

Cash and Voucher Assistance

Framework Agreement with Financial Service Provider

Scope of Work – Direct Cash payments

1. Background and Context

The International Federation of Red Cross and Red Crescent Societies (IFRC or “the Federation”) is the world’s largest volunteer-based humanitarian network. The Federation is a membership organization established by and comprised of its member National Red Cross and Red Crescent Societies. Along with National Societies and the International Committee of the Red Cross (ICRC), the Federation is part of the International Red Cross and Red Crescent Movement. The overall aim of the IFRC is “to inspire, encourage, facilitate, and promote at all times all forms of humanitarian activities by National Societies with a view to preventing and alleviating human suffering and thereby contributing to the maintenance and promotion of human dignity and peace in the world.” It works to meet the needs and improve the lives of vulnerable people before, during and after disasters, health emergencies and other crises.

The Federation is served by a Secretariat based in Geneva, with regional and country offices throughout the world. The Secretariat is led by the IFRC Secretary General and provides the central capacity of the International Federation to serve, connect, and represent National Societies. The Secretariat’s focus includes providing support to the IFRC governance mechanisms; setting norms and standards; providing guidance; ensuring consistency, coordination, and accountability for performance; knowledge sharing; promoting collaboration within and respect for the RCRC Movement; and expanding engagement with partners. The Secretariat’s headquarters is organized in three main business groups: (i) Partnerships, including Movement and Membership; (ii) Programmes and Operations; and (iii) Management Services.

As a network of 192 National Red Cross and Red Crescent Societies across the world, IFRC has been active since 1990 in Afghanistan where its country delegation enjoys a status agreement as an International Organization. The office operates as a technical support and collaboration platform to support ARCS development and outreach, with a strong focus on improving coordination and developing cooperation with Red Cross Red Crescent Movement and non-Movement actors. IFRC has been supporting Afghan Red Crescent Society (ARCS) in CVA implementation since 2019. ARCS, under its CVA operation, has provided lifesaving assistance to disaster-affected people in all 34 provinces of Afghanistan.

With the current country situation, IFRC intends to partner with suitable financial service provider (FSP) in delivering the needed cash and voucher assistance in close collaboration with ARCS. The services of the FSPs are required to work with IFRC in the disbursement of cash-based assistance whenever required in all part of the country. The FSPs are requested to share detailed proposals mentioning their cash delivery solutions along with their outreach, (# of retailers in the mentioned provinces/branches) past experiences within humanitarian sector, as well as with ARCS/IFRC, service charges, steps to mitigate liquidity issues at retailers’ level, support in far flung and rural settlement, and ensuring transparency in the process.

IFRC is looking for FSPs which are able to facilitate the cash transfer from IFRC to its beneficiaries, specifically:

1.1. No. of Households

- Total Projected Number of Beneficiaries: 100,000 households in different provinces in the country
- Total Time Frame: 24 months (during the timeframe of this Framework Agreement)
- Single event responses may range from (estimated) 300 households to 5,000 households.
- Multiple incidents happening at the same time in different geographical locations might account for 30,000 to 50,000 households over a year.

1.2. Cash Transfer Value & Disbursement Schedule:

- Sector Specific Cash Grants USD90 to USD2400
- Multipurpose Cash Grants: 70 Up to USD170 per household, half or full MPCA.
- Cash Grant Disbursement: Most often issued as one-off transfers, but on some occasions, IFRC also provides funds split over two or more transfers.
- Types of financial services: Direct cash payments and/or transfer to beneficiaries’ account

The approach of the intervention is outlined in this document and as such we require a solution with both solid financial and data management systems, and which can also be operational in the areas targeted by IFRC.

The solution proposed by the Financial Service Provider (FSP) preferably would be applicable across the country or in the areas the FSP has coverage.

IFRC envisaged a service to direct cash disbursements to selected beneficiaries at community levels all over the country through hawala agents, remittance companies and other direct cash payments solutions, to each beneficiary with the pre-determined amounts excluding the FSP service fee.

Cash assistance is distributed to families who are registered and endorsed by IFRC and are in compliant to the existing national laws and regulations.

The solution proposed by the FSP should be based on the deliverables outlined below but other relevant proposals/alternatives are welcomed and will be taken into consideration.

2. Purpose of the Service Requested

Cash and voucher assistance (CVA) will be an integral component of the planned response to the ongoing humanitarian crises in the country. Considering that cash-based interventions are faster as well as a cost-effective response option, IFRC/ARCS has been expanding its CVA operation both in terms of size and geographically. To support the current operations of ARCS, IFRC intends to enter in a framework agreement with a qualified and experienced Financial Service Provider (FSP). IFRC, under this Framework Agreement, and through the selected FSP, will provide cash and voucher assistance with lifesaving and recovery objectives to the affected populations.

The selected FSP will enter into framework agreement with the IFRC for (02) two years, with possible extension of another two years maximum.

2.1. Geographical Coverage

- Different provinces across the country.
- Multiple locations maybe be benefitting from cash assistance at the same time.
- IFRC will use services of the FSP in any district and province of Afghanistan where ARCS implements its CVA operation.

2.2. Cash Grant Recipients:

- The most common populations IFRC/ARCS serves with cash assistance are:
 - Nationals
 - Elderly
 - Persons with disabilities (in smaller number)
 - Men
 - Women.
 - IDPs, returnees, and refugees for whom the use of Humanitarian organizations' ID card/ confirmation letter from local authorities and/or community leader would be necessary for registration (replacing national ID)

3. FSP Requirements and Responsibilities

IFRC seeks to provide cash assistance across the entire country. This includes all 34 provinces. The FSP should provide the full contracted services in each of these areas. If there are limitations to the services in specific provinces, this should be stated in the proposal.

Duties of the service provider

3.1. General Requirements

- Financial service provider must have a functioning product in the country. The cash assistance shall be in one of the following forms:
 - Through money remittance by the name of beneficiaries
 - Through physical direct cash payments
 - Through hawala agents
- FSP must be able and willing to expand into new markets (market = areas of the country).

- FSP, and its partners, must meet industry standards for regulatory, compliance and risk management.
- FSP, including its partners, must meet industry standards for data integrity and security, including IFRC policy on the Protection of Personal Data.).
- FSP, and its partners, is fully responsible for meeting in-country legal, regulatory, compliance, and currency requirements.
- FSP must be able to allow the provision of cash grants to the recipient in a safe and timely manner. FSP, with direction from IFRC/ARCS will also extend the service to beneficiaries who sent their approved representative (i.e., close family member, with prior identification and verification by IFRC/ARCS and the community leaders) to collect their cash transfer.
- All planned distributions have to be executed in the agreed timeframe that will be shared with the Financial Service Provider by IFRC.
- All reports, proof of receipt, token (i.e., distribution card), and reconciliation must be provided within 10 working days after the distribution, or as agreed by IFRC for each distribution.
- IFRC expects the FSP to have capacity to deliver both pre-paid and post-paid mechanisms.

Pre-paid mechanism refers to IFRC will transfer the fund before the distribution to beneficiaries. Post-paid mechanism refers to FSP will reimburse to IFRC after completing the distribution to beneficiaries.

- In the case of prepaid mechanism, all undistributed funds must be returned to the IFRC within the agreed timeframe.

3.2. Payment Platform Requirements

- Financial service provider's platform must provide a high level of access – urban and rural.
- FSP must have current capacity/scalability in the country (i.e., volume of functioning points that the service can handle in the country).
- FSP should be able to prioritize and mobilize resources on request to enable rapid response.
- FSP should be able and willing to expand capacity/scalability (i.e., volume of the points to provide service), temporarily if needed.
- FSP must have the ability to use electronic funds transfers to/from funding accounts to IFRC.
- FSP should have redundant back-office systems to provide adequate disaster back-up and continued functionality during disasters.
- FSP should be able to produce a clearly defined fee structure for each level: customer (IFRC), beneficiary/end user.
- A comprehensive cost for the programme, including any known costs associated with payment tool, should be available.

3.3. Deliverables

- The Financial Service Provider is required to provide services as mentioned below:
- The cash grants shall be in form of the following:
 - Direct Cash disbursements
- The families shall receive their cash grants from the Financial Service Provider in the agreed payment venue with the ARCS authorities (ARCS local authorities)
- The Financial Service Provider shall provide adequate resources (staffing and liquidity) to enable planned payments made per day.
- When and where delivery mechanism related training / orientation is required, the Financial Service Provider will provide training / orientation to IFRC staff, volunteers, and vendors. ARCS' staff and volunteer will ensure project beneficiaries sensitization for the delivery mechanism. FSP
- The distribution procedures shall be agreed as and will be communicated by IFRC to the FSP
- The distribution plan timeframe will be agreed by both parties in accordance with the plans of IFRC.
- The Financial Service Provider will collect the tokens/beneficiary card, distribute the cash grants, allow the person sufficient time to count the funds received, and have the person sign/thumb print as confirmation of

receipt. This information shall later be provided to IFRC along with the invoice for Financial Service Provider fee.

- At the end of each distribution, a daily distribution and reconciliation report is issued and signed by the relevant parties (Financial Service Provider and IFRC). This will be used to produce the Financial Service Provider service fees invoice. Any undistributed money shall be reverted to the IFRC as per the terms and conditions of the agreement.
- In the event that a family may not collect their cash grant on the specified distribution date, IFRC will agree the appropriate procedures to follow with the Financial Service Provider.
- The Financial Service Provider shall accept third party monitoring in case IFRC is not able to be present at the agreed payment venue for security reasons.
- The Financial Service Provider will be responsible and liable for the money until it is paid to the beneficiaries. Each person should count and verify the amount before leaving the counter.
- The Financial Service Provider is responsible for securing and transporting the money to the delivery point and setting up the cashiers.
- The Financial Service Provider will not be able to decide who is entitled to receive the money.
- Adequate insurance and risk management mechanisms should be put in place by the Financial Service Provider and will not be covered by IFRC. The Red Cross/Red Crescent Movement cannot use armed escorts neither can take any responsibility or liability for any type of loss incurred in during transport or before, during or after distribution. Arrangements should be in place to ensure that the Red Cross/ Red Crescent principles and neutrality are not compromised during distributions.
- Under any designated cash transfer project of IFRC, the Financial Service Provider shall submit a consolidated report to IFRC with the following data:
 - In the event of failure of fund delivery to beneficiaries, FSP must report to IFRC/ARCS representative within 48 hours, and this should be included in the reconciliation reports.
 - Daily reconciliation reports for distribution implemented on the designated date, signed by field representative from IFRC/ARCS and the FSP.
 - Supporting documents: original collected token/claim form/beneficiary cards, beneficiary identity documents, and signed receipt of the payments.
 - Service fee invoice and distributed amount invoice Both invoices will be informed by the daily and final reconciliation reports.
 - Weekly account statement is required during periods of transferring funds. Monthly account activity statements will be required throughout the life of the project if there is activity and or fees for services incurred.
- For pre-paid mechanism, any undistributed funds should be returned to IFRC within 1 week upon completion of each instalment. In case of failure, there will be penalties applied. For post-paid mechanism, IFRC will process payment after submission of acceptable invoices and supporting documents from FSP.
- All reconciliation of the account must be completed within ten (10) working days from the time of the completion of the distribution of each installment. (if otherwise, please specify).
- Any funds not transferred should be returned to IFRC within 1 week upon completion of each instalment, in case of failure, penalties will apply.
- Any funds not able to be delivered should be reported to IFRC representative within 48 hours.
- Each cash transfer MUST have original proof/documentation of the transaction such as a receipt with each beneficiary's full details, signature/thumbprint, and identification number. Original documents should be attached with the invoice for payment purposes.
- One set of ORIGINAL receipt/proof of cash transfer to the beneficiaries (complete with beneficiary tracking details) and original commercial invoice and documentation after completion of distribution.
- Once Purchase Order is placed, the FSPs will be required to follow the modalities and processes throughout the contractual period.
- If a distribution plan includes multiple tranches, FSPs must obtain written service request orders for each tranche prior to the commencement of any services.

- Upon receipt of the Request Order from IFRC to the service provider, services must be made available within 3-5 working days. (Unless otherwise stated in the request form and agreed by both parties).
- The FSP ensures that IFRC list of beneficiaries and payment instructions are respected, and that payment is not made to anyone other than those designated in the list of beneficiaries without modification and prior written authorization from IFRC.
- IFRC will not reimburse any unauthorized expenses.

3.4. Quality standards

- The services are executed in a timely manner.
- Financial statements and reports are adequate and meets audit requirements of IFRC.
- The beneficiaries will receive their cash assistance in the pre-selected areas.
- Financial Service Provider will comply with all pre-distribution and distribution procedures.
- Employees engaged by Financial Service Provider for the implementation of the cash transfer activities will be under the sole responsibility of the Financial Service Provider without any employment relationship whatsoever with the IFRC.
- The Financial Service Provider shall release the IFRC from any liability and shall indemnify and hold harmless IFRC from any damages and costs resulting from claims by third parties in connection with the performance unless and except in the case such as liability or claim results from an intentional act or gross negligence on the part of the IFRC or their staff.
- IFRC and its partners shall conduct field monitoring visits to the program implementation area that will provide oversight for being accountable for cash project outcomes & quality delivery.
- The Framework Agreement is valid for two years with possible extension for another two years (maximum).
- IFRC reserves the right to sign Framework Agreements with one or more providers and signing a Framework Agreement does not give any exclusivity to the selected provider(s). It means that, in case of operational needs or due provider's performances, IFRC reserves the right to contract with other providers until any issue is solved.
- FSP will deliver payment in local currency and/or USD as requested.
- For post-paid mechanism, FSP applies exchange rate that is agreed jointly with IFRC, it should be in line with IFRC financial policy and procedures. FSP must share the proposed exchange rate, for IFRC approval, at least 2 (two days) before the distribution. The agreed exchange rate will be used as reference in the Purchase Order (PO). IFRC approval will be based on its review on the acceptable market exchange rate.

4. Support to be Provided by IFRC

- Providing the distribution plan for each programme describing number and location of beneficiaries selected, amount or amounts to be provided and date range(s) for transfer of funds.
- Identification of the beneficiaries.
- Informing of distribution date and time.
- Providing a complete beneficiary list with agreed on information for the financial service provider to conduct a cash transfer.
- Verification and distribution of the tokens on distribution day.
- Operating a feedback / information desk for recipients.
- Responding to any issues identified by the Financial Service provider for resolution e.g., eligibility of a person to be enrolled in the programme and to receive a cash grant.
- For pre-paid mechanism, IFRC will transfer the funds to the Financial Service Provider holding account prior to distribution of cash grants. For post-paid mechanism, IFRC will transfer after the distribution of cash grants.