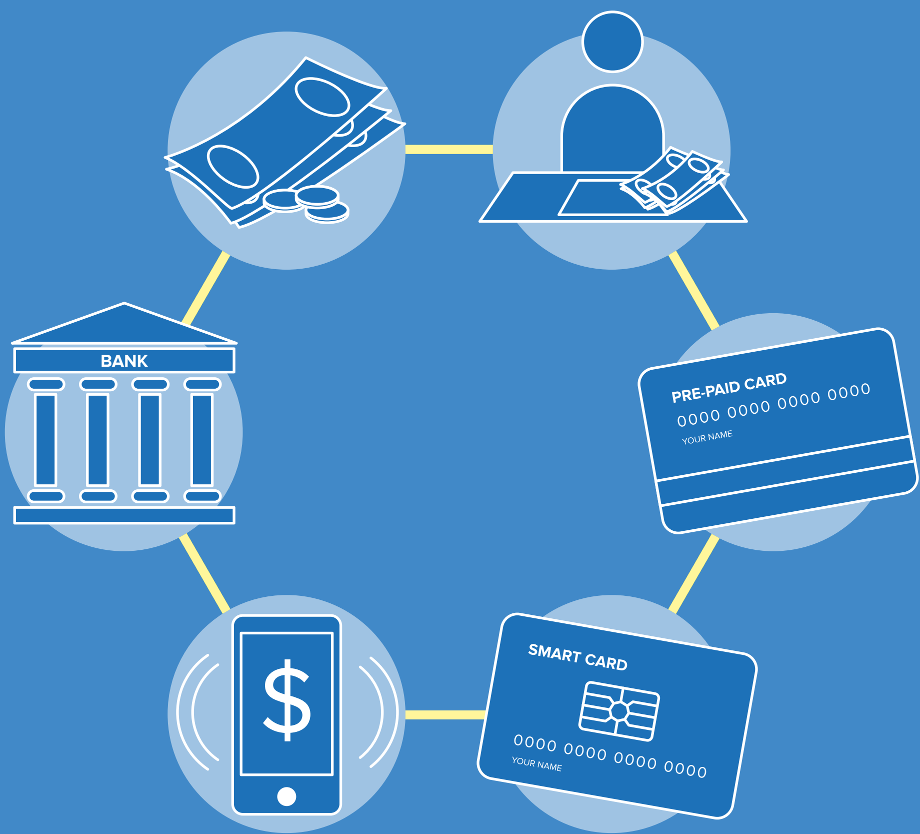
Cash Delivery Mechanism Assessment Tool



This tool was developed by UNHCR for use by the broader humanitarian community

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* In order to access the **Assessment Scoring** mechanism (MS Excel file) that is attached within the PDF file, please note that the CDMAT must be downloaded to your computer and then opened in Acrobat Reader.

For feedback or questions, please contact the UNHCR CBI Section: hqcash@unhcr.org

Glossary & Acronyms

Agent	A person, organisation or institution that provides a cash collection/distribution service.
ATM - Automatic Teller Machine	A computerised device that allows clients of a financial institution to perform financial transactions without the need for a cashier.
Bank account	Financial account opened for a bank customer. The account can be used to make financial transactions, i.e. payments or deposits, and the transactions will be reported on the bank statement.
BCP - Business continuity plan	The retention and recovery systems that allow a business to continue/resume operations following a major disruptive event. Typically, mobile operators set minimum recovery times for messaging, internet, call and other services ranging from 8 to 24 hours. National prudential regulations generally provide mitigation measures against banks business failure.
Bulk payment	Simultaneous multiple payments to different recipients emanating from a single entity, e.g. from UNHCR to all refugees.
CDM - Cash Delivery Mechanism	A service that allows users to carry out various financial transactions such as cash withdrawal, payments, cash deposit, etc., depending on its complexity.
CDMAT - Cash Delivery Mechanism Assessment Tool	Tool developed by UNHCR to enable field operations to assess the adequacy of various cash delivery mechanisms to meet programme needs.
Direct cash payment	Cash handed out directly to recipients by an organization or an implementing partner.
KYC - Know-Your-Customer	This is part of the customer due diligence performed by regulated financial service providers, which are required by law to verify the identity of all their clients as mitigation against money laundering and terrorism financing (AML/CFT).
Liquidity	Cash on hand in the till or at the bank of an agent that enables the agent to meet the cash withdrawal requirement of beneficiaries of the cash transfers.
Mobile phone access	Ability to use freely a phone that is owned by oneself or a relative. In some contexts, obstacles exist to prevent access to women and other vulnerable groups to mobile phones. This is to be distinguished from mobile phone ownership.
Mobile phone ownership	Possession of a mobile phone. In some contexts, obstacles exist to prevent mobile phone ownership by women and other vulnerable groups and/or their ability to use it. This is to be distinguished from mobile phone access.
MFI - Microfinance institution	Provider of pro-poor financial services such micro-credit, microinsurance, etc. targeted at clients generally underserved by the banking sector.
MNO - Mobile network operator	A service provider that offers mobile network coverage and related products and services.
MTA - Money transfer agent	Organisations or institutions that provide a cash collection service. They do not require an account and can include post offices, Western Union, hawalas, etc.
Mobile money	Encrypted code that can be cashed at various retail or other outlets, used for cash grants and vouchers. Requires mobile network connection for transaction completion.
OTC - Over-the-counter / delivery through agents	Cash delivered to recipients through a formal or informal institution that acts as an intermediary. Does not require recipients to hold an account.
PoC - Persons of Concern	UNHCR's population of concern is composed of various groups of people including refugees, asylum-seekers, internally displaced persons (IDPs) protected/assisted by UNHCR, stateless persons and returnees (returned refugees and IDPs).
POS - Point of Sale terminal	A computerised system which allows the completion of payment transactions.
Pre-paid card	Plastic card usable at cash machines (automated teller machines or ATMs), used for cash grants and vouchers. Can be swiped at point-of-sale devices. Always requires network connection for transaction authentication.
Smart card	Plastic card with a chip, valid with point-of-sale devices and ATMs, used for cash grants and store purchases. Can provide offline transaction authentication when network connectivity is off.

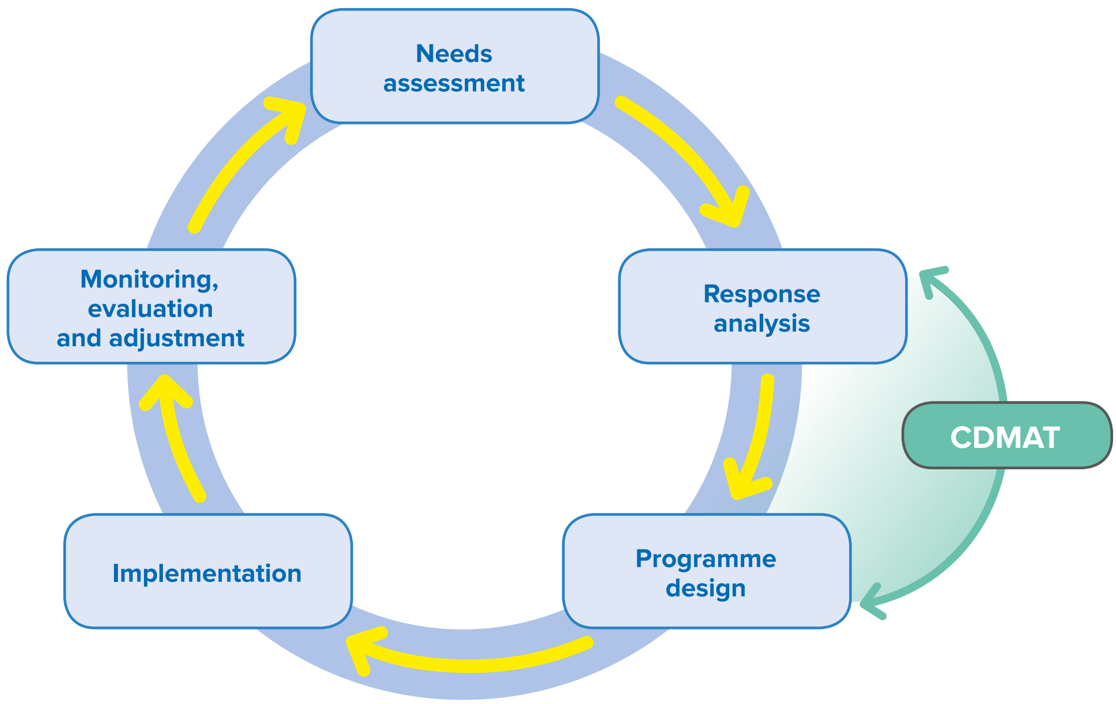
1. Introduction

In line with its commitment to institutionalise the use of Cash-Based Interventions (CBIs), the office of the United Nations High Commissioner for Refugees (UNHCR) released the **Operational Guidance for Cash-Based Interventions in Displacement Settings** ("the Guidelines") dated 4 February 2015, to guide the set-up and implementation of CBIs.

Recognising the need to complement the Guidelines with practical tools that can be used by field practitioners, UNHCR developed a **Cash Delivery Mechanism Assessment Tool (CDMAT)** in 2016 to help field teams to assess the adequacy of various cash delivery mechanisms to meet programme needs. The tool is available to all partners, including United Nations (UN) agencies, Non-Governmental Organisations (NGOs), development actors and civil society, which can adapt it for their own use.

The CDMAT is intended for use at the **response analysis** stage of the programme cycle, when a multisectoral team is tasked with assessing the range of cash delivery mechanisms available to determine whether or not cash is a viable programming option, as well as during the **programme planning** phase, when a more detailed assessment of the cash delivery options is required, as shown in the figure below. The CDMAT can also be used as part of CBI preparedness activities.

Please note that the CDMAT does not cover vouchers, or any new arrangements on implementing CBIs, such as customised solutions, joint delivery mechanisms with partners, unique funding modalities, etc.



1. Introduction

The CDMAT analyses the six cash delivery mechanisms (CDMs) identified in the Guidelines. They are:

Category	Description	Possible provider
Direct cash payment	Cash handed out directly to recipients by the implementing organization.	Implementing organization/ partner
Delivery through an agent/ Over-the-counter (OTC)	Cash delivered to recipients through a formal or informal institution that acts as an intermediary. Does not require recipients to hold an account.	Money transfer agents, post offices, traders, microfinance institutions, banks
Pre-paid card	Plastic card usable at cash machines (automated teller machines or ATMs), used for cash grants and vouchers. Can be swiped at point-of-sale devices. Always requires network connection for transaction authentication.	Banks, non-bank financial service providers, microfinance institutions, post office
Smart card	Plastic card with a chip, valid with point-of-sale devices and ATMs, used for cash grants and store purchases. Can provide offline transaction authentication when network connectivity is off.	Banks, non-bank financial service providers, post office
Mobile money	Encrypted code that can be cashed at various retail or other outlets, used for cash grants and vouchers. Requires mobile network connection for transaction completion.	Mobile network operator (MNO), Banks
Bank account	Personal bank accounts or sub-bank accounts that are used to deposit cash grants. Requires recipients to have formal identification (ID) documents and often formal residence status.	Banks

N.B. Biometrics are not considered here because they are generally provided in association or replacement of one of the 6 CDMs presented above.

How to use the CDMAT

The CDMAT was designed to be a **companion to the Guidelines** with a specific focus on assessing the appropriateness of a CDM for a given cash-based intervention. However, it can also align with the operational guidance for cash developed and practiced by other organizations.

The Guidelines recommend that the planning, design and implementation of CBIs be managed by a team composed of staff from different functional areas to bring not only the required expertise into the assessment but also to ensure appropriate ownership of the programme at the country level.

Structure of the CDMAT

The CDMAT follows the programme cycle and begins with a review of the **response analysis** phase as described in the Guidelines. It presents a “high-level” decision making tree that outlines an initial framework to consider CDMs. During the **programme planning** and design phase, the process of assessing CDMs and selecting a financial service provider is detailed. Then, for each CDM, an individual decision tree is proposed. Each **CDM decision tree** gives an initial understanding of the basic elements that determine the suitability of a given CDM. Next, an **assessment checklist** and a series of tools are provided with the key areas to be investigated in detail to support the final decision-making on the appropriateness of the chosen CDM.

Finally, following an interview conducted with a potential service provider, a built-in **assessment scoring** (see linked spreadsheet) mechanism renders the “verdict” of the assessment, where the possible results are **“Definite Yes”**, **“Definite No”** and **“Yes, conditional on a more in-depth assessment”**. In addition, a glossary, references and recommended reading are included.

2. Response Analysis

Section 3 of the Guidelines describes the ways to analyse the different response options and choose the best combination, which eventually may or may not include a cash-based intervention, as shown below.

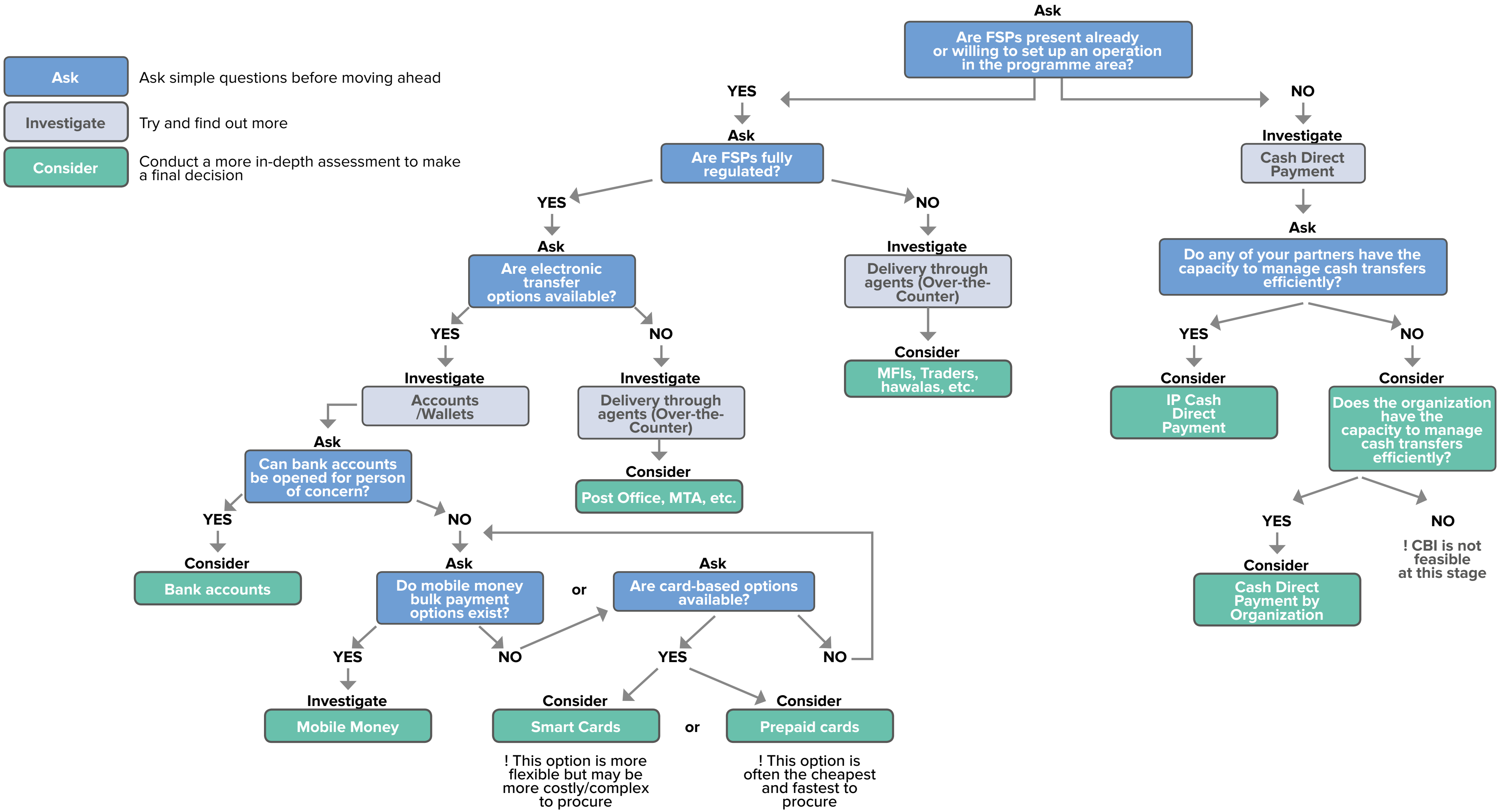
The CDMAT can be used by teams in the field at any time during step 3.4 “analyse delivery options”.

Step	Action
Step 3. Analyse the different response options and choose the best combination	Based on the goods and services needed by the target group, what are the markets that need to be assessed?
3.1 Analyse market capacity	Does existing market data indicate that markets should be able to respond to an increase in demand? Is the anticipated increase in demand less than 10% in rural areas and 25% in urban areas?
	If not, then an in-depth market assessment is necessary. Organise necessary expertise. The market assessment should include the various options to support supply if necessary.
3.2 Analyse potential protection risks and benefits	What are the potential risks and benefits of using CBIs (individual, household and community dynamics; insecurity; fraud or diversion; data protection; etc.) compared with alternatives? If there are no alternatives, how do the risks of using CBIs compare to doing nothing at all? Consult persons of concern (PoC) using an Age, Gender and Diversity (AGD) approach.
	Are these risks manageable? How can programme design maximise benefits and minimise risks?
3.3 Analyse political feasibility	What are the views of the host government and donors on CBIs? If they are reluctant, can you involve them in the response analysis or feasibility study? How can their concerns be integrated into programme design?
3.4 Analyse delivery options	What are the possible delivery options, including delivery options used by national social protection programmes? Which delivery options will address the protection concerns raised during the assessment? Who are the financial service providers and what is their potential coverage? If the private sector will be involved, is a data protection impact assessment (DPIA)* necessary?
3.5 Analyse cost-efficiency and cost-effectiveness	Can you demonstrate the potential cost-savings of using alternative response options? If the preferred option is not the most cost-efficient, what is the justification for increased costs?
3.6 Analyse skills and capacity	What are the potential partnership and implementation scenarios? What additional capacity is needed? Where and how quickly can you find it?
3.7 Analyse the appropriateness of use and eligibility conditions	Is it necessary to impose conditions to reach objectives? Are the necessary technical assistance, goods and services available in appropriate quantity and quality to attach conditions to the use of or eligibility for CBIs? Who will provide the necessary services (health/education) or technical assistance (water, sanitation and hygiene (WASH)/shelter) or goods (food, non-food items (NFIs), other materials)?
3.8 Bringing it all together: choosing the best transfer modality or combination	What are the criteria upon which you will make your decision? Can you demonstrate the relative strengths and weaknesses vis-a-vis these criteria of the different response options and use evidence to justify the preferred option? If there are assumptions being made, build these into monitoring systems.

* for more informartion on DPIA, please see the **Policy on the Protection of Personal Data of Persons of Concern to UNHCR**, available at: http://www.refworld.org/pdfid/55643c1d4.pdf

2. Response Analysis

This high-level decision making tree provides an **initial framework for considering CDMs,** by asking the most fundamental questions to help guide a more detailed assessment in the programme planning phase. Then, for each CDM, a more detailed decision tree is provided. As a general rule, it is best to prioritise **working with formal/regulated financial service providers (FSPs)** when the context allows. To weigh out one CDM against another without conducting a full assessment, the first elements to consider should include the concerns of the affected population such as familiarity/past experience and acceptance of that particular CDM. Then other elements that could support **safe and easy roll out of the service** in the programme area, such as any perceived risks, the geographical outreach of the service, etc. should be factored in.



3. Programme Design

Section 4 of the Guidelines describes the planning, design and implementation process for cash-based interventions as shown below.

At this stage, the CDMAT can be used during step 4.2 “decide on the delivery mechanism”.

Step	Action
Step 4. Plan, design and implement the response	Complete the Standard Operating Procedures (SOP) template
4.1 Refine objectives	Refine your objectives based on the most appropriate and feasible response option. Decide if a multipurpose grant or a common programme with partners is appropriate and feasible. Decide budget allocations and how this fits in to results-based management tools based on objectives.
4.2 Decide on the delivery mechanism	Conduct further feasibility studies if necessary to establish the best delivery mechanism. Decide Requests for Proposals (RFP), tendering and decision-making protocols. Be sure to involve appropriate HQ divisions (finance, procurement, legal, programme, etc.) early in the process to avoid later delays. Contracts should include clear roles and responsibilities of both the organization and the financial services provider (FSP). Conduct a privacy impact assessment if necessary. Ensure that a data protection code of conduct is integrated into contracts with service providers and partners.
4.3 Develop a targeting strategy	Define clear targeting criteria and strategies for identification and verification of persons of concern. If a common programme approach is taken, do this in partnership.
4.4 Decide how much to give and when to give it	Define transfer amount and how it is determined (family size, regional disparities in minimum expenditures, etc.) based on objectives. If a common programme approach is taken, rationalise CBIs in light of other forms and sources of assistance.
4.5 Determine cash flows	Collaborate with the finance team to determine and forecast cash flows, bank account requirements and timing of transfers, authorisation limits, and division of responsibilities to ensure accountability.
4.6 Develop a protection, operations and financial risk mitigation strategy	Ensure that mitigation strategies are incorporated into programme design, that responsibilities are delegated, and that monitoring and accountability frameworks reflect primary risk-related concerns.
4.7 Ensure the participation of the target population	Capture the preferences of the target population in programme design as much as feasible.
4.8 Develop a communication and information strategy	Decide the communications strategy, including who requires what information, the best method for reaching the intended audience, and frequency of contact. Consult recipients. Delegate responsibilities. Monitor effectiveness.
4.9 Where necessary, advocate for the most appropriate response	If response analysis and feasibility studies demonstrate that CBIs, or a combination of in-kind support and CBIs, are the most appropriate and feasible response, yet the host government and donors are still hesitant to support them, what is your advocacy strategy? What are your key messages to respond to their concerns? What is your partnership approach to increase collective bargaining power?
4.10 Develop an entry and exit strategy	What is the entry strategy? Is it a phased approach, geographically targeted, etc.? Has this been effectively communicated to stakeholders? What is the exit strategy? Does the monitoring system collect information (benchmarks) to inform decision-making for expansion or contraction of the programme? What is the exit strategy?
4.11 Implement	Refer to the SOP template. Develop shared SOPs where necessary. Is it clear who will do what, when, and how? Is the role of protection partners clear? How frequently do you plan to review the process and outcomes? How does this correlate with the collection and availability of data to inform real-time learning?

Process

The decision on what cash delivery mechanism to use is influenced by the **objectives of the programme**, the **financial landscape of the country** including regulation and the **adequacy of commercial offerings for financial services**, as shown below.

1. Define programme objectives and implementation conditions
- Duration, number of PoCs, geography, frequency of payments, etc.
- Protection risk analysis

2. Understand the financial environment of the country
- Density of infrastructure
- Financial behaviour
- Regulatory considerations

3. Assess the commercial offerings of financial service providers
- Available cash transfer options
- Registration requirements
- PoC preferences

4. Evaluate options against each other and choose
- Decision tree
- Assessment criteria
- Protection considerations

5. Select a financial service provider
- Capacity
- Ability to meet the organisation's and PoCs' requirements

1. Define programme objectives and implementation conditions

When determining if a CBI is a suitable response option, the first step is to lay out the **programme** objectives in detail including its theory of change to understand **the role cash transfers are intended to play in realising these objectives**. Indeed, implementation modalities will differ if a programme is intended to provide community-based cash grants with protection objectives or basic needs to individuals for instance.

Similarly, whilst considerations such as number of persons of concern, intended frequency of payments, duration of the intervention, etc. will have an obvious impact on cost, the geographical location of the programme may put conditions on the feasibility of the intervention based on the presence of the required infrastructure and payment systems. Other operational concerns such as available staffing and budget are additional determining factors.

Finally, the importance of analysing the **potential protection risks of CBIs** cannot be understated.

2. Understand the financial environment of the country

A basic understanding of the financial landscape of the country of operation is necessary, so as to be in a better position to assess the various commercial options on offer. Information on the density of national financial infrastructure is also useful to determine the financial behaviours of the population in the country. This helps anticipate what challenges persons of concern may face in using a given CDM. Investigating what CDMs are used by social protection programmes if they exist in the country is also good practice.

Understanding the **regulatory framework** applicable to the country of operation, and whether there are active plans to foster financial inclusion, are key concerns when determining the feasibility of a CBI as the financial regulator (often the Central Bank) sets what payment scenarios or "use-case" are permitted in the country, at what scale and for what population groups.

3. Assess the commercial offerings of service providers

This stage is concerned with making an inventory of the commercial options on offer. This inventory must be thorough, not necessarily in terms of exhaustively identifying all existing financial services in a given market but in asserting the extent to which these services can be used by an organisation to serve multiple people at the same time (bulk payments) and how easily existing products can be modified to meet programme needs. In some countries for instance, a bank that provides prepaid cards may require an additional licence from the Central Bank to offer smart cards. Similarly, collecting precise information on registration requirements is important in order to meet Know-Your-Customer requirements in the eyes of the financial regulator.

It is also sometimes useful to benchmark the general financial landscape assessment mentioned above against financial behaviour in the persons of concern' area or country of origin to capture user preferences. In doing so, programmes may be designed building on existing financial habits of persons of concern and will be easier to implement. For example, mobile money transfers would be well suited to populations where mobile money is prevalent in their area or country of origin, but introducing them to, say, a card-based option would not be as efficient, when both CDMs are available in the country of operation.

4. Evaluate options against each other

It is likely that a number of alternatives must be weighed against one another. For each option, the CDMAT endeavours to provide a decision tree and a series of assessment criteria.

However, these tools must be used with **flexibility and adapted based on the context**. User preferences as mentioned above and safe access should be key criteria. Whenever possible, alternative CDMs should be identified and it should be made possible to change the delivery mechanism, if needed.

5. Select a financial service provider

What should influence the choice of service provider is their capacity to meet programme needs in a given context using a cash delivery mechanism that is cost efficient, provides the right security and controls that can be easy to use for both the organization and its persons of concern.

It should also be emphasised that before contracting third parties, carrying out a Data Protection Impact Assessment may be required. In this respect, the **Policy on the Protection of Personal Data of Persons of Concern to UNHCR** provides specific recommendations:

4.5.1 When elaborating new systems, projects or policies or before entering into data transfer arrangements with Implementing Partners or third parties which may negatively impact on the protection of personal data of persons of concern, UNHCR needs to carry out a Data Protection Impact Assessment (DPIA). A DPIA is required where the collection and processing or transfer of personal data is likely to be large, repeated or structural (i.e. where data is shared with an Implementing Partner or third party over a certain period of time).

4.5.2 A DPIA would contain a general description of the envisaged system, project, policy or data sharing arrangement involving processing of personal data, an analysis of the risks to the rights of data subjects by virtue of the circumstances and the nature of the personal data processed, the safeguards, security and other measures in place or proposed to ensure the compliance with this Policy.

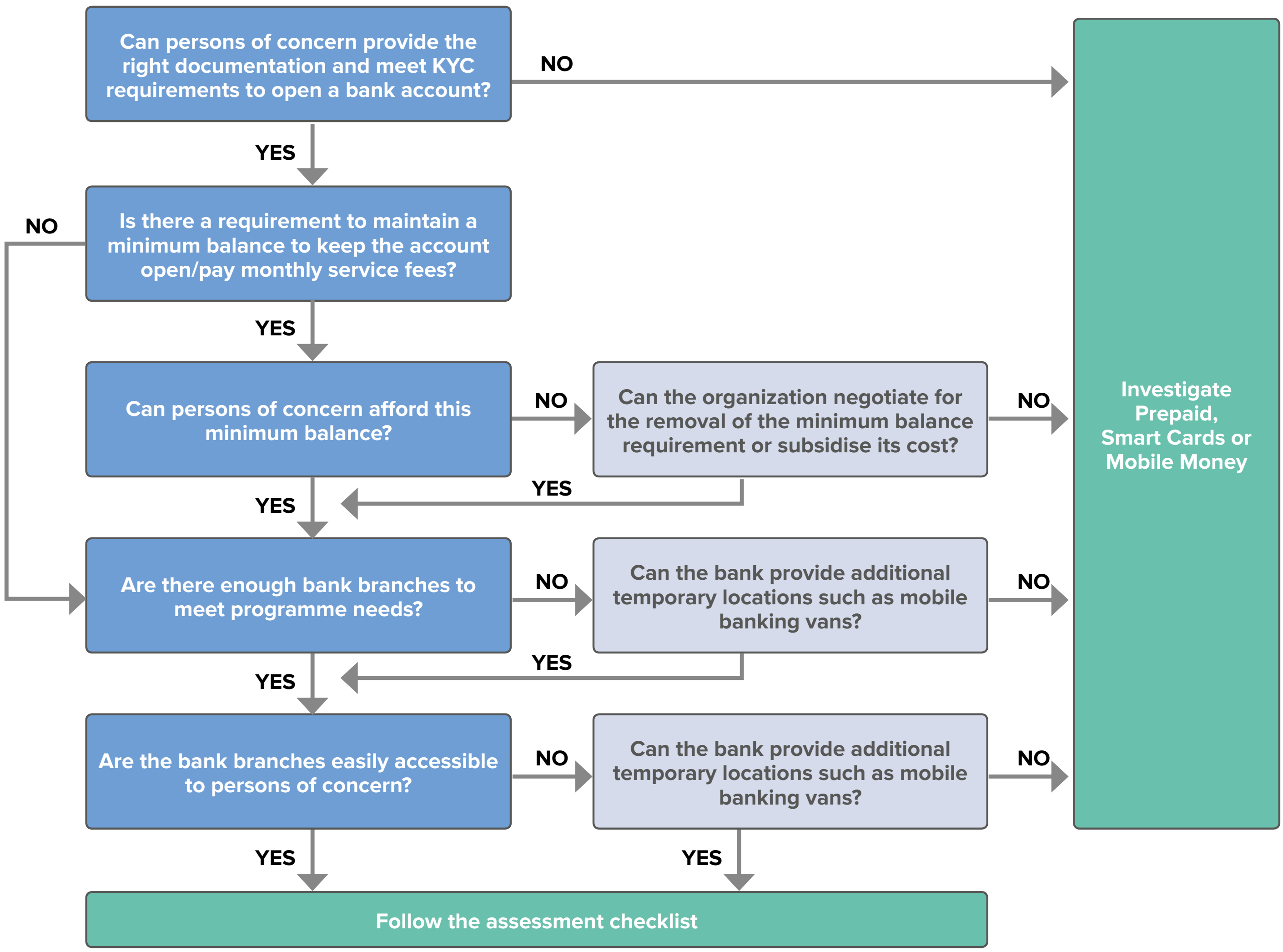
The Policy on the Protection of Personal Data of Persons of Concern to UNHCR is available at: http://www.refworld.org/pdfid/55643c1d4.pdf

4. Decision Trees

4a. Bank Accounts Decision Tree

Using bank accounts is about opening an individual bank account in the name of each person of concern targeted for cash assistance. For persons of concern, bank accounts provide the highest degree of financial inclusion. However, it is not always easy for persons of concern to open a bank account as banks may have rigid requirements such as demanding proof of regular income in the form of a payslip, proof of address, legal residence in the country of asylum, etc. Other hurdles may include the requirement to maintain a minimum balance or to pay monthly service fees. As a way to foster financial inclusion, the possibility of opening bank accounts should be encouraged if the CDMAT is used during the preparedness phase.

Process



4b. Prepaid Cards and Smart Cards Decision Tree

Having followed the initial steps laid out in the high-level decision tree, by the time card-based transfers are being investigated, it has been established that digital financial service providers exist in the programme area. However, it is not possible to open an individual bank account for all persons of concern. As such the fall back option, should cards become unfeasible, is either mobile money, or ultimately, over-the-counter cash collection (delivery through agents).

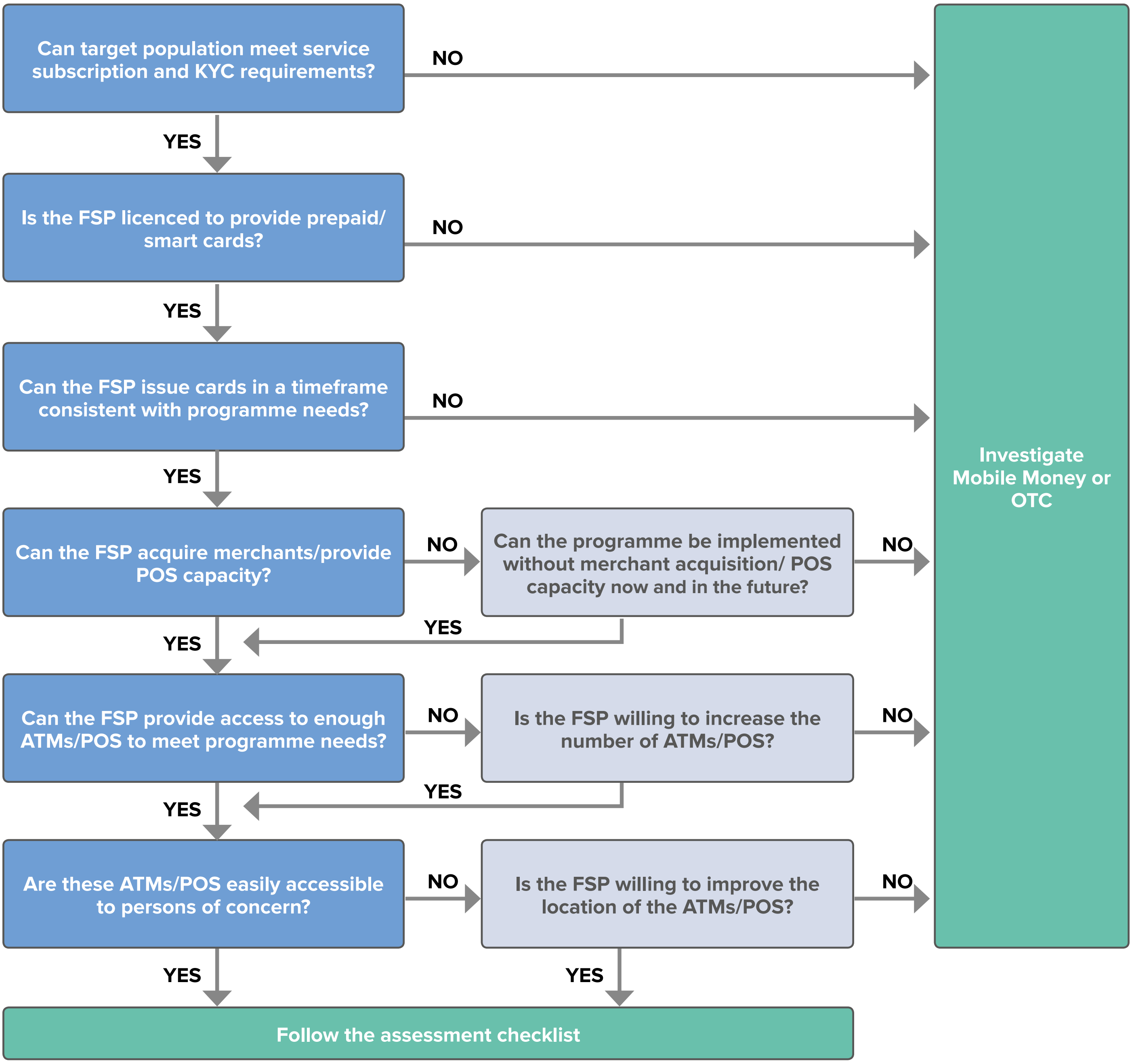
Prepaid cards are also sometimes referred to as magnetic stripe, or magstripe, cards. They are the most basic plastic payment cards available, with a magnetic stripe capable of storing data using tiny iron-based magnetic particles on a band on the card. They need to be “swiped” at a point-of-sale (PoS) terminal or inserted into at ATM for a given transaction to be authorised in real-time, which is why network connectivity is required. Transaction authorisation is queried from the card reader (POS or ATM) to the server of the financial service provider holding the funds linked to the card. Prepaid cards can be provided by banks as well as non-bank financial services providers such as the Post Office, microfinance institutions, etc.

Smart cards are slightly more complex forms of payment plastic cards. They have an embedded chip containing financial information on the cardholder. The main difference with a prepaid card is that the amount of information that can be stored on a chip is exponentially greater than what a magstripe can contain. For example, a smart card can link into several accounts, work contactless and most importantly, complete transactions “off line”, without network connectivity. Instead, transactions are stored and uploaded on the system at a later stage when connectivity is restored. Smart cards are mostly provided by banks but non-bank financial services providers may also offer them.

For both prepaid cards and smart cards, transactions are secured by a PIN, a signature or biometrics and can be conducted using PoS devices, ATMs or over the internet. Both card types can be offered without the need for the cardholder to open a bank account at a financial institution.

Whether to use prepaid or smart cards depends on the objective of the programme and what functionalities are necessary for the persons of concern to access. A basic unconditional cash transfer programme can easily be managed using prepaid cards. Other more complex designs such as those involving mutiple wallets on the same card require the use of a smart card. The card type should be considered having in mind current needs as well as the anticipated evolution of the programme. Attention should also be paid to how many PoS or ATMs are available to support the programme caseload and geographical spread. Finally, there is a distinct cost difference between both types of card with smart cards generally being more expensive to procure.

Process


Can target population meet service subscription and KYC requirements?
NO
YES
Is the FSP licenced to provide prepaid/ smart cards?
NO
YES
Can the FSP issue cards in a timeframe consistent with programme needs?
NO
YES
Can the FSP acquire merchants/provide POS capacity?
NO
Can the programme be implemented without merchant acquisition/ POS capacity now and in the future?
NO
YES
YES
Can the FSP provide access to enough ATMs/POS to meet programme needs?
NO
Is the FSP willing to increase the number of ATMs/POS?
NO
YES
YES
Are these ATMs/POS easily accessible to persons of concern?
NO
Is the FSP willing to improve the location of the ATMs/POS?
NO
YES
YES
Investigate Mobile Money or OTC
Follow the assessment checklist

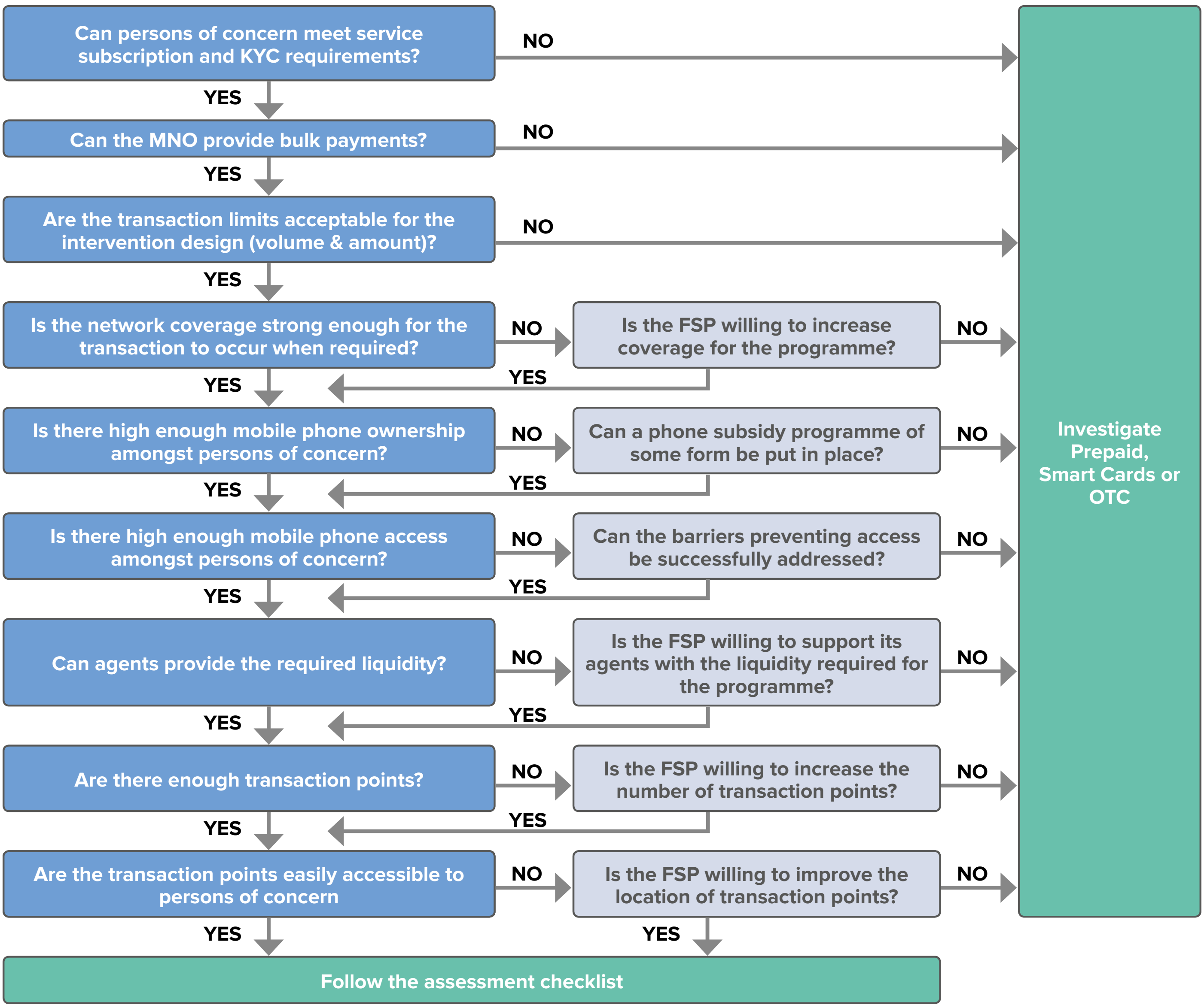
4c. Mobile Money Decision Tree

By the time mobile money transfers are being investigated, it has been established that digital financial service providers exist in the programme area. However, it is not possible to open individual bank accounts for all persons of concern. As such the fall back option, should mobile money become unfeasible, is either card-based transfers (prepaid or smart card), or ultimately, over-the-counter cash collection (delivery through agents).

Mobile money entails using a basic mobile phone to carry out financial and commercial transactions such as cash deposits, withdrawals and payments. Mobile money services are available from mobile network operators (MNOs), banks or technology service providers. Two main options are available: with or without a subscription to a mobile wallet account. Without a subscription (also referred to as a mobile token), the only transaction possible is a cash withdrawal of the full amount received. A subscription offers a much wider range of transactional capabilities and notably the possibility to store value on a mobile wallet and thus carries higher hopes for financial inclusion. Subscription to a mobile money service requires users to provide documentation to comply with KYC requirements.

Mobile money transactions are completed using a unique authentication code or PIN activated to payment release at an authorised agent. Mobile money users need to have constant access to a charged phone and to a SIM card that can be linked back to them for the duration of the programme. Merchants and agents need to have access to at least a basic phone.

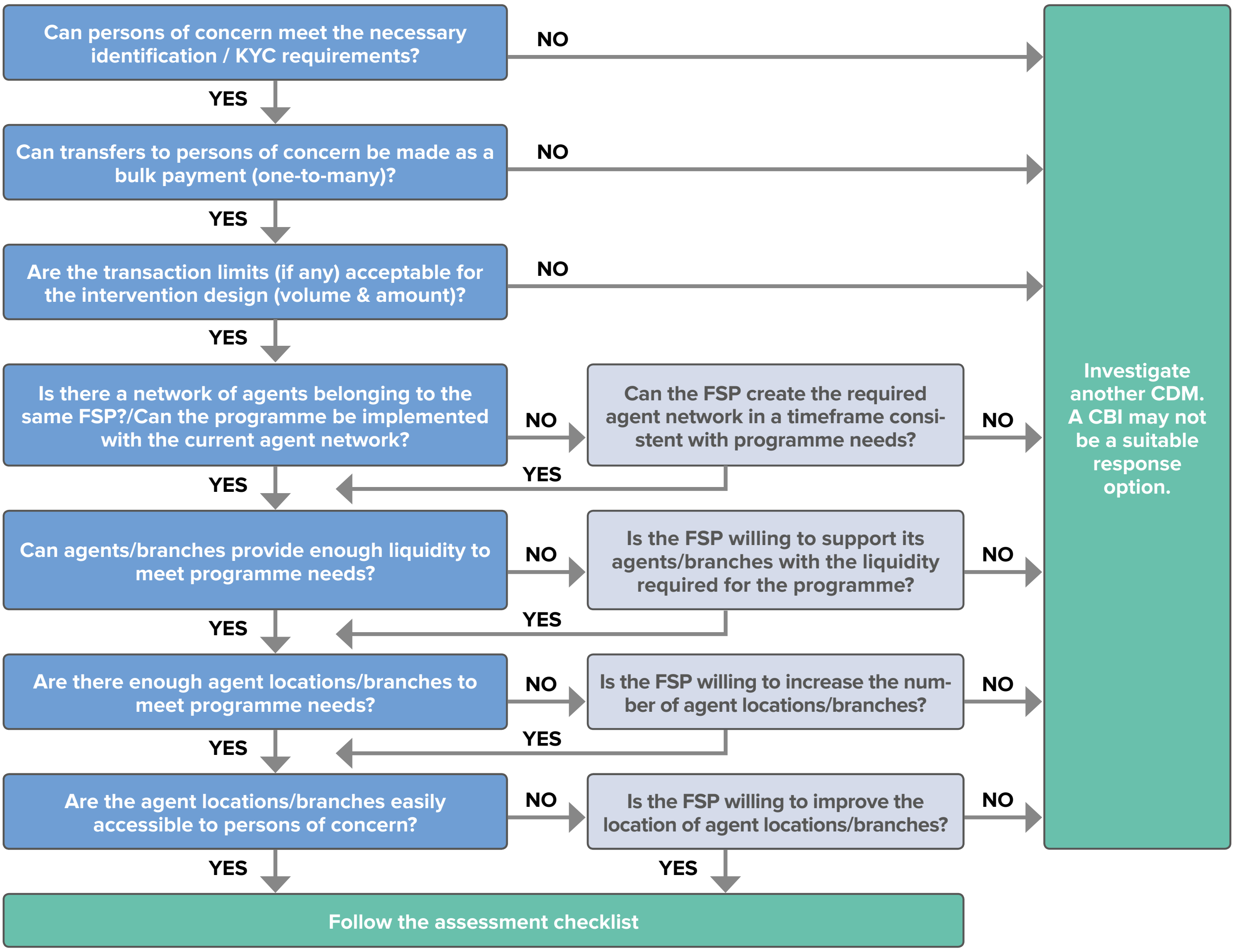
Process



4d. Over-the-Counter (OTC) / Payment Through Agents Decision Tree

Over-the-counter cash collection/delivery through agents is generally considered in places where it is not possible to work with a bank (or a mobile money service provider). This CDM is about making cash withdrawal without an account at a teller/agent. Agents that provide OTC cash collection/delivery can take many forms ranging from informal traders and hawalas to microfinance institutions and Post offices. The sender sends instructions so that cash is available for collection at a designated location upon presentation of varying forms of identification, depending on the type of agent used. Agents such as traders, hawalas and some MFIs may not be regulated within a given market, making it easier to negotiate the type of identification documents required from persons of concern to collect cash. However, they often also provide less guarantee in terms of the safeguarding an organization's funds. Thus, the choice of providers in this category will depend on various considerations that yield a more detailed analysis but as a general rule, the more formal the FSP the better it is to safeguard the organization's interests.

Process

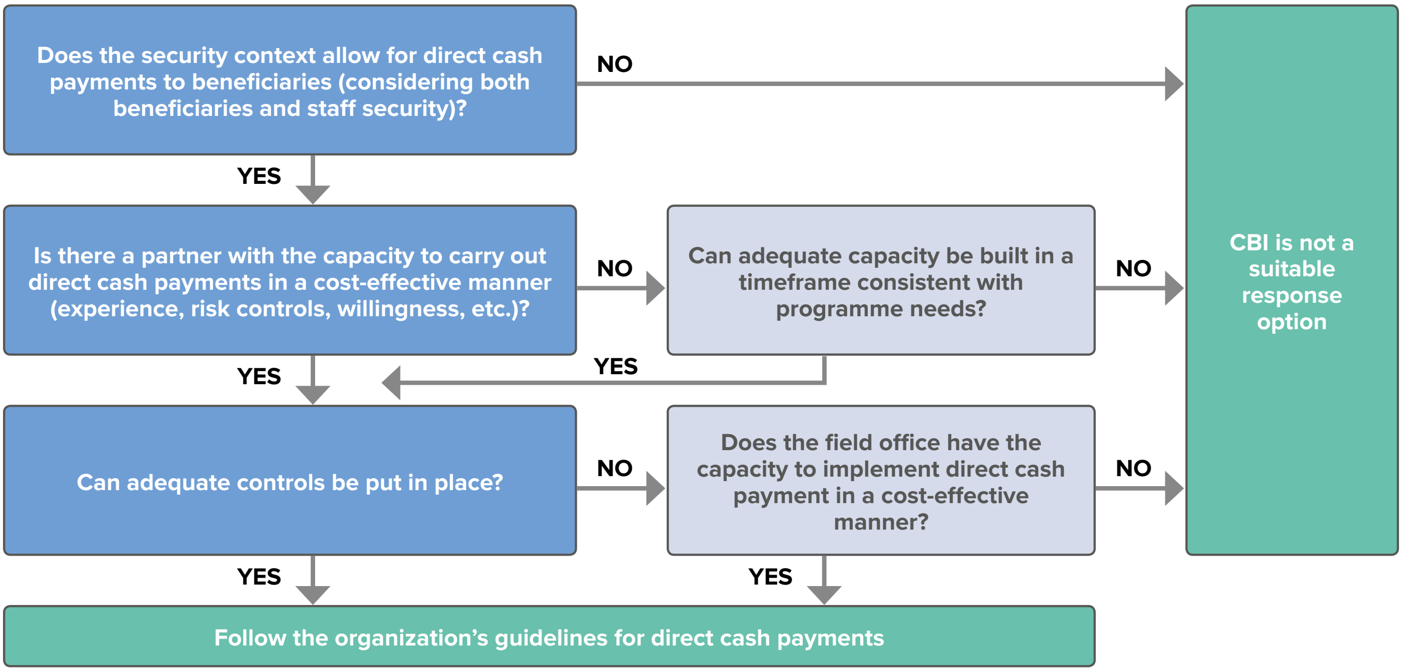


4e. Direct Cash Payment Decision Tree

Direct cash payments entail putting cash in an envelope for persons of concern to collect. However, there can be higher security risks, including fraud and a higher overall inefficiency of such a manual system. Generally, the counting of money and the packing of envelopes based on verified lists of entitled persons of concern and amounts are done by the finance department in line with segregation of duties and delegation of authority rules. It is considered best practice to have the persons of concern count their money in front of two staff before leaving the cash distribution site, which should preferably be a secured location other than the organization's office.

Having followed the initial steps laid out in the high-level decision tree, it has been established that financial service providers are not present in the programme area yet there is interest in investigating further whether a CBI can be a suitable response option.

Process



5. Assessment checklist

The overall framework to conduct a detailed assessment of a CDM is as follows:

Criteria	Focus areas	Description	Key indicators	Source of information	Sample questions*
Programme requirements and implementation context	• Programme objectives	How can cash transfer help programme objectives. Strength and density of national financial infrastructure and prevailing financial behaviours.	Cash-centric theory of change. Density and strength of financial infrastructure. Financial behaviours matching programme design.	Programme proposal	• What are the key objectives of the programme?
	• National financial landscape assessment			World Bank Global Findex	• What proportion of the population have access to the banking system, use remittance providers and mobile phones, etc.? • What delivery options are available in the area (banks, postal service, mobile operators)? • How does the local population transfer money (remittances, social transfers, etc.)?
User registration and experience	• Registration requirements • Acceptability to vulnerable group	Type of identification required for persons of concern to subscribe to cash transfer services. Comfort with use as expressed by recipient and on-the-ground providers, need for support, convenience.	KYC-compliant, ease of use by persons of concern	Focus group discussions with persons of concern	• What are the regulatory requirements for the recipients in respect of each option? • What transfer options are people already using? Which options would they prefer and why? • Is the level of literacy and numeracy in the area adequate for this mechanism to be used? • Will women, children, the elderly, people with illnesses or disabilities and minority ethnic groups be able to access each delivery option? • How will the agency manage the following problems to ensure accessibility for people who, for example: - Do not have a national ID card? - Lose their card/mobile phone/PIN number? - Cannot use their card or access the system due to illiteracy or lack of numeracy? - Do not have a mobile phone? - Cannot get to the distribution point?
Financial service provider capacity	• Operations and Management • Speed • Resilience	Managerial and operational ability to deliver money transfer services. Time taken to roll out the solution and effect cash transfer. Ability to recover data and to continue the service when the environment is difficult or changes suddenly.	Overall soundness of operations and adequate channel management. Lead time for contract negotiation, cash transfer execution, management of exception. Business continuity plans, strategies for assets pre-positioning, etc.	Interviews with FSP. Interviews with other aid agencies who have familiar with the FSP.	• Does the agency have existing links with potential providers or other humanitarian actors that they could leverage to encourage co-operation and coordination? • What are the motivations of potential providers (e.g., financial gain, social mission, image-boosting)? • How resilient are the potential options in the face of possible disruptions to communications and infrastructure following disasters? • How reliable and stable are potential commercial providers?
Security and controls	• Security • Controls and risk management • Data protection • Compliance with internal policies	Level of physical safety for staff and recipients. The systems that are needed to manage risks (such as fraud), correct error (ability to monitor and rapidly make corrections), ensure beneficiary data and financial protection (security in the system and at the cash collection and transaction points). Ability of the system to meet both internal and donor requirements for reporting and fund management.	Security protocols, Insurance provisions, data protection policy, code of conduct, reversal procedures, fraud policy , delegation of authority, segregation of duty, provisions to manage traceability of funds, etc.	Interview with FSP.	• What are the security risks associated with each delivery option for the agency and recipients? • What are the key risks that need to be managed? • What corruption risks are associated with each delivery option? • What fiscal controls and standards are in place? Are mechanisms in place to meet them?
Cost-efficiency	• Cost to the organization • Cost and opportunity cost to persons of concern	Cost of the service to the organization (including not only the cost of the transaction but also all the costs of designing, implementing and monitoring the programme) and persons of concern (including opportunity costs).	Set up cost, cost of transfer by the organization, cost of withdrawal by beneficiary, service fees, opportunity cost for beneficiary to access the service.	Interviews with FSP. Focus group discussions with persons of concern.	• What are the costs of different options for the agency (provider charges, staff, transport, security and training costs)? • What are the costs for the recipient (charges, travel costs, waiting time)?
Ease of implementation	• Processes • Flexibility and Scalability • Human resources needs	Effectiveness of the service at operating on a large scale and ease with which the chosen option can be adjusted to vary payment amounts and other changes. Number of staff required and their level of skills, education, ability to provide training to recipients, etc.	User-friendliness of user interface. Minimum threshold and maximum persons of concern that can be served vs. time to service. Number and technical capacity of staff required, procedures of service provider to offer on-the-ground support.	Interviews with FSP. Interviews with other aid agencies who are familiar with the FSP.	• How flexibly can the different options adjust the timing and amount of payments? • What is the target population, how large are the payments and how frequently will they be made? • How will each delivery mechanism be likely to cope? • How many staff are required for each option? • What level of skills and training would need to be provided for each option?

* Source: Harvey, P., Haver, K., Hoffman, J., Murphy, B. (2010) *Delivery Money. Cash Transfer Mechanisms in Emergencies*. Oxford: CaLP

Additional information *(links to the documents)*: **Landscape Assessment; Regulatory information questionnaire; Interview guide for FSPs**

6. Assessment Scoring

The Assessment Scoring mechanism is the final step in the CDMAT. Following an interview with a potential service provider, a total of 49 questions relating to the following assessment categories are answered:

- **User registration and experience**
- **Financial service provider capacity**
- **Service and controls**
- **Cost efficiency**
- **Ease of implementation**

The answers entered into the mechanism (Yes, No, N/A) will provide a numerical value. The total score received out of a potential total of 100 will render the "verdict" of the assessment, where the possible results are "Definite Yes", "Definite No" and "Yes, conditional on a more in-depth assessment".

For each answer entered, a specific recommendation will also be shown describing additional actions or lines of inquiry to be taken, red flags and potential mitigating measures.

To begin the Assessment Scoring, please open the **"CDMAT Section 6 – Assessment Scoring Sheet"** (MS Excel file) that is attached within this PDF document.

7. References and recommended reading

ECHO (2013) The Use Of Cash And Vouchers In Humanitarian Crises – DG ECHO Funding Guidelines. Brussels: ECHO

GSMA (2015) Proportional Risk-based AML/CFT Regimes for Mobile Money. A framework for assessing risk factors and mitigation measures. London: GSMA

GSMA (2015) Code of Conduct for Mobile Money Providers. London: GSMA

Harvey, P., Haver, K., Hoffman, J., Murphy, B. (2010) Delivery Money. Cash Transfer Mechanisms in Emergencies. Oxford: CaLP

Mercy Corps (2014) E-transfer implementation Guide.Portland: Mercy Corps

NetHope (2014) Making the Journey from Cash to Electronic Payments – A Toolkit for USAID Implementing Partner and Development Organizations.Washington DC: USAID.

Sossouvi, K. (2013) E-transfers in Emergencies: Implementation Support Guidelines. Oxford: CaLP

UNHCR Guide for Protection in Cash-Based Interventions

UNHCR Operational Guidelines for Cash-Based Interventions in Displacement Settings

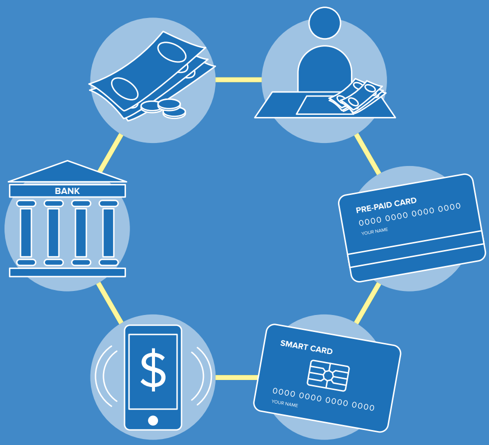
UNHCR Policy on Cash-Based Interventions

UNHCR Policy on the Protection of Personal Data of Persons of Concern to UNHCR

UNHCR Strategy for the Institutionalisation of Cash-Based Interventions

USAID (2014) Digital Finance for Development –A Handbook for USAID Staff.Washington DC: USAID.

WFP (2013) Cash and vouchers manual: second edition. Rome: WFP



Cash Delivery Mechanism Assessment Tool

UNHCR
The UN Refugee Agency