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)](#)[1] reviews and approves the payment request.
4. Finance staff verifies the request and issues a transfer request to the bank.
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).

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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

3. [Authorizing Official(s)][2] 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 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

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

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[3] 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)

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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

> - Local withdrawal costs ($3-$4 USD check with local banks)

8. [Authorizing Official(s)](#)[4] 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.
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.

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[4] Ibid

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)[5] reviews and approves the payment request.

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

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.
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)[6] 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.

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)[7] reviews and approves the payment request.
4. Finance staff verifies the request and issues checks in the name of the identified beneficiaries.

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

> Ideally finance issues <u>personal checks</u> 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.
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)](#)[8] reviews and approves the payment request.
4. Finance staff verifies the request and ensures staff has no outstanding advance in her/his name[9].
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.

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

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)