



## **Guidance to partners funded by ECHO to deliver medium to large-scale cash transfers in the framework of 2017 HIPs and ESOP**

The use of multi-purpose cash transfers as a central component of humanitarian assistance is becoming increasingly important, in particular in the context of protracted crises in middle-income countries. Whilst an instrument such as the ESSN (Emergency Social Safety Net) in Turkey certainly represents an exceptional case, the scaling-up of cash is slowly becoming a reality in many other contexts, and will require a strong conceptual as well as contractual framework.

Hence, the European Commission/ ECHO has developed detailed guidance for its partners who will propose multi-purpose cash operations for funding from ECHO. The guidance will apply principally in cases where ECHO is providing medium or large scale funding to deliver cash transfers in a given country or for a given crisis and where cash transfers make up a significant part of the overall response. It applies principally to stable, protracted crises.

### *Overall principle*

In all cases the response needs to be context driven and context appropriate and partners must demonstrate clearly that the quality of assistance provided is maintained and that the delivery of cash transfers supports our commitment to humanitarian principles.

Delivery of cash based assistance has two components:

- Component A: Delivery of the cash transfer, including financial service providers' fees, card issuance and other financial transaction costs.
- Component B: All other components such as beneficiary registration, where this needs to be included, beneficiary enrolment and or targeting, specific needs assessments, establishment and maintenance of a complaints/ appeals mechanism, monitoring and evaluation.

### *Efficiency:*

- ECHO expects partners to be able to clearly and systematically demonstrate that the transfer to beneficiaries is maximised as compared to the cost of delivery.
- ECHO expects an indicative efficiency ratio of at least 90:10 to be achieved for the delivery part of multi-purpose cash transfers (component A). Thus at least 90% of the value of a contract for this component will directly reach beneficiaries, in the form of cash.
- All other aspects – component B – could be the subject of an additional contract or contracts, as described below.
- Variations from these ratios will need to be duly justified and all costs clearly identified and explained.
- Partners should make every effort to seek higher ratios where possible.

***Effectiveness:***

- Cash transfers must respond to the most pressing needs of affected people meeting (or contributing to meeting) **all** of the needs that can be covered through a cash transfer. The cash transfer needs to be designed as a multi-purpose response.
- The way these needs have been established (and subsequently reflected through a minimum expenditure basket or alignment with national safety net) and the needs that are expected to be covered must be clearly specified.
- Cash should be delivered in a way that is convenient, familiar, flexible and simple, that enhances protection and upholds the safety, dignity and preferences of beneficiaries.
- In most cases impact should be prioritised over coverage. The value of the cash transfer should therefore be sufficient to guarantee this – the critical threshold necessary to ensure a reasonable impact needs to be reached in all cases.
- Targeting should ensure that the most vulnerable people receive assistance first. The contracting partner has the ultimate responsibility to ensure that this happens.
- The appropriateness of one-off or regular cash transfers should be clearly justified and should reflect a solid context, risk and needs analysis.

***Contracting arrangements:***

- ECHO will favour working with a single contracting partner for component A, signing a single contract.
- In most cases, this will mean one contract and one contracting partner per country or crisis.
- Likewise ECHO will favour working with a single contracting party for component B. These aspects could be the subject of a separate contract or contracts, preferably with a party that is not the one retained for the delivery of the cash transfers, in order to minimise potential conflicts of interest.
- While ECHO will favour working with a single contracting partner per component, it will encourage a multi-partner approach (e.g. a consortium with whom one contract is signed), particularly where this gives greater operational flexibility and demonstrates its efficiency.
- The relationship and responsibilities of partners working in a consortium need to be well defined and transparent, in particular with regard to reporting, case-load covered by each consortium member, etc.

***Accountability:***

- Accountability, transparency, independence and governance needs to be ensured to the highest standards.
- A robust and transparent monitoring and evaluation system should assess not only the efficiency of the transfer, but also its effectiveness, i.e. how beneficiaries are able to meet their needs with the cash transfer, both in terms of quantity and quality and to ensure that the programme is gender and protection sensitive. Accountability to affected populations, including appropriate referral, complaints and appeal mechanisms need to be assessed.

**Partnership approach:**

- ECHO is committed to working closely with its traditional partners, while avoiding over dependence on any one partner; however, ECHO is also open to exploring other partnerships, such as with the private sector and or multi-lateral development banks, academia where this is in the best interests of beneficiaries.

**One delivery system:**

- ECHO does not intend to fund different systems for the delivery of cash in response to the same crisis, unless duly justified by operational concerns (security, access, etc.). The key elements of a single delivery system should include:
  - Single registry of eligible beneficiaries, regularly verified and updated.
  - Single card or other similar delivery mechanism, delivering a standardised transfer value, through a single financial service provider and allowing top-ups by other agencies.
  - Single card with distinctive features that looks the same throughout the territory.
  - The transfer amount should be sufficient for the recipient to meet minimum basic needs as defined and agreed for every country/situation, taking into account other sources of income.

**A visible system:**

- The card/delivery mechanism should display a logo in accordance with ECHO's visibility requirements.

**Coordination:**

- Where ECHO is providing medium or large scale funding to deliver cash transfers, ECHO expects to engage with one system per country or crisis.
- ECHO expects partners to fully coordinate with all actors (other operational agencies, clusters, donors and, as appropriate, local authorities) on aspects other than delivery (assessment, targeting, monitoring and evaluation) and on those aspects which concern the delivery of in-kind or services in order to ensure the coherence and effectiveness of the overall response to beneficiaries.

**Exit strategy:**

- Cash assistance should, in so far as possible, and especially in protracted crises, dovetail with safety net and social protection systems, laying the basis for more durable solutions, with longer-term development efforts or government interventions taking over as soon as possible. In some cases it may be possible to work with national systems from the outset.

**Transparency:**

- ECHO expects a clear line of sight between its funding and that reaching beneficiaries.
- Partners must provide all necessary information on contracting arrangements entered into to deliver cash transfers
- The contracting partner needs to demonstrate how the *transfer:cost* ratio is to be assured.

***Involve beneficiaries, community representatives and private sector:***

- ECHO expects partners to involve beneficiaries, community representatives and the private sector at an early stage of the analysis, and during the development of potential responses options, in order to maximise impact.