

CASH TRANSFER PROGRAMMING: FREQUENTLY ASKED QUESTIONS

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Introduction

This is part of Christian Aid’s wider commitment to examining market-oriented approaches to helping the poor. It sits within Christian Aid’s 2011 vision of a pro-poor private sector that harnesses the power of the market to bring about transformational change.¹ Markets are central to this process and are often at risk in the event of an emergency or disaster. Markets are critical in humanitarian response, supplying goods and services for relief, recovery and reconstruction.

Done badly, humanitarian assistance can inhibit local market systems and damage longer-term recovery prospects. Cash transfer programming (CTP) recognises this and tries to support markets at this critical time. Of equal significance is the role CTP can play in the dignity and empowerment of disaster-affected communities, and in improvements in the efficiency and effectiveness of aid. CTP can be done in many different ways to address many different needs and this paper seeks to answer some of the key questions around CTP.

1. What is a market system?

A market system is a network of market actors (see definitions below) that are involved in producing, exchanging, and consuming a good or service. A market system operates according to rules and norms that come from local, national or international sources and utilises infrastructure such as roads and storage. Cash is central to market systems as it is the main currency exchanged for goods and services at each stage of the supply chain.²

2. Why are markets important in humanitarian relief and recovery?

Although markets often work unfairly, both the way they function and their capacity to function have a profound impact on the ability of individuals to support themselves, and on the level of local and national development. An individual’s/community’s ability to engage with market systems will affect their ability to meet their needs and develop their livelihood. In a humanitarian response environment, markets are important for four main reasons:

a) markets are central to **how communities sustain and**

develop themselves: providing goods and services to meet needs, contributing to livelihoods at each stage of the supply chain and influencing development

b) markets are **vulnerable after an emergency/disaster** when both the supply chain and demand may be affected. However, they remain central to the recovery process and it is important that they are supported

c) markets play a **critical role in humanitarian response, supplying goods and services** to ensure survival and protect livelihoods in the onset of an emergency/disaster, as well as in longer-term survival and development

d) **new market opportunities** arise in the event of an emergency/disaster as markets are disrupted: some expand, others contract, and new ones also develop. Humanitarian assistance involves an influx of cash, goods and personnel, which can have a positive or negative impact on the recovery of markets and the ability of people affected to engage in the traditional and new market opportunities linked to relief and reconstruction.

Box 1: Example of a market system

Market systems vary greatly in shape and size and can refer to market places in which a range of goods are bought and sold, but they can also refer to a market for a specific produce or service. Using a simple timber market as an example you can see how the different roles are fulfilled.

Market actors

Rules and norms: the business regulation laws relevant to the timber market

Input provider: the person or company that owns the raw material – the owner of the timber forest

Producer: the person or company that chop the trees down – the tree loggers

Processor: the person or company that turns the wood into usable timber – the sawmills

Supplier: the person or company that sells the timber to the traders – often also the sawmill

Trader/Vendor: the person or company that sells the timber to buyers/consumers

Buyer: the person/company/organisation that buys the timber from the trader

Consumer: the person or company that uses the timber – usually also the buyer but may not be, for example when a non-governmental organisation (NGO) distributes in-kind goods the NGO is the buyer and the beneficiary is the consumer

Supply chain: the market actors and the logistical and administrative processes that move a product or service from the input provider to the consumer

Infrastructure: the infrastructure needed to facilitate the supply chain including power supply, transport links (roads and ports) and storage facilities

Market systems for different items in different places vary widely in scale and number of actors and therefore each role above may either be fulfilled by multiple actors or one actor may fulfil multiple roles. Each step in the supply chain carries a cost, and a change in one part of the supply chain will affect the price of products for the buyer/consumer.

3. What is cash transfer programming (CTP)?

People affected by an emergency/disaster are often unable to meet all of their basic needs independently. In such circumstances, Christian Aid and our partners can provide humanitarian assistance in a number of ways, including through **cash transfer programming**.³

Definition: giving cash or vouchers (substitute for cash) to beneficiaries to buy goods/services from the local market to meet their needs. This is contrary to the more traditional model where NGOs meet needs more directly through the provision of in-kind goods/services.

CTP is not a sector in its own right but rather a way in which an organisation can respond to a range of sectoral needs, for example food, shelter or educational services. CTP is therefore a response mechanism (an alternative response mechanism to CTP is direct provision of in-kind goods).

Types of CTP: the versatility of cash means that it can be employed in a wide range of ways. Some well-practised CTP activities include: cash for work;⁴ cash for training; unconditional cash grants; vouchers – seed and Non Food Item fairs (NFIs); cash grants for small and medium enterprises (SMEs); cash grants for shelter reconstruction.

Key principles:

Transfer of decision-making power: CTP allows beneficiaries to engage directly with a local market system to exchange cash or vouchers for goods or services, rather than an NGO doing this on their behalf.

Market orientation: market systems are central to CTP

as CTP both relies on market systems to meet needs, and seeks to support local market recovery.

Standard good practice: CTP is just one way to meet needs and the planning and implementing processes should follow standard humanitarian good practice (beneficiary selection criteria, participation, information sharing, record keeping, monitoring reporting and evaluation).

4. How does CTP differ from traditional in-kind support?

Whether CTP, in-kind, or a mixture of the two is chosen, the market system is central to most responses. What is different is who is engaging with the market system, at what stage and how.

- a) In a **traditional in-kind response** the NGO engages the market to buy the good/services and distributes them to the beneficiaries as consumers, effectively excluding the beneficiaries from engaging with the market as a buyer.
- b) **CTP works on the basis that NGOs give cash to beneficiaries who choose how to spend it in their local market to buy the goods or services to meet their needs.**

The market is engaged in both cases, but with CTP the beneficiary is exercising a degree of choice by directly engaging in the market as the buyer. Furthermore, the beneficiary is likely to buy from the local market place whereas the NGO often uses larger provincial, national or international markets, circumventing local markets and inhibiting their ability to provide livelihoods and goods/services, affecting survival, recovery and development.

5. What are the potential advantages of CTP in humanitarian response?

CTP has been used more extensively in development programmes across the globe than in humanitarian response for a variety of ideological and practical reasons. However, CTP in humanitarian response is gaining increasing credibility both within Christian Aid and the wider humanitarian community for the following reasons.

Dignity and transfer of choice: distribution of cash can empower people, at a time when they have been weakened, to make choices and be more active in rebuilding their lives in a way that in-kind support cannot.

Efficiency of aid

Speed: cash can be quicker to mobilise and easier to distribute than in-kind goods or services

Value for money: logistical costs of CTP are often lower than for in-kind and cost savings can be used to help more people

Appropriateness: needs may be better met as beneficiaries can prioritise spending individually (many recipients of in-kind aid sell a portion to convert into cash to meet other basic needs).

Protecting supply chains for recovery and development: markets must be supported so that people can access the goods and services they need when their income returns.

Protecting livelihoods: markets contribute to livelihoods at every stage of the supply chain and these livelihood activities should be protected.

Accessing opportunity: disaster brings business opportunities to supply goods and services for relief and reconstruction. Done carefully, CTP can support local businesses to benefit from these opportunities, which they are often excluded from when NGOs or companies use large-scale suppliers in central urban areas.

Deciding which humanitarian intervention is the most appropriate is context-specific and depends on a range of factors. Used appropriately, **CTP can be more efficient, effective, and value for money** than in-kind aid, stimulating faster livelihood recovery and according more dignity to the beneficiaries than in-kind responses.

6. What are some of the concerns about CTP?

Cannot guarantee needs are met: some NGOs are concerned about losing control over how the money is spent: if an NGO has funding for food needs, can it be sure it will achieve this if it gives beneficiaries cash rather than food? If the needs assessment is done well and identifies food as a major need, most families will use their cash transfer to meet their food needs. It is also possible that the food they buy will give them a more varied and balanced diet than a standard package (for example more fresh vegetables or meat).⁵

Antisocial use (for example drugs or alcohol): there is little evidence of this and it is also possible to use in-kind goods for antisocial use by selling them for cash or trading them for antisocial goods or services.

Household conflict: some studies have shown that CTP can cause household conflict as it can be seen as belonging

to an individual rather than the household. Understanding the local context and consideration of gender and generational relations in addition to activities that increase the community level understanding of CTP should enable you to design a response that avoids this.

Causing inflation: a large injection of cash into the local economy may stimulate inflation. However, the vast majority of CTP programmes are not large enough to cause inflation. There is no set formula to assess whether there is a serious risk of causing inflation, so local judgement is key to assessing whether CTP would be appropriate and at what scale.

Exposure to inflation: a more relevant concern linked to inflation is that the real value of the cash transfer payment may decrease if inflation increases, effectively reducing the ability of the cash payment to meet the need/s it is designed to meet. There are a number of ways you can guard against this:

- a) estimate the inflation rate and factor it into the cash transfer amount
- b) monitor the price of the goods or services needed to meet the needs you are trying to address and budget for the possibility of increasing the grant mid-programme
- c) use a commodity voucher (see question 10 for more details).

NGO security and corruption: cash is generally considered more attractive to thieves than in-kind goods and it also requires different transportation, storage and release procedures. Sound procedures can guard against the threat of theft (for more information please see the Christian Aid Security Guidelines for CTP).

Beneficiary security: as cash is often considered more attractive to thieves than in-kind goods, there are concerns about the risk to beneficiaries. Decisions on how much cash to distribute in one instalment, and which cash delivery method to use, can mitigate against these risks and should take into account local conditions. A strong participatory needs assessment, simple market analysis and evaluation of the delivery methods available will help partners to identify the degree to which any of these concerns are relevant

to the target community and how best to mitigate against them.

7. How can we assess whether or not to use CTP?

Whether or not to use cash as a response mechanism depends on a number of factors. The table below lists some key questions that should be considered in relation to the need the Christian Aid partner aims to address, and the degree to which the local market can meet this need.

If the conditions in the top row are present there is a strong case for CTP, however, CTP can also be used under conditions in the bottom row as challenges can be addressed to help markets function and stabilise. For example, if traders/vendors have lost their stock and cannot afford to restock, NGOs can issue grants or loans to traders/vendors to enable them to restock.

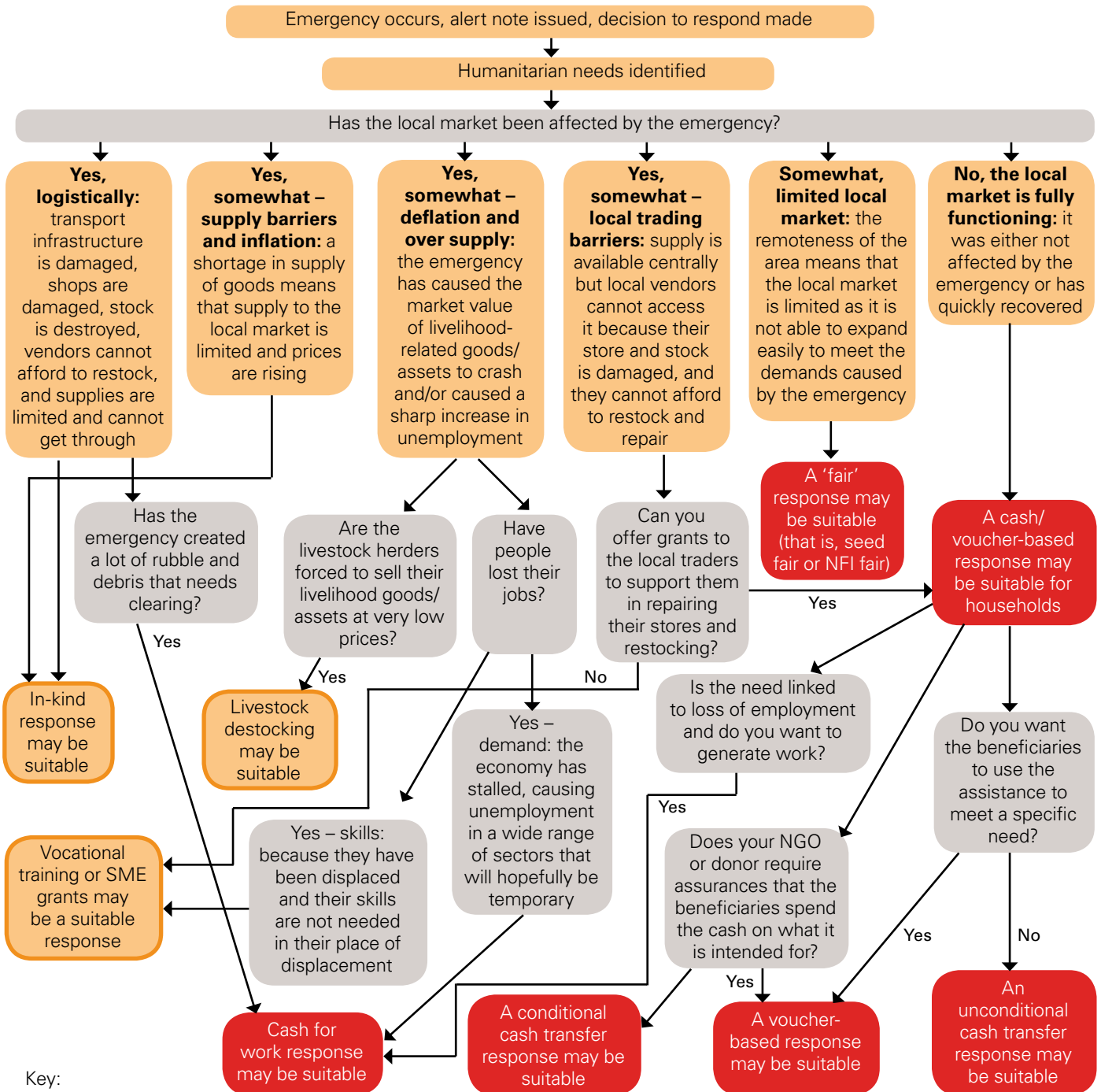
It is important that the questions below are examined in relation to specific needs as it is likely that markets will be better able to meet some needs over others. It is also important to consider beneficiary preference for cash or in-kind responses.

	Has the physical infrastructure been affected?	Is the local market place trading?	Can the local market place meet the demand?	Can people physically access the local market places?	Are the prices of goods stable and affordable?	Can the local market place absorb the cash?	Do the beneficiaries want to receive cash?
Enabling conditions	Local market places are able to trade and roads are open	Local vendors are receiving and trading goods	Markets are able to provide the right type and quantity of goods/services	Markets are physically accessible	Prices are likely to stay stable and affordable	Will be easily absorbed and act as healthy stimulant	Beneficiaries have expressed a preference for cash
Challenging conditions	Premises have been damaged and require reconstruction to function. Some key roads are also closed	Unable to trade: loss of stock, lack of capital to procure stock, inflated prices, low demand, supply-chain bottlenecks	Markets are unable to provide the right type of goods in sufficient quantity	Markets are not physically assessable	Prices are high and fluctuate significantly	The market is fragile and a large cash injection may cause inflation	Beneficiaries are concerned about cash and prefer to receive in-kind items

Decision-making flow chart

The chart below is designed to help you decide whether CTP may be a suitable response to the humanitarian needs you are trying to meet. It focuses on whether the local market is functioning well enough for households to

purchase goods or services from the market to meet their needs, but also covers other responses that may be more appropriate.



- Key:
- Statement
 - Questions
 - Cash-based response
 - Other type of response

8. How can I assess the local market?

When planning a market assessment it is important to focus on the market for the goods or services needed to meet the needs of the beneficiaries your response is trying to address. This is because the market for some goods can be affected by the disaster more than others – during a drought for example where agricultural crops are damaged the market for staple foods may be affected but the market for other goods may not.

The Emergency Market Mapping Analysis (EMMA) offers a tool kit to assess markets rapidly and in large-scale emergencies EMMA's are often conducted by cross-agency teams and the reports are made publically available (for more info visit <http://emma-toolkit.org/>). However, it often takes weeks or months for EMMA assessment to be organised and the results shared so you will also need to conduct your own simple assessment.

Simple local market assessments can be conducted by visiting the local market to:

- observe the level of trading – how many vendors, how many consumers, what are they buying and selling?
- check access to the market for local traders and consumers – are the roads open? Is transportation available and affordable?
- checking a sample of vendors for the type, quality, quantity and price of goods needed to meet the need your response is targeting

- interview a selection of traders to find out about their ability to supply the goods or services in sufficient quantity to meet the needs your response is targeting.

9. What needs can be addressed through CTP?

CTP can be used to address a specific need or a general set of needs. It is increasingly being used to meet food security needs but has also been used to address shelter, education, livelihood protection and many other needs.

General basic needs: an advantage of CTP is that it does not have to be used to meet one specific need; rather it can be used to meet a more comprehensive set of basic needs as defined by the beneficiary. A needs assessment may discover that affected households need food and non-food items, but each household is unlikely to have lost exactly the same items. They are also likely to have their own specific needs which CTP better allows them to meet, for example debt repayment, medical bills, or cultural needs including funerals. To meet these needs, some recipients of in-kind aid often sell the goods they have received on unfavourable terms to convert them into cash.

Specific needs: CTP can also be used to address specific needs including shelter, education, healthcare, livelihoods, civil status and so on. CTP that aims to address a specific need often includes some degree of conditionality (see question 9).

Box 2: Example of Christian Aid CTP for general basic needs: Christian Aid Haiti earthquake response

A rapid needs assessment in the aftermath of the Haiti earthquake in January 2010 confirmed that many Haitians that survived had lost their homes and the bulk of their belongings. In addition many people had lost their livelihoods as their places of work were turned into piles of rubble.

As the market system for basic goods such as food and household non-food items was functioning, it became apparent that the biggest challenge to people meeting their basic needs was their ability to purchase goods and services rather than any shortage in supply.

In this context, four partners decided to respond with unconditional cash transfers as a contribution to the household income. Christian Aid and its partners agreed to use the cost of a one-month sphere standard food rations for one person (US\$26) as the basic amount per person per month, and each partner decided how many months they would support families for and how they would deliver the cash (for example envelopes or remittance systems).

The choice of how to spend the money was transferred to the beneficiaries, who used it as part of their total household income to meet a range of needs: food (30 per cent), fuel (18 per cent), education (14 per cent), rent (7 per cent), livelihood items (7 per cent), healthcare (6 per cent) and debt repayment (5 per cent).

Source: *Christian Aid Cash Evaluation*, Haiti, 2011

Box 3: Example of CTP for food: ACF fresh food voucher project, Dadaab refugee camps, Kenya, 2007

Refugee families were given vouchers to enable them to buy fresh vegetables, fruit, milk and eggs in the local market. Dietary diversity within the targeted households improved, and households reported increased consumption of eggs, milk, vegetables and fruit. The project also enabled food vendors to expand their businesses and increase their profits.

Source: *Humanitarian Policy Group CTP Best Practice Review 2011*: S Dunn, External Evaluation: Fresh Food Voucher Project by ACF, Dadaab Refugee Camps, Kenya, 2009

Box 4: Example of CTP for shelter programmes: Sri Lankan Government Tsunami Response, 2004/2005

The government provided a cash grant to fund a self-build programme. The grant was US\$2,500 for a new house, and US\$1,000 for repairs to a damaged house. For full rebuilding, grants were released in four instalments over six months, as the foundations, walls, roof and finally the windows were completed; for damaged homes, the money was released in two instalments of US\$500, over six months. Technical help was provided for the 7,000 homes covered.

Source: *HPG CTP Best Practice Review*, P Harvey and S Bailey, 2011

Box 5: Example of restocking: Save the Children livelihoods restocking, Isiolo, Kenya, 2005/2006

Save the Children responded to a severe drought that led to livestock deaths and acute malnutrition in children by providing 750 households with a one-off cash transfer of US\$435. The objective was to assist families to restock animals of their choice, to invest in other productive uses and to meet other immediate needs. The evaluation found that beneficiaries were satisfied with the cash transfers

because of the choice they allowed in selecting animals and freedom to invest in other livelihood activities without resorting to selling animals. Most of the cash (85 per cent) was spent on animals, with the rest going on items such as shelter, investing in business/petty trade, debt repayments, veterinary care, healthcare, education and food.

Source: *HPG CTP Best Practice Review*, P Harvey and S Bailey, 2011; O'Donnell, *Project Evaluation: Cash-Based Emergency Livelihood Recovery Programme*, May to November 2006, Isiolo District, Kenya, SC Canada, 2007

10. What is the difference between conditional and unconditional CTP?⁶

Conditionality refers to any conditions the recipient must meet in order to receive the cash transfer.⁷ In other words, what they have to do to get the money.

Unconditional CTP: money given to people who are not required to do anything in exchange for it. Unconditional cash transfers are often given with the aim of meeting a specific need/group of needs but recipients are usually free to decide how to spend the cash. This is sometimes called 'cash for choice'. The Christian Aid CTP response activities in Haiti are an example of unconditional CTP (see Box 2).

When partners are concerned about:

- a) whether or not the beneficiary will spend the cash on meeting the need it is intended for
- b) the quality of goods or services the beneficiary might purchase to meet their need
- c) ideological or cultural concerns about dependence on 'handouts' and the belief that cash should be earned.

A variety of conditionalities can be applied.

Conditional CTP: money given to people on the condition that they agree to do something in return for it. Recipients are required to prove they have completed the necessary actions in order to receive the money.

In a shelter cash transfer programme, a partner concerned about funds being spent on housing could pay in instalments upon proof of a particular stage of reconstruction being completed (see Box 4). 'Cash for work' programmes (a cash payment in return for short-term work⁸ – see Box 6) are often used where partners are concerned about dependency on handouts when there are a lot of public works projects that need to be done and there is a surplus of labour. In addition, as unemployment causes great stress there are potential psychosocial benefits to creating gainful employment.

Warning: conditional CTP can divert people from more sustainable recovery. Cash for work, for example, requires beneficiaries to be fully engaged in public works projects and significantly reduces the time they can allocate to rebuilding

their traditional livelihoods. The same concern can apply to self-build housing projects that divert people from their traditional livelihood activities.

Semi-conditional CPT: money issued to people that have been directed, but not obliged, to use it in a particular way. Examples include cash grants linked to livelihood training, where recipients are encouraged to spend the funds to pursue a particular goal, but this is not enforced and recipients are not required to demonstrate how they spent the funds in order to secure a further instalment.

The degree to which a partner organisation chooses to set conditionality depends on:

- a) the need they are trying to meet
- b) the philosophy of their organisation and wider programmatic goals
- c) any restrictions or requirements from the funding agency.

11. Why might I use vouchers?

Vouchers can be substituted for cash and are distinct from cash because they are restricted to certain vendors/traders and goods/services. They have two potential advantages:

- a) the NGO can retain a degree of control on the **type and quality** of items purchased by restricting the type of items the voucher can be exchanged for
- b) a voucher system allows an NGO to **support a particular group of vendors/traders** to protect or develop the local market system.

There are two main types of vouchers.

Value vouchers: vouchers which carry a cash value

Commodity vouchers: as commodity vouchers can be exchanged for a specific set of commodities, unlike cash or value vouchers, they ensure that any effects of inflation will be felt by the NGO, not the beneficiary. For example: if the NGO issues a voucher for 1kg of flour per month and the price increases over the three months, the beneficiary can still get 1kg each month and the vendor charges the NGO the variable market rate.

Box 6: Example of cash for work: Christian Aid, COC BLESS North African Crisis Response, 2011

The conflict in Libya caused more than 200,000 Egyptian migrant workers to return to Egypt unemployed, no longer able to provide the remittances to their families. Once in Egypt they joined the mounting unemployment figures as many others had also lost their work due to the revolution. Our partner COC BLESS chose to respond with cash-for-work. The objective of the cash-for-work project was to create short-term work that would both generate income for families and result in a public works project that benefited their community in the hope that the economy

would pick up and people would then be able to find more secure employment.

The first step was to decide how much income they wanted to generate per family. To do this they had to consider the average daily wage for unskilled labour, the cost of living, the total number of target beneficiaries, and the total budget available. After careful consideration they decided to employ people for a two-week period generating EGP 500 for unskilled workers and EGP 600 for skilled workers. They used local committees to set the beneficiary criteria and select the public works projects. They worked very hard to ensure that local authorities and businesses contributed materials and in some cases technical support.

Box 7 : Example of voucher fairs for non-food items: UNICEF, Democratic Republic of Congo (DRC), 2009/2010

In 2010, nearly one-third of non-food-item (NFI) assistance in DRC was met through fairs, showing a significant shift away from in-kind assistance. Due to poor infrastructure in DRC, transporting large quantities of NFIs can be costly and slow, and initially UNICEF thought it would be difficult to persuade vendors to travel beyond a certain radius from their centre of activity. However, the attraction of potential customers at a fair draws vendors from far and wide, and vendors have shown creativity and agility in transporting large quantities of supplies to fairs in areas that are hard to access by even the best NGO and United Nations (UN) logistics teams.

Families receive vouchers to purchase basic household, shelter, hygiene and livelihood items. For each fair, 500-600 households buy goods from between 40 and 80 participating traders identified from local and regional markets. Fairs often include locally made items such as mats, pots, furniture and stoves. The range of goods available allows families to tailor their assistance. Among 1,688 families surveyed at one fair, there were 800 distinct combinations of purchased goods, and even those families who bought identical combinations of articles chose to buy different amounts. Monitoring found that 95 per cent preferred the fairs to the distribution of kits of non-food items.

Source: *UNICEF DRC 2010 Annual Report*, UNICEF, 2011. See also UNICEF DRC Emergency Section, *The Non-Food Item (NFI)/ Shelter Voucher Fair – Step by Step*, Briefing Note, 2011

12. How do I set the cash transfer amount?⁹

As with in-kind distributions, the value of the cash transfer depends on the objectives of the programme. Setting an appropriate cash transfer value is critical to a project's success. If it is too low, recipients will not access the full range of goods and services that they need and the objective will not be met. If too high, the cash could have been spread more thinly and more people could have been assisted. The same can be said for setting the right type, quantity and quality of in-kind goods or services.

The amount of the transfer, whether for cash or vouchers, should be based on what a household needs to fulfil the project objective. This amount is often described in terms of gaps. For example, if the objective is to meet basic food needs, then the value should equal the gap between what food people need and how far they can meet these needs on their own. The value of the transfer is calculated according to:

- a) what goods or services an individual needs to access to meet the need the objective aims to address
- b) how much these goods or services cost locally (use a range of quotes to establish this amount)
- c) what households can provide for themselves (through their own income and other forms of support) – it is important here to consider the full range of costs they are facing, for example their income may not be affected but their outgoings may have increased due to repair bills or inflation on certain goods
- d) what the gap is between what they need and what they can meet
- e) the amount needed to fill the gap plus an additional logistical cost to receive the cash (for example transportation, any registration costs for a bank, mobile money or remittance service) and a measure of inflation.

Without a wealth of data it is often very difficult to calculate point c, particularly in an emergency response phase. If you are trying to meet 100 per cent of an individual's needs you may have to base this on very general information: for example, for a community that has been newly displaced by conflict or a natural disaster, it may be reasonable to conclude that they have lost their livelihoods and are therefore unable to meet any of their needs. However, in a situation where people have lost assets due to a conflict or natural disaster but their livelihoods have only been temporarily affected, you may be able to estimate the effect of this on their income using information from a sample needs assessment or other available data.

Individual versus average household: another issue to consider is whether to base your cash transfer on an individual basis or average household basis. Most in-kind assistance is based on averages: average family size for food and non-food item packages, average cost of school supplies, average cost of shelter repair for an average house and so on, and it is acceptable to adopt this methodology with CTP. However, as cash does not carry large logistical costs it is easier to tailor amounts to the individual make-up of a given family but this requires more sophisticated systems and detailed beneficiary information at the planning stage.

Box 8: Setting the cash transfer amount in cash for work

As cash for work is about generating income through creation of temporary employment, the following factors need to be considered when setting your daily rate and the target number of days per person.

- **The market rate for the type of work you will be hiring people to do.** It is not advisable to set the rate higher than the market rate as this could result in the distortion of the labour market. However, the market rate in some countries is so low that it does not allow people to meet their basic needs, so if your objective is to help families meet their basic needs you will have to consider this carefully. If funds are limited and you decide to pay below the market rate you may be able to justify the lower rate as a part-contribution by the labourer to improving their community.
- **Different rates for different type of work:** the need to do this will depend on the type of public works projects you select. It is recommended that you limit your pay rates to two types of pay: skilled and unskilled/support – this is because a) your funds are likely to be limited b) the objective is to generate a certain amount of money per person through public works projects; it is not a commercial project c) management of payments and competition for positions will become complicated if you have many rates.
- **Different rates in different parts of the country:** market rates often vary within a country as does the cost of living so you may want to set your rates by geographical areas. Try to keep it simple – the more variations you have, the more complicated implementation, monitoring and reporting will be.
- **Your objective:** the need you are trying to meet and how many days someone will need to work to earn enough money to meet this need. If you have limited funding, your objective may only be to make a contribution to their income to help them meet some of their basic needs. Even so, when setting the daily rate and target number of days per person it is important to think about what the total income from the project will allow them to buy.
- **The number of people that meet your beneficiary criteria and your target number of beneficiaries:** if your budget is limited you may have to strike a balance between a daily rate that is acceptable, a number of days that will allow the person to meet a degree of their needs, and an amount that allows you cover as many people as possible.
- **Coordination:** if other NGOs are paying cash for work, discuss these issues with them and try to agree a rate for all NGOs.

13. What should I consider when selecting a delivery mechanism?

The choice of delivery mechanism requires an assessment of options and consultation with recipients. Issues to consider are costs for recipients (bank charges, travel time and costs, time at collection points), costs for the organisation (charges and set-up costs of provider, staff time to set up and administer, and transport, security, education and training of recipients), and efficiency and effectiveness. An approach that may appear costly may still be the most appropriate transfer mechanism. The amount of cash and frequency of the distribution is likely to affect the choice of distribution method. The cash distribution mechanism should be selected after consideration of a range of factors:

- beneficiary preferences
- delivery methods available and how well they are working (for example the strength and scope of the banking system)
- ease of beneficiary engagement (their ability to access the cash through the chosen method)
- cost and time efficiency to the partner and the beneficiary
- security of beneficiaries and distributors
- potential for corruption
- potential positive and negative side-effects
- ability to reach the most vulnerable
- ability to utilise or establish a distribution system.

14. What delivery methods could we use?

NGOs are using increasingly innovative ways to distribute cash. The main methods that Christian Aid and partners could use are outlined below (✓ indicates a particularly positive feature).

Delivery method	Description	Key features
Direct cash payments by partner	The partner distributes the cash in envelopes directly to the beneficiaries (ben.)	<ul style="list-style-type: none"> ✓ Does not require major third-party involvement ✓ Quick to mobilise ✓ Less dependent on formal ID and literacy • Requires storage of cash (security concerns) • The amount of a single transfer should not be too high (security) • Requires a lot of staff for each distribution (labour-intensive)
Direct voucher distribution by partner	The partner produces and distributes vouchers	<ul style="list-style-type: none"> ✓ Avoids the storage of cash by the partner ✓ Less dependent on formal ID ✓ Can have single distribution with dated vouchers so less labour-intensive than cash envelopes • Requires third-party contracts with participating vendors • Takes time to mobilise (design and production of vouchers and contracting vendors) • Requires a degree of literacy
Local banking systems (ATM)	The partner makes an agreement with the bank, registers the ben. and the ben. withdraw the cash from ATMs	<ul style="list-style-type: none"> ✓ May allow multiple withdrawal sites ✓ Avoids the storage of cash ✓ Less labour-intensive than cash in envelopes for the partner ✓ Brings beneficiaries into the formal banking system • Requires third-party contracts with bank/s • Takes time to mobilise (issuing of bank accounts and cards) • Requires formal ID and literacy
Local banking system (branch withdrawal)	The partner makes an agreement with the bank, registers the ben. and the ben. withdraw the cash from a branch	<ul style="list-style-type: none"> ✓ May be quicker to mobilise than ATM withdrawal as does not require issuing of cards ✓ Avoids the storage of cash by the partner ✓ Less labour-intensive than cash in envelopes for the partner • Beneficiary withdrawals restricted to branch opening times • Requires third-party contracts with bank/s • Requires formal ID and literacy
Local money transfer companies (MTC)	The partner makes an agreement with a money-transfer company, registers the ben. and the ben. withdraw the cash from a branch	<ul style="list-style-type: none"> ✓ Less labour intensive than cash in envelopes for the partner ✓ Quick to mobilise ✓ Avoids the storage of cash by the partner • Requires third-party contracts with MTCs • Requires formal ID and literacy
Mobile phone transfers using mobile-money (MM)	The partner makes an agreement with a MM company, registers the ben. and the ben. withdraw the cash from MM outlets or make payment directly with MM	<ul style="list-style-type: none"> ✓ May allow the beneficiaries to withdraw cash in a range of outlets ✓ Less labour-intensive for the partner ✓ Avoids the storage of cash by the partner and beneficiary • Not available in all countries • Requires third-party contracts with MM and mobile phones • Requires formal ID and literacy

Each option carries security considerations for all parties, requires activities to increase understanding of CTP within the target community and monitoring and evaluation. For more details please see the Christian Aid overview of CTP.

15. What are the key steps to implementing CTP?

The table below shows a concise list of steps that need to be taken to select and execute an unconditional cash transfer programme (additional steps are needed for semi/conditional CTP). The details required to make decisions will be context-specific and more information on how to undertake most of these steps can be found under questions 19 and 20.

Pre-emergency	Prepare	<ul style="list-style-type: none"> Train staff in all of the stages below Identify and test ways to analyse the market (consider EMMA as a key tool) Identify and assess distribution mechanism options Identify potential stakeholders, gauge opinions and the potential positive/negative impact on them Identify potential donors that would be interested in funding this type of response
During	Plan	<ul style="list-style-type: none"> Conduct a rapid needs assessment and decide which needs the programme will address Assess if the market can meet the need/s Assess efficiency of cash distribution versus in-kind distribution in meeting these needs Assess if cash is a desirable response for beneficiaries and conduct beneficiary sensitisation Set the amount, duration, frequency and mechanism of distribution (meeting the needs the programme aims to address and if possible coordinate with other actors planning cash-based responses) Refresh elements of staff training if needed Establish a baseline, outputs and indicators to monitor and evaluate the programme
	Implement	<ul style="list-style-type: none"> Determined by standard practices and the mechanism, duration and frequency of distribution chosen Coordinate with UN Cluster mechanisms and other CTP actors including CaLP (see question 19)
	Monitor	<ul style="list-style-type: none"> In addition to standard monitoring, the price and availability of goods/services needed to meet the needs should be monitored. Significant price fluctuation may require the amount to be adjusted
After	Evaluate	<ul style="list-style-type: none"> The baseline, outputs and indicators established at the outset and used in the monitoring should be used to evaluate the programme and the extent to which the CTP met the targeted need

16. What sort of staff roles do we need for CTP?

It is likely that Christian Aid and partner staff will have varying degrees of responsibility in relation to the implementation of CTP activities. Below is a list of roles that need to be fulfilled. In many cases several roles can be taken on by one person. Each country office and partners should decide how best to organise their team in relation to the type and scope of the activities. It is not necessary to adopt the titles below but you are advised to consider the roles and assign them to existing staff as needed.

Country coordinator	Responsible for the overview of the whole programme and the key point of contact for Christian Aid. Responsible for submitting reports to Christian Aid
Regional coordinator	Responsible for the overview of the activity at regional/governorate/province/state level, reporting to country coordinator
Field supervisor	Person responsible for the CTP activities being implemented in their community, reporting to the regional coordinator
Admin/Finance officer	Providing administrative support to the field supervisor, registering beneficiaries and preparing and issuing payments
Field communicator	Responsible for leading the public information, documenting the activities through photography, and organising and producing case studies

17. How can I monitor and evaluate CTP?

CTP should follow standard monitoring and evaluation procedures. In addition the following issues should be considered.

- Baseline information is required, with monitoring before, during and after transfer.
- Monitoring should consider taking into account the direct and indirect impact of cash and vouchers on the market including prices of key goods, multiplier effects in local economies and price fluctuations.
- How the money was spent can be assessed using household surveys, focus groups or individual case studies. The Cash Working Group on Haiti developed a survey (CaLP Survey) designed to assess the impact of unconditional CTP and to examine how the cash was spent. Christian Aid piloted this survey in Haiti: for more details see 'Haiti Report' listed under question 20. This survey can be used as a template but will need to be tailored to programme and country specificities. However, it is important to note that conducting a survey takes considerable time and manpower to implement and analyse and can therefore be costly, so you may prefer to use focus groups or individual case studies.

18. How should we coordinate with other actors?

It is standard good practice to coordinate during an emergency response and CTP should be included in this process. In the UN cluster system CTP is often covered as a sub-group under food security or early recovery, or they may choose to set up a separate working group. The CTP coordination efforts usually focus on following the sphere standards, trying to agree standard payment rates and basic approaches, and also record activities. These coordination mechanisms can also be a good place to get information on good practice, innovation and market analysis.

19. Are there any standards or tools?

The 2011 version of *The Sphere Project Handbook* includes a section on CTP under the food security section (pp199-202). It includes one standard – access to available goods and services – and a set of guidance notes, which briefly cover the main issues discussed in these FAQs.

20. How can I find out more?

There is an increasing body of guidelines and case studies on CTP. Below is a list of some of the key documents that were used to inform these FAQs. These and other materials on specific issues such as gender and country examples can be found on the Christian Aid Humanitarian Division site, Cash Transfer Research, CTP Reference Material.

CaLP

The Cash Assistance Learning Partnership (CaLP) aims to capture evidence and lessons learned from CTP and feed them back to practitioners through training, tools, knowledge sharing and research. Their website is a good source of resources (cashlearning.org/) and you can pose questions to contemporaries through their d-group: CaLP d-group. In addition, CaLP provides two levels of training to accommodate different levels of experience with cash and voucher programming. CaLP also delivers half-day or one-day awareness sessions on a case-by-case basis. For more information consult the training calendar on the website.

Organisation	Title	Genre	Date
Christian Aid	Christian Aid Cash Evaluation, Haiti	Evaluation	April 2011
Christian Aid	Christian Aid CFW tool kit for Egypt	Tool kit	June 2011
Humanitarian Policy Group	Good Practice Review	Good practice	Mid-2011
Practical Action	Emergency Market Mapping Analysis (EMMA)	Markets tool kit	May 2010
Save the Children UK and CaLP	Delivering Money: Cash Transfer Mechanisms in Emergencies	Introduction	2010
HPG	Cash Based Responses in Emergencies	Introduction	2007
Oxfam and ODI	No Small Change, Malawi and Zambia Emergency Cash Transfer Projects: a Synthesis of Key Learning	Key learning	June 2006
Save the Children	Cash Based Emergency Livelihood Recovery Programme	Livelihoods	July 2007
Oxfam	Cash Transfer Programming in Emergencies Pocket Cards	Pocket cards	2006
International Federation of the Red Cross (IFRC)	Cash and Voucher in Relief and Recovery: RC/C Good Practices	Good practice	2006
Oxfam	Cash Transfer Programming in Emergencies a Practical Guide	Guide	2006
Food and Agriculture Organization (FAO)	The Use of Cash Transfers in Livestock Emergencies and their Incorporation into LEGS	Study	2011

Endnotes

- 1 For more information see Daniel Jones, *Enterprise-Based Development Workshop Communique*, December 2010.
- 2 Adapted from the EMMA Tool Kit, in the table on page 18.
- 3 The Cash and Learning Partnership (CaLP) is using this term. For more information on CaLP see the question on coordination.
- 4 Please note Christian Aid has a set of cash for work guidelines based on a programme in Egypt.
- 5 Partners concerned about this issue can consider a number of ways to restrict how the money is spent including vouchers (see question 9).
- 6 Please note CaLP refers to these options as modalities.
- 7 This is not to be confused with beneficiary criteria. Conditionality is applied once the beneficiary has met the criteria and therefore been selected for the assistance.
- 8 Cash for work is usually on a public works project and is distinct from employment because it is temporary and, unlike conventional employment, productivity is secondary to the primary aim of generating income.
- 9 This information is based on the guidance notes of the Sphere handbook 2011.



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