

Annex IV: ANNEX FROM THE HEOPS HANDOVER AND END OF MISSION REPORT: Systems and procedures identified as requiring proactive adaptation to enable timely operations at scale

Case and flexibility requested	Outcome
Finance procedures and systems	
<p>Case 1 & 2. IFRC procedure: Western Union transfers are possible up to USD 10,000 per person per month, and only to IFRC-contracted delegates.</p> <p>Challenge identified for Morocco operation: Finance only providing cash transfers to team members with an IFRC contract (around 7/30+). With bank transfers taking 15+ days and no NS capacity to pay, we required much greater cash liquidity to pay for local purchases, per diems, etc. to keep the operation running. IFRC is meant to be paying for ERU purchases in-country, which includes many small-scale purchases in cash.</p> <p>Requested flexibility: 1. Increase the amount that can be transferred per time / per month / per person, 2. Allow WU transfers to go to any member of IFRC in-country team, whether staff or surge, including ERU.</p> <p>Risk mitigation: To be discontinued when IFRC has a bank account in-country and is able to provide cash advances and direct payment to suppliers from that account.</p>	<p>Requested increase in Western Union transfer limit did not occur.</p> <p>Requested transfers to all surge delegates was pushed back due to the cost of doing so. It took 2 weeks to determine that the cost is CHF 1 per person per month. E-codes were created for some but not all requested delegates after 3 weeks, ie partial success 5 weeks after request.</p>
<p>Case 3. IFRC procedure: Additional cash advances can only be issued when previous cash advance has been fully reconciled.</p> <p>Challenge identified for Morocco operation: With limited number of people able to receive cash, we are limited in our cash flow in-country. If we must wait to spend 100% of the previous advance before requesting the next tranche, we remain stuck in a cash crisis.</p> <p>Requested flexibility: Allow next cash advance with 50% reconciliation of the previous one.</p> <p>Risk mitigation: Close following by finance coordinator against planned expenditures.</p>	Did not occur
<p>Case 4. IFRC procedure: Payment of invoices only begins upon receipt of goods. Disagreement between finance and logs as to whether pre-payment is allowed.</p> <p>Challenge identified for Morocco operation: No previous relationships with suppliers = lack of trust and unwillingness to deliver goods prior to payment. Up to 1 month delay to pay invoice after delivery makes other purchasers on the local market much more attractive to vendors. Payments processed to date have taken 12+ days to arrive in the receivers account, harming trust and delaying handover of goods. Small suppliers with local production do not have the capacity to self-fund production of some items, without pre-payment.</p> <p>Requested flexibility:</p>	Did not occur

<ul style="list-style-type: none"> - Allow for the lesser of 100% of first tranche or 30% of total order to be advanced payment on confirmation in writing by the supplier of stock reservation in the supplier's warehouse, or visual inspection by IFRC personnel - Allow for upfront payment for smaller suppliers (max 5,000 purchase) <p><u>Risk mitigation:</u></p> <ul style="list-style-type: none"> - The above for registered suppliers only, with full documentation received and approved by Procurement and finance team. - Request for deposit or prepayment to be documented/Justified with note to file for each use. - Try to use an "escrow" bank service if available in Morocco 	
<p>Case 5. IFRC procedure: IFRC Finance department will only transfer funds to HQ accounts</p> <p><u>Challenge identified for Morocco operation:</u> Branch has no ability to float operational costs on a cost-recovery basis. HQ has no capacity or systems to transfer funds to the branches. HQ will not transfer funds to branches until financial personnel are in place and systems are developed.</p> <p><u>Requested flexibility:</u> Direct transfer to branches for activity costs (e.g. per diem, daily workers, vehicle rentals for relief).</p> <p><u>Risk mitigation:</u> Would require IFRC finance structure in all 3 branches (feasible).</p>	Way forward identified
<p>Case 6. IFRC procedure: Cash payment limit 1,000 USD</p> <p><u>Challenge identified for Morocco operation:</u> Limitations to access to MRC bank account (only signed a few times a month, requires 3 signatures for shared bank account, IFRC shared account did not exist for first 2 months of the operation).</p> <p><u>Requested flexibility:</u> Cash payment limit 5,000 per transaction</p>	Received
Logistics and supply chain	
<p>Case 7. IFRC procedure: 3 quotes in writing to facilitate procurement between 5.000CHF and 20.000 CHF, Due Financial/Procurement diligence, F-CODE, Payment by Bank Account (Bank account information from the supplier), CBA, PO/Contract</p> <p><u>Challenge identified for Morocco operation:</u> Very difficult to get written quotes from suppliers – not the standard way of doing business here. This slows down our procurement.</p> <p><u>Requested flexibility:</u> Allow procurement to proceed with the below conditions (based on exceptional approval) for up to 19,999 CHF: a) Verbal quotation, b) Cash Payment</p>	Did not occur
<p>Case 8. IFRC procedure: Procurement procedures forbid the split of orders in term of quantities of items or services. A procurement plan should be included into a detailed programme strategy and planning.</p> <p><u>Challenge identified for Morocco operation:</u> Due of the lack of clarity and long-term visibility in the first 2 months of the Operation as the Government direction becomes clearer, the project forecast and supply plan is close to impossible. Technical teams might need to procure small amounts of the same items many times or use same supplier services</p>	Did not occur

<p>several times during the operation. This is against procurement regulations. The sum of many small procurements of the same item or many small procurement with the same services should reach an IFRC higher financial thresholds.</p> <p><u>Requested flexibility:</u> Allow to split orders by item or supplier endorsed by a note to file. The procurement team and the programme coordination will be working to reduce as much as possible such occurrence. A procurement plan will be put in place as soon as the programme strategy and planning will be more detailed. For cumulative value of 20,000 CHF.</p>	
<p>Case 9. IFRC procedure: MRC has, on paper, VAT-free importation of humanitarian goods.</p> <p><u>Challenge identified for Morocco operation:</u> Cost/ quality/ quantity of goods in Morocco required for the response is exceptionally expensive for poor quality. Importation, even if duties are paid, is much better value for money. MRC has VAT-free importation, but all importation for the earthquake response should on paper be redirected to the Mohammed V Foundation for their distribution. E.g. IFRC framework agreement for tarps = 20 CHF per tarp, inclusive delivery, custom tariff, VAT and fees. Direct purchase from the producer in Morocco is 61 CHF + additional for sheets welding gromets and fixations.</p> <p><u>Requested flexibility:</u> Blanket exception to pay VAT, duties, importation fees on humanitarian goods. Prices for importation including all costs will be compared against local suppliers in a CBA.</p> <p><u>Risk mitigation:</u> Will continue to advocate for humanitarian exemptions alongside identifying a “domiciliation” company in Morocco to import and pay fees on IFRC’s behalf (for a fee). This way, there is no precedent created that IFRC or MRC has directly paid duties or other importation-related fees.</p>	Did not occur
<p>Case 10. IFRC procedure: Sole source procurement max 999 CHF</p> <p><u>Challenge identified for Morocco operation:</u> Need to be able to quickly purchase items that are available as we find them. Other actors can purchase immediately, competition is fierce.</p> <p><u>Requested flexibility:</u> Increase direct procurement to 10,000 with supporting documentation, including technical coordinator approval for quality and that price is in line with relevant technical standards. Procurement by the Supply Chain and Procurement Team, HoD to authorise procurement., Finance to confirm it is without budget</p>	Partial: 50% of requested value