*Insert logos NS and/or IFRC*

XXX Red Cross/Crescent Society

Financial Service Providers (FSP)

Scope of Work (SoW)

# Introduction

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

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

The services governed by this contract include the prepositioning of funds and distribution of cash to affected populations in any district of [country], where[NS] identifies a need for cash distribution following a disaster.

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

Precise details of the cash distributions are not available at this stage, but it is expected that there will be several distributions throughout the contracting period. The amounts to be transferred to the affected households will be determined by needs and market assessments after a thorough analysis on the prevailing market prices from one area to another.

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)*

*For example:*

The [NS] has used cash transfers to respond to various types of disasters impacting food security, livelihood, health, WASH, and shelter since [xx year]. [xxx context of recurrent crisis] … It is foreseen that the need of using cash transfers in crisis response will not decrease.

[NS] aims to respond immediately to life-threatening and essential needs across all sectors and nationwide because of or in anticipation of a disaster within 72 hours. [NS] has also previously provided monthly cash transfers to households affected by [xx crisis]. [NS] expects that the Financial Service Provider can rapidly respond by prepositioning funds with the Financial Service Provider and expects that the Financial Service Provider has the set-up to conduct recurring distributions, if necessary.

# Purpose of the service requested

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

[NS] intends to commission a Financial Service Provider to conduct cash transfers using mobile money, bank transfers, cash in hand or other relevant delivery mechanism(s).

The Service Provider shall use its resources and facilities to facilitate cash transfers to beneficiaries. No facility of [NS] will be used to transfer cash to affected populations.

The Service Provider shall ensure that the necessary resources and facilities are available to make cash transfers at the agreed distribution points.

The Service Provider shall ensure that funds are available at the pre-agreed distribution points on the specified dates, to assure cash transfers to affected populations at the agreed time.

The Service Provider shall ensure development of procedures for processing and reconciliation of cash transfer data. The reconciled data and report shall be provided to [NS] within a week after the distribution.

The Service Provider will provide the Service as agreed in the Framework Agreement and will process the Personal Data provided by the [NS] exclusively for the humanitarian purposes of providing assistance to victims of disasters, crisis and other humanitarian situations, necessary for the fulfilment of the said Service. Potential distributions will be communicated with the Service Provider through a Purchase Order (PO) as the operational needs arise.

The Community Engagement and Accountability (CEA) activities to be carried out jointly by the Service Provider and [NS] shall include community meetings to share information to affected populations incl. community stakeholders on selection criteria, feedback mechanisms to record community complaints and questions, helpdesks to be available during distributions to register onsite issues and challenges.

## Programme standards / benchmarks

 [NS] will support the Service Provider 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 will be instrumental as reference during implementation.

# Purpose of the service required

[NS] intends to commission a framework agreement with a financial Service Provider to provide cash in potentially all districts in [country] for future operations. The framework agreement shall remain in force for 2 years with possible extension as long as both parties maintain the terms of the service and unless termination by the parties. The framework agreement cannot 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.

It is required that the selected Service Provider has a good coverage throughout the country.

The Service Provider is expected to be able to deliver unrestricted cash to registered beneficiaries within one week after receiving the Purchase Order and Terms of Reference (ToR) for the specific project. The Service Provider is required to be able to deliver as close to the target beneficiaries as possible and as requested by the [NS].

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 Service Providers and [NS] is not obliged to do all cash transfers exclusively with one financial Service Provider.

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 for affected populations based on the list provided by [NS].

It is required that the selected Service Provider 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.

# Duties of the financial Service Provider

* The Service Provider will make all payments to the intended recipients in [local currency].
* The Service Provider 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 Service Provider will provide the [NS] with a full list of final registered beneficiary accounts for each project (including phone numbers if mobile money).
* The Service Provider 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.
* Service Provider is to acknowledge in writing receipt of transferred funds from [NS] within 3 working days.
* The Service Provider 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 Service Provider and Service Provider has acknowledged receipt of the funds, the Service Provider is solely response for the safe custody of the funds. The funds received by Service Provider 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 Service Provider 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 regard 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.
* The Service Provider shall compensate [NS] for any cash loss occurring after funds have been received by the Service Provider and before they have been received by beneficiaries.
* The Service Provider 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 Service Provider 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 Service Provider.
* If funds cannot be transferred to some beneficiaries, the Service Provider 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 Service Provider 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 listed persons, the Service Provider 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

* Service Provider to provide staff with relevant experience, skills and capacities to register account owners in the Service Provider 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.
* The Service Provider is responsible for beneficiary registration as necessary in their system and all relevant costs of the cash distribution, including transport and agent fees.
* The Service Provider 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.
* Service Provider to provide [NS] with a platform to facilitate the follow up and tracking of the cash disbursements.
* Once distribution is completed, the Service Provider will provide [NS] with proof of money transfer and specify in which format within 5 working days.

# Quality standards

* The Service Provider 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 Service Provider 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.
* Service Provider 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 the Service Provider for the implementation of the projects will be under the sole responsibility of the Service Provider without any employment relationship whatsoever with the [NS].
* Service Provider 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 Service Provider 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 Service Provider. The Service Provider will be responsible to adhere to the plan and operations requirement.
* Service Provider 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 Service Provider 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 Service Provider 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 Service Provider 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 Service Provider 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 Service Provider 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 Service Provider), 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 Service Provider 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 Service Provider 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 distribution to the Service Provider [specify time, e.g. monthly], 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 Service Provider may be transferred after the successful completion of each distribution upon signing the Service Delivery Note. [NS] will transfer the funds into the Service Provider account as indicated in the contract agreement.

# Confidentiality

* The Service Provider 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 Service Provider shall ensure that its employees, officers, subcontractors and agents abide by the terms of this clause at all times.
* The Service Provider 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 Service Provider or by its employees, officers, subcontractors or agents of this clause.
* The Service Provider 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. SERVICE PROVIDER 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. SERVICE PROVIDER 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**
 |
| * 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]
 |