

Standard Operating Procedures to support Government-led cash based programmes

The sub-working group on humanitarian cash transfer programming, within the UN Coordination Steering Group, gathers more than 20 organizations - comprising UN agencies, humanitarian NGOs and development partners. The group is working together to develop common and aligned approaches to cash-based interventions to provide support to families affected by the Nagorno Karabakh conflict.

In 2020-2021, the Government of Armenia has rolled out a number of cash assistance programmes, which are regulated by dedicated Government Decrees. Further cash support programmes may be rolled out by the Government based on targeted needs and/or specific groups of displaced populations.

The Standard Operating Procedures (SOPs) on supporting Government-led cash assistance programmes present a step-by-step reference guide for all partners and includes agreed modalities of support with the Ministry of Labour and Social Affairs (MoLSA) and the Cash Coordination sub-working group members.

GENERAL BASIC STEPS:

1. Send a **letter of intent** or call MoLSA expressing interest in supporting a Government-led programme or programmes (mention the programme, target population, including specificities, overall amount, transfer modality). A notification of intended support should also be sent to the Cash Coordination sub-working group.

MoLSA contact person: Ms. Inga Harutyunyan, Cash Focal Point (inga1977@gmail.com)

Responsible Deputy Ministers: Ms. Anna Zhamakochnyan (social assistance programmes),

Mr. Ruben Sargsyan (cash for work programmes)

Cash sWG: Armenuhi Hovakimyan (ahovakimyan@unicef.org); Scott DiPretoro (dipretor@unhcr.org)

2. Adjust and sign a **Memorandum of Understanding** with MoLSA as cleared by MFA (*sample available*)

Transfer modalities:

- Dedicated bank account of Unified Social Service (Treasury (sub-)account)
- Banks / post office (depending on the modality prescribed in each programme)
- Communities (specific possible option for public works)

3. Adjust and sign a **tripartite agreement** between the donor/partner, the Unified Social Service and the bank/post office, including non-disclosure protocol (*sample bank tripartite agreement and protocol available*)

4. Conduct **verification** of beneficiaries per organization-specific vulnerability criteria on the basis of lists from USS (based on beneficiaries' consent) (if needed)

5. Disburse the funds

6. Conduct **post-distribution monitoring** of provided support (harmonized PDM tool available)

a) Transfer through the Treasury system (UN agencies, donor organizations)

Transfer through the Treasury system entails approval of a dedicated Government Decree allowing for the disbursement and signature of a Memorandum of Understanding/ Grant Agreement with MoLSA/ Government.

The MoU should specify the roles and responsibilities of the parties, including scope, reporting, sharing of information, provision of funding, verification, monitoring, visibility, as well as non-disclosure of personal data and information.

1. Based on the letter of intent, MoLSA prepares a **Government Decree** for approval at the Government session for opening of a Treasury (sub-)account linked to the programme/USS for aggregation and distribution of support as specified by the partner (usually takes about 2 weeks - 1 month).
2. Simultaneously with development of the Government Decree, **adjust the sample MoU** based on the type of programme supported, as well as other specific clauses.

Issues for consideration:

- UN agencies may have specific clauses on dispute resolution, liabilities, immunities and privileges, use of emblem, interpretation, making a reference to basic cooperation agreements between the Government of Armenia and the Agency and/or to respective international conventions.
- UN agencies, donor organizations might have specific risk management rules and procedures, as well as regulations for transferring funds to the Treasury system. These may include micro-assessment of the SSA, Environmental and Financial risk assessment or others, which should be clearly communicated to MoLSA and embedded in the MoU/agreements.
- For some UN agencies, which are bound by the Harmonized Approach to Cash Transfers (HACT) Framework¹, a financial micro-assessment of the implementing agency (Unified Social Service) is necessary. The micro-assessment is valid for 5 years, can be used by all agencies and eases financial and substantive controls of the agencies. The micro-assessment can be initiated immediately to ease future transfers.
- Narrative and financial reporting requirements should be clearly mentioned with appropriate timelines, including potential financial checks, if applicable.
- The name(s) of persons responsible for receiving beneficiary lists should be clearly specified.
- Templates for all reporting documents should be provided, preferably annexed to the MoU.
- The MoU should be simultaneously developed both in Armenian and in English.

2. **Discuss, review, finalize and clear the MoU** with MoLSA, including MoLSA's and USS's legal and financial unit (coordination of the internal process is done through the MoLSA Cash Focal Point).

Issues for consideration:

- Considering the availability of pre-agreed framework documents, the clearance of MoUs (if they are in line with those documents), should take up to 2 weeks. If the MoUs/agreements are different, the timeframe will be longer.

¹ The HACT Framework is applied by UNDP, UNICEF and UNFPA. Harmonized Approach to Cash Transfers Framework, 2014: <https://unsdg.un.org/sites/default/files/HACT-2014-UNDG-Framework-EN.pdf>

- Every change requires consultation and communication with the legal unit of MoLSA and USS.

3. MoLSA sends the agreed MoU for **clearance to the Ministry of Foreign Affairs**.

4. **Sign** the MoU and inform the public about the contribution made by the partner in agreement between the partner and MoLSA or as specified in the MoU.

5. MoLSA communicates the Treasury account details to the partner, as received from the Ministry of Finance.

6. USS prepares the **list of beneficiaries** to be supported within a particular Government cash support programme, based on applications and beneficiary consent, and taking into account partner's beneficiary selection criteria as specified in the MoU.

Issues for consideration:

- Beneficiary data includes: name, surname, ID type, series and number, amount to be paid, card number, phone number and e-mail.
- Based on online applications, disaggregation is possible for the following criteria: self-declared or actual location (Armenia/marzes; NK); age; gender. Household information is not available, information is aggregated based on individual applications.

7. Based on provided beneficiary lists from USS, the partner **can conduct verification** of beneficiaries per additional vulnerability criteria and send to USS the final list of beneficiaries eligible for support or discrepancies between beneficiary lists and the vulnerability criteria specified in the MoU.

8. Based on the MoU/agreement and the approved budget and timelines, the partner **transfers the funds** to the dedicated Treasury account of the USS.

Issues for consideration:

- The funds can be transferred in two modalities:
 - o Advance payment – the USS combines donor funds (depending on whether the donor pays for the full amount or part of the amount) with state budget funds and makes the payment;
 - o Reimbursement – the USS conducts the payment from its own resources, provides the list of beneficiaries to the partner per the defined criteria together with a financial report, the partner verifies the list and report and provides reimbursement of expenses. This is the preferred modality by MoLSA/USS.
- The fund transfer can be accompanied with sending of text messages/SMS to the beneficiaries, informing them of the support by the partner, if such a mechanism is agreed in the MoU and setup.

9. **Payments are processed by USS** following regular internal payment processes and procedures through the appropriate financial service provider, as specified in the Government Decree of a particular programme, and for the purposes of activities as specified in the MoU. Transaction costs are covered by the USS/MoLSA.

10. The USS submits **narrative and financial reports** to the partner, per the reporting requirements, frequency and templates as specified in the MoU. Reports include beneficiary information per

beneficiary's consent, financial information (including on unredeemed and non-disbursed funds) and aggregated beneficiary data (number of beneficiaries disaggregated by age, gender, location, number of beneficiaries not reached).

Issues for consideration:

- For UN agencies using the HACT framework, the USS would provide aggregate funds request and utilization data every three months through the FACE form.
- A financial spot check may be performed once per the disbursement period (within 12 months), depending on the size of transferred funds.
- Beneficiary lists are formed on the basis of Annexes to the MoU and per the payment lists.

11. If there are **unutilized funds**, these are transferred back to the partner or upon written agreement by the partner kept within the overall state budget.

12. The partner performs **post-distribution monitoring** of provided support per harmonized PDM or other tools and sends the final report with issues for follow-up and consideration to USS.

13. In case of a repeated support, an addendum to the MoU may be prepared, specifying the new programme and amount of support. However, a new Government Decree should be approved (step 1).

b) Transfer through banks (UN agencies, donors, NGOs)

Transfers through the bank system entail signature of a Memorandum of Understanding with MoLSA and a tripartite agreement between the donor/partner, Unified Social Service and the bank.

The signature of the MoU follows the same steps 1-4 as in the case with the Treasury transfer, including the related issues for consideration. Some specificities are mentioned here.

1. **Adjust the MoU** based on the type of programme supported, as well as other specific clauses.

Issues for consideration:

- In some cases, a bilateral agreement may be signed by the donor with USS and by the donor with the dedicated bank. These arrangements are specified in the MoU.
- If the donor engages an NGO in the delivery of cash support and payment process, then the NGO should be clearly specified in the MoU, including roles and responsibilities and delegation for payment.
- The name(s) of persons responsible for receiving beneficiary lists should be clearly specified, including the donor and the NGO.

2. **Discuss, review, finalize and clear the MoU** with MoLSA, including MoLSA's and USS's legal and financial unit (coordination of the internal process is done through the MoLSA Cash Focal Point).

3. MoLSA sends agreed MoU for **clearance to the Ministry of Foreign Affairs**.

4. **Sign** the MoU and inform the public about the contribution made by the partner (in collaboration with the NGO, if applicable) in agreement between the partner and MoLSA or as specified in the MoU.

5. **In parallel to steps 1-4**, the donor and NGO adjust the tripartite agreement (*sample available*) based on the programme supported, in close consultation with MoLSA, USS and the bank. The tripartite agreement is signed between the NGO, USS and the bank. If a bilateral agreement modality is chosen, then the bilateral agreement is signed between the donor and USS and the donor and the chosen bank.

Issues for consideration:

- Agreements between the donor and NGOs are signed as per donor requirements, processes and templates.
- Bilateral arrangements are negotiated between the donor and USS.

6. USS prepares the **list of beneficiaries** to be supported within a particular Government cash support programme, based on applications and beneficiary consent, and taking into account partner's beneficiary selection criteria as specified in the MoU and tripartite/bilateral agreement.

7. Based on provided beneficiary lists from USS, the partner **can conduct verification** of beneficiaries per additional vulnerability criteria and send to USS the final list of beneficiaries eligible for support or discrepancies between beneficiary lists and the vulnerability criteria specified in the MoU.

8. Based on the MoU and tripartite/bilateral agreement and the approved budget and timelines, the partner **transfers the funds** to the dedicated beneficiary bank account.

Issues for consideration:

- When funds are transferred by partners, there might be cases of freezing the transferred funds of beneficiaries due to various existing obligations. In such cases, the partners should immediately inform the USS and MoLSA to find an acceptable solution (e.g. issuance of letters that the support is provided within a particular Government programme with reference to the MoU and bilateral/tripartite agreement).
- Transaction costs are covered by the party transferring the funds (donor or NGO).
- If the partner covers a portion of the prescribed Government amount within the cash assistance programme, then the disbursement by the partner should follow agreed timelines as prescribed in the bilateral/tripartite agreement, considering that the USS reimburses the remaining payment.
- The fund transfer can be accompanied with sending of text messages/SMS to the beneficiaries, informing them of the support by the partner, if such a mechanism is agreed in the MoU and setup.

9. The bank and partner or NGO submit **a report** to the USS on the payments, including information on successful transfers, unredeemed and non-disbursed funds as soon as possible for the USS to inquire into the issue and potentially cover the disbursement (or as otherwise specified in the bilateral/tripartite agreement).

10. The partner performs **post-distribution monitoring** of provided support per harmonized PDM or other tools and sends the final report with issues for follow-up and consideration to USS.

13. In case of a repeated support, an addendum to the MoU and bilateral/tripartite agreement may be prepared, specifying the new programme and amount of support.

c) Transfer through communities and community-based organizations (UN agencies, donors, NGOs)

To be developed in consultation with UNDP

Verification of beneficiaries

Verification of beneficiary lists is considered as a best practice, thus making sure that beneficiaries meet selection criteria and/or additional vulnerability criteria, as prescribed by the Government and partners.

Can be done either prior to disbursement to beneficiaries or after disbursement by Government for reimbursement.

Usually verification is done either on a rolling basis or one-off for 10-20% of beneficiaries from the beneficiaries' list, using random sampling. While conducting verification, the partner shall decide on which selection and/or additional vulnerability criteria should be checked and create verification forms to identify changes or discrepancies with the provided beneficiary lists. Verification may be done via phone calls due to COVID-19 restrictions or home visits.

Verification results should be communicated to MoLSA and USS, including the final eligible and ineligible beneficiaries, discrepancies and additional information. Verification results may be as follows:

- Beneficiary data is correct and beneficiary is eligible
- Beneficiary data is not correct, but beneficiary is eligible – clearly specify which data fields were incorrect from the provided lists
 - Provide corrected and verified information to USS
- Duplicated data on beneficiaries
 - Provide verified information to USS
- Beneficiary is ineligible per donor/partner criteria
 - Provide verified information to USS
- Beneficiary is ineligible per Government criteria
 - Provide verified information to USS

Post-distribution monitoring (PDM)

Post-distribution monitoring is conducted by supporting organizations as per the harmonized PDM tool or other similar tools. The PDM tool reflects on the targeting, communication, beneficiary satisfaction and feedback, use of funds. The harmonized tool may be used, additional questions can be added by partners.

The sample will be generated by the supporting organization from the provided detailed beneficiary lists shared by MoLSA for transparency and accountability reasons. PDM should be provided in accordance with the following criteria: calculated sample from the overall number of beneficiary households/individuals with a 95% confidence level and 7 confidence interval using the following tool - <https://www.surveysystem.com/sscalc.htm>

PDM data is shared with MoLSA by supporting organizations per specific Government support programme either separately by each organization or in an aggregated manner.

Data exchange, protection and privacy

Data exchange, protection and privacy are regulated by the RA Law on Personal Data Protection (2015). The clause for data privacy, protection and exchange is embedded in the MoU and/or bilateral/tripartite agreement in the form of a non-disclosure protocol. Beneficiary data should be used by partners solely for verification, reporting and post-distribution monitoring purposes.

Visibility

- The Government of Armenia, MoLSA, USS and supporting organizations will publicize information on support through public channels, as prescribed in the MoU
- Beneficiaries will be informed of the support in advance, including information on specific beneficiary selection criteria identified by the Government, if prescribed in the MoU
- Human interest stories can be developed by supporting organizations jointly with the Government
- Supporting organizations may publicize the support, including due consideration to donors, through their channels
- Supporting organizations may inform beneficiaries of their support through the provided beneficiary lists, including during the verification, payment (e.g. by sending sms or text messages) and PDM

Grievance and feedback mechanism

- e-request.am
- MoLSA hotline – technical support to beneficiaries
- USS and territorial offices of USS
- Hotlines established by partners for cash support monitoring or inter-agency response monitoring
- PDM