

Request for Proposal (RFP)

Ref. no. RFP09/00110

Date: 30 November 2009

Dear Sir/Madam,

Subject: RFP for the provision of technical assistance in implementing Performance Budgeting concept in Local Governments' operations in Moldova.

You are requested to submit a proposal for providing consulting services in elaborating and implementing Performance budgeting concept in Local Governments operations in Moldova as per enclosed Terms of Reference (TOR).

2. To enable you to submit a proposal, attached are:

- | | |
|--------------------------------------|-------------|
| i. Instructions to Offerors | (Annex I) |
| ii. General Conditions of Contract | (Annex II) |
| iii. Terms of References (TOR) | (Annex III) |
| iv. Proposal Submission Form | (Annex IV) |
| v. Price Schedule/Financial Proposal | (Annex V) |

Your offer comprising of technical proposal and price schedule/financial proposal, in separate sealed envelopes, marked with **“RFP for the provision of technical assistance in implementing Performance Budgeting concept in Local Governments' operations in Moldova – ILDP”** should reach the UNDP office no later than **8 December 2009, 17:30**, local time.

Offers can be submitted either in hard copy or electronically.

a) Documents/offers in hard copy need to be addressed to:

**UNDP Moldova,
131, 31 August 1989 Street, MD-2012 Chisinau, Republic of Moldova
Attention: Registry Office/Procurement**

b) Offers sent electronically need to be addressed to the following e-mail address:

tenders-Moldova@undp.org

Offers shall be clearly marked with **“RFP for the provision of technical assistance in implementing Performance Budgeting concept in Local Governments' operations in Moldova – ILDP”**

Contact person for clarifications: *Mircea Ursu, ILDP Coordinator (mircea.ursu@undp.org), or Valeria Ieseanu, Project Manager (valeria.ieseanu@undp.org)*

- If you request additional information, we would endeavour to provide information expeditiously, but any delay in providing such information will not be considered a reason for extending the submission date of your proposal.
- You are requested to acknowledge receipt of this letter and to indicate whether or not you intend to submit a proposal.

Yours sincerely,

Matilda Dimovska,
Deputy Resident Representative



Annex I

Instructions to Offerors

A. Introduction

1. General

The purpose of this Request for Proposal (RFP) is to solicit proposals from the qualified companies to elaborate and implement Performance budgeting concept in Local Governments operations in Moldova.

2. Cost of proposal

The Offeror shall bear all costs associated with the preparation and submission of the Proposal, the UNDP will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the solicitation.

B. Solicitation Documents

3. Contents of solicitation documents

Proposals must offer services for the total requirement. Proposals offering only part of the requirement will be rejected. The Offeror is expected to examine all corresponding instructions, forms, terms and specifications contained in the Solicitation Documents. Failure to comply with these documents will be at the Offeror's risk and may affect the evaluation of the Proposal.

4. Clarification of solicitation documents

A prospective Offeror requiring any clarification of the Solicitation Documents may notify the procuring UNDP entity in writing at the organisation's mailing address or fax number indicated in the RFP. The procuring UNDP entity will respond in writing to any request for clarification of the Solicitation Documents that it receives earlier than two weeks prior to the deadline for the submission of Proposals. Written copies of the organisation's response (including an explanation of the query but without identifying the source of inquiry) will be sent to all prospective Offerors that has received the Solicitation Documents.

5. Amendments of solicitation documents

At any time prior to the deadline for submission of Proposals, the procuring UNDP entity may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective Offeror, modify the Solicitation Documents by amendment.

All prospective Offerors that have received the Solicitation Documents will be notified in writing of all amendments to the Solicitation Documents.

In order to afford prospective Offerors reasonable time in which to take the amendments into account in preparing their offers, the procuring UNDP entity may, at its discretion, extend the deadline for the submission of Proposals.

C. Preparation of Proposals

6. Language of the proposal

The Proposal prepared by the Offeror and all correspondence and documents relating to the Proposal exchanged by the Offeror and the procuring UNDP entity shall be written in the English language. Any printed literature furnished by the Offeror may be written in another language as long as accompanied by

an English translation of its pertinent passages in which case, for purposes of interpretation of the Proposal, the English translation shall govern.

7. Documents comprising the proposal

The Proposal shall comprise the following components:

- (a) Proposal submission form (Annex IV);
- (b) Operational and technical part of the Proposal, including documentation to demonstrate that the Offeror meets all requirements;
- (c) Price schedule/financial proposal, completed in accordance with clauses 9 and 10 (Annex V);

8. Operational and technical documentation

The operational and technical part of the Proposal shall contain the following documents:

- **Description of the organization (experience, human resources, technical and managerial capacity in the related field);;**
- **Copy of registration certificate;**
- **Workplan and approach** (detailed description of methodology and activities, schedule, agenda);
- **CVs of involved consultants, including the role and tasks of each of them;**
- **Detailed Budget (presented in separated envelope);**
- **Financial report for previous year or/and last audit report;**
- **3 Reference Letters;**
- **Other relevant documents.**

9. Proposal form

The Offeror shall structure the operational and technical part of its Proposal as follows:

(a) Management plan

This section should provide corporate orientation to include the year and state/country of incorporation and a brief description of the Offeror's present activities. It should focus on services related to the Proposal.

This section should also describe the organisational unit(s) that will become responsible for the contract, and the general management approach towards a project of this kind. The Offeror should comment on its experience in similar projects and identify the person(s) representing the Offeror in any future dealing with the procuring UNDP entity.

(b) Resource plan

This should fully explain the Offeror's resources in terms of personnel and facilities necessary for the performance of this requirement. It should describe the Offeror's current capabilities/facilities and any plans for their expansion.

(c) Proposed methodology

This section should demonstrate the Offeror's responsiveness to the specification by identifying the specific components proposed, addressing the requirements, as specified, point by point; providing a detailed description of the essential performance characteristics proposed warranty; and demonstrating how the proposed methodology meets or exceeds the specifications.

The operational and technical part of the Proposal should not contain any pricing information whatsoever on the services offered. Pricing information shall be separated and only contained in the appropriate Price Schedules.

It is mandatory that the Offeror's Proposal numbering system corresponds with the numbering system used in the body of this RFP. All references to descriptive material and brochures should be included in the appropriate response paragraph, though material/documents themselves may be provided as annexes to the Proposal/response.

Information which the Offeror considers proprietary, if any, should be clearly marked "proprietary" next to the relevant part of the text and it will then be treated as such accordingly.

10. Proposal prices

The Offeror shall indicate on an appropriate Price Schedule/Financial Proposal, an example of which is contained in these Solicitation Documents, the prices of services it proposes to supply under the contract.

11. Proposal currencies

All prices shall be quoted in **US Dollars** and shall be exclusive of VAT.

12. Period of validity of proposals

Proposals shall remain valid for sixty (60) days after the date of Proposal submission prescribed by the procuring UNDP entity, pursuant to the deadline clause. A Proposal valid for a shorter period may be rejected by the procuring UNDP entity on the grounds that it is non-responsive.

In exceptional circumstances, the procuring UNDP entity may solicit the Offeror's consent to an extension of the period of validity. The request and the responses thereto shall be made in writing. An Offeror granting the request will not be required nor permitted to modify its Proposal.

13. Format and signing of proposals

The Offeror shall prepare one original and two copies of the Proposal, clearly marking each "Original Proposal" and "Copy of Proposal" as appropriate. In the event of any discrepancy between them, the original shall govern.

The two copies of the Proposal shall be typed or written in indelible ink and shall be signed by the Offeror or a person or persons duly authorised to bind the Offeror to the contract. The latter authorisation shall be indicated by written power-of-attorney accompanying the Proposal.

A Proposal shall contain no interlineations, erasures, or overwriting except, as necessary to correct errors made by the Offeror, in which case such corrections shall be initialled by the person or persons signing the Proposal.

14. Payment

UNDP shall effect payments to the Contractor after acceptance by UNDP of the invoices submitted by the contractor, upon achievement of the corresponding milestones.

D. Submission of Proposals

15. Sealing and marking of proposals

The Offeror shall seal the Proposal in one outer and two inner envelopes, as detailed below.

(a) The outer envelope shall be:

- addressed to –

UNDP Moldova
131, 31 August 1989 Street, MD-2012 Chisinau, Republic of Moldova
Attention: UNDP Registry Office/Procurement

and,

- marked with –

“RFP for the provision of technical assistance in implementing Performance Budgeting concept in Local Governments’ operations in Moldova – ILDP”

- (b) Both inner envelopes shall indicate the name and address of the Offeror. The first inner envelope shall contain the information specified in Clause 8 (*Operational and technical documentation*) and in Clause 9 (*Proposal form*) above, with the copies duly marked “Original” and “Copy”. The second inner envelope shall include the price schedule/financial proposal duly identified as such.

Note, if the inner envelopes are not sealed and marked as per the instructions in this clause, the procuring UNDP entity will not assume responsibility for the Proposal’s misplacement or premature opening.

- (c) In case of electronic submission, the Offeror shall send two messages by e-mail to the following address:
tenders-Moldova@undp.org

The first e-mail message shall contain the information specified in Clause 9 (*Proposal form*) and Clause 8 (*Operational and technical documentation*) above and shall have the following subject: “**Technical Proposal for: RFP for the provision of technical assistance in implementing Performance Budgeting concept in Local Governments’ operations in Moldova – ILDP**”. The second e-mail message shall include the price schedule/financial proposal and shall have the following subject: “**Financial Proposal for: RFP for the provision of technical assistance in implementing Performance Budgeting concept in Local Governments’ operations in Moldova – ILDP**”.

16. Deadline for submission of proposals

Proposals must be received by the procuring UNDP entity at the address or e-mail address specified under clause *Sealing and marking of Proposals* no later than **8 December 2009, 17:30, local time**.

The procuring UNDP entity may, at its own discretion extend this deadline for the submission of Proposals by amending the solicitation documents in accordance with clause *Amendments of Solicitation Documents*, in which case all rights and obligations of the procuring UNDP entity and Offerors previously subject to the deadline will thereafter be subject to the deadline as extended.

17. Late Proposals

Any Proposal received by the procuring UNDP entity after the deadline for submission of proposals, pursuant to clause *Deadline for the submission of proposals*, will be rejected.

18. Modification and withdrawal of Proposals

The Offeror may withdraw its Proposal after the Proposal’s submission, provided that written notice of the withdrawal is received by the procuring UNDP entity prior to the deadline prescribed for submission of Proposals.

The Offeror’s withdrawal notice shall be prepared, sealed, marked, and dispatched in accordance with the provisions of clause *Deadline for Submission of Proposals*. The withdrawal notice may also be sent by telex or fax but followed by a signed confirmation copy.

No Proposal may be modified subsequent to the deadline for submission of proposals.

No Proposal may be withdrawn in the Interval between the deadline for submission of proposals and the expiration of the period of proposal validity specified by the Offeror on the Proposal Submission Form.

E. Opening and Evaluation of Proposals

19. Opening of proposals

The procuring entity will open the Proposals in the presence of a Committee formed by the Head of the procuring UNDP entity.

20. Clarification of proposals

To assist in the examination, evaluation and comparison of Proposals, the Purchaser may at its discretion, ask the Offeror for clarification of its Proposal. The request for clarification and the response shall be in writing and no change in price or substance of the Proposal shall be sought, offered or permitted.

21. Preliminary examination

The Purchaser will examine the Proposals to determine whether they are complete, whether any computational errors have been made, whether the documents have been properly signed, and whether the Proposals are generally in order.

Arithmetical errors will be rectified on the following basis: If there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail and the total price shall be corrected. If the Offeror does not accept the correction of errors, its Proposal will be rejected. If there is a discrepancy between words and figures the amount in words will prevail.

Prior to the detailed evaluation, the Purchaser will determine the substantial responsiveness of each Proposal to the Request for Proposals (RFP). For purposes of these Clauses, a substantially responsive Proposal is one which conforms to all the terms and conditions of the RFP without material deviations. The Purchaser's determination of a Proposal's responsiveness is based on the contents of the Proposal itself without recourse to extrinsic evidence.

A Proposal determined as not substantially responsive will be rejected by the Purchaser and may not subsequently be made responsive by the Offeror by correction of the non-conformity.

22. Evaluation and comparison of proposals

A two-stage procedure will be utilised in evaluating the proposals, with evaluation of the technical proposal being completed prior to any price proposal being opened and compared. The price schedule/financial proposal of the Proposals will be opened only for submissions that passed the minimum technical score of 70% of the obtainable score of 700 points in the evaluation of the technical proposals.

The technical proposal is evaluated on the basis of its responsiveness to the Term of Reference (TOR) and the Instructions to Offerors.

In the Second Stage, the price proposal of all contractors, who have attained minimum 70% score in the technical evaluation, will be compared. The **cumulative analysis scheme** will be applied with a total score being obtained upon the combination of weighted technical and financial attributes. An Offeror's response to the solicitation document is evaluated and points are attributed based on how well they meet the defined desirable criteria. Cost under this method of analysis is rendered as an award criterion,

which will be 30% out of a total score of 1000 of all the desirable factors of the RFP. The contract will be awarded to the offeror obtaining the highest cumulative score. The following formula will be applied in calculating the cumulative score:

$$B = T + \frac{C_{low}}{C} \times 300,$$

where

T – is the total technical score awarded to the evaluated proposal;

C – is the price of the evaluated proposal; and

C_{low} – is the lowest of all evaluated proposal prices among responsive proposals.

Technical Evaluation Criteria

Summary of Technical Proposal Evaluation Forms		Score Weight	Points Obtainable	Company / Other Entity				
				A	B	C	D	E
1.	Expertise of Firm / Organisation submitting Proposal	25%	175					
2.	Proposed Work Plan and Approach	40%	280					
3.	Personnel	35%	245					
Total			700					

Evaluation forms for technical proposals follow on the next two pages. The obtainable number of points specified for each evaluation criterion indicates the relative significance or weight of the item in the overall evaluation process. The Technical Proposal Evaluation Forms are:

Form 1: Expertise of Firm / Organisation Submitting Proposal

Form 2: Proposed Work Plan and Approach

Form 3: Personnel

Note: The score weights and points obtainable in the evaluation sheet are tentative and should be changed depending on the need or major attributes of technical proposal.

Technical Proposal Evaluation Form 1		Points obtainable	Company / Other Entity				
			A	B	C	D	E
Expertise of firm / organisation submitting proposal							
1.1	Reputation of Organisation and Staff (Competence / Reliability)	35					
1.2	General Organisational Capability which is likely to affect implementation (i.e. loose consortium, holding company or one firm, size of the firm / organisation, strength of project management support e.g. project financing capacity and project management controls)	25					
1.3	Extent to which any work would be subcontracted (subcontracting carries additional risks which may affect project implementation, but properly done it offers a chance to access specialised skills.	15					
1.4	Quality assurance procedures, warranty	20					

1.5	Relevance of: - Specialised Knowledge - Experience on Similar Programme / Projects - Experience on Projects in the Region Work for UNDP/ major multilateral/ or bilateral programmes	80					
		175					

Technical Proposal Evaluation Form 2		Points Obtainable	Company / Other Entity				
			A	B	C	D	E
Proposed Work Plan and Approach							
2.1	To what degree does the Offeror understand the task?	25					
2.2	Have the important aspects of the task been addressed in sufficient detail?	15					
2.3	Are the different components of the project adequately weighted relative to one another?	15					
2.4	Is the proposal based on a survey of the project environment and was this data input properly used in the preparation of the proposal?	30					
2.5	Is the conceptual framework adopted appropriate for the task?	45					
2.6	Is the scope of task well defined and does it correspond to the TOR?	90					
2.7	Is the presentation clear and is the sequence of activities and the planning logical, realistic and promise efficient implementation to the project?	60					
		280					

Technical Proposal Evaluation Form 3		Points Obtainable	Company / Other Entity				
			A	B	C	D	E
Personnel							
3.1	Task Manager	120					
		Sub-Score					
	General Qualification	100					
	Suitability for the Project						
	- International Experience	25					
	- Knowledge of Local Public Administration sector	20					
	- Professional experience in the area of specialisation (public financial management system and intergovernmental fiscal relations)	20					
	• less than 3 years	30					
	• 3-5 years	40					
	• more than 5 years						
	- Knowledge of the region	15					
	Language Qualifications	20					
		120					
3.2	Senior Expert	75					
		Sub-Score					

	General Qualification		60						
	Suitability for the Project								
	- International Experience	15							
	- Knowledge of Local Public Administration sector	15							
	- Professional experience in the area of specialisation (public financial management system and intergovernmental fiscal relations)								
	• less than 3 years	10							
	• 3-5 years	20							
	• more than 5 years	30							
	Language Qualifications		15						
			75						
3.3	Junior Expert			50					
			Sub-Score						
	General Qualification		40						
	Suitability for the Project								
	- International Experience	10							
	- Experience in working with LGs	10							
	- Professional Experience in the area of specialisation	20							
	Language Qualification		10						
			50						
	Total Part 3			245					

F. Award of Contract

23. Award criteria, award of contract

The procuring UNDP entity reserves the right to accept or reject any Proposal, and to annul the solicitation process and reject all Proposals at any time prior to award of contract, without thereby incurring any liability to the affected Offeror or any obligation to inform the affected Offeror or Offerors of the grounds for the Purchaser's action.

Prior to expiration of the period of proposal validity, the procuring UNDP entity will award the contract to the qualified Offeror whose Proposal after being evaluated is considered to be the most responsive to the needs of the organisation and activity concerned.

24. Purchaser's right to vary requirements at time of award

The Purchaser reserves the right at the time of award of contract to vary the quantity of services and goods specified in the RFP without any change in price or other terms and conditions.

25. Signing of the contract

Within 30 days of receipt of the contract the successful Offeror shall sign and date the contract and return it to the Purchaser.

General Conditions of Contract**1. LEGAL STATUS**

The Contractor shall be considered as having the legal status of an independent contractor vis-à-vis 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. 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 which may adversely affect UNDP or the United Nations and shall fulfil its commitments with the fullest regard to the interests of UNDP.

3. 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. 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. 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 with the provisions of this Contract.

6. 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. 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. 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 its 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:

- (i) Name UNDP as additional insured;
- (ii) Include a waiver of subrogation of the Contractor's rights to the insurance carrier against UNDP;
- (iii) Provide that 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 UNDP with satisfactory evidence of the insurance required under this Article.

9. 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 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. 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. COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS

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, or documents and other materials which bear a direct relation to or are produced or prepared or collected in consequence of or in the course of the execution of this Contract. At the UNDP's request, the Contractor shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring them to UNDP in compliance with the requirements of the applicable law.

12. 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 the United Nations in connection with its business or otherwise.

13. CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION

13.1 All maps, drawings, photographs, mosaics, plans, reports, recommendations, estimates, documents and all other data compiled by or received by the Contractor under this Contract shall be the property of UNDP, shall be treated as confidential and shall be delivered only to UNDP authorized officials on completion of work under this Contract.

13.2 The Contractor may not communicate at any time to any other person, Government or authority external to UNDP, any information known to it by reason of its association with UNDP which has not been made public except with the authorization of UNDP; nor shall the Contractor at any time use such information to private advantage. These obligations do not lapse upon termination of this Contract.

14. FORCE MAJEURE; OTHER CHANGES IN CONDITIONS

14.1 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 which are beyond the control of the Parties.

14.2 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 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 UNDP of any other changes in conditions or the occurrence of any event which interferes or threatens to interfere with its performance of this Contract. The notice shall include steps proposed by the Contractor to be taken including any reasonable alternative means for performance that is not prevented by force majeure. On receipt of the notice required under this Article, 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

- 14.3 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, 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.

15. TERMINATION

- 15.1 Either party may terminate this Contract for cause, in whole or in part, upon thirty days notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article 16 "Settlement of Disputes" 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. The Contractor shall take immediate steps to terminate the work and services in a prompt and orderly manner and to minimize losses and further expenditures.
- 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, UNDP may, without prejudice to any other right or remedy it may have, terminate this Contract forthwith. The Contractor shall immediately inform UNDP of the occurrence of any of the above events.

16. 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, or relating to 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

Unless, any such dispute, controversy or claim between the Parties arising out of or relating to this Contract or the breach, termination or invalidity thereof is settled amicably under the preceding paragraph of this Article within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, such dispute, controversy or claim shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining, including its provisions on applicable law. The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

17. 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. 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 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 UNDP before the payment thereof and 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 UNDP with written evidence that payment of such taxes, duties or charges has been made and appropriately authorized.

19. 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. 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. 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. AUTHORITY TO MODIFY

No modification or change in this Contract, no waiver of any of its provisions or any additional contractual relationship of any kind with the Contractor shall be valid and enforceable against UNDP unless provided by an amendment to this Contract signed by the authorized official of UNDP.

UNDP/INTEGRATED LOCAL DEVELOPMENT PROGRAMME

TERMS OF REFERENCE – TECHNICAL ASSISTANCE

FOR PERFORMANCE BUDGETING PROJECT: A TOOL TO IMPROVE LOCAL GOVERNMENTS' OPERATIONS

1. Background

There are many challenges to achieving sustainable local development and democratic local governance in Moldova. Local authorities have limited financial resources and these are also fully pre-allocated to cover statutory responsibilities. Rayon levels are mostly dependent on shared taxes and state transfers while local governments are heavily dependent on transfers from the rayons. The Local Governments (LGs) responsibilities and functions are funded through a combination of local revenues and fees, shared revenues, transfers and subsidies, with a lack of clarity as to assignment of responsibilities between the two sub-national levels of government. Because of scarcity of resources, local budgets are primarily used to finance current expenditures and less for investment and development.

In the Republic of Moldova the political and administrative decentralization was not matched by sufficient fiscal decentralization. Irrespective of their level of revenue autonomy, Local Governments have very limited revenue-raising capacities due to poverty and limited economic activity, thus making them highly dependent on central government subsidies. The Central Government transfer system is complex, unstable and unpredictable. One of the reasons brought by the Government not to proceed with fiscal decentralization is that local authorities lack capacity to fulfill their responsibilities and provide services in an accountable and transparent manner. Therefore, improving the financial management in LGs by introducing the Performance Budgeting concept at the local level in target municipalities (Balti, Floresti, and Ungheni.), will increase capacities of LPA and make them more accountable and transparent; thus providing good arguments to push forward the fiscal decentralization.

At the national level, this activity is perfectly compliant with the Moldova National Development Strategy (NDS 2008-2011), one of the 5 key priorities representing the empowerment of local public authorities to provide better services for citizens. At the same time, increasing local self-governance, financial and economic independence of local public authorities and improving their capacity is identified as a pre-requisite for the overall implementation of the NDS. The activity responds, as well, to the priorities of the new Government¹, namely strengthening the capacity of local authorities for the advancement of decentralization (both administrative and fiscal) and the development of real local autonomy.

This effort is fully compliant also with UNDP/ILDP objectives (*support the Local Public Administration to operate in a more effective and transparent manner and to empower the citizens to hold LPAs accountable for development results*) and will facilitate the development of a joint planning and budgeting mechanism in each target community that enables community members, civil society, private sector and local authorities to jointly participate in identifying priorities, planning, budgeting and measuring performance for local development. LSGP will seek to ensure a healthy, collaborative relationship among local authorities, civil society, private sector and community members.

Improving the financial management and introducing the Performance Budgeting at the local level, will increase the capacities of LPAs to improve the quality and efficiency of local public services delivery and will contribute to the efficient spending of public money (which are very limited) in a more accountable and transparent manner. This can definitely lead to the initiation of fiscal decentralization process and substantive improvements in the operations of the Local Governments. The Performance based Budgeting concept and implementing methodology have been elaborated and consulted with local and national stakeholders.

2. Main Objectives of the Project

Assist ILDP target towns in implementing the Performance based Budgeting concept for improving LG operations, creating new economic opportunities and fighting poverty; - priorities established in regional and national development strategies and will achieve:

- Increased transparency of the local budgeting process
- Increased confidence of citizens to affect change in the way that resources are allocated, and thereby to hold LG to account for the allocation of resources
- Local authorities of pilot towns more aware of the priorities of the people in terms of service provision

¹ as outlined in the Programme European Integration: Freedom, Democracy and Wellbeing

- Local authorities have increased capacity to plan and budget for better services delivery for citizens
- National legal and regulatory frameworks to streamline local administrative procedures and systems improved
- Improvement of local capacity and understanding to engage with, and respond to private sector, donors and international partners.

To facilitate the implementation of Performance based Budgeting concept, the following sections set out the tasks to be performed and other specifications required of the performance budgeting consultant.

3. Objective of the assignment

UNDP/ILDP seeks specialized Moldovan organizations that have potential capacity and expertise to assist selected municipalities and their local communities in implementing the Performance based Budgeting concept. Three towns, namely Floresti, Balti, and Ungheni are selected for this initiative.

4. Implementation principles

- Professional staff capacity building, involvement & active participation
- Technical assistance
- Local stakeholders' engagement
- Quick wins as catalyst for momentum and long term initiatives
- Monitoring and evaluation of the whole process
- Knowledge networking and best practices dissemination for replication and scaling up
- Sustainability.

5. Tasks to be performed

Based on the above-mentioned objective, the selected companies will perform the following activities:

- I. **Participate with 1 team of 2 highly-qualified experts in the “learning by doing” component of the Capacity Building Program conducted by Business Consulting Institute (BCI) in consortium with the Polish-Ukrainian Cooperation Foundation (PAUCI) implementing the program in 1 Pilot Local Government (Floresti).**

The 1st component of the Capacity Building Program conducted by BCI-PAUCI took place in the period October 13-15, 2009 during which participants (a) improved their understanding on the Performance based Budgeting methodology and on the roles they will perform as consultants and facilitators when working with local governments under the present UNDP Moldova program and (b) improved their knowledge and skills in the design and conduct of participatory Performance based Budgeting processes aimed at improving the financial management in local governments organizations.

The 2nd component, the “learning by doing” component of the Capacity Building Program conducted by BCI-PAUCI will take place in the period December 2009 – January 2010 and during this component selected companies/teams of trainers will collaborate with BCI-PAUCI experts to support the Pilot Local Government to elaborate, through a participatory process, a Performance based Budget aimed at improving LG operations. The teams of consultants will learn by observing the process, by co-facilitating with BCI-PAUCI trainers the Participatory Workshops and by being involved as consultants/experts in public finances, budgeting, strategic planning and local management fields.

The selected companies/teams of trainers will be involved in the following activities in this component:

- Self study to improve knowledge based on the readings recommended by BCI-PAUCI (Performance based Budgeting Assessment Report in 3 towns; Performance based Budgeting concept and implementation methodology, etc.)
- Analysis of existing documents about the Pilot Local Government and Local Public Administration, such as:
 - Local Development Strategy / Plan
 - Local Government Organizational chart and activities
 - Law on Local Public Finances and Local Public Administration and other relevant legislation regulating local governments activities
- Participation in a series of Workshops and round tables in the pilot town with the participation of LG professional staff and local stakeholders, guided by BCI-PAUCI

- Assistance to professional staff, if necessary, in implementing the Performance based Budgeting concept (from consultancy to organization of events, i.e. public hearings on budget, etc.)

For the above mentioned activities the Level of Effort is evaluated for a total of 15 days/person, 2 persons/company, from which:

- 10 days/person can be remunerated under the contract with UNDP Moldova
- 5 days/person will be the company in-kind contribution.

II. Work with the other 2 Local Governments of Balti and Ungheni selected by UNDP Moldova, based on the practical experience in the pilot Local Government in order to support, through a participatory process, the elaboration of a Performance based Budget. Under this component, the Company will perform the following activities:

1. Assist the town Mayor to select and delegate a person/group of persons which will manage the whole Performance based Budgeting process and establish a local partnership with the specialized unit / persons delegated by Mayor in each target town
2. Build local capacity in Performance based Budgeting concept and implementation methodology.
3. Establish a local participatory framework for active involvement of local stakeholders in Performance based Budgeting and their role in the implementation process
4. Assist the LG in implementing the Performance based Budgeting concept and link it to the Local Development Strategy (according to the elaborated methodology and piloting experience). Update the Local Development Strategy, if necessary
5. Assist the LG in identifying and formulating local initiatives from Strategic Plans that are correlated to local budgeting systems (to be considered and financed by UNDP)
6. Create a framework for Performance based Budgeting evaluation and monitoring.

<p>1. <i>Establish a local partnership with the Mayor and the specialized unit/department in each target town, which will manage the whole process</i></p>

- 1.1 Sensitize the mayor and his leadership team on the initiative's objectives and the Performance based Budgeting process designed to achieve the objectives; clarify on roles and expectations;
- 1.2. In cooperation with the town Mayor, the Company should identify a specialized Unit / Department within town administration, which will coordinate and supervise the Performance based Budgeting process;
- 1.3. The company will train the specialized Unit / Department staff in their role in the Performance based Budgeting implementation processes; it will also identify key areas where technical support will be crucial for the unit to be fully engaged
- 1.4. The company, together with the Unit / Department, will prepare work plan with milestones and timeline, and ToRs as necessary; commitment of the unit and other players on the basis of clear roles and indication of level of effort from the beginning is important to align expectations.

<p>2. <i>Build local capacity in Performance based Budgeting concept and implementation methodology</i></p>
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For the successful design and execution of Performance based Budgeting, a series of capacity building activities should be provided for the specialized Unit/Department staff and other actors who might be involved more actively in the process. These will include training programs developed for 2 target groups:

- a) Professional staff involved in the Performance based Budgeting process
- b) CBOs and citizens' groups interested in local decision-making process

The training programs will include, but will not be limited at:

- A.** Performance based Budgeting concept (POLICY-PLANNING-BUDGET-PERFORMANCE-MEASUREMENT-EVALUATION)
- B.** Step-by-step implementation process (from Budget formulation to its execution) that will include, but will not be limited at:

- Identification of mission, goals and objectives
- Formulation of performance indicators
- Linkage of Strategic Plans with the budget
- Development and integration of performance measures into the budget
- Disaggregation of expenditures into very broad areas rather than more specific line-items
- Mechanisms of involving citizens in local budgeting processes (through whole process: from budget formulation to execution)
- Approval of the budget by the Local Council
- The role of professional staff and local stakeholders in Evaluation and Monitoring.

- C. Assess technical needs of personnel involved in Performance based Budgeting process and submit 'soft' priorities to UNDP, to be considered and supported.

This assistance may include but not limited to:

- a) ICT basis improvement (office hardware and software and peripherals; information billboards, media equipment, etc.) designed to support LPA's development planning and monitoring capacity.
- b) Office functional support the Consultant deems necessary to provide in common agreement with the LPAs (except for fuel, lubricants and other related consumables)
- c) Support in organizing regular public hearings on Strategic Plans/Budget, community meetings, etc.

3. Establish a local participatory framework with the involvement of local stakeholders in Performance based Budgeting and their role in the implementation process

3.1. The company should assist the specialized Unit / Department in determining:

- who the key stakeholders are (who would be affected, who has influence due to information and expertise they have, policy and regulatory roles they play, or resources and other implementation instruments they have, etc)
- what their interests are
- what are the best ways to involve them in the Performance based Budgeting process.

Potential stakeholders may include:

- a) Public sector representatives (LG, National government, local public authorities: transportation, health, education, utilities etc)
- b) Private sector (local economic agents, local business associations, Chamber of Commerce, development banks, professional associations etc.)
- c) Community sector (individuals, NGOs, interest groups, etc.)
- d) Business support initiatives or schemes (ex. Financing, vocational skills, marketing, entrepreneurship support, etc)
- e) Relevant research and capacity building institution, if any

3.2. The company together with the specialized Unit / Department should draw up a potential stakeholders' list (set up a Stakeholders Committee) and involvement mechanism. It will give special attention to engaging those stakeholders with high influence and stake, and facilitate the full participation of those with high stake but weak capacity and influence. The company will build the capacity of the stakeholders using learning by doing approach. That means the company will use participatory methods and tools to facilitate the process and enhance the decision making and consensus building capacity of the stakeholders.

3.3. The company shall assist the specialized Unit / Department in establishing a local Committee within the LPA. This group should include people from across the various local authority departments that are likely to have an interest or professional, technical, political or financial responsibility for matters affected by the Performance based Budget. Membership should be at both Elected Member and at officer levels.

4. Assist the LG in implementing the Performance based Budgeting concept and link it to the Local Development Strategy

The company will assist the towns in implementing the Performance based concept according to the established methodology and piloting experience and will perform the following tasks (together with the LG professional staff):

- 4.1. Evaluation and forecasting of available resources (human, financial, technical, infrastructure, etc.)
- 4.2. Formulation / update of town Strategic Plan and link it to the Performance based Budget
- 4.3. Identification of strategic objectives and services to be provided
- 4.4. Prioritization and use of codes system
- 4.5. Budgeting program and performance indicators
- 4.6. Elaboration of work plans (planning, management, staff, training, monitoring, etc.)
- 4.7. Elaboration and execution of Performance based Budget (focusing on active citizens' involvement, reporting, monitoring and evaluation)
- 4.8. Approval of the Performance based Budget (linked to the Strategic Plan) by the Local Council.

The assistance will be provided on an on-going basis during the whole local budgeting process.

5. Assist the LG in identifying and formulating local initiatives from Strategic Plans that are correlated to local Performance based Budgeting systems (to be considered and financed by UNDP)

Given the complexity of local development processes, the optimal mix of capacity support will be highly context specific: it will depend on the issues to be addressed, the stakeholders involved and the entry point for support.

The Company, with the support of the delegated Unit/responsible persons, will prepare a project proposal for the top priority project(s) selected from the Strategic Plan by the stakeholders and submit it to UNDP/ILDP for possible co funding.

6. Create a framework for Performance based Budgeting monitoring and evaluation

This activity will include a series of planning for implementation tasks that include establishing an institutional framework for LED monitoring and evaluation, designing and determining a monitoring and evaluation strategy, and determining an appropriate monitoring and evaluation reporting mechanism.

The Company will assist the Unit/responsible persons in designing LED strategies monitoring and evaluation framework. The Company will assist in:

- Designing a Budget M&E system
- Establishing an M&E participatory approach involving key stakeholders
- Identifying resources to be allocated for M&E system.

6. Methodology and timeframe

The Consultant shall provide the detailed formulation of the methodology and approaches to be undertaken for the implementation of current assignment and a detailed timeframe for each activity.

7. Deliverables of the Assignment

1. Inception report
2. Capacity building package for personnel involved in Performance Budgeting concept implementation in LGs
3. Approved Performance based Budgets and Decisions of the Local Councils
4. Proposal on 1 'soft' priority per town identified and submitted to UNDP
5. Proposal on 1 priority from the Strategic Plan correlated to the Performance based Budgeting system per town submitted to UNDP
6. Final activity report. It should summarize the work done and include any recommendations for improving the financial operations and enhancing LPAs accountability, effectiveness and efficiency.

8. Qualifications

The Consulting Company should have a team of experts with:

- a. At least 3 years of relevant experience in public financial management system, intergovernmental fiscal relations or other relevant fields
- b. Qualified team of experts with economic, public administration and sociological backgrounds (preferably persons which took part in the Training of Trainers on Performance based Budgeting organized by UNDP Moldova, BCI and PAUCI on October 13-15, 2009)
- c. Proven record of Budgeting review / concept and implementation methodology elaboration in LGs
- d. Sound knowledge of public sector reforms generally and the reforms currently undertaken by the Moldovan Government in particular the financial management reform will be an advantage
- e. Knowledge of EU requirements on local self-governance and decentralization
- f. Excellent analytical and reporting skills
- g. Ability to communicate both in Romanian/Russian will be an advantage.

9. **Duration:** Period of contract: December 2009 – December 2010.

PRICE SCHEDULE/FINANCIAL PROPOSAL

The Contractor is asked to prepare the Price Schedule/financial proposal and submit it in a separate envelope from the rest of the RFP response as indicated in Section D paragraph 15 (b) of the Instruction to Offerors.

All prices/rates quoted must be exclusive of all taxes, since the UNDP is exempt from taxes as detailed in Annex II, Clause 18. ’

The Price Schedule/financial proposal must provide a detailed cost breakdown. Provide separate figures for each functional grouping or category.

Estimates for cost-reimbursable items, if any, such as travel, and out of pocket expenses should be listed separately.

In case of an equipment component to the service provided, the Price Schedule should include figures for both purchase and lease/rent options. The UNDP reserves the option to either lease/rent or purchase outright the equipment through the Contractor.

The format shown on the following pages should be used in preparing the price schedule. The format includes specific expenditures, which may or may not be required or applicable but are indicated to serve as examples.

In addition to the hard copy, if possible please also provide the information on CD (IBM compatible).

Price Schedule:				
Request for Proposals for Services				
Description of Activity/Item		Number of Staff	Monthly Rate	Estimated Amount
1.	Remuneration			
1.1	Services in Home office			
1.2	Services in Field			
2.	Out of Pocket Expenses			
2.1	Travel			
2.2	Per Diem Allowances			
2.3	Communications			
2.4	Reproduction and Reports			
2.5	Equipment and other items			