# OPERATIONS GUIDANCE FOR CASH-BASED PROGRAMMING
## MARCH 2016

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## ACKNOWLEDGEMENTS

# INTRODUCTION

The majority of CRS country programs have implemented some form of cash based programming. Cash-based programming is an area where traditional division of responsibilities between Programming and Operations staff has shifted: both Programming and Operations staff have significant roles in the planning and implementation of cash-based programs. The current tools developed for cash-based programming have not yet fully addressed the operations side of cash based projects in CRS management systems. Despite this, Country Programs (CPs) have generally managed to set-up strong systems for cash-based projects in line with CRS polices.

As CRS continues to scale up and increase its quality and professionalism in cash-based programming, and given the requirements of CRS' own audit processes, there is a need for clear guidance for CPs and regions to have simple and standard operational procedures for implementing cash and voucher programs.

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**Why Cash-Based Programs?**

There is a growing body of evidence suggesting that cash-based approaches (cash and vouchers) can meet beneficiary needs in the most effective and cost-efficient way, by providing beneficiaries with the dignity of choosing preferred goods and services. Cash-based approaches also boost local economies and livelihoods by working through existing market systems. These types of approaches are:

- *Beneficiary-centric*. Programs prioritize beneficiary choice and preferences, recognizes protection and security, and prioritizes dignity. Communities take part in the process.
- *Reinforcing*. Cash-based programs build on existing systems and enables their recovery, and enables them to contribute to recovery.
- *Scalable*. Digital cash delivery systems (or electronic voucher systems) are able to reach beneficiaries at scale, and with good tracking.
- *Efficient*. CRS is working to build our ability to reach people at scale, within 3-4 days start-up time.
- *Equitable*. Cash-based programs must recognize that there are power differences among beneficiaries and among market actors, and aim to promote equity within communities as much as feasible.
- *Appropriate*. Any asset transfer program – cash, voucher, or in-kind – must aim for the maximum of both choice and effectiveness of meeting identified needs. This includes consideration of beneficiary preferences, sectoral or programmatic aims, market context, political context, security and protection context.

Cash in particular offers the most flexibility for beneficiaries. Through a process of response analysis, CPs are encouraged to ask the questions: "Why not cash? Can cash meet the needs of the population? Is cash appropriate in this context?" If cash in not appropriate immediately, vouchers, in-kind, or mixed modalities may be appropriate. Programs should be designed to be able to shift among modalities if necessary.

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**What this guidance is**

The first step for a CP is to determine what type of response is most appropriate and feasible through a process of response analysis. Main considerations for response analysis include the needs of the target groups, the functioning of local markets, and feasibility, including security and protection. These considerations are clearly outlined in existing manuals. This guidance starts from the point where the

decision is taken to engage in cash-based programming and vendors need to be selected to participate in the project.

This document aims to meet that need by collecting best practices from various CRS country programs and presenting clear generic processes for critical Operations aspects of cash-based programs.  While most of CRS programs are using digital voucher and payment systems, this guidance considers both digital and paper systems.

**Who should use this guidance?**
This guidance is intended for Operations staff in CPs and regions (DRDs-Operations, HOOPs, Finance Officers, other management and logistics staff) as well as selected programming staff (HOPs, Program Managers).

CPs are advised to include Programs and Operations staff in decision making from the early planning stages and throughout the implementation of a cash or voucher program to ensure good coordination and high program quality.

**What this guidance is not**
This document does not intend to provide a full guidance on developing a cash-based intervention; rather, it aims to complement the existing materials developed by CRS. Additionally, this guidance aims to reflect CRS Global polices on finance, procurement and other fields.

Furthermore, the guidance is <u>not</u> a policy and what is outlined in the document is intended to assist the Country Program in developing the procedures for their own unique cash-based intervention with a focus on ensuring accountability. The steps outlined in the guidance can also be used to work with partner organizations to develop the procedures for their cash-based projects by adapting the outlined process to their policies and staff structure.

# 1. GETTING STARTED: GENERAL OPERATIONS CONSIDERATIONS

### *Overview of Cash-Based Program Modalities*

There are 3 main modalities in cash-based programs in this guidance: direct cash transfers, cash vouchers and commodity vouchers. With direct cash transfers the beneficiary receives money from the project, often in the local currency. Cash vouchers are coupons (usually digital) which have a monetary value. These coupons can be used by beneficiaries to purchase goods at selected vendors. Commodity vouchers are coupons (also usually digital) that can be exchanged for specific commodity or set of commodities, such as Jerry-can or Hygiene Kit. Commodity vouchers can be redeemed at a selected vendor in exchange for the specified items.

For each of these modalities there is a subset of parameters that shape the project:
- Conditionality (conditional vs. unconditional transfers)
- Restrictions (on voucher purchases)
- Using shops vs. setting up a fair
- Payment through cash, check, bank transfer or other methods
- Implemented by CRS or through a local partner

Based on these options a wide variety of cash-based projects are possible. The selection of the modalities depends on the project objectives as well as the possibilities in a given context. Below is an overview of the cash-based interventions described in this guidance. This guidance assumes that a needs/ market assessment and response analysis has already been done to choose the most appropriate modality or mix of modalities. (For more information on transfer modalities, see MBRRR training materials.)

| Modality | Conditionality | Shop/ Fair | Payment Method | Direct Implementation/ Partner |
|---|---|---|---|---|
| **Direct Cash Transfers** | Conditional/ unconditional | Shops/ Fairs/ None specified | -Cash <br> -Check <br> -Mobile Phone <br> -Bank transfer <br> -Debit Card <br> -Remittance Agent <br> -3<sup>rd</sup> party cash agent | Direct/ Partner |
| **Cash Vouchers** | Conditional/ unconditional | Shops/ Fairs | -Cash <br> -Check <br> -Mobile Phone <br> -Bank transfer <br> -Debit/visa card <br> -Electronic voucher <br> -Remittance Agent <br> -3<sup>rd</sup> party cash agent | Direct/ Partner |
| **Commodity Vouchers** | Conditional/ unconditional | Shops/ Fairs | -Cash <br> -Check <br> -Mobile Phone <br> -Bank transfer <br> -Debit/visa card <br> -Electronic voucher <br> -Remittance Agent <br> -3<sup>rd</sup> party cash agent | Direct/ Partner |

### *Staffing for Cash-Based Programs*

*Finance staff*: From an Operations perspective, it is important to note that cash or voucher programming will generally put more strain on the Finance team, whereas traditional distributions relied heavily on the Logistics team (procurement, warehousing and fleet). As a result CPs might want to increase the number of Finance staff at the start of a cash/voucher project.

*Logistics/ Procurement staff*:  In some programs, Logistics, Procurement or Supply Chain staff may be called upon to conduct a market assessment to inform program response.  This is common because these staff generally have markets backgrounds or knowledge.  Thus, Logistics, Procurement and Supply Chain staff should have capacity in market assessment and, if possible, in implementing cash-based programs.

*MEAL staff*:  MEAL staff may be called upon to conduct market assessments or monitoring, in collaboration with Program or Logistics/ Supply Chain staff.  Market monitoring is critical to ensuring that cash-based programs remain relevant and appropriate in the context.  MEAL staff are also important for objective 3rd party monitoring of program activities.

*Joint planning and monitoring*.  A key factor of the success of a cash-based program is to have regular meetings with both Programming and Operations staff.  Short meetings are fine!  Teams should plan for:
- At least one joint meeting during the planning phase.
- Regular meetings (at least monthly) during implementation, to look at monitoring data together and determine if any program adjustments need to be made.

### *Mitigating Risk*

There are a number of risks associated with any kind of asset transfer program. For cash-based programs, common risks include the following:
- **Diversion**:  Risks that cash transfer will be used for unintended purposes, including anti-social uses
- **Fraud**: Risks of corruption or other fraudulent activities
- **Inclusion/ exclusion**: Risks that people will be included when they do not qualify, due to coercion, political force, nepotism, or simply poor targeting (wrongful inclusion); OR, risks that people will be excluded when they do qualify
- **Inflation/ indirect beneficiary impact**: Risks that prices will increase or inflation or exchange rates will fluctuate, thus making it more difficult for both beneficiaries and non-beneficiaries to access the same quantity and quality of goods and services
- **Loss**: Risks of loss of transfer amounts for any reason
- **Security/ protection**:  Risk of physical security problems or abuses of basic protection, rights, and dignity for beneficiaries, vendors or staff

CPs can use a **risk checklist** to quickly assess its systems before starting a cash-based response or to review its ongoing interventions. (See [Risk Checklist].)

## 2. BENEFICIARY SELECTION

This section focuses on beneficiary selection and administration. For all projects CRS implements the process of beneficiary selection is critical since targeting the right people will determine if the project will have the desired impact. The process of beneficiary selection and the administration of the beneficiary database is also critical from an accountability perspective; therefore, this process is included in this guidance to increase accountability.

1. Criteria for beneficiary selection should be clearly defined by the project management, in collaboration with beneficiary communities, and communicated clearly to staff and communities.
2. Identification of beneficiaries should be done in a participatory manner, by trained staff.
3. Where appropriate, beneficiary lists should be posted for feedback for at least 24-48 hours.
4. Beneficiary lists should be verified against the selection criteria in the field by a separate team visiting randomly-selected beneficiaries.
5. Beneficiary (and distribution) lists should be signed by the project manager and kept on file.
6. The electronic beneficiary database should only be accessible to authorized staff, and changes to the beneficiary lists must be approved by the manager.
7. Distribution lists should be produced based on the approved beneficiary database, and printed copies should have page numbering that indicates the page number out of the series (page 3 of 10).
8. The project should have a complaint mechanism in place to allow community members to provide feedback to CRS.
9. Post-distribution monitoring (PDM) should verify that the project continues to meet needs of beneficiaries, considering their safety and security, as well as that of implementing staff. PDM should be conducted by an independent team that was not involved in the distributions.

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**A note on data privacy**
CRS staff must take care with beneficiary data, especially that which includes bank account, identification and other possibly sensitive information. Click here for some basic information on protecting beneficiary data. CRS is working on additional guidance on this. For information, contact joel.urbanowicz@crs.org.

# 3. VENDOR AND SERVICE PROVIDER SELECTION

The processes described in this section (3.1, 3.2., 3.3) places the process of vendor identification for cash and voucher programming in the framework of regular procurement policies. At the same time it allows the country program flexibility in appointing specific Operations and Program staff to perform specific tasks in the PROCESS. For example, a CP might appoint a purchasing committee that consists of trained Program or Logistics/ Supply Chain staff to collect vendor information. The overall aim is to ensure that that checks and balances are put in place in accordance to CRS guidelines. This means for example that a request for goods/services should be raised at the start of the project, and it needs the appropriate approval before a team goes out to collect vendor information.

The guidance outlined below will assist country programs to develop a transparent vendor selection process for this unique type of procurement relevant to their specific country context.

## 3.1. Process for Vendor Selection:  Vouchers in Shops

The process below outlines the steps involved in vendor identification for a voucher program wherein beneficiaries access products and services directly from vendors. In this type of project the products or services to be procured are determined by the project.  Vouchers may be **restricted** to certain products; for example a WASH project might enable people to buy hygiene items such as soap, chlorine, or feminine hygiene products. Vouchers may also be **unrestricted**, enabling people to buy any product from pre-selected vendors.  In both cases, program beneficiaries will purchase products and services from the pre-identified vendors using the commodity provided.

1. Project staff to determine BOQ for relief items per beneficiary and the number of beneficiaries. Beware of restricted items under USAID funding such as fertilizer, pesticides, pharmaceuticals etc. (see CRS Procurement Manual for more details).
2. Project staff, along with local Chamber of Commerce or other community groups, to determine criteria for vendor selection including location, minimum  number of vendors per location,  types of products sold, restocking time, acceptance of payment method and willingness to participate in voucher project.
3. Project staff to raise a Request for Goods/Services (RFG/RFS) using a Purchase Requisition Form (PRF) for the whole project stating the types of items and include essential vendor criteria related to the voucher methodology.
4. Authorizing Official[1] (see Map of Authority) reviews purchase request and budget/DSPN impact then approves.

> In emergency situations, the Country Program can request "Local Purchase Approval Waiver" allowing the CP to procure over 5,000 USD locally without Global Procurement Approval.

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[1] Authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR see for example Map of Authority. See CRS Procurement Manual for more details.

5. The Project Manager to lead requisition of quotations in coordination with the Procurement Official.
6. Procurement Official and Project Manager gathers vendor information[2] through the use of the Sample Market Assessment & Price Survey Form. The Procurement Official raises bids through the Bid Request Form and uses Vendor Comparison form to collate information and compare vendors.
7. The CR or delegate can form purchase committee using program and/or procurement staff. This is often very useful for voucher programming since markets are often remote. The composition of purchase committee to be approved by CR or designee.
8. Project Staff or Purchase Committee to collect vendor information and prices.
9. "Bid" committee meeting to compare vendor information and vendors and conduct vendor selection. Selection is done based on vendor criteria outlined in the PRF focusing on types of materials, price, willingness to participate in voucher program, stocks available and ability to restock etc.
10. CR (or designee) to review and approve proposed vendors.
11. Administration Staff with input from Project Staff to draft a contract template for vendors with agreed specifications and selling prices per item and the conditions related to the implementation of the voucher methodology such as the number of beneficiaries, the free or restricted vendor choice by beneficiaries, reporting requirements and invoicing process etc.
N.B. CRS does not issue a *purchase order* when beneficiaries can select from multiple vendors since the quantity to be bought from 1 vendor is not fixed. In cases where a single vendor is selected a PO could be considered but a contract would allow more flexibility.
12. CR (or designee/Head of Operations) to review and approve contract template in line with regional contract review process (in some cases, a review by CRS Lawyer maybe necessary).
13. Country Representative to sign 2 copies of contact with selected vendors (CR or delegate signs).
14. Project staff explain the content of the contract in detail with each vendor before getting it signed by the selected vendor (this can be done following a vendor's training session).

See also Flowchart 1, Vendor Selection

**3.2. Process for Vendor Selection:  Vouchers in a Fair**
The process below outlines the steps involved in vendor identification for a voucher fair project. With voucher fairs, the selected beneficiaries are able to buy selected items from participating vendors in an organized fair. The types of goods that the beneficiary can choose from depend on the objective of the project and could be focused on livelihoods recovery, food and nutrition, shelter, WASH, or others. In this process the project team identifies a range of allowable items from which the beneficiary can make a choice using the cash voucher as currency to pay the vendor. An example of this is Seed Vouchers and Fairs where beneficiaries can use CRS vouchers to select their choice of seeds and other agricultural inputs ahead of the planting season.

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[2] Vendor information is especially critical if vendors are not on approved vendor list, see the CRS Procurement Manual

> **Considerations for fairs include the following:**
> - ✓ The vendor selection committee should give priority to **local vendors** selling desired items. It's usually recommended to include as many vendors as possible, to spread the benefit to the local economy.
> - ✓ In order to keep prices at acceptable levels, **a minimum of 1 vendor for 50 beneficiaries** should be considered. Vendors should be selected taking into consideration their locations in relation with beneficiaries distribution.
> - ✓ For the benefit of the project beneficiaries, the project staff should **allow beneficiaries to negotiate with vendors on prices**. Normally, prices are determined based on fair market prices but, if necessary, CRS can choose to fix ceiling prices. CRS should actively monitors process and prices to ensure that prices remain fair.
> - ✓ To maintain prices at acceptable levels (at the levels or below prices in normal markets), the vendors selection committee should make sure the total volume of each commodity that all vendors are willing to bring into one fair should be **at least three times** of the total value of vouchers distributed during the fair.

1. Project staff to determine the range of allowed and disallowed items and the number of beneficiaries. Beware of restricted items under USAID funding such as fertilizer, pesticides, pharmaceuticals etc. (see CRS Procurement Manual for more details).
2. Project staff to determine criteria for vendor selection including location, minimum of vendors per item, trading volume capacity, acceptance of payment method and willingness to participate in voucher based project.
3. Project staff to raise a Request for Goods/Services (RFG/RFS) using a Purchase Requisition Form (PRF). The PRF formulation focuses on the need to identify a minimum number of service providers (vendors) who can deliver a specific volume and range of items. It does not specify the exact quantity of items to be procured since that decision lies with the beneficiaries. It should however be clear from the RFG/RFS (PRF) what the value of the cash voucher intervention would be.
4. Authorizing Official(s) [3] reviews purchase request and budget/DSPN impact then approves.

> In emergency situations, the Country Program can request "Local Purchase Approval Waiver" allowing the CP to procure over 5,000 USD locally without Global Procurement Approval.

5. Procurement Official to lead requisition of quotations.

> In general the procurement official is the procurement officer, but the CR (or designee) can appoint an alternative procurement leader from among program staff if deemed necessary based on the special nature of the procurement or the special circumstances during an emergency response.

6. Procurement Official and Project Manager gathers vendor information[4] through the use of the Sample Market Assessment & Price Survey Form. The Procurement Official raises bids through the Bid Request Form and uses the Vendor Comparison form to collate information and compare vendors.

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[3] Authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR see Map of Authority. See the CRS Procurement Manual for more details.
[4] Vendor information is especially critical if vendors are not on approved vendor list, see the CRS Procurement Manual

7. The CR can form vendor selection committee using program and/or procurement staff.  This is often very useful for voucher programming since markets are often remote. The composition of the purchase committee should be approved by CR or designee.
8. Vendor selection committee to collect vendor information and prices.  Prices serve as a baseline, to be able to monitor and prevent price inflation.
9. Vendor Selection committee meeting to chooses vendors based on vendor criteria outlined in the PRF focusing on types of materials, price, willingness to participate in voucher program, stocks available and ability to restock etc.  To ensure the proper functioning of the market it is advisable to have a large number of vendors.
10. CR (or designee) to review and approve proposed list of vendors.
11. Project Staff to initiate draft contacts to be reviewed by Administration staff for vendors outlining the conditions of the fair voucher program including the range of allowed and disallowed items, price arrangements, , conditions for participating in the fairs, payment conditions, etc.
12. CR (or designee/Head of Operations) to review and approve the finalized contract in line with Regional contract review process (in some cases, a review by CRS Lawyer maybe necessary).
13. Country Representative to sign 2 copies of contact with selected vendors (CR or delegate signs).
14. Project staff explain the content of the contract in detail with each vendor before getting it signed by the selected vendor (this can be done following a vendor's training session).

See also Flowchart 1, Vendor Selection

### 3.3. Process for Service Provider Selection: Direct Cash Transfers
*N.B. This process, along with the service provider selection for electronic vouchers, is being revised at the global level.  For now, please follow the below guidance, which will be updated accordingly once completed.*

The process below outlines the steps involved in vendor identification for a direct cash transfer project. In this type of project a selected agent transfers specified funds from CRS to selected beneficiaries. The agent is a service provider and can be a bank, a mobile phone operator, remittance agent, post office etc. Selecting a vendor corresponds with a regular request for services providers.

1. Project staff to determine value and number of transfers and number of beneficiaries.
2. Project staff to determine criteria for service provider selection including location, accessibility, ease of process, service fees etc.
3. Project staff to raise a Request for Goods/Services (RFG/RFS) using a Purchase Requisition Form (PRF). The PRF formulation focuses on the need to identify a service provider who can deliver specific installments to specific beneficiaries on agreed location(s).
4. Authorizing Official[5] reviews purchase request and budget/DSPN impact then approves.

> In emergency situations, the Country Program can request "Local Purchase Approval Waiver" allowing the CP to procure over 5,000 USD locally without Global Procurement Approval.

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[5] The authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR see Map of Authority. See the CRS Procurement Manual for more details.

5. Procurement Official to lead requisition of quotations.

> In general the procurement official is the procurement officer, but the CR (or designee) can appoint an alternative procurement leader from among program staff if deemed necessary based on the special nature of the procurement or the special circumstances during an emergency response.

6. Procurement Official and Project Manager gathers vendor information[6] through the use of the [Sample Market Assessment & Price Survey Form](). The Procurement Official raises bids through the [Bid Request Form]() and uses [Vendor Comparison]() form to collate data and compare vendors.
7. Procurement Official can form purchase committee using program and/or procurement staff. This can be useful if procurement staff is overstretched and program staff has better access to information. The composition of purchase committee should be approved by CR or designee.

> Finding the best way to deliver cash to beneficiaries can be quite complex; thus, it is advised that the committee researching the various vendors consists of a mix of senior Programs and Operations staff who can investigate and negotiate with cash transfer agencies for the best possible solution. Conducting background checks and due diligence should be part of this process.

8. Procurement official and/or Purchase Committee to collect vendor information & quotations/bids.
9. "Bid" committee meeting to compare quotations/bids and conduct vendor selection. Selection is done based on vendor criteria outlined in the PRF.
10. Procurement official to capture information in vendor/bid comparison sheet.
11. Head of Operations (or designee) to review and approve proposed vendors (due diligence, [Bridger Software]()).
12. Administration staff, with input from Project Staff, to draft [contract template]() for service providers specifying the terms and conditions of the cash transfer methodology. In case the service provider only accepts its own contract template (often the case) CRS can sign the service provider contract after legal review. It is recommended to add an annex to the contract which captures essential clauses for CRS or back-donor.
13. Head of Operations (HoOPs) to review and approve the contract in line with Regional contract review process.
14. Country Representative to review and sign 2 copies of contact with selected vendors (CR or delegate signs).
15. Operations/Programs staff explain the content of the contract in detail with each vendor before getting it signed by the selected vendor.

**3.4. Process for Service Provider Selection: Electronic Vouchers**

*N.B. This process, along with the service provider selection for direct cash transfers, is being revised at the global level.  For now, please follow the guidance for direct cash transfers, and contact HRD ([donal.reilly@crs.org]() and [william.martin@crs.org]() .*

See also [Flowchart 1, Vendor Selection]()

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[6] Vendor information is especially critical if vendors are not on approved vendor list, see the [CRS Procurement Manual]()

## 4. PROCURING AND PRINTING (PAPER VOUCHERS ONLY)

If cash or electronic vouchers are not an option, CPs may need to develop and print vouchers that are unique for the project. In brief; a voucher should not be easy to replicate, the denominations should be chosen to facilitate the objective of the project (smaller denominations offer more choice, but are also more work to manage), vouchers should have a unique number so that voucher and beneficiary can be linked to a purchase. In the following links there are some examples of vouchers used in the past – Iraq Voucher; Philippines Haiyan Voucher.

This section below describes the process of voucher procurement and printing, which generally follows regular procurement guidance.

1. Project staff initiates the process by raising a Request for Goods/Services (RFG/RFS) using a Purchase Requisition Form (PRF) outlining the key information for printing the vouchers, particularly the number of vouchers per denomination (or type for commodity vouchers), the total number of vouchers, and the composition of one booklet of vouchers. The request should also clarify what security measures are included on the voucher such as booklet and voucher numbers, color of the vouchers, type of paper and other special features.

2. Authorizing Official[7] reviews purchase request and budget/DSPN impact then approves.

   > In emergency situations, the Country Program can request "Local Purchase Approval Waiver" allowing the CP to procure over 5,000 USD locally without Global Procurement Approval.

3. The Procurement Official initiates the procurement process in line with the CRS Procurement Manual. (request quotations, bid committee, purchase order /contract) To ensure the quality of the vouchers meet CRS requirements it is advisable to have the vendor print a sample before finalizing the Purchase Order. When giving the PO it is good to consider safe storage options in the office. It might be good to order the vouchers in batches so that safe storage in the office can be guaranteed.

   > The **CRS HQ printing department** is also able to print vouchers. In some cases ordering through HQ might be quicker and even cheaper than ordering in-country. The CP can request quotes from the CRS printing department.

4. The printer prints the vouchers in accordance with PO/Contract timeline and delivers to CRS. Printer should pack the vouchers so as to facilitate their counting. Printer adds waybill/delivery note and invoice.

5. Vouchers are received by the a designated logistics or administration staff (other than procurement official or requesting project staff) The receiving staff compares the supplier's "Delivery Note" or "Waybill", and the supplier's "Invoice" against the copy of the PO. The requesting program staff should verify the quality of the vouchers delivered to ensure they meet the quality standards requested.

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[7] Authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR

6. The logistics/admin staff should verify all packages of vouchers and make sure all single vouchers and booklets are numbered and contain the right number and value of vouchers (often this is a lot of work and a team of people needs to be assigned to do this).
7. The logistics/admin staff receiving the vouchers should sign the Goods Received Note (GRN) stating the number of vouchers received. Any discrepancies are mentioned to the procurement officer for follow up with the vendor.
8. The logistics/admin staff sends one copy of the GRN to procurement and informs the requesting program staff.
9. The logistics/admin staff hands over the vouchers to the Voucher Custodian to be placed in the safe.

> A Voucher Custodian can be an appointed staff member from the Country Program. To segregate duties this would have to be a staff member who is not involved in the voucher program or in finance. One option could be to make the petty cash custodian the voucher custodian.

See also Flowchart 2, Handling Vouchers/Debit Cards

## 5. HANDLING VOUCHERS AND DEBIT CARDS

In this section the process of handling printed vouchers and debit cards is described. Vouchers/ cards should be treated like cash because of the value they represent.

1. After procuring the vouchers/cards are handed over to the Voucher Custodian or a designated a staff to be stored in the safe.

   > A Voucher Custodian can be an appointed staff member from the Country Program. To segregate duties this would have to be a staff member who is not involved in the voucher program nor in finance. One option could be to make the petty cash custodian also the voucher custodian.

2. The Voucher Custodian keeps a ledger for the vouchers/cards, recording receipts and disbursements.

   > For storing debit cards it is useful to store debit cards and PIN codes in separate places and managed by separate staff.  PINs should be tracked the same way as the cards, using a ledger and the accompanying request and handling forms as described below.

3. To receive vouchers/cards from the Voucher Custodian or the designated staff, Project Staff should fill a Voucher/Debit Card Request Form. [8]
4. The supervisor (project manager) should review and approve the Voucher/Card Request Form.
5. The requesting staff submits the filled and approved Voucher/Debit Card Request Form to the Voucher Custodian. The Project staff should keep one copy of the form.
6. The Voucher Custodian counts the requested voucher/cards and hands them over the requesting staff. The voucher custodian prepares a Transfer of Voucher/Debit Card and Liquidation Form (2 copies) which is signed by both the Voucher Custodian and the receiving staff (or partner). This transaction should be seen as an Advance which needs to be settled by the requesting staff after distribution to beneficiaries or to the partner/sub-office. The Form Contains a column for the quantity of voucher/debit cards handed over, quantities distributed and quantities returned.
7. The same Transfer of Voucher/ Debit Card and Liquidation Form (2 copies) can be used by the project staff to further disseminate vouchers to team members or the partner. Each form will require the signatures of the issuer and receiver.
8. If Vouchers/ cards are kept in a field location or partner office the same process of establishing a safe, voucher custodian and ledger must be set up.

   > To increase the safety of using vouchers the project team can stamp 2 dates on the vouchers representing the validity start date and validity end date. In addition vouchers can be signed by a designated staff. Adding dates and signatures can be time consuming and should be considered in projects with limited numbers of vouchers or in situations where tight controls are crucial.

9. Vouchers/ cards are distributed to the beneficiaries by the project staff and beneficiaries sign for receiving on a Voucher Distribution Form**.** The distribution form should have at least the following columns: beneficiary name, location, booklet number, vouchers' numbers per denomination, total value of vouchers, validity dates, signature or finger print. Phone numbers and ID numbers can be included when possible and appropriate.

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[8] In absence of a Voucher Request Form an email stating the request and the approval from the PM will be sufficient

> For debit cards the distribution of the card and the PIN can be done through separate distributions for safety and protection reason. In some cases another option can be to activate the cards after the distribution to ensure that only those cards that were distributed safely are viable.

10. After distribution/handing over the requesting staff needs to settle the "advance" with the Voucher Custodian". The updated Transfer of Voucher/Debit Card and Liquidation Form plus a copy of the distribution list (or new handing over form) and the undistributed vouchers/cards are to be returned to the Voucher Custodian. The Voucher Custodian counts and inspects the vouchers and supporting documents. The voucher custodian returns undistributed vouchers to the safe and updates the ledger.
11. At minimum a weekly reconciliation will need to be done in which the Voucher Custodian compares ledger to actual count. A voucher/debit card count report needs to be signed by the custodian and an observer and submitted to the HoOPs.
12. As with Petty Cash, regular surprise voucher/card counts needs to be organized by the HoOPs.

See also Flowchart 2, Handling Vouchers/Debit Cards

# 6. PAYMENTS TO VENDORS (VOUCHER PROGRAMS ONLY)

In this section the payments to vendors participating in all voucher programs will be covered. There are two parts to this:

- First, there is a sales record and invoice process. The vendor must keep a sales record in order to submit an invoice to CRS/Partner. This process is described for larger vendors who are able to maintain a basic sales record, and for smaller vendors who are not able to maintain a basic sales record.
- Second, there is a verification and payment step. CRS/Partner must ensure accountability while collecting invoices and supporting documentation, and preparing the payment requests that allow the vendors to be compensated for the products and services delivered. The payment process can be completed by using either a regular payment request procedure or by using an operational advance to process smaller payments swiftly.

## 6.1. Vendor Sales and Invoices (literate & larger vendors/shops)

1. Beneficiaries purchase items from the vendor using cash or commodity vouchers, either electronic or paper.
2. Vendors keep a record of voucher sales (2 copies) listing date, vendor name, number and type items sold, price of item, beneficiary name (and ID). It should be possible to cross reference the vouchers distributed with the sales records.

   > It is important that CRS/Partner staff are present on fair/market days to reduce the risk of fraud.

3. At the end of the agreed period (per day, week) the vendor prepares an invoice (2 copies) listing a description of items or services, total quantity sold, price per item and total price.
4. Vendor submits invoice, record of voucher sales and vouchers to CRS (project) staff.

## 6.2. Vendor Sales and Invoices (illiterate & smaller vendors (shops/fairs)

If vendor are unable to maintain the daily sales records and prepare (detailed) invoices, other methods can be applied in which CRS or the partner take an active role in the administration of stocks and sales.

1. In a fair setting, the CRS/Partner team can take stock of what the vendor brings to the fair and what is left at the end of the fair day. The difference is identified and recorded as sales and reconciled with the vouchers which s/he obtained during the day. An example of a form used for this is the India Seed Fair Vendor Registration Form.
2. If the project uses regular shops rather than a fair, the above method can be applied, but might be more difficult to manage since the shop is likely to have a wider variety of items and larger stocks. In this case the project team can assign project staff to each vendor to keep track and document the sales during the day in order to create an invoice on behalf of the vendor.

## 6.3. CRS Verification and Payment Preparation (literate and larger vendors in shops)

1. Project staff collects from vendor: record of voucher sales, invoices and vouchers. If vouchers and invoice are electronic, project staff may access sales records and invoices through the relevant platform.

2. Project staff counts the vouchers and verify invoice amount, sales amount and voucher value/number.
3. If correct the project staff prepares a [Voucher Receipt Form](#) (2 copies) on which the number and value of the vouchers is specified. Both project staff and vendor sign the voucher receipt form.

> To increase accountability, verification can be done on site by MEAL or Finance staff who would count, check and sign on the Voucher Receipt Form as well.

4. In the office, project staff prepares a payment request for the value of the invoice.

> Use account code 6110 (direct assistance to beneficiaries) or 6168 (if through a partner) to account the value of transfers via cash or voucher.

5. [Authorizing Official(s)](#)[9] reviews and approves the payment request and supporting documentation
6. Finance staff verifies the payment and supporting documentation
7. CR or delegate reviews and approves the payment
8. Finance staff prepares the transfer of funds using cash, check, bank transfer or other modalities as described below in section 7.

See also [Flowchart 3, Vendor Payment](#)

### 6.4. CRS Verification and Direct Payment Preparation (small vendors in shops or fairs)

For smaller vendors the process described under 6.3 might be too lengthy since they operate with limited cash reserves and the delay in payment would restrict their ability to restock. In this case CRS/Partner can opt for direct payments. Within the Country Program the team will need to agree on a maximum that is allowed to be paid directly during the fair taking into consideration the safety and security situation and the financial risks involved.

If possible, such payments should be made using mobile money or other options instead of direct cash payments; see Section 7 for these processes.

1. Project staff prepares [Payment Request Form](#) for an operational advance (account code 1213) for the estimated markets sales value for the agreed period (day/week) with supporting documents. (list of beneficiaries and voucher value received).
2. [Authorizing Official(s)](#)[10] reviews and approves the payment request.
3. Finance staff verifies the request and ensures staff has no outstanding advance in her/his name[11].
4. If funds issued as check to staff, then CR or delegate reviews and sign the check and voucher.
5. Finance issues cash (or check) to the requesting staff who signs for receipt.
6. Finance staff books advance under the name of requesting staff.
7. Project staff collect invoice/sales record and vouchers from the vendor for verification and sign for verification under the invoice/sales amount.

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[9] Authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR
[10] Authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR
[11] The limitation of one advance per person can be waived in emergency settings. This requires an approved waiver from the VP Overseas Finance

> To increase checks and balances, the country program is recommended to add Finance staff to team to do the verification. Finance staff verifies the supporting documentation and signs for verification.

8. Advance holder pays the vendor and obtains a signature from the vendor stating the invoice amount has been received.
9. Project staff (advance holder) prepares a liquidation request form for the value of vendor payments made and submits the form plus the original supporting documents and possible balance cash to finance.
10. Finance staff verify the documentation and book the expenses under account code 6110 (partner organization 6168), and clear the advance of the requesting staff. If there was a balance amount the staff will receive a receipt for the returned amount.
11. In order to increase accountability the CP should implement vendor feedback/complaint mechanisms and conduct post distribution monitoring to ensure that possible irregularities are identified and can be addressed.

See also Flowchart 4 (Direct Cash Transfers, Cash)

# 7. CASH TRANSFER PAYMENTS TO BENEFICIARIES (AND VENDORS)

This section focuses on the transfer of funds to beneficiaries. The same methods can be used to pay vendors, as noted above. In the narrative the languages focuses on beneficiary, but this can be replaced by vendor in case of vendor payments.

### *Payment Methods*

There a several modalities for the transfer of cash to beneficiaries. In this section the following are discussed:

- Bank Transfer
- Mobile Phone Transfer
- Pre-Paid Debit Card
- Remittance Agent
- Hawalla or 3rd party vendor
- Check
- Cash ("cash in envelopes")

The selection of a payment modality depends on the specific circumstances in the project area. Factors like existing financial infrastructure, remoteness/accessibility of the area, the security situation and the urgency and timeframe of the project determine what modality is most suitable.  When choosing a modality the CP is advised to conduct a risk analysis and to formulate a protocol that guides the staff on how to implement cash distributions in a way that minimizes the security risks. An example of the Finance Safety Guidelines for Cash Distributions used in the Philippines for cash distributions is attached here.

Below, a short description will be provided for each of the modalities focusing on ensuring compliance with CRS and donor polices.

### 7.1. Bank Transfer

Bank transfers can only be done if the beneficiaries have bank accounts. One aspect to consider is the requirement for an ID to open an account which might be an obstacle for some beneficiaries. In some cases CRS/Partner might negotiate with the bank a process that allows beneficiaries to open a bank account using alternative identification methods. The project should always ensure that people's bank information is safeguarded.

1. Project staff verify beneficiaries from lists, with their identification or project ID card.
2. Project staff prepares Payment Request Form for bank transfer to beneficiaries (account code 6110 for CRS direct implementation, 6168 for partner implementation) with supporting documents, including the list of beneficiaries, bank account details, and amounts due.  Bank charges are charged under account code 6106 (partner 6168).
3. Authorizing Official(s)[12] reviews and approves the payment request.
4. Finance staff verifies the request and issues a transfer request to the bank.

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[12] Authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR

5. CR or delegate reviews and approves the payment.
6. Finance staff book the total amount as expense under account code 6110 (partner 6168).

> Additional banking fees are booked under Bank Charges account code 6942.

7. Finance staff must inform project staff if a transfer to a beneficiary fails so that the project staff can follow up with the beneficiary.
8. Project staff needs to conduct post-distribution monitoring to verify with beneficiaries if amounts have been received.
9. In order to increase accountability the CP should implement beneficiary feedback/complaint mechanisms and conduct post distribution monitoring to ensure that possible irregularities are identified and can be addressed.

See also Flowchart 5, Direct Cash Transfer (Bank Transfer)

### 7.2. Mobile Phone Transfers

Mobile phone banking is used in many countries. The phone/SIM acts as a bank account and cash is transferred from the Mobile Company office to the individual beneficiary's phone. Beneficiaries use the balance to make payments by phone or to collect cash as vendors/shop owners associated with the mobile company.

> Mobile phone and other digital payments can be an entry point for broader financial inclusion for beneficiaries.  Therefore, aim to choose a mobile phone provider and plan that can offer opportunities for savings and other financial services to beneficiaries, in addition to just cash payments.

In some locations beneficiaries might already have a mobile phone banking account/SIM, but in other cases it is likely that the project would have to initiate the registration and opening of a mobile phone banking account by working with the mobile phone company and the beneficiaries. In the case that beneficiaries already have an account it is essential that project staff ensures that the account is in the beneficiary's name so that the beneficiary registration matches the mobile phone account registration to avoid any issues in collecting the transfers and reconciliation of distribution records.

1. Project staff verify beneficiaries from lists, with their identification or project ID card.
2. Project staff prepares Payment Request Form for transfer through mobile phone banking to beneficiaries (account code 6110 for CRS direct implementation, 6168 for partner implementation) with supporting documents, including list of beneficiary names and ID, amounts due to each beneficiary, service fees, and the total amount. Service fees are charged under account code 6106 (partner 6168).
3. Authorizing Official(s)[13] reviews and approves the payment request
4. Finance staff verifies the request and prepares the payment instructions for the mobile phone company in the name of the identified beneficiaries. In some cases mobile phone companies have their own specific template in which they require data to be submitted, in other cases an Excel file

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[13] Authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR

with beneficiary data (including beneficiary name, ID number telephone number amount due) is sufficient.

5. CR or delegate reviews and approves the payment.
6. Finance staff book the total amount as Vendor Advance (account code 1522).
7. The mobile phone company transfer the funds onto beneficiary phones (SIM) and send SMS message to inform them.
8. Beneficiary uses cash to make purchases using phone transfers or collects the cash at the mobile phone agent outlet.
9. Mobile phone company submits a distribution report (which states the funds were transferred to the phone of the beneficiaries) to CRS finance staff with agreed supporting documentation. Not transferred funds are transferred back to the CRS account.
10. Finance staff liquidate the vendor advance and book the collected cash transfers as expense under 6110 (partner 6168) and service fees under 6106 (partner 6168) and clears the vendor advance account.
11. Finance staff shares a copy of the distribution report with project staff and informs the project staff of any unclaimed cash transfers.
12. Project staff follow up in the field with benefices with spot checks and post-distribution monitoring.
13. In order to increase accountability the CP should implement beneficiary feedback/complaint mechanisms to ensure that possible irregularities are identified and can be addressed.

See also Flowchart 6, Direct Cash Transfer (Mobile Banking)

### 7.3. Pre-Paid Debit Cards

Cash transfers to beneficiaries can also be made using debit cards. Debit cards can be issued to selected beneficiaries with money loaded onto the card using one or multiple installments. The Humanitarian Response Department (HRD) has a contract with VISA's partner, Aimia Swift, and has access to prepaid debit cards. Country programs can also identify local banks which can facilitate bank transfers using debit cards.

In the text below the process for the HRD debit card use is described. This process will however reflect to a large extend the procedures that will be required for operating a local debit cards project as well.

The Humanitarian Response Department (HRD) has a contract with VISA's partner, Aimia Swift, and has access to prepaid debit cards. These cards can be requested by any Country Program when responding to an emergency. The HRD will review each request to verify that necessary systems, structures and capacities are available in the CP to manage the cards. The CP will be required to show evidence of:

- Having conducted a market analysis that shows markets are functioning and cash-based programs are feasible.
- Having conducted a survey that shows that ATM (accepting Visa) are sufficient in number and functioning in the target area.
- Having done a protection review & clear identification of accountability/feedback approach to be used.

- Having reviewed the legality of the use of the cards in the country in question and having established a clear import approach that is legally permissible - SWIFT Visa Debit Card Restricted Countries.

The debit cards can be deployed within 3 days and can be loaded by the Country Program with any amount (in USD) through an online banking system (OMSI) operated by AIMIA and accessible to authorized CRS users.  PIN numbers for the debit cards are issued to beneficiaries to access the funds on the card.  There are two Debit Card Pin Options.  The cash withdrawals are made in local currency at local ATMs.

1. Project staff conducts market research to establish appropriateness of cash interventions and the feasibility of debit cards.
2. Project staff identify beneficiaries.
3. Project staff prepares PRF for debit cards (costs are USD1 each, plus shipping; account code 6106 (partner 6168)).
4. Authorizing Official[14] reviews purchase request and budget/DSPN impact then approves
5. CR/HoP requests HRD (Jennifer.Poidatz@crs.org or Donal.Reilly@crs.org) for specific number of debit cards to be send to CP.
   - If pre-positioned cards are in stock, HRD requests cards from Global Treasury (tia.simmons@crs.org) using a HRD Prepaid Debit Card Deployment Form.
6. Logistics/administration staff receives debit cards, verifies and hands them over to Cash Custodian (see Section 5).

Simultaneous to ordering the cards:
7. Project staff prepares Payment Request Form for transfer through debit card to beneficiaries (account code 6110/partner 6168) with supporting documents (List of beneficiaries, IDs, amounts due and service fees (A/C 6016)).

> When calculating the amount per beneficiary the team needs to take into account the following service fees (to be charged under 6106):
> - $1 USD for adding credit to each card
> - $0.75 USD per bad pin/balance check/attempt to overdraft
> - US withdrawal cost $3.95 USD plus (charged always)
> - Local withdrawal costs  ($3-$4 USD check with local banks)

8. Authorizing Official(s)[15] reviews and approves the payment request.

> In emergency situations, the Country Program can request "Local Purchase Approval Waiver" allowing the CP to procure over 5,000 USD locally without Global Procurement Approval.

9. Finance staff verifies the request.
10. CR or delegate reviews and approves the payment.

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[14] Authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR
[15]  Ibid

11. Finance staff transfers (wire transfer) the total amount (grants plus service fees) to Aimia Swift. Finance uses specific T6 code for earmarking funds as belonging to the CP. The total amount is first booked under A/C 8510 (Cash in Transit) for the time the money sit in the AIMIA swift account. Finance staff should contact the HRD and Aimia SWIFT (Anthony Marzinelli at amarzinelli@swiftprepaid.com) to inform that the transfer has been initiated.

12. Appropriate funding levels are set in the OMSI user system according to the budget amounts and how much the team will need to load in a day and a week. Funding levels can be changed by Tia Simmons (tia.simmons@crs.org) in the OMSI system, and should be generous in the event that there are delays and multiple distributions of cards from different days need to be loaded and activated on the same day.

13. With the wire transfer the CP is added to the Aimia Swift online banking service and CP identifies two staff to manage the online transactions on the Aimia Swift account. One person can add credit to the debit cards and one staff can activate the cards. To integrate these responsibilities with existing roles and responsibilities it is advisable that a finance staff is responsible for adding credit to the cards. The activation of cards can be done by staff outside of the finance department for the program manager/budget holder of the project.
    ➢ Global Treasury (Tia Simmons) should be contacted so that the newly ordered cards can be assigned to the country program.
    ➢ Global Treasury (Tia Simmons) also needs the contact information of the staff that will need access to the OMSI system (information necessary for access included in hyperlink).

14. A workshop on the OMSI system and the roles and responsibilities of the cards should be held with relevant program, finance and IT staff in attendance.  A facilitation guide for the workshop is included in the hyperlink.

15. RECOMMENDED – A test should be done on a sample card to verify that the cards do work at different local ATMs and to confirm the fees that will be charged to the cards (some banks have local fees that are not included in the SWIFT agreement).

16. RECOMMENDED – create a user booklet that explains in words and pictures how to use the card at local ATMs.

17. RECOMMENDED- coordinate with the SWIFT team regarding projected card load and activate dates to ensure appropriate levels of tech support for troubleshooting.

18. Using the OMSI system, finance staff adds credit to the specified debit cards based on the advance request documentation and charges the grants to 6110 and the service fees to 6106.

19. Project staff distributes non-activated debit cards and PIN to selected beneficiaries and get signature on a beneficiary distribution sheet.

20. Delegated staff activates the debit cards and informs project staff.  Activation of cards is done online in the AIMIA Swift online banking program.

21. Project staff informs the program participants that the debit card is activated (possible through text messaging).

22. Beneficiaries collect the cash grant at the ATMs.

23. Authorized (finance) staff can monitor the debit card usage and report to project staff.

24. Project staff can follow up to address issues with beneficiaries.

25. In order to increase accountability the CP should implement beneficiary feedback/complaint mechanisms to ensure that possible irregularities are identified and can be addressed.

See also [Flowchart 7, Direct Cash Transfer (Debit Cards)](#)

### 7.4. Remittance Agency

There is a wide variety in remittance agencies and each of them might have their own particular way of managing the transfer of funds. A well-known example of a remittance agency is Western Union. In general the process is as follows:

- ✓ CRS gives instructions to the agent to pay a specific beneficiary.
- ✓ CRS transfers the required funds plus a service fee to the agent.
- ✓ The agent provides a unique code with which the beneficiary can claim the funds at an agent/outlet.
- ✓ CRS provides this code to the beneficiary, who claims the amount at the agent and signs for receipt.
- ✓ The agent sends CRS conformation (with supporting documentation) that the funds have been collected. In some cases CRS can chose to have a staff member observe the transactions at the remittance agent. The staff would countersign the receipt to confirm the beneficiary received the funds. This would be advisable agents' systems are not so strong and if the scale of the project would allow for this.

1. Project staff verify beneficiaries from lists, with their identification or project ID card.
2. Project staff prepares [Payment Request Form](#) for transfer through remittance agent to beneficiaries (account code 6110 for CRS direct implementation, 6168 for partner implementation) with supporting documents, including the list of beneficiary names and IDs, amounts due to each beneficiary, service fees, and the total amount.

   | Service fees are charged under account code 6106 (partner 6168) |
   | --- |

3. [Authorizing Official(s)](#)[16] reviews and approves the payment request.
4. Finance staff verifies the request and prepares the payment instructions for the remittance agent in the name of the identified beneficiaries. In some cases remittance agents have their own specific template in which they require data to be submitted, in other cases an Excel file with beneficiary data is sufficient.
5. CR or delegate reviews and approves the payment.
6. Finance staff book the total amount as advance to vendor (account code 1522).
7. The remittance agent issues unique codes for each beneficiary to CRS finance staff.
8. Finance staff hands over the codes to the project staff.
9. Project staff distribute the codes to the specific beneficiaries and get signature on a distribution sheet from the receiving beneficiary.
10. Beneficiary shows ID and code at the agent and after verification collects the cash and signs for receipt of the funds.
11. Remittance agent submits a distribution report to CRS finance staff with agreed supporting documentation. Uncollected funds are transferred back to the CRS account.

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[16] Authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR

12. Finance staff liquidates the advance and books the collected cash transfers as expense under 6110 (partner 6168) and clears the amounts payable account. Service fees are charged under account code 6106 (partner 6168).
13. Finance staff shares a copy of the distribution report with project staff and informs the project staff of any unclaimed cash transfers.
14. Project staff follow up in the field with benefices with post distribution monitoring.
15. In order to increase accountability the CP should implement beneficiary feedback/complaint mechanisms to ensure that possible irregularities are identified and can be addressed.

See also Flowchart 8, Direct Cash Transfer (Remittance Agent)

**7.5. Hawalla and 3rd Party Traders**

Hawalla agents and large traders operate similar to a remittance agent but can be seen as semi-formal or informal. The procedures for cash distribution are not always fixed and CRS and Partners can often discuss and agree with the Hawalla agent or traders how the process of disbursements and documentation will be organized. In most cases CRS will need to pay the agent or trader the amount to be distributed in advance; however, with Hawalla agents it can sometimes be negotiated that agents advance the funds and get reimbursed after the beneficiaries are paid and documentation is approved by CRS/Partner.

1. Project staff verify beneficiaries from lists, with their identification or project ID card.
2. Project staff prepares Payment Request Form for transfer through Hawalla agent to beneficiaries (account code 6110 for CRS direct implementation, 6168 for partner implementation) with supporting documents, including the list of beneficiary names and ID, amounts due for each beneficiary, service fees, and the total amount. Service fees are charged under account code 6106 (partner 6168).
3. Authorizing Official(s)[17] reviews and approves the payment request.
4. Finance staff verifies the request and prepares the payment instructions for the Hawalla agent in the name of the identified beneficiaries. In most cases an Excel file with beneficiary data is sufficient.
5. CR or delegate reviews and approves the payment.
6. *Finance staff transfers the amount to the Hawalla agent and books the total amount as Vendor Advance (account code 1522) (if Hawalla agent fronts the money and payment is done after distribution this step is skipped).*
7. Finance staff informs Project Staff that funds can be collected by the beneficiaries.
8. Project staff informs the beneficiaries about the date time and location where funds can be collected.
9. Beneficiary collects the cash at the Hawalla agent outlet and signs for receipt of the funds.

> To strengthen control, CRS/Partner can place a staff at the Hawalla agent to countersign each transaction.

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[17]  Authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR

10. Hawalla agent submits a distribution report to CRS finance staff with agreed supporting documentation. Uncollected funds are transferred back to the CRS account.
11. *Finance staff liquidates the advance and books the collected cash transfers as expense under 6110 (partner 6168) and clears the vendor advance account. (If payment is done after distribution then funds are transferred to Hawalla agent based on actual amounts distributed plus service fees at this point as expenses).*
12. Finance staff shares a copy of the distribution report with project staff and informs the project staff of any unclaimed cash transfers.
13. Project staff follow up in the field with benefices with post distribution monitoring.
14. In order to increase accountability the CP should implement beneficiary feedback/complaint mechanisms to ensure that possible irregularities are identified and can be addressed.

See also Flowchart 9, Direct Cash Transfer (Hawalla Agent)


## 7.6. Check

1. Project staff verify beneficiaries from lists, with their identification or project ID card. CRS can provide selected beneficiaries with a coupon/voucher that can be redeemed for a check during the cash distribution.
2. Project staff prepares Payment Request Form for check payment to beneficiaries (account code 6110/partner 6168) with supporting documents. (list of beneficiaries and amounts due) Service fees are charged under account code 6106 (partner 6168).
3. Authorizing Official(s)[18] reviews and approves the payment request.
4. Finance staff verifies the request and issues checks in the name of the identified beneficiaries.

> Ideally finance issues personal checks in the name of the beneficiary meaning only the beneficiary can redeem the check at the bank.
>
> CPs need to check with the local bank to identify the local requirements for appointing delegates to cash checks and communicate this procedure to beneficiaries. Oftentimes the requirements would be that beneficiary who would like to delegate someone to cash their check would have to provide a signed written statement which clearly identifies the appointed delegate, a copy of the beneficiary ID card and the check itself.

5. CR or delegate reviews and approves documentation and signs the checks.
6. Finance staff book the check amounts under 6110 (partner 6168).
7. Finance staff (or delegated project staff) distributes checks to selected beneficiaries as per approved distribution sheet and obtains a signature from each beneficiary on a check distribution sheet. The sheet needs to indicate name, id number, voucher number if applicable, gender, age group, date, check number, amount received and signature.
8. Beneficiaries cash their checks at the bank.
9. Finance staff must inform project staff about checks that are not cashed by the beneficiaries in order for the project team to follow up in the field.

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18 Authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR

10. In order to increase accountability the CP should implement beneficiary feedback/complaint mechanisms and conduct post distribution monitoring to ensure that possible irregularities are identified and can be addressed.

See also Flowchart 10, Direct Cash Transfer (Check)

### 7.7. Cash ("cash in envelopes")

1. Project staff verify beneficiaries from lists, with their identification or project ID card. can provide selected beneficiaries with a coupon/voucher that can be redeemed for cash during the cash distribution.
2. Project staff prepares Payment Request Form for an operational advance (account code 1213) with supporting documents (list of beneficiaries and amounts due). For larger 1213 amounts or payments over a sustained period the project can chose to issue the advance in tranches.
3. Authorizing Official(s)[19] reviews and approves the payment request.
4. Finance staff verifies the request and ensures staff has no outstanding advance in her/his name[20].
5. If funds issued as check to staff then CR or delegate reviews and sign the check and voucher.
6. Finance issues cash (or check) to the requesting staff who signs for receipt.
7. Finance staff books advance under the name of requesting staff.
8. Project staff distributes cash grants to selected beneficiaries as per approved distribution sheet and obtains a signature from each beneficiary on a cash distribution sheet. The sheet needs to indicate name, id number, voucher number when applicable, gender, age group, date, amount received and signature.

> Where appropriate, local government officials or community leaders should be present at cash distributions, both for security as well as for transparency.

9. To increase checks and balances the country program is recommended to add staff to the cash distribution team to do the verification. This could be MEAL or Finance Staff. At the bottom of each distribution sheet the advance holder and the verifying staff will sign to confirm cash was distributed as stated. Additional verification can also be done by community leaders who would sign on the distribution list if this is appropriate in the context.
10. Project staff (advance holder) prepares a liquidation request form for the value of grants distributed and submits the form plus the original distribution sheet as supporting document and possible balance cash to finance. A copy of the distribution sheet is kept with the program team.
11. Finance staff verify the documentation and book the expenses under account code 6110 (partner organization 6168), and clear the advance of the requesting staff. If there was a balance amount the staff will receive a receipt for the returned amount.
12. In order to increase accountability the CP should implement beneficiary feedback/complaint mechanisms and conduct post distribution monitoring to ensure that possible irregularities are identified and can be addressed. See also Flowchart 4, Direct Cash Transfer (Cash)

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[19]   Authorizing official depends on value of PRF: <$5K level 1, $5-$25k 2 approvals of which 1 is level 2, > $25k CR
[20] The limitation of one advance per person can be waived in emergency settings. This requires an approved waiver from the VP Overseas Finance

# 8. MAKING MODIFICATIONS MID-PROGRAM

There are a number of reasons why a program may need to change mid-course.  Possible changes in a cash-based program may include the following:

- "Cash in envelope" cash transfers that CRS/Partners set up in week 1 of an emergency may need to be shifted into digital cash, a more sustainable and robust form of cash transfers, once mobile phone networks come back online after a crisis.
- Prices may rise sharply and remain high, and the cash transfer value must be increased to make sure that beneficiaries are able to access the same amount of products and services.
- Vendors may be colluding and inflating prices, requiring staff to terminate certain vendor contracts.
- Smaller vendors may be getting forced out of the market by a voucher program, requiring staff to either include additional vendors or shift to cash transfers.
- Conflict or other external factors may block roads or otherwise hinder beneficiary access to markets, thus requiring emergency distributions.

Needed changes can usually be identified through market and program monitoring, using a tool like MARKit and PDMs.  MEAL staff, Program staff, or Logistics/ Supply Chain staff may be responsible for this monitoring.

It's important that staff are prepared for possible program adjustments. Actions to ensure preparedness include the following:

- ✓ Finance, Procurement, Logistics/ Supply Chain staff have experience implementing cash-based programs, in case the program needs to shift quickly.  At minimum, these staff should be able to access CRS resources on how to implement cash-based programs.
- ✓ Initial program design meetings include contingency planning.
- ✓ MEAL and Programs staff are active in regular market and program monitoring.
- ✓ Programs and Operations staff hold regular meetings to review market and program monitoring data and discuss any needed program modifications.  Meetings can also be used to briefly review contingency plans.
- ✓ Programs use digital payment mechanisms where feasible and appropriate, and CPs have access to immediate Help Desk support from the service provider.

Click here for Sample Steps to Make Program Adjustments mid-program.

## CONCLUDING REMARKS

This guidance is a working document and while the experience of CRS' cash-based programming grows and the implementation modalities are refined, this document will be updated. Input to this process is welcome.  Please share your feedback and input to this process with the Humanitarian Response Department (HRD) team leader for Market Based Rapid Response and Recovery (MBRRR) (dina.brick@crs.org).