

International Red Cross and Red Crescent Movement

Guidelines for cash transfer programming



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International Committee of the Red Cross

19 avenue de la Paix
CH-1202 Geneva
Switzerland
Telephone: +41 22 733 20 57
E-mail: webmaster.gva@icrc.org
Web site: www.icrc.org

2007

**International Federation of Red Cross
and Red Crescent Societies**

P.O. Box 372
CH-1211 Geneva 19
Switzerland
Telephone: +41 22 730 4222
Telefax: +41 22 733 0395
E-mail: secretariat@ifrc.org
Web site: www.ifrc.org

Contents

| | |
|----------------------------|---|
| Acronyms and abbreviations | 3 |
| Acknowledgements | 4 |
| Glossary | 4 |

Section A

Implementing cash programmes 7

| | |
|--|-----------|
| 1. Introduction | 8 |
| 1.1 Who are these guidelines for? | 8 |
| 1.2 When to use the guidelines | 8 |
| 1.3 How to use these guidelines | 8 |
| 1.4 Useful Movement publications | 9 |
| 2. What is cash transfer programming? | 10 |
| 2.1 Rationale of cash transfers | 11 |
| 2.2 Different forms of cash transfer | 12 |
| 2.3 When are cash transfer programmes appropriate? | 13 |
| 2.4 Experiences of cash transfer programming | 16 |
| 3. Assessments | 18 |
| 3.1 Cash as part of assessment processes | 19 |
| 3.2 Aspects of assessment relevant for cash programming | 19 |
| 4. Decision-making and objective setting | 22 |
| 4.1 Factors to consider when deciding on a response | 23 |
| 4.2 Objectives of cash transfer programmes | 26 |
| 4.3 Deciding on the most appropriate form of cash transfer | 26 |
| 4.4 Establishing the value of a cash transfer | 28 |
| 5. Planning activities and resources | 32 |
| 5.1 Programme time frame and length | 33 |
| 5.2 Financial and administrative requirements | 33 |
| 5.3 Coordination | 36 |
| 5.4 Communication and dissemination | 37 |
| 5.5 Planning withdrawal from cash transfer programmes | 39 |
| 6. Targeting and registration | 41 |
| 6.1 Targeting rationale | 42 |
| 6.2 Targeting approaches | 43 |
| 6.3 Targeting in urban environments | 46 |
| 6.4 Registration | 47 |
| 6.5 Registration according to gender | 50 |

| | |
|---|-----------|
| 7. Distribution and delivery | 53 |
| 7.1 Delivery mechanisms | 54 |
| 7.2 Distribution time frame | 59 |
| 7.3 Distribution and delivery risks | 59 |
| 8. Monitoring and evaluation of cash transfer programmes | 62 |
| 8.1 Monitoring | 63 |
| 8.2 Evaluation | 65 |

Section B

| | |
|--|-----------|
| Guidance sheets | 69 |
| 1. Unconditional cash transfers | 70 |
| 2. Cash transfers for support to livelihoods | 72 |
| 3. Voucher transfers | 75 |
| 4. Cash-for-work programmes | 80 |
| 5. Seed voucher fairs | 86 |
| 6. Cash transfers in social assistance programmes | 89 |

Section C

| | |
|--|------------|
| Practical tools | 93 |
| 1. Assessment checklist for cash programmes | 94 |
| 2. Market assessment | 98 |
| 3. Community-based targeting | 103 |
| 4. Direct cash transfers step-by-step | 107 |
| 5. Assessing financial institutions | 110 |
| 6. Post-distribution monitoring | 113 |
| 7. Planning financial flows | 118 |
| 8. Additional information for databases | 120 |
| Feedback form | 122 |

Acronyms and abbreviations

| | |
|---------------------------------|---|
| AIDS | acquired immunodeficiency syndrome |
| ATM | automated teller machine (for cash withdrawals) |
| CFW | cash for work |
| CBO | community-based organization |
| FAQ | frequently asked question |
| HIV | human immunodeficiency virus |
| HNS | host National Society |
| ICRC | International Committee of the Red Cross |
| IDP | internally displaced person |
| International Federation | International Federation of Red Cross and Red Crescent Societies |
| MoU | memorandum of understanding |
| Movement | International Red Cross and Red Crescent Movement |
| NGO | non-governmental organization |
| PLWHIV | people living with HIV |
| PNS | participating National Society |
| UN | United Nations |

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Glossary

Note: The terms in this glossary are noted with an asterisk () on first mention in these guidelines.*

Assessment

Action aimed at understanding a situation in order to identify the problem(s), the source of the problem(s), and the consequences of the problem(s).

Baseline data

Baseline data are initial information collected during an assessment. Baseline data include facts, numbers and descriptions and permit the measurement of the impact of projects implemented by comparing the situation that existed before and after project implementation.

Basic needs

The items that people need to survive. This can include safe access to essential goods and services such as food, water, shelter, clothing, health care, sanitation and education.

Conditional cash transfer

Receipt of the cash transfer is conditional upon the beneficiary providing a service of some kind (such as work); on using a service such as attending a school or health clinic; or spending the transfer on an agreed commodity or type of commodity, such as a shelter or restarting a business.

Economic security

A household or community is economically secure when conditions allow it to meet its essential economic needs in a sustainable way, without resorting to strategies which are damaging to livelihoods, security and dignity.

Evaluation

The systematic and objective assessment of an ongoing or completed operation, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, as well as efficiency, effectiveness, impact and sustainability.

Focus group discussion

Focus group discussions are organized dialogues with a selected group of knowledgeable individuals in a community to gain information about their views and experiences of a topic. They are particularly suited for obtaining several perspectives about the same topic.

Food security

A person, household or community, region or nation is food secure when all members at all times have physical, social and economic access to buy, produce, obtain or consume sufficient, safe and nutritious food to meet their dietary needs and food preferences for a healthy and active life. There can be pockets of food insecurity almost anywhere – within countries, communities and families. Food insecurity may be caused by a variety of factors including reduction of food availability (e.g., loss of crops, food stocks, reduced food in markets), access to food (increased prices of food, reduced earnings, reduced sharing/gifts of food) and food utilization (problems in preparation, storage and hygiene, ill-health).

Household

Members of the same family unit sharing a common income/expenditure pot. (N.B. this definition may vary from context to context.)

Indicator

Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement or to reflect the changes connected to an operation.

Inflation

An increase in prices (or an increase in the amount of money needed to purchase a specific item).

Lean period

Usual time of year when ability to access sufficient food is most difficult, e.g., for farmers before the harvest (during the rains) when the harvest from the previous year has been exhausted and prices of food are at their highest. For pastoralists, before the main rains when access to pasture and water and hence health of livestock are most critical.

Livelihoods

A livelihood refers to the capabilities, assets and strategies that people use to make a living. That is, to achieve food and economic security through a variety of productive economic activities.

Market analysis

Research intended to understand how a market usually functions, how it has been impacted by a crisis and to identify the need for and most appropriate type of support. Research can include information on supply and demand, price changes and income/salary data.

Microfinance

The provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance to poor and low-income households and their microenterprises.

Monitoring

The ongoing task of collecting and reviewing programme-related information. The data gathered during monitoring should allow for programmes to be adjusted as necessary. A monitoring plan should be established during the programme design and based on the programme goals, objectives and activities.

Productive asset

An article that is capable of producing or allows for the production of an item or the provision of a service of economic value. Examples include land, equipment, materials, machinery, facilities (buildings), transport.

Purchasing power

The ability to purchase (this is usually defined by income).

Qualitative data

Information based on observation and discussion. Can include perceptions and attitudes.

Quantitative data

Numerical information, such as numbers of intended recipients, number of payments disbursed, amount of cash transferred, number of days worked. This information should be broken down by gender, age and other variables.

Social assistance/protection

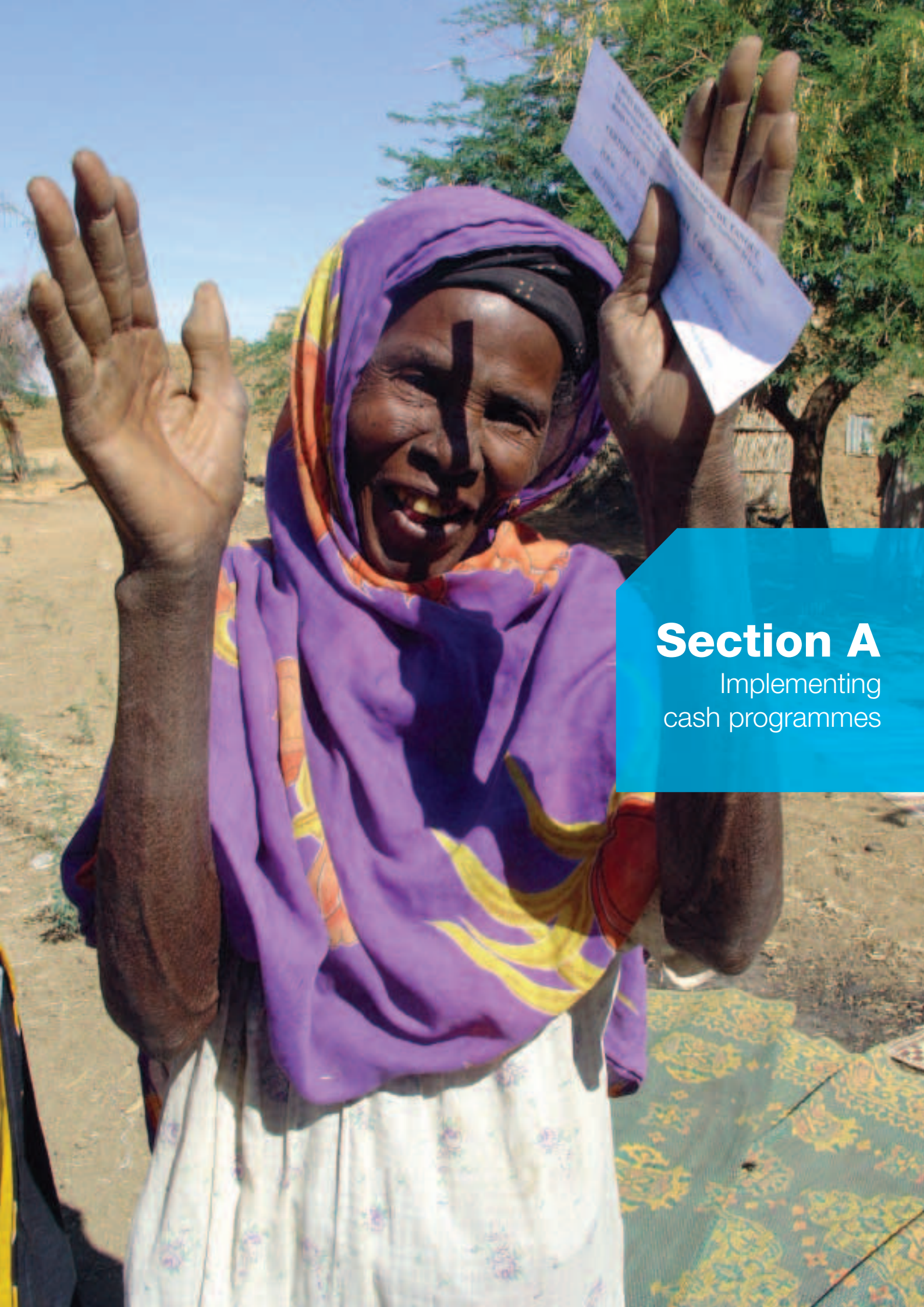
A regular, predictable, non-contributory transfer usually provided in cash (and sometimes in kind) to poor or vulnerable households or individuals which aims to allow them to build assets to protect themselves and increase resilience against shocks and vulnerable periods of the life cycle.

Unconditional cash transfers

Cash transfers from governments or non-governmental organizations given without conditions attached to individuals or households identified as highly vulnerable, with the objective of alleviating poverty, providing social protection, or reducing economic vulnerability (see conditional transfers above).

Vulnerability

The conditions determined by physical, social, economic, environmental and political factors or processes, which increase risk and susceptibility of people to the impact of hazards.



Section A
Implementing
cash programmes

A revised edition of the guidelines is planned for 2009. A feedback form is attached at the end of the document in order to allow field practitioners to contribute to the improvement of the document. Thank you for using this form.

Given the variety of contexts in which the Movement is involved, some elements of the guidelines may need to be adapted. Remember to remain flexible and aware of the local reality: there is no such thing as a 'one size fits all' approach.

1. Introduction

The need to develop cash guidelines for the International Red Cross and Red Crescent Movement was identified at a seminar hosted by the International Federation's secretariat in May 2006. The International Federation's Disaster Preparedness and Relief Commission endorsed the outcomes of the seminar in 2006, in particular the need to normalize the use of cash in multi-sectoral integrated programming, planning and disaster preparedness, and to help build capacity on how to start cash programmes. Building on the broad range of cash experiences within the Movement and in the humanitarian sector, these guidelines provide practical, step-by-step support to the design and implementation of cash programmes.

1.1 Who are these guidelines for?

The guidelines are for field practitioners with experience of humanitarian programmes. This includes generalists such as programme managers or relief coordinators, as well as specialists on food security,* economic security,* livelihoods* or shelter. The guidelines are designed for use by the entire Red Cross Red Crescent Movement, whether operating at national or international level or based in headquarters, the field or a branch office.

1.2 When to use the guidelines

The guidelines cover all aspects of the programme cycle, from assessment,* design, implementation, to monitoring* and evaluation.* They can be used following a rapid assessment and also to support programmes at any point of the disaster cycle – disaster risk reduction, preparedness, response or recovery – or in a situation of conflict or political instability.

1.3 How to use these guidelines

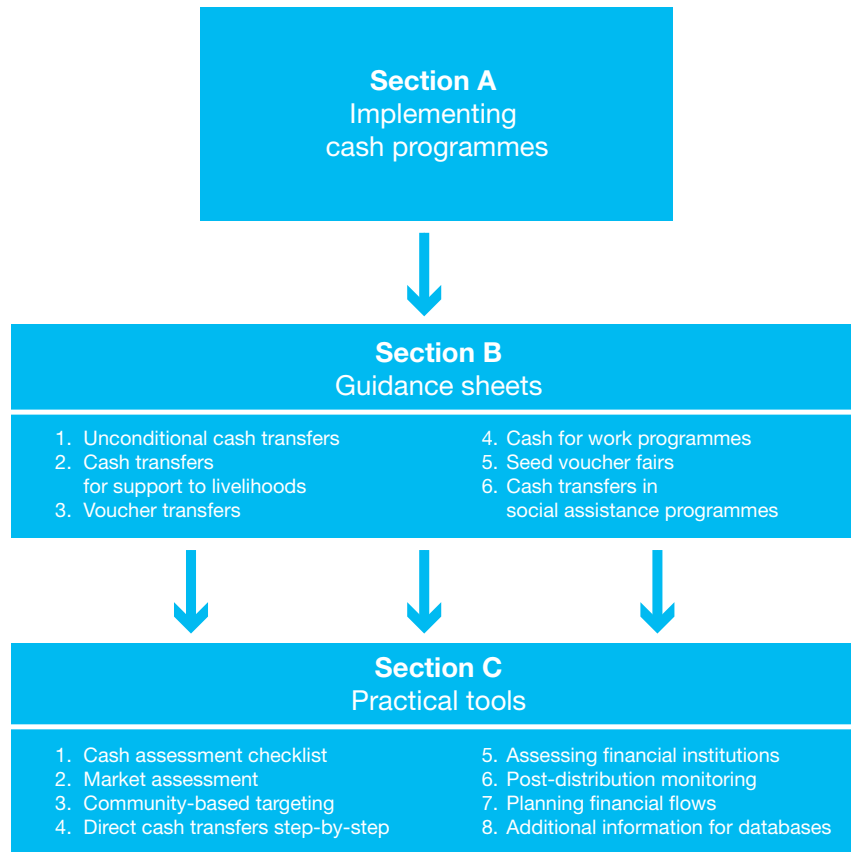
The objective of the guidelines is twofold. First, it aims at helping to decide whether a cash programme is an appropriate response. Second, if a cash transfer is deemed appropriate, it provides practical, step-by-step guidance about how to design and implement a cash programme. In many situations, these guidelines will be used alongside other existing guidelines which are referred to in the relevant chapters.

Important points that are essential reading for all users of these guidelines appear as notes in the margin bands.

The guidelines are divided into three sections:

- The first section, *Implementing cash programmes*, is organized around the programme cycle and provides essential background information for designing and implementing cash transfer programmes.
- The *Guidance sheets* in Section B give step-by-step guidance on particular forms of cash transfers, once the decision has been made to implement a particular type of programme. The guidance sheets cover unconditional cash transfers,* cash transfer for support to livelihoods, voucher transfers, cash-for-work programmes, seed voucher fairs, and cash transfers in social assistance* programmes.
- Section C provides *Practical tools* designed to assist the programme design and implementation in areas which require specific technical guidance.

* The definition of terms followed by an asterisk can be found in the glossary (see page 4).

Figure 1. Guidelines for cash transfer programming

1.4 Useful Movement publications

The following publications are important complements to these guidelines:

- ICRC/International Federation, *Guidelines for emergency assessment*, 2007.
- International Federation, *Food security training modules*, 2007.
- International Federation, *What is vulnerability and capacity assessment?*, 2006.
- International Federation, *Guidelines for emergency assessment*, 2005.
- International Federation, *How to do vulnerability and capacity assessment*, 2005.
- ICRC, *ICRC assistance policy*, 2004.
- Maurey, Alain (ICRC), *Manuel de nutrition pour l'intervention humanitaire*, 2004.
- International Federation, *Project planning process handbook*, 2002.
- International Federation, *Better Programming Initiative – Options to improve the impact of programmes*, 2002.
- International Federation, *Disaster preparedness training manual*, 2001.
- ICRC, *Forum: War, money and survival*, 2000.



2. What is cash transfer programming?

This chapter explains the different forms of cash transfer that the Movement is likely to be involved in.

Key messages

- Cash transfer programming can be used to address basic needs* for food and income and/or to protect, establish or re-establish livelihoods or productive capacity.
- Cash transfers allow recipients to obtain a range of goods and services of their choice directly from local markets and service providers.
- Cash can often be delivered more quickly than in-kind commodities.
- The provision of cash alone is not always sufficient – link cash transfer programmes to other forms of support.
- Monitoring and evaluation of cash transfer programmes have shown that risks of abuse are no greater than for other forms of commodity response; procedures to prevent abuse are necessary for all programmes.

* The definition of terms followed by an asterisk can be found in the glossary (see page 4).

2.1 Rationale of cash transfers

Cash transfer programming is one form of humanitarian response which can be used to address basic needs and/or to protect, establish or re-establish livelihoods or economic productive activities.

While states must take primary responsibility for their citizens in disaster situations, the Movement is often called upon in humanitarian crises to provide assistance to those in need. Movement responses have traditionally focused upon the provision of in-kind assistance, i.e., giving people specific items to replace what they have lost or what they need.

However, cash transfers (sometimes in the form of vouchers) can assist populations affected by disaster particularly where employment, income, livelihood or economic production opportunities have been lost. Unlike in-kind assistance, cash transfers allow recipients to obtain goods and services of their choice directly from local markets and service providers.

Essential features of cash transfer programming

Many of the basic principles of cash transfer programming are very similar to commodity-based programming. For example:

- Include and consult the disaster-affected population throughout the programme.
- Needs assessments are essential.
- Establish clear programme objectives from the outset.
- Decide upon the most appropriate form of response on the basis of needs assessments and programme objectives.
- Agree on the content and/or value of assistance.
- Clear targeting rationale.
- Timely delivery of assistance.
- Sufficient institutional capacity.
- Coordination with governmental and non-governmental actors.
- Monitoring, reporting and evaluation.

Providing cash helps protect livelihoods, because affected people can avoid resorting to negative coping strategies (such as eating seeds or selling livestock or assets) in order to cover their essential needs. Cash also helps disaster-affected people to recover their livelihoods through purchase of essential livelihood assets, services or repayment of loans.

Finally, it is often quicker to provide cash than to implement a commodity-based response.

The provision of cash alone is, however, not always sufficient. Cash transfer programmes often need to be linked with others that focus on improving infrastructure, market support and the availability of services. Cash programmes can also include the distribution of in-kind commodities. However, this requires ongoing dialogue with other organizations and with local- and national-level authorities.

Cash transfers are a mechanism for providing resources for all sectors. If essential goods are available on the market but affected populations do not have enough money to purchase them, then providing cash allows people to cover their short- and/or long-term essential food and non-food needs.

In emergency response and recovery programming, it is essential to assess food security and ensure that food needs are covered through the provision of either cash or food (see Chapter 3).

2.2 Different forms of cash transfer

There is no blueprint for cash transfer programmes. Different contexts may require different forms of cash assistance. Assessments will identify needs and priorities and whether cash transfers are appropriate for addressing those needs.

Different forms of cash transfer may be adopted in response to disaster, conflict and emergency situations. Cash transfer can be:

- Conditional or unconditional.
- One-off or repeated payments.
- Blanket provision or targeted to specific groups.
- Implemented alone or in partnership with government agencies.
- Cash grants or vouchers.

Table 1. Different forms of cash-based transfer¹

| Type of cash transfer | Description |
|---|--|
| Unconditional cash transfers | Unconditional cash transfers are given with no conditions as to how the money should be used. However, it is assumed that if basic needs have been identified in the assessment, the money will be used to cover these needs; if support to livelihoods or productive activities has been identified as a need, the cash distributed will be used for this. |
| | Unconditional (and universal) cash transfers are often used immediately at the start of an emergency. |
| Conditional cash transfers² | Conditional cash transfers* are given on the condition that recipients do something (e.g., rebuild their house, plant seeds, provide labour, establish/re-establish a livelihood). |
| Commodity or cash vouchers | Commodity vouchers stipulate the items (and their amount/weight) or services for which the recipient can exchange their voucher. Cash vouchers have a specific value and can define a service and an item or a range of items for which the voucher can be exchanged. Alternatively the voucher can allow the recipient freedom of choice as to what to purchase with their voucher. Combined vouchers (cash and commodity values) also exist. Vouchers can be exchanged in pre-selected shops, with specified traders/service providers or at specifically organized fairs. |
| Cash for work (CFW)³ | Payment for work on community or public works programmes which will improve or rehabilitate community services or infrastructure. Wages should cover basic needs, but be slightly below market levels to avoid competing with the labour market. |
| Social assistance transfers | Repeated, unconditional, predictable cash transfers provided to longer-term vulnerable or destitute households* or specific individuals (e.g., the elderly, pregnant women). These are preferably implemented in conjunction with government agencies and with requisite political support. |

¹ Cash can be given in currency or in voucher form. For the purpose of these guidelines, vouchers will be treated as a separate form of cash transfer as voucher programmes have certain unique characteristics and implementation requirements.

Other forms of cash transfer programming, such as microfinance* and conditional cash transfers linked to the provision of services (e.g., health and education), are not covered in these guidelines. It is, however, important to link with any ongoing initiatives of this sort and ensure that newly implemented cash transfer programmes do not compete with or undermine such schemes.

2.3 When are cash transfer programmes appropriate?

Cash transfer programming can be undertaken in a number of different contexts and in response to a range of needs, as indicated in Table 2.

Table 2. Cash transfer programmes in different situations

| When | Why |
|--------------------------------------|--|
| Pre-disaster | In preparation for a predictable shock or as part of a disaster risk reduction programme. |
| Initial stages of a disaster | To meet immediate, essential food, non-food and income needs and/or protect/re-establish livelihoods and provide shelter. |
| Recovery or transition period | To help re-establish/support livelihoods and/or provide shelter or short-term labour opportunities for the benefit of the community. |
| In permanent/chronic crises | To contribute to poverty alleviation, shift from humanitarian programming to social assistance, address essential food and non-food needs and support/establish livelihoods. |
| During conflict | To meet immediate needs and contribute to livelihoods support or establishment. |

As can be seen from Figure 2, the Movement has implemented a broad range of cash transfer programmes to meet relief and recovery needs in a number of different situations.

² Both the British Red Cross and the International Federation have implemented this type of cash transfer for livelihood/shelter in, respectively, Aceh and Yogyakarta, Indonesia. In some contexts, governments provide conditional cash transfers in order to increase targeted groups' access to services such as health and education. This is particularly common in Latin America.

³ Cash for work can be considered as a form of conditional cash transfer. However, for the purposes of these guidelines, it will be treated as a separate form of cash transfer.

Guidelines for cash transfer programming

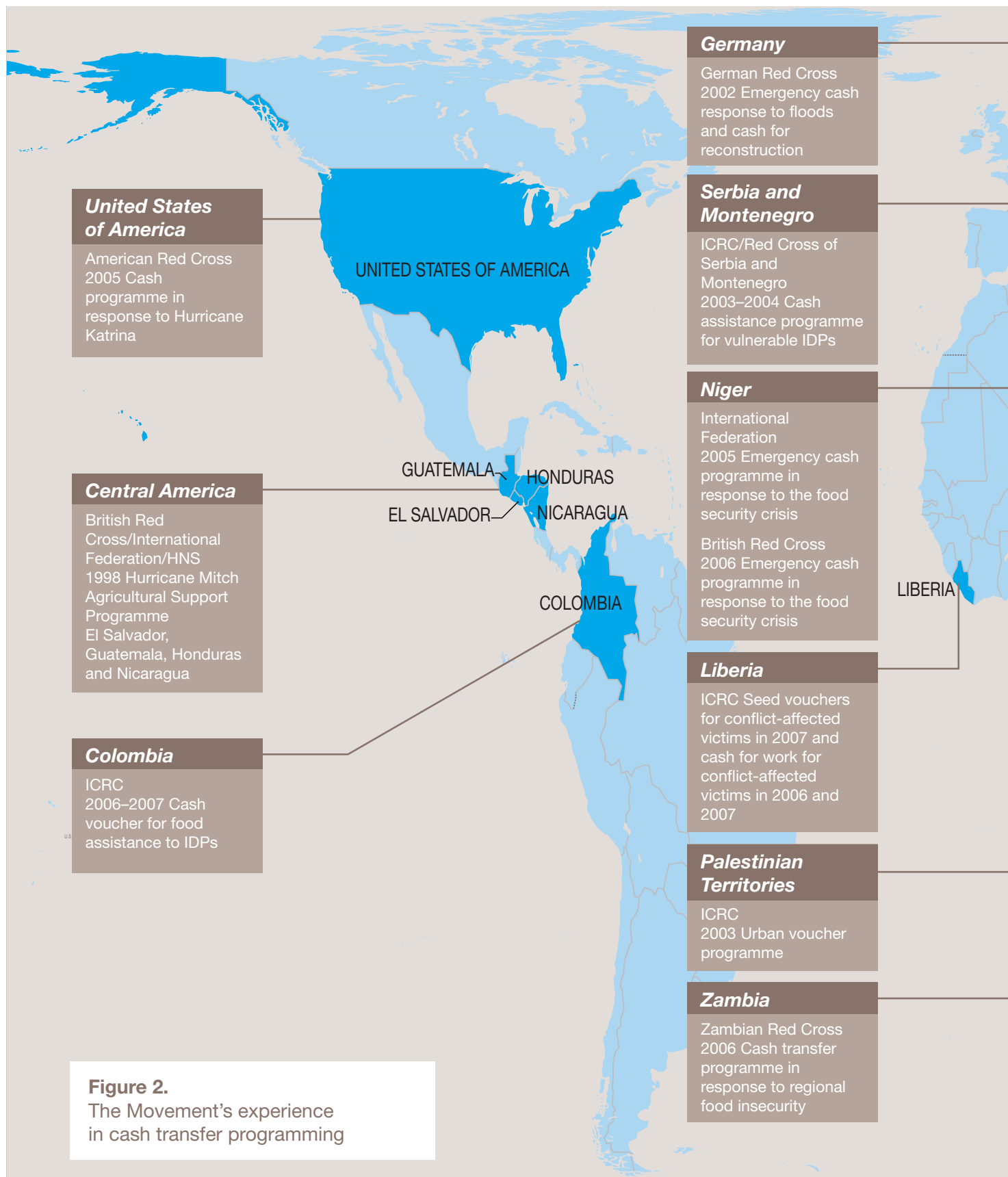
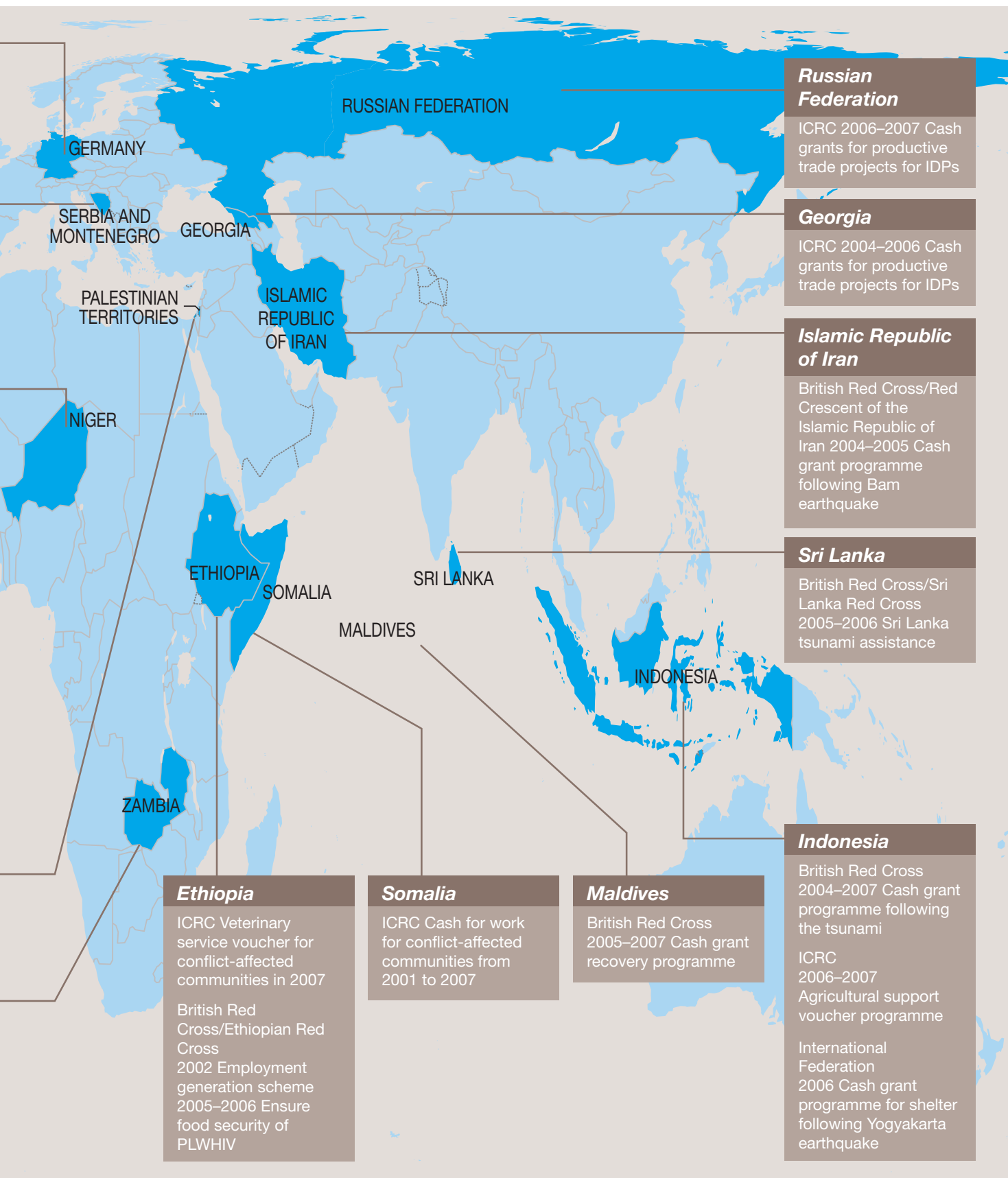


Figure 2.
The Movement's experience in cash transfer programming



Case study 1

Cash programme in response to 2002 floods in Germany

Heavy rainfall and flooding in Central Europe in August 2002 directly affected about 350,000 people in Germany, most of them living along the Elbe and Mulde Rivers. More than 12,000 volunteers and staff of the German Red Cross provided assistance. In addition to traditional services (including emergency shelter and medical aid, care and comfort and psychosocial support, and water rescue), the German Red Cross provided targeted cash support to the most vulnerable people. The cash component included emergency, recovery and reconstruction needs.

Emergency cash distribution started within two days of the disaster. It targeted the elderly, unemployed people and single parent households. It enabled people to purchase basic items while cash dispenser machines were not functioning. In-kind assistance would have been less accepted and would have created massive logistical problems in the early phase of the operation. However, in some isolated, rural areas where shops were flooded, local Red Cross branches, in agreement with the affected population, provided in-kind assistance (basic food and non-food items).

In collaboration with other agencies, the German Red Cross provided unconditional recovery cash support to more than 15,000 households, which were receiving no, or limited, government support and had no insurance coverage. This enabled families to purchase household goods and clothing. A total of 4,634 households were also targeted for conditional reconstruction support. Construction advisers were made available in particular for older people. The advisers assisted in getting offers for material, negotiating with building contractors, monitoring the actual construction works, etc. They acted on behalf of the recipients.

In this way, the German Red Cross covered the gap in governmental support. It resulted, however, in relatively complex procedures.

Deciding whether, how and when to implement a cash transfer programme is context-specific. Take into consideration the social, economic and political environments, and gather and analyse information about them as part of the assessment process.

Do not create unrealistic expectations of cash programmes. Bear in mind that cash transfers alone will not solve poverty, address causes of vulnerability,* meet all emergency needs or eliminate future risk.

2.4 Experiences of cash transfer programming

A broad range of experience exists, both within and outside the Movement, of successfully implementing cash transfer programmes in a wide variety of operational environments.

Despite this, some fears and uncertainties remain concerning cash transfer programmes, mainly linked to how recipients will use cash (particularly in conflict zones and volatile environments) and whether the implementing organization has the internal capacity to set such programmes up. In these programmes, recipients choose which of their needs to meet and when – something some programme staff find difficult, as it means letting go of certain decision-making mechanisms previously held by donors, implementing organizations and their staff.

Cash transfers can be designed to meet immediate needs or contribute to longer-term livelihood and productive capacity approaches. But alone they cannot address all humanitarian needs; they may complement other forms of service or commodity assistance, but cannot replace them.

When considering a cash-based response, ensure the following conditions are in place:

- A functioning market.
- Availability of products regionally and/or nationally.
- Surplus production available within a reasonable distance of the affected population.
- Traders willing to participate (in a voucher programme) and with the financial capacity to purchase goods and the logistical capacity to transport them into the region.
- Geographical accessibility of shops/markets to recipients and a certain freedom of movement.
- No excessive taxation of goods (which may lead to increased prices or hamper the ability of the market to provide necessary items).
- A functioning and reliable system through which payments can be made to traders (voucher programmes) and/or recipients.
- A reliable recipient identification system.
- Political acceptance.
- Clear communication with communities.
- Existence of a clear withdrawal strategy.
- Acceptable security levels and awareness of possible threats to staff and recipients.

The fears surrounding cash programmes include:

- Targeting problems (everyone is assumed to be interested in receiving money).
- Risks of inflation,* which may result in people who do not receive cash having to pay higher prices for goods, or an erosion of the value of cash given.
- Security risks for the implementing organization in transporting cash to recipients and for recipients as they take the cash home or to market.
- Risks of intra-household violence or tension as to who controls the cash.
- Seizure of cash by community leaders, elites and militia.
- The ease with which cash can be misappropriated and 'lost'.
- Concerns that:
 - cash will be used for anti-social purposes;
 - cash will undermine existing development approaches such as microfinance;
 - humanitarian cash programmes may not be in line with government-led social welfare schemes;
 - cash transfers will disrupt the supply chain.

The Movement's past uses of cash transfer programming and their impact

- Reinforced household economic security.
- Rebuilding of stocks and productive assets.
- Dietary diversification.
- Pooling of cash to undertake community development projects.
- Improved access to markets and health care (purchase of transport to improve access).
- Prevention of asset selling.
- Ability to meet immediate survival needs for food.
- Boosting of local economies.
- Reducing economic burden on host communities.
- Education.
- Reconstruction of shelters (including temporary and transitional shelters).

As noted here, there are still fears and uncertainties surrounding cash transfer programmes. Keep in mind, however, that the monitoring and evaluation of cash transfer programmes implemented by the Movement and by other organizations have concluded that many of the fears and risks surrounding distributions of cash are the same as those surrounding the distribution of any commodity. These risks – particularly issues of security and diversion – can be kept to a minimum through good programme design and management.



3. Assessments

This chapter identifies the key information that should be gathered in assessments so that sufficient information is available to support and feed into the decision-making and design process on which cash transfer interventions are based.

Key messages

- Assessment data for cash transfer programmes should include information on markets, security risks, financial transfer mechanisms and institutional capacity.
- Multidisciplinary teams (including one member who understands cash transfer programming) should undertake assessments.
- Involve members of the targeted community in discussions at every stage of the programme planning process.
- In some situations the data gathered in a rapid assessment are sufficient to form the basis for a cash intervention.
- During the assessment process, in conflict situations/volatile environments, pay specific attention to the prevailing and potential security risks and the risk of disruption to markets.

Further information on assessments and how to conduct them can be found in the following documents:

- International Federation, *How to conduct a food security assessment – A step-by-step guide for National Societies*, forthcoming.
- International Federation, *Guidelines for emergency assessment*, 2005.
- International Federation, *How to conduct a food security assessment – A step-by-step guide for National Societies in Africa*, 2006 (2nd edition).
- ICRC, *Economic security assessment guide*, 2002.
- Practical tools 1 (Assessment checklist for cash programmes), 2 (Market assessment) and 5 (Assessing financial institutions) in Section C of these guidelines.

3.1 Cash as part of assessment processes

Cash is a possible form of humanitarian response, based on a proper identification of needs and vulnerabilities. Assessments can be:

- Rapid (undertaken after a major change; normally takes one week or less; should be followed by a detailed assessment).
- Detailed (can follow a rapid assessment; undertaken when a situation is changing and more information is needed; when it is a new operational area; can take one month or more).
- Continuous (occurs after a detailed assessment and when the Movement is already operational in the area; provides updated information).

Ideally, a multidisciplinary team with the following skills should undertake the assessment:

- Knowledge of the affected population.
- Emergency food security and livelihoods assessment skills.
- Market analysis* skills.
- Programme design and management skills.
- Finance/administration knowledge.
- An understanding of cash programming.

As with all assessments, the community should participate or at least be involved in discussions during the assessment process.

3.2 Aspects of assessment relevant for cash programming

Some key elements need to be covered in the assessment in order to consider whether cash transfer programmes are an appropriate option. Essential aspects to consider include:

- Market assessment and analysis are particularly important. They should be undertaken to decide whether markets are able to respond to an increased demand for commodities. The risk of disruption to markets needs to be considered particularly in conflict/volatile environments or after a sudden-onset disaster.
- Movement components that have little experience of cash transfer programmes need to assess whether they have the institutional capacity to implement, monitor and financially manage such programmes. While logistics are often simpler than for in-kind distributions, additional finance capacity may be needed. If necessary, support may be available from within or outside the Movement.
- Assess the security environment in which the programme will be implemented in order to identify threats (e.g., to programme staff in handling and delivering cash; to recipients during cash distribution, on their way home/to market or at home/market), analyse vulnerabilities and define the seriousness of any risks.
- Assess the risks of corruption. Remember they are different from, but not necessarily greater than, those presented by in-kind distributions. Learn to recognize them and find ways of minimizing them.
- In both emergency response and recovery programming, assess the food security situation. If people cannot meet their food needs adequately, cash assistance will normally be spent on food (generally their main expenditure). Provide food and/or cash directly to cover food needs. Also, find out if other organizations are distributing food.

Rapid assessments are sometimes sufficient to decide whether a cash transfer is the most appropriate response, and are reliable enough to form the basis for programme design.

In other situations, more detailed assessments may lead to the decision to implement a cash transfer programme. But further information may still need to be gathered before designing the programme, particularly in relation to markets, security, financial transfer mechanisms and institutional capacity.

When assessing whether to set up and carry out a cash transfer programme, make sure the following aspects are taken into consideration: market analysis, institutional capacity, security and corruption risks, and the food security situation.

* The definition of terms followed by an asterisk can be found in the glossary (see page 4).

Table 3. Key questions for cash transfer assessments⁴

| Issue | Key questions |
|--|---|
| Needs | <p>What is the impact of the shock on people's livelihoods and ability to access sufficient food and income?</p> <p>What are people likely to spend cash on?</p> <p>Is there a preference for cash or in-kind approaches?</p> <p>What are the government and related bodies providing?</p> <p>What are other agencies providing/planning to provide?</p> <p>Are other agencies covering basic needs for food?</p> |
| Markets | <p>Can the market supply what people need at prices they can afford?</p> <p>What impact is a cash injection likely to have on the local economy?</p> |
| Security and delivery options | <p>What is the most appropriate option for delivering cash to people?</p> <p>What are the relative security risks of a cash transfer compared to in-kind distributions?</p> |
| Social relations and power within the household and community | <p>Should cash be distributed specifically to women or to men, or to both? Do men and women have different priorities?</p> <p>Do men and women currently earn and spend income?</p> <p>Are there risks of exclusion of particular groups?</p> <p>Will cash distributions have any impact on existing social and political divisions within communities?</p> |
| Cost-effectiveness | <p>What are the likely costs of a cash or voucher programme, and how do these compare to in-kind alternatives?</p> |
| Corruption | <p>What are the risks of diversion of cash by local elites, compared to in-kind alternatives?</p> |
| Coordination and political feasibility | <p>How would a cash project complement other forms of assistance that are being provided or planned?</p> <p>What would be required to obtain permission to implement the cash project?</p> |
| Skills and capacity | <p>Does the agency have, or have access to, the skills and capacity to implement a cash transfer project?</p> |

⁴ Adapted from Harvey, P. Cash-based responses in emergencies. HPG Report 24. London: Overseas Development Institute, 2007. Available at: http://www.odi.org.uk/HPG/publications_reports.html

Case study 2

Market study of an ICRC voucher programme in the Palestinian Territories

In mid-2002 the ICRC set up an urban voucher programme (consisting of a combined cash and commodity voucher) to provide economic assistance to 20 per cent of the population in nine urban centres of the West Bank for a period of six months. Before beginning the programme, the ICRC undertook a rapid market study to analyse income and expenditure patterns among the most vulnerable people and to identify any potentially adverse effects and the core elements of a market monitoring system. Interviews were conducted in each town with key stakeholders (e.g., chamber of commerce/Ministry of Supply officials; wholesalers/retailers in small, medium-sized and large firms). The study found:

- **Ability of the market to respond.** Although traders faced difficulties in transporting goods (trucks were held up at checkpoints), goods always managed finally to get through to market. Therefore, the market would be able to respond to an increase in consumer demand created by the programme.
- **Constraints to trade.** The overriding constraint to trade was the consumers' ability to purchase. Providing a combination cash/commodity voucher would enable programme recipients to purchase essential food and non-food items (some of which were produced locally).
- **Inflationary risks.** The risk of price rises, which might affect poor families not included in the programme, was discussed. The small size of the voucher programme in comparison to the local economy meant that it was unlikely to result in inflation.
- **Traders not selected to participate.** Some traders not involved in the programme might lose business. However, operating the programme through the market proved to be more beneficial than an in-kind programme where all shops would lose out. The choice of a small number of shops might mean that benefits (profits) would be concentrated in fewer hands but would make programming monitoring and administration easier.
- **Market monitoring.** Understanding the programme's impact on recipients, local traders and producers demands regular monitoring. This includes monitoring prices, market supply and recipient expenditure patterns. Regular visits to local factories, farmers and grocery shops (involved or not in the programme) are important to understand the impact of the programme.



4. Decision-making and objective setting

This chapter looks at the questions that need to be asked to help decide if a cash transfer is appropriate and which form of cash transfer would be most suitable. It provides possible objectives of cash transfer programmes and gives guidance on how to establish the value of a cash transfer.

Key messages

- Cash transfers do not necessarily replace other forms of assistance. Cash is one of the mechanisms that can be used for providing support to those in need.
- Programme objectives must relate to the specific needs identified during the assessment process.
- Cash transfers allow people to repay debts in difficult times and after lean periods.*
- Establishing the value of a cash transfer is linked to the programme objectives.

* The definition of terms followed by an asterisk can be found in the glossary (see page 4).

4.1 Factors to consider when deciding on a response

Having undertaken an assessment, the next step is to decide what is the most appropriate response to the identified need – a cash transfer, an in-kind transfer of food or non-food items or a combination of cash and in-kind assistance.

Table 4.
Circumstances in which in-kind assistance may be more appropriate than cash⁵

| Issue | Choose cash unless... |
|----------------|---|
| Markets | Damage to infrastructure/disruption to market is severe and emergency relief is needed very quickly. <i>But remember...</i> <i>It will often be possible to phase in cash distributions as the market begins to recover.</i> |
| | Goods are not available in local or neighbouring markets (e.g., particular seed varieties) and cannot be brought in from distant markets because of conflict or government restrictions. <i>But remember...</i> <i>Evaluations have found that traders respond to demand even in remote and/or conflict-affected areas.</i> <i>Complementary interventions can sometimes help get markets working again.⁶</i> |
| | There is high inflation or the strong likelihood of high inflation in the future. <i>But remember...</i> <i>Careful planning can offset a certain level of inflation, e.g., by setting the level of transfer according to projected prices at the time of distribution.</i> |
| | The required cash injection is so large relative to other trade flows that it is likely to cause or contribute to inflation. <i>But remember...</i> <i>To date, few cash transfers have been large enough to have an impact on prices.</i> <i>For repeated cash transfers, inflationary impact can be tracked and contingency plans prepared to switch from cash to in-kind.⁷</i> <i>Cash injections can have positive effects, e.g., helping to boost local business and trade.</i> <i>In-kind assistance can also have an impact on prices.</i> |
| | So few traders are operating that they control and increase prices. <i>But remember...</i> <i>Providing adequate information and warning to other traders encourages participation and helps keep prices low.</i> |

⁵ Most of the material for this table is taken from Chapters 4 and 6 in Harvey (2007), *op. cit.*

⁶ For example, providing grants to shopkeepers in Pakistan (Save the Children); distributing food aid and cash at the start of a cash programme to help bring down prices in Turkana, Kenya (Oxfam). See Harvey, *ibid.*

⁷ For example, lowering prices of locally produced goods and raising prices if in-kind assistance is purchased locally.

Security and corruption

Cash could be taxed or seized by elites or militia. Where cash has to be distributed directly, security risks are unacceptably high for Movement personnel and/or recipients in terms of transporting and storing the cash.

But remember...

Many different methods of transferring money safely have been used in insecure or remote areas.⁸

There is a growing body of principles for reducing security risks.

The risks of corruption, e.g., through manipulation of beneficiary lists or diversion to local leaders, are thought to be much greater for cash than for in-kind distribution. And managing these risks is almost impossible.

But remember...

Little empirical evidence exists to show that corruption is greater in cash transfers – the risks are different, but not necessarily greater.

Corruption risks can often be minimized, e.g., by being transparent about who is entitled to what and, if possible, by involving anti-corruption groups.

Skills and capacity

Skills and capacity within the organization are insufficient for implementing a cash transfer project within the required timescale, and skills and capacity cannot be acquired from within/outside the Movement.

But remember...

It is often possible to tap into the growing pool of expertise on cash programming within the Movement and other organizations.

Coordination and political feasibility

A cash programme duplicates or conflicts with assistance already being provided/planned by other organizations.

Government policy is such that it would be impossible to obtain permission to implement a cash project.

But remember...

In-kind assistance needs coordination and political acceptance, too!

Environmental aspects

Cash might pose an additional risk to the environment (e.g., wood for shelter might not be sought from environmentally sustainable sources).

Cash might result in lower standards of safety or quality (e.g., earthquake-proof building standards can be more easily enforced if the materials are provided by the Movement or the work is subcontracted).

Providing cash assistance alone is rarely the answer to addressing people’s needs (unless as an immediate bridge until, for example, banks re-open). Cash transfers often need to be provided with other long-term and/or strategic approaches, such as technical support to diversifying livelihood and productive activities, introducing improved cropping and farming practices, veterinary support, social welfare and human development support or links to longer-term microfinance options.

⁸ For example, remittance systems in Afghanistan and Somalia; subcontracting a security company and providing mobile services by banks in Oxfam cash project in Zambia.

Case study 3

Agriculture rehabilitation programme following Hurricane Mitch

In October 1998, Hurricane Mitch devastated several countries in Central America. Many people died; there were more than 7,000 victims in Honduras alone. The region's agricultural production – in crops for both internal consumption and export – was badly affected. In response to this tragedy, the operating National Society and the International Federation designed an agriculture rehabilitation programme for El Salvador, Guatemala, Honduras and Nicaragua. The programme benefited more than 30,000 peasant families providing certified corn and bean seeds, grain, fertilizer, spray pumps and complementary cash payments in two of the four countries.

The cash component was intended to cover immediate food needs where the food situation was desperate and to provide resources so that recipients could buy complementary items. Cash programmes were controversial at the time and only two country programmes decided to include such a component.

The overall programme included an action research module to compare six communities which received cash (in Guatemala) or cash and food (in Nicaragua) with six others that did not (in El Salvador and Honduras). The key findings of this study were:

- The support package composed exclusively of seed and fertilizer helped the beneficiary communities to restore production and would probably result in above-average harvests. However, this type of package addressed neither the problem of immediate food scarcity nor the lack of economic resources to support production. As a result, recipients would be more likely to sell the seed in order to raise cash to solve immediate problems.
- Where the basic agricultural input package was reinforced with food aid and cash, it had an immediate impact on livelihood security, as it alleviated urgent needs for food, consequently decreasing the risk of the agricultural inputs being sold to raise cash.
- The distribution of an agricultural input package reinforced with cash (Guatemala) or with cash and food (Nicaragua) was found to be the best option. Cash permitted the improvement of livelihood security as it provided currency for immediate subsistence and also reinforced investments in production (inputs, labour and, on a moderate scale, long-term productive assets).
- In general, the beneficiaries used the cash in a responsible way. It was mainly employed to buy food and medicines, other agricultural inputs and complementary services, chickens, pigs and/or tools. There was no evidence of intra-household conflicts for control of the money. In most cases it remained in women's hands and couples negotiated its use. The inclusion of food aid and cash in Nicaragua strengthened the probability that the cash would be spent on productive investments (inputs, labour and capital).
- When consulted on their opinion as to the ideal composition of the support package, the majority of the communities expressed preference for a combined assistance package that includes food, agricultural inputs and cash although the percentage of opinions varied in each country, tending to favour the package which each received.

Giving people cash assistance to repay debts (in addition to covering their essential needs) means they do not have to sell off vital productive household assets. Post-harvest cash transfers, for example, allow recipients to keep their crop and sell it when prices in the market are higher.

4.2 Objectives of cash transfer programmes

As for any other programme, the objectives of a cash programme should always be clear. What is it trying to achieve? How will people's situation change as a result of the programme? If these questions cannot be answered, perhaps the programme's objectives have not been properly thought through. It may even mean that the programme is not appropriate.

The probable objective of a Movement cash transfer programme could be 'to increase the purchasing power* of the targeted population so they can cover their basic, essential food and non-food needs or to help them protect and/or recover their livelihoods'.

Objectives of cash transfer programmes may encompass the following areas:

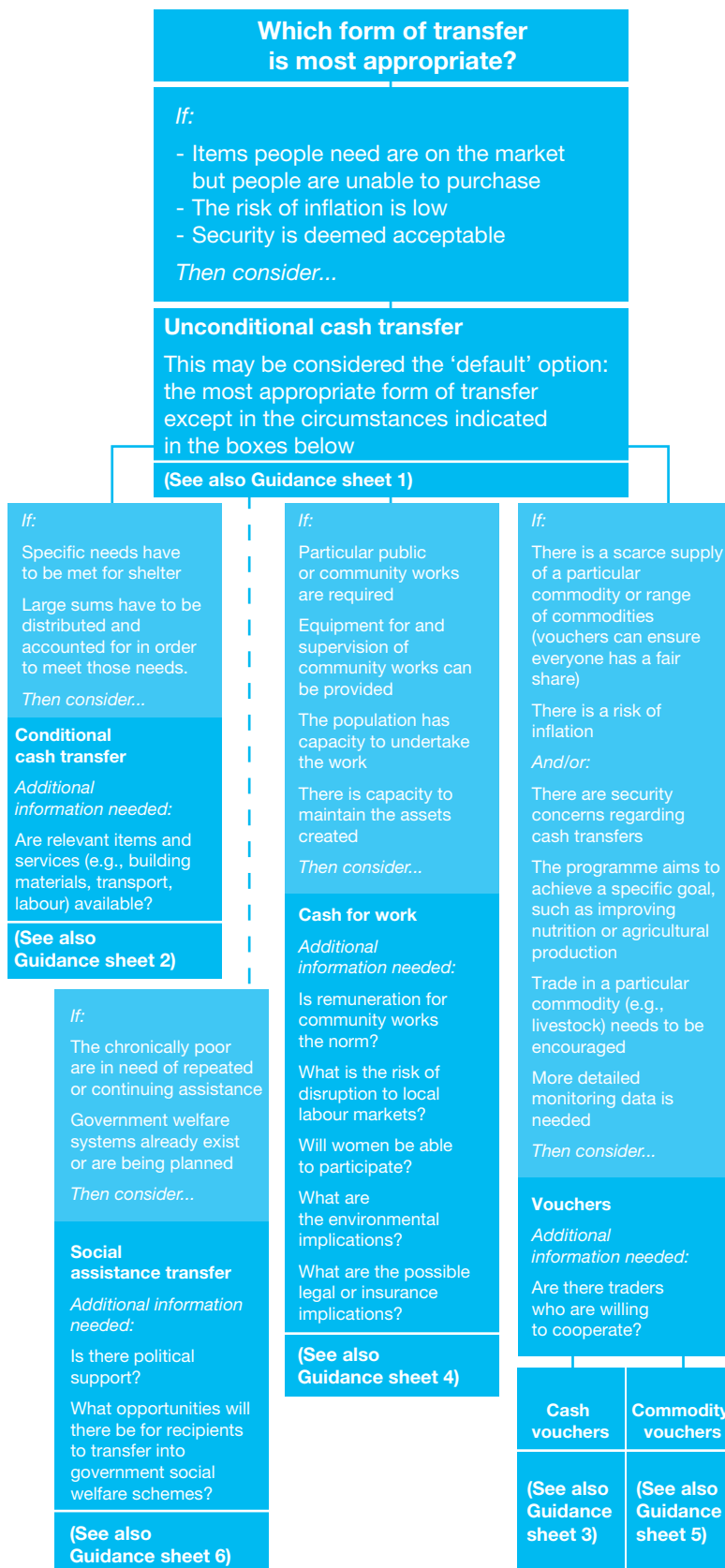
- Asset recovery.
- Relief from destitution.
- Restoration of earning capacity/re-establishment of businesses for people whose livelihoods have been damaged/destroyed.
- Increasing income security in the long term (investment).
- Debt repayment.
- Poverty alleviation.
- Meeting food needs.
- Helping to restore crop production.
- Shelter reconstruction.
- Preventing people resorting to negative or harmful coping strategies.

4.3 Deciding on the most appropriate form of cash transfer

The most appropriate type of cash transfer programme depends upon the problem being addressed, the intervention's objectives and the targeted groups. For instance, some programmes might not be suitable for women, given the demands on their time (domestic work, child-rearing) or cultural constraints.

Different forms of cash transfer can complement each other and a combination of approaches may be the most appropriate. Find out what recipients themselves consider the most appropriate form of assistance; ignoring local preferences lessens the intervention's impact.

Figure 3. Which transfer is most appropriate?



Case study 4

Relief cash grants to internally displaced people in Sri Lanka

Since May 2005, the British Red Cross has run a recovery programme in the Batticaloa district in eastern Sri Lanka. Government forces control the coastal strip and the LTTE (Liberation Tigers of Tamil Eelam), the area inland. The 25-year-old conflict intensified in 2006, displacing more than 110,000 people who settled mainly in camps and villages near the coast.

Initial assessments showed that while most essential requirements (food, water, shelter) were covered, an injection of cash would enable IDPs to meet additional needs (e.g., medical costs, clothing, schooling and transport), pay debts and supplement their basic dry food rations with spices, fresh fish and vegetables. Market assessment indicated that prices were stable and goods available and accessible to IDPs.

An initial one-off payment of 500 rupees (3.4 euros) per person was distributed to heads of household. Further distributions were possible after careful monitoring. The British Red Cross prefers to distribute cash directly into recipients' bank accounts, but lack of appropriate identity or banking records in many cases necessitated direct distribution despite the inherent security risks. Keeping accurate beneficiary lists proved a challenge given fluctuating IDP populations.

Programme monitoring showed that the cash was used as intended, with very little 'misuse'. Some recipients spent a small proportion of the funds on cigarettes – items which might have been bought even without cash distribution, as commodity distributions tend to release cash for such 'non-essential' items.

IDPs in camps may pose problems for host and resident populations, who are often as poor as or more vulnerable than the IDPs themselves. How the influx affects them and how to reach IDPs staying with host families should be taken into consideration. Relief cash grants can be linked to developing and supporting livelihoods in camps and for returnees – though agencies must be careful not to be seen as encouraging IDPs to settle in their areas of displacement.

Remember that it is important to seek political support for the whole programme. In particular, it is important to get that support when it comes to establishing the value of the transfer.

4.4 Establishing the value of a cash transfer

Establishing the value of the cash transfer (i.e., the amount to be given) is linked to the programme objectives. For example, if the objective is to cover food needs, the transfer should equal the gap between people's food needs and how far they can cover these needs themselves without resorting to damaging coping strategies.

When setting the value of the cash transfer, take the following issues into account:

- What will the cash cover? (Food, other basic needs, investment in stock/tools, etc., for livelihood recovery?)
- Is the price of food and other items likely to increase during the duration of the programme?
- Are other programmes necessary? Do recipients require technical support, advice or in-kind assistance?
- Do recipients receive assistance from other programmes? If so, some coordination will be necessary.

- How should payments be implemented? Should they be one-off or in tranches? Vary according to household size and vulnerability? Fluctuate over time according to price changes?

Larger payments, especially if they are regular, allow people to invest in, for example, health, education and livelihood support, which provide longer-term benefits. Such payments must be delivered on time.

Pros and cons of fluctuating payments

If recipients are to receive more than one payment over a period of time, it is possible to vary transfer amounts in accordance with market price fluctuations – they will receive larger payments if market prices rise and smaller amounts if prices fall.

Pros

- Recipients will always be able to cover the needs for which they are receiving the transfer.
- They will not have to bear the effects of inflation.
- Programme objectives will be met.

Cons

- Recipients may find it hard to understand why they sometimes receive less money.
- Programme budgets are difficult to fix if the amount of the transfer fluctuates throughout implementation.

Factors to consider

- Implement a very clear and continuous communication and sensitization strategy so that recipients understand why payments vary in size.
- Fix an upper limit to the amount that recipients will receive.
- Allow for flexibility in programme budgets.
- Monitor markets as close to transfer delivery time as possible in order to get the size of the payment right.

The larger the transfer and the more often it is disbursed, the more likely household assets will be protected. This in turn will have a more positive impact on food and economic security.

Table 5. Establishing the value of a cash transfer

| Programme type | Guidance on setting the value |
|---|--|
| Cash/voucher for basic household needs | Ensure the transfer is sufficient to permit households to purchase basic foods and cover essential items. Calculate average basic household expenses. Consider whether all or part of people's food/basic needs should be met. This depends on the extent to which they can obtain food and income using their own resources and what other organizations are providing. |
| | Calculate the value of the transfer on the basis of predicted future prices, to ensure that households can maintain purchasing power. |
| | Average expenditure and prices of commodities may vary on a seasonal basis – take this into account when deciding when to distribute the cash/vouchers. |
| Cash/voucher for livelihoods recovery | Take into account the cost of assets/materials required to establish/restart a livelihood or productive activity. This may vary between recipients and locations. |
| | Include the cost of materials/assets (e.g., start-up assets, rehabilitating damaged assets, such as clearing agricultural land, seed, livestock, fencing and labour) that people will need to restart different occupations. |
| | Make sure the cost of any official government taxes/licences is included. |
| | Also take into account: <ul style="list-style-type: none"> - The possibility of transferring additional funds to cover the time it will take for businesses to generate income, particularly in post-disaster conditions. - Income is immediate for some activities (trading, drying fish), much longer for livestock projects, and seasonal for fishing or farming. - Heavily indebted households may use grants to repay debts rather than to buy assets/materials for livelihood recovery. Options for delaying or writing off the debt may need to be explored with credit providers, or the amount of any grant increased. - The extent to which basic needs are being met; some of the cash may be spent on these essentials if households are unable to meet their basic needs. |
| | Take into account other forms of support that people may be able to obtain in rebuilding livelihoods (e.g., remittances) or that other organizations provide. |

| | |
|--|---|
| Cash for work (CFW) | Daily labour rates should be set just below the usual market rate. In this way, the most vulnerable people will 'self-select' for the jobs, others will not leave local businesses and labourers will return to their longer-term livelihood options. CFW wages will hardly ever cover more than the cost of a household's basic needs. |
| | Payments can vary according to the skill level of work, the length of the workday and the time period of the project. |
| | Ensure that transport costs to and from the work site are covered. |
| | If several organizations are implementing CFW programmes, ensure that similar wage rates are applied. |
| | Check frequently that CFW wages are in line with local rates and that local enterprises can find labourers. If monitoring suggests CFW is leading to labour shortages, consider reducing wages or restricting participation. |
| Cash for shelter | The cost of rebuilding the house including materials, transport and related services (e.g., sawing of wood). |
| Social assistance | If the programme's objective is poverty reduction, set the transfer at a level sufficient to bring households at least up to the poverty line. |
| | Ensure payments are in line with existing governmental social security levels. |
| | If a social welfare system is already in place, set the value of the transfer at slightly lower than the governmental transfer, so that the social assistance programme does not attract more people than the longer-term government option. |
| Vouchers for seed and commodities fairs | Market value of seeds and tools. The price of the seed unit multiplied by the amount of seed needed. |



5. Planning activities and resources

This chapter provides information about the different elements that are required to plan and design the programme. It considers in particular the resources and time considerations in relation to specific forms of cash grant programmes.

Key messages

- Cash interventions, and when payments are made, should coincide with times when the transfer will be of most assistance to recipients.
- Set up a clear time frame for implementation, with standards established against which achievements to assess and evaluate the programme can be measured.
- Involve stakeholders in cash transfer programmes and work with them to ensure a wide range of interests are reflected, increasing their ownership and accountability.
- Few cash transfer programmes exist as yet. Clear communication and dissemination strategies are, therefore, especially important.
- Agree upon exit criteria for cash transfer programmes during the planning stage with all stakeholders including recipients.
- Remember that some people may never graduate out of poverty and dependence upon support (e.g., the terminally ill). Feasible options for their continued support should be explored.

Further information on planning activities and resources, and particularly on planning withdrawal strategies, can be found in the following documents:

- International Federation, *Guidelines for emergency assessment*, 2005.
- ICRC, *Economic security assessment guide*, 2002.

5.1 Programme time frame and length

The following issues need to be taken into account when planning cash transfer programmes:

- Establishing programmes may take time, but once set up, the actual delivery of cash transfers is often relatively rapid.
- The state of the market. If markets are closed or prices are inflated during or after the disaster/emergency, it may be better to distribute commodities or commodity vouchers until the situation has stabilized.
- When people are moving from emergency to transitional shelter, they may have specific additional needs which a cash transfer would allow them to cover.
- Seasonal factors. For example:
 - Reaching communities, and recipients' access to banks and markets, may be hampered in winter or the rainy season.
 - In the lean season a cash transfer allows people to meet basic needs for food. But less food on the market may push prices higher, so providing a combination of cash and in-kind items may be the most appropriate way to assist those in need.
 - Post-harvest cash transfers are more likely to allow for investment in productive activities.
 - Cash transfer programmes that coincide with the planting season allow recipients to purchase seed/agricultural inputs and pay for labour and services.
 - At the onset of the rains, more animals are available at market. Cash transfers at this time allow people to purchase essential livestock.
 - Cash transfers provided at the beginning of school term can help pay for school fees.
 - Labour opportunities are often seasonal; when they are not available, assistance needs may be greater. Consider this when establishing a CFW programme (so as not to disrupt local labour markets).

5.2 Financial and administrative requirements

The assessment will have considered whether sufficient actual or potential institutional capacity and experience exist to implement a cash transfer programme.

A number of institutional, administrative requirements need to be in place when preparing and implementing a cash transfer programme. The necessary financial and administrative set-up and related support requirements vary from programme to programme. The main issues outlined below, however, need attention in all cash transfer programmes.

Programme budget

Where possible, design the programme before allocating financial resources to it to ensure it is as flexible as possible in terms of the value of the transfer and the number of people to be assisted.

The total amount of cash distributed will depend upon the value of individual cash transfers, the number of times cash will be distributed, the number of payments per recipient and the total number of recipients.

Cash transfer budgets need to include the following:

- The payment itself (multiplied by the number of recipients/payments).

- Human resource costs (including expenses).
- Transport costs.
- Handling costs (bank charges, exchange rates).
- Administration (office equipment).
- Contingency for unexpected costs or inflationary effects.

Delivery mechanisms

This topic will be covered in further detail in Chapter 7. However, it is important from an administrative perspective to have a detailed understanding of the following issues:

- If delivering the cash transfer through the banking system, apply minimum safeguards in order to have confidence in the existing finance systems (see Practical tool 6 for further details).
- If delivering the cash transfer directly to recipients, put in place security safeguards to minimize potential risks for staff, buildings and recipients themselves (see also Chapter 7).
- In the design phase, take into consideration the time needed to move funds out of one country and into another and between different financial institutions (including the lead time between field activities and main office in relation to cash forecasts). (See Practical tool 7.)
- Decide in which currency cash will be distributed and consider the following factors:
 - If hard currency is distributed, exchange rate issues need to be considered, i.e., how much will recipients actually receive after they have exchanged their cash transfer for local currency. If cash is distributed, make sure there are sufficient money exchangers.
 - Distributing local currency can pose an increased security risk if the currency is bulky (e.g., if there is high inflation).
 - Assess which currency goods are available in (some items may only be available in local currency, while others have to be bought in, for example, dollars).

Case study 5

British Red Cross post-tsunami cash transfer programme, Aceh, Indonesia

The cash transfer programme formed part of a much wider recovery programme that the Indonesian Red Cross and the British Red Cross implemented in Aceh. The cash support was designed to allow recipients to choose what they most needed to restart their lives, and targeted three specific community groups: ‘complete’ households (US\$ 1,000 in three to four stages); single parents with children still in full-time education (a one-off payment of US\$ 500); and orphans (US\$ 250 for the three-year programme provided continued attendance at school/university). Funds were transferred to the head of household’s bank account in line with an agreed contract reflecting the priority livelihood needs of each family. The system was sufficiently flexible to allow subsequent changes in contract due to changes in circumstances – enabling affected populations to make life-choices.

The Indonesian Red Cross used the existing banking systems to deliver the transfers, despite it being new to many of the affected population. Specific attention was given to the registration system to minimize opportunities for people to register more

than once – a very real possibility given the size of the tsunami-hit area and the affected population's mobility. Each household was asked to submit their family and individual identity cards. Where these cards had been lost, the British Red Cross worked closely with local government officials to reissue new cards. Once all documents were in order, eligible households were invited to register. By announcing when registration would take place and publishing lists of who would be registered, the British Red Cross ensured that people knew what was happening when.

Iris scanners that recorded individual irises within a database were used for registration. They alerted programme staff if the person had registered previously. But they proved to be time-consuming and not as reliable as expected. The iris scans of many elderly people were not clear enough to be accepted by the equipment, and when cases of double registering did occur, the equipment failed to reflect who the first person had been. In fact, community members and Indonesian Red Cross volunteers were best at identifying people trying the 'beat the system'. Joint ownership of the programme ensured the community fully backed the need to prevent the transfer of funds to people who were not eligible for them.

Human resources

Given their innovative nature, cash transfer programmes often require staff with specific skills, previous experience and strategic vision.

The number and type of personnel required to manage and implement such programmes effectively vary according to the type of programme being implemented. All cash transfer programmes require as a minimum the following staff positions:

- Experienced programme manager (preferably experienced in managing cash transfer programmes).
- Technical specialist with skills in emergency food security and/or livelihoods to assess needs and support programme design, implementation and monitoring.
- Database manager and data entry staff.
- Logistician.
- Finance/administration support staff.
- Monitors.

Specific administrative issues for certain forms of cash transfer

Different forms of cash transfer have specific administrative requirements which need to be factored into programme planning. They are described in the table below.

Table 6. Administrative requirements for cash transfers

| | |
|--|--|
| Transfers with conditions attached (such as livelihood or productive support transfers) | Payments are generated once certain conditions have been met. This requires a link between the programme database, management and finance/administration department to ensure payments are made without delay. |
| Voucher programmes | Establish contracts with traders. |

Time and resources to reconcile vouchers against recipients and against traders (finance/administration staff should be a part of this process).

Print vouchers that are difficult to forge.

Cash for work The applicability of local labour and taxation laws.

Insurance of workers and the work they are doing (liability issues).

Requisite technical support.

Social assistance transfer programmes Establish cash transfer systems in line with governmental payment systems to ensure smooth transition of recipients from one programme to another.

5.3 Coordination

Coordination, which takes place at different levels and with different bodies, aims to avoid duplication and gaps.

Internal Movement coordination

Each of the Movement's components is responsible for coordination with other members of the Movement.

Coordinating activities with the host National Society (HNS) is essential in international operations, especially as some scepticism and caution still surround the implementation of cash transfer programmes. The HNS, which will be present and possibly in contact with the recipient population after the programme is over, must support the cash transfer approach.

Internal institutional coordination

Operational and support departments will need to engage in certain aspects of the cash transfer programme as follows:

- Senior management (dialogue with government ministries/relevant authorities/donors).
- Food security/economic security/relief/disaster management departments (programme design and management).
- Logistics (tenders for voucher programmes, transport and delivery).
- Finance and administration (human resource issues, contracts with traders, taxation and insurance laws, financial transfer mechanisms).
- Information and dissemination (programme communication strategy).
- External relations (donor liaison).

Programme partners and stakeholders (external coordination)

Cash programming needs to include dialogue and coordination with the following:

- Government and local authorities (depending upon the type of programme this can include the national- and/or local-level ministries of social welfare, labour, agriculture, trade, supply and commerce).

Key to the success of cash transfer programmes is to ensure the buy-in of governmental/state authorities.

If no official or functioning government structures exist, coordination needs to take place with operational formal/informal authorities.

- Village elders/community leaders.
- Established, representative local committees.

Coordinate with other operational organizations to minimize conflict between approaches adopted and to avoid problems such as one organization providing higher value cash transfers than another, or insisting on conditional transfers where another is providing unconditional transfers.

Dialogue therefore needs to be established with:

- United Nations (UN).
- International and national non-governmental organizations (NGOs).
- Microfinance institutions.
- Development and donor organizations.

In some circumstances, working in partnership with another organization may be appropriate. For example, if one organization is already providing cash transfers to a portion of the population, the Movement could contribute to or top up the transfer to ensure coverage of additional need.

5.4 Communication and dissemination

It is important to devise a clear communication and dissemination strategy for cash transfer programmes to answer questions from stakeholders and interested groups. The strategy should explain what to say about the programme, when to say it and the most effective way of saying it.

The strategy should be devised from the outset, included in the budget and approved by the cash transfer programme manager. It should develop messages aimed at a diverse range of possible target audiences to inform them about cash transfer programming.

Culturally and locally appropriate ways of communicating the programme's intentions to all those involved and interested need to be sought. This needs to be balanced with security issues (see Chapter 7 for more details), particularly if cash is being distributed directly to recipients as opposed to using the banking or postal system. If issuing vouchers, TV and radio messages can be developed to inform recipients of distribution dates (particularly where schedules have been disrupted by curfew).

Remember that in sudden-onset disasters, government ministries are often as affected as the general population (buildings destroyed and employees dead, missing or severely affected).

Before launching the programme, discuss it with the intended recipient community, so that they are clear about the programme approach and feel ownership for it.

Communication materials

Communication materials need to explain:

- The purpose of the programme.
- The targeting methods.
- The selection criteria.
- The anticipated impact on markets.
- How the value of the transfer has been calculated.
- How the project will be monitored and evaluated.
- Implementation time frame.

Table 7. Dissemination audiences and messages

| Target audience | Information required |
|---------------------------------------|---|
| Recipients | Selection criteria should be discussed and agreed with recipients to avoid problems arising later. |
| | Why they have been selected? |
| | Who will be selected and how? |
| | What they will receive (the value of the transfer)? |
| | When they will receive it? |
| | When they will stop receiving it? |
| | Will there be a simultaneous (or later) commodity distribution (to assist in their planning)? |
| Nearby non-recipients | The selection process. |
| | Programme duration. |
| Traders | Other options for assistance. |
| | The length of the programme (so they do not overstock in anticipation of unrealistic demand). |
| | The number of recipients. |
| National and local authorities | Their roles and responsibilities (if a voucher programme). |
| | The length of the programme. |
| | Programme location. |
| | Number of recipients. |
| The media | Recipient selection process. |
| | Their involvement in the programme. |
| | A media pack including all the above issues. Decide whether it is best to be proactive or reactive with regard to informing the media of the programme. Security is the key factor to be taken into account in this regard. |
| Donors | As per individual donor requirements (some donors need some awareness raising). |

A 'frequently asked questions' (FAQ) sheet should be prepared with responses. Prepare the sheet in advance of the programme launch and distribute it to all programme staff (and to staff working on other programmes), so that they can respond in a coherent manner if they are asked to clarify the programme.

Frequently asked questions may include:

- What is the programme?
- Who is involved in the programme?
- When did it start and when will it finish?
- How is the cash given to the recipients?
- How can I register to be included in the programme?
- Which towns or villages will benefit from the programme?
- Is it for everybody in those towns and villages?
- How can I see the list of recipients to see if I am included?
- Can more than one member of the same family receive a transfer?
- How were the shops selected?
- If I am registered, do I need to collect the cash/voucher in person or can someone else come for me?
- Can someone collect cash or vouchers on behalf of more than one recipient?
- Can somebody else go to the shop and exchange my voucher if I am unable to myself (e.g., if I am ill or in hospital)?
- Who should I contact to get more information?

5.5 Planning withdrawal from cash transfer programmes

Withdrawal/exit strategies are designed for the moment when programme objectives are achieved and/or the capacity has been created for others to take over. But defining a withdrawal strategy requires clear programme aims from the outset.

An exit strategy has two key components:

- Ensuring that the achievements attained are maintained.
- Closure of the programme from an administrative perspective.⁹

When planning withdrawal from cash transfer programmes:

- Agree on exit criteria during the planning stage with all stakeholders (affected community/local and national authorities).
- Design withdrawal or exit strategies to safeguard the gains of the cash intervention.
- Remember that some cash transfers may benefit from a graduated withdrawal strategy (e.g., CFW).
- Keep in mind that withdrawal criteria should be determined by and linked to programme objectives.
- Adopt time-based measures to allow for a clear withdrawal from programmes that cover immediate and temporary needs.
- Ensure that a clearly defined exit strategy is communicated to recipients in cases where cash transfers are repeated.

⁹ These guidelines do not deal with the closure of the programme from an administrative perspective; however, more information can be found in the International Federation's Handbook for Delegates (2001).

Exiting from programmes can be politically sensitive. Terminology is important: words like 'closure' or 'exit' may be perceived negatively.

- Remove recipients from programmes designed to alleviate short-term poverty when they are no longer poor. Set strict time limits to limit the risk of dependency.
- Factor in links to livelihood interventions, microfinance and social protection* programmes when withdrawing from short-term cash interventions.
- Engage communities in discussing and planning the exit strategy, e.g., by discussing what things will look like after programme closure and holding open discussion evenings where the communities meet to exchange information.

In designing withdrawal strategies the following questions need to be answered:

- How will people access additional training or information on strengthening and diversifying livelihoods and productive activities?
- Who will be responsible for elements that have a sustainable impact? (Be specific and realistic.)
- Do those responsible have the knowledge, skills and resources required to sustain the benefits? If not, how can they acquire them?
- How will people maintain their new homes?
- How will communities maintain rebuilt/newly built community facilities?
- How and when will the activity being supported be transferred?
- Is a phase down/out necessary to reduce responsibilities before departure from the programme area? Is there a need for a formal closing ceremony?
- How are programme stakeholders being involved in and informed about the future sustainability of programme results?

The ICRC, the International Federation's secretariat and participating National Societies also have to consider the impact of their programming and approaches on HNS. The relationships that are built with communities, expectations, reputation and physical legacies that are left behind, as well as the scale-up and scale-down of HNS activities, need to be considered and discussed with the HNS during the planning process.

* The definition of terms followed by an asterisk can be found in the glossary (see page 4).

6. Targeting and registration

This chapter covers the reasons why targeting in cash transfer programmes may be necessary and highlights the different targeting mechanisms that can be adopted. Targeting mechanisms will vary according to what is most appropriate in a given context, the type of programme and the programme's objectives.

Registration is closely linked with targeting and this chapter provides guidance on some of the different registration methods that can be applied and what kind of information needs to be gathered during the registration process for cash transfer programmes.

Key messages

- The primary reason for targeting is to ensure that the transfer reaches those most in need.
- Targeting approaches need to be clear and acceptable to recipient and non-recipient communities.
- Blanket distribution of cash transfers is appropriate in sudden-onset disasters where all households in a given community have suffered similar losses.
- Working with affected people to establish selection criteria helps identify who should receive the assistance.
- Choices often have to be made regarding acceptable levels of inclusion and exclusion.
- Speed of providing the transfer is generally more important than accuracy of targeting in emergencies and sudden-onset situations.
- Consider the role that women play within the household when deciding who should be registered to receive cash in the household.
- When undertaking targeting, watch for specific groups or people that have been excluded.
- Registration can take place simultaneously with the provision of the first cash transfer particularly in emergency response situations.

The following document provides further guidance on targeting:

- ICRC, *Addressing the Needs of Women Affected by Armed Conflict*, 2004.



Geographic targeting can act as the first filter before deciding whether to target entire communities, groups of people, selected households or individuals within that geographic area.

6.1 Targeting rationale

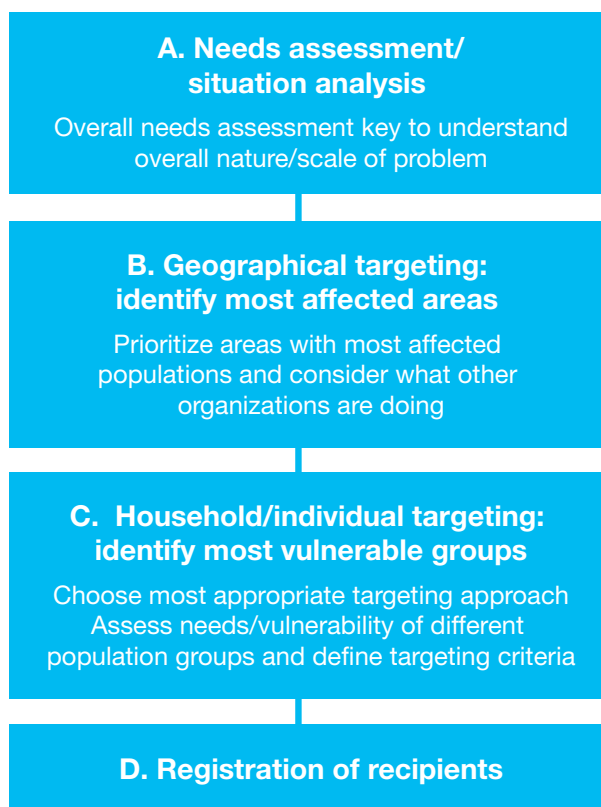
The primary reason behind the targeting of humanitarian assistance is to ensure that the assistance reaches those most in need. Limits on availability of resources and implementation capacity also demand careful targeting of assistance.

The first level of targeting is geographical: determining the area in which the cash programme will be implemented, based on information gathered during the assessment (e.g., levels of needs and vulnerability, activities of other organizations, discussion with relevant authorities, etc.). The chapter focuses on targeting within a particular geographical area. The flow chart in Figure 4 shows the usual process that is followed from the original needs assessment to the final registration of beneficiaries.

The targeting and registration process

- Decide whether there is a need for targeting.
- If targeting is to be undertaken decide at what geo-demographic level targeting will take place (nationwide, town, village, etc.).
- Decide what method (e.g., community-based approaches, externally defined criteria) will be applied to identify people to be assisted.
- Agree on targeting criteria.
- Register.
- Monitor throughout.

Figure 4. Targeting flow chart



6.2 Targeting approaches

The choice of targeting method is linked to the programme objectives and design, the availability of data, budgets, resources and capacity of the implementing organization and its governmental and non-governmental partners.

The first decision is whether to target; the next is to agree whom to target.

Local communities, government structures, external organizations and/or a combination of all of them should be involved in establishing the criteria, selection and identification of potential recipients.

Ensure recipient communities understand how targeting works; they must be informed of and agree with decisions to exclude certain categories of people (e.g., Movement or government employees or those already receiving assistance).

Recipient verification

Verify targeted recipients as soon as possible after lists have been drawn up, so that necessary changes can be made.

- Take random samples and make adjustments if recipients are deemed not to meet programme criteria, in consultation with relevant selection committees.
- Agree on a target for an acceptable level of accuracy in recipient lists, i.e., if x per cent of the random sample do not meet the programme criteria then the recipient lists should be revised.

Such verification is useful where local committees/non-Movement bodies have put together lists.

Table 8 shows the different targeting approaches that can be used.

Table 8. Overview of targeting mechanisms

| Type | Method by which list is established | Possible risks |
|----------------------------------|--|---|
| Community-based targeting | Through established community leaders. | <ul style="list-style-type: none"> ■ Community leaders may include their own family. ■ Poorest may not always be selected. ■ In some situations, community structures may have broken down. ■ Women might be excluded from the process. |
| | Through committees specially elected by communities. | <ul style="list-style-type: none"> ■ Time and resource heavy. |

In certain circumstances, when the need rapidly to assist people outweighs the time and cost of establishing targeting mechanisms to identify vulnerable populations, a universal distribution may be necessary to provide support for the whole population.

At the outset of an emergency, complex targeting methods are often less appropriate. They can be refined as the situation stabilizes.

Guidelines for cash transfer programming

| | | |
|---------------------------------|--|---|
| | <p>Triangulation of three or more lists of those in need, compiled by groups of, e.g., men, women, elders.</p> | <ul style="list-style-type: none"> ■ Socially marginalized may be excluded. ■ Committee may judge eligibility according to long-term vulnerability rather than need in the particular emergency. |
| | <p>Through a committee elected by the community (based on pre-established criteria).</p> | <ul style="list-style-type: none"> ■ Interpretation of criteria may vary from location to location. ■ Communities may not feel ownership of the criteria. |
| | <p>Self-targeting: individuals or households choose to opt in to the programme.</p> | <ul style="list-style-type: none"> ■ May only benefit those who register first. ■ The housebound, elderly, etc., may not be able to come and register, and therefore risk being excluded. |
| Administrative targeting | <p>Government structures according to government criteria, e.g., elderly people.</p> | <ul style="list-style-type: none"> ■ Can lack flexibility for people who move in and out of eligibility criteria. ■ Less room for participatory processes. ■ Lists may be out of date. ■ Verification of list can be challenging in an emergency. |
| | <p>External/administrative criteria, e.g., households with malnourished children.</p> | <ul style="list-style-type: none"> ■ Lack of local knowledge and data mean wrong people can be targeted. ■ Communities feel less ownership. ■ Costs can be high with surveys, monitoring. ■ Communities may ignore imposed criteria. |

See also Practical tool 3 on community-based targeting.

Targeting criteria

While targeting criteria should be developed for each context, they are normally based on explicit or proxy indicators* of economic, social, political, physiological and physical vulnerability or on a combination of these vulnerabilities. Criteria for identifying potential recipients can be established through any of the mechanisms outlined above, but preferably with input from the community, which is often aware of who is most in need of assistance.

Examples of targeting criteria or indicators of vulnerability include:

- Context-specific criteria such as:
 - Loss of assets and/or crops.
 - Home destroyed.
 - Households facing continuous food shortages.
 - Areas with high food production failure rates.
 - Debt burden.
 - People with no family support.
- Social welfare criteria/proxy indicators that often include people who are chronically ill, disabled, elderly or orphans, and large families and/or female-headed households. While these groups are often easy to identify, they are not always the most socially or economically vulnerable. Where time allows, take into consideration support that may be received from their family and community if such proxy indicators are going to be used for targeting. Targeting groups through the use of proxy indicators can be qualified by using phrases such as ‘with no support’ or ‘living alone’.
- Specific vulnerable groups, for example, IDPs, refugees, host families, people living with HIV/AIDS, pastoralist communities, traders, certain livelihood groups and marginalized populations. Targeting people on the basis that they are HIV positive or have AIDS can be complex and sensitive due to the stigma that is sometimes attached to this condition.

Inclusion errors

Inclusion errors are where people who are not in need of assistance or who do not meet the programme criteria receive assistance.

They can be avoided by undertaking household-level vulnerability assessments. But carrying out such detailed assessments often costs more than the value of the grants distributed to people who do not meet programme criteria. Additionally, when cash transfers are designed to meet essential needs, especially after a sudden-onset disaster, the timely provision of the grant is more important than ensuring that there are no inclusion errors.

Involving the local community – who know who is eligible and who is not – is often the most effective safeguard against inclusion errors.

Exclusion errors

Exclusion errors are when people who are in need and meet the programme eligibility criteria fail to receive assistance and can occur when:

In certain contexts and programmes, choices have to be made in relation to acceptable levels of inclusion and exclusion errors.

* The definition of terms followed by an asterisk can be found in the glossary (see page 4).

- Social welfare lists are used as the basis for targeting – people who are newly vulnerable as a result of the disaster or emergency or those who are on social welfare waiting lists may be excluded.
- The socially marginalized (e.g., the mentally ill, migrant populations) are under-represented in community structures.
- Sudden-onset disasters exacerbate the situation of people without land or assets (who in normal situations frequently have limited earning potential). They may be excluded from transfers aimed at rebuilding livelihoods if they do not have existing assets or land.
- People's homes have been destroyed – those without land may be excluded from house-rebuilding programmes.

When targeting is being undertaken, exclusion errors should be explicitly looked for and steps taken to reduce them. It is often more important to ensure that those in need are not excluded than to rapidly implement a programme.

Targeting risks

Remember that there is no such thing as a perfect targeting mechanism. No matter what system is applied, some people who are not in need will receive assistance or those who are in need will be left out. However, rigorous monitoring mechanisms should be put in place to watch for targeting errors and to adjust programmes as necessary where they are found.

6.3 Targeting in urban environments

Targeting people most in need in urban environments is frequently more complex than in rural settings, as there is often less community knowledge beyond the situation of immediate neighbours or family. Options for improving targeting in urban areas include:

- Forming local selection committees made up of religious leaders, respected families, women, representatives of respected professions (e.g., teachers) to undertake recipient selection and identification.
- Talking about the programme and its eligibility/targeting criteria to as many groups as possible in the area.
- Dividing the urban area into smaller sub-units.
- Selecting specifically vulnerable locations (e.g., collective centres, refugee camps, slums) for initial targeting.

6.4 Registration

In these guidelines, registration relates to the process of collecting and recording information on people who are eligible to receive cash transfers.¹⁰

Preparing for registration

One day before registration begins, display or read out in an appropriate place the names of people to be registered. This allows people to prepare documents and reduces pressure on the registration team to include people who are not on the list. Such a transparent approach gives unregistered people the opportunity to approach the registration team if they want to appeal for inclusion.

Remember that registration is not always appropriate or feasible in emergency situations, such as when populations are still on the move and the physical location and facilities are inappropriate (e.g., potential presence of mines and unexploded ordnance, health hazards, risk of aftershocks, overcrowding). Registration may even get in the way of life-saving activities.

Why is registration necessary?

Registration information is often used to form the baseline data* at the start of an operation, against which subsequent monitoring can be undertaken. In some cases, especially in long-term programmes, such data ensures the programme's accountability vis-à-vis potential recipients.

Bear in mind the following factors when registering people for a cash transfer programme:

- For programmes targeting at household level, determine what constitutes a household and decide who within the household will collect the cash transfer.
- Only register those who are eligible to receive the transfer.
- Remember that for some people, being registered means they are automatically entitled to receive some form of assistance.
- Take registration conditions into consideration, including the prevailing weather, the availability of well-equipped and trained staff, and the presence of vulnerable people during the process (e.g., women, the elderly, children, minorities).
- When gathering data on registered people, respect local customs, religion and culture.
- Remember that marginalized people may not be included in official systems (e.g., they may not have identity cards).
- Set a deadline for registration.
- Heed local advice (e.g., should registration be by clan or by village/settlement?).

¹⁰ Registration can also refer to the collection and recording of information on an entire population group or of individuals of concern for humanitarian organizations. Registration can also take place when designing a programme in order to provide quantitative information upon which to base programme plans. These forms of registration are not covered in these guidelines.

Table 9. Overview of registration mechanisms

| Registration mechanism | Advantages | Disadvantages |
|--|--|---|
| Signing/ fingerprinting lists during distribution | <ul style="list-style-type: none"> ■ Rapid – no need to undertake surveys prior to distribution. | <ul style="list-style-type: none"> ■ Different household members may access more assistance than planned. ■ More difficult to follow up for monitoring purposes. |
| Paper registration card (with photo and plastic cover) | <ul style="list-style-type: none"> ■ Easy to understand. ■ Easy to produce. | <ul style="list-style-type: none"> ■ Can easily get damaged/lost. ■ Easy to forge. |
| Smart card (a plastic card which contains data on the recipient and his/her entitlements) | <ul style="list-style-type: none"> ■ The card contains all household data. ■ All available support packages are loaded on the card. ■ The stage of delivery of support packages is recorded. ■ Collects information on when and where the money is used. ■ Less potential for fraud. ■ May bring people and shops into the formal financial sector (if like a debit card). | <ul style="list-style-type: none"> ■ Takes time to reload information if the card is lost. ■ May be difficult for recipients to understand. ■ Needs necessary infrastructure in place. ■ Cost implications of producing the card and the associated card reader programmes. |
| Iris scanning | <ul style="list-style-type: none"> ■ There is no card to lose. | <ul style="list-style-type: none"> ■ Difficult to operate in certain conditions (sunlight) or for certain groups (elderly). ■ Is not more effective in controlling fraud than simpler mechanisms. |

Community leaders, local committees, government institutions and/or Red Cross Red Crescent staff and volunteers can prepare registration lists.

Database requirements

Programme databases need to allow for continuous beneficiary tracking and instant recognition if an individual tries to register more than once. The database contains all relevant information relating to recipients, their entitlements and what they have already received.

Standard spreadsheets or databases are appropriate to store information relating to recipients, although databases such as Microsoft Access are recommended. These can be adapted to the programme's specific requirements and should be kept as simple as possible.

Table 10. Level of registration requirements

| | |
|--|--|
| Minimum registration requirements for adequate programme monitoring and reporting | <ul style="list-style-type: none"> - Name - Date of birth - Gender - Number of dependents - Date of registration |
| Detailed registration requirements | <p>In general, the more complicated the programme design (e.g., many recipients in a number of locations receive several payments), the more detailed the registration database needs to be. A more detailed registration could include:</p> <ul style="list-style-type: none"> - Name of family head, spouse and children - Number of dependents (plus names, dates of birth and gender). - Complete address. - Place of origin. - Date of arrival (if relevant). - Date of registration. - Date and place of birth (of family head and/or family members). - Gender. - Official identity number. - Nationality. - Agreed benefits package. - Status of benefit disbursement (i.e., whether the cash assistance has been delivered). - Photo of beneficiary. - Bank account number (where relevant). - Village/area identity number (where relevant). - Monitoring against payment (see Chapter 8). - Special needs. - Date of last update on register. |

Consider involving village leaders, community elders and/or relevant authorities – and inform them in advance of planned registration activities.

Sudden-onset disasters/emergency response

Registration and distribution can take place simultaneously to ensure disaster-affected people receive assistance rapidly. Registration data will therefore include:

- List of recipients (possibly pre-identified by Movement volunteers).
- Value of the transfer received.
- Date transfer received.

Case study 6

Delivering cash following Bam earthquake through a welfare organization

Following a rapid assessment in April 2004, a cash programme was designed to provide financial support to the most vulnerable people affected by the earthquake. The amount distributed allowed families to purchase household items (e.g., refrigerators, air conditioning systems (much needed in Bam), house furniture or other equipment) they needed as they moved into temporary/transitional houses. It targeted female-headed households, orphans, disabled people and the elderly.

The government's welfare organization already supported these vulnerable groups, so working closely with the organization was the most efficient way of reaching the most vulnerable. An independent household identification process within a disrupted, densely populated urban environment would have taken too long and required human resources that were unavailable at that time, and indeed would have involved costs disproportionate to the amount being distributed to households.

There is a fine balance between accuracy of targeting, and the time and resources it takes to collect the information. In this case the balance was appropriate, even though it is likely that a small proportion of beneficiaries was not strictly in need of additional relief cash. This small 'inclusion error' is not of significant concern to a humanitarian agency with a relief objective.

However, an evaluation of the programme found that a small number of families who would have been eligible for the cash support were unintentionally excluded. The welfare organization's capacity was badly affected by the earthquake and they provided the list of recipients while their caseload was still increasing.

6.5 Registration according to gender

Cash transfer programmes that register women increase the likelihood that the wider household will benefit. In many crisis or flight situations, women continue to care for the family and look after wounded combatants and the elderly. But in emergencies, women usually have more difficulty than men in obtaining their humanitarian assistance entitlements.

Consider the role of men and women in the household when deciding who will be registered and receive the transfer. Targeting women may not be culturally appropriate in some societies but it may be possible to target women and men together, i.e., both husband and wife are required to sign for the cash transfer. Seek local guidance on the most appropriate approach.

Table 11. Possible targeting and registration dilemmas and suggested solutions

| Dilemma | Solution |
|--|---|
| Different ways of defining the household, especially in polygamous societies. | Take local guidance from a range of sources (particularly potential recipients). Agree with recipients how a household unit will be defined before beginning distribution. Publicly announce how the programme defines household units. |
| Local community structures may identify recipients according to their own group or interest. | Ensure representative, transparent relief committees. Use a combination of selection committees (community and governmental). Attempt to include minority groups in the selection process. Ensure there is a good awareness of groups that may be excluded. Revise lists at pre-agreed times, e.g., every three months. |
| Difficult to target those drifting in and out of poverty. | Allow for a pre-agreed level of flexibility in the lists. Set deadlines for application to the programme. Consider seasonality in programme design. |
| Difficult to target pastoralist and nomadic communities. | Seek advice from the communities themselves and use participatory approaches. |
| Numbers in need fluctuate. | Establish the number of recipients per target area to enable closer monitoring of population fluctuations and flexibility of programme. |
| Better-off households may be targeted if programme is under pressure to demonstrate beneficial impact on households. | Ensure appropriate criteria are devised to avoid this. Be transparent about the limits of the programme. Combine the cash transfer with other forms of assistance and with government support services to reach the most vulnerable. |

| | | | |
|--|-----------------------|--|---|
| | Registration | <p>People migrate in from outside targeted area.</p> | <p>Involve the recipient community directly in programme management. Base the programme on existing community structures. Involve the community in monitoring.</p> |
| | | <p>Those without land title can be excluded from eligibility for inclusion in programmes supporting house reconstruction.</p> | <p>Provide a package to help them (e.g., rental accommodation).</p> |
| | | <p>Key documents lost.</p> | <p>Assist in reissuing identity documents. Negotiate with other organizations who are experienced in tracing documents to prioritize Movement recipients. Allow for coherent flexibility as to what documents are necessary.</p> |
| | Implementation | <p>During registration, women may be at risk of attack.</p> | <p>Provide adequate security.</p> |
| | | <p>Tensions created between recipients and non-recipients.</p> | <p>Clearly state programme criteria in all dissemination material. Emphasize that not everybody will be selected. With livelihood applicants, keep a good record of why applicants have not been selected. Implement simultaneous programmes which can benefit the wider community.</p> |
| | | <p>Programme identification cards are forged.</p> | <p>Print cards on coloured paper. Stamp cards with a unique stamp. Give each recipient a unique number.</p> |
| | | <p>Attempts to amend/improve beneficiary lists during an ongoing programme can be difficult and time-consuming and can cause frustration between partners.</p> | <p>In consultation and agreement with the authorities and recipients, allow for a minimum, pre-agreed percentage of name changes on lists. Ensure appropriate monitoring to allow for flexibility.</p> |

7. Distribution and delivery

This chapter covers the different mechanisms that are available for delivering cash transfers and provide an overview of some of the risks that are linked to delivering and distributing cash. Ways of minimizing those risks are proposed.

Key messages

- The choice of delivery mechanism depends on what systems are functioning, what methods recipients are familiar with and the most effective way of getting the money into the hands of the intended person.
- Timely payments of cash are important as recipients rely upon the promised amount arriving when they are told it will arrive.
- Unless other options are not possible or not appropriate, direct disbursement of cash should not be the first choice.
- The security of personnel and recipients is of prime importance when deciding on the most appropriate delivery mechanism and the most appropriate time and manner of distribution.

For further information, please see:

- Practical tool 4 (Direct cash transfers step-by-step).
- Practical tool 5 (Assessing financial institutions).



Various cash delivery mechanisms can be used, including:

- Transfer cash into bank/post office accounts.
- Transfer cash to local remittance and money transfer companies and burial societies.
- Direct cash/voucher distribution to recipient.
- Direct cheque distribution to recipient.
- Mobile ATMs (automated teller machines for cash withdrawals).
- Smart cards.
- Money orders.
- Local businesses.
- Community-based organizations (CBOs).

Remember that the logistics elements of accessing recipient communities and undertaking monitoring are key factors when planning the most effective delivery mechanism, especially when direct deliveries are being undertaken.

7.1 Delivery mechanisms

Consider the following issues when deciding on the most appropriate cash delivery method:

- What options are available?
- How far will recipients have to travel to reach the disbursement point? (30 minutes walk is the suggested maximum, but could be longer if people are used to walking further to market, for example).
- How much cash is being transferred?
- How frequently are payments required?
- What security and corruption risks will be faced? Does this risk change depending on the option chosen?
- What proportion of the population uses the banking system?
- How long will it take to establish disbursement arrangements?
- How cost-efficient are the various options? What is the total cost of getting the cash into the hands of the recipients (including, for example, staff requirements and vehicles)?
- What fiscal controls/standards/bank charges are in place? Are mechanisms in place to meet them?

As with all humanitarian assistance programmes, security concerns for both the implementing organization and recipients are a top priority. Therefore, direct disbursement of cash (as opposed to vouchers) should not be the first choice. Where possible, use the banking system to deliver the cash transfer to the recipient as this reduces security risks and allows recipients to access the money as and when they need it.

Methods for delivering and distributing cash transfers will be different depending on the context, the programme type and its duration. Some of these methods are described in detail below.

Transfer cash into bank/post office accounts

Factors to take into account

- Volunteers or programme staff may need to help recipients to set up an account.
- Local banks/post offices need to have the capacity to be involved and be willing to accept the responsibility.
- Proximity of recipients to banks.
- Resource requirements for verification of all phases of fund transfer.
- Computerized banking systems necessary for accountability.
- Funds may be required to enable recipients to open an account. Agree a minimum cash level with the bank/post office.
- A separate account for the programme funds needed.
- A document proving identity is generally required to open a bank account.

| Advantages | Disadvantages |
|---|--|
| <ul style="list-style-type: none"> ■ Recipients can withdraw cash throughout the year for seasonal expenses. ■ Recipients do not necessarily have to carry large amounts of cash. ■ Increased opportunity to save money. ■ Minimizes fraud. ■ Access to the formal banking system. ■ Post offices often exist in rural settings. ■ Avoids long queues at distribution sites. ■ Cost-efficient due to low transaction and logistics costs. ■ Low visibility of the implementing organization, therefore decreased security risks. | <ul style="list-style-type: none"> ■ May take time for banks to establish appropriate transfer mechanisms. ■ Banks may be reluctant to set up individual bank accounts for small amounts of money. ■ Time and resource factor of verifying correct transfers to individual account. ■ May exclude those who do not have established accounts. ■ May take time to get new identity documents if identity cards have been lost. |

Transfer cash to local remittance and money transfer companies and burial societies

Factor to take into account

- This system may require greater monitoring for accountability and auditing purposes.

| Advantages | Disadvantages |
|---|--|
| <ul style="list-style-type: none"> ■ Recipients may be familiar with these types of systems. ■ They are likely to be willing to accept responsibility for loss. | <ul style="list-style-type: none"> ■ Companies may only allow recipients to withdraw all the cash in one go. ■ Companies may require payment of a fee for withdrawing funds. ■ Personal relationships between recipients and local transfer companies may affect effectiveness positively or negatively. ■ Reduced control over distribution time frame. ■ Credibility could be at risk if the transfer company cannot provide the money to the agreed time schedule. ■ The company may not be acceptable to the entire community. |

Direct cash/voucher distribution to recipient

Factors to take into account

- Cash needs to be ordered well in advance.
- Cash in small denominations should be provided for use in local markets and shops.
- Safe storage facilities are needed.
- Spreadsheets, listing each recipient, need to be prepared, to track the distribution process.
- Preparation of receipts.
- Distribution sites need to be set up (chairs to sit on, crowd control, etc.)
- Security issues.
- In some rural environments people may not have personal documents or photographs, so observer verification during distribution will be necessary.
- Transport and logistics.
- See Practical tool 4 for further information.

| Advantages | Disadvantages |
|---|--|
| <ul style="list-style-type: none"> ■ Direct contact with recipients. ■ Speed of delivery. ■ Increased accountability. ■ No permanent address needed (beneficial for itinerant communities and those living in unofficial settlements or camps). | <ul style="list-style-type: none"> ■ Increased planning. ■ Time is needed to prepare cash packets and count the cash into individual envelopes. ■ Security risks may be higher including possible internal misappropriation of funds, e.g., through the creation of fictitious clients. ■ Requires direct distribution to each recipient. ■ Exchange rate losses (if cash distributed in foreign currency). |

Direct cheque distribution to recipient

Factor to take into account

- This system may be more feasible in situations where the social welfare ministry can provide recipient bank data.

| Advantages | Disadvantages |
|--|---|
| <ul style="list-style-type: none"> ■ Less risk of fraud (identity cards and/or signature and/or fingerprint needed). ■ May be more familiar to the recipients. ■ Allows cheque to be delivered with explanatory letter on programme details. ■ Avoids delays that can be caused by having to verify transfers. | <ul style="list-style-type: none"> ■ The facility to cash the cheque requires an additional step for the recipient. ■ Requires direct distribution to each recipient. |

Mobile ATMs (automated teller machines for cash withdrawals)

Factors to take into account

- Recipients are given a card, which can be used to withdraw a specified amount of cash from a vehicle equipped with an ATM.
- Unlike smart cards, ATMs can only be used to withdraw cash in an ATM vehicle.
- It requires road access and secure and technically appropriate vehicles.

| Advantages | Disadvantages |
|---|--|
| <ul style="list-style-type: none"> ■ Less labour-intensive than other mechanisms. ■ Recipients without bank accounts can benefit. | <ul style="list-style-type: none"> ■ Only appropriate where/when there is vehicular access. ■ Can be time-consuming if recipients are widely scattered. ■ Security may be an issue. |

Smart cards

Factor to take into account

- Smart cards store and record the type and value of assistance per recipient. Biometric data such as a fingerprint can be registered, converted into templates and stored on the chip of the card for on-site fingerprint identification.

| Advantages | Disadvantages |
|---|---|
| <ul style="list-style-type: none"> ■ Cards can record a range of benefits to the recipient. ■ Recipients without bank accounts can benefit. ■ Increased security. ■ Recipients can access benefits when they choose. ■ Certainty that the registered beneficiary will receive the assistance. ■ Card loss does not mean that the money is lost. ■ If biometric data is stored on the card, there is no risk of fraud and no access number to remember. | <ul style="list-style-type: none"> ■ Requires individual assessments of needs to ensure the correct assistance package is recorded on the smart card. ■ Technical errors may occur when activating the card. ■ Recipients may not understand how to use the cards. ■ Remote card readers may be required. ■ Cards may have an expiry date which recipients may not understand and thereby lose their benefits. ■ Ability to deliver the card. |

Money orders

Factor to take into account

- The service centre needs to be within a reasonable distance of recipients’ community.

| Advantages | Disadvantages |
|--|---|
| <ul style="list-style-type: none"> ■ Recipients can choose when to cash in the money order. | <ul style="list-style-type: none"> ■ Risks that the bank/exchange office issuing the money has insufficient cash available. ■ Proof of identity is required to cash in the money order. |

Local businesses

Factor to take into account

- Funds are sourced from local businesses for delivery to recipients and businesses are then reimbursed.

| Advantages | Disadvantages |
|--|---|
| <ul style="list-style-type: none"> ■ Reduced costs of implementation. ■ Reduced risk for programme staff. ■ Increased local involvement within programme. | <ul style="list-style-type: none"> ■ Limited availability of money could increase the implementation time frame. ■ May lead to stigmatization: those providing the cash know who are vulnerable, poor, etc. ■ Increased risk of information leakage. ■ Accountability to donors for recipients’ receipt of money. ■ Unclear distribution time frame makes monitoring and programme adjustment difficult. |

Community-based organizations (CBOs)

Factor to take into account

- Funds are provided to a CBO for onward distribution to recipients.

| Advantages | Disadvantages |
|--|---|
| <ul style="list-style-type: none"> ■ CBOs know the communities in which they are based. | <ul style="list-style-type: none"> ■ Funding organization has only limited contact with recipients. ■ CBO may not have the relevant legal capacity to handle money-related activities or experience of operations of this kind. |

7.2 Distribution time frame

Tell recipients in advance what they will receive, when they will receive it, how many payments to expect and for how long.

It may be appropriate to give recipients a small amount of cash to meet immediate needs and follow this with larger, regular transfers.

Take local seasonal factors into consideration when defining the distribution time frame, e.g., continuing emergency programmes beyond the end of the emergency period to allow people to invest some of the transfer in longer-term savings.

7.3 Distribution and delivery risks

The main threats to security are theft and diversion. Good programme design and planning should ensure these risks are minimized.

Security risks can be encountered at a number of different points, including when cash is being transported from the bank to the office/branch and/or to distribution points, and when recipients have collected their cash from the distribution point or bank. The wider recipient community may also be at risk once cash has been distributed.

The choice of distribution site (particularly if a bank/post office system is not being used) is critical in terms of reducing security and corruption risks. In direct cash distributions, people should know roughly when the distribution will take place, so they can make plans to be there. But to decrease security risks, only inform them of the exact time and place 24 hours in advance.

In order to minimize the risks involved in delivering and distributing cash transfers the following steps should be considered.¹¹

Steps to minimize risks to the deliverer

- Inform all stakeholders in advance about how payments will be made.
- Take out insurance to cover the risk of loss while transporting cash to areas where there are no banks.
- Limit the number of people who have specific information.
- Make payments on a random basis.
- Vary the location of payments if possible.
- Vary the routes of staff carrying money to and from the field.
- Vary the individuals who will make the payments.
- If carrying money by car, hide the cash in different parts of the car.
- Ensure that staff implementing the programme know the local area.
- Avoid spending the previous night on the project site when distributing cash.
- Print vouchers outside the area of operation.
- Use local business executives to transport and distribute the money.
- Suggestion: validate the voucher at the last minute (e.g., voucher is not valid without special stamp that is only given on the day itself).
- When cash/vouchers are being distributed directly, make sure local authorities and committees are present in order to assure transparency and accountability.

Donors tend to be cautious about cash transfers, perhaps because they are not yet familiar with them. But it may also be because, in conflict situations, cash transfers may be used to support the war effort. While this also applies to in-kind transfers, cash may be more attractive and easier to divert.

¹¹ Adapted from Oxfam. Cash-Transfer Programming in Emergencies. Oxford: Oxfam, 2006.

In conflict settings, consider the heightened risks linked to resource delivery and distribution and possible disruption to market supply chains. Plan in advance to ensure that recipients can continue to be assisted in the event of increased tension (which may require reflecting on switching to in-kind distributions if markets are severely disrupted).

Steps to minimize risks to the recipient

- Decentralize distribution so that smaller amounts of money are transported to different locations and recipients have a shorter distance to walk home.
- Ensure that payments are completed in time for recipients to reach their homes in daylight.
- Establish safeguards for smart card activation such as biometric matching techniques.
- An abundance of weapons in war-torn and post-conflict societies may present increased risks. Additionally, markets can be targets in some conflict situations. Carefully assess the risk associated with these situations.

Steps to minimize risks to recipient and deliverer

- Undertake small, frequent cash distributions.
- Inform the public of the consequences of any security incidents, i.e., the programme will be stopped.
- Involve the community when deciding where the safest distribution venue is.

Case study 7

Developing a security/cash programme in Niger, 2006

In 2006, the British Red Cross implemented a cash distribution programme for 5,250 households in conjunction with the Niger Red Cross. Particularly challenging was the distribution of cash to nomadic populations.

Although security in the province was generally good, there was a risk of attack by organized, armed and coordinated groups of professional bandits. At particular risk, given the relatively large amounts of cash and the remote rural locations involved, were the cash distribution convoys and the Red Cross compounds where cash was stored between delivery and distribution.

In response to this, a detailed security plan was developed, beginning with safety implications of and recommended responses to 'worst-case scenarios', and working backwards to establish the risks inherent in all stages of the distribution operation and the measures to be taken to minimize the threat. Once the security plan was agreed upon, all staff received appropriate training.

Of particular interest was the establishment of a central 'security committee', composed of local authority representatives, British and Niger Red Cross managers and delegates, and chiefs of the local police and the *Garde républicaine*. While the British Red Cross planned and communicated the strategy, the security committee met weekly to discuss and coordinate practicalities such as communications, transport, scheduling and security measures. Local security committees composed of local officials and clan leaders (both male and female) at each of the 16 distribution centres monitored local security risks and relayed information back to the central committee – this also ensured stakeholder participation in the distribution process.

The establishment of security committees at central and local levels proved to be an effective approach for ensuring ownership and responsibility for the programme by the local authorities.

Case study 8

Risk management in a community cash transfer programme

The Indonesian Red Cross and the International Federation developed the following actions to minimize the risk of leakage or abuse in a community cash transfer programme in response to the 2006 Yogyakarta earthquake:

- Develop clear and simple selection criteria through a community-based approach.
- Allow communities to select their own finance officers to manage the cash account and cash transfer on behalf of the community.
- Use community processes to identify goods desired for purchase by the community.
- Erect notice boards and other forms of communication to disseminate agreed use of funds, and amounts to be provided to individual households.
- Pay the cash transfer in instalments with successive tranches being subject to proven agreed use of funds.
- Provide the funds through a system with which the community is familiar.
- Provide transport costs for community representatives to go to market and purchase the goods.
- Discuss pricing with local suppliers to ensure that goods are not overpriced.
- Help communities to procure goods from other markets if suppliers do not respect fair pricing principles.
- Be clear about the limits to the assistance provided.
- Use embedded or local Movement volunteers.
- Frequently assess progress.



8. Monitoring and evaluation of cash transfer programmes

This chapter covers the specific issues that relate to monitoring and evaluating cash transfer programmes. It proposes an overview of different indicators that can be applied in order to undertake monitoring and the questions that should be posed when evaluating a cash transfer programme.

Key messages

- The monitoring of cash transfer programmes is of great importance as some scepticism remains concerning their appropriateness.
- Monitoring indicators need to link to the programme objective.
- Do not just monitor information that is easy to collect.
- Compile and analyse all data gathered to see what changes have occurred and how they link to the cash transfer programme. Document results and share them within and between organizations, and with the targeted group/community.
- Evaluate all cash transfer programmes in order to feed lessons learned into future programming.

The following documents provide further guidance on monitoring and evaluation:

- International Federation, *Handbook for monitoring and evaluation*, 2002.
- British Red Cross, *International technical guidelines for monitoring*, 2006.
- British Red Cross, *International technical guidelines for evaluation*, 2006.
- Practical tool 6 (Post-distribution monitoring).

8.1 Monitoring

A cash programme should be monitored to ensure that it remains relevant and to check whether it is being implemented as planned and achieving the expected impact. Ongoing monitoring enables adjustments to be made in the course of a programme. It is particularly important where there are repeated cash transfers over a period of months (or years).

Baseline data

Baseline data should be gathered before each cash distribution to monitor the progress of the programme. Baseline data can include information on household-level income and expenditure, livelihood security, total asset values, food sources, coping strategies, levels of debt and seasonal fluctuations. Market baseline information should be gathered on the availability of products (and seasonal differences), prices of essential items, main actors in supplying the market and access to credit both pre- and post-distribution. Household baseline data should be gathered for recipient and non-recipient households.

Basic principles of monitoring cash transfer programmes

- Set up simple, practical monitoring systems.
- Ensure that the information can be realistically collected.
- Keep in mind that data needs to be interpreted.
- Focus on key questions such as “Is cash being delivered?”, “Who received what?”
- Collect only relevant information that you will use.
- Discuss the results of monitoring systematically with recipients and get them to validate results.
- Include recipients and staff in setting monitoring indicators and collecting and analysing data.
- Remember that all information gathered needs to be compiled and someone tasked with interpreting the changes noted in the data, how they link to the programme, its impact and its closure.
- Gathering information at various times in the life of the programme allows for different observations to be made. But, when gathering data directly from recipients and other stakeholders, remember that the later monitoring is undertaken, the more memory-dependent it is.

What to monitor?

- The mechanics of the distribution process (when direct cash/voucher deliveries are being made). This helps ensure people are treated with dignity, distribution facilities are appropriate and adjustments can be made for future distributions if any problems are encountered.
- Note any restrictions to people’s movements and whether curfews were imposed or tension/violence had escalated, which could restrict people’s access to market and labour opportunities.
- How the cash has been spent (to find out if households/individuals spend the cash on items for which it was intended and whether the right people (as originally targeted) have received the cash). (See Practical tool 6 for further information.)

Remember it may be necessary to crosscheck information. If, for example, recipients say they have bought more fruit or meat, check if this is possible with fruit-stall owners and butchers.

- Monitor markets on a weekly basis, noting the quantity, quality, prices and expiry dates of goods available and/or typical purchases, types of goods purchased, problems in restocking goods and, for voucher programmes, treatment of recipients while shopping, attempts at fraud and any problems that traders have in being paid by the implementing organization.
- Monitor market supply chains (to better understand how markets are supplied and detect the risk of any disruptions which may affect the programme).
- Ensure that price changes are not wrongly attributed to the programme (they may be caused by government-imposed curfews/restrictions of movement).

Examples of indicators for cash-based transfer monitoring¹²

- Indicators need to link to the programme objective; they will, therefore, vary from programme to programme.
- Develop indicators according to the information that is needed.
- Do not just monitor information that is easy to collect.

Table 12. Process and impact indicators

| | |
|---|---|
| <p>Key questions for monitoring process (how the transfer was delivered)</p> | <ul style="list-style-type: none"> ■ Did the intended recipients receive the transfer? ■ Did the recipients/suppliers receive the correct sums of money? ■ Was the payment made on time? ■ Were the recipients and other stakeholders satisfied with the process and methods of implementation? ■ What other assistance are recipients receiving? ■ Types of recipient. |
| <p>Key questions for monitoring impact (what change has there been for the recipient?)</p> | <ul style="list-style-type: none"> ■ What was the cash transfer used for? ■ What did people purchase? ■ Were the items that households wanted to buy available in the market? ■ How have sources of food and income changed? ■ How have coping strategies changed? ■ How much has income and expenditure changed since the start of the cash programme? N.B. Expenditure patterns may not have changed (especially in short-term projects) if people have used the cash transfer to pay off debt. ■ Have there been any changes in consumption patterns? ■ Who controls the money? ■ Alternative interventions: would recipients have preferred another form of cash transfer, food aid, in-kind assistance, income generation projects, etc.? |

¹² Harvey (2007), *op.cit.*

8.2 Evaluation

Purpose of an evaluation

Evaluations are the systematic and impartial examination of programmes and are intended to draw lessons and improve future practice and policy as well as enhance accountability. To ensure that lessons are learned from implementing different forms of cash transfer, all such programmes should incorporate an evaluation.

The evaluation should include a household survey, including collection of qualitative and quantitative data,* to ascertain programme impact. It is useful for future programme design and implementation if evaluators are experienced in programme design and management.

Basic principles of evaluating cash transfer programmes

- Include the recipient and non-recipient community in the evaluation.
- Employ independent evaluators who understand the context.

A number of questions asked during the monitoring process (see Table 12) are also relevant during the evaluation. Table 13 outlines additional questions that should be employed during evaluations.

Table 13. Suggested evaluation questions¹³

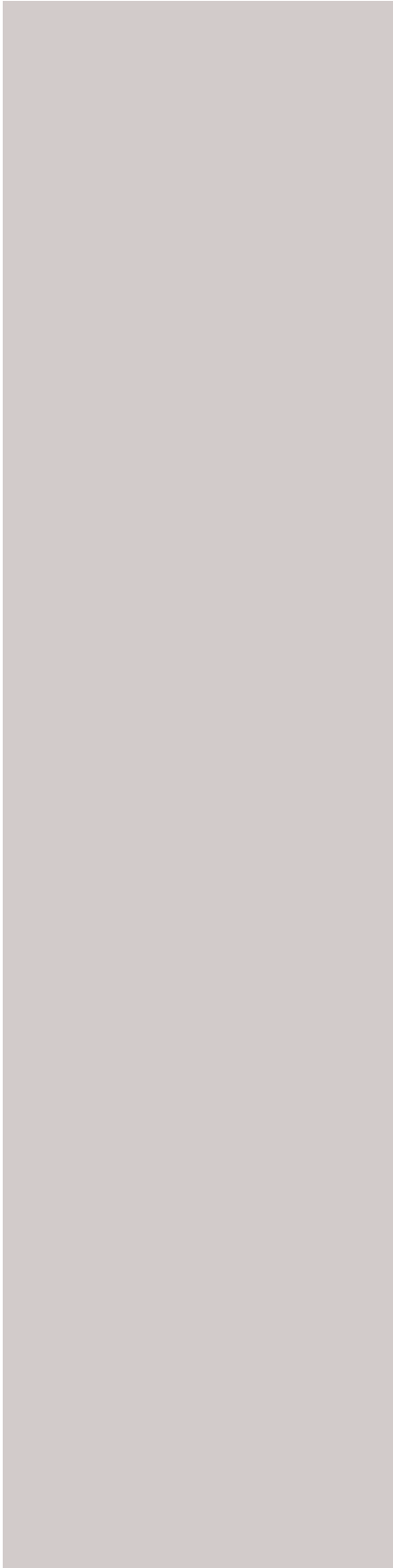
| Key questions | Methods/Indicators |
|--|--|
| Process and design | |
| <ul style="list-style-type: none"> ■ Was cash delivered safely and spent safely? ■ Were any security issues reported as a result of the distribution itself or increased cash on the market? ■ Were any recipients disadvantaged by the transfer system chosen? | <ul style="list-style-type: none"> ■ Interviews, focus group discussions,* analysis of any security incidents. ■ Accessibility of transfer mechanism. ■ Distance to distribution point. ■ Focus on potential discrimination against particular groups in the transfer mechanism. |
| <ul style="list-style-type: none"> ■ Was targeting effective? | <ul style="list-style-type: none"> ■ Did recipients meet targeting criteria? ■ Were people who met the criteria excluded? ■ Make comparisons with targeting in other interventions (if possible). |
| <ul style="list-style-type: none"> ■ Was there any abuse of cash by agency staff, local elites or authorities involved in targeting or distribution? | <ul style="list-style-type: none"> ■ Interviews, focus group discussions (ideally by an independent body). |

* The definition of terms followed by an asterisk can be found in the glossary (see page 4).
13 Ibid.

Guidelines for cash transfer programming

| | | |
|----------------------------|--|---|
| | <ul style="list-style-type: none"> ■ Were there sufficient skills to manage the cash programme effectively? <hr/> <ul style="list-style-type: none"> ■ What were recipients' views on the use of cash? ■ If both cash and in-kind assistance were available, which option did recipients prefer? ■ What were the views of non-recipients? <hr/> <ul style="list-style-type: none"> ■ How cost-effective was cash compared to in-kind alternatives? ■ How did the cash project coordinate with other interventions? | <ul style="list-style-type: none"> ■ Interviews with project staff. <hr/> <ul style="list-style-type: none"> ■ Interviews and focus group discussions, with special attention to the reasons for any preferences. <hr/> <ul style="list-style-type: none"> ■ Cost-effectiveness analysis. ■ Mapping of other interventions. Interviews with other aid agencies working in the area. ■ Interviews with agency staff working on other projects. Interviews with affected communities about the range of interventions. |
| Impact and outcomes | | |
| | <ul style="list-style-type: none"> ■ Where and how accessible were the markets where cash was spent? ■ Did any recipients find it difficult to reach markets (distance, time)? <hr/> <ul style="list-style-type: none"> ■ How have prices changed? ■ Were prices influenced by the cash transfer? <hr/> <ul style="list-style-type: none"> ■ What was the impact of cash transfers (positive or negative) on the local economy? <hr/> <ul style="list-style-type: none"> ■ Have women or marginalized groups been empowered as a result of the cash project? <hr/> <ul style="list-style-type: none"> ■ Did cash meet specific objectives, such as shelter recovery, small business promotion or promoting savings? | <ul style="list-style-type: none"> ■ Interviews, surveys, focus group discussions. ■ Distance to market. ■ Time taken to purchase goods. ■ Focus on potentially vulnerable people, such as the elderly. <hr/> <ul style="list-style-type: none"> ■ Market price monitoring. <hr/> <ul style="list-style-type: none"> ■ Interviews with traders and local businesses. <hr/> <ul style="list-style-type: none"> ■ Interviews and focus group discussions. <hr/> <ul style="list-style-type: none"> ■ Depends on objective, but look at, e.g., number of: <ul style="list-style-type: none"> ■ recipients who managed to start an income-generating activity; ■ income-generating activities still going after x months; ■ houses built; ■ recipients with savings. |

| | |
|--|--|
| <ul style="list-style-type: none"> ■ Wider/unintended impacts? ■ How has the cash project affected traditional systems of community self-help? ■ Were those receiving/not receiving cash integrated/reintegrated/excluded from the community? ■ How has the cash project influenced local debt and credit markets? | <ul style="list-style-type: none"> ■ Use of cash to repay existing debts. ■ Influence of cash on willingness to repay debts. ■ Interviews with credit providers (formal and informal). ■ Discussions with recipients/non-recipients. |
| <p>Cash for work (CFW)</p> | |
| <ul style="list-style-type: none"> ■ Did CFW projects build useful and sustainable community assets? | <ul style="list-style-type: none"> ■ Assess the quality of assets built and sustainability issues, such as arrangements for maintenance. |
| <ul style="list-style-type: none"> ■ Did CFW projects affect local labour markets? | <ul style="list-style-type: none"> ■ Local casual labour rates before and after cash-for-work projects. ■ Interviews and focus group discussions with labourers and employers. |
| <ul style="list-style-type: none"> ■ What was the level of employment (disaggregated according to gender)? | <ul style="list-style-type: none"> ■ Number of people who worked, disaggregated by gender and if possible marital status, household type (female-/male-headed) and former occupation. ■ Number of workdays provided in total by the project. ■ Number of average workdays per household. ■ Number of workdays provided in total for village and average across project area. |
| <ul style="list-style-type: none"> ■ Was the work appropriate for the types of people willing and available to work? | <ul style="list-style-type: none"> ■ Interviews with participants and non-participants. |
| <ul style="list-style-type: none"> ■ Did labour-poor households and other at-risk groups benefit economically (and sufficiently) from the project? | <ul style="list-style-type: none"> ■ Were policies in place to ensure support was provided to labour-poor and vulnerable households? ■ Did children work? Or were they excluded? If excluded, were their needs addressed? |
| <p>Social assistance transfers</p> | |
| <ul style="list-style-type: none"> ■ Did recipients transfer into government social welfare schemes? | <ul style="list-style-type: none"> ■ Interviews with recipients. ■ Discussions with government authorities. |





Section B

Guidance sheets

Guidance sheet 1

Unconditional cash transfers

Key facts

- An unconditional cash transfer is considered as the ‘default’ form of cash programme. It is the simplest to implement and manage and provides greater choice for the recipient. This form of transfer is recommended, unless there are good reasons to introduce conditions as explained in Table 5 (page 30).

Characteristics of unconditional cash transfers

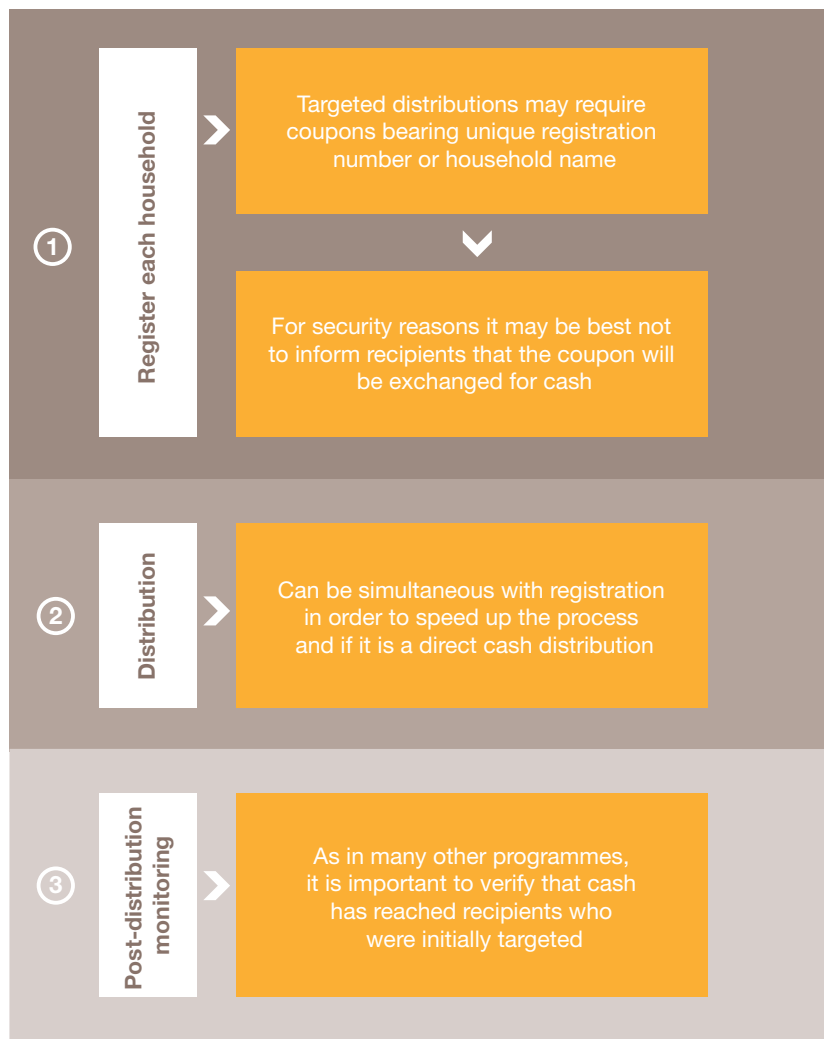
| Advantages | Drawbacks |
|--|---|
| <ul style="list-style-type: none"> ■ Quick to distribute. ■ Minimal administrative burden. ■ Can be given to moving populations. ■ Cash can be spent where and on what beneficiaries choose. | <ul style="list-style-type: none"> ■ Risks of leakage/theft during payment or transfer process. ■ Can be difficult to target due to popularity. ■ May be used for anti-social purposes. ■ May not address the causes of vulnerability and may encourage a return to negative coping strategies. |

Things to remember

- Timing:
 - Transfers can be one-off (to meet immediate basic needs or support livelihood capacity, for example) or may be repeated at regular and strategic intervals.
 - Unconditional cash transfers are often appropriate immediately following sudden-onset or acute emergencies and in the acute phase of an emergency, when large numbers of people are in need of rapid assistance, as a universal distribution.¹⁴
 - Repeated cash distributions can be organized to coincide with times when the cash injection will have most benefit.
- Targeting:
 - Possible target populations include everyone in the geographic area that has been affected by a sudden-onset disaster, people who are unable to work (e.g., PLWHIV, the elderly, the disabled, vulnerable children and families with high dependency ratios) and people whose livelihoods are risk-prone.
 - Remember that it is often better to reach the vulnerable quickly with a universal distribution on the basis of an initial assessment than to spend time (and funds) carrying out detailed household vulnerability assessments, although this approach does increase the likelihood of distributing to people who are less vulnerable.
- Coordination:
 - If working in coordination with social welfare ministries, remember that their capacity may have been negatively affected by the disaster. In addition, their caseload may have increased as a result of the disaster.
- Supplementing cash-for-work (CFW) programmes:
 - It may be appropriate to run unconditional cash transfer schemes alongside CFW programmes in order to extend assistance to people who are physically unable to work.

¹⁴ See Guidance sheet 6 for social assistance transfers that are also unconditional.

Implementation step-by-step



Guidance sheet 2

Cash transfers for support to livelihoods

Key facts

- Cash transfers for support to livelihoods and productive capacity are often conditional, particularly when transferring large amounts. For large conditional amounts, payments are made in instalments at different stages of progress once identified phases have been developed. For example:
 - First payment is made upon signature of the contract.
 - Second payment is made upon completion of, for example, construction of workplace.
 - Third payment is made when receipts for the purchase of materials are produced, etc.
 This conditionality reduces the risk that funds will be used on other activities which may not benefit the household in the longer term.
- A portion of the transfer can be unconditional to enable recipients to cover other essential household needs.
- Allow some flexibility in the use of the transfer as a portion of it may be required for services, materials, labour, training, down payments or instalments for items purchased on credit which may contribute to the strengthening of the livelihood or increased productive capacity.
- Provide training and technical support to those who are establishing new livelihoods or diversifying their livelihoods.
- Be clear as to what transfers cannot be used for (e.g., illegal activities, purchase of weapons or activities which cause environmental damage).
- Programme staff must agree on what misconduct could lead to a recipient being denied the next instalment of their grant.

Characteristics of cash transfers for support to livelihoods

| Advantages | Drawbacks |
|---|--|
| <ul style="list-style-type: none"> ■ Depending upon the objective, such cash transfers can result in increased access to goods, services, labour opportunities or re-building of housing or infrastructure. ■ While it is conceivable to provide productive assets* in-kind, the grants aimed at assisting traders to purchase start-up stock should always be provided in cash so that the recipient can purchase goods that match an identified niche market and to source different providers. | <ul style="list-style-type: none"> ■ Cash transfers require adequate and accessible services, labour opportunities or specific commodities to be available and of sufficient quality. |

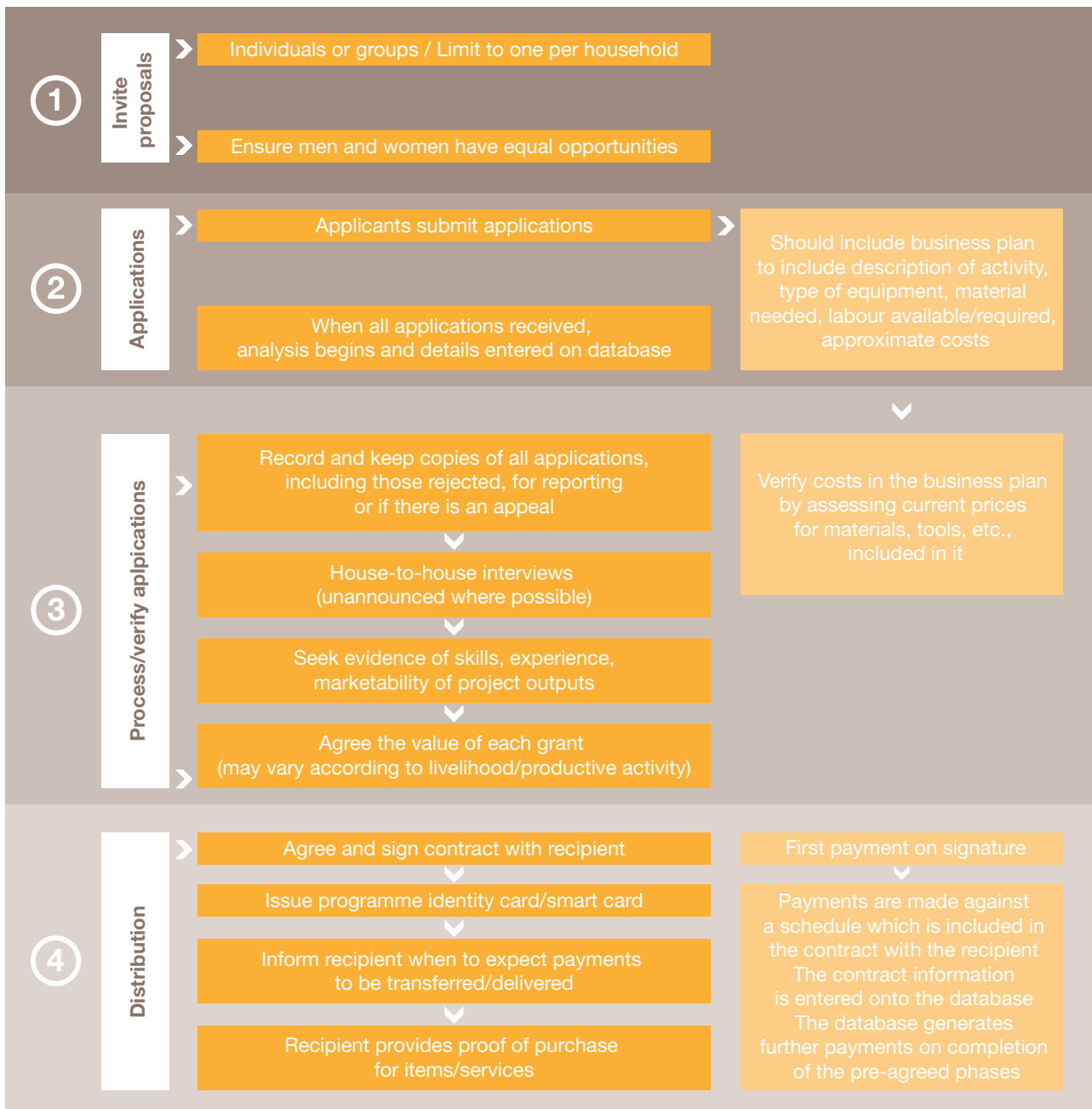
Things to remember

- In addition to the topics covered in Chapter 2 of the guidelines, in-depth livelihoods assessments are necessary.
- Design a communications strategy which includes the following information:
 - Who is entitled to apply for a grant?
 - The geographical boundaries of the targeted area.
 - The deadline for application.
 - Where the application forms can be collected and dropped off.
 - The aims and purposes of the programme.
 - The selection criteria.
 - Obligations of applicants and recipients (e.g., to accept monitoring).
 - Contact details of the agency in case applicants have questions.
- Timing:
 - In the case of sudden-onset disasters, support to livelihoods is most effective if delivered about three to five months after the disaster. Before this, people may focus on meeting their basic survival needs. The decision as to when is the most appropriate timing is, however, context-specific and in some circumstances can be envisaged soon after a disaster.

* The definition of terms followed by an asterisk can be found in the glossary (see page 4).

- Targeting:
 - The assessment will have identified the effects of the disaster on and needs of the different livelihoods groups affected. When targeting, remember to take the following into consideration:
 - Business capacity.
 - Existing skills.
 - Motivation.
 - Resources (the existence of basic conditions which will allow the project to be realized).
 - The marketability of the project's output.
 - Existing assets and labour (at least in the initial stages).

Implementation step-by-step



Problem solving

Possible dilemmas

Suggested solutions

Semi-literate, illiterate and vulnerable potential applicants do not understand the procedures.

- Simplify application forms.
- Ask community leaders to assist applicants in filling out forms. This, however, implies verifying during household interviews that applicants agree with what has been written in their name.
- Consider verbal interviews for illiterate applicants.

Applicants miss the deadline.

- Be clear about how late applications will be treated – either reject them all, accept them all or accept a reasonable extension to the deadline and make this public.

The provision of cash alone is insufficient to ensure starting or restarting a sustainable livelihood or productive activity.

- Technical assistance and training are often needed to ensure that sustainable livelihoods are adopted.
- Consider using coaching modules, vocational training or internships to strengthen recipients' business knowledge and technical skills.

Applicants without existing assets are not included.

- Ensure that the focus is not only on assets but on skills and market opportunities.

Urgent needs are not addressed during project design and start-up.

- Provide support to cover daily needs between the project start-up and yield from the project, especially in agricultural projects.

Guidance sheet 3

Voucher transfers

Key facts

- Both cash and vouchers enable recipients to purchase for themselves the goods and services that they need, may encourage productivity and stimulate markets. Both may favour women, children and elderly people.
- However, they have a number of differentiating characteristics which may influence which option is most appropriate. One of the key differences between cash and vouchers is the degree of control the donor organization has over their use.
- Vouchers should be valid for a limited period of time and to the person named on the voucher only.

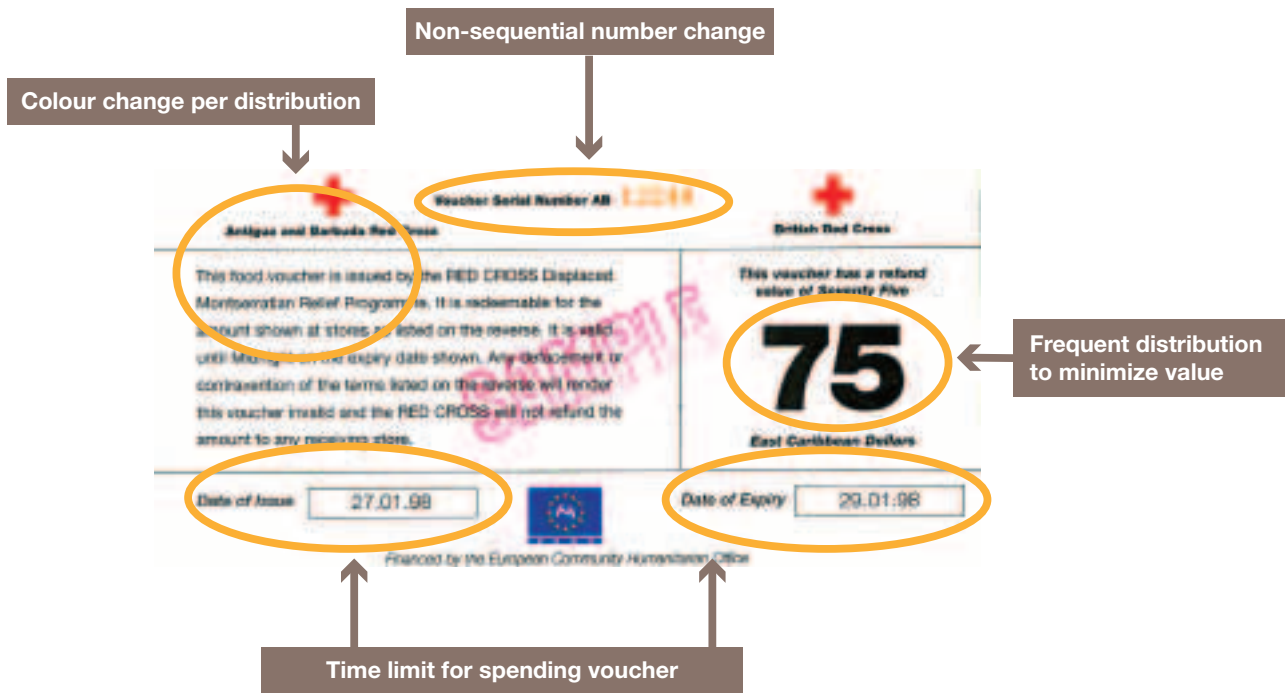
Characteristics of voucher transfers

| Advantages | Drawbacks |
|---|---|
| <p>Vouchers</p> <ul style="list-style-type: none"> ■ Encourages productivity and stimulates markets. ■ Allows tracking for theft. ■ Quality of goods and prices can be monitored. ■ Items purchased can be monitored. ■ If specific commodities are scarce, vouchers can ensure that everyone is able to access them. ■ Commodity vouchers protect recipients against inflation (which is borne by the implementing organization). ■ Allows for greater security for the implementing organization and recipient as no large amounts of cash are handled. ■ Increased accountability. ■ Limited security risks if shops are allocated a small number of recipients. ■ Can direct recipient choice. | <ul style="list-style-type: none"> ■ Less applicable with moving populations. ■ Can limit recipient choice. ■ Requires more planning, preparation and administrative back-up. ■ Traders who are not involved in the programme may be disadvantaged. ■ Discounts are difficult to ensure through voucher programmes (unlike food distributions, where significant discounts can be expected because of bulk purchases and VAT refunds). As such, voucher programmes are often as expensive as food distribution. |
| <p>Cash</p> <ul style="list-style-type: none"> ■ Allows recipient choice and ‘normal’ lifestyle. ■ More cost-efficient. ■ Encourages productivity and stimulates markets. ■ Enables recipients to make their own effort to get out of poverty (particularly if supporting livelihoods). ■ Minimal administrative burden. ■ Quick to administer. | <ul style="list-style-type: none"> ■ Risk of leakage during transfer and payment process. ■ Security risk for both recipient and deliverer. ■ Some donor hesitancy. ■ Risks of establishing a dual economy if hard currency distributed. ■ Traders may use poor quality goods. ■ Targeting difficulties due to popularity – risk of vulnerable people who are not recipients suffering due to possible price rises. ■ Cash vouchers do not provide protection against inflation, which may erode the real value to the recipient (although the implementing organization’s budget remains the same). |

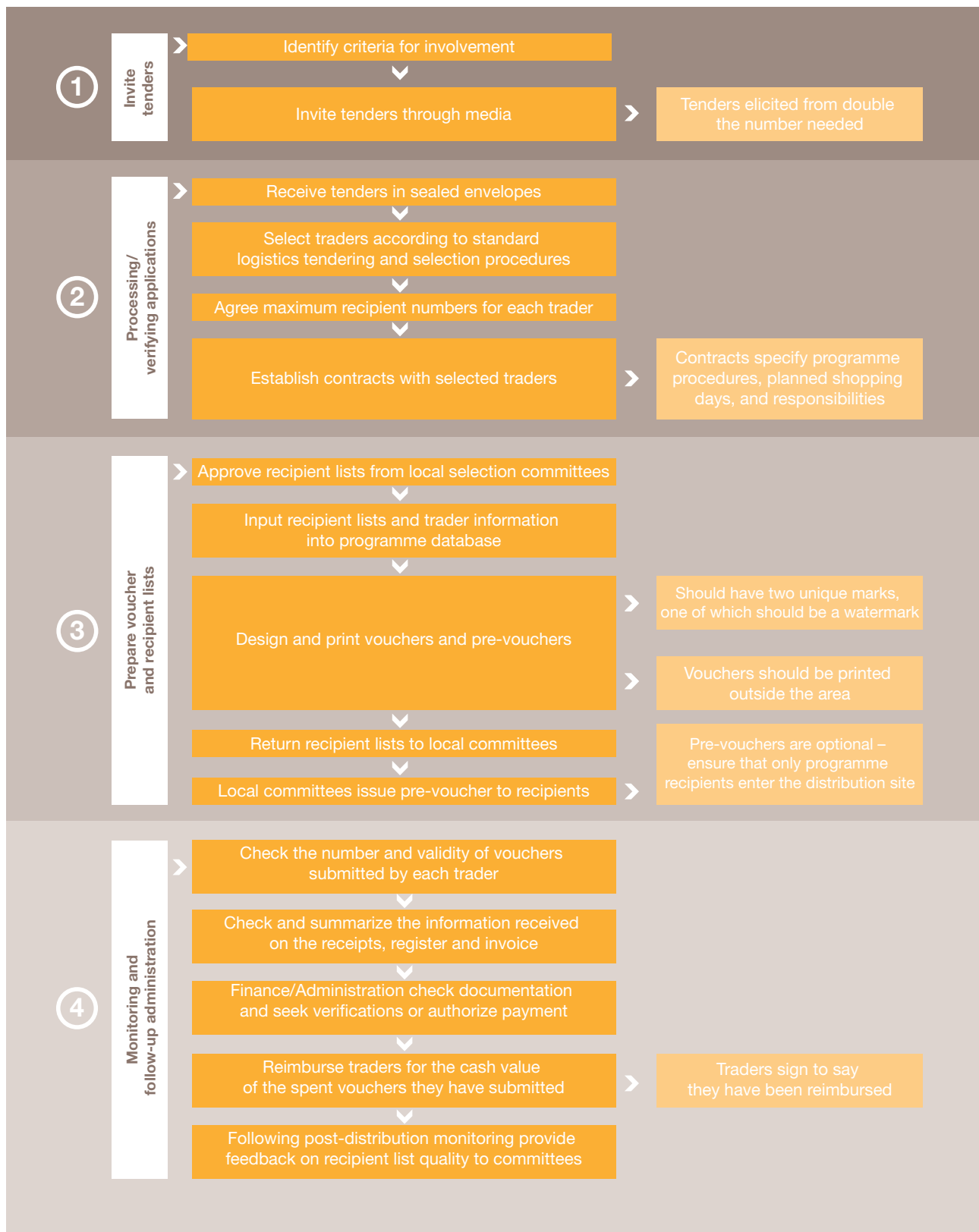
Things to remember

- Criteria for targeting traders can include:
 - Capacity to supply most of the goods regularly purchased by the local population, in sufficient quality and quantity.
 - Prices quoted in tender document.
 - Registration with relevant government body.
 - Bank account (in order that payment can be made).
 - Proximity to voucher recipients.
 - Not involved in any aid programme or credit scheme.
 - No 'unwanted' links with particular groups.
- Information for inclusion in tenders from traders:
 - Confirmation of their willingness to:
 - be bound by a contract;
 - accept vouchers;
 - respect specified purchase and procurement procedures;
 - be paid by bank transfer.
 - Payment terms of x number of days.
 - Proof of their registration with the relevant government ministry.
 - The existence of hygiene/expiry violations.
 - Prices for specified items.

Example of a voucher



Implementation step-by-step



Problem solving

Possible dilemmas

Suggested solutions

Shop owners misappropriate funds or provide poor quality goods for voucher recipients.

- Give clear warnings that one instance of misappropriation will result in exclusion from the project.
- Print on each voucher the phone number to call in case of doubts or difficulties.

Traders raise prices above market prices or beneficiaries accuse traders of this practice.

- Regular market price monitoring.
- Warning that the trader will be removed from the programme if prices are not adjusted appropriately.
- Request the relevant governmental ministry to produce a standard list of basic items and fix their prices for the shops involved in the programme. The list is placed on the wall in the shop during voucher activation.

Curfews, or unpredictable/precarious security or climatic conditions, limit shopping time.

- Print the list of items available in the participating shops and distribute to beneficiaries on voucher distribution day. Recipients prepare their shopping list before arriving at the shop.
- Rearrange shopping days as soon as practical.

Possible voucher fraud, e.g.:

- The recipient sells his/her voucher at less than full value.
- The trader pays out money to the recipient as opposed to providing the specified commodities.

- Vouchers carry two security marks (one being a watermark) that change for each distribution.
- Vouchers carry a serial number, a distribution number and the name of the supplier where it can be redeemed.
- Each serial number corresponds to one specific recipient. The shopkeeper has the name and identity number of that recipient.
- Traders are requested to check the name and identity of the person presenting the voucher.
- Traders attach an invoice of items purchased with the voucher.
- Supplier and recipient sign the shop register when the recipient has finished shopping. The recipient also signs the receipt which is attached to the used voucher.
- Unannounced monitoring during shopping times and after distribution.
- After shopping, reconciliation of goods delivered against beneficiary signature, reconciliation of voucher invoices against beneficiary signature.
- Suppliers or recipients contravening rules or contract are warned in writing and then excluded if the problem reoccurs.

| Possible dilemmas | Suggested solutions |
|--|--|
| <p>Vouchers are converted into goods other than those detailed in the programme description.</p> | <ul style="list-style-type: none"> ■ Monitor closely on shopping days. ■ Receipts from traders linking each recipient to what items they purchased with their voucher. ■ Post-distribution monitoring. ■ Print on each voucher the list of items that cannot be purchased with the voucher to increase the ease with which shopkeepers can apply the rule. |
| <p>Distribution sites become overcrowded or unruly. The security situation changes and voucher distribution and shopping are not possible at short notice.</p> | <ul style="list-style-type: none"> ■ Ensure staff are sufficiently trained. ■ Ensure distribution site is large enough and that people are treated with dignity. ■ Issue pre-vouchers so that only those receiving vouchers enter the distribution site. |
| <p>Confusion as to exact amounts to be paid to traders.</p> | <ul style="list-style-type: none"> ■ If access can be negotiated, undertake a commodity distribution to recipient households. ■ Pay traders in the same currency that is printed on the voucher. |

Guidance sheet 4

Cash-for-work programmes

Key facts

- There are a number of different ways of implementing cash-for-work (CFW) programmes. For example, they can be managed directly or through a government department or municipal authority.
- CFW programmes may be appropriate:
 - During the recovery phase of a sudden-onset disaster.
 - In complex emergencies and conflict situations.
 - When the rebuilding of community infrastructure or assets is part of overall emergency operations and is needed either to rebuild livelihoods or where employment opportunities have been lost or are scarce.
- CFW programmes are, therefore, frequently implemented simultaneously with other cash and assistance programmes such as food security and livelihoods interventions.
- It is advisable to start CFW activities on a small scale. Programmes can then be enlarged when solutions have been found to any initial difficulties.
- Mercy Corps recommends work groups of no more than 25 people and a ratio of no more than four work groups to one supervisor, i.e., an overall maximum ratio of 100 workers : 4 group leaders : 1 supervisor.

Characteristics of cash-for-work programmes

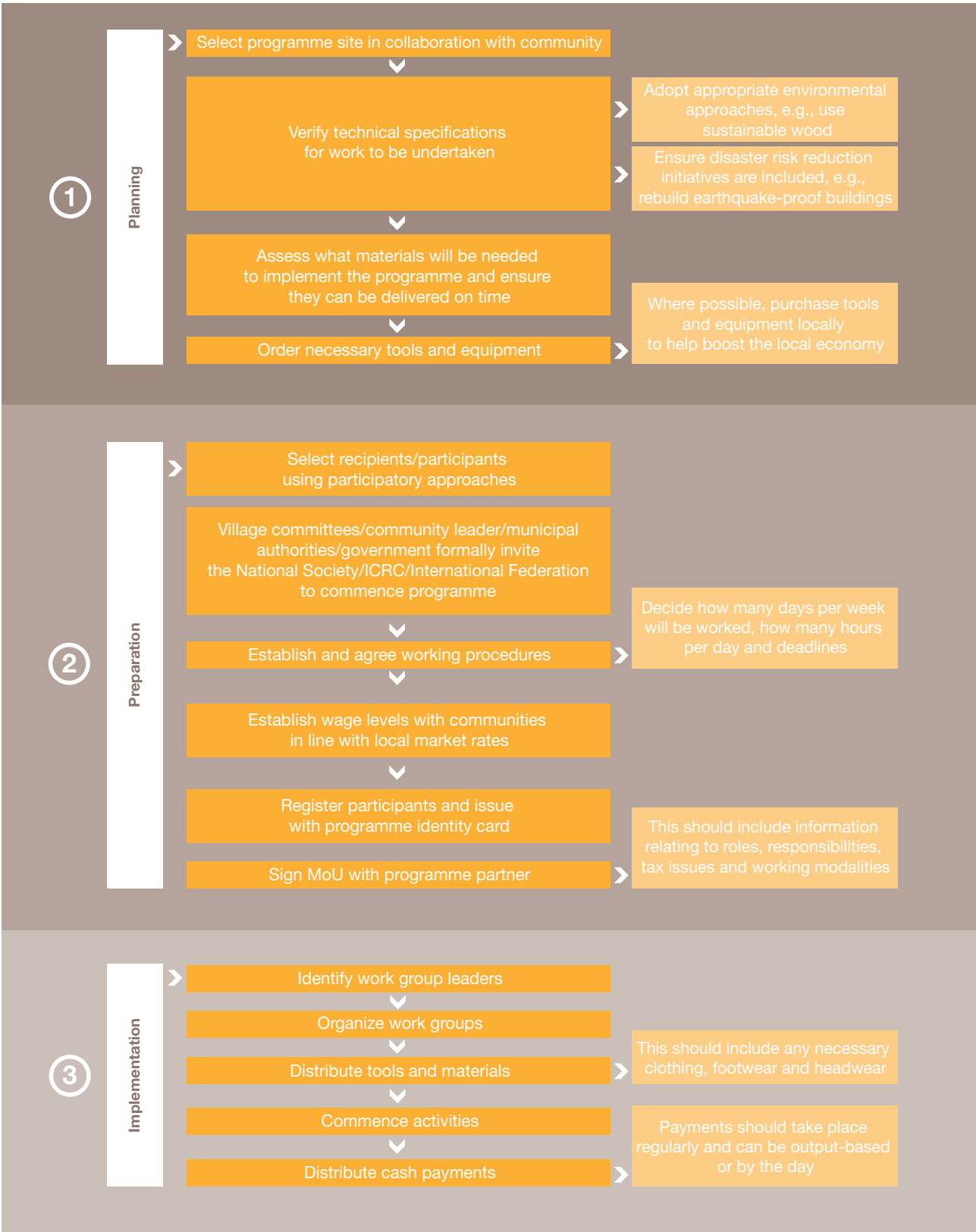
| Advantages | Drawbacks |
|--|--|
| <ul style="list-style-type: none"> ■ Can be self-targeting (the type of work can exclude some of the better-off population). ■ Results in the rebuilding of community facilities/clean-up of damaged areas. ■ Potential for skills transfer (possible link to livelihoods programmes). ■ Encourages return to villages/localities as there will be a source of income. ■ Community infrastructure can be rebuilt taking into account risk-reduction strategies. ■ If labour is the norm, CFW will allow for a return to a normal way of life. ■ Reduces the risk of economic migration. ■ Community empowerment. | <ul style="list-style-type: none"> ■ Disruption of local labour markets. ■ Possible disruption of cultural coping and recovery mechanisms. ■ Often short term in nature. ■ Can take time away from seasonal livelihood activities, e.g., planting. ■ May exclude those not physically able to work (although there are some specific forms of work that can target physically disabled people). |

Things to remember

- If the main objective of the programme is to improve access to food during the lean season and if community facilities can only be built or rebuilt after the harvest, an unconditional cash transfer during the lean season may be more appropriate than CFW after the harvest.
- Work undertaken in CFW programmes should not include activities that are normally undertaken on a voluntary basis.
- Environmentally appropriate and disaster risk reduction strategies must be employed in the work carried out.
- The community benefiting from the CFW programme should design and, where possible, administer the activities involved in the programme. This includes planning the work to be undertaken, selecting participants, determining wage levels (slightly below market wages), keeping records, supervising works and monitoring. This approach helps to ensure that the community feels ownership for the programme itself and for the assets created by it.

- If the CFW project implies the creation of community assets, ensure that the community has foreseen how to manage the use and maintenance of the community assets.
- Legal and administrative issues relating to programme set-up:
 - Local labour and taxation laws must be factored into the programme particularly when it is not being run through a recognized authority. In such instances taxation issues should be clarified with the relevant authorities.
 - Legal ownership by the participating communities of assets created must be factored into programme design.
 - Where possible, it is recommended to insure both programme participants and the work they are undertaking (e.g., buildings that are constructed need to be insured).
- Assessments should include a consideration of the type and amount of work that can be undertaken within the programme's time frame. You need to ask:
 - Does the community normally build infrastructure voluntarily?
 - What is the normal wage rate for daily labourers?
 - What work is available for daily labourers?
 - Are there any barriers to women participating?
 - Are there any seasonal fluctuations in waged labour opportunities?
- Coordination:
 - If there is a need for material support (e.g., construction materials), think about how to get the commodities delivered in a timely manner.
 - Where possible, implement CFW programmes in coordination with recognized local or national authorities. Conclude formal memoranda of understanding (MoUs) with these partners.
- Consider how government policy and laws will affect the programme:
 - Will CFW programmes be subject to labour taxation or will they be considered as humanitarian not-for-profit public works/community services? (See also legal issues above.)
 - What labour laws may be applicable?
 - Who is responsible for insuring CFW participants and the programme outputs?
- Communication:
 - Participants should be informed of programme details including the conditions under which they will be working.
- Targeting:
 - Household-level targeting is more appropriate as it ensures that households that include both individuals who can and those who cannot work can also benefit. One person per household should be employed.
- Targeting should focus upon:
 - villages/areas in which a sizeable portion of the population plan to return or have already returned;
 - areas where sufficient community members are willing and able to work on community-identified rebuilding/clearance programmes;
 - households with able-bodied labour;
 - households/individuals whose pre-disaster employment was labouring. (The risk of targeting those with other livelihood expertise is that they may be discouraged from re-establishing long-term livelihood options.)
- Take into consideration households that are not able to participate. If possible, provide them with an alternative form of assistance or an appropriate form of work.
- Be cautious about including chronically poor people who do not normally have labour opportunities. Providing them with social assistance may be more appropriate than the provision of short-term employment.
- Where possible, the responsible office/branch should be within easy access of the area where the CFW programme is being carried out to ensure sufficient oversight of works being undertaken.
- Withdrawal strategies:
 - Decrease the number of workdays in a week.
 - Introduce livelihoods support programmes as the CFW phases out.

Implementation step-by-step



Problem solving

Possible dilemmas

Suggested solutions

- | | |
|--|--|
| <ul style="list-style-type: none"> ■ Lack of technical expertise and untimely delivery of materials can limit the effectiveness of CFW. | <ul style="list-style-type: none"> ■ Limit the need for technical expertise by keeping project design simple and focusing on projects that require minimal expert oversight. ■ Provide training to workers. ■ Pay attention early on to procurement, storage and delivery of material supplies. |
| <ul style="list-style-type: none"> ■ Making regular payments can be time consuming and administratively cumbersome (particularly in the aftermath of a disaster). | <ul style="list-style-type: none"> ■ Weekly or monthly payments are easier to administer than daily payments. ■ Payment can be made to a group leader or village committee who is then responsible for further disbursement among members of their work group. |
| <ul style="list-style-type: none"> ■ Output ratios are lower than anticipated. | <ul style="list-style-type: none"> ■ Establish work groups with a low supervisor–participant ratio. |
| <ul style="list-style-type: none"> ■ Labourers do not always work the full day upon which payment is based. | <ul style="list-style-type: none"> ■ Set up a system for payment for partial days. ■ Make output-based labour payments, i.e., pay for a total of x many days to construct a community facility. |
| <ul style="list-style-type: none"> ■ Participants may not have employment after the end of the programme, or have difficulties transitioning as CFW activities phase out. | <ul style="list-style-type: none"> ■ Graduate exit, so that towards the end of the project labourers are working fewer hours per week and have time to adapt and seek work elsewhere. ■ Introduce livelihood or production support programmes. ■ Time the programme to coincide with seasons where labour opportunities are low and phase out as normal or seasonal labour opportunities increase (e.g., harvest time). |
| <ul style="list-style-type: none"> ■ Ghost workers and expected militia insist upon being on payrolls. | <ul style="list-style-type: none"> ■ Regular and unannounced monitoring. ■ Warnings that corrective action will be taken. ■ Employ supervisors and coordinators from outside the programme implementation village/locality as they will be less able to be influenced by labour demands. ■ Document and follow up on any discrepancies between the names reported on time sheets and workers on the site. |

| Possible dilemmas | Suggested solutions |
|---|---|
| <ul style="list-style-type: none"> ■ Infrastructure built in CFW programmes is not maintained. | <ul style="list-style-type: none"> ■ Identify the project with the community that will benefit. ■ Provide maintenance funds and training for when the project is finished. |
| <ul style="list-style-type: none"> ■ Disruption to local labour markets. | <ul style="list-style-type: none"> ■ Do not set wage rates above the average level. ■ Limit the number of days that people are able to work. ■ Do not implement programmes at a time when they clash with normal labour opportunities, e.g., harvest time. |
| <ul style="list-style-type: none"> ■ Not every household has able-bodied members who can participate in CFW. | <ul style="list-style-type: none"> ■ Provide an unconditional cash grant to support these households. ■ Employ a member of such households in a non-physical CFW activity such as record keeping or supervising. ■ Implement alternative livelihoods support programmes. |
| <ul style="list-style-type: none"> ■ People migrate to the CFW location in search of employment opportunities. | <ul style="list-style-type: none"> ■ Do not set high wage rates. |
| <ul style="list-style-type: none"> ■ Local wage inflation and disruption of the local economy. | <ul style="list-style-type: none"> ■ Keep the programme short term. ■ Limit the size of the programme. ■ Implement the programme in a number of different locations. |
| <ul style="list-style-type: none"> ■ Oversight of the programme is problematic. | <ul style="list-style-type: none"> ■ Keep programmes to a manageable size. ■ Divide projects into a sequence of sub-projects. |
| <ul style="list-style-type: none"> ■ Delays in delivering wages. | <ul style="list-style-type: none"> ■ Undertake weekly payments as daily payments can be time consuming. ■ Consider giving some payment in advance, so that immediate needs can be met. ■ Discuss with community representatives the normal timing and frequency of wage payments and follow this pattern. ■ Make payments to group leaders who are then responsible for disbursement among members of their work group. |

| Possible dilemmas | Suggested solutions |
|---|---|
| <ul style="list-style-type: none"> ■ Claims that wages have not been paid (this may occur where the site supervisor or work group leader is responsible for paying the workers). | <ul style="list-style-type: none"> ■ Ensure that labourers know in advance the amount they are supposed to obtain and the total amount of funds provided to the site supervisor/work group leader. |
| <ul style="list-style-type: none"> ■ The programme produces disincentive effects. | <ul style="list-style-type: none"> ■ Post-distribution monitoring. ■ Provide livelihood support and livelihood training, so that recipients are encouraged to start/restart such activities. ■ Keep programme duration short. |
| <ul style="list-style-type: none"> ■ Poor quality work. | <ul style="list-style-type: none"> ■ Implement activities that do not require specialized skills. ■ Establish adequate monitoring mechanisms for the quality and usefulness of the assets left in place. ■ Ensure appropriate technical support. |
| <ul style="list-style-type: none"> ■ Higher than expected household incomes reported for participants. | <ul style="list-style-type: none"> ■ Limit the number of participants per household. (This is only applicable if there are some households who are able to participate but are not included because multiple members from other households are being employed.) |
| <ul style="list-style-type: none"> ■ Women risk being paid less than men. | <ul style="list-style-type: none"> ■ Set single-day task rates and fix the wage for what is meant to be produced. The task set should be able to be completed within the working day. ■ Ensure work groups are mixed (when culturally appropriate). |

Guidance sheet 5

Seed voucher fairs

Key facts

- In addition to formal seed provision systems (companies and parastatal organizations) and the farmers' seed system (whereby seed is saved by farmers for their own use), seeds can be provided to farmers in need by humanitarian organizations and donors. Through this system, seed is provided in emergency and recovery situations.
- One option for the provision of seed is by setting up a fair at which vouchers are exchanged for seed. A seed voucher fair is a market, organized on a specific day at a pre-determined location, where seeds (and sometimes tools) are purchased through a voucher system.
- Seed fairs are designed to promote agricultural recovery and support crop production. Local seed purchase is one of the underlying principles of seed voucher fairs.
- Agricultural input and veterinary fairs can be established along the same lines as seed voucher fairs providing commodities such as fertilizer, livestock, drugs, animal health services and other services (such as ploughing and equipment use).

Characteristics of seed voucher fairs

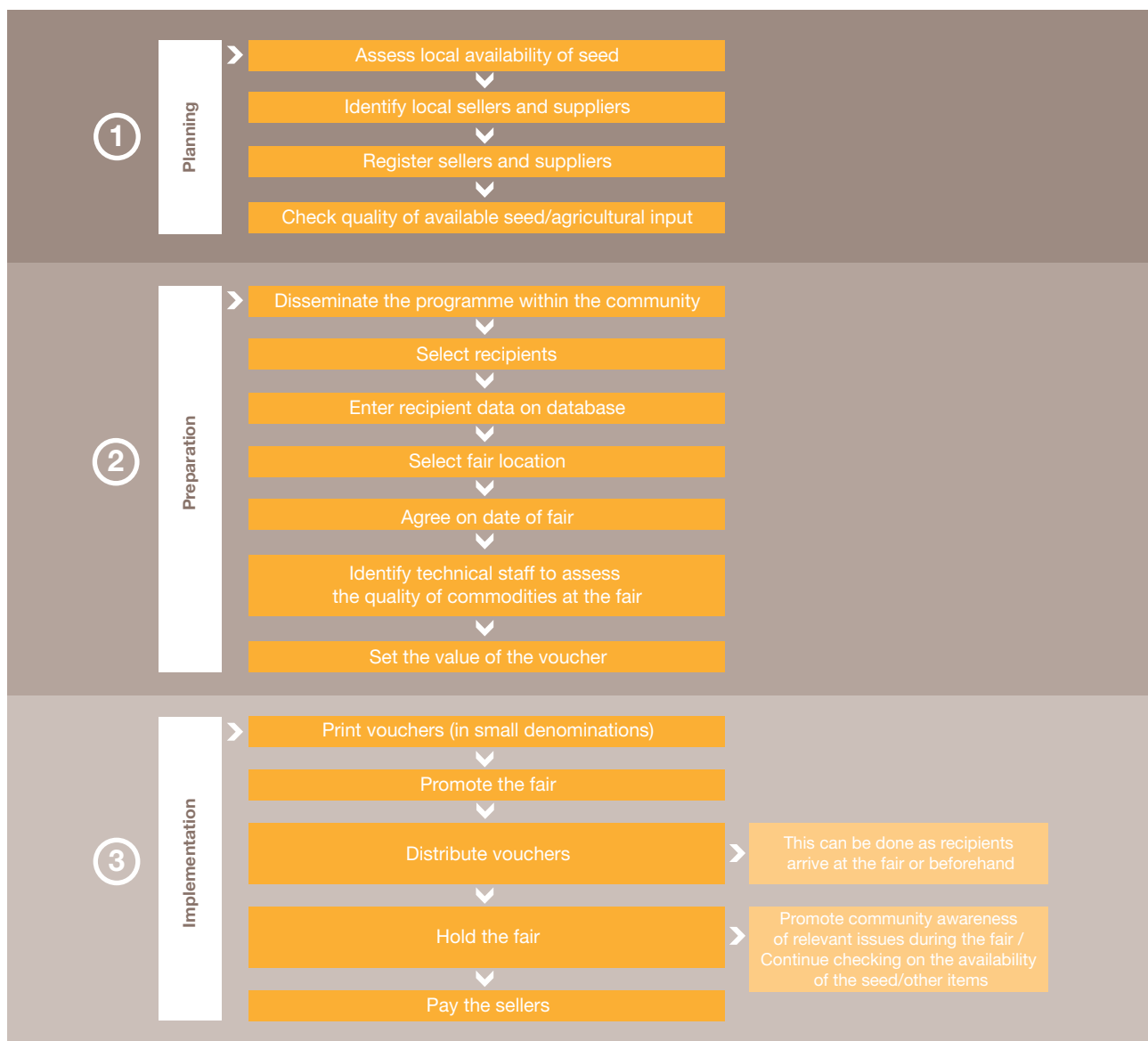
| Advantages | Drawbacks |
|---|--|
| <ul style="list-style-type: none"> ■ Greater choice for farmers in terms of commodity preference and quality. ■ Strengthens local procurement systems. ■ Can encourage traders to affected areas. ■ Creates awareness of alternative seed sources and varieties. ■ Allows for links and information sharing between farmers. ■ Supports local crop production and agricultural initiatives. ■ Short planning time frame. | <ul style="list-style-type: none"> ■ Reluctance of traders to participate. ■ Insufficient traders within the vicinity of the potential recipient population. |

Things to remember

- Seed fairs should only be established following a detailed assessment. There needs to be a requirement for seed, an assurance that the appropriate varieties are available in sufficient quantity and range of choice, and sufficient number of seed sellers at the fair. Consider the location of potential sellers in relation to the potential recipient community.
- Setting up a seed voucher programme requires a sound knowledge of local seed systems, including an understanding of the following issues:
 - What crops are grown?
 - How are crops used?
 - The main features of the cropping system.
 - Whether farmers are normally able to save seeds from a previous harvest.
 - How farmers get seed if they do not save it from the previous harvest.

- **Timing:**
 - Seed fairs are generally implemented in situations where farmers do not have sufficient seeds.
 - Seed fairs should coincide with planting seasons.
 - Agricultural input fairs need to coincide with cropping cycles.
- **Monitoring:**
 - Traders at seed fairs should record on the back of each voucher relevant data relating to the purchaser, for example:
 - What was the voucher exchanged for?
 - Where did the purchasers come from?
 - What size is their household?
 - What size is their land?
 - Do they belong to a farmers' association?
 - Optimal size of a seed fair is no more than 500 farmers for 20 to 25 vendors.

Implementation step-by-step



Problem solving

| Possible dilemmas | Suggested solutions |
|---|--|
| <ul style="list-style-type: none">■ Limited quantities of seed are available. | <ul style="list-style-type: none">■ Distribute fewer vouchers.■ Reduce the number of recipients. |
| <ul style="list-style-type: none">■ The process of registering recipients on the day of the fair is time consuming. | <ul style="list-style-type: none">■ Limit the number of participants.■ Hold the fair for more than one day. |

Guidance sheet 6

Cash transfers in social assistance programmes

Key facts

- Social assistance transfer programmes for the Movement can generally be established on the basis of three approaches:
 - The programme is set up in a situation of long-term, protracted or chronic poverty, in conjunction with government ministries, in line with existing or potential government social welfare programmes and with a design which enables future transfer into such programmes.
 - The programme emanates from a humanitarian emergency response or recovery programme which has been designed to enable recipients to transition into an effective, government-led social protection/social welfare programme. Programme design in this case needs to acknowledge that the objectives to be addressed in social assistance frameworks are generally broader than those linked to emergency humanitarian response and recovery programming.
 - The programme is established where predictable food crises and other predictable and cyclical disasters are prevalent. It has become the norm to provide repeated humanitarian assistance, particularly food, in such situations. The cost of providing repeated commodity assistance is often significant and this approach can be prone to failure as can be seen when crises continue to occur on an annual basis as recipients have been unable to build assets in preparation for the next hungry season or shock. It is possible that the provision of regular, predictable social assistance cash transfers could reach similar numbers of people at a lower annual cost per person.
- Social assistance transfers provide a mechanism which allows the Movement to engage with governments and advocate for the respect of rights of specific groups which the Movement represents or has an interest in protecting.
- Movement social assistance programmes may focus on a specific target group for which the Movement may have a responsibility and who may be scattered throughout the country.
- The regularity and predictability of social assistance cash transfers increases poor people's ability to cover their basic needs. They also protect poor people against shocks which means they are less likely to adopt damaging coping strategies (such as taking their children out of school, migrating to find employment opportunities, selling assets or taking out unfavourable loans) when a shock occurs.
- Social assistance cash transfers must, however, link into and be superseded by national social welfare and social protection programmes run by governments and covering a wider set of needs.
- Protecting the livelihood asset base of poor people, and thus reinforcing employment opportunities, is an area in which the Movement has experience, and is an important foundation for poverty alleviation linked to social protection programmes.
- Funding and delivery structures for social assistance transfers need to be long term and programme (as opposed to project) based.
- It may be beneficial to start the programme with a small-scale pilot programme.
- Reliable delivery systems need to be in place for social assistance cash transfers as a key to their success is their predictability and regularity.

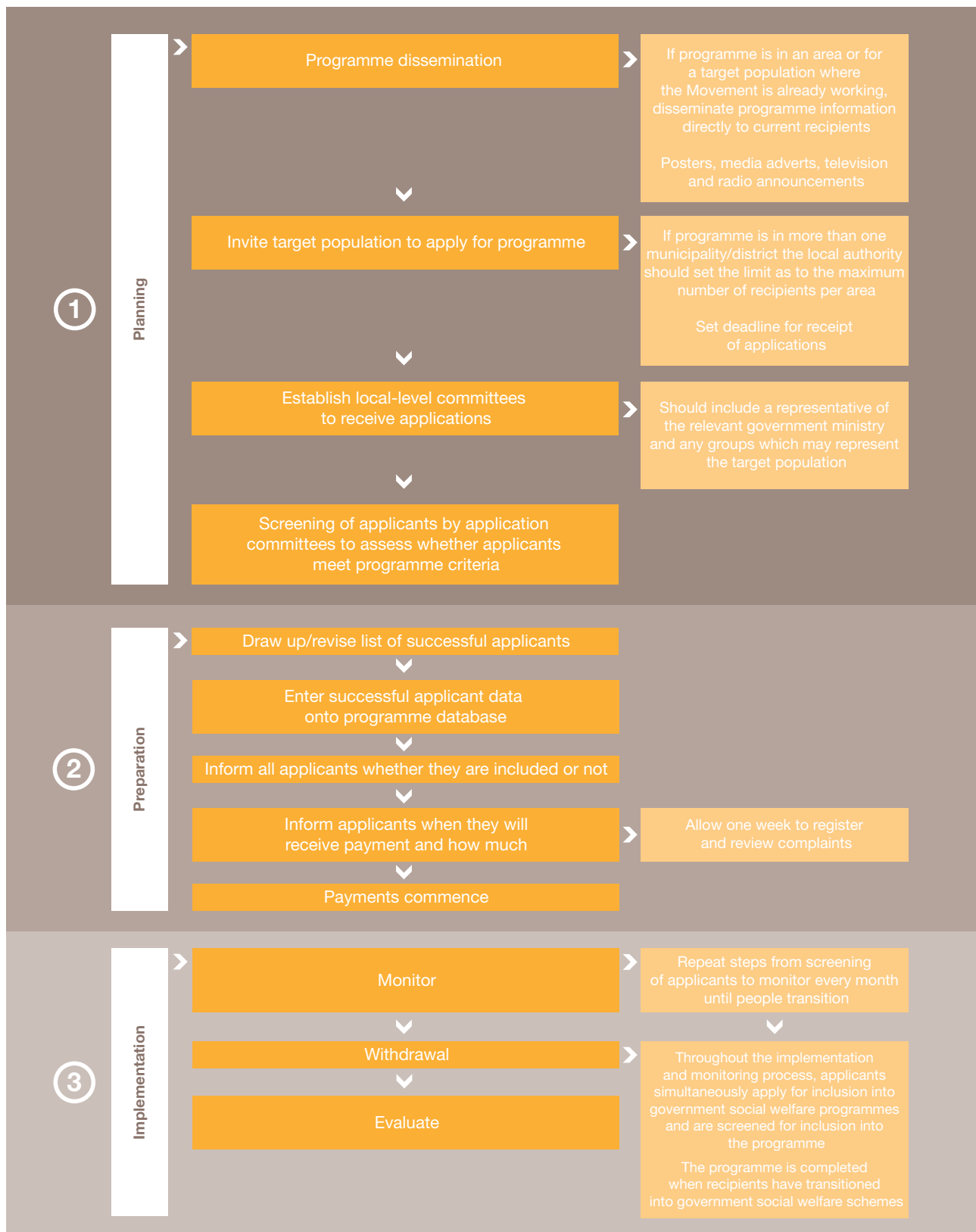
Characteristics of social assistance transfers

| Advantages | Drawbacks |
|---|--|
| <ul style="list-style-type: none"> ■ Facilitates transition into longer-term governmental social welfare systems. ■ Guaranteed and predictable income provides the poor with a level of security and helps them to plan for the future. ■ Markets are more likely to respond if regular and predictable cash transfers to the population are guaranteed. | <ul style="list-style-type: none"> ■ More appropriate for national application. ■ Implementation needs to be viewed as a long-term or a transitional response. ■ More appropriate in countries where there is a political will and experience of implementing social welfare systems. |

Things to remember

- **Assessment:**
 - In-depth assessments are required before setting up a social assistance programme. They should include an analysis of risks to ensure that safeguards are put in place to prevent corruption.
 - They should be undertaken jointly with relevant government ministries, in order to help ensure the success of social assistance cash transfer programmes and identify opportunities for recipients to move to government social welfare schemes.
- **Timing:**
 - Social assistance should be delivered in normal times as certain groups are unable to maintain livelihoods and thus remain in a situation of chronic poverty.
 - When disasters occur, those who normally receive social assistance transfers should continue to do so (the social transfers that they have previously received should contribute to protecting them against any shocks that might occur). Newcomers who have been affected by the disaster should also be considered.
- **Targeting:**
 - Targeting criteria should allow for the beneficiaries (generally the poor, the sick, the elderly and marginalized groups) to move to the government's social assistance system.
 - An easily identifiable, national group to which the Movement is aligned (e.g., IDPs or PLWHIV) can be targeted. Although this approach is administratively heavier and requires more human and financial resources, it increases the likelihood of recipients being able to move to national social welfare systems.
 - If such programmes focus only on one geographical target area, there is a risk that transition into long-term government social welfare programmes is harder.
- **Planning:**
 - Ensuring political support, particularly in countries with limited experience of successful social welfare systems, is necessary.
 - Social assistance cash transfer programmes can take time to design and implement and cannot immediately replace emergency aid responses.

Implementation step-by-step



| Problem solving | |
|--|--|
| Possible dilemmas | Suggested solutions |
| <ul style="list-style-type: none"> Applicants do not have sufficient paperwork to be included in government welfare programmes. | <ul style="list-style-type: none"> Work with the government to relax paperwork criteria for the Movement target group. Assist recipients to obtain lost/destroyed/non-existent papers. Ask other organizations to assist in obtaining the relevant documentation. |
| <ul style="list-style-type: none"> Limited capacity of local government offices to screen new applicants. | <ul style="list-style-type: none"> Agree on a realistic figure and time frame in advance and include this in the programme’s memorandum of understanding. |
| <ul style="list-style-type: none"> The most vulnerable people are excluded and have limited political voice. | <ul style="list-style-type: none"> Advocate with governments and donors to ensure that the interests of the most vulnerable people are included in national poverty reduction strategies. |



Section C

Practical tools

Practical tool 1

Assessment checklist for cash programmes

Description

This tool provides:

- Checklist of the issues to address when considering whether a cash transfer is appropriate.
- Key questions (adapted according to the context).
- Methods (adapted according to the context) to gather the required information.

Checklist¹⁵

| Issue | Key questions | Data collection methods and sources |
|-----------------------|---|---|
| Needs | <ul style="list-style-type: none"> ■ What was the impact of the shock on people's livelihoods and ability to access sufficient food and income? ■ What were the main food and income sources of different groups before the disaster? ■ How has this been affected by the disaster/prevaling situation? ■ What strategies are people using to cope with food or income insecurity? ■ How far are different groups of people able to meet their basic needs or recover their livelihoods using their own resources? ■ What is the normal cost of living? ■ What are the priority needs and gaps for support? ■ What are people likely to spend cash on? ■ Is there a preference for cash or in-kind approaches? | <ul style="list-style-type: none"> ■ See the International Federation's <i>How to conduct a food security assessment – A step-by-step guide for National Societies in Africa</i> (2006) and <i>Guidelines for emergency assessment</i> (2005). |
| Markets ¹⁶ | <ul style="list-style-type: none"> ■ Will the goods people need be available in an accessible market at reasonable prices? ■ How have markets been affected by the shock/prevaling situation (disruption to transport routes, death of traders, loss of stocks, loss of produce)? | <ul style="list-style-type: none"> ■ See Practical tool 2 (Market assessment). ■ Interviews and focus group discussions with traders, agricultural experts, farmers, authorities, armed groups and households. ■ Price monitoring in key markets compared to normal seasonal price trends. |

¹⁵ Adapted from Harvey (2007).

¹⁶ Questions in this section were also developed from Adams and Harvey (Issue Paper 1).

- Are the key basic items that people need available in sufficient quantities and at reasonable prices?
 - Are basic food and non-food commodities available, and at what price?
 - How do prices fluctuate seasonally?
 - What are prices projected to be in the future?
 - Are markets competitive and integrated (i.e., how are they linked and supplied)?
 - Will local traders be able to respond to possible additional demand and how quickly?
 - Will government policies affect availability of food or other essential commodities (are there any restrictions on the movement of goods/taxation of goods)?
 - Are there particular groups that need special consideration with regard to market access?
 - In situations of conflict, if violence continues or increases, how will markets be affected? Will they still be accessible? How will the market supply chain be affected?
 - What effects might a cash transfer have on markets?
 - What are the risks that cash will cause inflation in the prices of key products?
 - What might the wider effects of a cash project be on the local economy, compared to in-kind alternatives?
 - How do debt and credit markets function, and what is the likely impact of a cash injection?
 - What are the core elements that should be included in market monitoring?
-
- Interviews and focus group discussions with moneylenders, debtors and creditors.
 - Assess the volume of cash being provided by the project compared to overall size of the local economy and other inflows such as remittances.
 - Ensure that remote areas are covered in analysing how markets work.
 - Market analysis tools such as commodity chain analysis, trader survey checklists.
 - Regional, national and local statistics on food availability.
 - Agricultural calendars for seasonality.
 - Government subsidies and policies.
-
- Which option is the most appropriate for delivering cash to people?
 - What are the options for delivering the transfer to people?
 - Are banking systems or informal financial transfer mechanisms functioning?
- Mapping of financial transfer mechanisms.
 - Interviews with banks, post offices, remittance companies, community leaders.
 - Interview with potential recipients about local perceptions of security

Delivery options and security¹⁷

¹⁷ Questions in this section were also developed from Adams and Harvey (Issue Paper 2).

Guidelines for cash transfer programming

| | | |
|--|---|--|
| | <ul style="list-style-type: none"> ■ How near to the recipients are possible safe distribution sites and how many such sites are there? ■ How do different delivery options compare in terms of the time required to undertake the distribution? ■ What are the relative security risks of a cash transfer compared to in-kind distributions? ■ What are the existing or potential security threats? ■ What is the risk of the market itself being targeted? ■ What are the risks of cash benefits being taxed or seized by elites or militia/armed groups? ■ How do these compare to the risks of in-kind alternatives to cash? ■ How safe is it for Movement personnel to travel? | <p>and ways of transporting, storing and spending money safely.</p> <ul style="list-style-type: none"> ■ Analysis of the risks of moving or distributing cash. ■ Political economy analysis. ■ Discussions with local authorities, military and armed groups. |
| <p>Assessing relations within households and within communities</p> | <ul style="list-style-type: none"> ■ Should cash be distributed specifically to women or to men, or to both? ■ How will cash be used within the household? ■ Do men and women have different priorities? ■ How is control over resources managed within households? Do women normally earn income? Do women usually buy food and other items? ■ Are there risks of exclusion of particular groups, for political or social reasons? ■ Will cash distributions have any impact on existing social and political divisions within communities? | <ul style="list-style-type: none"> ■ Separate interviews with men and women. ■ Ensure that different social, ethnic, political and wealth groups are included in interviews. ■ Political economy analysis. |
| <p>Cost-effectiveness</p> | <ul style="list-style-type: none"> ■ What are the likely costs of a cash or voucher programme, and how do these compare to in-kind alternatives? | <ul style="list-style-type: none"> ■ Costs of purchase, transport and storage of in-kind items compared with costs of cash projects (see below). |
| <p>Corruption</p> | <ul style="list-style-type: none"> ■ What are the risks of diversion of cash by local elites compared to in-kind approaches? ■ Are there ways in which these risks could be minimized? (E.g., making | <ul style="list-style-type: none"> ■ Assess existing levels of corruption and diversion. ■ Map the key risks in the implementation of cash transfers, e.g., manipulation of beneficiary lists; |

| | | |
|---|---|---|
| Coordination and political feasibility | use of anti-corruption groups; arranging for independent organizations to conduct registration; carrying out distributions in the presence of representatives of external authorities; publicizing the amounts people are entitled to.) | handing over part of grant during or following distribution to local leaders. <ul style="list-style-type: none"> ■ Analyse existing systems for financial management, transparency and accountability. |
| | <ul style="list-style-type: none"> ■ What other forms of assistance are being provided or planned? ■ Will cash programmes complement or conflict with these? ■ How would cash transfers fit in with government policies and will it be possible to obtain permission to implement such projects? | <ul style="list-style-type: none"> ■ Mapping of other responses through coordination mechanisms. ■ Discussions with government officials at local, regional and national levels. |
| Skills and capacity | <ul style="list-style-type: none"> ■ Are there sufficient skills and capacity to implement a cash transfer project (including logistics capacity)? ■ Could skills and capacity be acquired from within/outside the Movement? | <ul style="list-style-type: none"> ■ Analysis of staff capacity for, and experience in, implementation, monitoring and financial management. ■ Potential sources of capacity support through the International Federation, ICRC, National Societies or other organizations. |

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Practical tool 2

Market assessment

Description

To determine whether a cash transfer is appropriate, a market assessment needs to be carried out to find out:

- Are markets functioning or likely to recover quickly? Will people be able to buy what they need locally at reasonable prices?
- Is there a risk of inflation? Could the cash transfer cause or contribute to inflation?

Once a cash transfer has been distributed, market monitoring is necessary to see if initial assumptions about markets meeting demand are correct. This is very important as it is often difficult to predict with confidence what will happen to prices.

This tool aims to provide a simple guide for programme staff who are not market specialists but who may be asked to help organize or carry out a market assessment. Note that market specialists may be needed for a detailed assessment.

The tool outlines questions to ask when assessing markets and methods by which this information can be collected. A checklist of questions, which can be used in semi-structured interviews with traders, is also given. Adapt the approach as necessary to the commodities people buy (food, materials for shelter, livestock, seeds, etc.), as this will affect the questions you ask and the traders you should talk to.

Key questions for a market assessment¹⁸

Is the market functioning?

Why you need to know

For a cash transfer to be successful, markets have to operate well enough to deal with recipients' increased demands. You need to know if and how markets have been disrupted, and how vulnerable they are to further disruption.

How to find out

- Map markets – aim to map out both market location and access. Ask traders and key informants to mark out:
 - What are or used to be the main markets.
 - Roads and other infrastructure.
 - Physical or political barriers that have disrupted trade flows.
 - New sources of supply if those markets have been cut off.
 - How access is affected seasonally (in the rainy season, for example)?
- Ask them how markets have been disrupted by the disaster:
 - Have the normal supply areas been affected (for example, by drought)?
 - Have transport routes or storage facilities been damaged?
 - Has the number of traders gone down?
- If normal sources of supply have been disrupted, find out if traders have found new sources. If a particular market has been disrupted, are people using a different market?
- Ask traders and key informants about constraints to trading. These commonly apply to certain markets (especially in remote areas) even in 'normal' times, and include: high cost of transport, long distances and time taken; and taxes imposed on the movement of goods/using the market. In areas of conflict, poor security will also affect how well markets function.

¹⁸ Based on key market questions identified in Creti and Jaspers (2006), p.22; and Donovan et al. (2005).

- Drawing a supply (or value) chain is useful to understand how the market system normally functions and how the crisis has affected it. A supply chain might include some or all of the actors shown below:



Supply chains do not have to be long or complicated. Even a basic understanding of the supply chain can increase understanding of how markets work and how they might be affected (see case study below).

Local shopkeepers' supply chain in Azad Jammu and Kashmir, Pakistan

The village shopkeeper usually purchases from wholesalers in the nearest urban centre, or from agents or wholesalers in Islamabad and Rawalpindi. To transport the food up the mountains, most shopkeepers rely on local transporters, though some use their own or the wholesalers' transport. The availability and cost of transport has a significant bearing on the prices of goods in the villages.

Source: Save the Children UK. Rapid livelihoods assessment report: The impact of the earthquake on livelihoods in Muzaffarabad and Bagh Districts, Azad Jammu and Kashmir, Pakistan. London: SCF-UK, 2005.

- Comparing how the number of actors, their links to one another and their margins may have changed as a result of the disaster often helps to assess how the market has been affected. Similarly, the difference between the composition and structure of the supply chain immediately after the disaster and at the time of programme design should also be considered to assess the resilience and speed at which the market adapts to unforeseen constraints.

Are there government policies that restrict the movements of goods?

Why you need to know

The ability of local markets to respond to an increase in demand may be affected by government taxes or policies, if they restrict the movement of goods between different parts of, or from outside, the country.

How to find out

Ask traders about market regulation. Are there any government restrictions on where they can move goods? Do they face particular taxes on the purchase or movement of goods?

Is the market competitive?

Why you need to know

A market is not competitive if a few traders are able to control prices because they dominate the market. In such a case, traders could use their power to force up the price of commodities, devaluing the cash transfer and particularly harming non-recipients.

How to find out

In interviews with traders, ask how many other traders there are, and of what size, in the market for their particular commodity. Ask about the main constraints and risks they face and whether this discourages other traders. Consult organizations (non-governmental organizations, businesses, National Societies) that have carried out tenders to gain a better understanding of the market's competitiveness.

Are markets integrated?¹⁹

Why you need to know

Markets may function well and even be competitive, but weak linkages between markets may mean that it is not worthwhile for traders to make good a deficit in one market (usually indicated by relatively high prices) by moving commodities from another. This is particularly the case in areas with poorly developed transport and information systems. If the cost of transporting the commodity between markets is high, the difference in price between one market and another also has to be high before it becomes worthwhile for a trader to move that commodity.

Moreover, in a segmented market goods will not be moved from one market to another even if the price differential is greater than the cost of transport: other factors characteristic of poorly integrated markets may come into play, such as weak information systems, traders' unwillingness to work in remote areas and the risks involved in trading in such a market.

If a market is poorly integrated – so traders are unlikely to respond to the increased demand of a cash injection – inflation is likely to occur.

How to find out

Market integration is difficult to analyse quickly and without market expertise. Sometimes the best thing is simply to ask traders whether trade between markets exists and about the extent to which they think markets are integrated.

Further analysis

- Calculate the difference in prices between two markets; find out the cost of transporting goods between the markets; and compare the two. If the price difference is much higher than the cost of transporting the commodity, the market is segmented and not well integrated.
- Compare the price of particular commodities in different markets over time (for example, month by month over one or two years). Markets are not well integrated if prices in different markets do not move together over time and/or if there are large differences between prices in the different markets at any one time.
- Understanding the constraints traders face in terms of information flows can also help. Ask traders what information they use to set their prices and what means they use to obtain the necessary information.

Will traders respond to an increase in purchasing power and how quickly?

Why you need to know

A well-integrated and competitive market may still not be sufficient for traders to respond to an increase in demand. Other factors may discourage them from supplying the market in a time of crisis, particularly if the market is new to them: logistical constraints (such as the problems involved in supplying remote or inaccessible locations); limited access to credit; limited potential for profit (if the market is small or short-lived or if they face losing regular customers elsewhere); and the risk and uncertainty involved.²⁰

How to find out

Ask traders about the constraints that prevent them from supplying particular areas. Would they be interested in supplying such areas if demand increased, or if some of the constraints could be tackled?

How quickly and effectively traders respond to the increase in demand from a cash distribution depends to a great extent on how much prior information they have been given about the overall levels of cash distributed and individual entitlements. When implementing a cash distribution, you need to strike a balance between letting traders have adequate information so that they can respond, and restricting information for security reasons.

¹⁹ Donovan et al. (2005).

²⁰ Creti and Jaspers (2006), p.21.

Is there a risk of inflation in the prices of key commodities?

Why you need to know

Inflation will cause the value of the cash transfer to fall. If inflation is caused or exacerbated by the cash transfer programme, non-recipients will be worse-off than before.

How to find out

It is often difficult to predict what will happen to prices after a disaster. They need, therefore, to be continually monitored, even if the risks of inflation are initially thought to be small. For agricultural goods such as food and livestock, take care to distinguish between inflationary price rises and normal seasonal fluctuations.

Inflation is likely to be more of a risk where goods are in short supply, where markets are not integrated (see above) or where the movement of goods is restricted because of government policy or conflict.

To judge whether a cash project is likely to cause inflation, compare the total volume of cash being provided with the overall value of trade flows of items, such as grain and livestock, and of local earnings and remittances.

Methods used in market assessment

- Market visits. Observe how many retailers there are and what is being sold. Record prices and talk to retailers.
- Semi-structured interviews with traders. A checklist of questions is given in the annex. The box below gives some tips for interviewing traders.

Tips for good trader interviews

- It is better to interview traders individually and in private (e.g., in the back room of their shop).
- Arrange a time to meet outside of normal trading hours.
- Traders are busy people. Explain clearly why you want the information (to design effective and efficient programmes to help people that will not harm, and if possible support, market activity).
- Try and keep your interviews as concise, flowing and informal as possible.
- Semi-structured interviews with community-level key informants such as community leaders. They are usually able to give good information on trade flows in relation to the market the people use (e.g., where grain comes from or goes to), on seasonal price trends and even what happened to prices and trade following previous disasters.
- Graphing price data to compare with 'normal' trends.

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Annex: Checklist for trader interview²¹

| Issue | Question |
|--|--|
| Introduction and basic characteristics | <ul style="list-style-type: none"> ■ Which commodities are you currently trading? ■ How long have you been trading? ■ Are you a large/medium/small trader in this market? |
| Seasonality | <ul style="list-style-type: none"> ■ Which are the months of highest sales in a 'normal' year? What is the price at that time? ■ Which are the months of lowest sales in a 'normal' year? What is the price at that time? |
| Trade route: source and destination markets | <ul style="list-style-type: none"> ■ Where do your goods normally come from? Is there an intermediate market? Is it different this year? ■ Where do your goods normally get sold in the end? Is there an intermediate market? Is it different this year? ■ How do you normally transport your goods to the market? How has this been affected? ■ How do you normally store your goods? How has this been affected? ■ Are there any government restrictions on where you can move goods? ■ Who are normally your main customers? Is it different this year? |
| Marketing margins | <ul style="list-style-type: none"> ■ How much does it cost to transport the goods to the market? ■ Do you have to pay taxes on the purchase? Road taxes or other charges along the way? ■ If you have to cross a border? Are there restrictions or payments to be made there? |
| Debt/credit | <ul style="list-style-type: none"> ■ Do you normally borrow money to buy goods? Has this been affected? ■ Do you normally extend credit to customers? Are you still able to? |
| Competition | <ul style="list-style-type: none"> ■ How many other traders (of what size) are there in this market for this commodity? ■ Has the number of traders or wholesalers been affected by the disaster? |
| Constraints and risks | <ul style="list-style-type: none"> ■ What are the main constraints you are facing now as a trader? ■ What do you consider the most risky part of your business? |
| Future | <ul style="list-style-type: none"> ■ What are the main constraints that prevent you from supplying areas x and y? ■ Would you be interested in supplying areas x and y if demand there were to be increased? ■ Which commodities do you think will have a good future demand? |

²¹ Adapted from Donovan et al. (2005), p.38.

Practical tool 3

Community-based targeting

Description²²

Community-based targeting is the process by which the community is given the power to make decisions on who among them most needs to receive assistance. In practice this means that beneficiaries are identified by a committee elected by the community or by triangulation of lists of potential beneficiaries compiled by different groups of community members.

The main advantages of community-based targeting are that:

- The community tends to be more supportive of programmes in which they have some say over how assistance is targeted.
- Experience suggests it is more efficient in ensuring that the most needy people get assistance, since the information is drawn from local knowledge.

Steps in community-based targeting²³

Presented below are a series of possible steps that can be taken to ensure the community is consulted and involved as much as possible in the targeting of beneficiaries. Often, you will not have the time or capacity to carry out every consultation suggested; which steps you do or do not include will depend on context.

- Find out about local community social structures and local government welfare structures. Who are the local community leaders or local government officials? Community-based relief committees may already exist, in which case it will make sense to use them.
- Hold a meeting with local community leaders and local government officials to explain the programme's aims and the process by which beneficiaries will be selected. Invite their views.
- The entire community should elect committee members. Plan and monitor the elections carefully to ensure that all can participate and that those elected are people in whom the beneficiaries have confidence. The committee should include adequate representation of women and the ethnic, social, economic and political groups within the community.
 - Hold a public meeting with the community before the elections take place to ensure that everyone understands and agrees with the criteria for committee membership. Try and make sure that this and other public meetings are held at times convenient for everyone, particularly women.
 - Encourage communities to adopt criteria that include 50:50 representation of women and men.
 - Once the committee is elected, clarify the different roles and responsibilities of everyone involved, and agree together a written record of the different tasks required, with the names of those responsible.
 - Make sure committee members are aware of their accountability to the community. Ensure that the community is aware that committee members can be re-elected (or un-elected) at any time.
 - If time and resources allow, the committee (and programme staff) may benefit from training in community-based targeting.
- It is important that the committee agrees with the criteria for selection and with the process for carrying out registration. Then, if possible, hold another public meeting to explain the criteria to, and get the approval of, the community. Keep a record of the criteria that have been agreed and why they were chosen.

²² Lucima (2002).

²³ Lucima (2002); Creti and Jaspars (2006); Schubert (2005).

Examples of criteria for beneficiary selection

The following criteria were used in Oxfam's emergency cash transfer programme in Zambia in 2005–2006:

Essential criteria

- Households that had above 50 per cent crop failure.

Other criteria

- Female-headed households with no economic means of supporting their families.
- Households that had lost a breadwinner due to HIV/AIDS and had no external support or economic means of supporting themselves.
- Child-headed households or orphans with no breadwinner.
- Households headed by elderly grandmothers with no external support or economic means of supporting themselves.

Source: Harvey and Marongwe, 2006.

- State clearly who is entitled to the transfer; this helps ensure that as many eligible people as possible come forward, and also makes it more likely that the wider community will support the programme. Publicize (in local languages) the selection criteria and the process whereby people can register on notices in public places; circulate them to people such as teachers, church and community leaders; and distribute them through government structures.
- The committee uses the agreed criteria to identify and draw up a list of recipients/potential recipients. In some methods, the committee interviews each potential recipient and the headman or a community leader then verifies this information.
- The list generated by the committee may then be discussed and approved at a public meeting, which gives community members the opportunity to point out households which have been overlooked as well as households which should not have been included on the list.
 - If targeting is aimed at a certain percentage of the population (say, the poorest 10 per cent), recipients may be ranked so that the poorest 10 per cent of households can be selected.
- The final decision on the approval of applications may rest at district level. Individual household visits may be used to ensure that selected households meet the criteria.

Other uses for the committee

The committee, once established, can be an effective means for distributing cash and passing feedback from the community to the agency (this includes dealing with complaints). The committee can inform the agency about any changes in circumstances which would make it necessary to alter the size of the cash grant. The committee can also be very useful in post-distribution monitoring.

Possible dilemmas and suggested solutions

| Possible dilemmas | Suggested solutions |
|---|--|
| <ul style="list-style-type: none"> ■ Time-consuming process: from electing the committee to consultations with the community seeking their approval for selection criteria and recipient list. ■ Effective working relationships between staff and the committee will only be built up through regular contact and support. This will take considerable staff time in the early stages. ■ Selection may be overly influenced by local leaders. ■ The disadvantaged may not speak out. | <ul style="list-style-type: none"> ■ Consider different and potentially quicker targeting approaches such as using pre-defined targeting criteria, or government criteria, or cross-referencing lists provided by several different existing community institutions (e.g., cooperatives or women's groups). ■ Share the agreed targeting criteria with all community leaders, members and committees, so that everyone understands who should be selected. ■ Hold open meetings with the community to discuss recipient lists, so that overlooked households can be included and non-eligible households can be taken off the list. ■ Include local leaders in any initial training. ■ Set up a confidential means by which households wrongly excluded/included can be reported to programme staff or district-level committees. |
| <ul style="list-style-type: none"> ■ Can generate tensions as power is devolved from traditional power holders. ■ Elected committees can face difficulties if government officials feel that their authority is being undermined. | <ul style="list-style-type: none"> ■ Good communication with local leaders/government officials from the outset is key. Meet with them as soon as possible to clarify programme aims, who will be targeted and why, and the process by which this will be carried out. |
| <ul style="list-style-type: none"> ■ In some cultures it is difficult for women to hold positions of authority or to meet together with men. | <ul style="list-style-type: none"> ■ Actively encourage communities to adopt criteria that include 50:50 representation of women and men. |
| <ul style="list-style-type: none"> ■ Any system of representation is only as good as the character of the individuals involved. Some may be arrogant or self-centred, and interested more in building personal power than in meeting the community's needs. | <ul style="list-style-type: none"> ■ Make clear to both the committee and the community that committee members are accountable to the community and that they can be re-elected (or un-elected) at any time. |
| <ul style="list-style-type: none"> ■ Difficulty in targeting according to broad criteria (e.g., 'households severely affected by recent events' in West Bank urban voucher programme). | <ul style="list-style-type: none"> ■ Keep criteria as specific as possible. These will typically comprise a combination of demographic (e.g., elderly- or female-headed households) and economic criteria (e.g., households without a breadwinner). |
| <ul style="list-style-type: none"> ■ Resources do not match needs (e.g., GTZ Zambia programme where only 10 per cent targeted; many eligible households had to be excluded²⁴). | <ul style="list-style-type: none"> ■ Try to link poor households who have not been included in the programme to other interventions. |

When may community-based targeting not be appropriate?²⁵

In certain conditions, such as those outlined below, community-based targeting is likely to become very expensive (because increased staff involvement will be necessary) or may have a wide margin of error:

- In situations of acute conflict where community cohesiveness is likely to be under strain and/or where those elected to a community committee may not be representative or accountable, leading to the risk of diversion.
- Where the differences in wealth or need within communities are not easily identifiable, making it difficult for community representatives to identify recipients.
- Where it is only possible to target a small proportion of the population (for example, because the population's needs greatly exceed the resources available) and distinguishing among potential recipients is likely to cause friction.
- Where the community does not cooperate in the targeting process.
- In the case of a sudden-onset disaster, when targeting must be done rapidly. In such cases, targeting tends to be done with limited community participation and through local community leaders rather than an elected committee.

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²⁵ Creti and Jaspars (2006), p.96.

Practical tool 4

Direct cash transfers step-by-step

Description

This tool outlines how to implement direct cash transfers and suggests how to get round some of the potential problems. It refers to the direct transfer of cash using a recipient list at the point of distribution. Cash can also be distributed through mobile ATMs (automated teller machines) and smart cards.

Direct cash transfers are appropriate where there is no functioning banking system or where access to banks is difficult. Distribution in local currency is preferable in most circumstances and means that the implementing organization, not the recipient, bears any possible exchange rate losses. If hard currency is distributed, recipients have to find a place to exchange to local currency and may not be offered competitive rates of exchange.

How to implement direct cash transfers

Administrative preparations

- Order the cash in advance in small denominations.
- Prepare a distribution spreadsheet listing each recipient's name and number to track the distribution process. Ensure there is enough room on the spreadsheet for a fingerprint or signature next to the recipient's name.
- Prepare receipts for each recipient which they will sign at the time of distribution.
- Prepare the logistics and planning schedule. This should include the distribution time frame, the amounts of cash required per distribution point and any necessary security precautions.
- Print envelopes with each recipient's name, village or location, distribution point and unique reference number.

Delivery of the cash

- Go to the bank with a cheque corresponding to the exact amount to be disbursed on a specific distribution day.
- Count the cash in the presence of a member of bank staff. Movement staff member(s) and bank employee(s) should sign that the correct amount of cash has been handed over.
- Consider whether regular office security is adequate for cash to be delivered there. If not, how can security be improved? Alternatively, arrange for envelopes to be filled at the bank.
- If cash is to be delivered to the office, arrange for delivery the day before the distribution (or some days before, depending on the size of the distribution) so that envelopes can be filled and sealed. Alternatively, filling and sealing can take place at the bank.

Filling and sealing envelopes

- Count the cash and organize bundles according to the amount required for each distribution point. This can be a lengthy process, so allow sufficient time.
- Undertake random checks to see that the correct amounts are in the envelopes.
- Once counted into bundles, cash can be held by the bank, by a security firm or in the office. Ensure requisite security whichever option is chosen.

Preparing for distribution

- The branch or local office should prepare staff briefings, confirm the distribution schedule, vehicle and staff requirements and movement plans. Refresher training on distributions should be provided.
- Distribution teams should receive:
 - Copies of recipient lists for the locations they are covering.
 - Copies of recipient registration documents.
 - Receipt books.
 - A list of committee members.
 - Notes on staff and vehicle movement plans.
- Carry out a sensitization campaign for recipient and nearby non-recipient communities.
- Consult community leaders 24 hours before the distribution.
- No more than 24 hours before the distribution, and given adequate security precautions have been taken, announce to the recipient communities when and where distributions will be made.

Carrying out the distribution

- Organize recipients in the order they appear on the distribution spreadsheet and in pairs.
- If pre-distribution coupons have been issued, make sure recipients present them in exchange for the envelope containing cash.
- Representatives of bodies such as local committees and authorities should be present at the distribution to ensure transparency and accountability.
- The first recipient should count the money in their envelope in front of the second recipient who will act as a witness that the correct amount has been received. Both recipient and witness should fingerprint or sign the distribution spreadsheet and the receipts confirming the amount received.
- Document any problems related to the distribution.

Possible dilemmas and suggested solutions

| Possible dilemmas | Suggested solutions |
|--|--|
| <ul style="list-style-type: none"> ■ The printing of envelopes is time-consuming. | <ul style="list-style-type: none"> ■ Ensure that a printer of acceptable quality is available. ■ A member of staff should be tasked with feeding the envelopes into the printer to ensure they are printed correctly. ■ Assess the possibility of outsourcing printing (a member of staff will need to undertake verification and quality control). |
| <ul style="list-style-type: none"> ■ Filling and sealing envelopes is time-consuming. | <ul style="list-style-type: none"> ■ Ensure sufficient staff or volunteers are available. Concern Worldwide estimates that it takes six person/hours to prepare 400 envelopes (including going to the bank, filling, spot checking, sealing and verifying the envelopes). |
| <ul style="list-style-type: none"> ■ Recipients are illiterate or innumerate and are unable to verify how much they have received or incorrectly report the amount they received. | <ul style="list-style-type: none"> ■ Print the amount of cash contained in each envelope on the outside of each envelope. ■ A community leader should be present to verify on behalf of the recipient. |

- | | |
|--|--|
| <ul style="list-style-type: none"> ■ Recipients are unable to come to the distribution point because they are housebound/chronically ill/elderly, and a representative has to collect their transfer. | <ul style="list-style-type: none"> ■ Print the amount of cash contained in each envelope on the outside of the envelope. ■ Ensure a community leader is present. |
| <ul style="list-style-type: none"> ■ Envelopes are filled with incorrect amounts of money during the filling process. | <ul style="list-style-type: none"> ■ Someone who has not been involved in envelope filling should undertake random checks of envelope contents. |
| <ul style="list-style-type: none"> ■ Staff are hesitant to sign for receipt of a certain amount of cash. | <ul style="list-style-type: none"> ■ Staff should sign for receipt of a specific number of filled envelopes. |
| <ul style="list-style-type: none"> ■ Both cash and another commodity are being distributed to the same recipients. | <ul style="list-style-type: none"> ■ Undertaking simultaneous distributions saves time. It also allows recipients to pay immediately for services linked to the commodity they have received (e.g., sawing wood, milling maize, transport of commodities). |
| <ul style="list-style-type: none"> ■ Disputes over how much cash was received by individual recipients. | <ul style="list-style-type: none"> ■ Envelopes should be opened and cash counted by recipients at the distribution point. ■ Cash should be distributed to be people in pairs, so that each can witness the other opening and counting. ■ The recipient and the witness should sign the spreadsheet to confirm how much they received. |
| <ul style="list-style-type: none"> ■ An envelope does not contain the right amount of cash at distribution. | <ul style="list-style-type: none"> ■ Make a note on the distribution spreadsheet and pay the balance at a later date, informing the recipient when they should expect to receive it. |
| <ul style="list-style-type: none"> ■ A recipient does not come for the distribution | <ul style="list-style-type: none"> ■ Ask the committee to identify someone to receive the money on behalf of the absent recipient. Get both the committee leader and the relay person to sign in the name of the absent recipient. |
| <ul style="list-style-type: none"> ■ Recipients are unfamiliar with envelopes. | <ul style="list-style-type: none"> ■ Movement volunteers or staff open the envelopes for the recipients, in their presence. Recipients sign for the cash received. |

Practical tool 5

Assessing financial institutions

Description

Using financial institutions as partners is likely to have advantages in many situations. However, the capacity of the institutions to deal with a cash transfer and the risks of working with them need to be carefully assessed. Such an assessment requires a solid understanding of the banking system. This tool does not aim to provide detailed guidance on how to carry out such an assessment, but to indicate to programme managers the sorts of questions that must be considered.

Checklist for assessing financial institutions

In identifying which institutions to use, consider the bank(s) the International Federation and/or the ICRC usually work with in a particular country/region, and why. Is the bank operational in the area in which the programme will be implemented? If not, can it recommend a financial institution to work with?

The checklist below outlines the information needed to assess the most appropriate financial institution through which to work. Factors determining the choice of institution include:

- The possible risks associated with different institutions.
- The services they provide in terms of the relative cost of transfer charges and the likely effectiveness of delivery from the recipient's point of view.
- Their management capacity.

Checklist for assessing the capacity of financial institutions²⁶

| Issue | Information needed |
|---|---|
| General information on government policies | <ul style="list-style-type: none"> ■ What are government regulations on payments and transactions? ■ Has there been currency devaluation in the past five years? |
| Background information | <ul style="list-style-type: none"> ■ Who is the owner or shareholder of the bank (government, private or group of companies)? Can you track back ownership to an international banking network? ■ Are you able to obtain annual report/financial statements for the bank and its chain of ownership? What is the value of the bank's assets and what funds is it managing? What is the balance of payment (level of reserves, level of bad debts)? ■ Are there any plans for the bank's owners to divest its shareholding? ■ Have any other organizations used the bank (ICRC/International Federation/United Nations/international or national non-governmental organizations)? What is their perception of performance and/or what has their experience been? |
| Legal provision | <ul style="list-style-type: none"> ■ What financial legal status does the institution have, e.g., bank (general or specific bank) or cooperative? ■ Do the banks have to follow central bank regulations? Does the government provide a guarantee to the bank's creditors?²⁷ |

²⁶ Adams and Harvey (2006); Rauch and Scheurer (2003).

²⁷ In Indonesia, for example, the government guarantees some banks, in which case a person's savings are relatively safe. Cooperatives are allowed to provide savings and loans facilities but these are limited to members only. In the case of losses in the cooperative, the government does not guarantee savings. Moreover, cooperatives do not follow bank regulations but are supervised by the Department of Cooperatives.

Services provided and area coverage

- What kinds of service are available for transferring cash?
- Is the service provided by the financial institution accessible to recipients (distance, operating hours, identity requirements, recipients' mobility, disability, literacy) and to what extent is the service acceptable to beneficiaries (e.g., some Muslim communities or individuals may prefer to use a sharia banking system)?
- What is the coverage of the institution? How many branches does the institution have, and where are they? (Map the locations of outlets and services extended from these outlets, if possible.)
- Does the bank offer physical transport of cash to remote locations (i.e., from branch to project/distribution site)? If not, can this be negotiated? What are the fees or insurance costs for this service?
- Is the bank using real-time computerized systems? Are these computer systems networked through to rural branches?
- Do local branches have counting machines?
- Does the bank have the ability to source or provide large quantities of small denomination notes? Within what timescale?

Management capacity

- Given current number of clients and the bank's management capacity, how many additional clients could reasonably be added as a result of the programme?
- Who is the bank manager? What experience does he/she have of managing larger amounts of funds and creditors/debtors? To what extent are the staff experienced in working with rural communities?

Credibility

- How has the bank performed in the past year? Have credit or savings/deposits increased suddenly? If so, what is the interest rate?
- What insurance does the bank have?
- Did a reputable international audit company audit the bank? Was an unqualified audit opinion given? If not, what was the nature of the qualification?
- What risks and constraints are there in the process of transferring funds in hard currency and between bank accounts? How long does it take to transfer funds between accounts, e.g., from headquarters to branches?
- Who is responsible for the bank? Is the bank guaranteed by the central bank?²⁸

Service fee

- What are the costs for services, such as:
 - Transfer of funds (may be a flat rate or a percentage of each transfer).
 - Opening a bank account (some banks ask for a small deposit only; others charge administration costs to open an account).
 - Exchange rate (where applicable).

²⁸ In Indonesia, for example, the government provides a guarantee to public funds in the bank – so people feel safe putting their money in the bank.

Some examples of arrangements with financial institutions²⁹

| Agency | Arrangement with financial institution |
|------------------------------------|---|
| Oxfam: Zambia | Oxfam contracted Standard Chartered Bank, which subcontracted a security company and hired tellers to deliver cash to remote villages. |
| Concern: Malawi | Concern Worldwide operates a cash transfer using smart card technology in partnership with Opportunity International Bank, which provides a mobile ATM. The system uses fingerprint technology operating as the pin number. |
| Horn Relief/NPA: Somaliland | Two money transfer companies, Dalsan and Dahabshil, were used. They were chosen for their flexibility, professionalism, network coverage, reputation and capacity. They took full liability for all project monies, and agreed to cover any lost or misallocated funds and to ensure security during the actual distribution. |

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²⁹ Harvey (2007); Concern Worldwide (2006); Ali, Toure and Kiewied (2005).

Practical tool 6

Post-distribution monitoring

Description

Post-distribution monitoring should always be done at the end of a distribution, with the primary objective to check whether individuals/households/groups have received the cash and been able to spend the cash according to their needs. It may also help to detect early signals of negative impact and address some of the complaints that may emerge from the programme. Post-distribution monitoring is particularly important for one-off distributions of cash, when monitoring the programme on an ongoing basis is difficult. This tool outlines the questions that post-distribution monitoring should address, the methods that can be used and possible solutions to problems commonly encountered.

Key questions and data for post-distribution monitoring

When thinking about what data should be collected and how, remember to keep your monitoring simple and practical. Don't be tempted to collect more information than you can analyse and use. It is better to tackle a limited set of questions and collect a small amount of data that you can trust and make sense of, than to be over-ambitious and gather a large volume of unused data. When deciding what data should be collected, take into account who will be doing the monitoring, their skills and training and the time they have available.

The table below shows the minimum set of questions that you should address in post-distribution monitoring and the methods that can be used to collect data for them.

Minimum set of questions that should be monitored³⁰

| Questions | Methods |
|---|---|
| <ul style="list-style-type: none"> ■ Did people get the right amount of cash? ■ Were payments made on time? | <ul style="list-style-type: none"> ■ Questionnaire surveys. |
| <ul style="list-style-type: none"> ■ What are people spending the cash transfer on? ■ Does this meet the programme's specific objective (e.g., enabling people to meet their basic needs for food or other items/services or to invest in livelihoods)? | <ul style="list-style-type: none"> ■ Semi-structured interviews with beneficiaries (individuals or groups). ■ Interviews with retailers and/or traders. ■ Questionnaire surveys. ■ Case study interviews with individual beneficiaries. |
| <ul style="list-style-type: none"> ■ Are the items that people want to buy available in the market? ■ Where and how far do people have to go to buy what they want? | <ul style="list-style-type: none"> ■ Semi-structured interviews with beneficiaries (individuals or groups). ■ Observation of goods being sold in the market. ■ Interviews with retailers and/or traders. ■ Questionnaire surveys. |
| <ul style="list-style-type: none"> ■ How have prices changed? ■ Has the cash distribution had an effect on prices? | <ul style="list-style-type: none"> ■ Market price monitoring. ■ Semi-structured interviews with traders. ■ Comparison of total cash distributed with trade volumes (if it is relatively small, it is unlikely to have had an inflationary effect). |

Methods for collecting monitoring data

Try and ensure that monitoring data are collected through a range of methods and a range of respondents. This enables you to crosscheck what you are told and to have greater confidence in the results. Some techniques that can be used in post-distribution monitoring are outlined below.

Questionnaire surveys

These involve interviews with individual beneficiary households using a questionnaire with a defined set of questions. When designing a questionnaire, keep it as simple as possible: only include those questions to which you really need to know the answer, and be sure that the results can be analysed.

A common dilemma with questionnaire surveys is selecting households that will give a result representative of the recipient population when (as is usually the case) there is insufficient time or capacity to obtain a random sample. One approach is to select households that are considered 'typical' of a group of recipients, for example, poor, elderly- or female-headed; or of a particular livelihood or wealth group such as the poor or better-off. Be aware of any bias that may affect the selection of such households and try to minimize it, for example, by being clear that the survey is being conducted for monitoring purposes rather than as part of a needs assessment. Make sure also that you include interviews with groups that may be disadvantaged in terms of a cash distribution, such as those who live in areas far from the main market or those who are not familiar with the chosen delivery mechanism such as ATMs (automatic teller machines).

Semi-structured interviews

These interviews use a checklist of questions related to particular topics of interest, rather than a formal questionnaire. The interviewer is not confined to a particular set of questions and can follow up on particular points as necessary. This means that the interviewer can crosscheck information and probe further when answers don't make sense. However, it is more difficult to do than a standard questionnaire and requires more training. The interviewer has not only to record but to check mentally what they are told throughout the interview to make sure that the interviewee provides information that is consistent with what they have said before and with what the interviewer knows to be true.

Semi-structured interviews can be carried out with:

- Individuals from beneficiary households. This can be useful in getting detailed data on what cash was received, how it was used and its short- or longer-term impact on household income, expenditure and assets.
- Groups of individuals from beneficiary households – group interviews can be useful in getting people's perceptions on the targeting process, how the cash was used and its impact on the community as a whole.
- Representatives of a particular group of beneficiaries (such as elderly- or female-headed households).
- Traders, to crosscheck data on how the cash was spent (has there been an increase in sales?) and to gain their perceptions on price movements and the possible impact of the cash transfer on prices.
- Key informants such as agricultural officers or teachers, to draw on their perceptions about the possible impact on social relations within the community.

Guidance on how to conduct semi-structured interviews can be found in the International Federation's *How to conduct a food security assessment* and other publications (see references). Some tips are given below.³¹

- Ensure that there are two of you, wherever possible, particularly for a group interview/discussion – one to lead and facilitate the discussion while the other takes notes.
- Be absolutely clear about what you are trying to find out before you start.
- Give a careful introduction; it will set the tone for the whole interview. Introduce yourselves and explain what you want to find out and why.
- Use the checklist to ensure that all topics are covered. Do not adhere to it blindly – be flexible and allow discussion on new and unexpected issues.

³¹ Condensed and adapted from WFP (2005), pp456–460; Seaman et al. (2000), pp82–83.

- Only ask questions to which interviewees can be expected to know the answer.
- In a group interview, ensure that everyone has a say; don't let more powerful individuals dominate.
- Keep track of the story you are being told: is it consistent? Crosscheck as much as possible by asking the same question in different ways and by comparing the responses of different people.
- In a group interview, take a short (e.g., ten-minute) break after about 40 minutes to allow participants to move around.
- Don't take more than 45 minutes for an individual interview, or two hours for a group interview.

Just as with questionnaire surveys that do not use a random sample, it is important that you try and ensure that the results of semi-structured interviews are representative of the beneficiary population (see above).

Case study interviews

These aim to look at the impact of a programme on individual beneficiary households. A checklist can be used to ensure certain questions are addressed, while unexpected outcomes or issues can also be discussed. Case studies can illustrate programme impact in an accessible and interesting way. However, you need to be careful when generalizing from case studies unless you think that the selected households are truly representative of the beneficiary population.

What to look for when analysing and interpreting the data

What are people spending their cash on?

This can be reported in a fairly straightforward way provided you feel your results are reasonably representative of the beneficiary population.

Assess whether the programme's specific objectives (if there are any, such as meeting needs for food and other basic items/services or shelter) were or are being met according to these results. In an emergency, did cash prevent the use of harmful coping strategies? In a recovery programme, what assets did people buy and has it helped them earn sufficient income? Ask beneficiaries for feedback on the positive and negative impacts of the cash distribution.

Price monitoring and contingency planning

It is essential to check for inflation, to see whether rising prices are caused or exacerbated by the cash transfer, and to see what people are able to buy with the money provided.

Inflation is a particular problem with cash transfers for basic needs assistance as it may mean that some families will not be able to meet their essential needs. It is important that the cost of living is monitored and that contingency plans are prepared, to be implemented should the cost of living rise beyond a certain threshold. Scenarios should be developed for both likely price increases and maximum acceptable price increases. Use these scenarios as a basis against which to judge monitoring price data. If prices exceed the likely price and move towards the maximum acceptable price, start implementing the contingency plan.

What impact did the cash have?

With baseline data (either for a 'normal' year or at the start of the project), you can:

- Compare the additional cash with overall income to see what proportion of income it represented. This will give you an idea of its importance to the household economy.
- See if sources of income have changed (this may be important for a cash project aimed at supporting livelihood recovery). Are people now able to get income from any productive assets they may have invested in? Or (for example) do poor people still have to work for others?
- See if expenditure patterns have changed. Do people now spend more on items they couldn't before?
- Compare asset levels such as livestock holdings or the amount of land households are able to cultivate.

What impact did the cash have on the wider economy?

Comparing the size of the total cash transfer with overall trade flows will give you some idea as to whether the cash transfer has caused or contributed to inflation.

The important things to monitor in cash-for-work (CFW) programmes are the casual labour rate of local enterprises and whether they are able to take on enough workers. If the CFW wage rate is found to be much higher than the prevailing market rate, it should be adjusted to avoid an adverse effect on local business.

Is corruption a problem?

Monitoring how people spent the cash can reveal the presence and extent of corruption (for example, if cash is being given to local leaders in charge of recipient lists). In one case where this happened, an independent organization was then made responsible for registration.

Communicating the results

Remember that collecting and analysing data is just one aspect of monitoring. The important thing is that the conclusions (did recipients receive the right amount of cash; what did they spend it on; are there any negative impacts?) feed efficiently into programme management so that future programmes can benefit or ongoing programmes can be adjusted. Monitoring is, therefore, most successful if there are clear channels through which the information can be communicated.

Common pitfalls in post-distribution monitoring

| Possible problems | Suggested solutions |
|--|--|
| Beneficiaries tell you what they think you want to hear, e.g., when you ask them what they spent the money on. | <ul style="list-style-type: none"> ■ Try and minimize bias by explaining clearly at the start of your interview that you want to get a true picture of whether the programme was successful or whether it would be better in the future to provide some other form of assistance. ■ Crosscheck as much as possible. For example, crosscheck how beneficiaries spent their money by asking traders at the relevant market if there has been an increase in trade there. |
| It can be very difficult to find out if cash was spent on 'anti-social' items as people will not admit to it. | <ul style="list-style-type: none"> ■ It can help to talk to a wider range of people within the community or to employ and train as monitors local people with knowledge of local customs and the ability to probe beyond conventional responses. |

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Practical tool 7

Planning financial flows

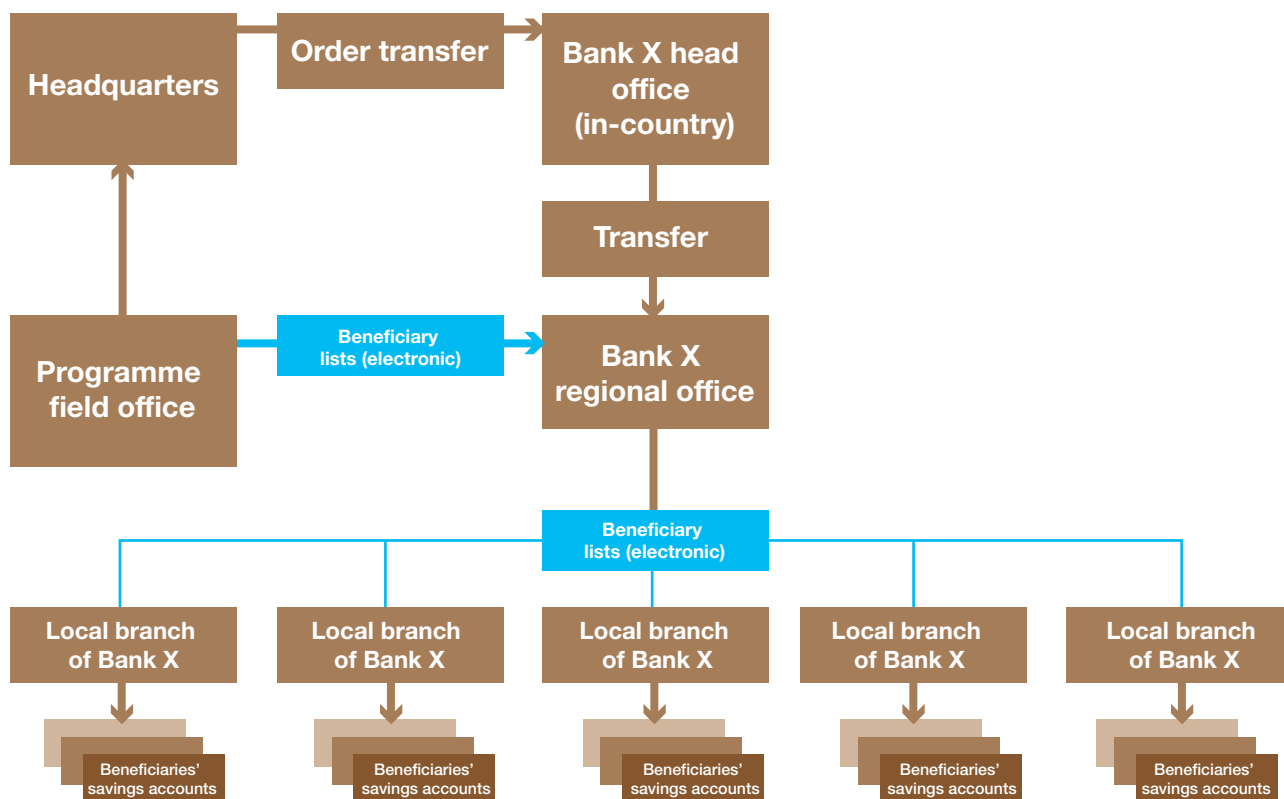
Description

Cash transfer may take longer than anticipated, particularly when there are several steps in the transfer, different banking institutions involved and/or when funds must be exchanged into local currency.

This tool³² helps to plan for these different steps and to work out the time needed for the money to arrive safely at the point of delivery.

Financial transfer flow chart

Drawing a financial transfer flow chart is a very simple and effective way to map out the different steps that will be involved in the financial transfer. It acts as a checklist to make sure that no step is forgotten.



32 Adapted from Rauch and Scheuer (2007).

Testing financial transfers

Once the different steps in the transfer are established, it may be useful – when time allows – to test the financial transfer with a small amount of money.

The table below provides a simple format to test the time it may take to transfer cash from international headquarters to its delivery at local level. As part of the programme planning, it is important to know how long it takes on average for the transfer to reach local level (whether the local branch of a bank or local post offices). Indeed, delays in payments can result in frustrations and unnecessary pressure on programme implementation.

An early ‘test transfer’ with a small amount of money from headquarters to the point of delivery is advisable. This not only allows a time test, but also to check (where appropriate) how correct the conversion to the local currency is. Steps may vary according to the context. The bank used for international transactions may not be the same as that used for the cash transfer programme, especially when a particular bank has a better network of local branches in a particular area of a country.

Once the test transfer is done, it is possible to do a ‘forecast transfer’. The forecast is based on the test, with additional contingency steps to be on the safe side. It should enable programme planners to set a realistic date for the start of the cash distribution.

| Step | Start-up schedule Implementation | Test transfer | | Forecast transfer | |
|------|---|---------------|--------|-------------------|--------|
| | | From | Until | From | Until |
| 1 | Order funds to headquarters | 12 Feb | 12 Feb | 03 Mar | 03 Mar |
| 2 | Transfer funds from headquarters to national bank X | 12 Feb | 13 Feb | 04 Mar | 04 Mar |
| 3 | Conversion from original currency into local currency | 13 Feb | 14 Feb | 05 Mar | 06 Mar |
| 4 | Transfer from national bank X to regional branch X | 14 Feb | 17 Feb | 07 Mar | 10 Mar |
| 5 | (Optional) Transfer from regional branch X to other regional bank/post office Y | 19 Feb | 20 Feb | 13 Mar | 14 Mar |
| 6 | Transfer from regional branch to local branches | 21 Feb | 21 Feb | 14 Mar | 14 Mar |

References

Rauch, E. and Scheuer, H.

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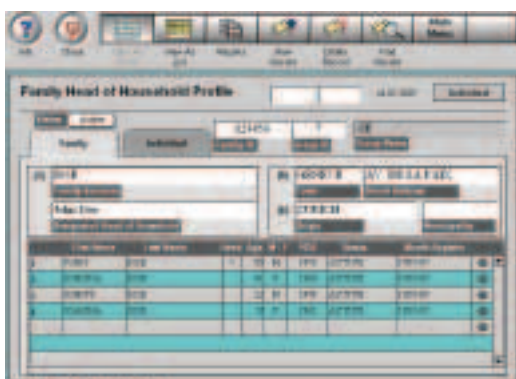
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Practical tool 8

Additional information for databases

Description



Databases are very useful tools for managing a large number of recipients and/or a complex set of information. Two key aspects need to be kept in mind when developing a database:

- Ensure that the information required from recipients is limited to that which is of direct use in implementing the programme. Avoid the temptation to add too many entries that are not directly relevant.
- Ensure that staff have sufficient technical knowledge to use and maintain the database. The danger is that if key staff members leave, databases that are too sophisticated can no longer be used.

This tool provides some examples of particular types of information/entries that are needed for specific forms of cash programmes (see Chapter 6 for minimum basic information required to monitor and evaluate programmes).

Additional information needed for a livelihood/productive support grant database

- Occupation.
- Amount applied for.
- Date application reviewed.
- Date of interview.
- Decision taken (proposal rejected/accepted).
- Copy of business plan.
- Copy of contract.
- Planned payment schedule.
- Payments made against contract.
- Monitoring against payment (status of activity).
- Amendments to contract (where there is more than one payment and a contract has been signed with the recipient outlining conditions of payment).

The database needs to provide the status of contracts and payments over a given period to enable tracking of payments against targets and to address variances. In addition to programme management staff, finance/administration staff should have access to the database to be able to generate payments at the correct times against the contract.

Additional information needed for a voucher programme database

- Trader details.
- Trader contracts.
- Recipient identity linked to voucher identity number per distribution.
- Voucher identities that are linked to specific traders.

Additional information needed for CFW databases³³

- Project type (clear-up, reconstruction).
- Project code.
- Name of community leader/representative.
- Estimated project duration (number of days per week x number of weeks).
- Total cash value required (above figure x daily rate x number of participants).
- Worker details (number of works, breakdown by gender).
- Non-workers who will receive cash transfer.
- Payment schedules:
 - Name of group leaders and number of workers in their group (if payments are being made through the group leader. If not, the names and details of all recipients will need to be entered on the database).
 - Date of first cash transfer:
 - Total cash amount requested (based on participation roster).
 - Total amount paid (based on recipient list minus those that didn't show up).
 - Total amount returned to the office.
 - Date of second cash transfer, etc.

Additional information needed for a social assistance transfer database

- Date of application.
- Funding decision.
- Recipient category (reason why they have been included).
- Date of transfer to government social welfare scheme.

References

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ODI Tsunami Cash Learning Project.

London: ODI, 2006.

Feedback form

A new edition of these *Guidelines for cash transfer programming* is planned for 2009. We would be very grateful for your feedback and comments.

Can you give specific details about how you use, or intend to use, the guidelines?

What, if anything, do you think is missing in the guidelines?

Is there anything that you think should be removed from the guidelines?

Are the guidelines practical enough, user-friendly?

Do you have any comments on the technical content (inaccuracies, gaps, need for clarification)?

If you have case studies which you feel would be useful for the next edition of the guidelines, please describe them here and ensure you leave your contact details below.

In addition to the guidelines, what kind of technical support for cash programming would you require?

Feedback form

Your details (optional)

Name: _____

Organization: _____

E-mail or contact number: _____

Thank you for your comments.

Please return this form to:

Humanitarian Policy and Partnerships Department

British Red Cross

44 Moorfields

London EC2Y 9AL, UK

Tel.: +44 (0) 207 877 7533

Fax: +44 (0) 207 562 2054

E-mail: cash@redcross.org.uk

The Fundamental Principles of the International Red Cross and Red Crescent Movement

Humanity

The International Red Cross and Red Crescent Movement, born of a desire to bring assistance without discrimination to the wounded on the battlefield, endeavours, in its international and national capacity, to prevent and alleviate human suffering wherever it may be found. Its purpose is to protect life and health and to ensure respect for the human being. It promotes mutual understanding, friendship, cooperation and lasting peace amongst all peoples.

Impartiality

It makes no discrimination as to nationality, race, religious beliefs, class or political opinions. It endeavours to relieve the suffering of individuals, being guided solely by their needs, and to give priority to the most urgent cases of distress.

Neutrality

In order to enjoy the confidence of all, the Movement may not take sides in hostilities or engage at any time in controversies of a political, racial, religious or ideological nature.

Independence

The Movement is independent. The National Societies, while auxiliaries in the humanitarian services of their governments and subject to the laws of their respective countries, must always maintain their autonomy so that they may be able at all times to act in accordance with the principles of the Movement.

Voluntary service

It is a voluntary relief movement not prompted in any manner by desire for gain.

Unity

There can be only one Red Cross or Red Crescent Society in any one country. It must be open to all. It must carry on its humanitarian work throughout its territory.

Universality

The International Red Cross and Red Crescent Movement, in which all societies have equal status and share equal responsibilities and duties in helping each other, is worldwide.



ICRC

The International Committee of the Red Cross (ICRC) is an impartial, neutral and independent organization whose exclusively humanitarian mission is to protect the lives and dignity of victims of war and internal violence and to provide them with assistance. It directs and coordinates the international relief activities conducted by the Movement in situations of conflict. It also endeavours to prevent suffering by promoting and strengthening humanitarian law and universal humanitarian principles. Established in 1863, the ICRC is at the origin of the International Red Cross and Red Crescent Movement.

www.icrc.org



The International Federation of Red Cross and Red Crescent Societies promotes the humanitarian activities of National Societies among vulnerable people.

By coordinating international disaster relief and encouraging development support it seeks to prevent and alleviate human suffering.

The International Federation, the National Societies and the International Committee of the Red Cross together constitute the International Red Cross and Red Crescent Movement.

www.ifrc.org