



REVIEW OF THE COMMON CASH FACILITY APPROACH IN JORDAN

HEIDI GILERT AND LOIS AUSTIN

REVIEW OF THE COMMON CASH FACILITY APPROACH IN JORDAN

October 2017

Review Team

Heidi Gilert: Lead Reviewer

Lois Austin: Technical Specialist

Cover photo credit: Jordan/UNHCR/M.Hawari/February 2016

EXECUTIVE SUMMARY

The United Nations High Commissioner for Refugees (UNHCR) in Jordan has pioneered a collaborative, multi-stakeholder approach to 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 common financial service provider. UNHCR started the first full scale-use of the CCF in Jordan in 2016, with the objective of testing the underpinning goals of such an arrangement in a large-scale cash operation.

Ten humanitarian organizations currently use the CCF (two UN and eight other humanitarian agencies). In 2016, the CCF in Jordan delivered a total of US\$118m to some 40,000 refugee families; this represented more than 90% of the cash assistance provided to Jordan's most vulnerable refugees living outside camps. The CCF uses a public-private partnership approach, contracting with a financial service provider (currently the Cairo Amman Bank), which provides transparent and equal services to all agencies under the CCF Agreement.

The financial service provider acts as platform manager, with costs paid to it directly by member agencies in proportion to the services received. This arrangement ensures that each organization maintains a separate and direct relationship with the bank, upholding financial integrity and accountability. The combined strength of partners within the CCF has allowed it to negotiate record-low banking rates and premium services. No fees other than the bank fees are associated with CCF membership.

The CCF draws on UNHCR's registration base, which in Jordan involves the use of a biometric registration system that was already in place before the CCF and used by all agencies for beneficiary caseload identification and management.

This review was commissioned by UNHCR and the Cash Learning Partnership (CaLP) to examine the principles by which the CCF was devised and to contribute to the Grand Bargain commitments on cash. More specifically, the review's objective was to examine the CCF in Jordan and assess whether the concept of collaboration and open access to the financial sector could be applied more broadly to cash-based assistance across different contexts. The review team used a mixed-methodological approach to collect data, including a desk review of key documentation, a country visit, and semi-structured interviews with key informants, including refugee families. The team also made use of the CaLP inter-agency review of collaborative models¹ to help inform key areas of review and data analysis.

HOW THE COMMON CASH FACILITY FUNCTIONS

The CCF is a system for delivering cash-based assistance. It allows for the delivery of funds by a number of humanitarian organizations without requiring each organization to set up its own procurement arrangements, open separate beneficiary accounts or distribute different ATM cards to beneficiaries. All agencies participating in the CCF benefit from the same terms and conditions, and beneficiaries access their cash using a biometric iris-scanning system installed at bank ATMs. The CCF offers economies of scale and cost advantages: the more agencies that join, the lower the bank fees.

All partners joining the CCF can transfer cash assistance on an equal and direct basis, under the same terms and conditions, and at the same low overheads, with no entry or exit barriers. This means that a small NGO processing a one-off payment for a limited number of refugees would benefit from the same low fees as a large agency delivering monthly cash assistance to thousands of refugees.

The CCF is jointly managed by a Steering Committee which includes representatives of all participating organizations and maintains oversight of the overall implementation. UNHCR manages the contract with the bank.

¹ *A Review of Inter-Agency Collaboration for CTP Delivery, CaLP, 2017.*

KEY FINDINGS

This review concluded that the CCF provides a secure, efficient and innovative cash transfer approach that has enabled predictable cash payments at scale to refugees, while accommodating multiple organizations' cash transfer programmes. It has reduced costs and duplication, and has resulted in improved efficiency, accountability and coordination of cash assistance activities. The model can be replicated in various contexts and for other transfer mechanisms. The key findings of the review are summarized below.

KEY FINDING 1:

Coordination of beneficiary caseload payments helps to minimize potential duplication between participating agencies. The real-time transaction history from the ATM and bank enables agencies to monitor who is receiving cash and to identify changes at household level on a monthly basis, supporting real-time follow-up and trend analysis. There is room to strengthen integrated monitoring systems to improve analysis.

KEY FINDING 2:

The CCF in Jordan provides a secure, efficient and innovative cash transfer approach that has enabled cash payments at scale to registered refugees. It has resulted in improved efficiency, accountability and coordination of cash assistance activities by CCF members in Jordan. Bank transfer fees have reduced from 2.5-5% to 1.67%, and participating agencies report reduced human resource requirements to assist beneficiaries.

KEY FINDING 3:

A tiered fee structure negotiated with the financial service provider has led to predictable commission rates. The lower fee rate is achieved once additional CCF members pool resources through the facility. The rates are competitive, and agencies believe that further cost savings could be negotiated and achieved through increased coordination and planning on anticipated future use of the CCF. Further consideration is required to determine the extent to which the collective negotiating power of the main cash delivery agencies would further drive down costs across the full range of financial service providers in Jordan.

KEY FINDING 4:

The inter-agency payment system of the CCF functions well for a stable caseload and provides large-scale multiple or single cash payments. It can also accommodate one-off interventions, such as cash payments for winterization, urgent cash or cash for health. The CCF can also be used for Jordanian beneficiaries through ATM prepaid card services. The banking model is not currently transferable to camp settings due to security considerations, or to non-registered refugees in Jordan due to legal and subsequent compliance requirements. It could be expanded to other population groups in other contexts, provided that a reliable beneficiary database is set up and maintained by one or more of the participating organizations.

KEY FINDING 5:

UNHCR's ability to facilitate this private sector arrangement under an umbrella contract, which benefits organizations operating at different scales and project durations on an equal basis, means that agencies providing one-off payments or short-term projects enjoy the same advantages as the large UN programmes. Capitalizing on the pre-existing use of UNHCR registration biometrics, the approach is scalable with limited technological payment constraints, with direct account management through the bank. The key factors enabling and hindering humanitarian agency use of the CCF include the following:

Supporting factors

- Umbrella contract enabling non-binding use of pre-established FSP to make individual or multiple payments, benefitting from low fee rates.
- Simplification of agency procurement process.
- Established database of beneficiary population enabled time-efficient cash payment at scale
- Predictability of tried and tested system.
- Use of biometrics

Hindering factors

- Persons without a valid asylum seeker certificate cannot not be included due to governmental regulations.
- Continued separate agency assistance approaches.
- Limited understanding among non-members of overall operational gains for agencies and beneficiaries.

KEY FINDING 6:

The payment functionalities of the CCF could be transferrable to the government to make social payment transfers. Broader work has been undertaken by international humanitarian and development actors to generate learning in this area. The opportunities and limitations to work on a collaborative social payment system are outside the parameters of this review.

KEY FINDING 7:

The CCF has the potential to grow and could potentially be extended to all registered and unregistered persons, provided this is acceptable to the regulatory authorities and that source data for assistance is available. This would require an engagement strategy on how to adapt or expand the membership of the CCF, which would include promoting the CCF operational gains to non-members.

KEY FINDING 8:

Efficient use of the CCF requires integration with a system that provides population data and supports 'Know Your Customer' requirements. This would be a prerequisite for other contexts, including non-refugee operations.

KEY FINDING 9:

Whilst the CCF has facilitated collaboration among its members to provide cash payments under the umbrella contract, it is not necessarily (nor was it set up to be) a mechanism that contributes to coordination more broadly. Contribution to coordination is predominantly via the Basic Needs Working Group, with potential for other sectors to increase their engagement with the CCF.

KEY FINDING 10:

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 there is 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 CCF with limited financial or legal barriers. The factors enabling and hindering coordination and collaboration in Jordan, as identified in this review, include:

Supporting factors

- Establishment of a Steering Committee to maintain oversight of implementation.
- Production of a manual to ensure common understanding of the system.
- Ability of all members to transfer cash assistance on an equal and direct basis, regardless of size.
- Facilitation of inter-agency input into tools and guidance procedures.

Hindering factors

- A need to strengthen the overarching strategy which outlines aims and targets to strengthen effective delivery amongst CCF members and contribute to sector working groups.
- A need to strengthen knowledge about the CCF among non-members across operational agencies and different sectors.
- Inability of the system to reach all humanitarian beneficiary caseloads (in Jordan).

KEY FINDING 11:

Well-structured inter-agency governance, with clear mechanisms for engagement with humanitarian partners and the financial service provider, is essential. This arrangement should include oversight of member agency funding and payment volumes to the bank for coordination purposes, irrespective of the bank independently managing transaction reporting. A communication plan should ensure that member and non-member agencies are aware of the aims and parameters of the CCF coordination efforts, including how the Steering Committee feeds into other working groups.

4 CONCLUSIONS

The CCF has been in operation for a relatively short period, yet agencies find it is bringing efficiency gains and is helping with real-time financial accounting. Inter-agency agreement to monitor ways in which gains are being made will help CCF members to communicate this more broadly. As the UNHCR continues to manage the contract and relationship with the FSP, agencies still perceive that this is largely a UN-led initiative. There may be opportunities for other agencies to step into this management function. In the case of Jordan, this might be considered less relevant unless there is agreement on how linkages between other UNHCR-led supporting systems essential to the accuracy of the CCF (such as the registration database and verification exercises) could be maintained.

UNHCR PDMs report high levels of user satisfaction regarding access to cash transfers via biometric authentication, although the interviews found that there is an ongoing need to address access constraints. This area requires ongoing monitoring. It is critical to have a representative management group that prioritizes and ensures follow-up by the FSP on time-sensitive access problems, to reduce confusion and access problems among the beneficiaries.

In the Jordan context, leveraging the pre-existing use of biometric authentication has helped ensure greater access to safe and accountable assistance delivered through FSPs to registered refugees. This has been a key component in motivating humanitarian agencies and donors to join or support the CCF. This is particularly the case because the technological advancements help drive accurate and accountable payments through a time-efficient system, once established and tested. Inter-agency access to and use of a strong registration system has also played a critical role. The system can flex to one-time or multiple payments. It is open to all agencies through a non-binding agreement on the basis that they register with the bank to use an accountable and safe system using iris authentication. Use of biometrics is not a prerequisite for the use of CCF elsewhere.

In the case of Jordan as a refugee response, the legal framework of the host country presents a key limitation to expanding the CCF membership to assist non-certified beneficiaries. This is a complex legal issue, and one requiring further discussion by agencies to determine whether there is any possibility to work more broadly as part of the CCF, or any advantage in doing so. If other agencies do not feel that the system is appropriate in places where there is a high likelihood of similar targeting limitations, this will have implications for the extent to which the CCF could be replicated in other refugee contexts.

Two of the three main UN agencies providing cash transfers are part of the CCF. WFP, the non-participating agency, currently delivers its assistance using vouchers and has opted not to join the CCF. The initial procurement requirements for the CCF in Jordan were for cash as the only modality. WFP found it difficult in 2015 to use the procured service provision for its electronic vouchers. However, additional modalities have been offered by the FSP to be incorporated into the CCF. This was done in mid-2016 in response to an RFP issued by WFP. This analysis confirms that for the CCF to work for all, it is important to systematically map and include all service and population requirements of interested partners from the start to ensure resulting procurement works for all.

There is an opportunity to increase the linkages between the CCF and the GoJ's social protection programmes. To date, the GoJ engagement with the CCF has been limited to the use of the payment system, but it could be extended to coordination of targeting approaches. All CCF members are working closely with related ministries, including on social protection and this could be extended to targeting approaches. A wide range of work has been undertaken in this area with all large agencies engaged in cash transfers in Jordan. Additional studies are also currently underway. The key opportunity for all agencies is to determine the extent to which the GoJ and agencies can agree on and access the best accountable components of the CCF payment system to absorb vulnerable caseloads (beyond the registered refugees).

CCF agencies should also **improve outcome reporting to measure effectiveness, and track collective organizational cost-efficiency gains.**

The following characteristics of the CCF, driven by good practice and coordination efforts, are replicable in other contexts:

- The development of a common cash payment system which has open and non-binding access, reducing individual agency procurement processes.
- The agreement of reduced fees for using an FSP which benefits all agencies on the principle of increased gains with more pooled funding.
- Greater accountability and real-time monitoring made possible through the use of technological innovations.
- Management of the FSP relationship.
- Negotiation of KYC compliance and project management tools, including inter-agency access to the portal, once tested.



The Cash Learning Partnership

The United Nations High Commissioner for Refugees (UNHCR) in Jordan has pioneered a collaborative, multi-stakeholder approach to 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 common financial service provider. UNHCR started the first full scale-use of the CCF in Jordan in 2016. This review was commissioned by UNHCR and the Cash Learning Partnership (CaLP) to examine whether the CCF delivers against its objectives as well as whether the concept of collaboration and open access to a single financial service provider could be applied more broadly to cash-based assistance across different contexts.

This review concluded that the CCF provides a secure, efficient and innovative cash transfer approach that has enabled predictable cash payments at scale to refugees, while accommodating multiple organizations' cash transfer programmes. It has reduced costs and duplication, and has resulted in improved efficiency, accountability and coordination of cash assistance activities. The model can be replicated in various contexts and for other transfer mechanisms.

