MA Cheat Sheets: Cash Transfer Modalities

UNDP issued the UNDP Guidelines for Engagement with NGOs under Country Based Pooled Funds in late 2016 and rolled these out in 2017. This was part of an effort to harmonize implementation approaches with those of the OCHA Operational Handbook.

To complement the Guidelines, UNDP has developed MA Cheat Sheets to provide additional practical information on selected subject matters. There are 9 available Cheat Sheets on the following topics: MA Structure and Performance Review * Capacity Development * Results Logic and ATLAS Architecture * MA and ATLAS * HACT * Quality Assurance * NEX Advance * Asset Management * Fraud. These can be found here.

Which Cash Transfer Modality?
Cash Transfer Modalities are determined by the IP risk level from the Micro-Assessment. Table 3 from the UNDP HACT Guidelines (scroll down) provides clear guidance on this.

The cash transfer modality most used by the MA is the NEX Advance (in HACT terminology this is called Direct Cash Transfer (DCT)). This allows for a high level of ownership from the NGO partner while also paired that the capacity of the NGO partner can be strengthened.

The FACE Form
This refers to the form that is being used by NGO Partners to request cash transfers under any of the 3 cash transfer modalities (Advance, Reimbursement or Direct Payment); report on expenditures; and certify expenditures. It serves the following purposes:

a. Request for funding authorization: The NGO partner uses the section Requests/Authorizations to enter the amount of funds to be disbursed for use in the new reporting period. Against this request, the agency can accept, reject or modify the amount approved
b. Reporting of expenditures: The NGO partner uses the section Reporting to report to the agency the expenditures incurred in the reporting period. The agency can accept, reject or request an amendment to the reported expenditures

The FACE form can be found as Appendix VII of the UNDG HACT Guidelines. FACE forms to request funding should be submitted on quarterly basis, cover expenditures for 3-months or less; reporting of expenditures should be done by the 10th of the month following the quarter-end to ensure reconciliation of outstanding advances.

According to the UNDP NIM Guidelines (Section Purpose and Requirements of the Advances p.158): « The approval of a request for an advance by an implementing partner for a particular project is subject to the verification by the country office that at least 80% of the previous advance given and 100% of all earlier advances have been liquidated. »

Best practices and lessons learned with regards to NEX Advances:

- Train all NGO partner on the use of the FACE form on regular basis. This should be part of the MAU Capacity Development Plan. Repeat this training where necessary.
- Where relevant and possible, negotiate with NGO partner the amount of the first tranche based on their real absorption rate. As much as possible, it is strongly recommended that advances should be limited to cover expenditures for the calendar quarter.
- Each FACE form that is being received needs to be verified and approved by the MAU for compliance with agreed expenditures.
- Negotiate with the NGO partner the submission of interim FACE forms where the outstanding balance is still significant and can impact compliance with the 80% /100% rule (approval of an advance is subject to the verification by the country office that at least 80% of the previous advance given and 100% of all earlier advances have been liquidated). Interim meaning any FACE report that reports on less than 80% expenditures).
- In those cases where there are significant delays in implementation, or reporting, the MAU should consider requesting reimbursement from the NGO partner to clear the aged advance.
- COs should liquidate outstanding advances using APIVs with quarter-end accounting date and use the same full COA and local currency as original payment (use AAA report to get the initial payment full COA).
- Appoint an MA focal point in the CO Finance Team that will be the point of contact for all MA financial issues and brief him/her on the specificities of the MA requirements.
- Refer to the FACE form in the Operational Manual as well as the clarifications on financial reporting requirements.
NO COST EXTENSIONS

- Where No-Cost Extensions (NCEs) are granted by the Fund Manager, make sure that proof thereof is provided by the NGO partner.
- Agree with the Fund Manager that where NCEs are granted, interim financial reports are provided by the NGO partner to reconcile the outstanding balances.
- A No-Cost Extensions does not exempt an office from complying with UNDP NEX Advances liquidation policy.