

IFRC Secretariat Cash Based Programming (CBP) standard operating procedures

Document reference number:

(number to be assigned by administration,
please leave blank)

Document authorization				
Stakeholder	Name	Position	Signature	Date approved
Author	Emma Delo	Senior Recovery Officer		
Document owner	Simon Eccleshall	Head, Disaster and Crisis Management		
Document authorizer		USG Programme Services (Acting)		
Document stakeholders	Andrew Rizk	Head, Finance Department		
	Birgitte Olsen	Head, Global Logistics Service		
	Lucie Laplante	Head, Legal Department (Acting)		
	Lars Tangen	Head, Security Unit		
	Sayed Hashem	Head, Risk Management and Audit		

Version number: FINAL - August 2015

Authorization date:

Table of Contents

1.	Purpose, scope and audience.....	3
1.1	Purpose.....	3
1.2	Who is this document for?.....	3
1.3	How should the SOPs be used?.....	3
2.	CBP feasibility and risk assessment	5
2.1	CBP feasibility and risk assessment – deciding whether or not to do CBP?.....	5
3.	Roles and procedures - step by step.....	7
3.1	Roles and functions.....	7
3.2	Decision-making.....	7
3.2.1	Main IFRC functions/roles for CBP.....	7
3.3	Operational reporting lines	9
3.4	Procedures.....	9
3.4.1	Commodity and/or cash vouchers delivered through traders / third parties	11
3.4.2	CBP distribution through third parties/transfer companies	16
3.4.3	CBP through direct cash distributions by the IFRC	21
4.	Annexes.....	25
5.	Abbreviations/acronyms	26
6.	Related documents.....	27
7.	Document revision history	27
8.	Cash based Programming Standard Operating Procedures, July 2014 FEEDBACK FORM.....	28

Note on terminology: Cash Transfer Programming is the official terminology of the IFRC to represent all forms of cash and voucher based assistance. However, for the purpose of this document, the terminology of **cash based programming (CBP)** will be used throughout to avoid confusion with the IFRC's internal financial practice and procedure of 'cash transfers' to National Societies. Readers are advised that although these SOPs will use the term CBP, many of the annexes and references are taken from external sources and will use the term "cash transfer programming or CTP".

1. PURPOSE, SCOPE AND AUDIENCE

1.1 Purpose

The purpose of the cash based programmes (CBP) standard operating procedures (SOPs) is to provide a structured overview of how CBP must be administered within IFRC through:

- A *cash feasibility and risk assessment tool* to support effective initial decision making for whether CBP is an appropriate response option or not
- Clear respective roles and responsibilities of both programme and service departments of IFRC Offices (Logistics, Finance, Legal, Security and Programmes) in effective and accountable administration of CBP
- Procedures of the respective functions for three key CBP delivery mechanisms (commodity and/or cash vouchers; cash distribution through third parties¹; direct cash distribution by the IFRC/National Society)
- Standard pre-requirements in each functional area (see Annexes), to streamline operational decision making in emergencies

1.2 Who is this document for?

- **All IFRC Secretariat functional areas involved in the initial operational response decision making** (Logistics, Finance, Legal, Security and Programmes), who need an understanding of the roles and responsibilities for administering CBP;
- **All IFRC Secretariat emergency response and service support staff**, specifically Logistics and Finance, who need an understanding of the key deciding factors and support tools for CBP;
- **IFRC Secretariat Operations / Project Managers / Appeal Managers** overseeing and coordinating the operational response operation.

The audience for this document is IFRC Secretariat staff with decision making roles in programming and functional support areas.

1.3 How should the SOPs be used?

These SOPs must be used across IFRC Secretariat functions at all levels of the organisation. They will facilitate joint planning and implementation of CBP by clarifying the roles and responsibilities for supporting an appropriate cash feasibility assessment and administering CBP in relief and early recovery responses. They should be used alongside the IFRC/ICRC Guidelines² and the RC/RC Movement Cash in Emergencies Toolkit for CBP.

Structure of the CBP SOPs

Section	Section content	Relevant Annexes
Section 1	Outline of the scope, purpose and audience of the CBP SOPs	
Section 2	Deciding whether or not to use CBP – CBP feasibility and risk assessment	<ul style="list-style-type: none"> • <i>Risk Assessment Checklist (Annex 2)</i> • <i>Risk Heat Map Template (Annex 3)</i>
Section 3	Roles and procedures for each category of cash delivery mechanism <ul style="list-style-type: none"> • commodity and/or cash voucher • cash distribution through a third party/transfer company • direct cash distribution by the IFRC/National Society 	<ul style="list-style-type: none"> • <i>IFRC Standard Contract template and conditions for working with third parties (Annex 4)</i> • <i>IFRC CBP Financial Procedures and Guidance</i>

¹ Third parties are referred to as financial intermediaries in the IFRC Cash Based Programming Financial Procedures and Guidance.

² Guidelines for cash transfer programming, 2007

CBP requires cross-functional coordination, planning and implementation in order to ensure that CBP is performed efficiently and to the standards demanded by donors. **A joint initial planning meeting between Logistics, Finance, Programmes and Security should take place at the start of an operation to clarify the implementation of these procedures.**

These SOPs have been developed through capturing learning of existing IFRC programming to date, experience from other key humanitarian agencies together with good practice and evidence based learning gathered across the humanitarian sector. **These SOPs draw on existing IFRC procedures and bring them together into one place.** These SOPs will be able to be aligned to the Global Disaster Response SOPs.

2. CBP FEASIBILITY AND RISK ASSESSMENT

2.1 CBP feasibility and risk assessment – deciding whether or not to do CBP?

When the needs assessment and the response options analysis concludes that CBP is appropriate, a cash feasibility and risk assessment must be completed to help decide if a CBP is feasible (see Annex 2). When it has been decided that CBP is appropriate and feasible and the modality has been selected, it will be necessary to:

- Choose the most appropriate delivery mechanism to transfer cash or vouchers to the intended beneficiaries
- The selected delivery mechanism should match one of the three options outlined in Section 3:
 - Commodity and/or cash vouchers remitted by IFRC for redemption with a trader or third parties
 - Cash grants or cash for work payments through third parties/transfer companies (banks, post offices, remittance agencies, pre-paid cards, mobile phone providers)
 - Cash Grants or cash for work payments through direct cash payments by IFRC/National Society.

Any transfer of funds by the IFRC to a National Society (NS) for the purpose of CBP will be done in accordance with IFRC rules, regulations and policies, including these SOPs and the cash transfer working advance modalities.

The key risks and mitigating measures include:

Modality: commodity and/or cash vouchers

Delivery mechanism: redemption with a trader/third party

Key risks	Key mitigating measures
<ul style="list-style-type: none"> ✗ Risk of theft, potentially fraudulent vouchers produced, and insecurity ✗ Risk of corruption, fraud and money diversion ✗ Risk of incorrect voucher redemption with traders/third party payment sources ✗ Rapidly changing market dynamic, risk of inflation ✗ Risk of high commission rates applied locally by traders ✗ Traders not having sufficient quantity or substitute agreed quality of commodities ✗ Traders accepting fake vouchers ✗ Trader's book-keeping not reconciling ✗ Traders denying some beneficiaries access to shop 	<ul style="list-style-type: none"> ✓ Trader capacity assessed using IFRC's Competitive Bid Analysis (CBA) process ✓ Monitoring established to ensure beneficiary receipt and access, trader distribution activity and financial reconciliation activities ✓ Market monitoring to review prices and changes ✓ Established controls and segregation of duties agreed by IFRC/NS both for IFRC internally and with implementing traders/third parties, including frequency of reconciliation ✓ Security plans based on the initial comprehensive risk assessment in place. Plans include various contingency plans ✓ Staff training on programme and security management ✓ Third party contracts outline terms and conditions and controls to be in place ✓ IFRC establish secure vouchers/bar-coding with unique ID ✓ Community consultation at all stages/phases of the program essential ✓ Clear procedures for addressing beneficiary grievances/complaints

Modality: cash grants, cash for work payments**Delivery mechanism: third party/ transfer companies³**

Key risks	Key mitigating measures
<ul style="list-style-type: none"> ✗ Beneficiaries not used to mechanism leading to lower encashment, or receipt of assistance ✗ Risk from innumeracy and/or illiteracy ✗ Risk of theft/stolen cards leading to misuse of delivery mechanism ✗ Technological errors – SMS delivery/PIN ✗ Informal commission, administrative charges applied locally ✗ Demand for encashment may overload third party and system in place ✗ Programme objectives not met due to time to set up programme ✗ Third party companies may use security measures inappropriate to the RC/RC such as armed guards to manage crowd control/service demand ✗ Exchange/sharing of PIN numbers leading to incorrect/unaccessed payments ✗ Inaccurate uploading of beneficiary (payment) data onto point of sale device (PoS) leading to double payments ✗ Insufficient cash-out points through capable branchless banking agent network, or sufficient vendors with PoS 	<ul style="list-style-type: none"> ✓ Ensure segregation of duties and controls established ✓ Type and frequency of finance reconciliation agreed internally and with third parties ✓ Security plans based on the initial comprehensive risk assessment in place. Plans include various contingency plans ✓ Community consultation at all stages/phases of the program essential ✓ Clear procedures for addressing beneficiary grievances/complaints ✓ Security mechanism built into payment facility, ie, activation of card on confirmation of safe receipt ✓ Beneficiary communication and training programme to ensure encashment

Modality: cash grants, cash for work payments**Delivery mechanism: direct cash distribution by the IFRC or National Society**

Key risks	Key mitigating measures
<ul style="list-style-type: none"> ✗ Risk of various security related threats such as from common crime, looting and insecurity through points of cash storage/collection to distribution ✗ Risk of corruption, fraud and money diversion ✗ Risk of insecurity for staff, volunteers and beneficiaries if physical cash transported ✗ Risk of incorrect payment or beneficiaries not correctly registered 	<ul style="list-style-type: none"> ✓ Security plans based on the initial comprehensive risk assessment in place. Plans include various contingency plans as per the IFRC Risk Management Checklist (Annex 2) ✓ Community consultation at all stages/phases of the programme ✓ Authorized cash handling team established with controls and segregation of duty as per the IFRC CBP Financial Procedures and Guidance ✓ Staff training on programme and security management ✓ Cash handling authorization levels reviewed and confirmed ✓ Clear procedures for addressing beneficiary grievances/complaints ✓ Consideration for insurance provisioning by contacting the IFRC Geneva Insurance Unit or through local providers

³ Third parties are referred to in the IFRC Cash Based Programming Financial Procedures and Guidance.

3. ROLES AND PROCEDURES - STEP BY STEP

3.1 Roles and functions

Due to the range of disaster response operating contexts that the IFRC is involved in, there are a number of different roles, skills and competencies required for efficient CBP. The overall administration of CBP will be led and managed by *programmes* based on approved Plan of Action (PoA)/Emergency Appeal with guidance and specific roles from IFRC support service functions. CBP is a tool to meet programme objectives rather than a sector or a programming objective in itself.

Disaster Response Team roles

In large operations the CBP function is likely to be covered by IFRC global surge tools.

In smaller operations, this function will come from the existing or recruited operations team and RDRT/RIT or regional or zone delegates who can be deployed temporarily to assist with CBP.

The main purpose of the CBP function is:

- to work alongside and together with the National Society and surge teams when deployed under the supervision of the Operations/ Appeal Manager
- to work with the National Society and the surge response teams when deployed to define the needs and operational scope of the assistance
- to ensure appropriate assessment of CBP feasibility, risk and appropriateness to administer the necessary steps from design to implementation of CBP

3.2 Decision-making

CBP will fall under the overall responsibility of the Operations/Appeal Manager managed at the Country level as per existing procedures. This role may be assigned to specific individuals and functions (e.g. FACT Team Leader, Head of Emergency Operations (HEOps)) as decided at the operational level. IFRC procedures are clear that the Project Manager will be appointed by the Operations/Appeal Manager and will have sole responsibility for approving expenditure on his/her project.

The Operations/Appeal Manager will have the overall responsibility for decision making, documenting and signing off on CBP aspects of disaster response, based on information provided by technical experts from the different sectors, NS and other sources. S/he will be responsible for ensuring:

1. Full needs assessment
2. Response options analysis
3. Feasibility and risk assessment decision tree
4. Completion of appropriate documentation including the IFRC Risk Management Checklist (Annex 2)
5. Coordination of cross-functional areas in support of cash based programmes

3.2.1 Main IFRC functions/roles for CBP

Table 1 summarises IFRC's main functions and roles for CBP. Note that more than one function may be performed by one individual and that the functions listed in the table are non-exhaustive depending on the context.

Table 1: IFRC's functions and roles for CBP

Functions	Roles for CBP <i>These are generic roles, which may be adapted depending on individuals and levels (GVA/Zone/Country)</i>
Programmes (including beneficiary communications and planning monitoring, evaluation and reporting)	<ul style="list-style-type: none"> • Overall programme management responsibility for CBP including setting criteria and parameters to support services • Management of the process to assesses needs, appropriateness and feasibility of CBP, selecting the most appropriate cash transfer modality, delivery mechanisms and ensuring good quality programme design • Provides advice on intended beneficiary preferences and customs around CBP to other stakeholders involved in the programme • Devises an appropriate communication strategy (including feedback and complaint mechanisms) that matches the chosen CBP modality and delivery mechanism in consultation with the NS and affected population • Provides advice/support on developing monitoring and evaluation plans on best methods and frequency of data collection to track the quality and the impact of CBP • Promotes CBP good practice and common programming approaches and standards through specific networks and IFRC experience (e.g. RC/RC Movement Cash Peer Group, Shelter Cluster Leadership, partnership with CaLP)
Logistics	<ul style="list-style-type: none"> • Participates in the assessment process, especially when assessing markets and CBP feasibility, due to skills in analysing market systems, market chains and traders and service providers • Manages the tender and contract process with commodity and/or cash vouchers and third party / transfer companies • Monitors quality of services delivered by suppliers • Supports large scale commodity tracking activities
Finance	<ul style="list-style-type: none"> • Supports and participates in cash feasibility assessment as the financial experts in the IFRC • Establishes financial criteria, identifies third parties / transfer companies (financial intermediaries) to be approached, evaluates financial criteria and approves third parties selected through the tender process in compliance with IFRC Banking and Currency Procedures • Supports the design of financial reporting and reconciliation system at the programme design stage • Validates financial reporting and reconciliation to ensure financial accountability
Security	<ul style="list-style-type: none"> • Participates in security risk assessments and reviews to ensure the level of risk is acceptable for programme staff, volunteers and beneficiaries • Ensures that the program/operation is compliant with the minimum security requirement (MSR)
Risk management and audit	<ul style="list-style-type: none"> • Provides advice where necessary on risk management processes • Reviews any audit clauses in the Memorandum of Understanding (MoU) / agreements made with CBP providers, where there are specific donor audit requirements on CBP
Legal	<ul style="list-style-type: none"> • Provides advice on contractual matters when changes are brought to the IFRC standard contract template and conditions (Annex 4) or another contract is used • Conducts any legal review or risk assessments where necessary depending on the context • Provides advice on any related legal issues

Information technology (IT) and communications systems support	<ul style="list-style-type: none"> Provides technical advice on IT related aspects of CBP involving new technologies such as mobile phone banking, digital data gathering and electronic payments systems
Resource mobilisation	<ul style="list-style-type: none"> Provides support to ongoing fundraising and partnership efforts
Additional human resource needs should be identified and requests for extra human resources channelled through the Operations/Appeal Manager to the Zone	

3.3 Operational reporting lines

Reporting lines will be managed at the country level with the Operations/Appeal Manager who has the overall responsibility and accountability. In turn, all communications regarding the operation will be channelled through and to this function.

3.4 Procedures

IFRC has a number of existing procedures. For logistics/procurement and finance, these apply to CBP in the same way as with any other programme expenditure. This document therefore assumes existing procedures must be applied, and focuses on any additional aspects unique to CBP. The procedures in administering CBP vary according to each of the three different delivery mechanisms.

Figure 1 below provides a summary of the CTP decision making process, including the cash feasibility and risk assessment determining the most appropriate cash delivery mechanism. The remainder of Section 3 covers the overarching roles and responsibilities for administering cash through the three main delivery mechanisms.

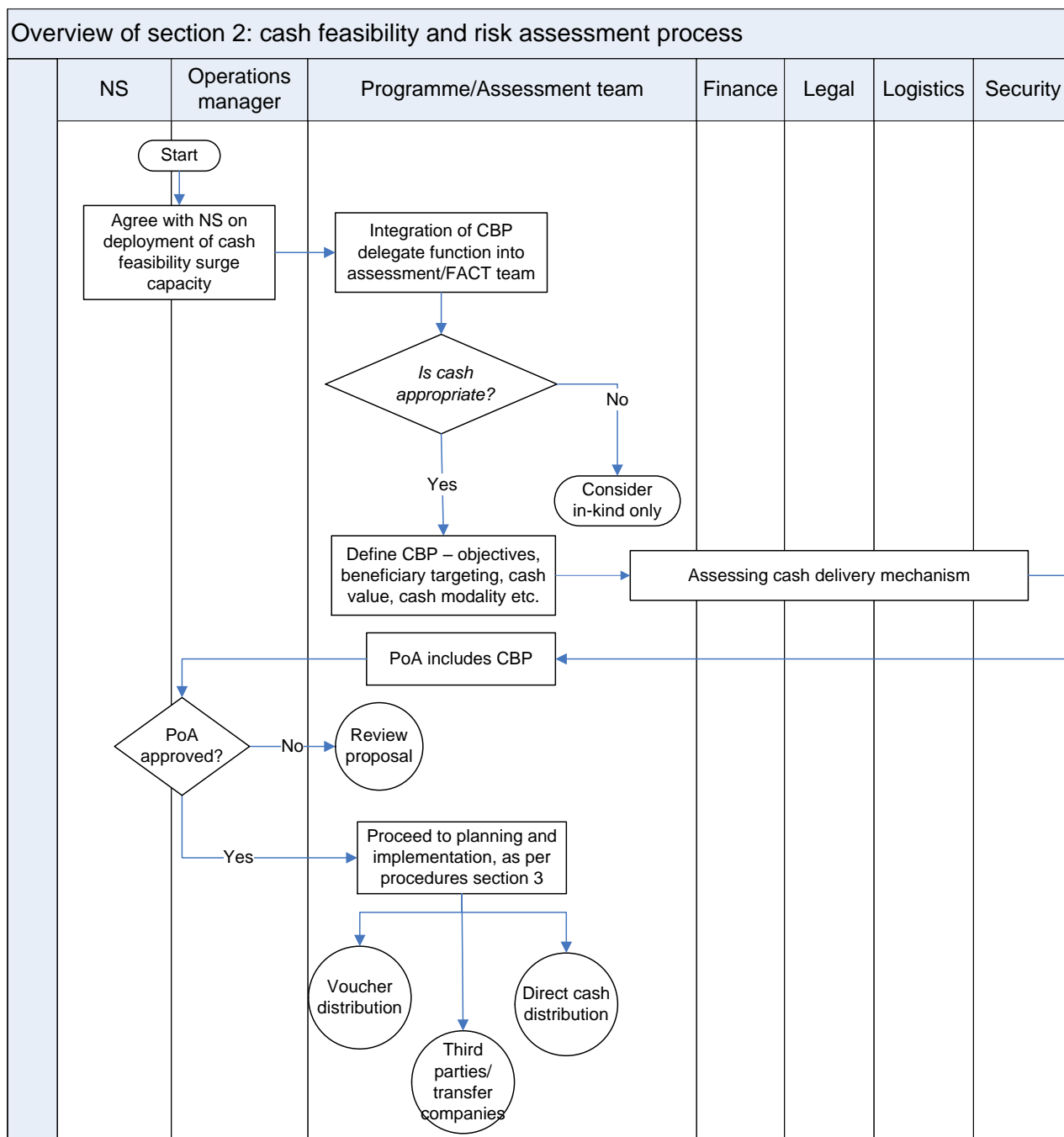


Figure 1: Deciding on cash based programming – overview of the cash feasibility process

3.4.1 Commodity and/or cash vouchers delivered through traders / third parties

Commodity and/or cash vouchers are normally provided in an emergency situation to ensure that disaster affected population has access to specific commodities, to meet their immediate diverse needs or linked to a sector such as shelter, food security and livelihoods. Commodity vouchers are exchanged for a fixed quantity of goods or services at retailers participating in the scheme. Cash vouchers have a specific cash value and enable recipients to freely redeem the voucher for whatever they choose to buy at shops participating in the scheme.

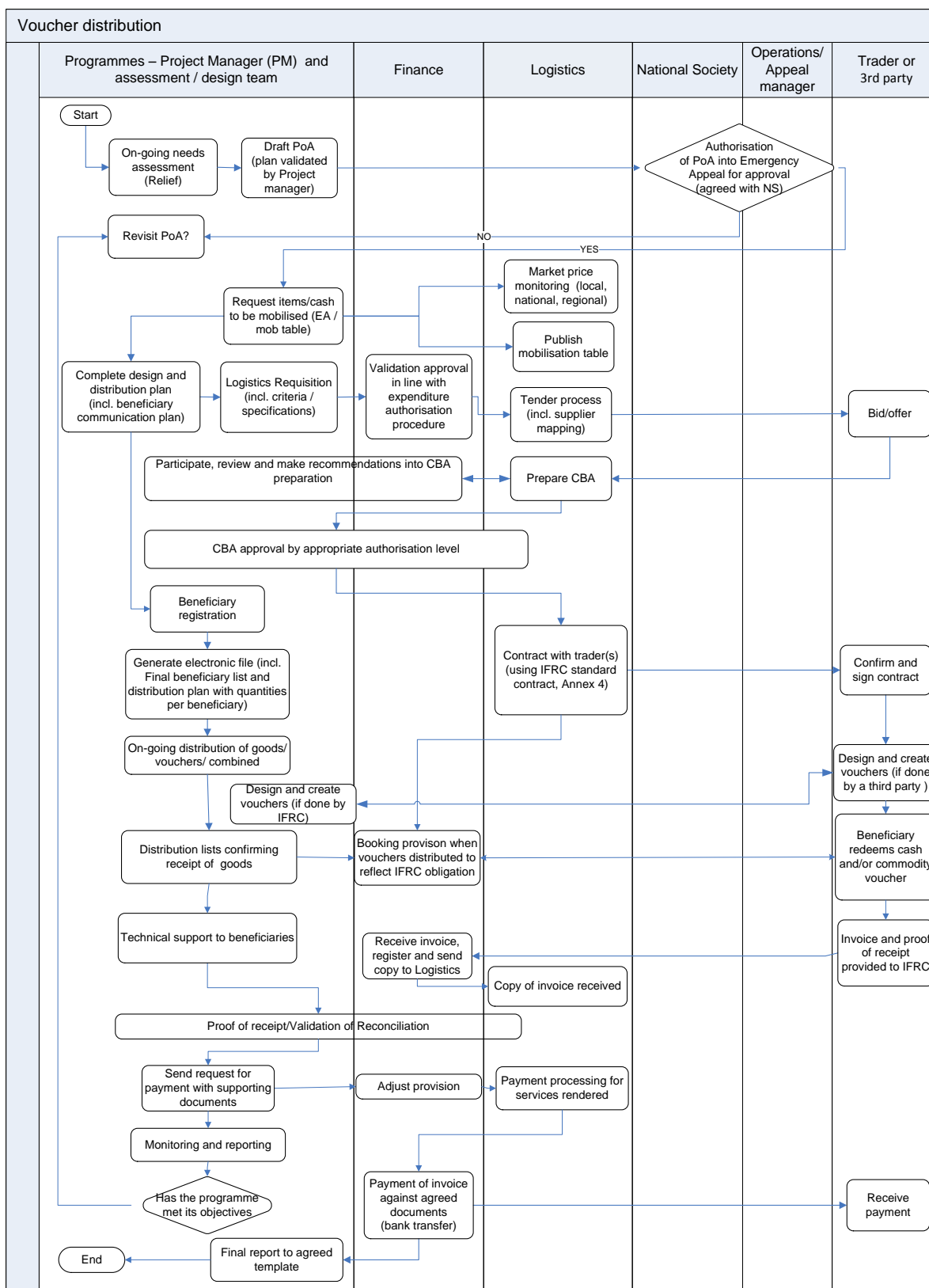


Table 2: Overview for the process involved in CTP distribution through traders

Business process name	Commodity and/or cash voucher distribution through traders
Process overview	The receipt, validation, encashment and processing of commodity and/or cash voucher distributions for an emergency appeal
CBP modality	Commodity and/or cash vouchers that are paper-based or electronic (e-vouchers)
CBP delivery mechanism	Distribution through a third party – in this case a trader, wholesaler, distributor such as a shop or supermarket, service provider etc.
Pre-conditions	<ul style="list-style-type: none"> • Relevant sections of the IFRC Risk Management Checklist are completed and accompany the PoA (Annex 2) • Functioning markets and commodities/services available in appropriate quantity and quality • IFRC standard contract and general/specific conditions for agreements with traders/third parties (Annex 4) • Mobilisation table is revised to allow for posting of CBP distribution
Flow of events	
Action	Lead responsibility
Ongoing needs assessment (relief) As per standard IFRC programming practice Needs assessment or response team (NS / RDRT / FACT etc.) includes CBP delegate/function to facilitate cash feasibility decision making (see Section 2). Initial proposal put forward to Operations/Appeal Manager and NS for approval and/or clarifications	Programmes – Assessment Team Leader
Draft PoA (plan validated by Project Manager) Draft PoA (including items and CBP) with input from joint planning between programming, security, finance and logistics where relevant and where capacity is available. Budgeting for CBP should use the relevant codes in the IFRCs Chart of Accounts for cash PoA and Emergency Appeal will be validated by support service functions as necessary and as per standard IFRC procedures. This validation has to be in place for the Project Manager to approve	Programmes – Project Manager
Authorisation of PoA into Emergency Appeal for approval (agreed with NS) As per standard IFRC procedures and the IFRC CBP Financial Procedures and Guidance the cash project must be included in an approved budget and a Project Expenditure Approval Request (PEAR) of sufficient value must be in place for the approved budget PoA and Emergency Appeal will be validated by support service functions as necessary and as per standard IFRC procedures This validation has to be in place for the Operations/Appeal Manager to provide final validation and approval	Programmes – Operations / Appeal Manager National Society – Project Manager or equivalent
Revisit PoA if necessary The PoA may need to be revised to gain authorisation. The PoA may also need to be revised based on monitoring data and continuous assessment where the humanitarian context and needs have changed since the first PoA was designed or where monitoring data requires a revision of programme design	Programmes
Request items/cash to be mobilised (mobilisation table and/or Emergency Appeal) This request will be made to Logistics or the relevant Manager Resource mobilisation may also be alerted through the normal IFRC procedures covering Emergency Appeals	Programmes – Project Manager
Publish mobilisation table	Logistics

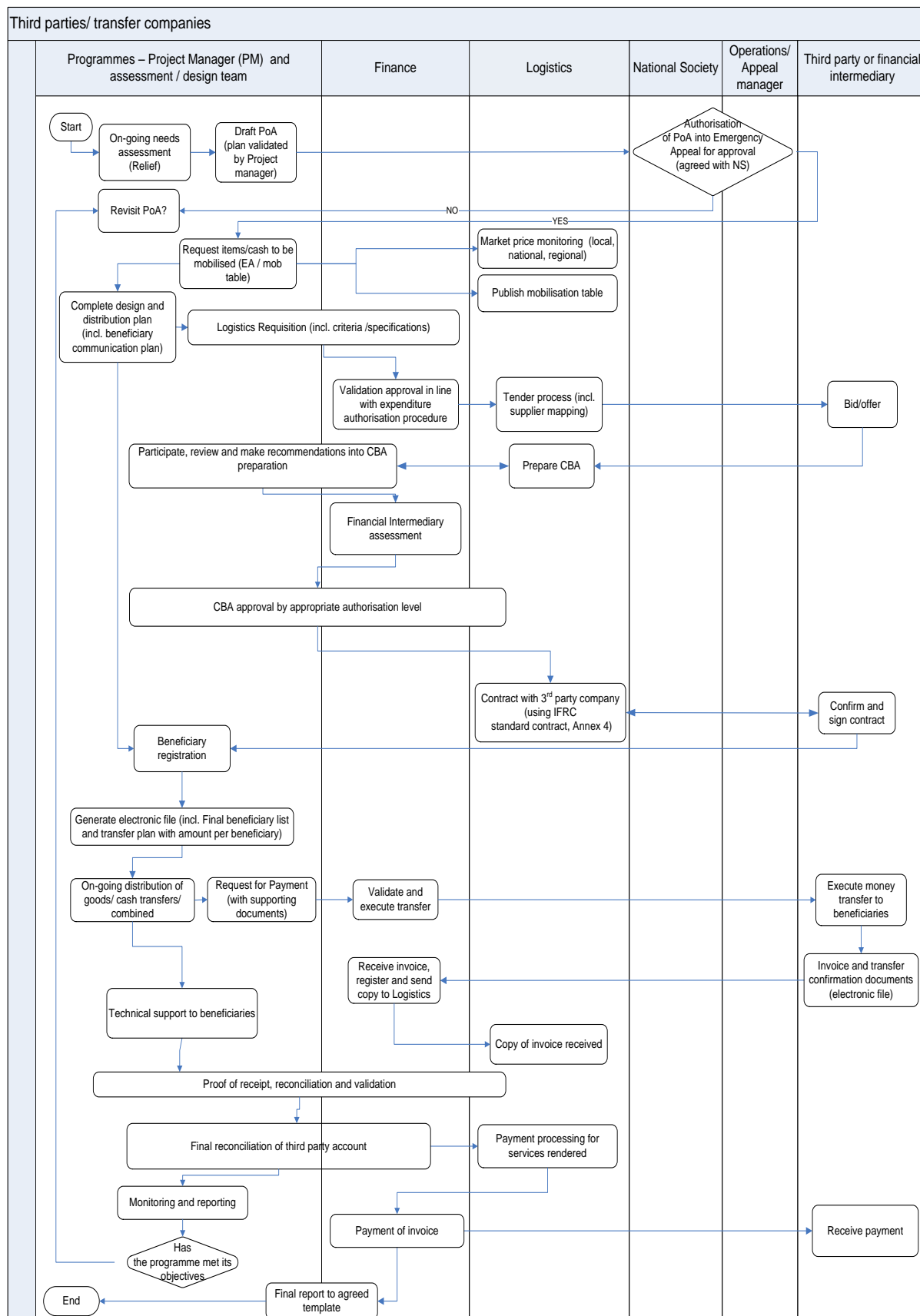
Market price monitoring (local, regional, national) Responsibility for this function will depend on individual and specific capacities and profiles at the operational level as well as the scale of the distributions. For the methodology of market price monitoring please see the RC/RC Movement Market Assessment Guidance (MAG) and the Cash in Emergencies Toolkit	Logistics / Programmes
Complete programme design and the distribution plan (including beneficiary communication and accountability plan) See RC/RC Movement Cash in Emergencies Toolkit Module 4 – Set up and implementation – for guidance and templates	Programmes – Project Manager
Logistics requisition (including criteria / specifications and validated as per IFRC procedures) Programmes provide requirements and specifications (arising from the assessment and cash feasibility stage) as well as the distribution plan Project Manager must also include anticipated payments into project and budget cash forecasts With regard to procurement value and thresholds for authorization relating to vendors, the following should be used as a rule of thumb: (more information in Annex 4) a. Vouchers for goods / pre-defined commodities - (retailers, distributors, super markets): authorisation level = total value of goods including service fees. If the vouchers are not tied to a set of pre-defined commodities (but rather they can be used for a range of goods that can be chosen from), then they shall be treated as vouchers for cash or cash payments. b. Vouchers for cash: authorisation level = service fees charged by third party/transfer company only (e.g. services to print vouchers, services to encash vouchers)	Programmes – Project Manager
Validation approval in line with expenditure procedure As detailed in the IFRC CBP Financial Procedures and Guidance and as per normal procedures, any requisition needs to be validated by finance before any commitments are communicated to beneficiaries. For further details on finance validation please see the above mentioned IFRC CBP Financial Procedures and Guidance	Finance
Tender process (including supplier mapping) As per standard IFRC procurement procedures and authorisation levels	Logistics
Bid/offer As per standard IFRC procurement procedures and authorisation levels	Made by the trader/third party
Prepare Comparative Bid Analysis (CBA) As per standard IFRC procurement procedures and authorisation levels	Logistics
Participate, review and make recommendations into CBA preparations As per standard IFRC procurement procedures and authorisation levels	Programmes and Finance
CBA final approval by appropriate authorisation level All IFRC standard procurement procedures apply and authorisation will be made by the appropriate level and process Programmes approves the CBA meets programming criteria and Finance approves CBA meets Finance criteria Logistics role is to ensure that approval is in line with Procurement procedures Programmes makes the ultimate decision of the supplier but must justify this decision if this is not in line with the recommendations made by Logistics and Finance	Programmes – Project Manager, Finance and Logistics.
Beneficiary registration The Project Manager manages beneficiary registration and distribution planning. CBP delegate or function will ensure beneficiary communications and accountability strategy is managed and included in the distribution plan, including community sensitisation and adequate feedback and complaints mechanisms (See RC/RC Movement Cash in Emergencies Toolkit for guidance and templates)	Programmes – Project Manager

Contract with traders (using IFRC standard contract Annex 4) In most contexts the IFRC standard contract along with the general and specific conditions should be applicable to all traders and 3 rd parties. Where these need to be reconsidered, at that stage involve legal, logistics and other functional areas as necessary	Logistics
Confirm and sign contract	Trader/third party
Design and create vouchers Ideally IFRC will use a plastic card/voucher to an agreed IFRC specification and have these pre-stocked Each voucher should have a unique identifier that can be matched against the proof of receipt provided back by the trader / third party If to be locally procured its crucial to ensure vouchers cannot be copied and that anti-tampering measures taken as is feasible in context	Trader/third party or IFRC (Programmes with Logistics managing the procurement)
Generate electronic file (including final beneficiary list and distribution plan with quantities per beneficiary)	Programmes
Ongoing distribution of goods / vouchers / combination Where vouchers are stored and distributed together with goods, IFRC standard procedures apply with regards to segregation of roles and internal controls (see below) To ensure appropriate segregation of duties, a minimum of two people (one making the payment and one checking) must be involved in any voucher distribution, ideally rotated on a regular basis and from separate teams Please see logistics procedures and the CBP Financial Procedures and Guidance Programming to provide technical support and monitoring alongside the distributions as necessary and outlined in the PoA	Programmes
Distribution lists confirming receipt of goods/vouchers CBP and/or Relief Delegate/function manages the distribution and confirmation of receipt when IFRC or a NS has distributed the vouchers Beneficiaries must sign confirmation of receipt during the distribution process (signed distribution lists) For each beneficiary receipt sheet (not each individual signature), the person making the payment and the person checking should both sign to confirm they have witnessed this distribution This receipt can be obtained by the IFRC (programming) as above or proof of receipt may be obtained from the trader who will proceed with the encashment of the voucher if the IFRC is not involved in the distribution. This is specified in the IFRC Standard Contract and Conditions for goods suppliers (see condition 2.3a) in Annex 4. Trader documentation should be approved by Finance and potentially Audit and attached to the contract. Programming should monitor compliance throughout the project	Programmes
Booking provision when vouchers distributed – to reflect IFRC obligation	Finance
Beneficiary redeems cash and/or commodity voucher CBP delegate/function and programming team monitor that beneficiaries are able to encash vouchers. It must be communicated to traders and beneficiaries that any attempt of fraud or corruption will lead to their removal from the beneficiary lists and end of contract for the trader/third party. Any acceptance of fake vouchers will not be reimbursed by IFRC and is the responsibility of the trader, which should be specified in the contract	Trader / third party
Technical support to beneficiaries Programmers provide the necessary support to beneficiaries to be able to utilise the cash voucher appropriately and especially where conditionality and instalments are provided e.g. for shelter reconstruction, housing rental or for livelihoods strengthening	Programmes
Invoice and proof of receipt provided to IFRC	Trader
Receive, register invoice and send to Logistics	Finance
Copy of invoice received for processing	Logistics

Proof of receipt / validation of reconciliation Reconciliation as per the IFRC contract and voucher encashment timeframes. A control should be agreed with finance as to the frequency of financial validation of reconciliation – weekly/daily depending on encashment plan. Reconciliation includes checks that no fraudulent/fake vouchers were presented as well as reconciliation with data from the programming teams monitoring systems Programmes provides proof of receipt and delivery of the voucher Finance validates the reconciliation Logistics ensures contractual compliance		Programmes, Finance and Logistics
Request for payment (with supporting documents) Supporting documents are as per existing IFRC procedures and IFRC CBP Financial Procedures and Guidance		Programmes
Adjust provision		Finance
Payment processing for service rendered according to contractual terms and reconciliation		Logistics
Payment of invoice against agreed documents (bank transfer) As per normal IFRC procedures with appropriate internal control and segregation of duties Agreed documents show names of person receiving the payment, their ID and signature plus the amount and the signatures of the person making the payment and the person verifying the payment. If this proof of receipt is provided by the trader it must meet the IFRC needs as stipulated in the contract See IFRC CBP Financial Procedures and Guidance for accounting transaction details		Finance
Receive payment		Trader / third party
Monitoring and reporting Monitor suppliers' activity and behaviour as well as prices, quantity and quality of the goods beneficiaries are redeeming vouchers for Ongoing process and impact monitoring by programmes throughout the project which may or may not lead to project plan adaptation Post-distribution monitoring conducted including outputs and outcomes monitoring		Programmes (including PMER/PED function)
Has the programme met its objectives and have needs been met? – Is there a need to revisit the PoA? This includes revisiting the findings from monitoring and beneficiary communication and accountability activities		Programmes
Final report to agreed template Finance validates final financial report as per standard IFRC procedures PMER/PED checks the final report as per standard IFRC procedures		Programmes (narrative), Finance and PMER/PED
Post-conditions	<ul style="list-style-type: none"> • Final voucher distribution report including evidence of beneficiary receipt • Financial and narrative reconciliation report generated • Data from beneficiary feedback and complaint mechanisms are registered in the database • Markets price monitoring over time is registered in the database • Logistics rates the supplier performance (historical data for future operations) • Filing and archiving of relevant substantiating documentation for auditing purposes 	

3.4.2 CBP distribution through third parties/transfer companies⁴

The IFRC and NSs may choose to partner with and sub-contract to third parties to make the actual transfer of funds (cash disbursements) to the intended beneficiaries.



⁴ Third parties are referred to as financial intermediaries in the IFRC Cash Based Programming Financial Procedures and Guidance.

Table 3. Overview for the processes involved in CBP distribution through third parties/transfer companies

Business process name	CBP distribution through third parties/transfer companies
Process overview	The receipt, validation, encashment and monitoring of cash distributions through a third party for an emergency appeal
CBP modality	Cash grants (conditional or unconditional), cash for work payments
CBP delivery mechanism	Through a third party provider such as a bank, mobile phone company, remittance company. The transfer can be physical or electronic (e.g. mobile money, e-transfers). There are many terms used for a third party provider that include transfer company, e-transfer agent, service provider and financial intermediary
Pre-conditions	<ul style="list-style-type: none"> • Relevant sections of the IFRC Risk Management Checklist are completed and accompany the PoA (Annex 2) • Electronic database to transfer data to third party (pre-requisite) • Guidance and controls on data entry and management • Functioning markets and commodities available in appropriate quantity and quality • IFRC standard contract and general/specific conditions for agreements with traders/third parties (Annex 4) • Mobilisation table is revised to allow for posting of CBP distribution
Flow of events	
Action	Lead responsibility
Ongoing needs assessment (relief) As per standard IFRC programming practice Needs assessment or response team (NS / RDRT / FACT etc.) includes CBP delegate/function to facilitate cash feasibility decision making (see Section 2).. Initial proposal put forward to Operations / Appeal Manager/NS for approval and/or clarifications	Programmes – Assessment Team Leader
Draft PoA (plan validated by Project Manager) Draft PoA (including items and CBP) with input from joint planning between programming, security, finance and logistics where relevant and where capacity is available Budgeting for CBP should use the codes in the IFRCs Chart of Accounts for cash PoA and Emergency Appeal will be validated by support service functions as necessary and as per standard IFRC procedures. This validation has to be in place for the Project Manager to approve	Programmes – Project Manager
Authorisation of PoA into Emergency Appeal for approval (agreed with NS) As per standard IFRC procedures and the IFRC CBP Financial Procedures and Guidance, the cash project must be included in an approved budget and a Project Expenditure Approval Request (PEAR) of sufficient value must be in place for the approved budget PoA and Emergency Appeal will be validated by support service functions as necessary and as per standard IFRC procedures This validation has to be in place for the Operations or Appeal Manager to provide final approval	Programmes – Operations / Appeal Manager National Society – Project Manager or equivalent
Revisit PoA if necessary The PoA may need to be revised to gain authorisation. The PoA may also need to be revised based on monitoring data and continuous assessment where the humanitarian context and needs have changed since the first PoA was designed or where monitoring data requires a revision of programme design	Programmes
Request items/cash to be mobilised (mobilisation table and/or Emergency Appeal)	Programmes – Project Manager

<p>This request will be made to Logistics or the relevant Manager</p> <p>Resource mobilisation may also be alerted through the normal IFRC procedures covering Emergency Appeals</p>	
Publish mobilisation table	Logistics
<p>Market price monitoring (local, regional, national)</p> <p>This responsibility for this function will depend on individual and specific capacities and profiles at the operational level as well as the scale of the distributions. For the methodology of market price monitoring please see the RC/RC Movement Market Assessment Guidance (MAG) and the Cash in Emergencies Toolkit</p>	Logistics / Programmes
<p>Complete programme design and distribution plan (including beneficiary communication and accountability plan)</p> <p>See RC/RC Movement Cash in Emergencies Toolkit Module 4 – Set up and implementation – for guidance and templates</p>	Programmes – Project Manager
<p>Logistics requisition (including criteria/specifications and validated as per IFRC procedures)</p> <p>Programmes provide requirements and specifications arising from the assessment and cash feasibility stage as well as the distribution plan</p> <p>Finance establish financial criteria in compliance with the IFRC Banking and Currency Procedures</p> <p>Project Manager must also include anticipated payments into project and budget cash forecasts</p> <p>The thresholds for authorisation should only consider the service fees (bank, postal services, encashment service etc.) charged by the third party / transfer company: (more information in Annex 4)</p>	Programmes – Project Manager, and Finance
<p>Validation approval of requisition in line with expenditure authorisation procedure</p> <p>As detailed in the IFRC CBP Financial Procedures and Guidance and as per normal procedures, any requisition needs to be validated by finance before any commitments are communicated to beneficiaries</p>	Finance
<p>Tender process (including supplier mapping)</p> <p>Tender process lead and managed by Logistics as per IFRC procurement procedures</p> <p>Finance to identify financial intermediaries to be approached</p>	Logistics (and Finance)
<p>Bid/offer</p> <p>As per IFRC procurement procedures and authorisation levels</p>	Made by the third party / transfer company
<p>Prepare Comparative Bid Analysis (CBA)</p> <p>As per standard IFRC procurement procedures and authorisation levels</p>	Programmes and Finance)
<p>Review CBA and include recommendations into CBA preparations</p> <p>As per standard IFRC procurement procedures and authorisation levels</p>	Programmes– Project Manager and Finance
Financial intermediary assessment	Finance
<p>CBA final approval (by appropriate authorisation level)</p> <p>All IFRC standard procurement procedures apply and authorisation will be made by the appropriate level and process</p> <p>Programmes approves the CBA meets programming criteria and Finance approves CBA meets Finance criteria</p> <p>Logistics role is to ensure that approval is in line with Procurement procedures</p> <p>Final approval of the financial intermediary rests with Geneva Finance as per the IFRC Banking and Currency Procedures</p>	Programmes– Project Manager and Finance

Beneficiary registration <p>The Project Manager manages beneficiary registration and distribution planning. CBP delegate or function will ensure beneficiary communications and accountability strategy is managed and included in the distribution plan, including community sensitisation and adequate feedback and complaints mechanisms (See RC/RC Movement Cash in Emergencies Toolkit for guidance and templates)</p>	Programmes
Contract with third party / transfer company (using IFRC standard contract Annex 4) <p>In most contexts the IFRC standard contract along with the general and specific conditions should be applicable to all third party/transfer companies. Where these need to be reconsidered involve legal, logistics and other functional areas as necessary</p>	Logistics
Confirm and sign contract	Third party / transfer company
Generate electronic file (including final beneficiary list and distribution plan with quantities per beneficiary and planned dates for distribution)	Programmes – Project Manager
Ongoing distribution of goods/cash transfers/combination <p>Where an 'entitlement card or token' is distributed together with goods, IFRC CBP Financial Procedures and Guidance apply with regards to segregation of roles and internal controls. However if the third party/financial intermediary is distributing the cash transfers move to the next step</p> <p>Where an entitlement card or token is provided by the IFRC, proof of receipt (signature) by beneficiaries must be obtained. Where the IFRC is not involved in the distribution, the third party / transfer company must obtain the proof of receipt or be able to show this through their records. This is specified in the IFRC Standard Contract and Conditions for third parties / transfer companies (see condition 2.2(a)) in Annex 4. Third party / transfer company documentation should be approved by Finance and potentially Audit and attached to the contract. Programming should monitor compliance throughout the project</p> <p>Programming to provide technical support and monitoring alongside the distributions as necessary and outlined in the PoA</p> <p>Obtain specific IT support systems skills if necessary when using delivery mechanisms that use new technologies</p>	Programmes
Request for payment (with supporting documents) <p>Programme team generates electronic beneficiary file and transfers to 3rd party / financial intermediary as per contract and to enable transfer to beneficiaries and provides a calendar of payments to Finance</p>	Programmes– Project Manager
Validate and execute transfer <p>Validated and approved in line with expenditure authorisation policy. Steps 22 and 23 may feature later depending on the payment arrangements agreed with the 3rd party/ financial intermediary and detailed in the contract</p>	Finance
Execute money transfer to beneficiaries <p>Third party / transfer company executes payments to beneficiaries as per agreed ID requirements and obtaining required proof of receipt (stipulated in the contract)</p>	Third party / transfer company
Technical support to beneficiaries <p>Programmers provide the necessary support to beneficiaries to be able to utilise the cash transfer appropriately and especially where conditionality and instalments are provided e.g. for shelter reconstruction, housing rental or for livelihoods strengthening</p>	Programmes
Invoice and transfer confirmation document(s) (electronic files) <p>This should be stipulated in the contract</p>	3 rd party / financial intermediary
Receive, register invoice and send to Logistics	Finance
Copy of invoice received for processing	Logistics

Proof of receipt / validation of reconciliation Reconciliation as per the IFRC contract encashment timeframes A control should be agreed with finance as to the frequency of financial validation of reconciliation – weekly/daily depending on encashment plan Programmes provides proof of receipt and delivery of the cash transfer Finance validates the reconciliation Logistics ensures contractual compliance In case of an existing balance a refund may be requested if applicable		Programmes, Finance and Logistics
Final reconciliation of third party / transfer company account Third party / financial intermediary financial reconciliation report. Payment to or return of funds as necessary by 3 rd party / financial intermediary as per contract In order to settle and finalise the payment, the following documents will need to be provided: <ul style="list-style-type: none"> • The copy of contract/agreement or MoU with the third party / financial intermediary • The copy of the request for payment • Final beneficiary list • Confirmation of beneficiary receipt/encashment from the IFRC or the third party as per IFRC procedures 		Programmes and validation by finance
Payment processing for service rendered according to contractual terms and reconciliation		Logistics
Payment of invoice		Finance
Receive payment		Third party / financial intermediary
Monitoring and reporting CBP delegate/function manages monitoring to ensure beneficiaries can access monies via third parties Ongoing process and impact monitoring by programmes throughout the project which may or may not lead to project plan adaptation Post-distribution monitoring conducted including outputs and outcome monitoring		Programmes (including PMER/PED function)
Has the programme met its objectives and have needs been met? – Is there a need to revisit the PoA? This includes revisiting the findings from monitoring and beneficiary communication and accountability activities		Programmes
Final report to agreed template Finance validates final financial report as per standard IFRC procedures PMER/PED checks the final report as per standard IFRC procedures		Programmes (narrative), Finance (financial) and PMER/PED
Post-conditions	<ul style="list-style-type: none"> • Market price monitoring over time is registered in the database • Final distribution report including evidence of beneficiary receipt • Filing and archiving of relevant substantiating documentation for auditing purposes 	

3.4.3 CBP through direct cash distributions by the IFRC

Direct and unconditional cash is normally provided in an emergency situation to ensure that disaster affected population has funds to provide for their essential needs.

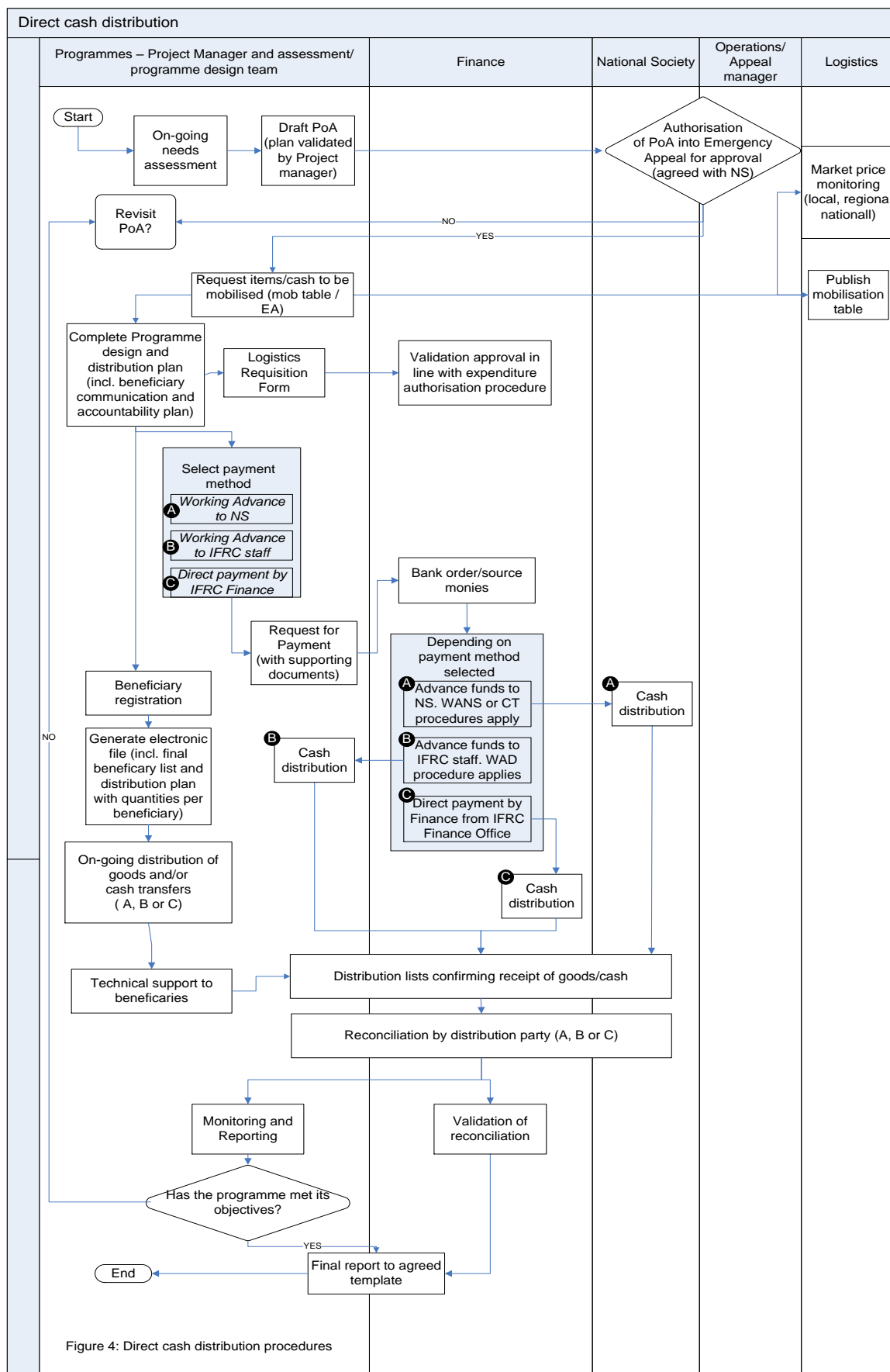


Table 4. Overview for the processes involved in direct cash distributions by the IFRC / National Society

Business process name	CBP through direct cash distributions	
Process overview	The receipt, validation and processing of direct cash transfers for an Emergency Appeal	
CBP modality	Cash grants (conditional or unconditional), cash for work payments	
CBP delivery mechanism	Direct cash distribution (sometimes referred to as cash in envelopes) uses actual currency with the IFRC delivering this directly into people's hands. If this is done using an e-transfer agent or third party to distribute the cash grants refer to section 3.4.2	
Pre-conditions	<ul style="list-style-type: none">• Relevant sections of the IFRC Risk Management Checklist are completed and accompany the PoA (Annex 2)• Functioning markets and commodities available in appropriate quantity and quality.• IFRC standard contract and general/specific conditions for agreements with traders/third parties (Annex 4)• Mobilisation table is revised to allow for posting of CBP distribution	
Flow of events		
Action	Lead responsibility	
Ongoing needs assessment (relief) As per standard IFRC programming practice Needs assessment or response team (NS/RDRT/FACT/FERST or equivalent) includes CBP delegate/function to facilitate cash feasibility decision making (see Section 2). Initial proposal put forward to Operations/Appeal Manager and NS for approval and/or clarifications	Programmes – Assessment Team Leader	
Draft PoA (plan validated by Project Manager) Draft PoA (including items and CBP) with input from joint planning between programming, security, finance and logistics where relevant and where capacity is available Budgeting for CBP should use the codes in the IFRCs Chart of Accounts for cash PoA and Emergency Appeal will be validated by support service functions as necessary and as per standard IFRC procedures. This validation has to be in place for the Project Manager to approve	Programmes – Project Manager	
Authorisation of PoA into Emergency Appeal for approval (agreed with NS) As per standard IFRC procedures and the IFRC CBP Financial Procedures and Guidance, the cash project must be included in an approved budget and a Project Expenditure Approval Request (PEAR) of sufficient value must be in place for the approved budget PoA and Emergency Appeal will be validated by support service functions as necessary and as per standard IFRC procedures This validation has to be in place for the Operations or Appeal Manager to provide final approval	Programmes – Operations / Appeal Manager National Society – Project Manager or equivalent	
Revisit PoA if necessary The PoA may need to be revised to gain authorisation. The PoA may also need to be revised based on monitoring data and continuous assessment where the humanitarian context and needs have changed since the first PoA was designed or where monitoring data requires a revision of programme design	Programmes	
Request items/cash to be mobilised (mobilisation table and/or Emergency Appeal) This request will be made to Logistics or the relevant Manager	Programmes – Project Manager	

Resource mobilisation may also be alerted through the normal IFRC procedures covering Emergency Appeals	
Publish mobilisation table	Logistics
Market price monitoring (local, regional, national) This responsibility for this function will depend on individual and specific capacities and profiles at the operational level as well as the scale of the distributions. For the methodology of market price monitoring please see the RC/RC Movement Market Assessment Guidance (MAG) and the Cash in Emergencies Toolkit	Logistics / Programmes
Complete programme design and the distribution plan (including beneficiary communication and accountability plan) See RC/RC Movement Cash in Emergencies Toolkit Module 4 – Set up and implementation for guidance and templates Contact IFRC Geneva Insurance Unit to consider and plan for any insurance needs for the movement of direct cash either under the existing IFRC policy or to request additional insurance cover where possible	Programmes – Project Manager
Logistics Requisition Form (including criteria / specifications) Programmes provide requirements and specifications (arising from the assessment and cash feasibility stage as well as distribution plan) Project Manager must also include anticipated payments into project and budget cash forecasts As detailed in the IFRC CBP Financial Procedures and Guidance and as per normal procedures, any requisition for cash needs to be validated by finance before any commitments or communications are made to beneficiaries	Programmes – Project Manager
Validation in line with expenditure authorisation procedure	Finance
Select payment method a) Working advance or cash transfer to National Society Any transfer of funds by the IFRC to a NS for the purpose of CBP will be done in accordance with IFRC rules, regulations and policies, including these SOPs and the cash transfer and working advance modalities b) Working advance to IFRC staff c) Direct payment by IFRC finance staff or from an IFRC finance office Direct payments from IFRC Finance from an IFRC finance office could see a semi-permanent IFRC office set up temporarily if required and agreed in advance	Programmes – Project Manager
Request for payment (with supporting documents) a) Working advance or Cash Transfer to National Society b) Working advance to IFRC employee c) Direct payment by IFRC finance staff from an IFRC finance office Consideration and discussion with finance and Insurance Unit (Geneva) of options available for direct cash distributions. The IFRCs current insurance policy covers certain limited features up to certain values and additional insurance cover can be quoted for and arranged The supporting documentation required for each payment request may differ depending on the modality chosen. It should include a copy of the advance approval, copies of the relevant supporting documentation as per IFRC procedures and sufficient information to allow direct beneficiary payments to be prepared and disbursed	Programmes – Project Manager
Beneficiary registration The Project Manager manages beneficiary registration and distribution planning. CBP delegate/function will ensure beneficiary communication and accountability plan is managed and included in the distribution plan, including community sensitisation and adequate feedback and complaint mechanisms. (See RC/RC Movement Cash in Emergencies Toolkit for guidance and templates)	Programmes – Project Manager

Generate electronic file (including distribution list and quantities per beneficiary plan) Programmes organises electronic beneficiary registration and communications plan Specific information will be required to support cash for work project payments please see RC/RC Movement CTP Guidelines, IFRC Risk Management Checklist (Annex 2) and RC/RC Movement Cash in Emergencies Toolkit for guidance and templates		Programmes – Project Manager
Bank order/source monies		Finance
Ongoing distribution of goods and/or cash transfers Where goods and cash transfers are stored and distributed together, IFRC standard procedures apply with regards to segregation of roles and internal controls. Please see IFRC CBP Financial Procedures and Guidance for further details and accounting transaction details A standard IFRC key internal control is that no more than CHF 50,000 should be issued in any one direct cash distribution. This ceiling can be increased when specific approval is obtained from Geneva finance and security departments Programming to provide technical support and monitoring alongside the distributions as necessary and outlined in the PoA		Programmes / Finance / NS
Technical support to beneficiaries Programmers provide the necessary support to beneficiaries to be able to utilise the cash transfer appropriately and especially where conditionality and instalments are provided e.g. for shelter reconstruction, housing rental or for livelihoods strengthening		Programmes
Distribution lists confirming receipt of goods / cash Generate electronic beneficiary file (from signed distribution lists) NS records for payment method a) Programme team for payment method b) or c) – see step 11 above		Programmes / NS
Reconciliation by distribution parts (A, B or C) For payment method a), the NS reconciles the payment. IFRC finance would review detailed information submitted by the NS as part of the standard IFRC working advance procedures		Programmes / Finance / NS
Monitoring and reporting CBP delegate/ function manages monitoring to ensure beneficiaries can and have received cash grants or cash for work payments Ongoing process and impact monitoring by programmes throughout the project which may or may not lead to project plan adaptation Post-distribution monitoring conducted including outputs and outcome monitoring		Programmes (including PMER/PED)
Validation of reconciliation Must be undertaken by an individual in Finance who was not involved in any way in the actual cash distribution to ensure appropriate segregation of duties as per IFRC procedures		Finance
Has the programme met its objectives and have needs been met? – Is there a need to revisit the PoA? This includes revisiting the findings from monitoring and beneficiary communication and accountability activities		Programmes
Final report to agreed template Finance validates final financial report as per standard IFRC procedures. PMER/PED checks the final narrative report as per standard IFRC procedures		Programmes (narrative) and Finance (financial) and PMER/PED
Post-conditions	<ul style="list-style-type: none"> • Final distribution report including evidence of beneficiary receipt • Markets price monitoring over time is registered in the database • Beneficiary feedback and complaints mechanism is registered in the database • Filing and archiving of relevant substantiating documentation for auditing purposes • Security conditions for cash distribution 	

4. ANNEXES

- Annex 1: What is cash based programming**
Brief overview of CBP.
- Annex 2: IFRC Risk Management Checklist**
This checklist summarises the legal, compliance, strategic, security, financial and programming risks that have been identified for CBP. Managers considering CBP should ensure that the risk checklist is completed.
- Annex 3: IFRC Risk Register and Heat Map Template**
Template used by the IFRC to identify risks, their likelihood of happening and their impact on the IFRC. This tool can be used to summarise CBP related risks too.
- Annex 4: IFRC Standard Contract Template with General Conditions and Specific Conditions for Good Suppliers (for commodity and/or cash vouchers through a trader) and Specific Conditions for Third Parties / Transfer Companies**
- Annex 5: IFRC Programmes Control Self Assessment** This checklist summarises the audit requirements on programmes for CBP. Managers considering CBP should ensure that the checklist is completed.

5. ABBREVIATIONS/ACRONYMS

Abbreviation	Meaning
ATM	Automated Teller Machine (for cash withdrawals)
CaLP	The Cash and Learning Partnership
CBA	Competitive Bid Analysis
CBP	Cash Based Programming
CCT	Conditional Cash Transfer
CFW	Cash For Work
CTP	Cash transfer programming
CoC	Committee on Contracts
DCM	IFRC Disaster and Crisis Management Department
ERUs	Emergency Response teams
FACT	Field Assessment & Coordination Team
FERST	Field Early Recovery Surge Team
GRN	Goods Received Note
HNS	Host National Society
IFRC Secretariat:	Refers to the entire IFRC Secretariat structure (Geneva Office, Zone Offices, Regional and country offices)
Zone Office:	refers to the IFRC Secretariat structure in one of the five Zones of the IFRC with the mandate for IFRC Secretariat operations and programmes within that geographic jurisdiction
RC/RC	Red Cross Red Crescent
RC/RC Movement:	refers to International Committee of the Red Cross (ICRC), the International Federation Secretariat, plus its member Red Cross and Red Crescent National Societies
IFRC	International Federation of Red Cross and Red Crescent Societies
KYC	Know your client
MoU	Memorandum of Understanding
MSR	Minimum Security Requirements
NFI	Non Food Item
NGO	Non-Governmental Organization
NS	National Society
PNS	Partner National Society
PoA	IFRC Plan of Action
PoS	Point of Sale Device
SCM	Supply Chain Management
SRA	Security Risk Assessment
SOP	Standard Operating Procedure
UCT	Unconditional Cash Transfer

6. RELATED DOCUMENTS

File number	Name	Version
	RC/RC Movement Guidelines for cash transfer programming, 2007	
	IFRC Cash Based Programming Financial Procedures and Guidance, 2015	

7. DOCUMENT REVISION HISTORY

Version	Date	Details
V1-V4	July 2012 – October 2013	Versions coordinated by the document owner with strategic guidance and input from the CBP SoPs Steering Committee comprised of key IFRC functional leads (Key Stakeholders)
V5	November 2013 – January 2014	Consultation with IFRC Zone Offices through 2 day workshop held at the Zone level and comprising of senior cross-functional representatives
V7 – April 2014	February 2014 – April 2014	Version drafted incorporating feedback from the Zones and the Geneva based Steering Committee
V8 – V13	May 2014 – July 2015	Versions updated by Finance and Logistics and reviewed by Legal
V13	Final for approval – August 2015	

8. CASH BASED PROGRAMMING STANDARD OPERATING PROCEDURES, JULY 2014 FEEDBACK FORM

As per IFRC policy, every procedure should be reviewed and updated to reflect relevant changes in the organisation, the environment of IFRC strategy, every 2 years if no intermediate review is performed.

Your feedback on the use and suggested updates to these procedures is therefore welcomed and will be consolidated and used when the procedures are reviewed.

Please do send the below to the document owner of the procedures.

Name: _____

Organisation and function: _____

Contact email: _____

Contact telephone number: _____

What has been your use of the CBP SoPs?
How have the CBP SoPs been of use to you in your functional area? What difference have they made to the effectiveness and efficiency of IFRC operations and programmes?
Are there procedures or information missing? Is so, what?
Do you have the capacity to fulfil the SoPs in your functional area? If no, what do you need?
Any other suggestions for improvements?

THANK YOU

ANNEX 1. WHAT IS CASH BASED PROGRAMMING?

Appropriate CBP has a role as an alternative or complement to in-kind assistance. CBP is not a sector in its own right: CBP is simply an instrument that can be used – when appropriate – to meet particular objectives in particular contexts and sectors of response.

The IFRC endorses that use of appropriate CBP in disaster response operations can:

- More effectively cater for the diverse needs of those affected through the flexibility of CBP,
- Be more accountable, timely and appropriate in meeting these diverse needs,¹
- Preserve people's dignity by transferring more choice to them on how and when cash is spent, and
- Contribute towards recovery of the local markets and economies essential for people's daily lives and recovery.

CBP represents all forms of cash and voucher based assistance. The use of cash based programming will ultimately be driven by the operating context. There are different modalities and mechanisms that can be used to transfer cash or commodities at different frequencies with differing levels of conditionality attached. CBP modalities used in relief and recovery programming include:

1. Unconditional cash
2. Conditional cash
3. Vouchers (cash/commodity/combination of commodity and cash)
4. Cash for work

The IFRC with ICRC, American RC and British RC have developed a Rapid Assessment for Markets (RAM) tool which should be referred to for market assessment and is included in Cash in Emergencies Toolkit. More information on deciding if cash is feasible or not is included in Section 3 of these SoPs. Any market assessment or cash feasibility assessments should be undertaken by multidisciplinary teams, including technical experts from different programming sectors, logistics, security, and an IFRC finance professional, with further functions represented as needed.

The most frequently used CBP delivery mechanisms can be group into the following three categories:

- Direct distribution of cash (direct cash payments made by the RC/RC Movement).
- Direct distribution of vouchers to be redeemed against identified commodities/or for a set value or a combination of these (vouchers distributed by the RC/RC Movement and/or a third party).
- Distribution by a third party/transfer company (e.g. banks, post offices, remittance agencies, mobile phone providers) including pre-paid debit cards, smart cards, mobile money transfer systems and electronic vouchers or e-wallets.

Refer to the Cash in Emergencies Toolkit for more information on when CBP is applicable, IFRC experience to date, different modalities of CBP and the main CBP delivery mechanisms.

¹ Good Practice Review: Cash Transfer programming in emergencies, Humanitarian Practice Network, June 2011.

ANNEX 2. IFRC CBP RISK MANAGEMENT CHECKLIST

This checklist summarises the legal, compliance, strategic, security, financial and programming risks that have been identified for CBP.

- Managers considering CBP should ensure that the risk checklist is completed.
- Risk questions marked with a “P” refer to those that can be answered during preparedness activities, pre disaster so as to be better prepared for an eventual CBP response.
- Risk questions marked with a “Y” should be used for decision making on when CBP can go ahead or not. If the answer to any of these questions is “NO”, the associated risks of implementing CBP are too high for IFRC to consider CBP implementation until the issue is resolved and the answer becomes a “Yes”.

RISK ASSESSMENT QUESTIONS - all questions should be addressed Those with a "P" can be addressed during preparedness activities. Those marked with a Y mean that if the answer is NO, CBP should NOT GO AHEAD until the answer can be YES		Prepared- ness activities	Answer must be “Yes” to proceed with CBP	Answers for CBP
Previous in-country CBP experience				
1	Does the HNS have experience of using cash based programming?	P		
2	Is there experience with cash based programming in the country?	P		
3	Does the national government allow agencies to implement CBP in country?	P	Y	
4	Has the needs assessment of the local population identified the level of acceptance and comfort for these most commonly used CBP mechanisms?	P	Y	
5	Does the HNS and IFRC country office have localised SOPs for cash programming and/or agreed roles and responsibilities for distributing goods and cash?	P		
6	Are any special considerations that may have legal/financial/reputational impacts on the IFRC been identified and informed to the relevant IFRC department to address? (i.e. political, regulatory, cultural, social, fraud and corruption etc.)	P		
7	Have lessons and issues raised during past joint operations and/or assessments with the other organisations been considered?	P		

8	Does the HNS and IFRC have a contingency plan that can be updated to include cash components?	P		
Legal and Compliance Risks				
<i>IFRC Status Agreement</i>				
9	Does the IFRC have a status agreement* in country? (In the case where the IFRC does not have a status, would the IFRC be able to operate under the legal umbrella of the HNS?) * IFRC status agreement refers to the agreement concluded with the Government, which grants the IFRC's sound and clear legal status to operate in the country, as well as privileges and immunities similar to those of international organisations to facilitate its operation. Please revert to the legal department in case of questions regarding the status agreement	P	Y	
10	Can the IFRC comply with all legal restrictions under this status agreement relating to transfer of cash into the country?	P	Y	
11	Does the status agreement contain appropriate provisions for transferring and repatriating funds*, and/or opening bank accounts? *Any transfer of funds by the IFRC to a NS for the purpose of cash based programmes will be done in accordance with IFRC rules, regulations and policies, including the CBP standard operating procedures and the cash transfer and working advance modalities	P		
<i>Governmental regulations/laws</i>				
12	Can any particular government regulations/ laws that prohibit the transfer and repatriation of funds in foreign currencies into and from the country be complied with?	P	Y	
13	Can any particular government restrictions that prohibit or regulate the distribution of cash in the country be complied with?	P	Y	
14	Can any particular restrictions placed by government/local authorities on how to proceed with programming (relating to type, target populations, timeframes, etc.) be complied with?	P	Y	
15	Can all necessary approvals be obtained for these activities, including prior permissions and any documentation required?	P	Y	

Strategic Risks				
<i>National Society</i>				
16	Has the HNS agreed to the CBP proposed and its details (i.e. delivery mechanism chosen, amounts, targeted population, etc.)?		Y	
17	Will the HNS be involved in the design and/or delivery of the programme (i.e. volunteers/staff) being proposed by the IFRC?			
<i>Government and local authorities</i>				
18	Have the national government and/or local authorities agreed to the CBP being proposed (i.e. delivery mechanism chosen, amounts, targeted population, etc.)?		Y	
<i>Other organisations</i>				
19	Are other organisations undertaking cash based programming into the country (including PNS)?	P		
20	Is there an interagency forum in which to discuss CBP?			
21	Does an adequate coordinating mechanism exist to ensure cohesion, proper coverage and avoid duplication with other agencies involved in CBP and if not has IFRC/HNS identified the reasons why not?		Y	
<i>Relationship to donors</i>				
22	Is the strategy to proceed with cash based programming clearly discussed in the appeal, operational plans and/or operation updates issued to the public/donors?	P		
23	Can the IFRC/NS monitor and comply with donor restrictions/prohibitions and conditions, keeping in mind the Fundamental Principles?	P	Y	
24	<i>Can the IFRC/NS monitor and comply with any requirements by donors related to anti terrorism and/or bribery?</i>	P	Y	
25	Can the IFRC/HNS monitor and comply with any social requirement clauses (i.e. women only, children only, etc.) keeping in mind the Fundamental Principles?	P		

Security Risks (based on Security Risk Assessment (SRA))				
26	Has a situational analysis been properly completed involving a wide variety of sources including NS, ICRC, UN, NGOs, Government and open source material?	P	Y	
27	Has site and storage security been appropriately considered?	P	Y	
28	Will the cash be stored by the third party, the preferred method of storage for IFRC?			
29	Has transport security been appropriately considered?			
30	Is transport of the cash being done by the third party, the IFRC preferred mode of transport?			
31	As per IFRC's Minimum Security Requirements (MSR), does the operation have the means for a 2-way communications and a redundancy system in place?			
32	Does the programme beneficiary selection criteria consider possible security risks of the programme?		Y	
33	Have distribution security issues been appropriately considered?		Y	
34	Does the programme have a security contingency plan in place according to IFRC standards	P	Y	
35	Based on the outcome of the SRA, has a security plan been developed that addresses how identified risks can be mitigated against?		Y	
36	Is the cash programme fulfilling the IFRC minimal Security Requirements (MSR)?		Y	
Accountability, Fraud & Corruption Risks				
37	Can the IFRC/HNS comply with the strategy/process (course of action) on how to deal with potential cases of corruption and/or misappropriation of funds at the various levels (i.e. employees, volunteers, vendors, third parties, beneficiaries, role of insurance / police etc.)?		Y	
38	Can preventative measures for any identified risks of fake/counterfeit vouchers/claims be reasonably implemented when using vouchers?		Y	

39	Is there is insurance coverage in place, in case of losses, theft and other risks during transport of cash? <i>(Consider obtaining appropriate insurance cover from the IFRC Insurance Unit in Geneva. Also obtain any authorisation from IFRC Geneva Security Unit for such a transfer)</i>	P	Y	
Programming Risks				
<i>Capacity related risks</i>				
40	If IFRC is working through NS for CBP, has the IFRC assessed the NS's systems and capacity to implement and meet donor requirements?	P	Y	
41	Does the proposed and staffing structure and assignment of roles and responsibilities allow for an appropriate segregation of duties and any delegation of authority?*	P	Y	
	*This should be clearly documented and communicated within the organisation (IFRC and NS) and shared with partners as appropriate			
42	Can the HNS undertake the programme in terms of adequate human resources, technical know-how, knowledge of applicable policies and procedures and the means to implement the CBP?	P	Y	
43	Where the IFRC/NS does not have the capacity, are there alternate options, such as third party service providers (banks, financial institutions, post offices, vendors, or other service providers) that have the capacity to undertake the activities?	P		
44	Can any restrictions/limitations on the types of services/capacities of the identified third parties be addressed successfully?	P		
45	Where any restrictions/limitations cannot be addressed will this determine the type of CBP to be undertaken?	P		
<i>Beneficiary Registration & Data Management Risks</i>				
46	Are beneficiary selection and verification processes transparent and backed up with adequate documentation?			
47	Can IFRC/NS register beneficiaries for effective tracking and reconciliation of the programme?	P	Y	
48	Can all regulatory requirements regarding the type of data that may be captured, stored and transferred be met (i.e. privacy and data protection laws)?	P	Y	

49	Can all adequate safeguards to protect beneficiary information collected, stored and transferred been put in place (properly segregated and filing adequately safeguarded) in a way that meets IFRC rules and regulations, policies, procedures, guidelines and national laws?		Y	
50	Can any beneficiary approval required be obtained?	P		
51	Can all other requirements from the government regarding the use of this data be addressed? If yes, does the collection, storage and/or transfer of this data breach any of the Fundamental Principles, international humanitarian law, human rights and national laws on privacy and data collection? (This may be related to retransmission of the data, either to donors or other entities)	P		
<i>Beneficiary Considerations/Communication</i>				
52	Can any identified gender based violence issues related to planning a CBP be addressed?	P		
53	Can any identified cultural particularities related to planning out a CBP be addressed?	P	Y	
54	Where the delivery mechanism(s) chosen excludes any targeted beneficiaries (i.e. SMS/phone delivery where beneficiaries do not have mobiles, where a bank account is needed and official government ID is required, where literacy rates may be low and increased beneficiary communications are needed), is there an appropriate strategy in place to include those at risk of being left out?	P	Y	
55	Is the beneficiary communication plan/strategy in place been tested for effectiveness?			
56	Is there an independent appropriate feedback mechanism in place for beneficiaries (i.e. to report irregularities and/or to comment on the programme)?		Y	

ANNEX 3. IFRC RISK REGISTER AND HEAT MAP TEMPLATE

The risk register and heat map are tools to help manage risk. Once developed they should be reviewed from time to time to ensure they remain current. The tools can be used in two main steps:

Step 1 - Develop a Risk Register: The Cash Based Programming Risk Management Checklist will have identified a number of risks which may impact the success of the operation. These risks need to be monitored and reviewed to ensure that key risks are being managed.

- Risk Description: a brief description of the key risks could be provided for the top 10-15 risks.
- Risk Category: The main risks categories include “Operational”, “Strategic”, “Financial” and “Reputational”. The purpose of categorising risks is to determine if there are common themes (e.g. a significant number of financial risks may warrant a different course of action).
- Likelihood & Impact: risks should be assessed in terms of “likelihood” of occurring and potential “impact”. These are ranked 1-5 (5 being the highest) and the rankings can be used to “map” the risks in the Risk Heat Map. The purpose is to help management prioritise what risks to address first.
- Key controls/Action Plan: risks need to be responded to by either 1) Treating the risk; 2) Transferring the risk; 3) Terminating the risk; or 4) a management decision to tolerate the risk. Proposed action to mitigate the risk should be recorded here including the person/s responsible, and time lines

Step 2 – Risk Heat Map: The information from the Risk Register (Likelihood and Impact) can be mapped on the Risk Heat Map. This is a tool to help management visualise (and prioritise) their risk action plan.

#	Risk Description	Risk ¹ Category	Likelihood ²	Impact	Key controls/Action plan	Risk owner ³	Completion date
1							

LIKELIHOOD

5 - Almost Certain				1	
4 - Likely					
3 - Possible					
2 - Unlikely					
1 - Rare					
	1 - Insignificant	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic

IMPACT

¹ *Strategic*: risks that are in direct connection with corporate governance; *Operational*: risks that are directly or indirectly connected with the Federation's service provision; *Financial*: risks that are connected with the Federation's financial management.

² See Risk Register Heat Map for the framework used to measure Likelihood and Impact. This is the current assessment of likelihood and impact before key controls/action plan are implemented.

³ This is the nominated person who is in the best position to implement the key controls/manage the risk

ANNEX 4. IFRC STANDARD CONTRACT TEMPLATE

This model agreement for cash transfer services consists of three parts: 1) The standard legal contract, 2) Annex A, the general terms and conditions, usually applicable to all service agreements and 3) Annex B and C, the specific terms, depending on the delivery mechanism that will be used for the CBP. .

This standard contract is designed to support rapid and initial programming by providing a template that has been developed and pre-approved by the IFRC Legal Department. Please note that if the terms and conditions need to be adapted for particular situations, the legal department should be contacted. That being said, it is not advisable to change any of the general terms and conditions

Please note that highlighted areas need to be filled in, prior to signature. Please note the authorization and approval levels and follow procedures for signature of the agreement, as per the Contract Approval Matrix (available on Fednet.)

Agreement for Cash Transfer Services

<p style="text-align: center;">Agreement entered into between</p> <p style="text-align: center;">the International Federation of Red Cross and Red Crescent Societies</p> <p style="text-align: center;">('Federation')</p> <p style="text-align: center;">and</p> <p style="text-align: center;">(insert name of service provider)</p> <p style="text-align: center;">('Service Provider')</p>	
IFRC address and contact details	(insert relevant address, depending on which office is executing this contract)
Service provider address and contact details	(insert relevant address with all contact details)

1. Service	<i>(insert relevant information on service provided including all roles and responsibilities undertaken by the Service Provider and amounts involved. The whole project description may be added in an annex as well.) (the 'Services')</i>
2. Term	This Agreement shall commence on (insert date) and shall expire on (insert date), unless sooner terminated under the terms of this Agreement.
3. Service Fee	<p>As full consideration for the Services performed by the Service Provider under the terms of this Agreement, upon certification that the Services have been satisfactorily performed, the IFRC shall pay the Service Provider:</p> <p>a total fee of (insert total amount) broke down as follows: (insert any transaction fee, unit cost in case of good or list of prices etc.)</p> <p>Payment schedule as follows: (insert amounts and dates of instalments)</p> <p>Payment will be made to the account designated in the Service Provider's relevant invoice.</p>

4. Terms and conditions	<p><i>This Agreement is subject to the attached General Terms and Conditions as Annex A, and in addition, the specific terms as applicable to the type of service to be provided in the following annexes, as Annexes B and C:</i></p> <p><input type="checkbox"/> <i>cash and/or commodity vouchers</i></p> <p><input type="checkbox"/> <i>cash distribution through a third party/transfer company</i></p> <p><u>Please tick the appropriate box</u> to indicate clearly the type of services and the additional conditions applicable to such service.</p>
--------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

For the IFRC		
Name and title	Date	Signature

For the Service Provider		
<p><i>I acknowledge that I have read and accept all terms and conditions of this agreement, including the attached General Terms and Conditions and specific conditions as per the annexes.</i></p>		
Name and Title	Date	Signature

ANNEX A: GENERAL TERMS AND CONDITIONS

1. LEGAL STATUS

The Service Provider shall be considered as having the legal status of an independent service provider. Agents or employees of the Service Provider shall not be considered in any respect as being employed or in any manner officials or staff members of the IFRC.

2. ASSIGNMENT OF PERSONNEL

The Service Provider shall not assign any persons other than those accepted by the IFRC for work performed under this Agreement.

3. OBLIGATIONS

The Service Provider and all individuals assigned by it to perform services under this Agreement:

- (a) Shall neither seek nor accept instructions from any authority external to the IFRC in connection with the performance of its/their Services under this Agreement.
- (b) Shall refrain from any action which may adversely affect the IFRC and shall fulfil its/their commitments with the fullest regard for the interests of the IFRC.
- (c) Shall assure compliance with all applicable laws of the country where the Service Provider is registered as well as those in which the activities are performed.
- (d) Assure that all duties are conducted with integrity, free from any taint of dishonesty or corruption and that all persons are respected equally without any distinction or discrimination based on nationality, race, gender, religious beliefs, class or political opinions.
- (e) Shall not advertise or otherwise utilize to its/their advantage the fact that it is or has been a service provider with the IFRC.
- (f) Shall not, in any manner whatsoever use the name, emblem or official seal of the IFRC or any abbreviation of the name of the IFRC in connection with its business or otherwise, except as required for the fulfilment of its contractual duties hereunder and then only with the express prior written approval of the IFRC Secretary General or his/her designate.
- (g) Shall not communicate at any time to any other person (legal or natural), Government, National Society or authority external to the IFRC any information known to it/them by reason of its/their association with the IFRC which has not been made public, except in the course of their duties or by authorisation of the IFRC Secretary General or his/her designate; nor shall service providers or assigned individuals at any time use such information to its/their private advantage.
- (h) When performing the services on IFRC premises or at any location when representing the IFRC, shall act in a manner consistent with the values of the International Red Cross and Red Crescent Movement and shall abide by the rules of conduct set out in the IFRC's Code of Conduct (a copy of which has been provided by the IFRC). The Service Provider acknowledges and accepts that any violation of these rules of conduct by it or any individual assigned by it to perform services on its behalf shall be considered breach of an essential term of this contract.
- (i) The obligations set out in sub-clauses (e), (f) and (g) above shall continue upon expiration or termination of this Agreement with the IFRC.

4. REPRESENTATIONS AND WARRANTIES

The Service Provider represents and warrants:

- (a) It is not engaged in the sale or manufacture, either directly or indirectly, of anti-personnel mines or any components produced primarily for the operation thereof.
- (b) To ensure the respect of internationally agreed core labour standards, e.g. the ILO core labour standards, conventions on freedom of association and collective bargaining, elimination of forced and compulsory labour, elimination of discrimination in respect of employment and occupation, and the abolition of child labour.
- (c) It is not engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including the requirement that children be protected from performing any work that is likely to be hazardous, to interfere with their education, or to be harmful to their health and development.

- (d) It respects the basic social rights and working conditions of its employees, servants, agents and sub-service providers.
- (e) There are no material claims or allegations outstanding against the service provider that might adversely affect the Federation or its reputation.

5. TITLE RIGHTS

- (a) During the term of this Agreement, the Service Provider shall disclose to the IFRC all ideas, inventions, business plans or any other materials developed by it during the term of this Agreement as a consequence of the services provided to the IFRC by the Service Provider.
- (b) The IFRC shall be entitled to all property rights including but not limited to patents, copyrights and trademarks, with regard to material which bears a direct relation to, or is made in consequence of, the services provided to the IFRC by the Service Provider. At the request of the IFRC, the Service Provider shall assist in securing such property rights and transferring them to the IFRC in compliance with the requirements of applicable law. At the request of the IFRC, the Service Provider shall take all necessary steps, execute all necessary documents and generally assist in securing such property rights and transferring them to the IFRC in compliance with the requirements of applicable law.
- (c) All materials prepared as well as, all data collected and processed in the course of the Service Provider's work for the IFRC is the property of the IFRC. Such information cannot be used by the Service Provider for any purpose, other than that agreed under the terms of this Agreement, without the prior written approval of the IFRC Secretary General or his/her designate.
- (d) Title to any equipment and supplies which may be furnished by the IFRC shall rest with the IFRC and any such equipment shall be returned to the IFRC as soon as possible, when no longer needed by the Service provider. In any event, all equipment and supplies must be returned to the IFRC upon the termination or expiration of this Agreement. Such equipment, when returned to the IFRC, shall be in the same condition as when delivered to the Service Provider, subject to normal wear and tear. The Service Provider bears all responsibility for lost or damaged equipment and supplies.

6. TAX EXEMPTION

The Service Provider's fee shall reflect any tax exemption to which the IFRC is entitled by reason of any immunities which it enjoys. If it is subsequently determined that any taxes which have been included invoiced are not required to be paid, the IFRC shall deduct the amount from the service fee or, if it has paid any such taxes, it shall be refunded by the Service Provider.

7. DELAY

Without prejudice to clause 8 below, if the Services have not been completed during the agreed time period, any additional costs or damages incurred by the IFRC due to such delay may be withheld from any amounts owed to the Service Provider.

8. TERMINATION

- (a) This Agreement may be terminated at any time by either party before the expiry date of the Agreement by giving written notice to the other party. The period of notice shall be five days in the case of agreements for a total period of less than two months and fourteen days in the case of agreements for a longer period.
- (b) This Agreement may be terminated by the IFRC with immediate effect at any time if the Service Provider has breached any of his contractual obligations with the IFRC or if in the reasonable opinion of the IFRC the service provider has brought or is reasonably likely to bring the Red Cross/Red Crescent Movement's reputation into disrepute.
- (c) In the event of the Agreement being terminated prior to its due expiry date in this way, the Service Provider shall be compensated on a *pro rata* basis for no more than the actual amount of work performed to the satisfaction of the IFRC. Additional costs or damages incurred by the IFRC resulting from the termination of this Agreement by the Service Provider or by the IFRC in accordance with para (b) above, may be withheld from any amount otherwise due to the Service Provider by the IFRC.

9. BANKRUPTCY

Should the Service Provider file any petition for bankruptcy, or should the Service Provider make a general assignment for the benefit of its creditors, or should a receiver be appointed on account of the

Service Provider's insolvency, the IFRC may under the terms of this Agreement, terminate the same forthwith by giving the Service Provider written notice of such termination

10. FORCE MAJEURE

Force majeure, as used herein, shall mean acts of God, laws or regulations, industrial disturbances, acts of the public enemy, civil disturbances, explosions and any other similar cause of equivalent force not caused by, nor within the control of either party, and which neither party is able to overcome. As soon as possible after the occurrence of the force majeure and within not more than 15 days, the Service Provider shall give notice and full particulars in writing to the IFRC of such force majeure if the Service Provider is thereby rendered unable, wholly or in part, to perform his obligations and meet his responsibilities under this Agreement. The IFRC shall then have the right to terminate this Agreement by giving in writing seven day notice of termination to the Service Provider, and the Service Provider shall return any deposit paid by the IFRC.

11. INDEMNIFICATION AND INSURANCE

- (a) The Service Provider shall indemnify, hold harmless and defend at its own expense the IFRC, its officers, agents and employees from and against all suits, claims, demands and liability of any nature or kind, including costs and expenses, arising out of acts or omissions of the Service Provider or its employees in the performance of this Agreement.
- (b) The Service Provider shall provide and thereafter maintain for the duration of this Agreement and any extension thereof all appropriate workmen's compensation insurance and furnish proof to the satisfaction of the IFRC of adequate liability insurance (including as relevant employers liability insurance, comprehensive general liability insurance, automobile liability insurance and professional liability insurance). The Service Provider shall further provide such health and medical insurance for its agents or employees as the service provider may consider advisable.
- (c) The Service Provider shall maintain adequate insurance coverage in order to indemnify the IFRC for the full or partial loss of any amount of the funds, as a result of theft, or loss by any other means. The Service Provider shall provide the IFRC with proof of such insurance coverage on the date of the conclusion of an agreement and thereafter at the request of the IFRC.

12. OFFICIALS NOT TO BENEFIT

The Service Provider represents and warrants that no official of the IFRC has been, or shall be, admitted by the Service Provider to any direct or indirect benefit arising from this Agreement or the award thereof. The Service Provider agrees that breach of this provision is a breach of an essential term of this Agreement.

13. AMENDMENTS AND ASSIGNMENTS

No change in or modification of this contract shall be made except by prior written agreement between the Service Provider and the IFRC's authorised representative. The Service Provider shall not assign, transfer, pledge, sub-contract or make other disposition of this Agreement or any part thereof, or of any the Service Provider's rights, claims or obligations under this contract except with the prior written consent of the IFRC.

14. ARBITRATION

Any dispute, controversy or claim arising out of or relating to this contract, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force. The place of arbitration shall Geneva, Switzerland, and the language to be used in the arbitral proceedings shall be English. The arbitral tribunal shall have no authority to award punitive damages. The parties agree to be bound by any arbitration award rendered in accordance with this paragraph as final adjudication of any such dispute, controversy, or claim.

15. GOVERNING LAW

This Agreement shall be governed by Swiss law.

16. FEDERATION PRIVILEGES AND IMMUNITIES

Nothing in or relating to this contract shall constitute or be deemed a waiver, express or implied, of any of the privileges and immunities of the IFRC.

Note: These Special Terms and Conditions for Voucher CBP (commodity and/or cash vouchers) apply in addition to the General Terms and Conditions and are an integral part of the Service Agreement. This Annex applies to those programs where the Service Provider accepts to redeem vouchers for goods. Please note that some of these Special Terms and Conditions may vary, depending on the type of implementation and services to be undertaken – and this Annex may need to be amended accordingly. Please coordinate with the legal department in this regard.

ANNEX B: SPECIAL TERMS AND CONDITIONS FOR GOODS SUPPLIERS (KNOWN AS SERVICE PROVIDER UNDER THIS AGREEMENT)

1. APPLICATION OF THIS ANNEX: The conditions as described in this Annex are complementary to the General Terms and Conditions of the IFRC, and shall be considered an integral part of the Agreement.

2. SUPPLIER OBLIGATIONS:

In addition to the obligations stipulated in the General Terms and Conditions, the following terms and conditions shall be adhered to by the Supplier:

2.1 Pre-conditions for redemption of vouchers

- (a) The Supplier shall ensure that all its resources and facilities are available to ensure voucher redemption either at the agreed locations;
- (b) The Supplier shall ensure development of procedures for processing and reconciliation of vouchers;
- (c) The Supplier shall ensure appropriate and secure information technology systems to receive and provide information and data relating to the redemption of vouchers; and
- (d) The Supplier is solely and fully responsible for any and all payments to its vendors, including for services, materials, goods, rental of equipment, labour, transportation etc. in order to assure its obligations under the agreement.
- (e) The Supplier shall grant access to the IFRC to stores/warehouses in order to inspect the goods, and provide samples and information as requested.

2.2. Conditions at time of redemption of vouchers:

- (a) The Supplier shall warranty that the goods to be exchanged for vouchers are of good quality;
- (b) The Supplier shall ensure that appropriate quantities of goods are available in the pre-agreed locations on the specified dates, to assure distribution to beneficiaries at the agreed time;
- (c) The Supplier shall ensure that all beneficiaries with vouchers shall be given access to the goods, and shall not be discriminated against, for any reason;
- (d) The Supplier shall ensure that only beneficiaries with genuine vouchers shall be provided goods, and shall report any instances of fake vouchers to the IFRC;
- (e) In case of any restrictions on commodities to be exchanged, this should be specified and agreed to in advance between the supplier and the IFRC, and shall be communicated properly to beneficiaries;
- (f) The Supplier shall honour the term of the validity of the voucher on (insert date) and shall provide goods till the expiry of the voucher;
- (g) The vouchers on the basis of which the goods are transmitted shall not be subject to any right, charge, interest, right to compensation, guarantee, or claim of any kind against the Supplier, including from any of its trustees or creditors. The Supplier shall in no case, loan, mortgage, pledge or encumber the funds except on written instructions by the IFRC;
- (h) The Supplier shall receive, redeem and return the vouchers only in accordance with the Agreement;
- (i) The Supplier shall act, or refrain from acting only on instructions, approval, consent or notice given by the IFRC pursuant to the Agreement. The Supplier shall only act on written instructions signed by an authorized representative of the IFRC; and
- (j) The Supplier shall secure the sites for the redemption of vouchers at its own cost.

2.3 Conditions subsequent to redemption of vouchers:

- (a) Adequate records shall be maintained by the Supplier including all receipts and redemption of vouchers and other records as the IFRC may reasonably request;
- (b) The Supplier shall provide the IFRC with written statements of accounts that list (i) all vouchers received, (ii) details of all transactions concerning redemption of vouchers. The reports shall also include any other information the IFRC may reasonably request;
- (c) The Supplier shall immediately notify the IFRC in writing if it receives notification of any claim against the goods for the vouchers;

2.4 Additional Conditions:

(Please include any additional conditions, including back donor conditions, if applicable here. These conditions must be adhered to and must 'flow-down' to the service provider as well, and so need to be included here.)

3. OBLIGATIONS OF THE FEDERATION / SERVICE PROVIDER: *(this will have to be modified according to which entity contracts with the Supplier)*

- (a) The IFRC shall provide to the Supplier the total number of beneficiaries, and approximate quantities that may be required per commodity.
- (b) The information shall be provided at least (x) days before the voucher is redeemable.
- (c) The IFRC shall ensure that all those issued vouchers are eligible beneficiaries.
- (d) The IFRC provider shall provide a distribution timetable to the Supplier, in case of staggered redemption of vouchers, with sufficient details regarding location, quantities and timeframe.
- (e) The IFRC shall arrange for adequate additional security for voucher redemption. *(optional)*
- (f) The IFRC shall ensure a reimbursement mechanism, with timeframe for payments to the Supplier.

Note: These Special Terms and Conditions for cash transfers through third parties/transfer companies apply in addition to the General Terms and Conditions of the IFRC and are an integral part of the Service Agreement. This Annex applies to those programs where the service provider shall distribute the funds directly to beneficiaries, in the form of cash. This may also include instances where financial institutions distribute cash, through smart cards, mobile banking etc. For these specialized cash transfers, additional terms and conditions may need to be included.

Please note that some of these Special Terms and Conditions may vary, depending on the type of implementation and services to be undertaken – and this Annex may need to be amended accordingly. Please coordinate with the IFRC Legal Department in this regard.

ANNEX C: SPECIAL TERMS AND CONDITIONS FOR THIRD PARTIES / TRANSFER COMPANIES

1. APPLICATION OF THIS ANNEX: The conditions as described in this Annex are complementary to the General Terms and Conditions of the IFRC, and shall be considered an integral part of this Agreement when a third party/transfer company (such as a financial institution) facilitates the transfer of cash to beneficiaries.

2. SERVICE PROVIDER OBLIGATIONS:

In addition to the obligations stipulated in the General Terms and Conditions of the IFRC, the following shall be adhered to by the Service Provider:

2.1 Pre-conditions for cash distribution:

- (a) The Service Provider shall use its existing network of branches to facilitate cash transfers to beneficiaries;
- (b) The Service Provider shall ensure that funds are available in the pre-agreed branches on the specified dates, to assure cash transfers to beneficiaries at the agreed time;
- (c) The Service Provider shall ensure that all its resources and facilities are available to make cash transfers either at the branches or agreed distribution points;
- (d) The Service Provider shall ensure development of procedures for processing and reconciliation of cash transfer data;
- (e) The Service Provider shall ensure appropriate and secure information technology systems to receive and provide information and data relating to the cash transfer process; and
- (f) The Service Provider is solely and fully responsible for any and all payments to its vendors, including for services, materials, goods, rental of equipment, labour, transportation etc. in order to assure its obligations under the agreement.

2.2 Conditions at time of cash distribution:

- (a) The Service Provider shall disburse funds from the points of distribution to individual beneficiaries in accordance with agreed processes and procedures;
- (b) The Service Provider may, when necessary and upon agreement of the IFRC, choose other retailers as points of distribution for the cash transfers;
- (c) The funds shall not be subject to any right, charge, interest, right to compensation, guarantee, or claim of any kind against the Service Provider, including from any of its trustees or creditors. The Service Provider shall in no case, loan, mortgage, pledge or encumber the funds except on written instructions by the IFRC;
- (d) The Service Provider shall receive, hold, release and return the funds only in accordance with this Agreement.
- (e) The Service Provider shall act, or refrain from acting only on instructions, approval, consent or notice given by the IFRC pursuant to this Agreement. The Service Provider shall act on written instructions signed by an authorized representative of the IFRC.
- (f) The Service Provider shall secure the sites for distribution and cash transfer at its own cost.

2.3 Conditions subsequent to cash distribution:

- (a) Adequate records shall be maintained by the Service Provider including all receipts and disbursements of cash and other records as the IFRC may reasonably request.
- (b) The Service Provider shall provide the IFRC with written statements of accounts that list (i) all funds received, (ii) details of all transactions concerning transfers to beneficiaries. The reports shall also include any other information the IFRC may reasonably request.
- (c) The Service Provider shall immediately notify the IFRC in writing if it receives notification of any claim against the funds.
- (d) Any grant not claimed after 30 days shall be voided unless the IFRC requests a payment period extension. If there is no such request, the total amount of unclaimed grant, including any amount which may have been paid in advance as transaction fee for the unclaimed grant, shall be returned to the IFRC within 30 days.
- (e) Except as may be required by law and expressly indicated to the IFRC in writing, the Service Provider shall not share, transfer or communicate to any third party the information it is in receipt of, as a result of the Agreement. This shall include, *inter alia*, the information of and related to the beneficiaries such as personal details, banking information etc.

2.4 Additional Conditions:

(Please include any additional conditions, including back donor conditions, if applicable here. These conditions must be adhered to and must 'flow-down' to the service provider as well, and so need to be included here.)

3. OBLIGATIONS OF THE FEDERATION:

- 3.1 The IFRC shall provide to the service provider a list of all beneficiaries to receive the cash transfer. The list shall be provided at least five (5) working days before the transfers are payable and shall include the following information:
 - a) Comprehensive information on each beneficiary and the amount of the cash transfer to be made. The beneficiary information will be provided in a format agreed with the Service Provider and will be sent via electronic transmission.
 - b) The branch where the payment will be made.
- 3.2 The IFRC shall ensure that all designated cash transfer recipients on the list are eligible beneficiaries.
- 3.3 The IFRC shall ensure that the funds, in the amount agreed in the service description in box 1 above, are transferred to the bank account of the Service Provider five (5) working days before the transfers are payable.
- 3.4 The IFRC shall provide funds to cover the costs of payments when the transfers are made.
- 3.5 Upon request the Service Provider and if agree to, arrange for adequate additional security for payment of the grant. *(optional)*

ANNEX 5. IFRC PROGRAMME CONTROL SELF-ASSESSMENT

Background

A CSA is a tool to self-assess the adequacy of internal controls and to identify potential weakness, non-compliance, and/or areas for improvement. A “No” response indicates an area of potential concern, and where remedial action is required. We suggest the assessment is undertaken intermittently, and more regularly if there are a number of “No” responses. This CSA reflects components of relevant SoPs, and other controls expected to be established.

#	Key controls	Compliance with key controls		Rectification taken for non-compliance	Implementation date
		Yes	No		
1.1	Strategy A risk assessment has been performed and is regularly reviewed (e.g. for CBP, the use of the IFRC CBP Risk Management Checklist)				
1.2	The IFRC SoPs are followed (e.g for CBP, the IFRC CBP SoPs) (or if a HNS has its own procedures, IFRC has assessed these as adequate)				
2.1	Safety & Security IFRC staff have undertaken the compulsory Minimum Security Requirements training				
2.2	A security risk assessment has been performed and security is regularly monitored				
2.3	Data protection/security is in line with IFRC's Information Security Policy for highly restricted/restricted information				
3.1	Fraud & Corruption Prevention Fraud and corruption prevention awareness is raised with key stakeholders (e.g. IFRC's Fraud & Corruption Prevention Policy, Fraud & Corruption training on e-learning platform, Safecall number)				
3.2	The beneficiary selection criteria is established based on a transparent process				
3.3	A beneficiary communication/feedback mechanism is established (including an independent review process)				
3.4	Beneficiary data are reviewed for duplicates/ anomalies and suspicious information investigated				
4.1	Asset Protection Segregation of duties exists such that one staff does not control a whole process. E.g.: <ul style="list-style-type: none"> • <u>Cash</u>: one person is the cash custodian, and another person processes this in CODA • <u>Vouchers</u>: one person is the voucher custodian, and another person records the distribution of 				

#	Key controls	Compliance with key controls		Rectification taken for non-compliance	Implementation date
	the vouchers				
4.2	Assets are safeguarded against being stolen, counterfeited or reused (for CBP this includes vouchers and cash cards). There is a designated asset custodian, and documented physical inventory checks by another person (independent from the process)				
4.3	Cash is kept in a secure location such as a safe and cash controls are in place (e.g. cash policy established, rules in relation to the movement of cash, regular cash counts performed)				
5.1	Eligible Expenditure Budget holder (BH) has received training on financial management, and BH is aware of donor/grant compliance requirements				
5.2	Adequate supporting documentation is retained including: <ul style="list-style-type: none"> The criteria used for the selection of beneficiaries Signed distribution lists (or for CBP, proof of payment from 3rd parties to confirm that funds/vouchers were received by beneficiaries) Reconciliation between the signed distribution list, and the goods procured (or for CBP, the cash transferred) 				
5.3	Budget vs Actual expenditure is reviewed				
6.1	Accuracy of Financial Reports A process is in place to ensure expenditure is recorded to the correct account (e.g. for CBP, A/C 5780)				
6.2	Provisions are booked when necessary (see Finance SoPs for further details)				
7.1	Achievement of Project Objectives Plans are developed in consultation with key stakeholders (eg. NS, Resource Mobilisation)				
7.2	A resource mobilisation plan has been developed to reduce the risks of funding gaps				
7.3	There is an approved and current Plan of Action and Monitoring & Evaluation plan (with SMART indicators and expected results)				
7.5	Evaluations (based on the IFRC Evaluation Guidelines) and lessons learned are performed and incorporated in future project planning				