# Cash and Voucher Assistance (CVA)

## Standard Operating Procedures

*Version*

April 2024

| ***Updates*** | ***Date*** |
|---|---|
| *Original SOP* | *January 2018* |
| *Document links updated* | *May 2020* |
| *Main updates:*<br>- *CVA terminology replacing CTP*<br>- *Generalizing 'Programmes' instead of only EcoSec*<br>- *Change 'Payment Request (PR)' to 'Cash assistance Request (CR)' to avoid confusion with other operational transfer requests*<br>- *Additional guidance on transfer value, controls*<br>- *Additional details on tendering for FSP and reconciliation*<br>- *Instructions on OCLA arbitration*<br>- *Instructions on how to raise SR with cash value* | *December 2023* |
| *Case numbers / reference codes for sensitive cases* | *July 2024* |

This document jointly produced by the ICRC CVA Focal Point, FAD, and Logistics is an update from the 2018 version. The document draws inspiration from the procedures established in cash and voucher assistance that has been implemented by the ICRC since 2004. Further detailed guidance and policies; tools and templates, as well as examples, experiences and lessons learned on cash in emergency and market assessments can be found in the Movement Cash in Emergencies Toolkit (also in FR, SP, AR) the Logistics Knowledge Portal, the F&A Management Manual, and the EcoSec Resource Centre.

Whilst these guidelines were originally developed for EcoSec programmes, they must be used, by default, by any ICRC department engaging in CVA[1]. The document therefore refers to 'Programme Department' (meaning any implementing department, EcoSec, WatHab, Protection, Health etc.) throughout.

# 1 Introduction

## 1.1 Purpose of the standard operating procedures

The aim of these standard operating procedures (SOPs) is to support and facilitate the set-up and the implementation of cash and voucher assistance within ICRC by:

- specifying the respective roles and responsibilities of the FAD, Logistics and Programme department staff at different steps of the programme cycle,
- defining the processes involved and the minimum documentation requirements,
- providing key documents of reference or technical guidance.

In line with the Red Cross Red Crescent Movement guidelines and toolkits for Cash in Emergency (CiE), Rapid Assessment for Market (RAM) and Market Assessment Guidance (MAG), this document explains the internal ICRC procedures and establishes the financial management framework and administrative procedures for cash and voucher assistance.

The SOPs provide generic guidance on how to plan and implement CVA within the ICRC, with a clear focus on the **implementation** of different cash-based modalities and the **roles and responsibilities of the different departments**. Additional and more detailed guidance on CVA related considerations regarding assessment, planning, monitoring and evaluation can be found in the EcoSec Resource Centre and the Cash in Emergencies Toolkit.

The Programme Department, Finance & Admin (FAD) and Logistics in each Delegation must review this document and establish their ability to comply with the procedures set out in their specific context. Where there is a need to deviate from the procedures[2], this must be highlighted with an explanation of why the deviation must be made, and a proposal for an alternative. The document must then be sent via the Delegation Management to the Programme Department, F&A and Logistics Heads of Sectors in Geneva for validation before use.

Furthermore, it is recommended that ICRC Delegations with sizable CVA interventions add more detail to these SOPs as required, including timelines, responsibilities at Delegation vs Sub Delegation, etc.

[1] Non EcoSec programme departments should focus on chapters 3.3.2, 3.3.3 and 3.3.4 for feasibility and planning, and chapters 3.4 onwards for the implementation of CVA (following the 'Programme Department' roles and responsibilities).
[2] E.g. the roles and responsibilities in the process flow charts

## 1.2 Brief introduction to cash and voucher assistance

**Cash and voucher assistance (CVA[3]) is a form of humanitarian response based on the provision of cash and/or vouchers to individuals, households and communities[4], to enable them to access goods and services[5].** CVA can be used to address a variety of different needs, from basic needs in the immediate aftermath of a shock, through to longer term recovery needs, such as shelter, access to healthcare and services, or to protect, strengthen or restore livelihoods. CVA is used in pre-crisis, acute crisis, chronic crisis and post-crisis situations. CVA does not necessarily replace but can also accompany other forms of assistance. CVA is a different means to achieve the same objectives as other interventions.

There is no blueprint for CVA, as different contexts require different mechanisms to transfer cash. Assessments will have to confirm the relevance, the feasibility and the appropriateness of CVA and will help decide which modality and mechanism is the most relevant. Various options could be considered, depending on answers to the below questions:

- Should it be conditional or unconditional?
- Should the use of cash be restricted in the form of voucher or instalments?
- Do we consider one-off or repeated payments?
- How much do we provide?
- Do we implement blanket cash transfers or target specific groups?
- Do we implement alone or in partnership?

Currently EcoSec is the biggest user of CVA, with programmes using cash transfers for basic needs, livelihoods etc. However, Protection also use CVA as a modality widely in their work (e.g. Family Visit Assistance), and there is some limited use within WatHab (e.g. CFW or shelter vouchers) and Health programmes (e.g. cash for transporting patients).

For more information on how the ICRC utilizes CVA in its programmes, consult the EcoSec Executive Brief on Cash Transfer Programming and practical examples of CVA from the field and also the CVA dashboard.

## 1.3 Overview on different types of CVA

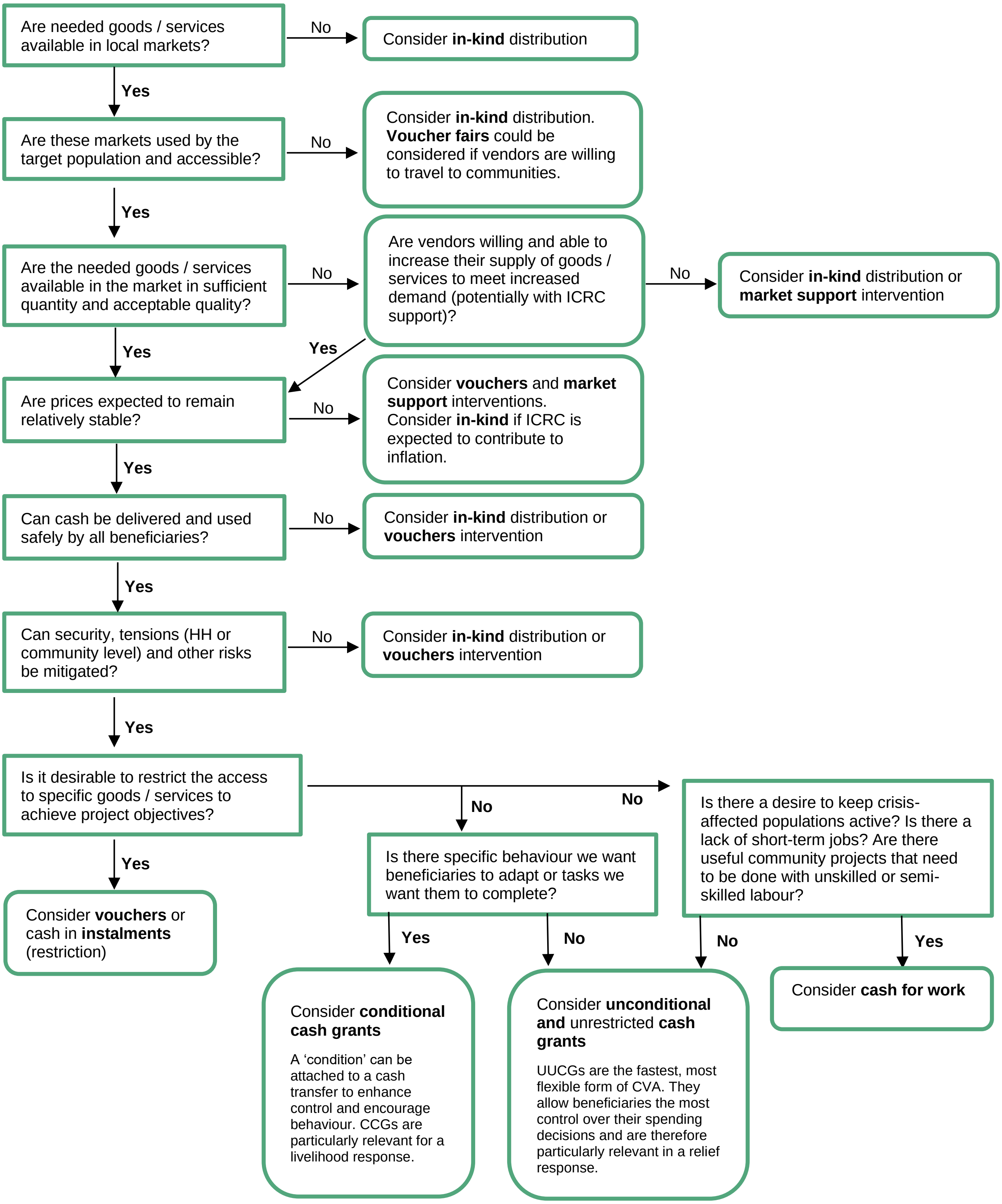
The ICRC distinguishes different types of CVA modalities: unconditional cash grants[6], conditional cash grants, cash for work and vouchers.

For detailed definitions of the different modalities, please consult CaLP's glossary of terminology for CVA.

The decision tree[7] hereunder illustrates some of the key conditions to consider when identifying which modalities of cash-based transfer are feasible. Once done, ICRC can decide what response option is the best, based on a comparative analysis of the different feasible options, including in-kind or mixed approaches.

[3] Cash and voucher assistance is now the terminology used to be consistent with the wider sector and to emphasize that cash is not a programme on its own. Cash transfer programming (CVA) was previously used and is interchangeable with two other terms, CBI (Cash Based Interventions) and CBA (Cash Based Assistance).
[4] Community is defined as a group of people living in the same geographical location, represented by one or more individuals from that community. For example a village represented by a village committee.
[5] CVA is not payment of salaries/fees/per diems, or transfers of funds to institutions, or payments to suppliers for goods or services.
[6] Unconditional cash transfers in ICRC programmes are always unrestricted. If the calculation of the grant covers at least two sectors (or for EcoSec, at least two core components), they can also be referred to as multi-purpose cash grants.
[7] Adapted from Mercy Corps: Cash Transfer Programming Methodology Guide, p.25.

## 1.4 Decision making flowchart for CVA



# 2 CVA key roles and responsibilities within ICRC

The planning, design and implementation of CVA is a joint responsibility between the programme department, Log and FAD as well as Management (and CIM/ICT if technologies are involved). Each involved unit / department needs to make sure to put in place the human resources and capacities that allow successful implementation of CVA. The table below provides an overview on the main tasks of the different units / departments. For a more detailed descriptions of tasks and responsibilities, please see chapter 3.

*Table 1: key responsibilities of the different units/departments vis-à-vis CVA*

| | |
|---|---|
| Prog. Dept | Programme Department main responsibilities in CVA are:<br>• Assessing needs of communities and appropriateness of CVA modalities to address these needs<br>• Analysing markets (access by affected people, market capacities etc.)<br>• Analyse the access of beneficiaries to financial services<br>• Risk analysis and mitigation measures<br>• Ensuring a Data Protection Impact Assessment (DPIA)[8], particularly when engaging with third parties for sensitive populations<br>• Response Options Analysis: identify feasible options and select the most appropriate modality of intervention and transfer mechanisms<br>• Describing service required from a supplier[9] in the form of a Terms of Reference (ToR) and participating in the supplier capacity assessment and selection<br>• Project design: determine the amounts to be transferred, the duration, the number and the frequency of cash payments.<br>• Describing service required from FSP, and participating in the FSP capacity assessment and selection<br>• Overall responsibility for project implementation<br>• Formulates related budget and ensures regular follow up<br>*Plus, all the usual programme activities not specific to CVA (e.g. programme department project proposal, targeting, beneficiary communication, AAP, monitoring etc.)* |
| FAD | Normal FAD activities including verifying budget, reviewing and approving contracts, executing payments etc. Specific issues to consider include:<br>• Support assessment of Financial Service Providers (FSP) category of suppliers<br>• Participate in response option analysis<br>• Consider legal issues[10] that may be related to cash voucher assistance (consult with ICRC legal advisor)<br>• Review and register framework agreements in line with the applicable financial rules<br>• Supports controls through spot checks<br>• Approve and executes payments in line with the applicable financial rules<br>• Ensures cash flow planification and liquidity for timely payment based on distribution planification received from program department/log<br>• Shares updates on booked expenses (actuals) to facilitate budget monitoring<br>Specific to direct cash distribution by ICRC:<br>• Ensure that cash is available in the correct denominations ¨<br>• Participate in the 'cash in envelope' distribution to beneficiaries when done by ICRC[11] |
| Logistics | Normal Logistics activities including market and supplier assessment, contracting[12] and ensuring the required validation etc. Specific issues to consider include:<br>• Support Programme Department to assess market capacities and performances in Delegation AoR (i.e. supply chain capacities at country level) where capacities allow |

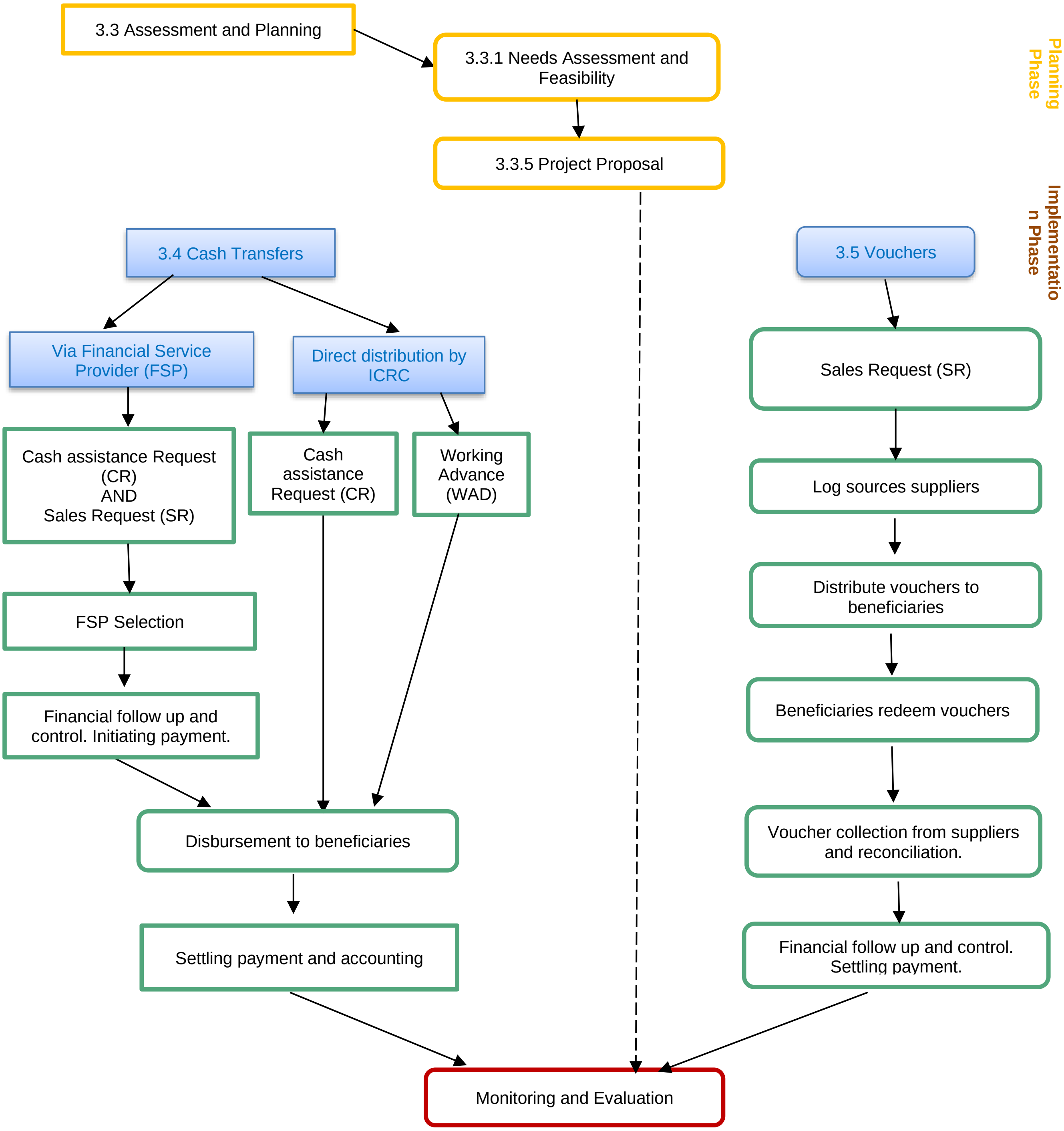
[8] See section 4: Data Protection
[9] 'Supplier' means any third party vendor which includes Financial Service Providers ( FSP) and local shops.
[10] Legal issues would include (but are not limited to); (a) checking the FSP, including money dealer, is an authorized/legal entity, (b) checking tax situation for beneficiaries – will they have to pay tax, will it cause a problem, with CFW issue of employment status, (c) if we do payments in hard currency, is it legal to do so
[11] In case of unavailability of finance team for small-scale distribution, incorporate segregation of duties as extra measures and ensure prior authorization from Head of Delegation.
[12] Framework Agreement (FA) with the FSP is preferable for a middle to long term CVA where cash installments will be recurrent, as it requires tender process at the beginning of the service provider selection. FA will provide a fix commitment from the service provider on the price and delivery terms. Opposed to one off contracts, which each require their tender process, and are more suitable for a short term CVA. However whether using an FA or contract, there needs to be a built in flexibility for the beneficiary numbers and values of transfer. In addition, there can be multiple FA or contracts with different FSPs in one country or area.

| | |
|---|---|
| | • Participate in response option analysis and FSP mapping<br>• Responsible and accountable for tender, contract, and supplier relationship management with suppliers<br>• Identify, assess the capacities selected suppliers or vendors[13].<br>• Review and approve framework agreements in line with the applicable financial rules<br>• Monitor and maintain engagement with FSP for supplier performance management<br>• Reconciliation of supplier services with the original request and based on contract requirements<br>Specific to vouchers :<br>• Ensure the preparation for vouchers, including quality test and check quantities of items available<br>• Collect vouchers from vendors and reconcile with those produced / distributed |
| Mgmt | Management main responsibilities in CVA are:<br>• Assess the security situation and advise the team accordingly<br>• Participate in response option analysis<br>• Approve budget and payments in line with the applicable financial rules |
| CIM/ICT | Provide technical expertise on ICT-related aspects of transfers, including the use of mobile devices such as mobile phones if required.<br>• Support assessment of FSP IT set up<br>• Provide guidance to use secure FTP for sharing data externally |

[13] Make sure to involve FAD as per each expertise (bank, money dealers, mobile phone companies, etc.)

# 3 CVA Procedures

## 3.1 CVA process flow chart




Following the decision of ICRC Direction of Operations since the last quarter of 2014 an Authorization of Expenditure (AoE) is only requested for expenses not budgeted in the Planning for Result (PfR) document – please refer to Authorization of expenditure [F&A Management Manual] (scenari.eu)

The next sections explain in detail the responsibilities and procedures related to the each of the steps displayed in the flow chart.

Whereas the planning phase (Chapter 3.3) is the same for cash and voucher assistance, the implementation phase follows different sets of procedures. The implementation of cash transfers is treated in Chapter 3.4 and the implementation of vouchers in Chapter 3.5.

## 3.2 Preparedness phase

Preparedness should allow for the building up of operational readiness for timely and appropriate emergency responses. With good preparedness, CVA responses can be implemented quickly on a large scale. If the Delegation has already established general preparedness and contingency plans, it should ensure that these plans take the CVA component into account.

The following activities can be conducted at preparedness stage in order to be ready to respond with CVA to identified scenarios:

- CVA should be mainstreamed into strategic, contingency and response plans, including human resources, finance, monitoring and evaluation, etc.
- Secondary data collection and analysis should be carried out first to provide a general picture of the situation and allow for an initial context analysis.
- Among the possible scenarios, at least the 'worst-case scenario' should be developed, based upon the initial context analysis, and include a first indication of the potential response options.
- Pre-crisis baselines should include an analysis of key stakeholders, market conditions, service providers' capacity, community access and preferences, and risks associated with a potential CVA response.
- A cash feasibility analysis based on the baseline findings, particularly beneficiary preferences, and market and service providers' capacity should be carried out to identify the response modalities and mechanisms that are more suited to respond to the scenarios developed.
- A self-assessment exercise should be carried out with the participation of decision-makers from key departments to identify organizational capacity gaps to implement CVA at scale and in a timely manner.
- The CVA preparedness Plan of Action (PoA) can be developed to address capacity gaps previously identified.
- CVA standard operating procedures (SOPs) should be contextualized, made widely available and updated / validated every two years.
- If applicable, the response to scenarios should be built into existing framework agreements with service providers. It is also possible to establish a framework agreement for a preparedness response only.
- Simulations or pilots should be conducted to test the CVA's operational readiness and should be repeated over time.
- Internal and external CVA coordination mechanisms must be put in place.
- Learning from operations and responses should be captured, and procedures, tools should be updated as necessary.

## 3.3 Assessment and planning phase

The assessment and planning phase[14] consists of an economic security assessment including affected populations, markets and cash transfer mechanisms, a feasibility study (CVA and in-kind distributions) and a response option analysis. If CVA is feasible (possible to implement) and is the most appropriate response option, a project proposal is drafted. The planning phase is the same for CVAs as for any other type of programme. The planning phase should already consider the necessary steps to ensure compliance with the Handbook on Data Protection in Humanitarian Action, and the ICRC Rules on Personal Data Protection.

The table below summarizes the roles and responsibilities of the different departments during the assessment and planning phase[15]. It is crucial that LOG and FAD are involved in this process from the very beginning, in order to ensure ownership and improve decision making on the response options analysis and project formulation.

[14] In the Results based management (RBM) cycle, this corresponds to 'assess & analyse' and 'formulate & plan'.

*Please note that the sequencing of steps is a guideline and not set in stone – some steps can take place simultaneously. Please agree timing and process locally with all departments involved.*

| | Programme Department | Logistics | FAD |
|---|---|---|---|
| 1 | Conduct the (economic security) assessment and gap analysis | | |
| 2 | Conduct the feasibility assessment, taking into account markets, service providers, security and risks, and internal capacities (see chapter 3.2.2) | Participate in the feasibility assessment from the logistics perspective | Participate in the feasibility assessment from the FAD perspective. |
| 3 | Identify response options (transfer modalities and mechanisms) | | |
| 4 | Consult with Management on security issues related to the project proposal | Join consultation | Join consultation |
| 5 | Analyse risks of different response options | Participate in the risk assessment from the logistics perspective | Participate in the risk assessment from the FAD perspective. |
| 6 | Define the selection criteria and select a response option | Participate in the selection process of the response option from the logistics perspective | Participate in the selection process of the response option from the FAD perspective. |
| 7 | Formulate the Project Proposal | Contribute to the Project Proposal from the logistics perspective. | Contribute to the Project Proposal from the FAD perspective. |

### 3.3.1 Needs and market assessment

Programmes department(s) is/are responsible for understanding the needs and financial barriers, as well as the relevant markets with the support of Logistics. At the minimum the assessment should cover:
Needs:

- the affected population's situation and unmet needs the urgency to respond to these needs
- the foreseen target population
  - The most important commodities and services needed by the affected population (including estimates and quantity, frequency, and duration for each commodity / service)
- the affected population's preferences with regards to the type of assistance: cash, voucher, in-kind or a combination of modalities
- the anticipated use of cash
- intra-household and intra-community issues, including gender roles attributed with the management of cash/voucher and in-kind resources
- the usual means of accessing / obtaining cash by the targeted households
- the familiarity of the target population with various existing financial transfer mechanisms such as bank accounts, ATMs, mobile banking, transfers through mobile phones, etc.

Market:

- target population's physical access to markets, shops[16] and service providers.
- capacities of local markets to increase their supplies (in order to meet the additional demand triggered by cash transfers or vouchers)
- local market prices for key commodities and services
- basic quality of goods / services available locally

The information collected during the assessment should allow Programme teams to define:

- the approximate number of beneficiaries that will need to be assisted in each location in a given timeframe
- the approximate value to be transferred in total, per beneficiary and per location
- the frequency of payments and duration of assistance

Examples of EcoSec Assessment Report Template and the EcoSec handbook on assessing economic security,

[16] Even at the initial assessment stage, involving Log in market assessment is advisable.

### 3.3.2 Budgeting and Forecasting *(any dept. using CVA)*

Budget for CVA should be included in PfR planning if CVA is foreseen, or if the Delegation intends to assess the feasibility of CVA in the future. (See annex 2 for information on account codes for CVA.)

CVA, like any other programme modality, must be forecast in line with the Field budget process must be forecasted in the Collaborative Demand Planning (CDP).

- All CVA items (including cash transfers, fees for FSP, value vouchers, commodity vouchers, gift cards, service fees and voucher printing costs) should be forecast as i1

### 3.3.3 CVA feasibility study and response options analysis *(any dept. using CVA)*

Based on the results of the assessment, Programme Department defines the overall objectives of the intervention including the needs to be addressed, the type and number of beneficiaries to be assisted and their locations, the amount to be transferred, and the timing and duration. On this basis, an analysis of the possible response options including their modality[17] and mechanism[18] is conducted to determine their feasibility. The information summarized in the table below needs to be collected by a joint team involving Programme Department, FAD, Logistics and ICT/CIM for the **feasibility study**. For more information on how to conduct a feasibility study, see the EcoSec Brief on CVA feasibility studies, market assessment and response analysis.

This stage gives a general overview of capacities or markets, FSPs etc. to enable the team to decide whether CVA is feasible or not. However, more detailed information would be collected against many of these points at FSP/vendor selection process stage.

| Feasibility factors | Lead | Support | Tools |
|---|---|---|---|
| *Communities:*<br>• Most important commodities<br>• Market access (Key market places, Access and distance, Availability and quality)<br>• Access to money<br>• Mobile phone (if mobile money is a potential transfer mechanism)<br>• Control of cash and decision-making in the household<br>• Potential tensions at household and community level<br>• Community preference<br>• Expected use of the cash[19] | Programme Department | | EcoSec Brief on CVA feasibility studies<br><br>RAM tool 2 (market access)<br><br>RAM tool 3 (access to FS) |
| *Markets:*<br>• Number of traders<br>• Supply & stocks<br>• Demand<br>• Prices and price expectations<br>• Access to credit | Programme Department, focusing on the demand side | LOG, *especially along the supply chain* | EcoSec Brief on CVA feasibility studies<br><br>RAM<br><br>MAG (tool 1.6 and 1.7) |
| *Service Providers:*<br>• Available cash transfer services and coverage<br>• Capacity to support ICRC cash response (scale, coverage, liquidity, technical support)<br>• How to access the transfer mechanism (requirement of ID; KYC requirements[20]) | Programme Department - LOG - FAD – ICT (if applicable) | | EcoSec Brief on CVA feasibility studies<br><br>Mapping service providers template |

[17] Modality describes the type of assistance and includes cash transfers, vouchers, in-kind assistance or a combination thereof.
[18] Transfer mechanism describes the way the assistance is delivered to the beneficiary and usually includes a service provider (e.g. bank, post office, mobile network operator) and a transfer solution (debit cards, mobile money, 'over-the-counter', direct distribution).
[19] Please note that 'vendor' is used in this document to describe traders, shopkeepers and even service providers participating in a voucher project.
[20] Know Your Customer (KYC) is a process enabling businesses to check the identity of their customers in order to comply with regulations and legislation on money laundering and corruption. Contact your respective DPO counterpart.

| | | | |
|---|---|---|---|
| • Cost<br>• Experience and interest to support humanitarian response<br>• Screening of FSP (e.g. are they authorized to operate, in countries under sanction do they need/have OFAC license?) | | | Assess FSP checklist |
| *Internal capacities:*<br>• ICRC internal competencies/capacities to implement CVA | Prog Dept - LOG - FAD | | CVA preparedness self-assessment template |
| *Legal framework:*<br>What are measures to ensure the fiscal controls/standard? What are (if any) the laws, regulations and government policies in place with regards to cash transfers (e.g. KYC requirements, cash for work related regulations, taxation, exchange rates)? | FAD | Logistics | |
| *Security and risks:*<br>Are some mechanisms of transfer more secure than others, for both the ICRC and beneficiaries?<br>What are the existing risks?<br>How likely would they happen and in case they happen what would be their impacts?<br>What can be the mitigation actions?<br>Does ICRC have a "fraud history" in the concerned context?<br>*Please refer to the ICRC Code of Conduct and* ICRC *Fraud Policy that came into force as of May 2015.* | Prog Dept | Mgmt - Protection - Logistics - FAD | Roadmap for CVA risk analysis |
| *Data Protection*<br>Compliance with Handbook on Data Protection in Humanitarian Action, and the ICRC Rules on Personal Data Protection[21] | Prog Dept | Data Protection Officer - IM | |

**Note**: Most of the transfer mechanisms will require an agreement with a financial service provider, vendor or shopkeeper. As for all programmes, security is the top priority for both the beneficiaries and the institution. In this regard, although direct ICRC distribution of cash (in envelopes or cheques) remains an option, it is generally not the preferred option, especially for larger scale distributions.

During the response options analysis, feasible response options are compared and the most appropriate option is selected, based on clear criteria[22] selected by the delegation. This process should be led by the programme department with the support of Logistics and FAD.

### 3.3.4 Determine the transfer amount *(any dept. using CVA)*

**For CVA**

The starting point for the calculation is the commodities/services required by the beneficiaries to achieve the project's objective and their value at local market prices[23]. If local market prices change due to market trends, inflation or seasonality and these changes increase the value of the expenditure basket, the transfer amount can be adjusted. Price monitoring linked to the commodity / service of interest helps to keep track of the correct transfer amount. This is the 'value of needed commodity / service at local price'.

Transaction and transportation costs incurred by beneficiary in order to collect their funds should be considered when calculating transfer amount. In addition, if the FSP charges any fees to the beneficiary, ICRC may consider adding this to the transfer amount. This is the 'additional costs to access commodity / service'.

When relevant, you may also consider a gap analysis to see what households can also contribute themselves in reaching the same objectives. The commodities/services might be reoccurring or one-off needs. In order to determine the transfer value, what the household can contribute themselves towards

[21] Please see section 4 on Data Protection (DP) for more details
[22] The criteria include effectiveness, timeliness, beneficiary preference, risks, government policies, markets, organizational capacity, infrastructure and services, cost-efficiency, secondary impact, etc.
[23] The commodities/services required and the respective prices should be identified during the feasibility assessment.

meeting their needs can be subtracted (e.g. own food production, income, remittances, pensions, etc.). This is the 'households' own contribution'. Often times when targeting the most vulnerable populations, the household contribution can be so little that we may justify covering the entire amount (ie households' own contribution = 0).

| | |
|---|---|
| Transfer amount = | value of needed commodity/service at local prices + additional costs to access commodity/service - households' own contribution |

<u>Multipurpose cash assistance (MPCA) for immediate basic needs</u>
A common example is the calculating the transfer amount to cover immediate basic needs where a Minimum Expenditure Basket (MEB) will be used. An MEB is a monetary threshold, broadly defined as what an average household requires to meet basic or essential needs, and the overall costs. Typically the National Cash Working Group will have gathered information on what commodities and services are considered essential in that context including things like food, rent, basic health expenses, transport, communications, etc. When calculating a MEB, remember to consult all departments who may have valid information (e.g. WatHab may have information on average rent or utility prices, etc.)

Where an expenditure basket for essential needs is being calculated, this should, by default, be adjusted for HH size. In most situations, adjusting the value based on the household size is rather easily accomplished based on HH registration data (e.g. how many members per family) and is fairer than providing the same amount to each household. If detailed HH data is not available, then the average HH size for the given context/area can be used.

The MEB value can be used to help determine the transfer value by deciding to cover it entirely (ie households' own contribution = 0) or the financial gap households have in meeting the expenditure basket.

| |
|---|
| Transfer amount = value of expenditure basket – households' own contribution |

<u>Alignment of transfers with government and other actors</u>
Another key consideration when determining the transfer amount is what other actors are providing (e.g. amounts agreed by local cash working groups) or local benchmarks for vulnerability (e.g. minimum subsistence level defined by the local authorities).

<u>**Cash for work**</u>
Please note that the procedures described above do not apply to calculating the transfer amount of cash-for-work (CfW) projects. The CfW rate should not be more than the daily labour rate or the minimum wage in the local labour market in the area of operation[24]. Ideally the CfW rate should be slightly lower so as not to be a 'pull factor' away from the normal labour market or livelihood activities.
More guidance on CfW here.

<u>**For microeconomic initiatives (MEIs)**</u>

MEIs are an EcoSec Livelihood support activity in where the amounts to be paid to beneficiaries are determined by individual lists of items or services that they need to purchase (e.g. to start a Micro-Economic Initiative). For this, EcoSec needs to provide the lists to Logistics to ensure the pricing and benchmarking.

Logistics, with the support of EcoSec if needed, perform a market price monitoring and establish the benchmark for the different items. Logistics will then establish the selection table in accordance with Financial rules (according to the families of items: *see MEI procedures*), and agree with EcoSec on the value of each grant.

FAD crosschecks the benchmarks with the prices paid in succeeding payments.

[24] The 'daily labour rate or the minimum wage in the local labour market' does not refer to the ICRC daily rate used by FAD for paying staff or daily workers. It refers to the daily labour rate set by the Government or local labour association in a given country/area.

### 3.3.5 Project proposal

On the basis of the feasibility assessment and the selection of the best response option, Programmes should be drafting a project proposal submitted to the Coordinator as per its usual procedures.

| **Unit** | **Resource and action plan template** |
|---|---|
| EcoSec | Project Proposal |
| Health | Project / Programme Document |
| Protection | Delegation PCP and/or RFL Guideline<br>Example: South Sudan, Yemen |
| WatHab | Project Proposal<br>Project Vision |
| WeC | |
| *For métiers in which PAM has been rolled out* | Project Proposal |

The budget, with inputs from Logistics and FAD, needs to include the following:
- The number of beneficiaries multiplied by the amount to be paid (in the currency of payment)
- Human resources costs
- Transport costs
- Handling costs (bank or other charges, cash transfer fees)
- Administrative costs (office equipment needed)

The project is either integrated within the PfR framework (usually) or non-budgeted (rare). In the latter case, the implementation is subject to the revised authorization of Expenditures (AoE) procedure.

### *3.4* Implementation procedures for cash transfers

When the provision of cash is the best option (versus voucher and in-kind, or in combination with those), the following procedures apply for cash transfers.

#### 3.4.1 General information/recommendations for cash transfers

a) Transfers through a Financial Service Provider (FSP) should be preferred to direct cash (cash in envelopes or cheques) wherever possible to decrease the associated safety and financial risks.

b) It may be the case that during the tender process, the Delegation selects the same FSP used for other ICRC regular financial operations. If they are selected and CVA can be implemented within the existing banking relationship (e.g. same fees, same terms and conditions), a separate Framework Agreement should be signed to differentiate Delegation and Programmatic operations with the FSP where requests for Programmatic transfers will still go through Logistics via an SR.
When the Delegation is undergoing an RfT for FSPs, the Delegation bank should be invited to submit a bid through the competitive process. In times of emergency and when no FSP FA exists, please refer to the Logistics subchapter on procurement in emergency situations.
If the ICRC's bank is selected, make sure to open a dedicated bank account for CVA activities to ensure proper account reconciliation.

c) Segregation of duties[25] is obligatory. These SOPs focus on the segregation of duties between departments, but of course there is also segregation of duties within departments, which is governed by departmental guidance. Where this is not possible, distribution should be done in pairs and controls (spot checks) should be done
    a. In general, as for any programme, the Programme Department teams must be rotated along the process in order to ensure transparency. It should not be the same person who conducted the needs assessment who also supervises the payments and monitors or evaluates the project.

d) As part of the controls, F&A team should be able to conduct spot checks before the distribution for verification and/or after the distribution to determine whether they have received funds. There is no specific percentage target for spot checks[26] as this will be determined by:
    a. the Delegation's capacity (e.g. support services capacity, presence of A&E / CCC team)
    b. the data source (e.g. ICRC direct registration vs list received from community leaders / authorities / NS; whether ICRC has direct access to recipients vs purely remote, etc.)
    c. any other controls in place within the process (e.g. if programmes has done levels of spot checks and data verification; if FSP has controls where name and payment details (eg phone number, bank account) have to match for transfer to succeed).

    The control and spot check processes should be documented in the contextualized SOP's. See also section 3.4.7.

e) **Reminder:** All programmes, whether using CVA or not, should be planned in advance with all units involved, so all risks, practical issues etc. can be considered to ensure smooth implementation.

f) Please note that throughout the document, there is reference to the **Cash assistance Request (CR)** which is a standard form used to confirm the transfer request. The CR is made up of two parts. The first part is a Cover Page (see annex 3a). The second part is the Beneficiary List for Payment (see annex 3b). This list includes beneficiary names, ID, monetary value of transfer, but may include other information. In the case of ICRC direct cash or cheque distribution, this is an excel sheet created by ICRC (see annex 3b). In the case of working with an FSP, a standard form will have to be agreed with the FSP and annexed to the original contract for services. The form could be a pre-existing form provided by the FSP, or it could be a form created by ICRC (e.g. annex 3b), and agreed with the FSP.
    a. The CR includes personal data which needs to be treated as strictly confidential.[27]

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[25] The principle of segregating duties is that the same person/team should not control the process from end-to-end (i.e. the same person alone should not determine the criteria and beneficiary list, do the distribution / payment, and perform the post-distribution monitoring and controls.

[26] See A&E's sampling tool to help calculate the sample size.

[27] Any digital files containing personal data (eg distribution list, registration list, CR) must be stored in a Strictly Confidential Library on TeamSpace under the responsibility of the Programme Department. Reach out to your IM Coordinator to set up this library if it doesn't exist.

g) In case an 'operating partner' (e.g. National Society, local non-governmental organisation or community committee, authorities and governmental agencies, hospitals or clinics, etc.) is distributing the cash on our behalf, an MoU for the 'project' defining roles and responsibilities, controls, and documentation should be signed before the implementation.

### 3.4.2 Implementing programmes using ICRC direct cash or cheque distribution

If other transfer options are not feasible and the risks can be managed, direct cash (in envelopes) or cheques can be distributed directly to beneficiaries. For cheques, beneficiaries will then encash the amount at the bank from an ICRC account.

The table below provides an overview on the required steps for implementing direct cash or cheques. The coloured banner indicates which department has the "lead" on the respective step.

*Please note that the sequencing of steps is a guideline and not set in stone – some steps can take place simultaneously. Please agree timing and process locally with all departments involved.*

| | Programme Department | Logistics | FAD | Mgmt |
|---|---|---|---|---|
| 1 | Ensure appropriate budget available | | Cross check appropriate budget available | Security management |
| 2 | Share with FAD estimation of number of envelopes, value per envelope, and denominations needed OR number and value of cheques | | For direct cash, ensure enough cash in the correct denominations is available in the specific site (e.g. SD) at the time of payments.<br><br>For cheques, ensure enough cash in the bank account for cheque redemption. | |
| 3 | **Register beneficiaries** e.g. EPMT, ID card number, locations, amounts to be transferred in the determined currency, dates of transfers, frequency and number of instalments. | | | |
| 4 | **Plan for the distribution** (date, time, HR required, beneficiary communication etc.) to beneficiaries in consultation with FAD and Logistics | Participate in distribution planning | Participate in distribution planning | |
| 5 | | | | |

| | | | |
|---|---|---|---|
| | **Fill in CR** which includes the list of beneficiaries for payment to initiate the payment or establish the cheque. *(CR for cheques will have a longer lead time than cash in envelopes).*<br><br>Please note that a Working Advance is required by whomever is physically transporting the cash to the field and therefore responsible for the cash. As a matter of principle (segregation of duties) cash/cheque distributions should be handled by FAD and any other modality should remain an exception. | | Prepare the cash in envelopes and receive beneficiary list for signature from Programme Department.<br><br>Establish the cheque and receive beneficiary list for signature from Programme Department. |
| 6 | **Organize the distribution** with communities, beneficiaries and local authorities when requested. | | |
| 7 | Support the cash payments or cheque distribution to oversee the process and help with problem-solving. | Provide transport means for the implementation of the cash or cheque distribution. | **Do cash payment or distribute cheque to beneficiaries.**<br><br>**If not possible, supply Programme Department with cash or cheque for distribution*.**<br><br>**Carry out spot checks of payments done or collect proof of cheque redemption at the bank.**<br><br>***As a matter of principle (segregation of duties) cash/cheque is handled by FAD and any no-feasible situation should remain an exception (eg cash for sensitive protection cases) and with prior documented authorization from HoD.** |
| 8 | Collect Proof of Transfer and clear WAD if payment done by Programme Department | | **Collect proof of transfer and close WAD** if payment done by FAD Conduct final reconciliation |
| 9 | **Monitor** beneficiaries' use of cash, the impact of cash transferred on local markets and the community perception of the programme. | | |
| 10 | **Review** the project | Participate in the review from the logistics perspective. | Participate in the review from the financial perspective. |

**Important note on communication**: Direct cash and/or cheque distributions carry security risks for staff and beneficiaries. Whilst distributions must be planned in advance, they should be communicated to communities as late as possible. Internally, a minimum of ICRC staff should be involved (e.g. HoSD, one Programme Department, one FAD, one Log). Information on the distribution (date/time of distribution, values of cash etc.) and preparation (e.g. location/date for packing of cash, storage location of cash etc.) should be shared on a 'need to know' basis, with the fewest number of people possible, both internally and externally.

### 3.4.3 Implementing programmes using cash transfers through service providers

Financial service providers (FSPs) can be banks*, post offices, mobile phone companies, micro finance institutions, remittance companies, vendors, etc., offering different cash transfer solutions (including electronic transfers, 'over the counter', direct distributions, etc.). *Regardless of the type of FSP, FAD makes sure that conditions of opening a new bank account or registering with the FSP are available and green lighted before contracting in reference to treasury requirements of the F&A Manual.

The table below provides an overview on the required steps for implementing cash through financial service providers. The coloured banner indicates which department has the "lead" on the respective step.

*Please note that the sequencing of steps is a guideline and not set in stone – some steps can take place simultaneously. Please agree timing and process locally with all departments involved. Both pre-financing by FSP or ICRC are possible.*

| | Programme Department(s) | Logistics | FAD |
|---|---|---|---|
| | **TENDER FOR FSP** | | |
| 1 | Check Delegation-wide cash budget (956700) | | Cross check appropriate budget available |
| 2 | Complete the **FSP ToR** to launch tender process for FSP for all Departments planning to use cash. The ToR explains the service required and send to Logistics to tender for service providers. | | |
| 3 | Participate in explaining the intended activity, the expectations of ICRC and highlight the constraints to be considered during implementation | Pretendering meeting (using FSP mapping from ToR and Logs) | Participate in FAD capacity |
| 4 | | Using the ToR and outcome of pretendering meeting, define the procurement strategy: LT, sourcing regional/international, contract F.A/spot, multi/single modality<br><br>LOG to screen selected suppliers against sanction list | |
| 5 | | Prepare and launch tender as per purchasing procedures using FSP RfT package. | |
| 6 | Analysis is to be performed by the Programme focal point through a detailed selection table. | Prepare draft ST | Participate in assessment and decision making of financial service providers. |

| | | | |
|---|---|---|---|
| | | | FAD to validate the selected FSP through two checks:<br>• Verify that FSP has license or permit from central bank to deal with money transfers<br>• Verify financial health of FSP by reviewing their documentation for financial capacity. |
| 7 | Attend the negotiations with cash transfer service providers if appropriate to answer practical questions about the programme | **Negotiate** the terms and conditions with the selected cash transfer service providers. | Participate in negotiating the terms and conditions with the selected financial service providers, if banks, money dealers, etc. are involved. |
| 8 | Selection and awarding are made jointly by Programmes and Logistics | Selection and awarding are made jointly by Programmes and Logistics | Validate ST and validation based on threshold and risk management stipulated in financial rules of the Delegation. |
| 9 | Review the contract to make sure that the outcome of the negotiations are clearly reflected in the contract | **Prepare and sign contracts** as per ICRC Logistics procedures and Financial rules. | Check and ensure that legal framework and regulations are respected.<br>Approve the contracts as per ICRC Logistics procedures and Financial rules. |
| | **IMPLEMENTATION** | | |
| 10 | Ensure appropriate budget available | | Cross check appropriate budget available |
| 11 | **Register beneficiaries** e.g. EPMT, ID card number, locations, amounts to be transferred in the determined currency, bank accounts or mobile phone numbers, dates of transfers, frequency and instalments. | | |
| 12 | **Support beneficiaries to ensure access to financial services,** including distribution of ATM cards etc. if relevant. **Collect proof of receipt** *(see section 3.4.5)***.** For example:<br>***Individual bank account:*** *Help beneficiaries to access the financial services (e.g. help open bank accounts or secure the necessary documentation).*<br>***Electronic transfer*** *(ATM card, mobile money):*<br>*Support the FSP in the distribution of ATM cards / SIM cards / mobile phones or perform the distribution* | | |
| 13 | **Initiate SR** and CR. See note below on how to raise an SR.<br>*Please see Annex 1 for details of what is required in JDE sites.* | | |
| 14 | | | |

| | | | |
|---|---|---|---|
| | | *Pre-financing by ICRC:*<br>Receive SR + CR and requests transfer of funds from FAD | *Pre-financing by ICRC:*<br>Perform **transfer of funds** from ICRC account to FSP account as per the financial rules.<br><br>*Following the reception of funds, the FSP distributes cash to beneficiaries (electronically or physically)* |
| 15 | Monitor and support the distribution as necessary.<br><br>ICRC should be present to facilitate the work of the cash transfer service providers by organizing the beneficiaries in groups on certain days, providing crowd control, etc. Where this is not possible, mitigation measures need to be put in place. | *Monitor the transfer process as per the contractual or MoU requirements.* | *Monitor the transfer process as per the contractual or MoU requirements.* |
| 16 | **Confirm reception to Logs** | **Collect proof of delivery** (see section 3.4.5) from FSP.<br><br>**Collect invoice from FSP** for cash amount + service fee | |
| 17 | | **Reconcile** proof of delivery with OD.<br><br>Following reconciliation, **order payment of fees** from FAD | **Execute service fee payment** to FSP<br><br>*Pre-financing by ICRC:*<br>Adjust for refund in case of partial delivery<br><br>*Pre-financing by FSP:*<br>Also **executes transfer of funds** to FSP |
| 18 | | | Ensure final reconciliation based on mandatory documents for accounting purpose |
| | **MONITORING AND LEARNING** | | |
| 19 | Monitor beneficiaries' use of cash, the impact of cash transferred on local markets and the community perception of the programme. | | |
| 20 | **Review** the project | Participate in the review from the Logistics perspective. | Participate in the review from the financial perspective. |

***Note on payment of FSP fees:*** As standard, ICRC would pay the fees of a service provider after confirmation of completion of the service – in the case of cash this would mean paying the fees after the FSP has made the transfer to beneficiaries (and provided the proof of delivery to Logistics who reconcile against the requested transfer, in order that Logistics can request FAD to pay the fees of the FSP). However, in some cases, and if agreed in the framework agreement/contract, fees can be paid at the same time of the transfer of funds for beneficiaries. What is important is that the fee structure, payments terms, etc. are clearly stated in the framework agreement/contract. For more guidelines on the FSP fees check the document FSP fees template. For the payment of fees it is necessary to provide: an approved SR from the Programme Department, PO and Receiving slip made by Logistics. Against these documents, the invoice will be paid and voucher matched in the JDE by the FAD.

An FSP might also charge fees to users (e.g. beneficiaries) for usage and maintenance of their accounts/services. These fees are different from any fees charged to ICRC. Any fees that beneficiaries are liable to pay should be considered when determining the transfer amount (section 3.3.3). If ICRC decides to cover the cost of the fees beneficiaries are liable to pay, it will be built into the transfer value for beneficiaries, not transferred separately.

***Note on ICRC interaction with FSP:*** As Logistics hold the contract with the FSP, it is Logistics who should be the primary point of contact with the FSP for all issues. If at Delegation level it is agreed that the programme department) will liaise with the FSP, Logistics should be kept in cc and should be agreed in the contextualized version of this SOP. This is often a pragmatic approach, especially for planning and organizing activities where no fees are involved (eg setting up account, distribution of SIM card). However, note that in all cases, it must be made clear that the only binding request to FSP for transfer is the Purchase Order from Logistics.

***Note on SRs for CVA***

As soon as a logistics process is involved (e.g. the contracting of a financial service provider), then Log systems must be used:

- An SR must be raised per distribution
- As of Q2 2024, both transfer value (956700) and service fees (966000) *per transfer value* will be raised in the SR to better capture the entire financial commitments instead of just the service fees. Where there are no service fee, only include the transfer value line in the SR. Find the instructions to raise SRs here.[28]
- There must be one approval process for CVA, with both a functional (e.g., programmatic) and financial (e.g. FAD) approver signing off on the transfer value + fees
- The CR (with list of beneficiaries for payment) must be validated along with the SR.

The options for proceeding in JDE sites can be found in annex 1. Programme Co, Log Co and FAD Co should ensure these are properly implemented in their Delegation.

[28] Previously SR were raised with one line item for the estimated service fees (966000). The estimated total value of the transfers should be mentioned in the 'Comments' section of the SR.

### 3.4.4 Contracting of financial service providers

Contracting of FSP is in principle not different to contracting any other service provider, based on standard procurement procedures. The implementation of CVA depends to a great extent on a successful partnership with the FSP.

The starting point for contracting is the **ToR** to be developed by **Programme Department**. The TOR should be based on the information collected during the feasibility assessment and the anticipated response modality & mechanism. The ToR should include a detailed description of the service required, including area of coverage, type of transfer mechanism preferred, frequency, size and duration of transfers etc. The following checklists may help to define the service specifications:

- Assessing service providers checklist
- Mobile money requirements checklist
- Value card requirements checklist
- E-transfer requirements checklist

The TOR template and an example can be found here.

Based on the ToR, **Logistics** starts the process of service provider selection that includes: sourcing, tendering, Selection Table (ST) creation and contracting.

During the feasibility study, LOG and Programme Department already collected some information on service providers in order to determine the most appropriate transfer mechanism. It can however be advisable to conduct a **sourcing**, in order to identify and narrow down potential service providers that fulfil requirements from the ToR[29]. In addition, sourcing can be supported by consulting other humanitarian organizations which already implement CVA and have established contracts with service providers.

It is recommended to meet potential service providers before launching a tender and introduce them the organization (who we are and what we are doing, as well as the scope of the planned CVA). An example can be found here.

Following the sourcing, the **tender** should be launched in accordance with the procurement rules and using the template for RfT and respective guidelines. The evaluation of the proposals must be based on the criteria shared with the tender participants, and involve FAD and Programme Department. The selection should be based on the ability of the service provider to meet the project needs (flexibility, beneficiary oriented, capacity, etc.) and the service costs. Service provider selection should be documented and well justified in the narrative part of the **Selection Table**. The narrative part also needs to mention the total amount to be transferred to the beneficiaries and the amount of related charges (fees). The validation threshold for ST approval is the amount to be transferred + fees.

Due to the time needed for FSP tendering, FSP FAs are recommended to be signed with as many viable suppliers in country to maximize options and with two years validity. However, always make sure that validated ST is covering the duration of the FA or contract and attention should be paid to the ST amount should the CVA activities change over time and request the necessary revalidation as needed. It is recommended that FSP tendering should be reinitiated no later than six months before the end of the FA to prevent gaps in FSP coverage.

When contracting an FSP for CVA, it is preferable to conclude a **framework agreement** rather than a contract. It is recommended to use contract template and respective guidelines. Depending on the nature of the programme and type of service provider, the standard contract template may need to be adjusted. In many cases, FSP will require ICRC to use an FSP standard contract, and not an ICRC standard contract. In this case, there is a specific checklist[30] of key considerations to ensure that certain key

[29] There may be only a few suitable service providers on the market which meet programme requirements (e.g. the programme requirement includes a specific technology and only one bank can provide it).
[30] Checklist under development (link will be added in due course) – contact Log for questions in the meantime

clauses and considerations are included in the FSP contract. One of them is general "data protection model contractual clauses" to be included in any external contract with the FSP.

*Note: It is highly recommended to consult OCLA if the FSP disagrees with ICRC contractual terms and conditions. OCLA expertise can assess the proposed changes and identify any legal risks or implications associated with the supplier's counterproposal. They can help ensure that the organization's interests are protected and that potential liabilities are minimized.can verify whether the proposed changes align with the organization's contractual obligations, regulatory requirements, and internal policies.*
*OCLA Arbitration steps can be found here.*

### 3.4.5 Documents required pre and post transfer for cash transfers

#### 3.4.5.1 For direct cash or cheque distribution

The following justification documents need to be submitted pre-transfer (to request the transfer) and post transfer (to complete the reconciliation):

| **Form of identification** | **Pre Transfer** | | **Transfer** | **Post Transfer** | **Reconciliation** |
|---|---|---|---|---|---|
| | *Internal documents* | *Proof of reception* | *Proof of transfer* | *Proof of delivery* | |
| ID/Passport, ICRC Beneficiary Card[31][32], 3rd party verification[33] | Cash assistance Request (CR)<br><br>*PR incl. list of beneficiary name(s) & ID[34] number or benef. card number, monetary value of transfer[35] and space for benef signatures, phone numbers[36] and ICRC validators signatures*<br><br>*(N.B. for cheques, a copy of ID is also required)* | Signature of beneficiary proving receipt of benef. card *(if given)*<br><br>Otherwise, not applicable | Working Advance Form (WAD) *(as proof of physical movement of funds)* | Document with signature of beneficiary<br><br>e.g.The PR[37] *with signature of beneficiary*<br>*Or*<br>An individual receipt[38] *with signature of beneficiary*<br><br>(N.B. For individuals deemed sensitive cases (eg victims of sexual violence or sensitive health patients), using a traceable case number (ideally stored in a system such as Prot6 or MAD) or an alternate reference code (if recipient is not registered in a | Settlement of the advance using the WAD form against the proof of delivery |

[31] Beneficiary cards refer to a unique card given to the beneficiary by ICRC, including (but not limited to) a paper card. Beneficiary cards must have a unique identifying number/barcode or similar.
[32] Please note that ICRC is currently piloting projects using biometrics and/or electronic beneficiary cards. If these pilots are successful, and these practices of identification mainstreamed into ICRC programme work, these SOP will be updated with the information about the documentation required, which will be different from above.
[33] Third party verification refers to a process where a recognized, legitimate community leader or community groups/committee verify the identity of a community member who has no recognized form of identification, so that they can be added to an ICRC beneficiary list/given an ICRC beneficiary card
[34] Please note that throughout the document 'ID number' refers to the reference number on the beneficiary identification document. This could be a passport number, national ID number, or a unique ID number on an ICRC generated beneficiary card. In referring to 'ID number accepted by FSP' it means that the ID used must be an ID type which is accepted by the FSP (normally is part of the KYC requirements mentioned in the contract, and should be reflected in the PR used)
[35] Programme Dept must also inform Admin if any specific denominations should be given (e.g. USD 50 made up of 10 x USD5 bills)
[36] Contact phone numbers for beneficiaries may or may not be available and so are not mandatory
[37] In case of MEI the proof of delivery can be a list of all MEI beneficiaries in a PR or can be individual receipts from each beneficiary
[38] E.g. often used in Individual Protection cases

| | | | | | |
|---|---|---|---|---|---|
| | | | | system[39]) instead of names are accepted in the proof of delivery. For control and audit purposes, FAD may approach the concerned department to cross-check in a confidential manner the identity of the person. | |
| *Who is responsible* | *From Prog Dept to FAD* | *From Prog Dept to FAD* | *Whomever takes funds* | *From whomever distributes funds to FAD* | *Whomever takes funds and FAD* |

**This table is in line with the requirements of the Distribution Tracking Project (DTP).*

[39] If a separate tracking sheet is used for sensitive cases, ensure that the sheet includes at the minimum: the reference code; name; date of birth; amount distributed; date it was distributed. As it contains personal data, the sheet must be stored in a Strictly Confidential TS folder in your Delegation. Speak with your IM coordinator to create the folder if it doesn't yet exist.

### 3.4.5.2 For cash transfers through financial service providers

The following justification documents need to be submitted pre-transfer (to request the transfer) and post transfer (to complete the reconciliation):

<table>
<tr><th>Form of transfer</th><th colspan="2">Pre Transfer</th><th>Transfer</th><th>Post Transfer</th><th>Reconciliation</th></tr>
<tr><td></td><td>Internal documents</td><td>Proof of reception</td><td>Proof of transfer</td><td>Proof of delivery</td><td></td></tr>
<tr><td>Individual account[40] (in name of beneficiary)</td><td>SR<br>PO/Contract<br>PR</td><td>Confirmation of bank account number from beneficiary (signatures / bona fide list eg social protection)</td><td>Confirmation from ICRC bank that funds[41] have debited ICRC account (debit note)</td><td>Financial Report from FSP (showing transfers to each beneficiary account)</td><td rowspan="4">Collect confirmation from Prog the reception of services (ie distribution completed)<br><br>Proof of delivery against the PR in the OD<br><br>Payment to supplier</td></tr>
<tr><td>Mobile</td><td>SR<br>PO/Contract<br>PR</td><td>Confirmation of the mobile numbers matching beneficiaries names and/or ID[42] (signatures / bona fide list eg social protection)</td><td>Confirmation from ICRC bank that funds have debited ICRC account (debit note)</td><td>Financial Report from Mobile Provider (showing transfers to each mobile number)</td></tr>
<tr><td>ATM/ prepaid cards (card not linked to individual account)</td><td>SR<br>PO/Contract<br>PR</td><td>Signature proving receipt of ATM/prepaid card</td><td>Confirmation from ICRC bank that funds have debited ICRC account (debit note)</td><td>Financial Report from FSP (showing money loaded to each ATM/prepaid card[43])</td></tr>
<tr><td>Over the counter (not linked to individual account)</td><td>SR<br>PO/Contract<br>PR</td><td>Not applicable (as beneficiary does not receive any cards or similar to access the funds)</td><td>Confirmation from ICRC bank that funds have debited ICRC account (debit note)</td><td>Financial Report from FSP (showing transfers to each beneficiary) – this will usually be signatures as collected by the FSP</td></tr>
<tr><td>Who is responsible</td><td>From Prog Dept to Log</td><td>From Prog Dept to Log</td><td>FAD</td><td>From Log to FAD (cc Prog Dept)</td><td>Logistics and FAD</td></tr>
</table>

**This table is in line with the requirements of the Distribution Tracking Project (DTP).*

Note: FAD centralizes all of the reconciled documents received from Log for dispatch to MSSC in Manila.

[40] When mentioning 'individual accounts' we refer to accounts opened by official legally recognized/licensed financial institutions. If ICRC agrees to work with a financial institution which is not officially recognized/licensed, the transfer documentation would have to be clarified with FAD, but would most likely be the same as those required for 'over the counter' transfers.

[41] Funds = transfer for beneficiary. If the fees paid by ICRC are paid in advance, then they will be added to this amount

[42] ICRC may provide mobile phones or SIM cards. However, these may not be provided if beneficiaries already have their own, in which case ICRC must collect confirmation of mobile phone number from beneficiary matching their ID. This may be done through collecting individual signatures from beneficiaries, or through collecting a validation from the FSP (mobile service provider). For example, in Somalia, the ICRC verifies the phone numbers by providing the numbers to the mobile service provider, who then goes through all numbers, adds the names that are registered under the numbers and sends the list back to the ICRC. The ICRC cross checks the information and flags beneficiaries where ICRC records and FSP records do not match for follow up.

[43] If the ATM/pre paid card has an expiry date, reconciliation is done on expiry of the cards

***Note on reconciliation:***

Reconciliation time frame will depend on what is agreed in contract with FSP for how long the money is available to the beneficiary (e.g. for one week, one month etc.). Transfers to FSP must be booked by FAD as pre-payments. Then at the end of the cash validity period, when FAD has the relevant proof of delivery (as per table above), it should be reconciled and only then booked as an expense.

Reminder that reconciliation is not contingent on programmatic post distribution monitoring (PDM) as they are separate activities. Once the FSP executes the transfers as per the OD, the service from the FSP is complete and should be closed.

***Note on using ICRC's existing financial service provider***

It may be the case that during the tender process, the Delegation selects the same FSP used for other ICRC regular financial operations. Regardless of whether the CVA is implemented within the existing banking relationship, or a separate contract for new services is signed, the documentation required will not change.

***Note on additional documentation***

For all of the above transfer mechanisms, additional documents are needed for CFW and MEI post transfer for reconciliation.

- CFW: Signed workers attendance sheet
- MEI: Copy of signed beneficiary agreement
- Community project: Signed MoU with community

### 3.4.6 Account codes for Cash transfers

There are specific account codes for cash, for value vouchers and for commodity vouchers, as well as for financial services and fees.

<u>Cash:</u>

<table>
<tr><th></th><th colspan="2">Delivery mechanism</th><th></th><th>Recipient</th><th></th><th>Primary objective</th><th>Account code</th></tr>
<tr><td rowspan="3">ICRC distributes cash</td><td colspan="2">Directly</td><td rowspan="3">to</td><td rowspan="3">Individuals, groups, community</td><td rowspan="3">for</td><td rowspan="3">Individual / HH / community-level outcome</td><td rowspan="2">CVA 956700</td></tr>
<tr><td rowspan="2">via</td><td>FSP</td></tr>
<tr><td>NS</td><td>CVA 950500</td></tr>
</table>

The ICRC accounting system tracks expenditure based on the nature of the expense. This means that all cash is accounted for as cash regardless of what purpose we expect the beneficiary to use the cash for, e.g.
cash intended for food = cash – use account 956700 *(not 940000 food)*
cash intended for transport = cash – use account 956700 *(not 911000 or 926000)*
cash intended for goats = cash – use account 956700 *(not 941000 agro/livestock)*
etc.

Note that ICRC also provides financial support to institutions (e.g. lump sum to hospital for pharmaceutical procurement; to water utilities to purchase consumables for water treatment or to enable direct infrastructure repairs by the utilities) and/or directly to individuals (e.g. direct salary payment to individual hospital staff). However, when it has an infrastructure / system-level outcome as the primary objective, it is not considered as CVA and attention should be taken to use the following codes.

| | Delivery mechanism | | | Recipient | | Primary objective | Account code |
|---|---|---|---|---|---|---|---|
| ICRC distributes cash | via | FSP | to | Institutions | for | Infrastructure / system-level outcome | Not CVA 95**6000** |
| | Directly | | | individuals | | | Not CVA 9**06100** |

### 3.4.7 Controls for cash transfers

In this section we outline specific controls for cash transfers which are in addition to the standard Logistics and FAD procedures related to procurement of services and WAD management.

**Pre transfer controls when making cash transfers through service providers**

*Creation of SR: Responsible: Designated programme department staff member*
Takes original source data for beneficiaries and converts into the correct CR format (ICRC CR format or agreed supplier CR format).

*1st level check: Responsible: Programme department CC responsible*
Double check the final CR corresponds to the original source data
And using basic excel functions, check for:

1. Duplications of data (e.g. names, phone numbers, ID numbers etc)
2. Empty cells, e.g. missing data
3. Unusual data format (e.g. all phone numbers are usually 10 digits in your context but suddenly one of them is only 8 digits so it must be wrong)

*2nd level check: Responsible: FAD / Log; or alternative separate to programmes (eg A&E / CCC), if capacity exists and agreed.*
Same process as 1st level check – but to be done by Log and FAD
*Each Delegation to decide for their context which is most appropriate, but the recommended process for 2nd level check is:*

- Logistics double check the final CR corresponds to the original source data
- FAD complete basic excel function check as specified above

**Post transfer controls when making cash transfers through service providers**

*1st level check: Responsible: Logistics*

- Reconcile the financial report from FSP with the cash assistance request which was sent to the FSP. The reconciliation covers the total amount and number of recipients.

*2nd level check: Responsible: FAD*

- Ensure receipt of any returned funds from FSP (if relevant)
- If fees are paid after transfer, ensure fees correspond to the actual amount of funds transferred by FSP to beneficiaries
- Carry out and document spot checks of payments done, by calling a small number of beneficiaries, as per CVA SOP 3.4.1

*In some cash transfers, ICRC chooses to give an ICRC token or ICRC ID/registration card to the beneficiary as additional proof of identification and entitlement. This token/card is collected by FSP from the beneficiary in exchange for the cash. In which case this would also be submitted along with documents specified above, and FAD would do a spot check that the beneficiary identification on the token or ID/registration card corresponds to the beneficiary identification on the PR.*

**Pre transfer controls for ICRC direct cash or cheque distribution**

Exactly the same process and checks as outlined above, except 2nd level check is all done by FAD (as Log are not involved in direct cash or cheque distributions)

**Post transfer controls for ICRC direct cash or cheque distribution**

*1st level check: Responsible: WAD holder*

- Collects beneficiary signatures
- Reconciles working advance

*2nd level check: Responsible: FAD responsible*
*(Please note that if FAD is WAD holder, a different FAD colleague must complete the second level check)*

- Check beneficiary signature list for missing signatures or duplications.
- Check correct reconciliation of WAD
- Carry out and document spot checks of payments done, by calling a small number of beneficiaries, as per CVA SOP 3.4.1

*In some cash transfers, ICRC chooses to give an ICRC token or ICRC ID/registration card to the beneficiary as additional proof of identification and entitlement. This token/card is collected by ICRC from the beneficiary in exchange for the cash. In which case this would also be submitted along with documents specified above, and FAD would do a spot check that the beneficiary identification on the token or ID/registration card corresponds to the beneficiary identification on the CR.*

## 3.5 Implementation procedures for vouchers

### 3.5.1 General information/recommendations for vouchers

A voucher can have a money value (*value voucher*) or a commodity value (*commodity voucher*).

A **value voucher** has a denominated cash value and can be exchanged with participating vendors for goods or services of an equivalent monetary cost. Value vouchers tend to provide relatively greater flexibility and choice than commodity vouchers, but are still necessarily restricted as they can only be exchanged with designated vendors. They can be further restricted to enable only to buy specific items or types of items within a vendor shop. They require a larger network of vendors to promote wider choice for beneficiaries and competition among vendors. They are therefore more complex to manage than commodity vouchers.

**Commodity vouchers** are exchanged for a fixed quantity and quality of specified goods or services at participating vendors. Commodity vouchers share some similarities with in-kind aid in that they restrict and specify the assistance received, but it is accessed at local markets through vendors. From a vendor perspective, they are much easier to handle, as each beneficiary receives the same items. They can be suitable if needs are relatively homogenous.

Both commodity and value vouchers have a limited period of validity during which they can be exchanged.

Vouchers can be implemented in an **open market**, where beneficiaries visit the regular vendor shop, or in a **voucher fair** (closed market), where vendors are mobilized to expose items meeting beneficiaries' needs (e.g. EHI, food, seeds) at a pre-selected location and for a pre-determined duration (e.g. 1 to 3 days). Voucher fairs are usually implemented with value vouchers. The items of interest are identified with the beneficiaries beforehand, so that the vendors respond to their priorities and needs and vendors are not allowed to bring in other articles than those approved in the contract. Voucher fairs can be used in situations where beneficiaries do not have access to regular markets[44].

**Gift cards** offered by supermarkets are considered as value vouchers, as they usually can be spent relatively freely but only in one supermarket chain. From a procedural perspective, gift cards work differently from other voucher-based programmes, as no contracts with vendors and voucher reconciliation is required. Rather, the ICRC would purchase gift cards from the supermarket directly and distribute them to the beneficiaries.

### 3.5.2 Pricing and vouchers

There are different ways to deal with prices in a **value voucher** programming:

- The simplest way is to let the price be determined by the local market and contracted vendors themselves. The assumption is that there is sufficient competition between vendors so that the prices charged in exchange for vouchers are the same as the regular prices in a shop. There is however a risk that the vendors will collude and charge higher prices in exchange for vouchers.
- Another way is to agree with the vendors on the price for each commodity ahead of each voucher distribution or in the contract. This approach reduces the risk of price increases for beneficiaries and allows the ICRC to inform the beneficiaries on the precise prices ahead of the voucher distribution. The agreed prices should be displayed at every contracted shop.
- The third way is to agree with the vendors on a price ceiling for each commodity ahead of each voucher distribution or in the contract. This provides and incentive to competing vendors to slightly decrease their prices while protecting beneficiaries from price increases beyond the established ceiling.

[44] For further details on how to implement voucher fairs, please refer to *EcoSec COD Executive brief on fairs (EN)* or Mercy Corps' Voucher Fair Guide at https://www.mercycorps.org/research-resources/voucher-fair-implementation-guide

A **commodity voucher** is valid only for a specified type and quantity of items or services. Thus, prices for each commodity or service need to be agreed with the vendor ahead of each voucher distribution or in the contract (in case it is one off voucher distribution).

### 3.5.3 Implementing programmes using paper vouchers[45]

The table below provides an overview on the required steps for implementing programmes using vouchers. The coloured banner indicates which department has the "lead" on the respective step.

*Please note that the sequencing of steps is a guideline and not set in stone – some steps can take place simultaneously. Please agree timing and process locally with all departments involved.*

| | Programme Department | Logistics | FAD |
|---|---|---|---|
| 1 | Ensure appropriate budget available | | Cross check appropriate budget available |
| 2 | Design the voucher with appropriate security features | | Verify the voucher design, if necessary. |
| 3 | Initiate a Printing SR and send to Logistics. | Establish the contract with the voucher printing service | |
| 4 | | | Receive paper vouchers from printing service, verify (amount, serial numbers, etc.) and store safely. Transfer to Prog. Dept. upon request. |
| 5 | Initiate a SR, include the list of authorized items, their specification and send to Logistics | | |
| 6 | Participate in the selection of vendors if relevant. | Launch the tender / Call for Interest, establish and sign the Selection Table and contracts with vendors as per established procedures. | Approve the contract as per established procedures. |
| 7 | Register beneficiaries | | |
| 8 | Design / adapt the voucher redemption form (see template) | | Participate in the design of redemption lists to ensure all the necessary information is provided. |
| 9 | | Distribute the voucher redemption form to contracted vendors and explain how to fill the form | |
| 10 | Distribute the vouchers to beneficiaries | Ensure that vendors are mobilized and ready with the required items / services | |
| 11 | Monitor the use (redemption) of voucher and assist in the collection of items or access to service by beneficiaries as required. | Apply ICRC quality, health and safety check standard. Conduct monitoring of the vendors during implementation as per the contract. | |

[45] E-vouchers were piloted in 2017. If the ICRC use e-vouchers more frequently in the future, the CVA SOPs would be updated.

| | | | |
|---|---|---|---|
| 12 | Return all un-distributed vouchers to FAD | | Nullify un-distributed vouchers by punching and crossing them and store in a safe place |
| 13 | Support Log as required | Collect and count the redeemed vouchers from the vendors. Ensure that final number of vouchers matches the vendor's invoice and provide vendor with a receipt. | |
| 14 | Support Log as required | Carry out reconciliation of all vouchers and finalize the Pos. Provide FAD with all documentation for payments. | |
| 15 | | | Execute payments to the vendors |
| 16 | **Review** the project | Participate in the review from the logistics perspective. | Participate in the review from the financial perspective. |

### 3.5.4 Printing and designing paper vouchers

Paper vouchers should as a minimum contain the monetary value (if value voucher) or the quantity of goods / services (if commodity voucher), a serial number and a validity date. Other information can be added as required. Paper vouchers should not be printed in the same area of programme implementation and should not be provided by the vendors who are participating in the programme. The following contract template should be used to contract a printing company.

For more information, please consult the tips on how to design vouchers.

Value vouchers can have one (i.e. all paper vouchers have the same value) or several denominations (i.e. different vouchers represent different values). The more denominations the paper vouchers have, the more complicated the distribution and reconciliation gets. Therefore, it is strongly recommended to keep the number of denominations to the minimum.

Normally, the entire paper voucher has to be spent in the same shop. Therefore, it is essential in value voucher programmes that beneficiaries receive several vouchers, so that the can obtain commodities from different shops.

### 3.5.5 Vendor contracting and payment for voucher programming

Before launching the tender, it is mandatory to define clear specifications on goods to be supplied from vendors. Furthermore, based on the size of the programme, the geographical distribution of beneficiaries and knowledge about the approximate capacity of potential vendors (from the feasibility assessment), Programme Department should be able to estimate how many vendors should approximately participate in the programme.

LOG can start the vendor contracting process. There are in principle two ways to invite vendors to participate to a voucher programme: 1) through a **request for tender** (RfT) and 2) through a **call for interest** (CfI).

Contracting through RfT might be more suitable if a small number of high capacity vendors are sought. The majority of voucher programmes require however a larger number of vendors with proximity to the beneficiaries. In these circumstances, contracting through a CfI is recommended as it is likely to lead to more vendors applying. The CfI is the invitation for a partnership / collaboration with the ICRC, where conditions of collaboration are defined in advance by the ICRC (e.g. service requested, conditions of payment, prices / price setting procedures, etc.) and only vendors apply that are ready to accept these conditions. Thus, the space to negotiate is rather limited. The CfI should (ideally) stay open for 10 days in order to give sufficient time for all interested vendors to apply (everybody can apply).

Once the responses of vendors to the RfT/CfI have been received, LOG should where required re-visit the vendors and cross-check the information provided in the proposals. The vendor selection questions and vendor assessment form can help to implement the vendor assessment throughout the whole process.

The selection of vendors should be done with a ST on the basis of the most relevant selection criteria for the programme, which should have been already communicated during the RfT/CfI process. They can include proximity to the beneficiaries, financial capacity (access to finance or self-financing), supply capacity, quality of items, storage, registration, etc. Once the ST is approved[46], the contracts are to be prepared in accordance with regular procurement procedures and based on the voucher contract template.

Advance payments for vendors are not preferred. However partial advance payments to vendors or service providers are possible per joint decision of the Logistics, Programme Department and FAD departments and specified in the contract.

As for any supplier, the payment is normally executed to the bank account of the vendors or service providers.

### 3.5.6 Voucher implementation

For a smooth implementation of voucher intervention, it is essential that both vendors and beneficiaries are well sensitized in regards to the voucher modality and the details of the project. Key information to be shared and discussed with vendors and beneficiaries can be found here.

The Programme Department is responsible to distribute the vouchers to registered beneficiaries. The voucher distribution plan can help in planning for the distribution, while the voucher distribution list should be filled by the staff conducting the distribution. The voucher distribution list template can be adapted as required. However, it is essential that voucher serial numbers are assigned to the beneficiaries and that beneficiaries confirm the reception of the vouchers through signature.

All undistributed vouchers should be returned by the Programme Department to FAD, who need register undistributed vouchers, void them (by punching and crossing them or similar) and store them in a safe place. FAD must also reconcile the undistributed vouchers against the voucher distribution list.

Following the reception of the vouchers, beneficiaries will be provided a timeframe to redeem the vouchers at contracted vendors. Vendors can be required to keep track of the beneficiaries that redeem their vouchers at their stored by filling the voucher redemption form if required by the programme. The voucher redemption form template can be adapted as required. As a minimum, it needs to include beneficiary name, ID number, serial numbers of vouchers redeemed, total amount redeemed (if value voucher) and space for the beneficiary signature. In addition, vendors can also be asked to list the items sold to each beneficiary in the form. It is essential that vendors are trained on how to fill the form properly.

Vendors submit the redeemed vouchers (together with the filled voucher redemption form if used) and an invoice to ICRC LOG at the end of the project or at intervals agreed in the contract. The number and value of the redeemed vouchers needs to match with the information on (the voucher redemption form if used, and) the invoice. Logistics is responsible to conduct the reconciliation and finalize the POs for vendor payments.

[46] The validation threshold for ST approval is the total amount for the vouchers.

### 3.5.7 Quality control for vouchers and fairs

Quality control (QC) in ICRC is a formalised and standard process, with guidelines for QC of all the key commodities procured.

QC is different with CVA, as ICRC is not procuring goods/commodities, but enabling beneficiaries to buy them directly. However, with voucher programmes, where specific vendors are contracted, does imply a residual responsibility of ICRC.

QC for programmes using vouchers is a challenge because it is difficult to assess on spot the quality of goods offered by multiple contracted vendors. Thus, quality standards have to be set before the programme takes place. The quality of the available items should be analysed by Logistics in collaboration with Programme Department based on health and safety standards, in addition to the performance and durability of the products. Logistics will communicate the required standard to the vendors through in the RfT or CfI. If diverse qualities are accepted, the prices have to be adapted.

The quality provided directly by ICRC Logistics for ICRC procured in-kind assistance is usually higher than the one available on the local markets. Of course, if the quality of commodities offered by vendors is very low and cannot guarantee the basic health and safety of consumers, ICRC standard items should be preferred. Otherwise, when the quality of items is lower in terms of performance or durability, the decision on whether to include them in a voucher-based programme or not must take into account the objectives of the programme and beneficiaries' preferences. Therefore, the concept of 'locally acceptable and appropriate quality' (Acceptance Quality Limit) must be defined.

In that sense clear item specifications need to be made, by the Programme Department in consultation with QC, to see what issues could be faced in terms of quality. The important point is to determine whether quality issues of the commodities could have a negative effect on either the health or safety of the beneficiary, or on the achievement of programme outcomes. If there will be clear differences in quality from ICRC standards, this must be discussed with the QC team or the category lead buyer, who can give specific advice.

For voucher-based programming, QC includes checking the quality of items and their compliance with ICRC health, safety and performance standards (e.g. food-grade aluminium or stainless steel to avoid metal migration, type of paint, UV resistance level for tarpaulins, thermal & pilling resistance for blankets, etc.). QC also includes the check of suppliers' premises, including visual 'red flags' to quality such as open holes, damages to the walls or the roof, water leakage, presence of insects, small animals or birds etc. In such case it is recommended to bring these issues to the vendors' attention and suggest corrective measures to be immediately put in place (e.g. close the holes, repair the roof, install the animal traps, etc.) as a precondition for their participation in the voucher-based programme.

In most contexts, there will not be a QC specialist available, and where they are available, they would not be able to check each and every small vendor that may be used for voucher programming. As such, the global QC team are currently developing a checklist of key questions so that non QC staff can do these basic visual checks, to support a decision on whether the quality of items/commodities is sufficient. In addition, QC teams, category lead buyers or specific ICRC staff with the right technical knowledge of the commodity (e.g. veterinarian, agronomist, pharmacist etc.) must be asked for advice.

Note: As ICRC expands CVA outside of EcoSec, specific QC discussions will be held for health, shelter etc. to ensure that quality issues are well understood and considered. In the interim, advice can be requested from the relevant unit in GVA and from Logistics.

### 3.5.8 Documents required pre and post transfer for voucher programming

The following justification documents need to be submitted pre-transfer (to request the transfer) and post transfer (to complete the reconciliation):

| **Type of voucher** | **Pre Transfer** | | **Transfer** | **Post Transfer** |
|---|---|---|---|---|
| | *Internal documents* | *Proof of reception* | *Proof of transfer* | *Proof of delivery* |
| Paper | SR<br>PO/Contract<br>Monetary value of voucher or list of commodities included per voucher<br>List of beneficiary names & ID number | Signature of beneficiary proving receipt of voucher | Not applicable<br>*(as ICRC does not transfer any funds)* | Redeemed vouchers *(collected by supplier from beneficiaries)*<br>Invoice from supplier for payment |
| Electronic | SR<br>PO/Contract<br>Monetary value of voucher or list of commodities included per voucher<br>List of beneficiary names & ID number | Signature of beneficiary proving receipt of e-voucher (card) | Not applicable<br>*(as ICRC does not transfer any funds)* | Report from software *(showing redeemed vouchers) provided by supplier*<br>Invoice from supplier for payment |
| *Who is responsible* | *From Prog Dept to Log* | *From Prog Dept to Log (then after reconciliation to FAD)* | *N/A* | *From Log (who do reconciliation) to Admin (cc Prog Dept)* |

**This table is in line with the requirements of the Distribution Tracking Project (DTP).*

Note: FAD centralizes all of the reconciled documents received from Log for dispatch to MSSC in Manila. This means that redeemed vouchers are also sent to MSCC in Manila.

### 3.5.9 Accounts for voucher programming

There are specific account codes for cash, for value vouchers and for commodity vouchers, as well as for financial services and fees.

**For vouchers there are five account codes: 940800, 941800, 941810, 945800, 956800.**

Vouchers:

| | **Voucher type** | | **Exchangable for** | **Account code** |
|---|---|---|---|---|
| ICRC distributes | Value vouchers | For | Monetary value of goods with selected supplier(s) | CVA 9**56800** |
| | Commodity vouchers | | Food products (flour, oil, rice, etc) | CVA 94**0800** |
| | | | Agricultural & fishing equipment | CVA 94**1800** |
| | | | Vet | CVA 94**1810** |
| | | | Miscellaneous | CVA 94**5800** |

### 3.5.10 Controls for voucher programming

In this section we outline specific controls for vouchers which are in addition to the standard Logistics and FAD procedures related to procurement.

**Pre-distribution voucher controls**
Logistics organizes printing of vouchers, and then checks the information on the vouchers is as per the voucher design and specifications.
Logistics hands vouchers over to FAD for inventory and storage (in the safe).
Programme department request vouchers from FAD for the distribution of vouchers to beneficiaries.

**Post distribution voucher controls**

*1st level check: Responsible: Designated programme department staff member*

- Ensure voucher distribution list and number of undistributed vouchers matches

*(Please note that this should be done by a staff member who was not involved in the distribution of the vouchers)*

*2nd level check: Responsible: FAD*

- Void any undistributed vouchers
- Reconcile undistributed vouchers against voucher distribution list *(keep copy of reconciled list as it is needed by Logistics for post redemption voucher control)*

**Post redemption voucher controls**

*1st level check: Responsible: Logistics*

- Check number and value of redeemed vouchers matches the voucher distribution list that was reconciled by FAD post distribution
- Ensure invoice matches number and value of redeemed vouchers.

*2nd level check: Responsible: FAD*

- Ensure invoice matches number and value of redeemed vouchers.

## 3.6 Additional information about CVA

### 3.6.1 ICRC additional procedures for cash-for-work programming

Even tough cash-for-work (CfW) is a modality rather than a transfer mechanism, it is important to clarify implementation procedures in these SOPs. However, the payment of the workers in CfW projects can be done through any of the mechanisms covered in the SOPs, including ICRC direct distribution, distribution through a service provider, and even vouchers (see step 9 below).

It is essential to clarify the legal and administrative issues when setting-up a CfW project, e.g. local labour, insurance and taxation laws, legal ownership of the asset created, etc.

The table below provides an overview on the required steps for implementing Cash for Work. The coloured banner indicates which department has the “lead” on the respective step.

*Please note that the sequencing of steps is a guideline and not set in stone – some steps can take place simultaneously. Please agree timing and process locally with all departments involved.*

| Programme Department | Logistics | FAD |
|---|---|---|
| Select the programme site and set the daily wage in line with local market rates, legislation and practices. | | Advise Programme Department on the national and local wage and the related legal aspects. |
| Consult WatHab for engineering component of the programme where applicable as well as for the safety and the protection of workers. | | |
| Identify programme partners and discuss partnership modalities whenever applicable. | Support Programme Department with established procedures and guidance if external expertise is needed. | |
| Sign an MoU with community establishing the terms of the work, and stating the ownership of the asset to be created and deadline to complete the work. | | Review MoU before signature |
| Identify which transfer mechanism to use (direct cash, cheques, through FSP etc) | | |
| Establish the lists of workers, with ID card numbers, locations, working days, working hours per day (man-days), amounts to be transferred in the determined currency (based on agreed daily rate), dates/frequency/number of transfers. | | |
| Initiate a RO/SR and provide technical specifications for materials to purchase. | Launch tenders, prepare and sign contracts as per Logistics procedures and Financial rules. | Approve contracts as per usual FAD procedures |
| | Purchase and deliver materials to work site | |
| Distribute materials | | |
| Monitor work and attendance | | |
| **Cash payments to workers** | | |
| For direct cash or cheque distribution by ICRC, follow steps under section 3.4.2 | | |
| For cash transfers or payments through service providers, follow steps under section 3.4.3 | | |
| Monitor the completion of project, the use of created assets, the use of cash by beneficiaries, the impact of cash transferred on local markets and the community perception on the project. | | |
| **Review** the programme. | Participate in the review from the logistics perspective. | Participate in the review from the financial perspective. |

### 3.6.2 ICRC additional procedures for MEI programmes *(EcoSec only)*

Micro economic initiative (MEI) is a term used by the ICRC to refer to an income generating programme that is implemented through a bottom-up approach, whereby each beneficiary is involved in identifying and designing the assistance to be received.

Even though MEI is a programme rather than a transfer mechanism, it is important to clarify implementation procedures in these SOPs. However, the transfers to the beneficiaries can be done through any of the mechanisms covered in the SOPs, including ICRC direct distribution, distribution through a service provider, and even vouchers (see step 9 below).

It is essential to create an individual agreement with each MEI beneficiary clarifying roles and responsibilities of both parties (the beneficiary and the ICRC) as well as any legal and administrative issues, e.g. insurance and taxation laws, legal ownership of any asset created, etc.

Please refer to the ICRC MEI handbook for further details on implementation of MEI programmes.

## 4 Data Protection

Protecting individuals' Personal Data is an integral part of protecting their life, integrity and dignity. This is why Personal Data protection is of fundamental importance for Humanitarian Organizations. In recent years, the development of new technologies allowing for easier and faster processing of ever-increasing quantities of Personal Data in an interconnected world has given rise to concerns about the possible intrusion into the private sphere of individuals.

ICRC has two guiding documents, the Handbook on Data Protection in Humanitarian Action, and the ICRC Rules on Personal Data Protection. The Handbook seeks to raise awareness and assist Humanitarian Organizations in ensuring that they comply with Personal Data protection standards in carrying out humanitarian activities, by providing specific guidance on the interpretation of data protection principles in the context of Humanitarian Action, particularly when new technologies are employed.

CVA, with its focus on using third party financial service providers, pose privacy-related threats and risks associated with the inherent collection, handling and transfer of individuals' personal data. This is especially due to the involvement of many third parties necessary for the provision of cash transfer services, such as financial institutions and mobile network providers, creating complex data flows and leading to a loss of control over both the data collected and the meta-data generated in the course of CVA. There is an internal ICRC note on CVA and Data Protection specifically describing the risks and mitigation measures.

Essentially, there are risks for individuals (the 'data subject') and for the ICRC's humanitarian action. For the individuals, the risks are that their data could be used for non-humanitarian purposes, or that the FSP may have obligations under national legislation to share the data (e.g. with authorities). Beyond this, CVA may jeopardize the neutrality and independence of humanitarian action when organisations provide or generate data in the course of their activities that may be then used for non-humanitarian purposes, such as law enforcement or commercial activities. Humanitarian organisations may find themselves in a position of (being perceived as) supporting a party to a conflict without realizing it, and as a consequence, they may loss access to vulnerable population, and/or put their own staff at risk.

Concretely, in terms of CVA and actions to be taken, Data Protection Impact Assessments (DPIAs) need to be drafted. DPIAs will help the ICRC to (a) identify the privacy risks to individuals, in particular, those deriving from the data flow and stakeholders involved; (b) identify the privacy and data protection compliance liabilities for the organization; (c) protect the ICRC's reputation and instil public confidence in the programme; and (d) ensure that the ICRC does not compromise on the neutrality of its Humanitarian Action. The DPIA helps to analyse, document and understand the flow of beneficiary data for each CVA, in order to identify the risks involved and develop risk mitigation strategies.

Each unit is working with the ICRC Data Protection Office (DPO) to develop specific DPIA tools[47] and methodology. For example, Logistics are consulting on standard confidentiality and data protection clauses for CVA contracts for service providers. Until these DPIA tools and guidance have been field tested, each department implementing CVA in the field must contact their unit in GVA for specific advice on how to assess the data protection risks in their CVA, and also how to evaluate FSPs in light of data protection concerns.

Specific advice on data protection issues is also available from the ICRC DPO who can be contacted via the following email: dpo@icrc.org. **Delegations must contact the DPO for consultation on contracts with financial service providers, to ensure that clauses related to confidentiality and data protection are properly analysed and written. This consultation should involve both Log and Programme teams. Please allow time for this in your programme planning.**

In addition, useful information can be found on the DPIA section of the intranet.

# 5 Annexes

**Annex 1: Raising SRs for CVA**
**Annex 2: Chart of expenditure accounts**
**Annex 3a: Cash assistance Request (Part 1) – cover letter**
**Annex 3b: Cash assistance Request (Part 2) – distribution list**
*(These annexes can be found by following the links.)*

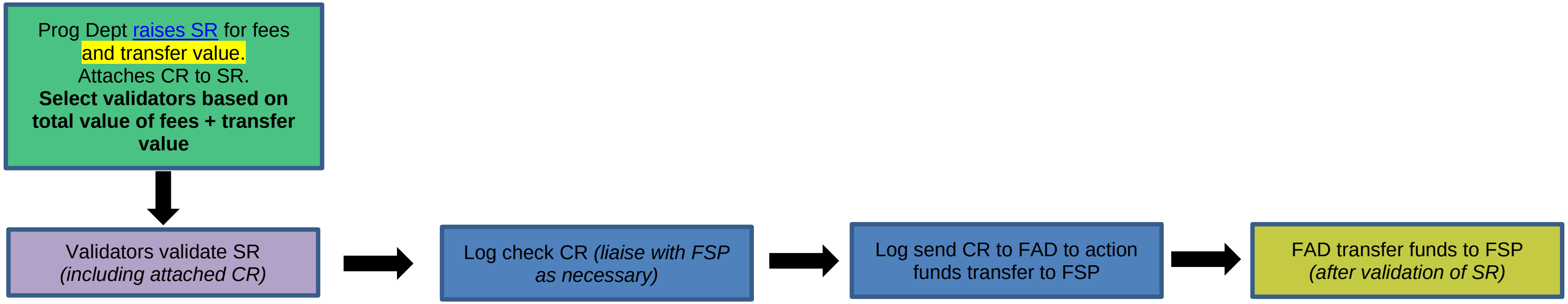
Note that other documents related to CVA can be found at the CVA community of practice and EcoSec Wiki.

[47] An example of a DPIA developed by the Cash Learning Partnership can be found in 'Protecting Beneficiary Privacy,

## Annex 1: Raising SRs for CVA

As soon as a logistics process is involved (e.g. the contracting of a financial service provider), then Logistics systems must be used. The following options are available. The Programme Co, Log Co and FAD Co should review in detail and select the option best suited to their Delegation set up.

**<u>AAA. Delegations using JDE or directly through PAM for metiers already using it</u>**




**Note on transfers with no fees:**

If there are no fees charged by the FSP, an SR would be raised only with the transfer value.

**Note on selection of validators:**

Requesters need to ensure that the correct validators are selected according to the financial rules of the Delegation. In JDE sites there are only two validators – functional (blue line or red line depending on amount of money) and financial and should always reflect the total amount transferred (transfer value + fees).

**Additional note on communication with FSP:**

It may be the case that during the tender process, the Delegation selects the same FSP used for other ICRC regular financial operations. If they are selected and CVA can be implemented within the existing banking relationship (e.g. same fees, same T&C), If selected, a separate Framework Agreement should be signed to differentiate Delegation and Programmatic operations with the FSP where requests for transfers will still go through Logistics via an SR. When the Delegation is undergoing an RfT for FSPs, the Delegation bank should be invited to submit a bid through the competitive process. Also, a dedicated sub-account should be used for CVA to ease reconciliations.