



Highlights of the on-going **CaLP/UNHCR Review of the Common Cash Facility**

Since 2014, UNHCR has pioneered a collaborative approach for the delivery of cash known as the Common Cash Facility (CCF). The aim of the CCF is to provide humanitarian actors with direct and equal access to a financial service provider for cash transfer arrangements, which allows for full financial control of their funds. It was developed with the objective to identify an operable system to reduce potential tensions around the control of the cash delivery mechanism while increasing the focus on improving coordination, compliance, cost-efficiency, complementarity and predictability of cash assistance arrangements.

In 2016, UNHCR facilitated the use of the Common Cash Facility in Jordan. The CCF is used by nine partners (UN agencies, NGOs¹ and the Red Cross) to deliver more than 90 per cent of unconditional cash assistance provided to vulnerable refugee families in Jordan living outside camps. In 2016, the CCF delivered USD 118 million to some 40,000 vulnerable refugee families. It is based on an innovative public private partnership between the UN agencies, NGOs, the Cairo Amman Bank and the biometrics company IrisGuard.

The objective of this Review was to examine the CCF in Jordan and assess whether the concept of collaboration and open access to the financial sector adds value and could be applied more broadly to cash assistance across different contexts. The Review will generate learning and contribute to a dialog between humanitarian organizations, donors and the private sector on establishing globally applicable standards, or pre-requisites for cash delivery arrangements. The Review used a mixed-methods approach that included a secondary data review, a series of interviews, and a field mission to Jordan.

This Review was conducted to contribute to the Grand Bargain commitments on cash. It was commissioned by the Cash Learning Programme (CaLP) and the United Nations High Commissioner for Refugees (UNHCR). The report will outline recommendations and challenges with the CCF, as well as more quantitative data, and will be finalised and shared with the broader humanitarian community in mid-2017.

¹ UNHCR, UNICEF, the German Red Cross, World Relief Germany, World Vision, Medair, Première Urgence - Aide Médicale Internationale, Action contre la Faim and Nippon International Cooperation for Community Development

Key CCF Review Findings

The CCF provides a **secure, efficient and innovative cash transfer approach** that has enabled **predictable unconditional monthly cash payments** at scale to registered refugees. It has resulted in **improved efficiency, accountability and coordination of cash assistance activities** in Jordan and reduced duplication of partner efforts.

The principles of collaboration and coordination between agencies, and with the private sector, can be replicated elsewhere and adapted to other contexts and transfer mechanisms provided sufficient lead-time and planning. **Any agency or set of agencies** with sufficient capacity to manage the contract relationship and payment delivery oversight **could facilitate the creation and coordination of the CCF** with limited financial or legal barriers.

The maturity of the humanitarian response in Jordan has enabled UNHCR to facilitate **this private sector arrangement** under an umbrella contract, which **benefits the organisations operating at different scales and project durations on an equal basis. The approach is scalable** and there are limited technological payment constraints which would prevent **additional agencies** from **joining the CCF**.

Pre-Requisites of the Common Cash Facility as a Cash Transfer Approach

- A combined transaction volume across agencies that facilitates negotiation of low transaction rates with the financial service provider (FSP), bringing value for money.
- An unrestricted umbrella contract with the FSP which guarantees open access to payment services by all organisations at pre-negotiated low commission rates on an equal and direct basis (irrespective of project timeframes);
- An FSP that has capacity and provides full oversight of the respective resources and financial reporting;
- A contracting organisation acting as the facilitator and no additional management costs besides the direct costs paid to the FSP;
- A governance forum that defines standards, external and internal communication and ways of working, including with sector working groups or clusters;
- A project management team to plan and trouble-shoot the functioning of the system with the FSP on behalf of CCF members.

Learning relevant to humanitarian cash transfers and the CCF in Jordan

Effectiveness: The CCF serves as a collaborative model enabling the coordinated delivery of cash assistance under an umbrella FSP contract² to an agreed target group of registered beneficiaries

The umbrella contract approach enables agency access to the FSP on an equal and direct basis. Improving coordination, contracting under the CCF means that each participating agency signs its own agreement with the FSP and that the CCF is a private sector product. These contracts all “access” the same product, which is the public-private partnership payment contract. The payment management for all transactions is carried out by the FSP, which is the regulated entity using standardized agency generated KYC data, to achieve standards of compliance. The inter-agency payment system of the CCF functions well for a stable caseload, and provides large-scale multiple or single cash payments.

² There could be more than one CCF in a country; it is the standards that are essential.

Cost-effectiveness: The arrangement with the financial service provider offers the potential for record-low overhead costs and economies of scale

Pooling funds, i.e., procurement based on a collective volume, has helped humanitarian partners leverage lower fees for all partners. A negotiated tiered fee structure with the FSP has led to predictable low rates, which reduce to the lower tier as more agencies sign up with additional resources channelled through the payment system. While cost savings are dependent on increasing funding through the CCF, the bank fee rates achieved are competitively low, and have the potential to decrease with additional agency commitments.

Payment Coordination System: Coordinated payments systems ensure timely and predictable disbursements and monitoring, minimising duplication by agencies

Agency coordination of caseload payments by using one shared payment system has ensured timely and predictable payments and minimised duplication between agencies. The real-time transaction history enables agencies to monitor who is receiving cash and identify changes at household level on a monthly basis, whenever relevant. The system is also flexible, allowing for short-term and one-time payments, i.e., winterization activities. As a result, data on coverage and assistance levels are better captured than through voluntary reporting mechanisms.

Governance: Well-structured CCF partner coordination is essential with clear mechanisms for engagement with humanitarian partners

The CCF is jointly managed by a Steering Committee comprised of representatives from the participating organizations, with regular meetings to identify key activities linked to payment via the FSP. The CCF activities are reported to the basic needs working group in Jordan. A communication plan is important to ensure that member and non-member agencies understand the aims and parameters of the CCF coordination efforts, including how the Steering Committee feeds into other working groups.

Know-Your Customer Requirements: An efficient use of the CCF requires integration with a system that provides beneficiary data

A structured integration with a system that consolidates beneficiary data on those to be assisted, such as a governmental, UN-led or NGO-led registration beneficiary management system, is essential for achieving efficiencies through the CCF approach and help facilitate Know-Your Customer requirements. In Jordan, as it is a refugee response, all partners use the UNHCR registration number. Accordingly, the account management system underlying the CCF is based on the identities as recorded in the refugee registration system.

Costs: The CCF approach requires investment but has potential to lead to collective efficiencies

A collaborative platform like the CCF requires investment with an emphasis on nurturing the relationship with the FSP. UNHCR facilitated the development of the CCF in Jordan. This relationship requires on-going investment and oversight in terms of project management resources, ideally through a CCF member approach. The collective management costs decrease over time through the CCF. For example, UNICEF reports a significant reduction in human resource requirement for managing its assistance to 15,000 families since using the CCF in Jordan. Further efficiency gains are expected. The CCF members may wish to consider an overall inter-agency approach to cost-efficiency analysis, including agreeing on common cost drivers.

Participatory: The CCF enables real-time two-way communication with refugees to adjust payments to their needs

CCF members engage with beneficiaries via a unified hotline, which has improved their understanding of any significant change in the situation of the refugees. This has resulted in useful two-way communication and joint trouble-shooting leading to more effective ATM use by beneficiaries. However, time-sensitive action plans for addressing payment issues as they arise will better ensure that the financial service provider rapidly resolves withdrawal problems faced by the beneficiaries.

Expansion: The Common Cash Facility has the potential to grow and include more beneficiaries and partners

The CCF currently has nine agency members. The system is capable of scaling up to reach more registered refugees. UNHCR has led a proactive dissemination of the aims of the CCF approach with some non-member agencies. However, the CCF members are recommended to consider an engagement strategy on how to adapt or expand the membership of the CCF, including promoting the operational gains of the CCF. UNHCR should ensure that all UN agencies involved in the provision of cash transfers, particularly to the same caseload, are part of the system.

Innovation: The CCF is innovative and draws on technology to make payments through the use of secure biometric authentication

In Jordan, the CCF draws on an innovative public private partnership with the biometrics company IrisGuard. Refugees withdraw cash from ATMs using iris scanning without the need for a card or PIN. The ATM authenticates the beneficiaries by linking to UNHCR's secure biometric registration data of refugees through an encrypted network connection known as EyeCloud.³ Leveraging the use of such authentication as a pre-existing technology in Jordan has helped create a conducive payment environment, leading to greater collaboration amongst humanitarian agencies wishing to benefit from this technology and make secure cash transfers under the CCF. Some agencies are interested in better exploring ways by which the CCF might increase efficiencies through the use of this technology.

Way Forward for Jordan:

The review found that the CCF as used in Jordan is providing efficient monthly cash transfer payments. Areas to consider in strengthening the CCF include:

Consider an inter-agency procurement process to inform a multi-point payment solution

In line with a planned CCF retendering process, UNHCR may consider establishing an inter-agency procurement process to determine operational specifications requirements for a multi-point payment solution. This could perhaps include a larger ATM network (using multiple banks) or having an option to use ATM cards in shops as well as ATM points. This collaboration should include at least the agencies with the largest cash transfer caseloads.

Engage partners through a CCF communication and partner engagement strategy

Such strategy could determine if other agencies could join the CCF and what their requirements may be. CCF members may then pursue further opportunities to negotiate lower fees. This would include a discussion on different targeting approaches and a strong understanding of the ways in which the CCF could help promote alignment and complementarity of approaches.

Conclusion

The CCF experience in Jordan has demonstrated the feasibility of a collective arrangement for cash delivery that benefits a range of agencies with reduced transfer fees while ensuring timely, efficient and secure payments to the beneficiaries. The CCF provides key learning on how such arrangements can be enacted by any organisation while allowing the private sector to find innovative solutions that are responsive in a humanitarian context.

This Review is an important contribution to the Grand Bargain commitment of documenting good practice and tools and may inform the establishment of future cash transfer arrangements. Its findings will feed into a dialogue on global humanitarian requirements and standards for financial service provision of cash assistance.

³ This is unlikely to be replicable in all other contexts due to technological advancements available in Jordan, although alternate payment solutions are available in other contexts.