

Cash Delivery Mechanisms – Standard Operating Procedure¹

At the stage of planning for a **Cash-for-Rent** (CfR) project implementation, a delivery mechanism is chosen to ensure that the most appropriate and efficient cash disbursement is used. Selecting the cash delivery mechanism is based on the following guiding principles: Minimizing fraud and corruption (internal and external); Minimizing the burden incurred by beneficiaries in order to receive the cash (e.g. travel time and cost); Integrating protection-related considerations – especially risk of diversion of aid and/or illegal ‘taxation’ by armed actors; security threats on the way to and from the distribution sites; security and access considerations for NRC staff; mitigating risk of doing harm at household (HH) level; and, ensuring that cash distribution does not delay programme objectives and activities (e.g. ensuring that cash is disbursed as fast as possible).

Cash Delivery Mechanisms in Afghanistan

1. **Cash-in-envelope**: Also called *direct cash*. Cash is withdrawn from the bank or *hawala* by NRC staff, and is then transported to the distribution site and distributed to beneficiaries by NRC staff).
2. **Hawala**: This is a traditional system that has existed since the 8th century and in Afghanistan continues as a popular and informal money transfer system based on a network of money brokers / agents. The hawala agent (hawaladar) transports cash to the distribution site and hands the cash to the beneficiaries directly (the cash amount is then checked by an NRC staff member).
3. **Mobile money**: beneficiaries get a mobile money account with mobile company, and receive (or register) a SIM card linked to that account. Beneficiaries receive a SMS (text message) on the SIM card number telling them where and when to collect each cash installment. Then, beneficiaries go to the mobile money agent/ kiosk to collect their cash, showing their ID and the unique account code shown on the SMS.
4. **Bank transfer**: Also called cash over the counter. Beneficiaries with already a bank account or after they open a bank account, get a call from NRC or the bank once their cash is ready to be collected. They can then go to the bank during the bank’s hours of operation to collect their cash.

Choosing a Cash Delivery Mechanism

- Cash-in-envelope is no longer allowed for any NRC project – including Emergency Response – save for exceptional circumstances where no other options are available (e.g. hard to reach areas where hawaladars are not willing to operate); or when the amount of money is too low to warrant the use of hawala or mobile money (e.g. cash is given to less than ten HHs in the same location). In these exceptional cases, an approval in writing by the Head of Programme is required. CfR is unlikely to be among these exceptional cases.
- Currently, all **Emergency Cash Programmes** in Afghanistan shall be done through hawala distribution. Emergency projects are defined as short-term projects (which could include Emergency Shelter Response or rent included in the Survival Minimum Expenditure Basket / SMEB), with only one or two cash disbursements per household, and where the priority is speed of distribution in which the beneficiaries receive assistance within 1-2 weeks from their identification.

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- All other CfR projects, should be done through mobile money or bank transfer since the beneficiaries will be selected and a list prepared at least one week before the first distribution and where there will be potentially two or more disbursements per household.
- **With the current coverage in Afghanistan it should be possible to use mobile money as preferred modality for NRC shelter projects** (cash for shelter construction, Occupancy free of Charge or CfR) for as long these are implemented in urban/ peri-urban areas in relatively safe districts (which will likely be the case as we aim to integrate with the programming of other Core Competencies).
- Different mobile network operators (MNOs) have different coverage, depending on the region (in terms of cell phone network coverage and equally important, agent coverage). Logistics at the Area Office level can confirm this coverage. The Support Department at the Central Office will prepare tender documents for contracting these services and sign a Framework Agreement for Mobile Money Cash Disbursement Services.

Questions to select a mobile network operator

- Does the MNO have enough agents in the area of coverage?
MNOs often exaggerate their field presence. Ask for specific number of agents/ distribution points in the specific city/ district.
- Does the MNO frequently have cash flow issues? What is the maximum amount to distribute in one day?
MNOs typically withdraw cash from a local bank branch on the day of or shortly before the distribution date. Because banks are increasingly reducing the amount of cash they hold on their premises for security reasons, MNOs are sometimes unable to withdraw the necessary amount of cash. Beneficiaries that show up at the distribution could be told to come back a few days later because there is no cash available.
- What type of ID does the beneficiary need to have to collect their cash assistance?
Would the MNO only accept the National ID card (Tazkira)? NRC would encourage WFP biometric SCOPE, IOM and UNHCR cards to be considered.
- Can the MNO provide a detailed breakdown of MNO fees?
This should include the account set-up fee for the organization, the beneficiary one-time set-up fees (including SIM card), commission fees per transfer (confirm if it is a flat rate or a percentage of the transfer), and if there are administration or other fees to consider.
- Does the MNO have the capacity to train beneficiaries in mobile transfer process?
Especially considering high beneficiary illiteracy rates (use of SIM card, how they will be notified of date and location of distribution etc.). Is the MNO willing to do trainings in communities or would beneficiaries have to come to MNO premises? Does the MNO have female trainers? How many people can be trained at once?
- What is the MNO technical support and complaint mechanism?
Ask what happens if a beneficiary has technical issues with or loses the SIM. Is there a hotline, or would beneficiaries have to report the issue to the implementing organization?
- Does the MNO have experience with development/ humanitarian cash programmes in the project area?

Contracting a mobile network operator

- In the contract, there must be a clause specifying that withdrawal fees will be charged to NRC, and not to the beneficiary. If this clause is not included, the MNO will normally assume that the fee should be charged to the beneficiary. The contract should include a description of the MNO technical support and complaint mechanism; a detailed MNO fee breakdown; and what type of beneficiary training the MNO will provide (how many training sessions, and what will be the content of sessions).

- A flowchart/ list of cash disbursement process is also part of the contract. This illustrates the key steps and responsibilities: 1) NRC sends beneficiary list to MNO; 2) MNO creates mobile money account for each beneficiary; 3) MNO distributes SIM and trains beneficiaries; 4) NRC sends cash distribution request with beneficiary list plus the amount per beneficiary to MNO; 5) NRC credits cash amount to MNO bank account; 5) MNO transfers cash to beneficiary accounts and sends notification SMS to beneficiaries; 6) Beneficiaries withdraw cash from MNO agent/ distribution point; 7) MNO sends proof of transfer along with a disbursement report and invoice to NRC.
- The Framework Agreements with MNOs are contracts valid for a period of time that are flexible as they don't specify the number of beneficiaries or a specific project, but they do specify the geographic area covered.
- A Framework Agreement fixes the rates for a specified duration (currently one year from the effective date, which can be renewed upon mutual agreement up to a maximum of three years). Having this in place is of great assistance for a prompt response.
- The Framework Agreement is explicit on the point that the contract is not a guarantee of purchase (NRC has no obligation to issue a purchase order) and NRC is not way bound or compelled to solely use the services of only one MNO, and might solicit services from other suppliers for the same goods or services. NRC can potentially have more than one framework contracts with different MNOs – either for country wide coverage or for area-specific coverage.

Distributions Considerations

- As indicated above, it should be possible to use mobile money as preferred modality for CfR NRC shelter projects. This section highlights key distribution considerations for **mobile money** (adapting them, some of the considerations are also relevant for the other modalities).
- To ensure a smooth disbursement, a member of the Programme or Support team can meet with the agent (preferably at one of the collection points) to explain the cash distribution procedures (particularly before and during the first distribution takes place). It should be clear for staff at the collection points who is allowed to collect the money (beneficiary and registered alternate), and that beneficiaries are allowed to collect their cash at their convenience but over a determined period of time (within one week and three weeks).
- In order to issue an order for a distribution to the mobile money providers, a member of the programme staff (usually the Project Manager), should both, call and send an email the MNO to inform them of the next distribution date/ beneficiary numbers and amount to be transferred. The phone-call is an efficient mechanism to reach and mobilize the MNO and the email – will document the payment request for the next transactions and should have Logistics in copy.
- During the distribution, beneficiaries must bring their Tazkira (National ID) in order to receive the cash. The agent is responsible for checking the ID against the beneficiary list provided to the agent by NRC.
- The distribution list must show the name and ID number of the beneficiary (and name and ID number of an alternate – pre-registered into the project), date of cash collection, location (mobile agent reference), amount received, and signature or fingerprint.
- The Shelter staff is responsible for clearly telling beneficiaries how much cash they will receive before each distribution. This is critical especially if different HHs will receive different amounts (e.g. if the project has different tiers per size of HH or vulnerability), or if the amount varies between each installment (e.g. for the second or third quarter if the assistance may be reduced to 75% or 50% of the estimated cost of rent as an exit strategy).²

² Refer to the *Determining value, frequency and length of the assistance SOP*.

- The Shelter staff must inform beneficiaries that the mobile agent should *not* be taking a withdrawal fee: The amount that beneficiaries receive should be exactly what is written on the distribution list. If the mobile agent claims that he should be charging a withdrawal fee, the beneficiary should inform NRC immediately.
- No distributions should be planned to take place around public holidays. Even if the MNO agents are working, banks might not be open, which will cause delays in MNOs accessing cash.
- The Shelter team will ask each beneficiary for an *Alternate* (who has a tazkira ID) who will be the only person allowed to collect the cash instead of the beneficiary him- or herself. The name and tazkira number of the alternate must also be included in the distribution list provided to the Mobile agent. It is very important how to communicate this. The alternate should not be the 'preferred' or default person to collect the money, but a close person, someone who is already part of the HH or social support for the direct beneficiary. It should not be perceived that the alternate is preferred due to the fact they might have a tazkira ID (when the beneficiary might not). The team must understand the capacity and vulnerabilities of beneficiaries (particularly of FHHs without tazkiras) and accompany them as possible to reduce the risk to extortion and other protection risks. Simultaneously, NRC is asking MNOs to consider to accept other documentation for beneficiaries without tazkiras to access CfR.
- Setting and clearly communicating the time range and dates for distribution will help beneficiaries. Further, it is necessary as the mobile company must report to the Kabul Finance Office within one month of the transfer. In addition to the signed / fingerprinted distribution list, the mobile company must submit the electronic record showing that the money has been deposited into beneficiaries' account.
- The Shelter team should provide written feedback to Logistics (using the Evaluation of Supplier Template annexed to the Logistics Handbook) regarding the performance of the mobile agent provider at the distribution points. The Shelter team is asked to report any issues, including frequency of complaints or complications, and the response by the agent when any issue was raised. This is extremely useful, particularly when a renewal of a framework agreement is due.
- Whilst using MNO / mobile money is considered efficient in Afghanistan, and a global trend, NRC can still explore the opportunities to assist beneficiaries in opening bank accounts, especially when implementing CfR for Transitional Shelter or for Occupancy Free of Charge projects. Inclusion in formal financial institutions is considered a key enabler of the Sustainable Development Goals (SDGs) and will be an additional and longer-term benefit from the programme.