*Insert logos NS and/or IFRC*

XXX Red Cross/Crescent Society

Financial Service Providers (FSP)

Scope of Work (SoW)

# Project name and number

*Xxx*

# Introduction

*Background on the relevant crisis*

*Short background to the national society reach*

*The reason for the current tender process, for example:*

The [NS] seeks to contract a Financial Service Provider (FSP), which is able to deliver to the specific project needs in [specify location] and have experience in humanitarian projects. The modality of the delivery of the cash transfer for the affected populations is unrestricted, hence the FSP is expected to be able to deliver the cash to the registered beneficiaries through either mobile money, bank transfers or cash in hand.

The [NS] is interested in setting up a framework agreement with the FSP, which can be used in future crisis situations.

The Red Cross and Red Crescent Movement’s work is guided by the seven fundamental principles: Humanity, impartiality, neutrality, independence, voluntary service, unity and universality. All staff must abide by and work in accordance with the principles.

# Background and context

## Needs analysis

*One-two paragraphs establishing the specific needs*

*One paragraph establishing potential/expected future needs (i.e. for the framework agreement)*

*Population to be assisted*

# Purpose of the service requested

*Number of targeted population and location of this (see also table below)*

*Focus on most affected communities and households*

*Specify if there is potential to reach more households later in the project than those stated above*

*Describe the cash transfer: unrestricted (i.e. expected delivery details), cash value, number of instalments*

[NS] *role in engaging local communities, e.g. CEA and targeting responsibilities*

**Table 1: Operation key figures**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Project Name**: xxx | | | | |
| **Objective of the Implementation** | Support X,xxx households to cover their xxx needs for a period of X months | | | |
| **Sector** | Xxx | | | |
| **Transfer Value** | Xx value per household per month | | | |
| **Number of Targeted Household** | X,xxx HHs | | | |
| **Number of Transfers to be sent to each HH** | X | | | |
| **Period of instalments** | Weekly / Monthly etc. … | | | |
| **Location** | **Targeted HH** | **Transfer Amount/Month in local value** | **Number of instalments/transfers** | **Total**  **Amount in local value** |
| Location 1 |  |  |  |  |
| Location 2… |  |  |  |  |
| … |  |  |  |  |
| … |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **TOTAL** | X,xxx |  |  |  |

## Programme standards / benchmarks

The project was designed by engaging various stakeholders and community representatives. Communities were engaged in the whole process. [NS] will support the FSP continuously to ensure effective participation of beneficiaries and accountability throughout the project cycle by setting up feedback and complaints platforms as guided by the [NS] Community Engagement and Accountability Standards (CEA) and Core Humanitarian Standards (CHS). The guidelines from the National Cash Working Group as well as the [NS] Cash in Emergencies toolkit will be instrumental as reference during implementation.

# Purpose of the service required

In the context of the xxx project, [NS] intends to commission a FSP to initially transfer through their transfer methods (e.g. mobile money, bank transfers) an amount of xxx local value per family, per month, to xxxx number of families during a period of x months, summing up a total of x,xxx,xxx local value.

It is required that the selected FSP has a good coverage in the operational area of xxx. Additional beneficiaries in other Districts of the country could be added depending on operational needs, therefore, good coverage in the rest of the affected areas of the country is a plus.

It is required that the FSP provides enough agents in all targeted communities (as *per table 1)* within the first week after each transfer, so that all beneficiaries can cash out with those agents, and have immediate access to their money.

It is required that the selected FSP provides the [NS] with access to accounts (e.g. sim cards, bank accounts) that will be assigned to each targeted beneficiary, so that the cash can be transferred to them.

The first phase of cash support is expected to be performed from x to x [insert project period].

Potential additional distributions in other Districts will be communicated with the FSP as the operational needs arise. It is required that the selected FSP is willing and ready to provide cash transfer services to targeted beneficiaries of the [NS] in other parts of the country if requested to.

# Specific requirements for the framework agreement

Further than the scope of the specific project described above, the [NS] intends to commission a framework agreement with a financial service provider to provide cash in xxx areas of country for future operations. The framework agreement shall remain in force for xx years as long as both parties maintain the terms of the service and unless termination by the parties. The framework agreement can not estimate exactly how many households might be reached during the framework agreement period, the transfer amount or number of instalments as this will depend on the nature of future crisis and project objectives.

The FSP is expected to be able to deliver unrestricted cash to registered beneficiaries within x week (1 or 2 weeks) after receiving the signed addendum / Terms of Reference (ToR) and project-specific contract. The FSP is required to be able to deliver as close to the target beneficiaries as possible and as requested by the xxrcs.

The payment of service fees are only applied when a new purchase order is issued for a specific project and cash distribution is done as per the order. No annual fee is applied as long as the service is not used by [NS] within the agreement period. Within the period of the framework agreement, [NS]can also hold additional service agreement with other FSPs and xxrcs is not obliged to do all cash transfers exclusively with one FSP.

The targeted number of beneficiaries that will receive the assistance and the amount of cash to be transferred for each household will be communicated to the financial service provider in each cash intervention project and in advance of cash distribution. The Financial Service Provider will facilitate the access to the specific financial service (e.g. opening bank account, mobile money account) for beneficiaries based on the list provided by [NS]and cash will be deposited to the account once communicated with the target beneficiaries.

# Duties of the financial service provider

* Make all payments to the xx number of intended recipients in [local value]
* The FSP is responsible for opening accounts (e.g. bank accounts, mobile money accounts) for the registered beneficiaries according to the list provided by the [NS] and ensuring each individual’s registration on the system as owner of the account.
* The FSP will provide the [NS] with a full list of final registered beneficiary accounts (including phone numbers if mobile money).
* The FSP must make all payments within one week after receiving the instruction from [NS] to the list of people provided by [NS] as per the distribution plan.
* FSP is to acknowledge in writing receipt of transferred funds from [NS] within 3 working days.
* The FSP must be able to have branches or establish a cash distribution/collection point where no beneficiary will be requested to travel more than 30 minutes to withdraw/collect his/her money.
* As soon as the funds have been transferred by [NS] to the FSP and FSP has acknowledged receipt of the funds, the FSP is solely response for the safe custody of the funds. The funds received by FSP on behalf of beneficiaries ready for distribution remains the property of [NS] until funds have been distributed and received by beneficiaries in accordance to the drawn contract terms. Should any amount not be transferred to the beneficiaries in accordance to the present agreement, the FSP shall refund the money to [NS] within 5 working days.
* Provide the required personnel and ensure that the necessary security, logistics and communication arrangements are taken care of to ensure that the beneficiaries are paid on time and in a secure environment.
* To print receipt books for the payments in three (3) copies in which one copy is provided to the beneficiary, one copy to [NS] and copy is kept by the service provider for their records.
* To guarantee [NS] against any claims in regards to cash loss, including robbery and taxation from local authorities that may arise during the transfer, transport and/or distribution of cash.
* To have adequate insurance and risk management mechanisms in place as this will not be covered by the [NS]
* The service provider will be responsible and liable for the money until it is distributed to the recipients.
* FSP shall compensate [NS] for any cash loss occurring after funds have been received by the FSP and before they have been received by beneficiaries.
* FSP shall ensure that payment list of beneficiaries and payment instructions from the [NS] are adhered to, and the payment is not made to any other person than those nominated in the beneficiary list without prior written amendment and authorisation from the [NS].
* To carry out the projects cash distribution with due diligence and efficiency.
* To be responsible for the security of the funds and provide security, at own expenses, during all payment periods on site.
* The FSP should provide to the [NS] a proof of money transfer made to any individual with the [NS] money. This proof should be provided to the Red Cross within 5 working days after the transfer of funds was acknowledged by the FSP.
* If funds cannot be transferred to some beneficiaries, the FSP shall inform the [NS] regarding reasons why the money could not be transferred, for instance in circumstance such as incorrect beneficiary details, fraudulent activities, incorrect phone numbers. The FSP must agree with the [NS] in writing when a second try to transfer the funds to the beneficiary account will take place, so that there is enough time to address the potential issues with the beneficiaries. If a second try to transfer the funds to a specific beneficiary fails, the money should be returned to the [NS] account within 5 working days.
* Whenever there is a problem transferring funds to the Red Cross beneficiaries, the FSP should be available to provide technical support so that the issue can be addressed. No fees will be paid by the [NS] on unsuccessful transactions.
* To have data protection policy in place governing management (collection, storing, processing, sharing, transfer to third parties and disposal) of beneficiary data.

# Deliverables

* FSP to provide staff with relevant experience, skills and capacities to register account owners in the FSP system, and disburse cash to [NS] intended beneficiaries in the targeted [area of xxx] as stipulated in the encashment plan (to be provided if contract is awarded). This service should be provided as well in other Districts if the operation requires so.
* FSP is responsible for beneficiary registration as necessary in their system and all relevant costs of the cash distribution, including transport and agent fees.
* FSP to provide training to [NS] staff, volunteers and beneficiaries on the use of their systems and how to encash the money through their agents.
* To ensure only verified recipients receive the grants
* To ensure the recipients receive the amount of cash grant as approved by [NS]
* To ensure cash is distributed on time in a safe and secure place where the recipients are able to safely count the money.
* To ensure there is proof of receipt of cash by the recipient.
* To coordinate with [NS] in solving problems that may be encountered during distribution regarding identities of the beneficiaries.
* FSP to provide [NS] with a platform to facilitate the follow up and tracking of the cash disbursements.
* Once distribution is completed, the FSP will provide [NS] with proof of money transfer and specify in which format within 5 working days.

# Quality standards

* The FSP prepares the required cash liquidity in advance to ensure that such cash liquidity is available at the time of the cash distribution to meet the requirements.
* The FSP will ensure enough capacity of human resources that will be responsible for cash distribution and crowd management depending on the number of beneficiaries to be reached at the specific time and distribution point/branch.
* FSP to provide a customer services support that can provide technical support to the beneficiaries on the use of their services during and after the cash transfer and act in case of service failure.
* The service provider is expected to provide a conclusive reconciliation report at the end of each exercise, indicating the amounts disbursed against the name of the beneficiaries.
* The service provider shall ensure only the amount disbursed and services rendered are invoiced in an itemised manner with all the required supporting documentation to enable [NS] reconciliation.
* Employees engaged by FSP for the implementation of the projects will be under the sole responsibility of the FSP without any employment relationship whatsoever with the [NS].
* FSP will be responsible for taking necessary security measure pertaining to the cash transfer including but not limited to Data security, secure transaction of their branches (including FSP temporary setup established on need basis in remote locations). The [NS] will prepare, share and agree the distribution plan based on the total number of beneficiaries to be served, amount of money to be transfer per beneficiary, the date required for the transaction and the location of the beneficiaries with the FSP. FSP will be responsible to adhere to the plan and operations requirement.
* FSP to ensure and provide an operative, accessible and sufficient number of agents for cash withdrawal in the targeted areas as per the encashment plan, and to inform their staff in advance about the required cash liquidity to ensure that such cash liquidity is available at the time of the cash distribution to meet the requirements. Extra agents may be required in all targeted communities (as *per table 1)* within the first week after each transfer, so that all beneficiaries can cash out their mobile money with those agents and have immediate access to their money.

# Support to be provided by the XX Red Cross/Crescent Society

* For each project, [NS] shall provide the FSP with Purchase Order along with a list of verified beneficiaries including details pertaining to their identity, location and amounts payable.
* [NS] shall ensure proper sensitisation is done to the intended beneficiaries about the account opening and cash disbursement plan including the date, time, location and requirements from their side.
* [NS] shall transfer the necessary funds for the monthly distributions to the FSP within 5 working days prior the scheduled transfer to the beneficiaries. Each one of the four transfers shall be made in [local currency] only. The FSP will acknowledge the receipt of the payment by issuing an official receipt or through official email as required by [NS], within the first three working days after receiving the money.
* The total amount to be transferred by the FSP to the beneficiaries of the first cash transfer phase cannot exceed the total amount mentioned in the contract. If there will be any further beneficiaries to be added, that will be communicated by writing to the FSP by the [NS], and the amount will be transferred under the same terms and conditions set in the contract.
* The [NS] is responsible for mobilising the beneficiaries and to organise the initial distribution (e.g. sim cards, bank cards) (in coordination with the FSP), and request the beneficiaries to provide sufficient identification [specify, e.g. National Registration Card] for the registration to be successful in the system.
* The [NS] will inform the FSP within 48 hours about any problems reported by the community to the Red Cross (if any) during the use of provided services, and the need to respond.
* Monitoring of the distribution exercise and provision of timely support when needed in resolving issues to do with beneficiary identification during distribution.
* [NS] will not accept or reimburse any unauthorised expenditures.
* [NS] will conduct within three (3) working days a final reconciliation after receiving the end of distribution statement from the Service Provider. If there are any discrepancies, the Service Provider will be informed to resolve the issue and amend or issue a final invoice.
* [NS], within 10 working days after the resolutions of any issues, will pay the service fee for the cash distribution as per the agreed amount.
* Process Tax exemption where applicable.

# Services Fees

* The FSP will be required to provide all the details regarding the relevant costs related to the cash distribution service provision to the beneficiaries within the framework agreement. These costs will be stipulated in the contract agreement. The agreed costs shall not change throughout the contract period nor there any additional costs apart from the ones in the agreed and signed contract.

# Payment

* [NS] shall transfer the necessary funds for each [specify time, e.g. monthly] distribution to the FSP, the funds needs to go directly to a dedicated account especially for cash transfer purpose with detailed confirmation that the funds have arrived. This is to be done within five working days prior to the scheduled transfer to the beneficiaries.
* The services charges to the FSP may be transferred after the successful completion of each distribution upon signing the Service Delivery Note. [NS] will transfer the funds into the FSP account as indicated in the contract agreement.

# Confidentiality

* The FSP shall not disclose any type of data from the [NS] beneficiaries to any third party, including to any judicial or other authority , by means of testimony or by any means, and shall take responsible steps to prevent third parties from obtaining access to or using , the Confidential Information (or any portion there off) of the [NS] without prior written permission of the [NS] for such disclosure, access or use which is required to perform its obligation or exercise its rights granted under the contract agreement.
* The FSP shall ensure that its employees, officers, subcontractors and agents abide by the terms of this clause at all times.
* The FSP shall be liable towards the [NS] for any claims, losses, damages, liabilities and expenses of any nature whatsoever arising from or in connection with any breach of by the FSP or by its employees, officers, subcontractors or agents of this clause.
* The FSP will not use the [NS] beneficiary’s information for any other purpose than that indicated in the agreement. Every piece of data from the [NS] beneficiaries or the [NS] itself should be treated confidentially.

# ANNEX I: Requested content in technical proposal from Financial Service providers

|  |
| --- |
| **1. FSP experience and capacity** |
| * Type of service proposed |
| * Years of experience, experience with humanitarian organisations |
| * Use of sub-contractors, intermediary or outlets |
| * Number and location of delivery points in targeted areas |
| * Potential coverage (area covered by service – access for beneficiaries) |
| * Daily capacity per points (amounts and number of customers) |
| * Human resources available |
| * Readiness and time to deliver |
| **2. FSP approach to the cash transfer** |
| * Step-by-step procedure for the set-up of the transfer mechanism |
| * Step-by-step procedure for the transfer |
| * Step-by-step procedure for the creation of new agents/outlets if applicable |
| * Requirements: provision of information, opening of account, etc. if applicable |
| * Security features and internal control processes (for transfer or withdrawal) |
| * Process for payment of fees |
| * Complaint procedures |
| * Technical support |
| * ICT system, if applicable |
| * Monitoring and reporting system |
| * Awareness and training, if applicable |
| * Compliance with financial requirements |
| **3. Pricing structure of the service delivered**   * For the service requested for the specific project * For the service requested for the framework agreement (fees are expected to be the same or lower) |
| **4. Outline of respective responsibilities** (service provider/subcontractor/organisation) |

# ANNEX II: The XXRCS’ Evaluation criteria

|  |
| --- |
| 1. **Experience and capacities of the Financial Service Provider** |
| * Years of experience * Experience in target areas * Use of sub-contractors/intermediaries * Number of delivery points in target areas * Potential coverage and beneficiary access * Daily capacity per point of delivery * Time to deliver * [Add other relevant criteria] |
| 1. **Technical criteria** |
| * Readiness or time to set-up system * Time to deliver, staff and human resources * Convenience for beneficiaries (processes) * Convenience (i.e. bulk transfer, processes) * KYC and information requested from beneficiaries/RCRC * Security/reporting * Monitoring and follow-up system * Complaints and technical support system * Compliance with financial requirement * Transparency and accountability * Reliability * [Add other relevant criteria] |
| 1. **Costs** |
| * Include cost of transfer * Opening and maintaining account, if applicable * Account closure, if applicable * Reversal fees * Production cards * Monitoring and reporting * Loading fees * Software, if applicable * Charges for withdrawal for beneficiaries * [Add other relevant criteria] |