

**Terms of Reference
For Institutional Consultancy**

<i>Title:</i>	<i>Provision of HACT related services for the implementing partners of UN Agencies in Tajikistan</i>
<i>Consultancy Mode:</i>	<i>National</i> <input checked="" type="checkbox"/> <i>International</i> <input type="checkbox"/>
<i>Type of Contract:</i>	<i>Institutional</i>
<i>Mode of Selection:</i>	<i>Competitive</i> <input checked="" type="checkbox"/> <i>Single Source</i> <input type="checkbox"/>
<i>Location</i>	<i>In and outside Tajikistan</i>
<i>Duration of Contract:</i>	<i>3 years with possible extension for additional 2 years</i>

1. Background

The [Harmonized Approach to Cash Transfers \(HACT\) framework](#) represents a common operational (harmonized) framework for transferring cash to government and non-governmental implementing partners (IPs)¹, irrespective of whether these partners work with one or multiple United Nations 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 UN agencies implementing a common operational framework using the same, consistent, standardized approach and tools.

The HACT framework was first adopted in 2005 and updated in 2014. It is applied by UNICEF, UNFPA, and UNDP (hereinafter referred to as “UN Agencies”), 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 consists of four processes: (1) *macro assessments*, (2) *micro assessments*, (3) *cash transfers and disbursements* and (4) *assurance activities* that include planning, periodic *on-site reviews (spot checks)*, *programmatic monitoring*, *scheduled audits* and *special audits*.

The UN in Tajikistan is implementing a **programme cycle for the period of 2023-2026** through implementation of the United Nations Sustainable Development Cooperation Framework (UNSDCF). The UNSDCF is recognized as the most important instrument for planning and implementation of UN development activities at country level in support of country priorities, including the 2030 Agenda for Sustainable Development and nationalized SDGs and targets.

¹ Throughout this document, the term “Implementing Partner” should be understood as follows: it is the entity responsible and accountable for ensuring proper use of UN agency-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, international NGOs etc.

The HACT policy requires macro assessment to be conducted once per programme cycle and micro assessments to be conducted regularly on the basis of the micro assessment and assurance activities plans. Specific timings for each services are defined by internal rules and regulations of the involved UN agencies.

The UN Agencies require the services of a qualified third-party service provider(s) (SP) to provide range of assessments, assurance activities and capacity development assistance related to the Implementing Partners (IPs) under the HACT Framework.

2. Purpose and specific objectives

The following services are required:

I. Macro assessment (Lot 1)

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.

The macro assessment is undertaken once per programme cycle and can be updated during interim periods of the programme cycle if circumstances change significantly, or changes are identified in the country's PFM environment.

II. Micro assessment (Lot 2)

In order to assess the IP's financial management capacity (i.e. accounting, procurement, reporting, internal controls, etc.) and determine the overall risk rating of a partner, a HACT micro assessment is conducted. The risk rating, along with other available information, is taken into consideration when selecting the appropriate cash transfer modality for a partner. The micro assessment results in an overall risk rating (high, significant, moderate/medium and low) and is used by UN agencies in determining the appropriate cash transfer modality for the IP: direct cash transfers (advances), direct payments (when UN agency pays to a vendor of an IP) and reimbursements. 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.).

The results of the micro assessment are valid for a period not to exceed the duration of the programme cycle and may extend across programme cycles. If significant changes to an IP's organizational management structure or processes and procedures with respect to the programme are observed, a new micro assessment may be deemed necessary by the agency during the programme cycle.

The assessment primarily consists of interviews with IP personnel and a review of relevant documentation sufficient to complete the micro assessment questionnaire.

III. Financial Assurance activities (Lot 3)

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 assurance activities include: *a) periodic on-site reviews (spot checks)*, *b) programmatic monitoring* and *c) scheduled and special audits (financial or internal control)*. While programmatic monitoring is performed by UN agency programme staff, spot checks and audits should be conducted by qualified third party service provider to ensure it is independent and reflects the required technical expertise.

Spot checks. Spot checks are periodic on-site reviews performed to assess the accuracy of financial records for cash transfers to IPs, status of the programme/project and whether there have been any significant changes to applicable internal controls. The spot check is not an audit. The attestation engagement should be conducted in accordance with ISRS 4400, *Agreed upon Procedures Regarding Financial Information*. Spot checks are performed during the programme cycle based on the agency assurance plan, IP risk rating and agency guidelines. The frequency of spot checks is based on the risk rating of the IP, determined through the micro assessment, other available factors (e.g. magnitude of cash transfers planned) and agency guidelines.

Scheduled audit. A scheduled audit is used to determine whether the funds transferred to IPs were used for the appropriate purpose and in accordance with the work plan. A scheduled audit can consist of a financial audit or an internal control audit. The type of scheduled audit to be performed (financial vs. internal control) and the frequency are based on the agency assurance plan, the IP's risk rating and agency guidelines. The scope of the audit reflects the funds transferred by the agency and the IP's use and oversight of those funds, not the IP as a whole.

The SP performs the following procedures specific to the type of audit to be performed:

Financial audit

The SP performs procedures sufficient to issue an audit report in accordance with international standards (to be determined by the agencies and added to the framework in due course).

Internal control

- The SP assesses the design and operating effectiveness of the IP's internal controls of the financial management system against those necessary for execution of the work plan. The service provider also performs substantive procedures regarding a sample of expenditures incurred during the period under audit.
- The procedures to be performed by the SP should be agreed in writing before the start of the engagement through a TOR. The results of the scheduled audit are provided in a report in accordance with ISRS 4400, *Agreed-upon Procedures Regarding Financial Information*.

Special audit

Special audits are consistent in scope with scheduled audits (described above) but are triggered as a result of specific issues and concerns arising during the programme cycle. The special audit may focus on financial or internal controls, depending on the nature of the potential or identified issues. A SP is engaged in case if an agency becomes aware of issues that warrant a special audit.

IV. Capacity Development (Lot 4)

Capacity development is a central part of the HACT vision and is a core component of managing risk, rather than just assessing it. Even if United Nations agencies are not the direct providers of capacity development activities, the HACT framework supports and complements this longer-term aspiration. Hence, the UN agencies take serious steps to embed actions to address capacity gaps within their approach to implementing the HACT framework.

The services required will derive from the results of micro assessments and assurance activities. The services may include, but should not be limited to:

- Trainings related to application of HACT framework by the UN agencies, including on incentives for IPs to pursue capacity development efforts and benefits for IP's reputation for transparent, efficient and effective management of funds.
- Trainings on Funding Authorization and Certification of Expenditures (FACE) form – a harmonized tool used by all IPs to request cash transfers and report on their use, along with an itemized cost estimate.
- Trainings on applicable UN financial rules, regulations and procedures as well as on relevant local legislation (tax, payroll, supporting documentation).
- Support to development of financial policies, fraud policy, risk-mitigation framework, business processes, procurement guidelines and manuals and other relevant documentation as identified during micro assessments and spot checks.
- Specific trainings, as required, including provision of Accounting Software like 1C, its installation and relevant trainings.

The specific terms of reference (ToR) required for the capacity development services will be provided by the UN agencies separately. Separate estimation for the service(s) required shall be provided by the SP accordingly.

It is not guaranteed that the results of micro assessments and assurance activities will lead to the engagement of SP for provision of capacity development services. The SP will be engaged as and when the need arises.

3. Scope of the assignment

With the understanding that the services described will be required by the involved agencies on a regular basis, the purpose of this assignment is to establish a long-term cooperation² with one or more SP(s) that have sufficient experience, skills and qualifications in the related areas.

As mentioned in the Background section, the scope of the assignment includes the following services:

Table 1. Applicability of professional services

	Type of assessment	Annex	Applicability	Frequency
1	Macro assessment	Annex 1. Terms of reference for HACT macro assessment	Applicable for the entire UNSDCF duration	Once per programme cycle
2	Micro assessment	Annex 2. Terms of reference for HACT micro assessment	Required for all partners receiving more than a certain threshold/year (as defined by UN agency)	Once per programme cycle
3	Financial spot checks	Annex 3. Terms of reference for HACT financial spot checks	Required for all partners receiving and reporting on more than \$50,000/year	Frequency depends on the risk rating arising from the micro assessment (the higher is the risk, the more frequent spot checks would be required)
4	Audits (financial audit and internal control audit)	Annex 4. Terms of reference for HACT annual audit	The scheduled HACT audit is the common approach taken by UN	Frequency of scheduled audits is defined by the agencies' assurance plans,

² 1 year with the possible extension of up to 2 years subject to a successful performance

			<p>agencies for audit of partners.</p> <p>These are performed as per the agency's assurance plan, on the basis of the IP's risk rating and agency guidelines.</p> <p>Special audits are applicable in cases when spot check results in identifying potential issues, risks or concerns that may warrant a special audit or other change to planned assurance activities</p>	<p>but usually is conducted on an annual basis.</p> <p>Frequency of special audits cannot be defined as it is performed only in case of issues that warrant a special audit</p>
5	Capacity development activities, when separately requested by the UN Agency (s)	Terms of reference will be developed separately for each capacity development activity	As defined by the UN Agency (s)	As defined by the UN Agency (s)

At this planning stage, it is not feasible for the agencies involved to better define the scope in terms of volume of services required, as the request for services will be driven by the number and volume of partners and will depend on the risk ratings assigned to the assessed partners and any potential issues identified as a result of the micro assessments, spot checks and audits.

However, the analysis of the similar assignments from the last three years has been performed and the following projection has been made:

Type of assessment	Applicability	Estimated number of assessments required per year
Macro assessment (Lot 1)	Applicable for the entire UNSDCF duration	One (1) per programme cycle
Micro assessment (Lot 2)	partners receiving more than a certain threshold/year (as defined by UN agency)	Up to five (7) per year
Financial spot checks (Lot 2)	partners receiving more than \$50,000/year	Up to seven (10) per year
Scheduled and special audits (Lot 3)	<p>Governed by each agency guidelines.</p> <p>Defined by the risk-based approach to NGO/NIM/HACT financial audits that implies that the lower is the related risk rank for an agency, the higher the monetary thresholds of the projects to be audited in a given year</p>	<p>Up to five (5) scheduled audits per year</p> <p>Up to two (2) special audits per programme cycle</p>
Capacity Development Activities (Lot 4)	As defined by the UN Agency (s)	1-2 per year (if required)

It is important to note, that while all the involved UN agencies will be encouraged to use the service provider(s) contracted as a result of this request for proposal, they should not be obliged to do so if they can procure the same services with the better value for money.

4. Methodology

The UN Agency will contact SP whenever the HACT related service is required throughout the period of the contract. The SP shall ensure that it is ready to deploy all the required resources to undertake the assignment as necessary.

The SP will closely engage with the UN Agency before initiating their fieldwork to understand the details of each service required. The UN Agency (s) will provide the SP with all the documentation required to complete the assignment. The SP, in turn, will conduct quantitative and qualitative analyses of the provided documentation before undertaking the assignment.

The SP will conduct services in accordance with the ToR enclosed herein and following the timelines discussed and agreed upon between the UN Agency (s) and the SP before an assignment is undertaken³.

General rules regarding disclosure of information to the public are defined in each UN Agency's Information Disclosure Policy. All HACT-related documents kept and maintained by the UN Agency are property of that UN Agency and in principle are not to be distributed to third parties beyond the relevant implementing partners without prior approval by the UN Head of Office and notification to the HQ HACT focal point.

5. Deliverables and payment schedule

Deliverables are specific for each service and are detailed in the relevant TORs. Typical deliverables are as follow:

1	Desk Review of documents
2	On-site assessments (fieldwork)
3	Draft Report, Management Letter and presentation to IP and UN Agencies. Reports to be developed in English and translated into Russian or Tajik languages for IPs (when required).
4	Final signed report

UNICEF reserves the right to withhold all or a portion of payment if performance is unsatisfactory, if work/output is incomplete, not delivered, or for failure to meet deadlines.

6. Management and supervision

Governance arrangements shall be defined by each UN Agency, however it is generally understood that the assignments will be performed under the overall coordination and supervision by the UN Agency HACT Focal Point who will assess performance of the SP and certify payments based on deliverables.

The SP will be responsible for all logistical, administrative and maintenance support necessary for its personnel to operate for the whole duration of the contract for each service required.

It is required that the services are made available through the LTA(s) on a demand-driven basis according to the following call-off mechanism:

- If more than one firm is selected, these will be ranked on the basis of technical and financial offer.
- During the validity of the LTAs, starting from the top ranked, the LTA holders will be invited to indicate their availability for an assignment when approached by the UN Agency and submit quotation for each assignment based on the detailed requirements described in a ToR. The ToR will specify the tasks to be carried out, timeline of the assignment, the deliverables etc.
- The LTA holder will submit a price offer including professional fee at the agreed LTA rates and other

³ This is not applicable to the macro assessment that will be conducted in a coordinated manner by UN agencies

- reimbursable expenses as applicable, number of days, as well as CVs of the proposed consultants.
- LTA holder will complete work, submit agreed deliverables including any required reporting.
 - The UN agency will validate the deliverables, and upon their acceptance, make payment to the LTA holder.

7. Reporting requirements

The reporting requirements are specific for each service and are detailed in the relevant TORs along with the required timeframes for deliverables and associated liquidated damages which may be applied in the event of late delivery.

8. Qualification requirements/specialised knowledge/experience required to complete the task

The service provider(s) will be selected based on the following general evaluation criteria:

- Due license/accreditation for audit and financial consulting works in Tajikistan.
- Minimum 5 years of experience in applying international standards for audit, using either ISA or INTOSAI (or specify any other applicable international) audit standards.
- Minimum 5 years of experience in performing similar type of assignments.
- Experience in providing services of similar nature to the UN, International NGOs and multilateral development banks, major multilateral or bilateral programmes is an advantage.
- In-depth knowledge of Tajikistan relevant legislation, especially the Tax Code, the Labor Code and the Civil Code.
- Management structure and key personnel comprising of staff with recognized professional qualifications, extensive experience in providing services of similar nature and fully committed to meet the requirements and expectations of the UN Agencies.
- Proficiency of the technical team in English, Tajik and Russian languages.

9. Key performance indicators

The SP performance will be assessed against following key performance indicators:

- KPI 1: Responsiveness: The LTA holder should respond and confirm their availability for the requirement within 2-3 working days of notification by email.
- KPI 2: Timeliness of submission of reports to the UN Agency (s)
- KPI 3: Quality of reports are as per work order submitted and standard requirement indicated in the Terms of Reference.
- KPI 4: Communication and Reporting: The LTA holder shall communicate and provide reports in a timely and professional manner.

If the LTA holder fails to meet performance requirements detailed above, the LTA holder will receive in the first instance a warning to improve their performance. Continued failure to meet performance requirements may result in removal from the list of LTA holders.

Request for submission

- A technical proposal with proposed methodology/approach to managing the project, showing understanding of tasks and work plan (no price information should be contained in the technical proposal).
- A copy of the organization profile.
- The proposed technical team curriculum vitae (CV).
- A sample of previous work undertaken in the last two years
- Financial proposal for each LOT separately (separate envelope).

10. Evaluation process and methods

The evaluation methodology is based on a highest combined score (based on the 70% technical offer and 30% price weight distribution).

Each interested institution is requested to submit in a one page brief a proposed approach for such assignment along with a copy of the organization profile, the proposed technical team curriculum vitae, expected budget as well as a sample of previous work undertaken in the last two years.

After the opening, each proposal will be assessed first on its technical merits and subsequently on its financial value price. The proposal with the best overall value, composed of technical merit and price, will be recommended for approval. UNICEF will set up an evaluation panel composed of technical and procurement staff and their conclusions will be forwarded to the internal UNICEF Contracts Review Committee or other relevant approving authority. The evaluation panel will first evaluate each response for compliance with the requirements of this Terms of Reference. Responses deemed not to meet all of the mandatory requirements will be considered non-compliant and rejected at this stage without further consideration. Failure to comply with any of the terms and conditions contained in these Terms of Reference, including provision of all required information, may result in a response or proposal being disqualified from further consideration.

The overall weighting between technical and price evaluation will be based on the predefined criteria. The technical component will account for 70% of the total points allocated and the financial component (commercial evaluation) will account for 30% of the total points allocated.

Technical evaluation:

The proposals will be evaluated against the following technical criteria:

Item	Technical Criteria/Qualifications	Max. Points
1	Overall Response	5
1.1	Completeness of the proposal and responsiveness to the TOR (5 pts)	
2	Capability and Key Personnel	40
2.1	At least 5 years of relevant in performing assessments similar to macro and/or micro assessment and assessing risks related to organizational financial management capacity (i.e. accounting, reporting, procurement and internal controls) (10pts)	
2.2	At least 5 years of experience in conducting audits in accordance with ISA or INTOSAI standards. The company should be familiar with applying ISRS standards (International Standards on Related Services 4400), i.e. engagements to perform agreed-upon procedures regarding financial information (15 pts)	
2.3	Experience in providing services of similar nature to the UN, International NGOs and multilateral development banks, major multilateral or bilateral programmes (10)	
2.4	Proven knowledge and expertise in Tajik legislation in the field of accounting, labor, audit, procurement and tax. Experience in conducting capacity development activities (e.g. trainings, learning sessions etc.) on financial management, HR, procurement, accounting, tax and other similar topics for the Government partners and NGOs (5 pts)	
3	Proposed Methodology and Approach	25
3.1	Quality and details of the implementation plan, approach, methodology and estimated timeline for performing each of the required services (25 pts)	
	Total Technical Score	70

Only Proposers obtaining a minimum of 49 points in Technical Criteria evaluation will be considered for the Financial Evaluation.

Commercial evaluation:

The price/cost of each of the technically compliant proposals shall be considered only after evaluation of the above technical criteria. A maximum 30 point assigned to the financial proposal will be allocated to the lowest financial proposal. All other price proposals will receive scores in inverse proportion.

The bidders should ensure that all pricing information is provided in accordance with the following:

- a) The currency of the proposal shall be in USD⁴
- b) All prices/rates quoted must be exclusive of all taxes as UNICEF is a tax-exempt organization.

REQUEST FOR INFORMATION

Any request for information or question should be forwarded to dushanbe@unicef.org

⁴ For the national companies payments will be made in local currency.