LOGISTICS AND ADMINISTRATION GUIDELINE FOR CASH BASED INTERVENTIONS

ACTION AGAINST HUNGER

ACF INTERNATIONAL

DEFINITION OF CASH BASED INTERVENTIONS

The general aim of all cash based programmes is an immediate increase in the affected population's purchasing power, enabling it to cover basic needs (food and non food) and/or invest in the recovery of livelihoods. Cash-based interventions are also likely to stimulate economic recovery, as local supply is involved (market intervention).

Cash based interventions are useful tools that can be implemented across various technical sectors.

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

INTRODUCTION

Cash based interventions (CBIs) are increasingly included in humanitarian relief efforts as alternatives or complements to in-kind assistance.

These types of programmes have different logistic and administrative requirements, and set up largely depends on the capacity of all departments to work together and the local context. Thus, the involvement of logistic and administration departments in this type of intervention is crucial.

This guideline is mainly dedicated to logisticians and administrators to successfully support cash based interventions but **also to technical departments**.

The objectives of this guideline are to:
- **Understand the roles and responsibilities but also necessary interactions between each department** (Technical department /ADMIN / LOG)
- Ensure **minimum standard procedures** for project implementation

The types of cash based interventions are divided into 3 main categories:

→ *INDIRECT TRANSFER PROCESS*

→ *DIRECT TRANSFER PROCESS*

→ *REIMBURSEMENT TRANSFER PROCESS*

In order to be able to set up cash based interventions, this guideline is structured in five different chapters:

1. Payment methods and modalities
2. Setting up Cash based intervention (key steps, roles and responsibilities)
3. Security management
4. Supply chain & Procurement
5. Finance management

As many issues are transversal, it is advised to read all sections and annexes.

10 KEYS POINTS IMPLEMENTING CBIS

→From assessment to evaluation of the project, strong **coordination** between departments is required.

→Preparation of an **action plan** and clarification of **responsibilities** is essential.

→**Security risks** for cash based interventions are context-specific and can be minimized through **good design, risk analysis and good project management.**

→The chosen payment method must be adapted to the security context. **The security plan can be updated** taking into account the specificities of cash based interventions.

→The chosen **payment method** must be adapted to the country programme **cash management policy.**

→ACF can deliver cash through a **wide range of mechanisms**. However, each method has a different **impact on logistic, security and finance management.**

→All **supplies, services and works** related to CBIs must be requested according to **ACF supply chain management procedures (KITLOG V3.1)**. This includes transfer fees and insurance for cash.

→When requesting supplies, services and works related to CBIs, **technical specifications** must be detailed and clear. Criteria for **supplier selection** must be specified.

→**Clear financial procedures and supporting documentation** must be defined to ensure that cash can be traced throughout the project; **justifying expenses and payments.**

→**Monitoring** is a continuous process and must be done **throughout the duration of the project implementation**. It includes not only the **efficiency and effectiveness** of the programme but also the **security context, cash flow**, **respect of procurement procedures** and **project objectives.**

1. PAYMENT METHOD AND MODALITIES

1.1 TYPES OF CASH BASED INTERVENTIONS[1]

→CASH GRANTS: CONDITIONAL AND UNCONDITIONAL CASH TRANSFERS

→ **Conditional cash transfers -** ACF puts conditions on how cash is spent, for instance stipulating that it must be used to pay for the reconstruction of the family home. Alternatively, cash might be given after recipients have met a condition, such as enrolling children in school or having them vaccinated. There is no requirement to pay back any money.

→ **Unconditional cash transfers -** Recipients are given money as a direct grant with no conditions or work requirement. There is no requirement to pay back any money, and people are entitled to use the money according to their own needs as defined by the household.

→VOUCHERS
A voucher is a paper or electronic card that can be exchanged for a set quantity or value of goods, denominated either as a cash value (e.g. $15) or as predetermined commodities or services (e.g. 5kg of maize, milling of 5 kg of maize). Vouchers are redeemable with preselected vendors/traders as identified by ACF.

→CASH FOR WORK
Payment (in cash or vouchers) is provided as a wage for work, usually in public work or individual work schemes.

ANNEX 1: GLOSSARY FOR CASH BASED INTERVENTIONS

1.2 TRANSFER SERVICE PROVIDER VS PAYMENT METHODS

ACF can deliver cash through a wide range of payment methods and by using various third parties. The table below shows the ways in which different payment methods can be used in combination with different transfer service providers.

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[1] SOURCE : HPN – Good Practice Review - Cash transfer programming in emergencies – June 2011

TRANSFER SERVICE PROVIDER	PAYMENT METHOD					
	Cheque	Electronic Cards/ E-Vouchers	Paper Voucher	Mobile technology	Bank Transfer	Cash in envelope
ACF	X		X			X
LOCAL NGO PARTNER	X		X			
GOVERNMENT		X	X		X	
BANK	X	X			X	
POST OFFICE	X	X			X	
MOBILE PHONE COMPANY		X		X		
MICROFINANCE COMPANY	X				X	X
SECURITY COMPANY						X
LOCAL TRADER		X	X	X		
LOCAL REMITTANCE INSTITUTION	X	X	X			X

CASE STUDY: INDIRECT TRANSFER PROCESS WITH SMART CARDS

E-Vouchers for flood relief in the Philippines

In response to a rapid-onset emergency, ACF implemented a cash based intervention in Cotabato City, Mindanao, in the Philippines. The project established a cash voucher programme together with local supermarkets to provide flood-affected people with essential food and non food items. The programme piloted the use of debit smart cards as transfer method for the first time in the Philippines.

ANNEX 2: ACF COTABATO CASE STUDY

1.3 THE PAYMENT METHOD - HOW IS THE CASH DELIVERED?

→DIFFERENT TYPES OF PAYMENT METHODS

ACF can deliver cash through a wide range of mechanisms. The cash flows and parties involved will determine the type of transfer process. There are different types of payment methods which can be divided into 3 categories:

Indirect Transfer Process

Direct Transfer Process

Reimbursement Transfer Process
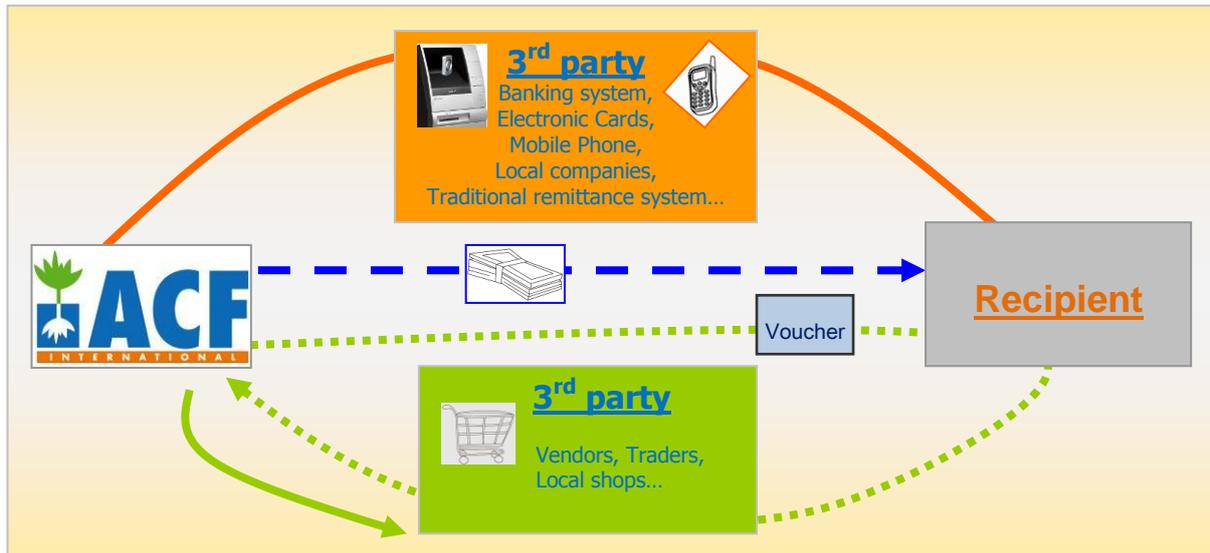
ANNEX 3: ADVANTAGES AND DISADVANTAGES OF DIFFERENT CASH DELIVERY OPTIONS
ANNEX 4: FACTORS FOR ASSESSING PAYMENT METHODS

→*INDIRECT TRANSFER PROCESS*

The main characteristic of this transfer process is that a third party is involved as a **transfer service provider**. It implies that the transfer service will have a cost to be paid by ACF.

DELIVERY THROUGH BANKING SYSTEMS

→ **Bank Transfer** - The simplest option is direct transfer to bank accounts, where a well-functioning banking system exists in the programme area. Banks in many countries are beginning to operate "cash in/cash out points" in places like local retail shops, pharmacists and other suppliers.

→ *Mobile Bank* - Some banks offer a "mobile bank" service for delivering the money to remote areas in a cash van or bank bus. Sometimes mobile bank security regulations might be different from ACF regulations depending on the context.

→ *Post Banks* - often have their own branches, but reach their clients mainly through agreements with the national Post Office and its branches. According to the context, ACF may have to open bank accounts for transfer recipients, or use their existing accounts.

➔ **Cheques** - ACF may also choose to distribute cheques to be cashed at branches of different financial institutions.

CASE STUDY: INDIRECT TRANSFER PROCESS

Unconditional Cash Grants for economic empowerment in Northern Uganda - 2011

In a post-civil war context with returning displaced populations, ACF decided to strengthen livelihoods and food security, and enhancing economic empowerment of women. ACF supported 4,570 extremely poor women and men each year through indirect cash transfer of 170 USD per participant.

Based on previous experience ACF contracted a bank experienced in rural banking transfers to disperse the cash to the targeted households. The bank opened an account for each of the participants. The account contains details of the participants including photo, biometric information and next to kin in case the participant is not available during the disbursement. The bank organised the cash transfer and facilitated the disbursement of the entitlement to the participating households through a mobile bank van.

Reference: ACF CaLP Case Study Uganda 2011

MOBILE PHONE TECHNOLOGIES

This type of transfer service is provided mainly by mobile phone companies, without the need for the subscriber to have a formal bank account. This setup involves the use of a specifically developed software application to transfer directly to individual SIM cards, allowing transfer of both electronic cash and vouchers.

➔ **Mobile payments -** These are payments initiated from a mobile phone that do not require a bank account. Typical usage entails the user who wishes to make a mobile payment, being connected to a server via the mobile device to perform authentication and authorization, and subsequently being presented with confirmation of the completed transaction.

➔**Mobile banking -** is the ability to access a bank account and conduct transactions using a mobile phone as the channel. Functionality varies from getting an account balance to paying bills or sending money to someone else who may or may not have a bank account. Virtual platforms like *e-wallet*, etc. support this transfer system.

ELECTRONIC VOUCHERS/CARDS

Cash transfers or E-Vouchers can be delivered electronically through 2 types of cards:

➔**Magnetic strip cards** (debit card or prepaid card) - are the most common cards in use for cash transfers. The processing system accepting electronic payments has a magnetic card reader device (point of sale) which can be programmed to perform specific tasks, such as keeping a record of the amount used and the balance for each recipient. Magnetic strip cards can be either paper-based or disposable/multi-use plastic cards. Use of this card is applicable in urban contexts with well developed banking facilities, but as well in

remote areas with minimum mobile phone network to ensure upload and download of transaction information. Offline-online technology is available where the point of sale device will store information until the next network connection to the main server.

→*Smart cards* - contain a microprocessor or chip instead of a magnetic strip, allowing it to both process and store the information. Smart Cards provide higher level of security by combining the use of a PIN number and recipient biometric details. Recipient withdrawal and balance information is readable, and the chips can be programmes to allowing transactions of restricted commodity codes only or point of sale codes only, for any necessary restrictions. Similar to the magnetic card, its use is applicable in urban contexts and in remote areas with minimum mobile phone network to ensure upload and download of transaction information. Offline-online technology is now available where the point of sale device will store information until the next network connection to the main server.

ANNEX 6: CALP - CASH THROUGH CARDS – A QUICK GUIDE FOR CASH TRANSFER PROGRAMMING IN EMERGENCIES

THE TRANSFER SERVICE PROVIDER – WHO IS INVOLVED IN THE DELIVERY OF CASH?

When choosing an indirect transfer process, ACF must decide on the transfer service provider. Transfer service providers include:

- Governments
- Banks
- Post offices
- Mobile phone companies
- Micro-finance companies
- Remittances companies
- Security companies
- Local traders
- Traditional transfer systems (e.g. a *Hawala* system)

When making the choice of using an external transfer service provider, ensure that providers understand their objectives and activities and that they are clearly stated in the contract or letter of agreement.

FURTHER READING - SELECTION CRITERIA FOR TRANSFER SERVICE PROVIDER IN CHAPTER 4

→DIRECT TRANSFER PROCESS

Direct transfers are facilitated through cash being delivered directly by ACF staff through envelopes.

ACF generally does not recommend the direct handling of cash, but it can be the only available option depending on the context. Increased security exposure for the transporting and distributing team and increased opportunities for fraud throughout the distribution system are two main reasons for the preference for indirect or reimbursement transfers. If direct transfers are considered to be the only viable option, this needs to be carefully planned with the entire team. Recipients concern of handling and storing direct cash need to be heard and considered in this process.

CASE STUDY: DIRECT TRANSFER PROCESS

Cash Grants for Income Generation - Warrap State, South Sudan - 2010

To address chronic malnutrition, ACF implemented a cash-based intervention in Warrap State, South Sudan. It is a long suffering region in the early phases of post-war recovery and development. Human capacity and physical and economic infrastructures are extremely limited.

Due to the lack of a supporting infrastructure, ACF distributed cash grants directly to recipients. Money was transferred to ACF project bases by plane and then distributed hand-to-hand to group members. Each group received a grant of €53 per member per distribution; average size of groups was 5 people. Both ACF staff and a local government representative were present during the distribution. This provided a security measure during the distributions and increased transparency with local stakeholders. Local government presence and role in the transfer process provided a valuable safety mechanism to the programme.

→*REIMBURSEMENT TRANSFER PROCESS: PAPER VOUCHERS*

The main tool used for a reimbursement process is vouchers. Vouchers can be applied with or without involving transfer service providers, either through paper or electronic vouchers. If no transfer service provider is available or included in the transfer process, paper vouchers are the only direct link to ACF using reimbursement transfer processes. Paper vouchers can be exchanged for commodities, services or for cash.

ANNEX 8: CALP - VOUCHERS - A QUICK GUIDE FOR CASH TRANSFER PROGRAMMING IN EMERGENCIES

CASE STUDY: REIMBURSEMENT TRANSFER PROCESS

Fresh Food Vouchers - Thatta, Sindh Province, Pakistan – 2011

ACF responded to the 2010 Pakistan floods which affected most parts of the country and displaced over 20 million people. First, ACF organised 2 rounds of in-kind food distributions. Then, cash grants of 200 USD were provided to 150 small business owners to facilitate recovery of businesses.

When markets had recovered and were functioning fully, fresh food vouchers were introduced for 5,300 households. ACF staff distributed food vouchers to beneficiaries from the previous in-kind food distribution programme. Each beneficiary received a total of 24 vouchers of different denominations in order to access different types of food items on the local market.

Community participation was high, from beneficiary identification through implementation and evaluation of the programme. More than 764,000 USD was injected into the local economy through this voucher programme.

2. SETTING UP A CASH BASED INTERVENTION

2.1 PROJECT CYCLE MANAGEMENT AND SETTING UP CASH BASED INTERVENTIONS

The diversity of contexts and needs implies that programmes are rarely similar. However, they all follow the same stages of the project cycle[2].
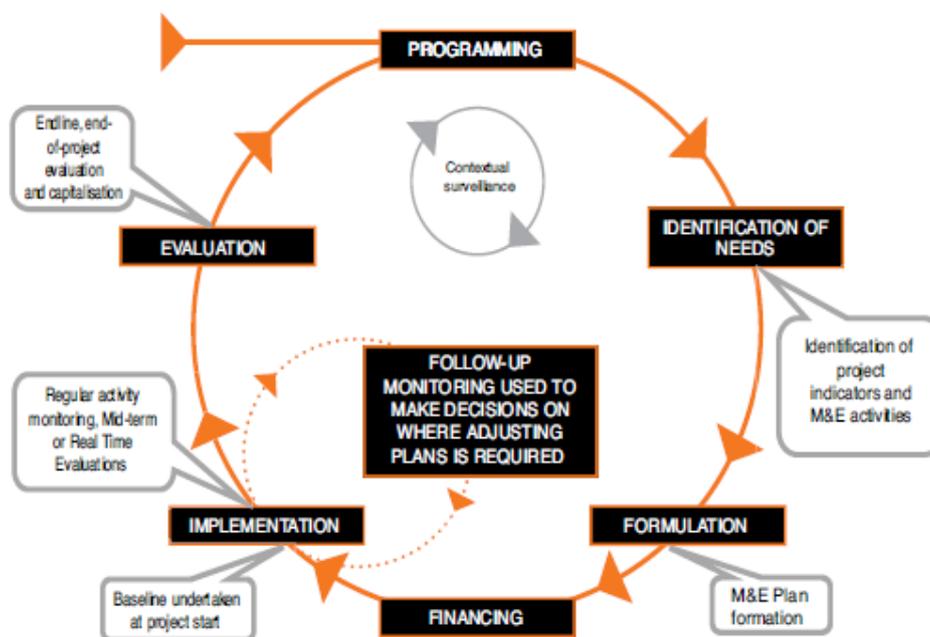
→ *ASSESSMENT: PROGRAMMING AND IDENTIFICATION OF NEEDS*

To define what kind of cash based intervention should be implemented, the context has to be analyzed (cultural issues, market availability, banking systems and security situations, etc.) and partners identified (governmental bodies, NGOs, service providers, etc.) before designing the project.

Assessments should cover but are not limited to:

→**Community and household situation assessment**: market assessment, stakeholder mapping and gap analysis, financial actor mapping, humanitarian needs, capacity and vulnerability analysis, response analysis, etc.

→ **Security assessment**: context and risk analysis, identification of stakeholders, contact lists, etc.

→**Logistics assessment of the area**: access, road/air transport, supply chain, communications, basic facilities, partners, etc.

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[2] For more information on Project Cycle Management, see ACF Project Management Guidelines.

→**Bank or other financial facilities assessment**: conduct interviews with branch managers or other cash facilities at local and central level to gain an understanding of money transfer infrastructure, including: transfer technology, transfer times, stocks of relevant materials (cheque books, cards etc.), minimum number of transactions required to open new points of sale, ability to process additional transactions, other service providers necessary (mobile phone network, etc), transaction fees, etc. Include in this assessment a review of the relevant laws and regulations in-country and how they may impact the delivery of money to recipients.

→ *FORMULATION: PLANNING AND DECISION MAKING*

At this stage, based on the assessment results the country programme team has decided to develop a project proposal and seek funding for the necessary interventions to address outstanding needs.

Even if the project is initiated by the technical department, there is a need of early involvement from other departments, e.g. the logistics department leads the preparation of the procurement plan. The chosen payment method has a major impact on finance (cash management) and security of the intervention.

FURTHER READING – CHAPTER 3 AND 5 ON PAYMENT METHODS AND SECURITY MANAGEMENT, AS WELL AS KIT LOG V3.1

→ *FINANCING: RECEIVING THE FUNDS FOR IMPLEMENTATION*

The project proposal is submitted to the donor, and a decision is made about whether to fund the project. The donor and ACF formally agree on the modalities of implementation. The conditions fixed in the donor contract and donor regulations have an impact in the activities and their rollout, and hence must be considered at an early stage. Some donors will be more flexible or innovative than others, so the information gathered during the assessment stage needs to be applied and well presented.

→ *IMPLEMENTATION: PUTTING IN PLACE THE INTERVENTION*

→ **Planning** - The project activities are best planned through a common action plan. Responsibilities, deadlines and activities to be undertaken are clarified at this stage. Plans for financial flows and providing time estimates for each step of the financial transfer between HQ, involved third parties and transfer recipients should also be prepared.

→ **MoU** - must be signed with any relevant stakeholder (community, authorities or partners) depending on the project design, to ensure transparency and clarity around the activities and their purpose.

→ **Procurement** - at this point, the procurement plan is revised and information transferred into the supply plan. Following the submission of the procurement request, the logistics team completes the procurement process. Procurement procedures apply to cash transfer and voucher printing services, similar to any other procurement. The finance team is fully involved in planning and conducting negotiations and planning with the financial service provider supporting the cash transfer. The donor currency and exchange rate can have a significant impact on planning and should be reviewed.

→**Human Resources** - each department recruits and trains project staff (field monitors, logistics assistants, financial supervisors, cashier, etc.) to supervise and monitor activities. The administration/HR department supervises recruitment and ensures the respect of HR policies and procedures.

→ **Finance -** in order to provide the appropriate amount of cash for the programme activities and the planned transfers, the treasury forecast is as precise as possible and all departments contribute to its development.

→ **Registration** – collection of beneficiary data needed for the transfer is done at this stage, including the beneficiary list. The administration department provides a list of information needed to the technical department, addressing the information needs to cover *know your customer*[3] aspects. To avoid any risk of fraud, corruption or power abuse, transparent and accountable implementation of the intervention is crucial. This includes appropriate sensitization and communication with the community and verification of the proposed beneficiary list.

→ **Distribution** - cash or voucher distribution, similar to any in-kind distribution, is mainly a logistics operation. It requires preparation and planning and includes the distribution time frame, responsibilities of each staff member and amounts of cash/vouchers per distribution point to be transferred.

→ **Payment** - is under the supervision of the administration department, while the technical department provides a payment schedule, makes the announcement of the payment and deals with complaints brought forward by the communities and recipients. Clear financial procedures and documentation to ensure that money can be traced throughout the intervention are put in place such as payment receipts, transfer statement and payment spreadsheet, etc.

→ **Security Management** – even if logistics is highly involved in dealing with security issues, security management is a shared responsibility and must be a common concern. Consideration of security information gathered in the assessment stage is continuously reviewed and updated throughout implementation of the cash based intervention.

FURTHER READING – CHAPTER 3 AND 5 ON SECUIRTY AND FINANCIAL MANAGEMENT

→ *MONITORING: FOLLOWING THE IMPLEMENTATION OF ACTIVITIES*

The purpose of monitoring is to follow up on the process of implementation (efficiency, effectiveness), the resulting outputs and outcomes (impact on households, communities and markets), and to determine whether any changes are needed to the project design. The monitoring includes:

• Households baseline, post distribution, market prices and endline monitoring

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[3] **Know Your Customer-** This usually refers to the information that the local regulator requires banks to collect about any potential new customer in order to discourage financial products being used for money laundering or other crimes. Some countries allow banks greater flexibility than others as to the source of this information, and some countries allow lower levels of information for accounts that they deem to be 'low risk'

- Security context
- Procurement (review of supply plan, archiving of a complete purchase dossier, etc.)
- Finance (cash flow; exchange rate, etc.)

Monitoring is a continuous process and is ensured throughout the implementation of the intervention until the final evaluation.

→ *EVALUATION: FINALISING THE INTERVENTION*

The evaluation of the intervention facilitates a review and identification of what has been achieved and lessons learned, and should use standard OECD/DAC evaluation criteria[4]. Financial donor audits can be included following to donor policy. Respect of procedures needs to be paired with the production of supporting documents. Reporting and archiving require attention during the implementation of the intervention, similar to any other ACF intervention.

The financial auditors are expecting the same justifications as in any other programme intervention. Due to the particularities of cash based interventions, the narrative report, communications with the donor, entire assessment and review documents produced as well as a direct conversation can be useful to clarify and provide a complete overview of the intervention for the auditors.

2.2 ROLES AND RESPONSIBILITIES: COORDINATION BETWEEN DEPARTMENTS

Setup of cash based interventions is a coordinated effort involving technical, logistic and finance departments. The following table shows possible duties of each department at each stage of the project management cycle, from needs identification to evaluation. Various key aspects of project setup are common to all types of cash based interventions. However, stages and activities can be adapted to the context and programme objectives.

TIPS FOR IMPROVED INTERVENTION SET UP:
- → Clarify the sharing of responsibilities for the entire process!
- → Prepare an activity plan early in the process and update regularly!
- → Share information and insure good communication between departments!
- → Support each other and be flexible!

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[4] See as well ACF Evaluation Policy and Guideline

→ ROLES AND RESPONSABILITIES ALONG THE PROJECT CYCLE MANAGEMENT

			MAIN STEPS	TECH DEPT	LOGISTICS DEPT	ADMIN DEPT
X= Leading Department						
S= Supporting Department						

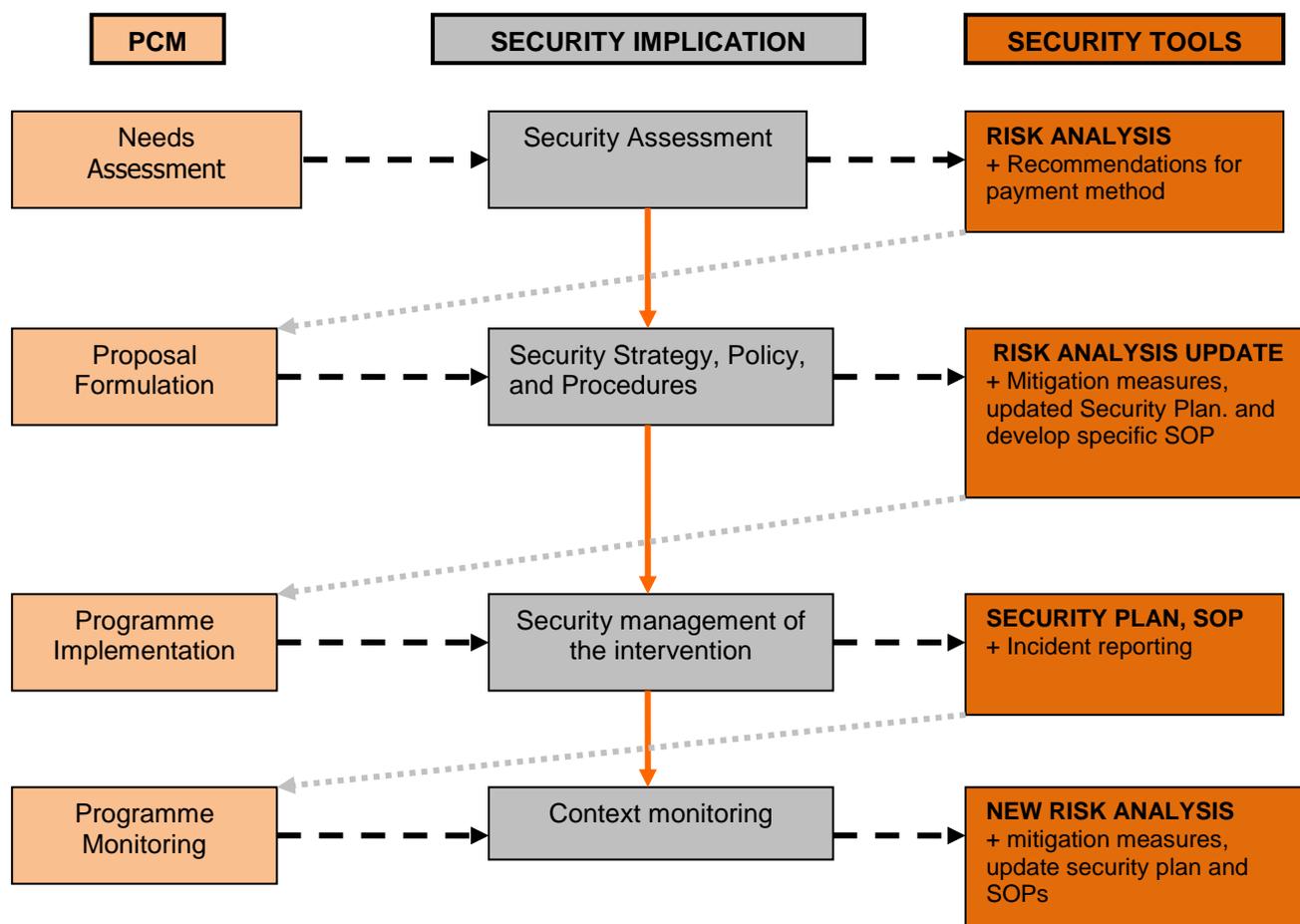| MAIN STEPS		TECH DEPT	LOGISTICS DEPT	ADMIN DEPT
Programming and identification of needs		ALL: JOINT ASSESSMENT		
FORMULATION — Participative approaches…	Check for donor rules and regulation	S	S	X
	Targeting of programme participants	X		
	Cash Transfer Value and Frequency Setting	X		
	Cash payment method and delivery definition	X	S	S
	Definition of Human Resource needs	S	S	X
	Budget development	S	S	X
	Preparation of the Project Procurement Plan	S	X	S
IMPLEMENTATION — Strong coordination between departments is required	Development of common Action Plan	X	S	S
	Finalization of Project Procurement Plan and Supply Plan	S	X	S
	Development and signature of MoU with relevant stakeholders	X	S	S
	Submission of Procurement Request with technical and administrative specifications	X	S	S
	Preparation of Purchase file and selection of appropriate service provider	S	X	S
	Recruitment and training of project staff	S	S	X
	Finance Management and consolidation of the Treasury Forecast	S	S	X
	Recipient registration and mobilisation	X		
	Cash Distribution	X	S	S
	Payment	S	S	X
	Security Management	S	X	
MONITORING During all implementation stages of the project		X	S	S
EVALUATION		X	S	S
AUDIT		S	S	X

ANNEX 9: CHECKLIST FOR CASH BASED INTERVENTIONS

3. SECURITY MANAGEMENT OF CASH BASED INTERVENTIONS

Implementing cash based interventions may create security risks for implementing staff and the target population. This is due to the attractiveness of cash which may also make it more difficult to target the most vulnerable groups in the population and can increase the risks of corrupt diversion and potential interest by third parties. However, in-kind distributions also have risks exposing the implementing team and recipients to increased insecurity, and hence cash may be a preferred option as it will be less visible. The risks of cash compared to in-kind alternatives are different and context-specific, and need to be carefully evaluated before making a judgement.

> **Direct transfer is considered the most risky process though may still be the most relevant approach in certain contexts. The risks for cash and vouchers can be minimized through appropriate programme design, including risk analysis, and good project management.**
>
> **Experience in very uncongenial environments such as Afghanistan, Somalia and the DRC shows that cash or vouchers are a possible response even where states have collapsed, conflict is ongoing and banking systems are weak or non-existent (ODI Good Practice Review for Cash Transfers in Emergencies).**

3.1 SECURITY MANAGEMENT DURING CASH BASED INTERVENTIONS ACCORDING TO PROJECT CYCLE MANAGEMENT

PCM	SECURITY IMPLICATION	SECURITY TOOLS
Needs Assessment	Security Assessment	**RISK ANALYSIS** + Recommendations for payment method
Proposal Formulation	Security Strategy, Policy, and Procedures	**RISK ANALYSIS UPDATE** + Mitigation measures, updated Security Plan. and develop specific SOP
Programme Implementation	Security management of the intervention	**SECURITY PLAN, SOP** + Incident reporting
Programme Monitoring	Context monitoring	**NEW RISK ANALYSIS** + mitigation measures, update security plan and SOPs

3.2 MAIN SECURITY RISKS RELATED TO CASH BASED INTERVENTIONS

An integral part of the project design, especially in complex environments, is the risk analysis.

Below is a non-exhaustive list of risks often encountered during the implementation of cash based interventions; even if it does not take into account context specifications, it will help in the review and development of localised security risk analysis.

FURTHER READING – RISK ANALYSIS TABLE AND RAT USER NOTE IN UB KIT LOG V3.1 - CHAPTER SECURITY

→ THREAT

The risk of threat is mainly related to the registration process, the targeting and the payment stages. A threat can be towards recipients or ACF:

- Threats to recipients can be expressed by the community or third party to recipients
- Threats to ACF can be expressed by community/recipients or third parties to ACF staff
- Threats can as well be expressed and addressed to the transfer service provider who is supporting ACF to facilitate the transfer to the recipients.

→ LOOTING & RIOT

During a distribution: due to unsatisfied expectations, lack of organization or external factors, even a peaceful crowd can quickly turn into a violent riot, especially during a distribution. This applies for cash as well as in-kind assistance and always needs to be considered. The stronger the desperation of the targeted population, the higher the chance of looting and riot during transfer and distribution. Implementation of a voucher programme needs to ensure items/foodstuffs availability in order to prevent recipient complaints and increased risk of riot or looting.

→ ABUSE OF POWER

Many of the corruption risks associated with cash based interventions arise at the registration and targeting stage. Targeting creates incentives for local committees and powerful elites to manipulate recipient lists through cronyism or by demanding bribes; *ghost* or duplicate registration may be included on recipient lists.

→ FRAUD (CORRUPTION AND DIVERSION RISKS)

Fraud is defined as a deliberate, illegal act resulting in financial loss to the organization. For example, during a cash based intervention, people can create a fake ID or fake vouchers. Most of the time, fraud is not a major security concern. However, sometimes it can have indirect impact on the security of ACF operations. Thus, a proven case of fraud should be treated carefully to avoid any major security concerns and repetition.

→ THEFT, ARMED ROBBERY & CAR-JACKING

Cash is more attractive and seems more frequently subject to crime than in-kind assistance. Motivated by a strong lure of profit, criminals could attempt a theft with

intrusion on the ACF compound, during a car movement (car-jacking), from the bank to the office or to the distribution area for instance. Theft may or may not be accompanied by violence. These potential actions need to be considered during the risk analysis and the SOP development.

3.3 POSSIBLE SECURITY MITIGATION MEASURES

Definition and implementation of mitigation measures should follow the analysis of security risks. Rules will be adapted to the context and intervention, and some important points and measures mentioned below can be considered according to the situation and the payment method used.

SECURITY RISKS	TRANSFER PROCESSES & MITIGATION MEASURES		
	INDIRECT TRANSFER PROCESS	DIRECT TRANSFER PROCESS	REIMBURSEMENT TRANSFER
THEFT, ARMED ROBBERY & CAR-JACKING	Increase community involvement Avoid routine movement	Consider using indirect transfer process If impossible, limit ACF exposure Increase confidentiality Increase community involvement Avoid routine movement	Consider using indirect transfer process If impossible, increase community involvement Avoid routine movement
ABUSE OF POWER, FRAUD, THREAT	Ensure clear payment process	Consider using indirect transfer process If impossible, ensure clear payment process	Consider using indirect transfer process If impossible, ensure clear payment process
THEFT	Ensure there is a sound cash management policy	Consider using indirect or reimbursement transfer process If impossible, ensure there is a sound cash management policy	Ensure there is a sound cash management policy
FRAUD	Ensure a reliable service provider via procurement	N/A	Develop good voucher design
LOOTING & RIOT	Ensure availability of transfer commodities on local market Prepare distribution	Prepare distribution	Ensure availability of transfer commodities on local market Prepare distribution

ANNEX 10: HOW TO DESIGN VOUCHERS, DISTRIBUTION LISTS AND ENCASHMENT LISTS

➔ *LIMIT ACF EXPOSURE WHEN CHOOSING THE PAYMENT METHOD*

The choice of payment method is a key aspect for the security management of the intervention. Security concerns around cash transfers are often a significant determinant of the choice of transfer mechanism. The key questions are if the cash can be delivered and spent safely and hence what the payment method should be. This entails an assessment of the various possible methods available for transferring cash to recipients and how security risks can be minimized. All options have different implications for security.

The best way to ensure safe cash management between ACF and the recipients is to directly transfer to each recipient through bank accounts in order to avoid handling cash. This service can be outsourced to reduce the risk for ACF staff by contracting a specialized agency that deals specifically with transferring cash. However, where there are no banking systems, it is possible to make the transfer through a traditional remittance network such as a *Hawala* system or using another third party such as a local traders or businessmen with financial capacity rather than making direct payments.

When the payment method is chosen, a new risk analysis should be facilitated accordingly. Even if cash can be safely delivered, there might be legitimate fears about what happens on household and community level after the distribution; hence recipient voices need to be heard when defining the payment methods (respect of "Do not Harm" principles).

➔ *COMMUNITY INVOLVEMENT IN THE PROGRAMME*

To reduce complaints, threats and dangerous behaviours, the community must be well informed about and involved in the programme. Transparent targeting can help reduce tensions between recipients and non-recipients. The community should be involved in ensuring security for ACF teams. The community can support the programme, needs to understand the consequences of any security incident during and after distribution of assistance, in cash as in-kind.

➔ *PREPARATION OF THE DISTRIBUTION/PAYMENT*

A cash or voucher distribution is similar to any distribution (cash or in-kind) during which the team has various responsibilities:

- **Preparation of logistics & planning schedule** - this includes the distribution time frame, the organization of the site responsibilities of each staff member, the amounts of cash per distribution point and any necessary security precautions.

- **Reflection on the security procedures**, including the evacuation plan in the SOP. For example, an ACF car should be parked close to the distribution point, ready to leave quickly if need be. An exit way and alternative route should always be identified.

- **Identification of distribution points** which are located where recipients can reach their homes quickly, safely and during daylight (respect of Sphere Project Standards).

ANNEX 11: EXAMPLE OF CASH DISTRIBUTION SITE

→ *CONFIDENTIALITY*

Various aspects can be ensured to increase confidentiality of cash transfers during the distribution process itself:

- **Reduce the number of persons** with all details of the process (senior staff involved and the expatriates or senior staff in charge of logistic and administration).

- **Announce the date and place of distribution** at the last possible moment. A difficult balance must be found between the need for transparency (so that recipients and others involved in the distribution can make the necessary preparations) and discretion about the time and location of distributions.

- **Ensure data protection** e.g. voucher design, recipient identities, etc. This should be stored on computers with confidential passwords.

- **Adapt visibility policy** to the context and needs of the intervention. This might be different from what was agreed in the donor contract (more visibility or less visibility as agreed), but needs to be discussed and assumed to ensure safety and security.

→ *AVOID ROUTINE*

- **Vary vehicle itinerary and route taken** each time and should be disclosed to the driver only upon departure.

- **Distribution schedule** should be irregular in different locations and with different staff to prevent planned robbery and criminal action.

→ *REDUCE ATTRACTIVENESS OF CASH*

The attractiveness of cash and linked security exposure vary with context and intervention objective and flexibility, and need to be carefully considered when developing the transfer action plan.

- **Decrease the total number of recipients to be paid** and consider the identification of reliable representatives within the community who can support the transfer and movement of cash and relay the distribution to recipients in their community.

- **Frequency of the payment** can be adapted where feasible and possible according to the objectives of the intervention. If appropriate fewer might reduce the transfer cost, more distributions might reduce the security exposure due to smaller amounts being transferred.

- **Organisation of distribution points** need to consider number of recipients per location to plan accordingly, more locations with reduced total numbers might improve security risks as less cash needs to be transported. Fewer locations and hence less time spend on distribution might reduce security exposure.

- **Consideration** of security policy and plan, objectives of the intervention, cash management policy, distribution cost, change of modality (from cash to vouchers) etc

need to be ensured during the continuous monitoring and adapting of the cash based intention.

3.4 MAIN SECURITY TOOLS - THE SECURITY PLAN

As soon as the **Risk Analysis Table (RAT)** is prepared, the **Security Plan must be updated**, taking into account the specificities of the proposed cash based intervention. The Security Plan must contain:

→STANDARD OPERATING PROCEDURES (SOP)

A specific SOP must be developed for all cash based interventions, but especially when using a direct transfer process. This document should describe in detail the routine security procedures to be followed. The following provide an example of those to be included:

- Road Movements
- Contacts (movements, security, daily contact)
- Use of equipment
- Blackout procedure
- Incident management

ANNEX 12: EXAMPLE OF SOP FOR CASH BASED INTERVENTIONS

FURTHER READING – SOP FORMAT KITLOG 3.1, CHAPER 1.1 - SECURITY, B2- SECURITY PLAN AND LOCAL PLAN

→MINIMUM OPERATING SECURITY STANDARDS (MOSS)

The MOSS defines what the minimum acceptable security standard is to be able to run the intervention safely. This document must be updated according to the specific contextualised SOPs developed.

4. SUPPLY CHAIN AND PROCUREMENT

4.1 SUPPLY CHAIN MANAGEMENT (SCM)

> **All supplies, purchased in the field or for the field, must be requested according to the SCM guideline and procured by the logistics department in accordance with the procurement procedure. (ACF kit log 3.1 - procurement clarifications)**

→ *PROJECT PROCUREMENT PLAN (PPP)*

All logistical needs for the intervention need to be planned during the project design through the PPP. As soon as the donor agreement is obtained, review the PPP. The procurement process (initiated by a **validated** PR) should start as soon as possible to anticipate delivery time and mechanisms.

→*PROCUREMENT REQUEST FORM (PRF)*

The procurement request has to be formalized through **a** procurement request form (PRF). The requester remains responsible for the pertinence of the request, and is responsible to ensure that the logistics department has all the technical information needed to procure the necessary services and inputs. The requester must completely fill in the PRF; if information is missing, the logistics department might not be able to validate the request.

FURTHER READING – PROCUREMENT REQUEST KITLOG 3.1, CHAPTER 3.2 A -SUPPLY CHAIN STANDARD TOOLS

→*DETAIL TECHNICAL SPECIFICATIONS*

The logistic department is responsible for supply of materials and services according to the technical details and specifications provided by the requester. However, the logistics department is responsible for notifying the requester if the description of the request is unclear, incomplete or not achievable. The requester should attach the detailed technical specifications, photos, or other materials whenever necessary to ensure clarity of the requested commodities and services.

→ *REQUESTS FOR CASH BASED INTERVENTIONS*

- **Common items for various transfer processes** - according to the project design these items might be needed:
    - Recipient identification cards
    - Training materials
    - Visibility materials
    - Distribution and signature lists
    - For cash for work programme, tools, materials or any others necessary items for the project should be ordered.

- **Transport and communication means** must be planned and requested, as well as transportation. Both rented and purchased vehicles require a PR.

- **Equipments needed for security purpose** according to local Minimum Operating Security Standards (MOSS). These could be additional equipment to insure security for staff and implementation, e.g. a VHF radio, satellite phone, etc.

- **Distribution material** – if some specific materials such as forms, pens, ink pads, ACF stamps, markers, megaphone, clipboards, tables, chairs, and water are needed, this needs to be requested through a PR.

→*REQUESTS FOR INDIRECT TRANSFER PROCESS*

- **Transfer fees/costs** - must be considered as an additional cost for the services provided. This may be a fee for bank transfers or additional costs for using smart cards. This needs to be included into the PR.

- **Bank fees** are considered a service and the procurement procedures must be applied. A PR needs to be prepared to initiate the selection of a transfer service provider. The adequate procurement procedure is defined by the amount of the transfer fee only, and not the total amount of the money transferred. Thus, the amount authorized refers to the maximum amount the programme is willing to spend on transfer fees.

→*REQUESTS FOR DIRECT TRANSFER PROCESS*

- **Insurance for cash -** is possible. If a direct delivery by an ACF team is planned, such insurance is recommended and must be requested by the administration team through a PR.

- **Payment materials** such as envelopes, ACF stamps, and printed payment spreadsheets need to be requested with a PR and purchased by the logistics department.

→*REQUESTS FOR REIMBURSEMENT TRANSFER PROCESS*

- **Paper Vouchers -** printing has to be requested through the procurement process. As it is a sensitive item, clear technical specifications must be attached to the PR and transmitted to the logistics department with confidentiality.

ANNEX 10: HOW TO DESIGN VOUCHERS, DISTRIBUTION LISTS AND ENCASHMENT LISTS

THERE COULD BE SITUATIONS IN WHICH ACF IS REQUIRED TO PAY ADDITIONAL CHARGES ON TOP OF THE VOUCHER VALUE TOWARDS THE ADMINISTRATIVE SERVICES WHICH SHOPS OR TRADERS REQUIRE. IN SUCH CASES, THE FEE THAT ACF WILL PAY TO TRADERS IS CONSIDERED TO BE A SERVICE. A PURCHASE FILE SHOULD BE CREATED AND PROCUREMENT PROCEDURES APPLY TO THE CONTRACTUAL VALUE (FEES) ONLY, BUT NOT TO THE VOUCHER VALUE.

4.2 PROCUREMENT

→ INDIRECT TRANSFER PROCESS - SELECTION OF A TRANSFER SERVICE PROVIDER

The below table describes the procurement process for a transfer service provider, from the request to the delivery stages of the procedures.

MAIN STEPS	LEADING DEPT	SUPPORTING DEPT
PROCUREMENT PLANNING	Logistics Dept	Technical Dept
PROCUREMENT REQUEST + Criteria for selection	Technical Dept	Administrative Dept (especially if banks are involved and administrative criteria need to be considered)
PFU INTEGRATION + PD reference creation	Logistics Dept	
PURCHASE PROCESS →Call for interest	Logistics Dept	Administrative and Technical Dept
TRANSFER SERVICE PROVIDER SELECTION	Logistics Dept	Administrative and Technical Dept through evaluation/selection committee
AGREEMENT	Logistics Dept	Administrative Dept leads negotiation with financial institution, supported by Technical Dept
DELIVERY OF CASH	Administrative Dept	Technical Dept
PAYMENT OF TRANSFER SERVICE	Administrative Dept	
ARCHIVING	Administrative and Logistics Dept	

FURTHER READING – PROCUREMENT GUIDELINE KITLOG 3.1, CHAPTER 3.3 SUPPLY CHAIN AND PROCUREMENT

→ CRITERIA FOR CHOOSING A TRANSFER SERVICE SUPPLIER[5]

Many criteria need to be considered according the local context and situation in which the cash based intervention will be implemented. **Primary criteria** can be defined as follows, though this list is non-exhaustive and must be contextualized:

- The service supplied needs to ensure safety and security of ACF staff
- The service supplied needs to ensure coverage and ease of access for beneficiaries/shops.

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[5] SOURCE: WFP - Cash and Vouchers Manual – Dec. 2009

- The service supplied needs to ensure comparative cost efficiencies, based on transfer costs/charges.
- Additionally, the general criteria outlined in KITLOG V3.1 are still applicable.

Additional criteria to choose a transfer service supplier have been identified as follows again this list is non-exhaustive and must be contextualized:

- The service supplier represents a socially responsible business.
- The service supplier is registered and part of an approved financial arrangement.
- The service supplier is capable of providing guarantee against loss of resources.
- The service supplier is known and trusted by the recipients and other stakeholders.
- The service supplier is non-discriminatory against women, disabled and elderly recipients and marginalised groups.
- The service supplier offers competitive service fees (transactions, bank account opening, electronic cards, administration, etc.).
- The service supplier is able and willing to customize and develop necessary services.
- The service supplier has experience in delivering payments to humanitarian and development programme recipients, social assistance, pensions, salaries etc.
- The service supplier has access, presence and expertise for delivering payments in urban and rural areas.
- The service supplier is capable of organizing on-site delivery.

→ SELECTION/EVALUATION COMMITTEE

In order to consider all criteria with a technical approach, an internal evaluation committee should be established for the selection of the service provider. Each department should be represented in the committee and take part in the selection process.

→ CONTRACT

A formal agreement must be signed with the selected service provider.

ANNEX 13: CALL FOR INTEREST TEMPLATE
ANNEX 14: ASSESSMENT TABLE TEMPLATE
ANNEX 15: SERVICE CONTRACT TEMPLATE

→ REIMBURSEMENT TRANSFER PROCESS - SELECTION OF VENDORS/TRADERS

The below table describes the process of engagement of vendors and traders during the reimbursement transfer process. **No purchase file** is applicable in this case.

MAIN STEPS	LEADING DEPT	SUPPORTING DEPT
DEFINITION OF SELECTION CRITERIA	Technical Department	Logistics Department
VENDOR/TRADER SELECTION **AGREEMENT/MoU**	Technical Department Technical Department	Logistics and Administrative Departments through the selection committee
VOUCHER PRINTING	Technical Department	Logistics Department through procurement process
VOUCHER DISTRIBUTION	Technical Department	
VENDOR/TRADER PAYMENT +Encashment list and corresponding vouchers.	Administrative Department	Technical Department
ARCHIVING	**Technical Department** + Assessment table with criteria + Original MoU signed with Vendors/Traders + Proof of delivery and voucher distribution List **Administrative Department** + Proof of payment and encashment List + Copy of MoU signed with Vendors/Traders	

→VENDOR/TRADER SELECTION CRITERIA

According to the context and the programme objectives, there can be a number of varying criteria for selection. The technical department is in charge of defining these criteria. However, support from logistics can be requested. Below are some examples of criteria used for the selection of vendors/traders:

- Availability of items included in the voucher intervention
- Agreement to a time-specific price ceiling
- Ability to show good record keeping skills
- Availability of a bank account
- Availability of an official business license
- Ability to meet local authority commodity/food quality standards
- Availability of adequate storage space and quality
- Located at a reasonable distance from the recipient households and communities

- Ability to ensure adequate security
- Availability of good relations with community members
- Availability of accurate weight and measure equipment
- Agreement on reimbursement and reporting requirements
- Agreement on ACF's monitoring and inspection conditions
- Agreement on ACF's good business regulations

→*PROCEDURES TO FOLLOW FOR VENDORS/TRADERS SELECTION*

- **Assessment table** - should be used when choosing between several vendors/traders (on the same area for instance), to prove that a fair selection process has been followed.

- **Criteria and the nature of the intervention** that led to the choice of vendors/traders must be clearly explained and documented. The assessment table will help the team understand the selection process and the choices made. It will also simplify a potential donor audit when auditors are not always aware of selection process and procedures.

→*MOU WITH VENDORS/TRADERS[6]*

Once participating vendors/traders have been selected, a MoU should be signed with each of them. Such MoU should include the following points:
- Reimbursement process (conditions and payment timetables)
- Commission that may be paid by the agency, if any
- Tasks/ responsibilities of each partner (supply, storage, distribution, reimbursement, verification of validity of vouchers and quality of commodities)
- Sanctions if contract is not respected or dishonesty and fraud are exercised
- For commodity vouchers, it also needs to include the quantity and quality of the commodity proceed by the trader, as well as the price traders will be repaid (to achieve the desired quantity of items that recipients should receive)
- The quality of the commodity sold

→*PROCUREMENT OF OTHER MATERIALS & SERVICES FOR CASH BASED INTERVENTIONS*

The procurement of all other materials and services not outlined in the procurement section, such as printing of vouchers, stationary, stamps, equipment, vehicle rental, etc. is implemented in accordance with the Procurement Procedures of Kit Log V3.1.

IF UNCLEAR ABOUT THE APPLICABLE PROCEDURE OR NEED FOR MORE INFORMATION, PLEASE CONTACT THE RESPECTIVE LOGISTICS ADVISOR.

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[6] SOURCE: ACF- Implementing Cash-based Interventions - 2007

5. FINANCIAL MANAGEMENT

5.1 ELEMENTS OF PAYMENT PROCESS

→*THE ELEMENTS OF THE PAYMENT PROCESS* [7]

The implementation method and programme type will affect the financial approach to cash based interventions. Aspects and risks should be analyzed by the financial manager in order to proceed with a full understanding of the programme's financial implications. Different programme types require the consideration of the unique elements of each type of cash based intervention and its implication for the financial application. The key elements, with risks and available options, are described in the table below:

ELEMENTS	RISKS	OPTIONS
CREATION OF RECIPIENT DATABASE	• Incomplete register • Inaccuracies • Slow set up • Conflict of interest	• Involves names, ID numbers, photographs, biometrics, bank account numbers, etc. • Can be manual or electronic collection, e.g. PDA or laptop
IDENTIFICATION METHODS	• Identity fraud • Recipient lacks required documentation • Slow process	• Check national Ids, government database, electoral rolls or other databases, community register, etc. • Identification by community members and leaders
AUTHENTICATION METHODS	• Identity fraud • Technology failure • Recipient cannot operate	• Visual authentication at point of payment, by community members or photograph • Biometric information on card read by device, fingerprint technology, etc. • Barcode on card produced when identified • PIN number • Password
CURRENCY	• Invalid – unable to exchange for goods • Theft • Consolidation into donor currency	The value that can be exchanged for goods could be: • Direct cash • Commodity Voucher • Cash Voucher • Electronic cash
POINT OF PAYMENT (PoP)	• Fraud by merchant • Lack of affordable accessibility– distance and opening hours • Reimbursement conditions	• Flexibility or convenience, depending on time and geography • Specified times or any time • Money in envelopes, mobile pay out machines, cards, mobile ATMs, voucher accepting shops, etc • Existing infrastructure, which accepts request for payment, e.g. agent, ATM, bank branch, mobile phone, trader, receiving voucher
REPORTING AND	• Failure to follow up errors	• Automated or automated with delay

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[7] SOURCE : CaLP- DELIVERING MONEY, CASH TRANSFER MECHANISMS IN EMERGENCIES – 2010

RECONCILIATIONS	or fraud • Failure to identify problems quickly • Loss of funds/cards • Inability to produce accurate and timely reports	(daily, weekly) • Internet and mobile phone network real time transfers, including 'internet banking' controlling over process • Card management inventory
TRAINING COMMUNICATION, CUSTOMER SUPPORT	• Recipients unable to receive funds due to lack of understanding, lack of. confidence • Distrust due to lack of transparency	• Recipient complaint system through help line or call centre • Aid agency personnel at pre-agreed locations • Banners, posters, leaflets, videos, etc

→IDENTIFICATION AND AUTHENTICATION OF THE PROGRAMME RECIPIENT

The registration process needs to create a unique link between the targeted recipient and a unique identifier for that person. Each of these is then linked to a form of authentication and the database.

Authentication is usually provided by something only available to the recipient, such as a form of ID, a password or PIN, or biometric information. The authentication process seeks to ensure that the person requesting funds is indeed the properly registered person at the point of payment. Once this test is passed, the person can receive the funds.

There are several options to identify people as recipients:

- National ID cards
- ID cards issued by the ACF or another programme
- Verification by the community/community leaders
- Use of a plastic card and Personal Identity Number (PIN), bar codes, fingerprints and other technology. When choosing to use fingerprint control, new technology systems such as a finger scanner need to be available. Old fingerprint systems with ink pads should be prohibited, as they cannot be controlled appropriately.

ANNEX 16: HOW TO DESIGN AN ID CARD

5.2 CASH MANAGEMENT

→CASH MANAGEMENT POLICY

As the cash management policy regulates all movements of cash, it has to be considered as a major tool for the implementation of cash based interventions. When designing the intervention, the existing cash management policy needs to be taken into account.

If the cash management policy needs to be adjusted, the HQ field finance manager needs to approve all changes. The policy must also be updated according the payment method chosen for delivering the cash to recipients. The administration department is in charge of updating the document. However, for security reasons, the logistics/security department(s) must be involved in the process.

WHEN IMPLEMENTING A VOUCHER PROGRAMME, THE CASH MANAGEMENT POLICY MUST ALSO INCLUDE RULES FOR THE MANAGEMENT OF PAPER VOUCHERS AND THEIR VALIDATION, WITH A STAMP OR ADDITIONAL SIGNATURE DONE JUST BEFORE DISTRIBUTION TO RECIPIENTS.

A cash management policy should include at least:

- Responsibilities of all staff involved in the process
- Rules for storage of cash, cards or vouchers
- Maximum and minimum required amount of cash/cad/voucher balance,
- Procedures need to be established in the event that cash/cards/vouchers are stolen or lost
- Procedures for withdrawals and car movements when carrying cash/cards/vouchers like itinerary, movement validation, movement tracking, vehicles used, etc.
- Payment and reimbursement procedures

FURTHER READING: ACF CASH MANAGEMENT HANDBOOK IN THE ACF KIT ADMIN.

5.3 CASH FLOW AND TREASURY FORECAST

→PAYMENT PLANNING

In order to be able to deliver the cash at the right time to the right recipient, the technical department needs to prepare a detailed payment plan based on the recipient list or distribution list. The payment plan should include a least:

- Date of payment
- Place of payment
- Number of payments
- Amount per recipient
- Name of recipient

ANNEX 17: CASH DISBURSEMENT SCHEDULE
ANNEX 18: DETAIL OF CASH PAYMENT SCHEDULE FIELD LEVEL - CFW

→TREASURY FORECAST

Based on the payment plan, the treasury forecast should be prepared. The treasury forecast is the main tool to use for communicating cash needs between the technical and administrative department, as well as between the mission and the HQ.

The cash flow depends mainly on the payment method chosen for the cash based intervention. Indeed, a direct transfer process might require a large amount of cash in a short period of time.

ACCORDING TO THE PAYMENT PLAN, THE MISSION SHOULD CHECK WITH THE HQ ABOUT THE AVAILABILITY OF FUNDS AND CASH FLOW.

To avoid any lack of funds when dealing with a third party (indirect transfer or reimbursement transfer process), the timeframe for the payment is a part of the negotiation with the third party's representative.

→ EXCHANGE RATE FLUCTUATION

Fluctuations in exchange rates need to be considered during all stages of any intervention but especially cash based interventions. Flexibility needs to be created and ensured to review the programme modalities in case of significant fluctuations, and donors need to remain open to potential amendments.

Most of the time, the local currency is more subject to depreciation than the donor currency ($; €; £). ACF recommends mentioning in the proposal that the transfer amount may be variable and will be the **equivalent to a fixed amount defined in the donor currency to recipients** (e.g. "ACF will distribute in local currency the equivalent of $20").

5.4 FINANCIAL PROCEDURE AND DOCUMENTATION: ACCOUNTABILITY

→ IDENTIFY POSSIBLE FINANCIAL RISKS

- Risks can occur when moving cash between various people and points when there is a lack of systematic record of these movements;
- Risks can occur due to wrong identification of recipients when there is a lack of records about who is entitled to the transfer and who has received the transfer, or if such records are not maintained or properly reconciled;
- Risks can occur when cash flows are not documented or documents are not maintained.

THERE IS A NEED TO ENSURE THAT MONEY CAN BE TRACED THROUGHOUT THE PROJECT AT ANY TIME AND POINT TO THE FULL ACCOUNTABILITY OF THE CASH TRANSFERRED.

→ FINANCIAL PROCEDURES

- Clear financial procedures must be put in place. Ensure donor rules and regulations, and ACF internal policies are applied. Formalise written recommendations for the technical, logistics, and finance teams involved in the programme implementation.
- Roles and responsibilities must be shared. To avoid internal fraud and conflict of interest during the selection process (recipients and service providers) and grant distribution, these two steps must be done by different departments.

→ SUPPORTING DOCUMENTS REQUIRED ACCORDING TO THE PAYMENT METHOD.

Monitoring and clear records of all transfers made (incoming and outgoing cash; cash correspondence in and out) must be ensured. The table below shows the type of documents needed according to the chosen transfer method.

SUPPORTING DOCUMENTS	LEADING DEPT	TRANSFER METHOD		
		INDIRECT TRANSFER PROCESS	DIRECT TRANSFER PROCESS	REIMBURSEMENT TRANSFER PROCESS
PURCHASE FILE *(Content depends on thresholds & procurement procedures)*	Logistics Dept	**YES**, for the amount of service fees	**NO**, except purchase of distribution materials[8]	**NO**, except purchase of distribution materials
ASSESSMENT TABLE	Logistics Dept (Indirect Transfer) Technical Dept (Reimbursement Transfer)	**YES**, if negotiated or tender procedure	**NO**	**YES**, to explain how vendors/ traders are selected by tech dept
SERVICE CONTRACT AND SPO with transfer service provider	Logistics Dept	**YES**, if tender and advised if negotiated procedure	**NO**	**NO**
AGREEMENT FORM	Logistics Dept	**YES**, if negotiated or tender procedure	**NO**	**NO**
MoU SIGNED with vendors/traders	Technical Dept	YES	**NO**	**YES**
PROOF OF CASH DELIVERY, e.g. bank statement, payment spreadsheet or recipient list with signature	Administrative Dept	**YES**	**YES**	**YES**
DISTRIBUTION LIST as a proof of voucher delivery	Technical Dept	**YES** (In case of E-Voucher)	**NO**	**YES**
ENCASHMENT LIST filled by vendor/trader	Technical Dept to collect list Administrative Dept to archive	**NO**	**NO**	**YES**
PROOF OF PAYMENT, e.g. receipt or bank statement	Administrative Dept	**YES**	**YES**	**YES**

ANNEX 10: HOW TO DESIGN VOUCHERS, DISTRIBUTION LISTS AND ENCASHMENT LISTS

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[8] Materials & services needed for distribution (printing of vouchers, stationary, etc) are purchased in accordance with Procurement Procedures of Kit Log V3.1

5.5 SPECIFIC RESPONSIBILITIES OF ADMINISTRATION WHEN SETTING UP A CASH BASED INTERVENTION

→ ASSESSMENT OF THE EXISTING PAYMENT CHANNEL

An assessment of the various ways and methods to transfer cash to recipients need to be facilitated. Consideration needs to be given to different financial institutions looking into the following aspects:

- Number and coverage of bank branches
- Number and coverage of ATMs
- Amount and number of various transfer fees
- Available remittance and microfinance agents and systems
- Available government programmes using regular cash transfers, e.g. micro finance, salary payments to remote areas, etc.

FURTHER READING: CHAPTER 2 ON PROGRAMMING AND IDENTIFICATION OF NEEDS.

→ BUDGET PROPOSAL CONSOLIDATION

While developing proposals and budgets, the rules and regulations of the targeted donor need to be considered from the beginning. Donor eligibility criteria and management rules need to be taken into account.

- Cost of transfer and others additional fees and expenses related to the cash transfer itself need to be budgeted for separately.
- All equipment and material needed to facilitate the cash transfer need to be budgeted for.

FURTHER READING: CHAPTER 4 ON SUPPLY CHAIN PROCEDURES FOR CBIS

→ CHOICE OF A TRANSFER SERVICE PROVIDER

Once the administrative department developed the assessment of the existing payment channels, it will lead the negotiation with the transfer service provider and take part in the interdepartmental evaluation committee (Technical /Admin/Log Departments).

FURTHER READING: CHAPTER 4 ON PROCUREMENT OF TRNASFER SERVICE PROVIDER FOR CBIS.

→ PAYMENT

According to the process chosen, different aspects of the overall payment process need to be closely followed up:

- **Payment to transfer service supplier (Indirect transfer process)** - Supervise the payment according to the payment plan prepared by the technical department.

- **Payment to recipients (Direct transfer process) -** the administrative department organizes the payment. Cash should be in the local currency and in denominations small enough for use in local markets and shops. Count cash and place it in sealed envelopes for each recipient before the distribution; envelopes should be printed or labelled with the recipient's name and/or recipient number. Randomly select envelopes need to be

cross-checked to verify amounts prior to distribution. All procedures must be in agreement with the country programme cash management policy.

- **Payment to Vendors/Traders (Reimbursement transfer process)** - the administrative department can reimburse vendors and traders following the encashment list, following validation by the technical department.

ANNEX 19: TIPS FOR MAKING CASH OR VOUCHER PAYMENTS

CONCLUSION

Giving people cash to facilitate choice and dignity for disaster affected populations is a simple concept and the prominence of cash based interventions in humanitarian assistance and disaster responses is growing.

Experiences from the field show that coordination and clear sharing of responsibilities between the technical, logistics and administrative departments is compulsory to be successful. Indeed, the implications of cash based interventions in term of security, procurement procedures and cash management are different but can be dealt with effectively providing this guidance document.

ANNEXES

Annex 01: Glossary for cash based interventions

Annex 02: ACF Cotabato case study

Annex 03: Advantages and disadvantages of different cash delivery options

Annex 04: Factors for assessing payment methods

Annex 05: CaLP - Cheques - A quick guide for cash transfer programming in emergencies

Annex 06: CaLP - Cash through cards - A quick guide for cash transfer programming in emergencies

Annex 07: CaLP - Direct cash - A quick guide for cash transfer programming in emergencies

Annex 08: CaLP - Vouchers - A quick guide for cash transfer programming in emergencies

Annex 09: Checklist for cash based interventions

Annex 10: How to design vouchers, distribution lists, and encashment lists

Annex 11: Example of cash distribution site

Annex 12: Example of SOP for cash based interventions

Annex 13: Call for interest template

Annex 14: Assessment table template

Annex 15: Service contract template

Annex 16: How to design an ID card

Annex 17: Cash disbursement schedule

Annex 18: Detail of cash payment schedule field level - CFW

Annex 19: Tips for making cash or voucher payments

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www.cashlearning.org* the Cash Learning Partnership (CaLP) is composed by Oxfam GB, the British Red Cross, Save the Children, the Norwegian Refugee Council and ACF International. The 5 steering committee organizations have come together to support capacity building, research and information-sharing on cash transfer programming as an effective tool to help deliver aid in times of crisis.

http://www.actioncontrelafaim.org/publications/scientifiques-et-techniques/

www.sdc-cashprojects.ch Swiss Development Cooperation website on cash transfer projects: includes a useful 'cash toolbox'.

* Recommended

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