

UNICEF POLICY ON HARMONIZED APPROACH TO CASH TRANSFERS TO IMPLEMENTING PARTNERS

Document Number: FRG/POLICY/2015/001

Effective Date: 01 July 2015

Deputy Executive Director, Field Results

I. Rationale

1. Cash transfers are monetary payments to implementing partners or third parties acting on behalf of partners. Cash transfers represent a large part of UNICEF's spending and are a key programme implementation modality to achieve results for children.
2. Monitoring the reach and effect of UNICEF assistance provided through partners is fundamental to sound programming. The assessment and assurance activities within the [revised Harmonized Approach to Cash Transfers Framework \(HACT\)](#) are key components of effective programme monitoring.
3. The revised HACT framework was adopted by UNDP, UNFPA and UNICEF and approved by UNDG on 06 February 2014¹. The revised HACT framework supersedes the previous framework, adopted in 2005.
4. The adoption of HACT responds to the Rome Declaration on Harmonization and Paris Declaration on Aid Effectiveness, which call for a closer alignment of development aid with national priorities and needs. HACT is in line with the UN General Assembly resolution on the quadrennial comprehensive policy review (QCPR) of UN operational activities for development². This resolution renews the call for simplification and harmonization of processes and business practices within the UN development system, with a view to providing effective, efficient and responsive support to the development efforts of countries.
5. UNICEF is committed to ensuring that cash transfers are managed in accordance with HACT, in a risk-responsive manner that promotes national ownership and stewardship of development funds to achieve results for children. HACT is aligned to UNICEF's risk management policy.
6. This policy takes effect on 01 July 2015 and replaces the UNICEF Policy on Harmonized Approach to Cash Transfers to Implementing Partners (FRG/POLICY/2014/001).

¹ Adoption of this approach is open to other agencies that are part of the United Nations Development Group (UNDG).

² [GA/Res/67/226](#).

II. Policy Statements

7. This policy establishes the principles and accountabilities associated with the management of HACT within UNICEF. It aims to ensure that the application of HACT in UNICEF results in effective management of risks associated with cash transfers leading to:
 - a. Cost-effective assurance systems to ensure funds entrusted to UNICEF are utilized as intended;
 - b. Transparent processes and oversight of cash transfers at country, regional and global levels;
 - c. Reduced transaction costs for implementing partners through simplified and harmonized procedures for cash transfers among adopting agencies; and
 - d. Strengthened national capacities for the management and accountability of cash transferred.
8. All UNICEF offices, including regional offices and headquarters, are required to adhere to this policy when transferring cash to the full range of implementing partners in every country and operational context. All financial support to government partners is governed by HACT. For civil society organisations, financial support from UNICEF in the context of a [Programme Cooperation Agreement or Small-Scale Funding Agreement](#) is governed by HACT.
9. The *Funding Authorization and Certificate of Expenditures* (FACE) form is used by all implementing partners to request cash transfer, certify and report on the use of cash to UNICEF. When cash is requested, partners submit an itemized cost estimate with the FACE form.
10. Capacity assessments are used to assess the risk of transferring cash to implementing partners in a specific country environment. The risk level assigned to the implementing partner enables a UNICEF office to determine the scope and frequency of assurance activities.
11. Assurance activities must be undertaken during programme implementation to determine whether results were achieved as planned and funds transferred have been used for the intended purpose, in accordance with the work plan, to support the management of fiduciary risks associated with transferring cash.
12. UNICEF offices should consider financial management capacity development activities for higher risk partners in areas that are required to support achievement of UNICEF programme results and appropriate to be directly addressed by UNICEF.
13. UNICEF offices should pursue joint operationalization of HACT activities with adopting UN agencies wherever feasible. UNICEF application of HACT is not contingent on joint application by other UN agencies which have adopted HACT.
14. Planning, monitoring and reporting on HACT activities are integrated in all phases of the programme cycle.
15. Details on the implementation requirements of this policy are outlined in the relevant procedures and supplements on cash transfers.

III. Responsibilities

16. This policy establishes roles, responsibilities and accountabilities in relation to cash transfers at office, regional and global levels. It establishes the oversight and quality assurance roles of regional and headquarters offices.
17. The Deputy Executive Director, Field Results is responsible for:
 - a. Monitoring implementation of this policy;
 - b. Developing programme management policy, procedures and guidance in relation to cash transfers that mainstream HACT principles and support relevant financial management guidance;
 - c. Leading and supporting collaboration among UN agencies for harmonization of policies on cash transfers, the standardization of related administrative processes, procedures and requirements and sharing of best practices;
 - d. Establishing systems, processes and procedures for effective monitoring and oversight of the implementation of this policy, including related impact on UNICEF staff accountability framework;
 - e. Overseeing the quality assurance roles of the Regional Directors related to HACT implementation within their respective regions;
 - f. Reporting significant issues related to the management of cash transfers to the Executive Director;
 - g. Keeping UNICEF cash transfer mechanisms relevant and effective for delivering results for children; and
 - h. Evaluating the effectiveness of implementation of this policy in achieving its objectives.
18. The Comptroller, who is responsible for the overall management and administration of UNICEF financial resources, is responsible for:
 - a. Developing financial management policy, procedures and guidance in relation to cash transfers that is aligned with and supports relevant programme guidance; and
 - b. Reporting significant issues related to the management of cash transfers to the Deputy Executive Director, Management.
19. Regional Directors are responsible for:
 - a. Overseeing quality assurance of cash transfers in accordance with this policy within their respective regions;
 - b. Providing technical assistance and capacity development for UNICEF staff in effective management of cash transfers in accordance with this policy;
 - c. Reporting regional and country specific analysis related to cash transfers to partners upon request from Field Results Group (FRG) or Division of Financial and Administrative Management (DFAM);
 - d. Informing the Deputy Executive Director, Field Results of significant issues regarding compliance with this policy in a timely manner; and
 - e. Evaluating performance of Representatives in managing cash transfers in accordance with this policy.
20. Representatives and Directors are responsible for:
 - a. Effectively managing cash transfers in accordance with this policy, including:
 - i. Developing, implementing, monitoring and reporting on HACT plans;

- ii. Defining internal office responsibilities and accountabilities in relation to HACT activities and putting in place the appropriate human resource and financial capacities to implement HACT plans;
- iii. Promoting and facilitating collaboration among UN agencies for joint operationalization of HACT activities;
- iv. Strengthening financial management capacity of higher risk partners, where appropriate;
- v. Taking remedial actions to address issues related to cash transfers as guided by relevant financial policies and procedures;
- b. Communicating UNICEF cash transfer policy with government and partners;
- c. Providing analysis related to cash transfers in their respective offices upon request from the Regional Director, FRG or DFAM; and
- d. Informing the Regional Director of significant issues regarding compliance with this policy in a timely manner.

IV. Policy Indicators

21. Progress towards achievement of policy objectives will be measured by:
- a. Proportion of assurance activities implemented according to minimum requirements outlined in the UNICEF HACT Procedure [baseline 65% in 2014; target: 90% by end of 2016; source HACT Status Report and cash transfer data VISION];
 - b. Global costing of assessment and assurance activities is in place and analysed to support decisions on HACT implementation [baseline: N/A; target: analysis available by end of 2016; source VISION and HACT costing model]; and
 - c. Percentage of shared partners for which assessments and audits are coordinated with adopting agencies [baseline, target and source to be established 2016 upon full implementation of HACT by adopting agencies (UNFPA, UNDP)].

V. Enquiries

22. Country offices should contact their respective regional office for assistance in the application of this policy.
23. For interpretation of this policy, offices should contact:
Chief Implementation Modalities, Field Results Group

DOCUMENT MANAGEMENT INFORMATION

Document Title	UNICEF HACT Policy
Document Number	FRG/POLICY/2015/001
Effective Date	01 July 2015
Mandatory Review Date	01 July 2017
Responsible Division	Field Results Group (FRG)
Responsible Manager	Andrea Suley, FRG
Document Summary	This Policy relates to the implementation of the Harmonized Approach to Cash Transfers (HACT), the common operational framework for transferring cash to government and civil society implementing partners for UNICEF, UNDP, UNFPA and other UN adopting agencies as relevant.
Applicability	All UNICEF offices, including regional offices and headquarters in every country and operational context.
Regulatory content the Document Replaces	FRG/2014/001
Topics Covered	Programme Resources Management Cash transfers
Corporate Risk Area	Budget and cash management Funding and external stakeholder relations Results based management and reporting
Reference / Links to Enabling Legislation and Background	UN General Assembly Resolution 56/201 UN General Assembly Resolution 67/226
Links to Relevant Policy	HACT Framework (UNDG) UNICEF Financial and Administrative Policy 5: Cash Disbursement
Links to Relevant Procedure	UNICEF Financial and Administrative Policy 5: Cash Disbursement, Supplement 3 – Cash Transfers (HACT)
Links to Relevant Guidance	
Links to Relevant Training Materials	UNDG HACT Guidance Page Programme Policy & Procedure (PPP) HACT microsite HACT e-learning course (Agora)