises for five years. UNICEF shall on request have access to the working paper documentation. At the request of UNICEF, the service provider is to brief subsequent service providers on the details of the results of any work carried out under this LTA.

Professional experience and qualification of each service provider staff member are expected to meet or exceed specific requirements listed in each individual terms of reference contained in the LTA. UNICEF reserves the right to request CVs for each service provider staff member that will be carrying out any work under this LTA. UNICEF reserves the right to request the service provider to provide replacement staff where UNICEF feels CVs do not meet minimum requirements as per the specific terms of references.

Any staff of the service provider providing services to UNICEF is required to review UNDG HACT Framework, UNICEF HACT related policies and procedures (provided upon contact award) and other pertinent background material in order to provide quality services to UNICEF.
