

TERMS OF REFERENCE (TOR) FOR MICRO ASSESSMENT

A. General Information

Title: Micro-Assessment (Assessment of the Financial Management Capacities)

Project: Local platforms for local development and 2030 agenda

Direct Supervisor: Cristino Pedraza Lopez

Duty Station: Praia

Estimated Start Date: May 2019

Duration: 30 days

B. Background

Pursuant to the UN General Assembly Resolution 56/201 on the Triennial Policy Review of operational activities for development of the United Nations System, UNDF, UNICEF, UNFPA and WFP (the United Nations Development Group (UNDG) Executive Committee Agencies(Ex-Com Agencies)) adopted a common operational framework for transferring cash to government and non-government Implementing Partners. In April 2005, the UNDG formally released a Harmonized Framework for Cash Transfers to Implementing Partners (HACT, hereinafter called as “the Framework”). Its implementation will significantly reduce transaction costs and lessen the burden that the multiplicity of UN procedures and rules creates for its partners. Implementing Partners will use common forms and procedures for requesting cash and reporting on its utilization. Agencies will adopt a risk management approach and will select specific procedures for transferring cash on the basis of the joint assessment of the financial management capacity of Implementing Partners. They will also agree on and coordinate activities to maintain assurance over the utilization of the provided cash. Such jointly conducted assessments and assurances activities will further contribute to the reduction of costs.

The adoption of the new harmonized approach is a further step in implementing Rome Declaration on Harmonization and Paris Declaration on Aid Effectiveness, which call for a closer alignment of development aid and with national priorities and needs. The approach allows efforts to focus more on strengthening national capacities for management and accountability, with a view to gradual shift to utilizing national systems. It will also help Agencies shape their capacity development interventions and provide support to new aid modalities.

This framework applies to the UNDG’s Executive Committee Agencies (ExCom Agencies being UNDP, UNICEF, UNFPA and WFP) and other UN Agencies that choose to adopt it. It calls for an upfront assessment of the programme country’s public financial

management system (macro assessment) and similar assessments of Implementing Partners' (IPs) financial management capacity (micro assessment).

The HACT Framework has been revised in February 2014.

This TOR has been developed to guide United Nations agencies (UN agencies), third party service providers and implementing partners (IPs) through the objectives, scope, logistics and deliverables of performing micro assessments.

C. Objective and scope of the micro assessment

The micro assessment is performed by a third-party service provider and includes a site visit to the IP. The assessment primarily consists of interviews with IP personnel and a review of relevant documentation sufficient to complete the micro assessment questionnaire (Annex 2). The questionnaire provides an overall risk rating based on responses provided:

- **Low risk** – Indicates a well-developed financial management system and functioning control framework with a low likelihood of negative impact on the IP's ability to execute the programme in accordance with the work plan.
- **Moderate¹ Risk** – Indicates a developed financial management system and control framework with moderate likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.
- **Significant Risk** – Indicates an underdeveloped financial management system or control framework with a significant likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.
- **High Risk** – Indicates an underdeveloped financial management system and control framework with a high likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.

The overall risk rating is used by the UN agencies, along with other available information (e.g. history of engagement with the agency and previous assurance results), to determine the type and frequency of assurance activities as per each agency's guidelines and can be taken into consideration when selecting the appropriate cash transfer modality for an IP, based on each agency's business model (further detailed in section 8).

Logistics

The assessment should be completed (including the site visit and report issuance) within four weeks of engaging the third party service provider. The UN agency/ies' HACT focal point and/or inter-agency coordinator will introduce the service provider to the IP and facilitate the site visit.

The UN agency/ies provide the following documentation to the service provider for review before starting fieldwork:

¹ Throughout agencies' policies and systems, "moderate" and "medium" may be used interchangeably to describe the risk rating between low and significant".

- Copy of the latest macro assessments performed for the country;
- UN agency/ies' work plan(s) and programme documents with the IP
- Copies of reports of any micro assessments or other relevant assessment previously performed on the IP e.g. review of the IPs or Country's Public Procurement System to determine its compatibility with the UN's Procurement Rules and Regulations
- Copies of reports of any financial or internal control audits and spot checks previously performed on the IP; and
- IP and Programme information as per Annex 1
- Any other documentation that may help the service provider better understand the context from a United Nations perspective.

D. Procedures and deliverables

The third-party service provider receives general information regarding the IP and the programme from the UN agency/ies' HACT focal point and/or the inter-agency coordinator in preparation for the assessment (see Annex 1 and Items to be provided above). The service provider reviews this documentation in advance of performing a site visit to the IP. The service provider should also provide the IP with an advance request of the documents and interviews they would like to have while on site, to ensure efficient use of time while on-site.

The third party service provider also completes the micro assessment questionnaire (Annex 2, with instructions) based on the procedures performed during the assessment period. The service provider discusses the results of the questionnaire with relevant IP personnel and the UN agency/ies' HACT focal point before finalizing it. Upon finalization, the service provider delivers an executive summary, detailing the overall risk rating and specific identified risks, and the completed questionnaire.

The micro assessment report is to be delivered in the format given in Annex 3.

E. Institutional Arrangements

The Firm team shall work from its base of operations in Cabo Verde. UNDP will provide some support as described in the ToR, it will be the responsibility of the Evaluation Team to logistically and financially arrange their travel to and from relevant interventions sites. Planned travels should be included in the proposal.

F. Durations

The assessment should be completed within four weeks of engaging the service provider.

G. Duty Station

The assignment is home-based in Praia, with expected field work for each Partner's assessment.

H. Qualifications of the third-party service provider

The third-party 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.

CVs of all members of the assessment team should be provided to the commissioning UN agency/ies and should include details on engagements carried out by relevant staff, including ongoing assignments indicating responsibilities assumed by them and their qualifications and experience in undertaking similar assessments.

Minimum Qualifications of the Firm:

Firm is a legally registered entity;

5 Years of relevant experience;

Demonstrate Credibility and Quality assurance procedure;

Knowledge of the UN system and development sector.

Minimum Qualifications of “Task Manager”:

Education: At least Master’s Degree in accounting or financial management or accredited CPA

Experience: Minimum 10 years of experience in the field of audit and institutional capacity assessment.

Experiences in supervising and quality assurance of similar exercises

Fluent oral and written communication skills in Portuguese, and knowledge of English

Competencies: Demonstrated ability to achieve results under time pressure

Minimum Qualifications of “Team member (Assessor)”:

Education: Holding at least CPA/ACCA accreditation

Experience: Minimum 5 years of experience in conducting audit and institutional capacity assessment

Fluent oral and written communication skills in Portuguese, and knowledge of English

Competencies: Demonstrated ability to achieve results under time pressure

I. Scope of Bid Price and Schedule of Payments

a)The contract price is a fixed output-based price.

b)In the computation of contract price please include professional fees, inclusive of travel, living allowances, and taxes. UNDP will not be responsible for travel costs

c)The Firm will receive payment upon satisfactory completion of deliverables specified below:

10% Upon presentation and adoption of the Inception Report

50% Upon presentation and acceptance of Draft Reports

40% Final payment upon satisfactory completion of work and approval of the final reports

J. Criteria for Contract Award

Combined Scoring Method, using the 70%-30% distribution. 70% for the technical offer and 30% for financial proposal, where minimum passing score of technical proposal is 70%.

Full acceptance of the UNDP Contract General Terms and Conditions (GTC).

K. Recommended Presentation of Proposal and Other relevant information

Proposals should be submitted on or before **May 10, 2019, 16:00 CPV time**.

Bidders are required to submit the following documents:

1. Technical proposal as per the Form for Submitting Proposal template, RFP attachment, explaining among other things methodology and approach to the assignment in accordance to the requirements of the ToR. The tentative workplan relating to the scope of the ToRs, team composition and CV of key personnel.
2. Financial Proposal – Lumpsum amount to include all expenses.

Documents:

- Company Profile, which should not exceed ten (10) pages, including printed brochures and product catalogues relevant to the goods/services being procured
- Certificate of Registration of the business
- Tax Registration/Payment Certificate issued by the Internal Revenue Authority evidencing that the Bidder is updated with its tax payment obligations
- Statement of Satisfactory Performance from the Top 3 Clients in terms of Contract Value the past 5 years
- Written self-declaration that the company is not in the UN Security Council 1267/1989 List, UN Procurement Division or Other Ineligibility List

L. Annexes

Annex 1. IP and Programme Information

Annex 2: Micro Assessment Questionnaire

Annex 3: Micro Assessment Report Format

Annex IV. Micro Assessment Questionnaire

Annex V. List of Implementing Partners for micro assessment