



## REQUEST FOR PROPOSAL (RFP) (For Services)

To: All potential vendors	DATE: June 26, 2020
	REFERENCE: RFP/2020/013 - SRBM

Dear Sir / Madam:

We kindly request you to submit your Proposal on **study for improvement of intergovernmental fiscal relations in Mongolia.**

Please be guided by the form attached hereto as Annex 2, in preparing your Proposal.

Proposals may be submitted on or before **11:00am, Tuesday, July 07, 2020** (GMT+08, Ulaanbaatar time) and via email to:

[bids.mn@undp.org](mailto:bids.mn@undp.org)

Your Proposal must be expressed in the English, and valid for a minimum period of 120 days.

In the course of preparing your Proposal, it shall remain your responsibility to ensure that it reaches the address above on or before the deadline. Proposals that are received by UNDP after the deadline indicated above, for whatever reason, shall not be considered for evaluation. If you are submitting your Proposal by email, kindly ensure that they are signed and in the .pdf format, and free from any virus or corrupted files.

Services proposed shall be reviewed and evaluated based on completeness and compliance of the Proposal and responsiveness with the requirements of the RFP and all other annexes providing details of UNDP requirements.

The Proposal that complies with all of the requirements, meets all the evaluation criteria and offers the best value for money shall be selected and awarded the contract. Any offer that does not meet the requirements shall be rejected.

Any discrepancy between the unit price and the total price shall be re-computed by UNDP, and the unit price shall prevail and the total price shall be corrected. If the Service Provider does not accept the final price based on UNDP's re-computation and correction of errors, its Proposal will be rejected.

No price variation due to escalation, inflation, fluctuation in exchange rates, or any other market factors shall be accepted by UNDP after it has received the Proposal. At the time of Award of Contract or Purchase Order, UNDP reserves the right to vary (increase or decrease) the quantity of services and/or goods, by up to a maximum twenty five per cent (25%) of the total offer, without any change in the unit price or other terms and conditions.

Any Contract or Purchase Order that will be issued as a result of this RFP shall be subject to the General Terms and Conditions attached hereto. The mere act of submission of a Proposal implies that the Service Provider accepts without question the General Terms and Conditions of UNDP, herein attached as Annex 3.

Please be advised that UNDP is not bound to accept any Proposal, nor award a contract or Purchase Order, nor be responsible for any costs associated with a Service Providers preparation and submission of a Proposal, regardless of the outcome or the manner of conducting the selection process.

UNDP's vendor protest procedure is intended to afford an opportunity to appeal for persons or firms not awarded a Purchase Order or Contract in a competitive procurement process. In the event that you believe you have not been fairly treated, you can find detailed information about vendor protest procedures in the following link:

<http://www.undp.org/content/undp/en/home/operations/procurement/protestandsanctions/>

UNDP encourages every prospective Service Provider to prevent and avoid conflicts of interest, by disclosing to UNDP if you, or any of your affiliates or personnel, were involved in the preparation of the requirements, design, cost estimates, and other information used in this RFP.

UNDP implements a zero tolerance on fraud and other proscribed practices, and is committed to preventing, identifying and addressing all such acts and practices against UNDP, as well as third parties involved in UNDP activities. UNDP expects its Service Providers to adhere to the UN Supplier Code of Conduct found in this link: [http://www.un.org/depts/ptd/pdf/conduct\\_english.pdf](http://www.un.org/depts/ptd/pdf/conduct_english.pdf)

Thank you and we look forward to receiving your Proposal.

Sincerely yours,



Soyongua Ganchimeg  
Assistant Resident Representative (O)  
6/26/2020

## Description of Requirements

Context of the Requirement	<p><b>Project:</b> Strengthening Representative Bodies in Mongolia (SRBM)</p> <p><b>Background:</b> The Constitution of Mongolia was revised the second time in history on November 14, 2020, leading to amendments to relevant legislative acts. The revised Development Policy, Planning and Management Law of Mongolia approved in May 2020 serves as a legal basis for policy coordination and accountability for formulation and implementation of long-, medium- and short-term national and local development policies and programs in Mongolia. Vision – 2050 as a long-term national development policy was newly adopted by the Parliament of Mongolia in May 2020. The Law on Administrative and Territorial Units is being revised to clearly define roles and mandate of the local representative bodies and governments and assign their functions to further deepening the decentralization in Mongolia.</p> <p>Decentralization policy of the Government adopted in 2016 has put forward important objectives, including delegating functions for delivery of common public services to middle and lower administrative units, implementing flexible tax and public investment policies to improve economic independence of local governments, strengthening the system of Local Development Fund, and allocating budgetary resources to central and local governments to fulfill the functions assigned to them. The Government has conducted functional review of ministries and local governments to redefine and reassign functions of central and local governments to further deepening the deconcentration.</p> <p>Local development planning and budgeting processes are important as their active involvement of local governments is necessary to achieve 65 percent of the SDGs. The current initiatives in this context include program-based or SDG-informed budgeting pilot in health, environment and education sectors supported by UNDP/ADB and analysis on natural resource use fee and expenditure for environmental conservation and restoration activities in selected two aimags (Biofin project, 2018). The Government of Mongolia has taken a series of initiatives toward fiscal decentralization and increased public participation in the country's budget priorities and decision-making, including reassignment of more shares of certain taxes to strengthen the revenue source of the local development fund and transfer of central governments assets to local governments.</p>
Implementing Partner of UNDP	Parliament Secretariat
Brief Description of the Required Services <sup>1</sup>	<p>The objective of the assignment is to conduct a full study for further developing and strengthening intergovernmental fiscal relations and improving the legal and institutional framework to respond to the challenges identified and encountered in the ongoing decentralization reforms.</p> <p>The proposed study will specifically analyze the current intergovernmental fiscal relations and propose a set of recommendations and measures to: (i) maintain aggregate macrofiscal control in a devolved environment; (ii) ensure fiscal accountability and transparency; (iii) design and manage appropriate expenditure assignments at the subnational level with particular emphasis on the</p>

<sup>1</sup> A detailed TOR may be attached if the information listed in this Annex is not sufficient to fully describe the nature of the work and other details of the requirements.

	responsibilities that are shared between national ministries and subnational governments; (iv) ensure effective delivery of services in the areas assigned to local governments; (v) ensure adequate subnational revenues to fund expenditure tasks with equity and efficiency; (vi) provide incentives for local officials to develop their own taxes and fees; (vii) retain effective Ministry of Finance and external audit oversight of public financial management processes at the local level, and specifically ensure adequate control of expenditures and /borrowing at the subnational level; (viii) organize timely and effective fiscal reporting; and (ix) identify institutional capacity gaps and propose a strategy to address them.
List and Description of Expected Outputs to be Delivered	<p><b>Key deliverables</b></p> <ol style="list-style-type: none"> <li>1. Inception report outlining detailed methodology and workplan to carry out the assignment in a timely manner;</li> <li>2. Report on the findings of the series of assessments;</li> <li>3. Review report on the public financial management framework;</li> <li>4. Proposed recommendations and measures along with fiscal impact analysis, estimates and alternatives for further developing and strengthening intergovernmental fiscal relations, and improving the legal and institutional framework in terms of expenditure assignment, revenue allocation-taxes, revenue allocation-transfer, legal framework and the public financial management framework in manner of gradual fiscal decentralization and fiscal neutrality;</li> <li>5. Comprehensive report on enforcement of the IBL at the local government level including identification of areas leading to weak fiscal discipline and recommendations for improvement in fiscal discipline;</li> <li>6. Assessment report of current central to local transfer mechanism;</li> <li>7. Report on outcome of the consultations and revised set of recommendations and measures along with supporting assessments and estimates;</li> <li>8. Visual materials (graphs, infographics etc.) to illustrate the key findings, recommendations and proposed measures</li> <li>9. Published final report.</li> </ol> <p>All deliverables shall be submitted in English and Mongolian.</p>
Person to Supervise the Work/Performance of the Service Provider	Programme Officer
Frequency of Reporting	Weekly
Progress Reporting Requirements	The Contractor will report to Program officer, UNDP, and project managers of the UNDP two projects- "Strengthening Representative Bodies in Mongolia", and "Support to implementation of the 2030 Agenda in Mongolia". The consultant shall closely work with the Consolidation division and other divisions, Fiscal Policy and Planning Department, and Public Investment Department of the Ministry of Finance and the Cabinet Secretariat.
Location of work	<input type="checkbox"/> Exact Address/es [pls. specify] <input checked="" type="checkbox"/> At Contractor's Location
Expected duration of work	40 working days over the period of 6 months
Target start date	July 2020

Latest completion date	January 2021																				
Travels Expected	n/a																				
Special Security Requirements	n/a																				
Implementation Schedule indicating breakdown and timing of activities/sub-activities	<input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required																				
Names and curriculum vitae of individuals who will be involved in completing the services	<input checked="" type="checkbox"/> Required <input type="checkbox"/> Not Required																				
Currency of Proposal	<input checked="" type="checkbox"/> Local Currency - MNT																				
Value Added Tax on Price Proposal <sup>2</sup>	<input checked="" type="checkbox"/> must be inclusive of VAT and other applicable indirect taxes <input type="checkbox"/> must be exclusive of VAT and other applicable indirect taxes																				
Validity Period of Proposals ( <i>Counting for the last day of submission of quotes</i> )	<input type="checkbox"/> 60 days <input type="checkbox"/> 90 days <input checked="" type="checkbox"/> 120 days  In exceptional circumstances, UNDP may request the Proposer to extend the validity of the Proposal beyond what has been initially indicated in this RFP. The Proposal shall then confirm the extension in writing, without any modification whatsoever on the Proposal.																				
Partial Quotes	<input checked="" type="checkbox"/> Not permitted <input type="checkbox"/> Permitted																				
Payment Terms <sup>3</sup>	<table border="1"> <thead> <tr> <th>Outputs</th> <th>Percentage</th> <th>Timing</th> <th>Condition for Payment Release</th> </tr> </thead> <tbody> <tr> <td>Deliverable 1</td> <td>15% of total payment</td> <td>By August 15, 2020</td> <td rowspan="4">           Within thirty (30) days from the date of meeting the following conditions:            a) UNDP's written acceptance (i.e., not mere receipt) of the quality of the outputs; and         </td> </tr> <tr> <td>Deliverable 2 and 3</td> <td>20% of total payment</td> <td>By September 30, 2020</td> </tr> <tr> <td>Deliverable 4</td> <td>20% of total payment</td> <td>By November 15, 2020</td> </tr> <tr> <td>Deliverable 5 and 6</td> <td>25% of total payment</td> <td>By December 15, 2020</td> </tr> </tbody> </table>				Outputs	Percentage	Timing	Condition for Payment Release	Deliverable 1	15% of total payment	By August 15, 2020	Within thirty (30) days from the date of meeting the following conditions: a) UNDP's written acceptance (i.e., not mere receipt) of the quality of the outputs; and	Deliverable 2 and 3	20% of total payment	By September 30, 2020	Deliverable 4	20% of total payment	By November 15, 2020	Deliverable 5 and 6	25% of total payment	By December 15, 2020
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<sup>2</sup> VAT exemption status varies from one country to another. Pls. check whatever is applicable to the UNDP CO/BU requiring the service.

<sup>3</sup> UNDP preference is not to pay any amount in advance upon signing of contract. If the Service Provider strictly requires payment in advance, it will be limited only up to 20% of the total price quoted. For any higher percentage, or any amount advanced exceeding \$30,000, UNDP shall require the Service Provider to submit a bank guarantee or bank cheque payable to UNDP, in the same amount as the payment advanced by UNDP to the Service Provider.

	Deliverable 7	20% of total payment	By January 15, 2021	b) Receipt of invoice from the Service Provider.	
Person(s) to review/inspect/ approve outputs/completed services and authorize the disbursement of payment	Programme Analyst				
Type of Contract to be Signed	<input checked="" type="checkbox"/> Purchase Order <input checked="" type="checkbox"/> Institutional Contract <input type="checkbox"/> Contract for Professional Services <input type="checkbox"/> Long-Term Agreement <sup>4</sup> <input type="checkbox"/> Other Type of Contract				
Criteria for Contract Award	<input type="checkbox"/> Lowest Price Quote among technically responsive offers <input checked="" type="checkbox"/> Highest Combined Score (based on the 70% technical offer and 30% price weight distribution) <input checked="" type="checkbox"/> Full acceptance of the UNDP Contract General Terms and Conditions (GTC). This is a mandatory criteria and cannot be deleted regardless of the nature of services required. Non acceptance of the GTC may be grounds for the rejection of the Proposal.				
Criteria for the Assessment of Proposal	<b><u>Technical Proposal (70%)</u></b> <input checked="" type="checkbox"/> Expertise of the Firm - 20p <input checked="" type="checkbox"/> Methodology, Its Appropriateness to the Condition and Timeliness of the Implementation Plan – 30p <input checked="" type="checkbox"/> Management Structure and Qualification of Key Personnel - 50p  <b><u>Financial Proposal (30%)</u></b> To be computed as a ratio of the Proposal's offer to the lowest price among the proposals received by UNDP.				
UNDP will award the contract to:	<input checked="" type="checkbox"/> One and only one Service Provider <input type="checkbox"/> One or more Service Providers, depending on the following factors				
Annexes to this RFP <sup>5</sup>	<input checked="" type="checkbox"/> Form for Submission of Proposal (Annex 2) <input checked="" type="checkbox"/> General Terms and Conditions / Special Conditions (Annex 3) <sup>6</sup> <input checked="" type="checkbox"/> Detailed TOR (Annex 4) <input type="checkbox"/> Others <sup>7</sup>				

<sup>4</sup> Minimum of one (1) year period and may be extended up to a maximum of three (3) years subject to satisfactory performance evaluation. This RFP may be used for LTAs if the annual purchases will not exceed \$100,000.00.

<sup>5</sup> Where the information is available in the web, a URL for the information may simply be provided.

<sup>6</sup> Service Providers are alerted that non-acceptance of the terms of the General Terms and Conditions (GTC) may be grounds for disqualification from this procurement process.

<sup>7</sup> A more detailed Terms of Reference in addition to the contents of this RFP may be attached hereto.

Contact Person for Inquiries (Written inquiries only) <sup>8</sup>	<i>Procurement Associate</i> <i>Bids.mn@undp.org</i> Any delay in UNDP's response shall be not used as a reason for extending the deadline for submission, unless UNDP determines that such an extension is necessary and communicates a new deadline to the Proposers.
Other Information [pls. specify]	n/a

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<sup>8</sup> This contact person and address is officially designated by UNDP. If inquiries are sent to other person/s or address/es, even if they are UNDP staff, UNDP shall have no obligation to respond nor can UNDP confirm that the query was received.

## FORM FOR SUBMITTING SERVICE PROVIDER'S PROPOSAL<sup>9</sup>

*(This Form must be submitted only using the Service Provider's Official Letterhead/Stationery<sup>10</sup>)*

[insert: Location].

[insert: Date]

To: [insert: Name and Address of UNDP focal point]

Dear Sir/Madam:

We, the undersigned, hereby offer to render the following services to UNDP in conformity with the requirements defined in the RFP dated [specify date] , and all of its attachments, as well as the provisions of the UNDP General Contract Terms and Conditions :

### A. Qualifications of the Service Provider

*The Service Provider must describe and explain how and why they are the best entity that can deliver the requirements of UNDP by indicating the following :*

- a) *Profile – describing the nature of business, field of expertise, licenses, certifications, accreditations;*
- b) *Business Licenses – Registration Papers, Tax Payment Certification, etc.*
- c) *Latest Audited Financial Statement – income statement and balance sheet to indicate its financial stability, liquidity, credit standing, and market reputation, etc. ;*
- d) *Track Record – list of clients for similar services as those required by UNDP, indicating description of contract scope, contract duration, contract value, contract references;*
- e) *Certificates and Accreditation – including Quality Certificates, Patent Registrations, Environmental Sustainability Certificates, etc.*
- f) *Written Self-Declaration that the company is not in the UN Security Council 1267/1989 List, UN Procurement Division List or Other UN Ineligibility List.*

### B. Proposed Methodology for the Completion of Services

*The Service Provider must describe how it will address/deliver the demands of the RFP; providing a detailed description of the essential performance characteristics, reporting conditions and quality assurance mechanisms that will be put in place, while demonstrating that the proposed methodology will be appropriate to the local conditions and context of the work.*

### C. Qualifications of Key Personnel

<sup>9</sup> This serves as a guide to the Service Provider in preparing the Proposal.

<sup>10</sup> Official Letterhead/Stationery must indicate contact details – addresses, email, phone and fax numbers – for verification purposes



*If required by the RFP, the Service Provider must provide:*

- a) *Names and qualifications of the key personnel that will perform the services indicating who is Team Leader, who are supporting, etc.;*
- b) *CVs demonstrating qualifications must be submitted if required by the RFP; and*
- c) *Written confirmation from each personnel that they are available for the entire duration of the contract.*

**D. Cost Breakdown per Deliverable\***

	<b>Deliverables</b> <i>[list them as referred to in the RFP]</i>	<b>Percentage of Total Price (Weight for payment)</b>	<b>Price</b> <i>(Lump Sum, All Inclusive)</i>
1	Deliverable 1	15%	
2	Deliverable 2 and 3	20%	
3	Deliverable 4	20%	
4	Deliverable 5 and 6	25%	
5	Deliverable 7	20%	
	<b>Total</b>	<b>100%</b>	

*\*This shall be the basis of the payment tranches*

**E. Cost Breakdown by Cost Component (MNT):**

<b>Description of Activity</b>	<b>Remuneration per Unit of Time</b>	<b>Total Period of Engagement</b>	<b>No. of Personnel</b>	<b>Total Rate</b>
<b>I. Personnel Services</b>				
Team Leader/Policy Analyst				
Public Finance Expert				
Macroeconomist and/or Public Policy Analyst				
Monitoring and Evaluation Expert				
<b>II. Out of Pocket Expenses</b>				
Others				
<b>III. Other Related Costs</b>				

*[Name and Signature of the Service Provider's Authorized Person]*

*[Designation]*

*[Date]*

### ***General Terms and Conditions for Services***

#### **1.0 LEGAL STATUS:**

The Contractor shall be considered as having the legal status of an independent contractor vis-à-vis the United Nations Development Programme (UNDP). The Contractor's personnel and sub-contractors shall not be considered in any respect as being the employees or agents of UNDP or the United Nations.

#### **2.0 SOURCE OF INSTRUCTIONS:**

The Contractor shall neither seek nor accept instructions from any authority external to UNDP in connection with the performance of its services under this Contract. The Contractor shall refrain from any action that may adversely affect UNDP or the United Nations and shall fulfill its commitments with the fullest regard to the interests of UNDP.

#### **3.0 CONTRACTOR'S RESPONSIBILITY FOR EMPLOYEES:**

The Contractor shall be responsible for the professional and technical competence of its employees and will select, for work under this Contract, reliable individuals who will perform effectively in the implementation of this Contract, respect the local customs, and conform to a high standard of moral and ethical conduct.

#### **4.0 ASSIGNMENT:**

The Contractor shall not assign, transfer, pledge or make other disposition of this Contract or any part thereof, or any of the Contractor's rights, claims or obligations under this Contract except with the prior written consent of UNDP.

#### **5.0 SUB-CONTRACTING:**

In the event the Contractor requires the services of sub-contractors, the Contractor shall obtain the prior written approval and clearance of UNDP for all sub-contractors. The approval of UNDP of a sub-contractor shall not relieve the Contractor of any of its obligations under this Contract. The terms of any sub-contract shall be subject to and conform to the provisions of this Contract.

#### **6.0 OFFICIALS NOT TO BENEFIT:**

The Contractor warrants that no official of UNDP or the United Nations has received or will be offered by the Contractor any direct or indirect benefit arising from this Contract or the award thereof. The Contractor agrees that breach of this provision is a breach of an essential term of this Contract.

#### **7.0 INDEMNIFICATION:**

The Contractor shall indemnify, hold and save harmless, and defend, at its own expense, UNDP, its officials, agents, servants and employees from and against all suits, claims, demands, and liability of any nature or kind, including their costs and expenses, arising out of acts or omissions of the Contractor, or the Contractor's employees, officers, agents or sub-contractors, in the performance of this Contract. This provision shall extend, inter alia, to claims and liability in the nature of workmen's compensation, products liability and liability arising out of the use of patented inventions or devices, copyrighted

material or other intellectual property by the Contractor, its employees, officers, agents, servants or sub-contractors. The obligations under this Article do not lapse upon termination of this Contract.

#### **8.0 INSURANCE AND LIABILITIES TO THIRD PARTIES:**

- 8.1** The Contractor shall provide and thereafter maintain insurance against all risks in respect of its property and any equipment used for the execution of this Contract.
- 8.2** The Contractor shall provide and thereafter maintain all appropriate workmen's compensation insurance, or the equivalent, with respect to its employees to cover claims for personal injury or death in connection with this Contract.
- 8.3** The Contractor shall also provide and thereafter maintain liability insurance in an adequate amount to cover third party claims for death or bodily injury, or loss of or damage to property, arising from or in connection with the provision of services under this Contract or the operation of any vehicles, boats, airplanes or other equipment owned or leased by the Contractor or its agents, servants, employees or sub-contractors performing work or services in connection with this Contract.
- 8.4** Except for the workmen's compensation insurance, the insurance policies under this Article shall:
  - 8.4.1** Name UNDP as additional insured;
  - 8.4.2** Include a waiver of subrogation of the Contractor's rights to the insurance carrier against the UNDP;
  - 8.4.3** Provide that the UNDP shall receive thirty (30) days written notice from the insurers prior to any cancellation or change of coverage.
- 8.5** The Contractor shall, upon request, provide the UNDP with satisfactory evidence of the insurance required under this Article.

#### **9.0 ENCUMBRANCES/LIENS:**

The Contractor shall not cause or permit any lien, attachment or other encumbrance by any person to be placed on file or to remain on file in any public office or on file with the UNDP against any monies due or to become due for any work done or materials furnished under this Contract, or by reason of any other claim or demand against the Contractor.

#### **10.0 TITLE TO EQUIPMENT:**

Title to any equipment and supplies that may be furnished by UNDP shall rest with UNDP and any such equipment shall be returned to UNDP at the conclusion of this Contract or when no longer needed by the Contractor. Such equipment, when returned to UNDP, shall be in the same condition as when delivered to the Contractor, subject to normal wear and tear. The Contractor shall be liable to compensate UNDP for equipment determined to be damaged or degraded beyond normal wear and tear.

#### **11.0 COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS:**

- 11.1** Except as is otherwise expressly provided in writing in the Contract, the UNDP shall be entitled to all intellectual property and other proprietary rights including, but not limited to, patents, copyrights, and trademarks, with regard to products, processes, inventions, ideas, know-how, or documents and other materials which the Contractor has developed for the UNDP under the Contract and which bear a direct relation to or are produced or prepared or collected in consequence of, or during the course of, the performance of the Contract, and the Contractor acknowledges and agrees that such products, documents and other materials constitute works made for hire for the UNDP.

- 11.2** To the extent that any such intellectual property or other proprietary rights consist of any intellectual property or other proprietary rights of the Contractor: (i) that pre-existed the performance by the Contractor of its obligations under the Contract, or (ii) that the Contractor may develop or acquire, or may have developed or acquired, independently of the performance of its obligations under the Contract, the UNDP does not and shall not claim any ownership interest thereto, and the Contractor grants to the UNDP a perpetual license to use such intellectual property or other proprietary right solely for the purposes of and in accordance with the requirements of the Contract.
- 11.3** At the request of the UNDP; the Contractor shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring or licensing them to the UNDP in compliance with the requirements of the applicable law and of the Contract.
- 11.4** Subject to the foregoing provisions, all maps, drawings, photographs, mosaics, plans, reports, estimates, recommendations, documents, and all other data compiled by or received by the Contractor under the Contract shall be the property of the UNDP, shall be made available for use or inspection by the UNDP at reasonable times and in reasonable places, shall be treated as confidential, and shall be delivered only to UNDP authorized officials on completion of work under the Contract.

**12.0 USE OF NAME, EMBLEM OR OFFICIAL SEAL OF UNDP OR THE UNITED NATIONS:**

The Contractor shall not advertise or otherwise make public the fact that it is a Contractor with UNDP, nor shall the Contractor, in any manner whatsoever use the name, emblem or official seal of UNDP or THE United Nations, or any abbreviation of the name of UNDP or United Nations in connection with its business or otherwise.

**13.0 CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION:**

Information and data that is considered proprietary by either Party and that is delivered or disclosed by one Party ("Discloser") to the other Party ("Recipient") during the course of performance of the Contract, and that is designated as confidential ("Information"), shall be held in confidence by that Party and shall be handled as follows:

- 13.1** The recipient ("Recipient") of such information shall:
- 13.1.1** use the same care and discretion to avoid disclosure, publication or dissemination of the Discloser's Information as it uses with its own similar information that it does not wish to disclose, publish or disseminate; and,
  - 13.1.2** use the Discloser's Information solely for the purpose for which it was disclosed.
- 13.2** Provided that the Recipient has a written agreement with the following persons or entities requiring them to treat the Information confidential in accordance with the Contract and this Article 13, the Recipient may disclose Information to:
- 13.2.1** any other party with the Discloser's prior written consent; and,
  - 13.2.2** the Recipient's employees, officials, representatives and agents who have a need to know such Information for purposes of performing obligations under the Contract, and employees officials, representatives and agents of any legal entity that it controls controls it, or with which it is under common control, who have a need to know such Information for purposes of performing obligations under the Contract, provided that, for these purposes a controlled legal entity means:
    - 13.2.2.1** a corporate entity in which the Party owns or otherwise controls, whether directly or indirectly, over fifty percent (50%) of voting shares thereof; or,
    - 13.2.2.2** any entity over which the Party exercises effective managerial control; or,

**13.2.2.3** for the UNDP, an affiliated Fund such as UNCDF, UNIFEM and UNV.

- 13.3** The Contractor may disclose Information to the extent required by law, provided that, subject to and without any waiver of the privileges and immunities of the United Nations, the Contractor will give the UNDP sufficient prior notice of a request for the disclosure of Information in order to allow the UNDP to have a reasonable opportunity to take protective measures or such other action as may be appropriate before any such disclosure is made.
- 13.4** The UNDP may disclose Information to the extent as required pursuant to the Charter of the UN, resolutions or regulations of the General Assembly, or rules promulgated by the Secretary-General.
- 13.5** The Recipient shall not be precluded from disclosing Information that is obtained by the Recipient from a third party without restriction, is disclosed by the Discloser to a third party without any obligation of confidentiality, is previously known by the Recipient, or at any time is developed by the Recipient completely independently of any disclosures hereunder.
- 13.6** These obligations and restrictions of confidentiality shall be effective during the term of the Contract, including any extension thereof, and, unless otherwise provided in the Contract, shall remain effective following any termination of the Contract.

#### **14.0 FORCE MAJEURE; OTHER CHANGES IN CONDITIONS**

- 14.1** In the event of and as soon as possible after the occurrence of any cause constituting force majeure, the Contractor shall give notice and full particulars in writing to the UNDP, of such occurrence or change if the Contractor is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Contract. The Contractor shall also notify the UNDP of any other changes in conditions or the occurrence of any event that interferes or threatens to interfere with its performance of this Contract. On receipt of the notice required under this Article, the UNDP shall take such action as, in its sole discretion; it considers to be appropriate or necessary in the circumstances, including the granting to the Contractor of a reasonable extension of time in which to perform its obligations under this Contract.
- 14.2** If the Contractor is rendered permanently unable, wholly, or in part, by reason of force majeure to perform its obligations and meet its responsibilities under this Contract, the UNDP shall have the right to suspend or terminate this Contract on the same terms and conditions as are provided for in Article 15, "Termination", except that the period of notice shall be seven (7) days instead of thirty (30) days.
- 14.3** Force majeure as used in this Article means acts of God, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force.
- 14.4** The Contractor acknowledges and agrees that, with respect to any obligations under the Contract that the Contractor must perform in or for any areas in which the UNDP is engaged in, preparing to engage in, or disengaging from any peacekeeping, humanitarian or similar operations, any delays or failure to perform such obligations arising from or relating to harsh conditions within such areas or to any incidents of civil unrest occurring in such areas shall not, in and of itself, constitute force majeure under the Contract..

#### **15.0 TERMINATION**

- 15.1** Either party may terminate this Contract for cause, in whole or in part, upon thirty (30) days notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article 16.2 ("Arbitration"), below, shall not be deemed a termination of this Contract.

- 15.2** UNDP reserves the right to terminate without cause this Contract at any time upon 15 days prior written notice to the Contractor, in which case UNDP shall reimburse the Contractor for all reasonable costs incurred by the Contractor prior to receipt of the notice of termination.
- 15.3** In the event of any termination by UNDP under this Article, no payment shall be due from UNDP to the Contractor except for work and services satisfactorily performed in conformity with the express terms of this Contract.
- 15.4** Should the Contractor be adjudged bankrupt, or be liquidated or become insolvent, or should the Contractor make an assignment for the benefit of its creditors, or should a Receiver be appointed on account of the insolvency of the Contractor, the UNDP may, without prejudice to any other right or remedy it may have under the terms of these conditions, terminate this Contract forthwith. The Contractor shall immediately inform the UNDP of the occurrence of any of the above events.

## **16.0 SETTLEMENT OF DISPUTES**

- 16.1 Amicable Settlement:** The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of this Contract or the breach, termination or invalidity thereof. Where the parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the parties.
- 16.2 Arbitration:** Any dispute, controversy, or claim between the Parties arising out of the Contract or the breach, termination, or invalidity thereof, unless settled amicably under Article 16.1, above, within sixty (60) days after receipt by one Party of the other Party's written request for such amicable settlement, shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The decisions of the arbitral tribunal shall be based on general principles of international commercial law. For all evidentiary questions, the arbitral tribunal shall be guided by the Supplementary Rules Governing the Presentation and Reception of Evidence in International Commercial Arbitration of the International Bar Association, 28 May 1983 edition. The arbitral tribunal shall be empowered to order the return or destruction of goods or any property, whether tangible or intangible, or of any confidential information provided under the Contract, order the termination of the Contract, or order that any other protective measures be taken with respect to the goods, services or any other property, whether tangible or intangible, or of any confidential information provided under the Contract, as appropriate, all in accordance with the authority of the arbitral tribunal pursuant to Article 26 ("Interim Measures of Protection") and Article 32 ("Form and Effect of the Award") of the UNCITRAL Arbitration Rules. The arbitral tribunal shall have no authority to award punitive damages. In addition, unless otherwise expressly provided in the Contract, the arbitral tribunal shall have no authority to award interest in excess of the London Inter-Bank Offered Rate ("LIBOR") then prevailing, and any such interest shall be simple interest only. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute, controversy, or claim.

## **17.0 PRIVILEGES AND IMMUNITIES:**

Nothing in or relating to this Contract shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including its subsidiary organs.

## **18.0 TAX EXEMPTION**

- 18.1** Section 7 of the Convention on the Privileges and Immunities of the United Nations provides, inter-alia that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognize the United Nations exemption from such

taxes, duties or charges, the Contractor shall immediately consult with the UNDP to determine a mutually acceptable procedure.

- 18.2** Accordingly, the Contractor authorizes UNDP to deduct from the Contractor's invoice any amount representing such taxes, duties or charges, unless the Contractor has consulted with the UNDP before the payment thereof and the UNDP has, in each instance, specifically authorized the Contractor to pay such taxes, duties or charges under protest. In that event, the Contractor shall provide the UNDP with written evidence that payment of such taxes, duties or charges has been made and appropriately authorized.

**19.0 CHILD LABOUR**

- 19.1** The Contractor represents and warrants that neither it, nor any of its suppliers is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, inter alia, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical mental, spiritual, moral or social development.
- 19.2** Any breach of this representation and warranty shall entitle UNDP to terminate this Contract immediately upon notice to the Contractor, at no cost to UNDP.

**20.0 MINES:**

- 20.1** The Contractor represents and warrants that neither it nor any of its suppliers is actively and directly engaged in patent activities, development, assembly, production, trade or manufacture of mines or in such activities in respect of components primarily utilized in the manufacture of Mines. The term "Mines" means those devices defined in Article 2, Paragraphs 1, 4 and 5 of Protocol II annexed to the Convention on Prohibitions and Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects of 1980.
- 20.2** Any breach of this representation and warranty shall entitle UNDP to terminate this Contract immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind of UNDP.

**21.0 OBSERVANCE OF THE LAW:**

The Contractor shall comply with all laws, ordinances, rules, and regulations bearing upon the performance of its obligations under the terms of this Contract.

**22.0 SEXUAL EXPLOITATION:**

- 22.1** The Contractor shall take all appropriate measures to prevent sexual exploitation or abuse of anyone by it or by any of its employees or any other persons who may be engaged by the Contractor to perform any services under the Contract. For these purposes, sexual activity with any person less than eighteen years of age, regardless of any laws relating to consent, shall constitute the sexual exploitation and abuse of such person. In addition, the Contractor shall refrain from, and shall take all appropriate measures to prohibit its employees or other persons engaged by it from, exchanging any money, goods, services, offers of employment or other things of value, for sexual favors or activities, or from engaging in any sexual activities that are exploitive or degrading to any person. The Contractor acknowledges and agrees that the provisions hereof constitute an essential term of the Contract and that any breach of this representation and warranty shall entitle UNDP to terminate the Contract immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind.

**22.2** The UNDP shall not apply the foregoing standard relating to age in any case in which the Contractor's personnel or any other person who may be engaged by the Contractor to perform any services under the Contract is married to the person less than the age of eighteen years with whom sexual activity has occurred and in which such marriage is recognized as valid under the laws of the country of citizenship of such Contractor's personnel or such other person who may be engaged by the Contractor to perform any services under the Contract.

**23.0 AUTHORITY TO MODIFY:**

Pursuant to the Financial Regulations and Rules of UNDP, only the UNDP Authorized Official possesses the authority to agree on behalf of UNDP to any modification of or change in this Contract, to a waiver of any of its provisions or to any additional contractual relationship of any kind with the Contractor. Accordingly, no modification or change in this Contract shall be valid and enforceable against UNDP unless provided by an amendment to this Contract signed by the Contractor and jointly by the UNDP Authorized Official.



**TERMS OF REFERENCE**  
**for National Institutional Contractor to conduct a study for improvement of intergovernmental fiscal relations in Mongolia**

<b>Assignment Title:</b>	<b>Study for improvement of intergovernmental fiscal relations in Mongolia</b>
<b>Project:</b>	<b>“Strengthening Representative Bodies in Mongolia” project</b>
<b>Contract Type:</b>	<b>Institutional Contract (40 working days)</b>

### Background

The Constitution of Mongolia was revised the second time in history on November 14, 2020, leading to amendments to relevant legislative acts. The revised Development Policy, Planning and Management Law of Mongolia approved in May 2020 serves as a legal basis for policy coordination and accountability for formulation and implementation of long-, medium- and short-term national and local development policies and programs in Mongolia. Vision – 2050 as a long-term national development policy was newly adopted by the Parliament of Mongolia in May 2020. The Law on Administrative and Territorial Units is being revised to clearly define roles and mandate of the local representative bodies and governments and assign their functions to further deepening the decentralization in Mongolia.

Decentralization policy of the Government adopted in 2016 has put forward important objectives, including delegating functions for delivery of common public services to middle and lower administrative units, implementing flexible tax and public investment policies to improve economic independence of local governments, strengthening the system of Local Development Fund, and allocating budgetary resources to central and local governments to fulfill the functions assigned to them. The Government has conducted functional review of ministries and local governments to redefine and reassign functions of central and local governments to further deepening the deconcentration.

Local development planning and budgeting processes are important as their active involvement of local governments is necessary to achieve 65 percent of the SDGs. The current initiatives in this context include program-based or SDG-informed budgeting pilot in health, environment and education sectors supported by UNDP/ADB and analysis on natural resource use fee and expenditure for environmental conservation and restoration activities in selected two aimags (Biofin project, 2018). The Government of Mongolia has taken a series of initiatives toward fiscal decentralization and increased public participation in the country’s budget priorities and decision-making, including reassignment of more shares of certain taxes to strengthen the revenue source of the local development fund and transfer of central governments assets to local governments.

### Objective

The objective of the assignment is to conduct a full study for further developing and strengthening intergovernmental fiscal relations and improving the legal and institutional framework to respond to the challenges identified and encountered in the ongoing decentralization reforms.

The proposed study will specifically analyze the current intergovernmental fiscal relations and propose a set of recommendations and measures to: (i) maintain aggregate macrofiscal control in a devolved environment; (ii) ensure fiscal accountability and transparency; (iii) design and manage appropriate expenditure assignments at the subnational level with particular emphasis on the responsibilities that are shared between national ministries and subnational governments; (iv) ensure effective delivery of services in the areas assigned to local governments; (v) ensure adequate subnational revenues to fund expenditure tasks with equity and efficiency; (vi) provide incentives for local officials to develop their own taxes and fees; (vii) retain effective Ministry of Finance and external audit oversight of public financial management processes at the local level, and specifically ensure adequate control of expenditures and /borrowing at the subnational level; (viii) organize timely and effective fiscal reporting; and (ix) identify institutional capacity gaps and propose a strategy to address them.

### ***Scope of work***

The contractor with support from the Consolidation division, Fiscal Policy and Planning Department, and Public Investment Department, Ministry of Finance, and the legal team working on the revision of the Law on Administrative and Territorial Units shall perform the following tasks:

1. Undertake a desk review of the legal framework, including the Integrated Budget Law, The Fiscal Stability Law, the newly adopted Law on the Development Policy, Planning and Management, the Law on the Administrative and Territorial units as well as its revision and etc., public financial management processes and procedures, past studies and analyses on similar topics, national and local development planning documents and their linkages with budgets, and international experiences and practices in fiscal decentralization. Write an inception report with detailed methodology and workplan with critical milestones in close consultation with the UNDP and MOF;
2. Conduct the following series of assessments:
  - a. an assessment of the proposed mandate and functions of the local governments in the draft law on the Administrative and Territorial Units in the context of the current macroeconomic scenario and of its evolution in the short and the medium-term;
  - b. a fiscal impact analysis of the proposed transfer of the functions to local governments (Aimag/capital city and Soum/district);
  - c. an assessment of tax and tax base to local governments on basis of the benefit principle for local taxation and the implementation of the local tax system;
  - d. an assessment of the revenue allocation -transfers, including the local development fund.
3. Undertake a review of the public financial management framework for local governments, including budget preparation, execution practices, GFMS, payment system and Treasury single account, reporting and audit systems and performance agreement framework and international best practices.
4. Based on findings of the series of the assessments develop a set of recommendations and measures along with fiscal impact analysis and alternatives for further developing and strengthening intergovernmental fiscal relations, and improving the legal and institutional framework in terms of expenditure assignment, revenue allocation-taxes, revenue allocation-transfer, legal framework and the public financial management framework in manner of gradual fiscal decentralization and fiscal neutrality.
5. Conduct a comparative analysis of local budget in terms of their enforcement of the IBL and identify issues that lead to weak fiscal discipline;

6. Make an assessment of current transfer mechanism (financial support, special purpose transfers and revenue transfers) and to develop an appropriate transfer mechanism for strengthening fiscal decentralization;
7. Conduct consultations with the Parliament, Cabinet Secretariat, MOF, line ministries, local governments, civil society and other parties on the proposed set of recommendations and measures along with supporting assessment and estimates and upon finalize them.
8. Produce visual materials (graphs, infographics etc.) to illustrate the key findings, recommendations, and proposed measures;
9. Submit the final report ready for publication;

### **Key deliverables**

10. Inception report outlining detailed methodology and workplan to carry out the assignment in a timely manner;
11. Report on the findings of the series of assessments;
12. Review report on the public financial management framework;
13. Proposed recommendations and measures along with fiscal impact analysis, estimates and alternatives for further developing and strengthening intergovernmental fiscal relations, and improving the legal and institutional framework in terms of expenditure assignment, revenue allocation-taxes, revenue allocation-transfer, legal framework and the public financial management framework in manner of gradual fiscal decentralization and fiscal neutrality;
14. Comprehensive report on enforcement of the IBL at the local government level including identification of areas leading to weak fiscal discipline and recommendations for improvement in fiscal discipline;
15. Assessment report of current central to local transfer mechanism;
16. Report on outcome of the consultations and revised set of recommendations and measures along with supporting assessments and estimates;
17. Visual materials (graphs, infographics etc.) to illustrate the key findings, recommendations and proposed measures
18. Published final report.

All deliverables shall be submitted in English and Mongolian.

### **Reporting arrangements**

The Contractor will report to Program officer, UNDP, and project managers of the UNDP two projects-“Strengthening Representative Bodies in Mongolia”, and “Support to implementation of the 2030 Agenda in Mongolia”. The consultant shall closely work with the Consolidation division and other divisions, Fiscal Policy and Planning Department, and Public Investment Department of the Ministry of Finance and the Cabinet Secretariat.

### **Payment schedule**

All payments shall be made upon submission and acceptance by UNDP Country Office.

	<b>Deliverables</b>	<b>Target Due Dates</b>	<b>Payment installments</b>
1.	Deliverable 1	By August 15, 2020	15% of total payment
2.	Deliverable 2 and 3	By September 30, 2020	20% of total payment
3.	Deliverable 4	By November 15, 2020	20% of total payment
4.	Deliverable 5 and 6	By December 15, 2020	25% of total payment

5.	Deliverable 7	By January 15, 2021	20% of total payment
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### ***Requirements to Contractor***

The assignment shall be carried out by a legal entity (consultancy company, academic institution, NGO etc). Requirements for the **legal entity**:

- Must have professional experience in conducting fiscal policy analysis (e.g. developing policy documents or policy analysis and research, or working with government agencies/local governments in various areas of public financial management service delivery);
- Adequate experience in projects comparable with the present assignment in terms of scope and complexity.
- The entity has necessary personnel at its disposal at all times to carry out the assignment in timely manner;
- Public finance experts must prove their knowledge/experience on public financial management and fiscal policy analysis;

The team shall consist of at least 4 people with following competencies: Team leader/policy analyst with good knowledge and experience of public finance or public finance management with at least 10 years of experience (1), public finance expert at least 5 years of experience in public financial management and fiscal policy formulation and analysis (2), macroeconomist and/or public policy analysts with at least 5 years of experience in macroeconomic and fiscal analysis (1), and monitoring and evaluation expert with at least 5 years of experience in monitoring and evaluation of public policy and programs (1).

- Highly organized personnel in setting priorities, producing quality outputs, meeting deadlines and managing time efficiently;
- Ability to maintain overview in complex work situations, self-initiated;
- Write professional reports and conduct studies;
- Work toward finding creative solutions by analyzing and applying systemic approach;

### **Criteria for Selection of the Best Offer**

Combined Scoring method will be used, where the technical proposal will be weighted a max. of 70% and combined with the price offer which will be weighted a max of 30%. Below is the breakdown of technical proposal scores.

- Educational background – 20%
- Proposed methodology – 30%
- Relevant work experience, including relevant publications – 50%

Financial proposal shall include daily fee as well as other costs to be incurred, including travel costs, where relevant.