A Practical Guide to
Cash Based Interventions in Displacement Crises
For Malteser International programs

January 2017
Disclaimer

Responsibility for the information and views set out in this publication “A Practical Guide to Cash Based Interventions in Displacement Crises “ lies entirely with the authors. They do not purport to reflect the opinions or views of MALTESER INTERNATIONAL. The designations employed in this publication and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of MALTESER INTERNATIONAL concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

Neither MALTESER INTERNATIONAL nor any person acting on its behalf may be held responsible for the use which may be made of the information contained therein.

Malteser International 2017

Imprint

Editor: Guillaume Dulac, Consultant

Malteser International
Kalkerk Hauptstrasse 22-24
D 51103 Cologne/Germany
Published: Cologne, February 2017
Cash Based Interventions (CBI) are increasingly popular. Beyond the fact that they can be very efficient (e.g. in blanket coverages and without condition, the marginal cost of transferring a given amount of USD is small compared to other forms of assistance), a critical point is that by giving cash to beneficiaries, they instantly become the very actor of their own resilience. What is given is not only cash, and thus goods or services, but also the possibility of making choices about how money is to be used. As such it challenges the fence between the "aider" and the "aided" and hence contributes to building resilience of the latter by giving responsibilities at the lowest possible level (the nuclear family in general).

This document seeks to provide operational guidance to Malteser International on Cash Based Programming in the context of displaced populations. It is based on existing guidelines and has been adapted to the needs of Malteser International following an evaluation exercise conducted in their first cash transfer project in the Kurdistan Region of Iraq.

It entails a number of practical details to ensure that the recommendations can be effectively applied in context. Indeed, CBIs are sensitive and highly dependent upon the context in which they take place. That is why the guide does not take a ‘one fits all’ approach, but rather provides key questions to consider when planning, implementing or monitoring CBIs. It covers the many modalities, objectives and other contextual features to factor in for the targeting of beneficiaries, control mechanisms, and risk management.

This is an approach that is specific to displacement crises and more generally emergencies. In other contexts, such as in development programs, complementary perspective could be taken, notably by drawing lessons from informed literature on CBI, e.g. the evidence based approaches such as randomized control trials. These provides interesting and solid perspectives that are important to bear in mind (see box below) as 'a knowledge by default' even in emergency situations.

However, the application from literature findings to emergencies is not straightforward\(^1\). The more the literature approaches emergency contexts, the less it is conclusive in the sense that by essence its variables cannot be controlled to the same extent as it can be in more stable and less complex and changing environments; thus the conclusions are less definitive and the evidence somewhat weaker, and at least more context dependent. This is also why CBI literature in humanitarian contexts (which is few anyway) is more oriented towards lesson learning and good practices rather than specific evidence based approaches. Conversely, the variety and complexity of humanitarian contexts is the very element that structures the recommendations or guidance with a far greater emphasis on the understanding of the field, rather than a list of substantiated solid evidence and tools to apply at design or implementation phases.

This specific feature of humanitarian crisis thus calls for a greater effort of contextualization in the design and implementation. The format of the report is precisely supporting such process by not providing "off-the-shelf" answers, but rather the right questions to ask to make sure that all that to be factored in for informed decision-making is indeed contemplated and mainstreamed at both design and implementation stages. It may not be necessary to have the field knowledge to answer all the questions, but failing to ask them can turn out to have an adverse impact on emergency programs. It is hoped that the present document brings a useful contribution to this paramount effort of contextualization and field understanding to design and implement CBI in emergency contexts.

\(^1\) Key References are classified along that criteria. In a nutshell, emergency ones are closer to the purpose of this document while non-emergency ones have a stronger methodology and hence their conclusions tend to be more substantiated.
CBI: Findings from development literature to bear in mind

Cash based interventions are increasingly popular in the aid industry and, in turn, in the academic debate. However, evidence and definitive conclusions remain hard to ascertain and most importantly there is quite a lot of speculation about the extent to which evidence in a given context can be considered valid in another.

Provided below are some of the main conclusions that are the less controversial, at least in the development sector.

- **Expansion of CBIs** is based on solid evidence of their impact on indicators of many stripes as well as transferring social services (education, health, etc.), notably in the short term. Medium term impact however remains in need of further evidence. Sustainability of improvement requires the development of exit strategies for beneficiaries.
- **Tradeoff between amount of transfer and number of beneficiaries or short and long term effects remains in the realm of speculation.**
- **CBIs** often have positive effects in terms of distribution even for indirect beneficiaries (leading to significant income multipliers throughout the local economy), which increases acceptability of such schemes.
- **Conditionality can be highly controversial, for it can be expensive, inflexible, and inefficient:** Conditionality can compromise the poverty reduction objective - notably in the short run - by penalizing the households with reductions in their benefits, depriving the poor of freedom to choose appropriate services, falling disproportionately on women, undermining the dignity of participants and be potentially stigmatizing, or challenging a rights-based approach to social protection.
- **Conditionality may provide social leverage** when the interests of household decision-makers are not aligned with the perceived best interests of the beneficiaries. Under these circumstances, conditionality may improve the intra-household allocation of resources.
- **A careful comparison of the costs of conditionality and its benefit is required.**
## CONTENT

**The Basics of Cash Transfer Programming**

- Introduction .............................................................................. 7
- Key features of cash transfers .................................................. 7
- Adaptation of CT to displaced populations and displacement patterns .................................................. 8
- Cash transfers and linking relief, rehabilitation and development (LRRD) .................................................. 10
- Some key actors in cash transfer programming .......................... 11

**When is cash appropriate?**

- Needs assessment and response analysis .................................. 12
- Market analysis ........................................................................ 13
- Access ..................................................................................... 14
- Learning from others: Coordination and political feasibility .................................................. 14
- Timeliness and effectiveness ..................................................... 14

**Planning and designing cash interventions**

- Defining the project objectives .................................................. 15
- Consider specific elements of the support modalities ................. 15
- Selection of cash transfer programming .................................... 16
- Some complementary programming ........................................ 17
- Key questions to consider during the design of the project ........... 19
- How much to distribute and when to distribute it ....................... 19

**Implementing cash interventions**

- Participation, sensitization and accountability ............................ 20

**Approach to monitoring**

- Monitoring and Evaluation ..................................................... 22

**Focus on vouchers**

- When to use vouchers ............................................................. 24
- Cash or commodity vouchers .................................................. 24
- Designing vouchers .................................................................. 25
- Vouchers redeemable with local shops and traders ................... 25
- Voucher fairs ......................................................................... 25

**Focus on cash for work**

- Appropriateness ................................................................. 26
- Project selection .................................................................... 26
- Payment amount and frequency ............................................. 27
- Implementation ...................................................................... 27

**Focus on unconditional cash transfer**

- Appropriateness ................................................................. 29
- Implementation ...................................................................... 29

**Delivering cash** ................................................................ 30

**Risk management**

- Diversion .............................................................................. 31
- Conflict sensitivity ............................................................... 31
- Timing of distribution ........................................................... 31
- Impact on the market ............................................................ 32
- Gender considerations .......................................................... 32
- Financial limits ...................................................................... 32

**Key references** .................................................................. 33
**ACRONYM LIST**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>CaLP</td>
<td>Cash Learning Partnership</td>
</tr>
<tr>
<td>CBI</td>
<td>Cash-Based Intervention</td>
</tr>
<tr>
<td>CBRWG</td>
<td>Cash Based Response Working Group</td>
</tr>
<tr>
<td>CCT</td>
<td>Conditional Cash Transfers</td>
</tr>
<tr>
<td>CFW</td>
<td>Cash for Work</td>
</tr>
<tr>
<td>CT</td>
<td>Cash Transfers</td>
</tr>
<tr>
<td>CTP</td>
<td>Cash Transfer Programming</td>
</tr>
<tr>
<td>CVMG</td>
<td>Cash and Voucher Monitoring Group</td>
</tr>
<tr>
<td>FGD</td>
<td>Focus Group Discussion</td>
</tr>
<tr>
<td>HH</td>
<td>Household</td>
</tr>
<tr>
<td>IDPs</td>
<td>Internally Displaced Persons</td>
</tr>
<tr>
<td>IO</td>
<td>International Organization, in the text: implementing org.</td>
</tr>
<tr>
<td>KII</td>
<td>Key Informant Interview</td>
</tr>
<tr>
<td>LRRD</td>
<td>Linking Relief, Rehabilitation and Development</td>
</tr>
<tr>
<td>MEB</td>
<td>Minimum Expenditure Basket</td>
</tr>
<tr>
<td>NFI</td>
<td>Non-Food Items</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>RCT</td>
<td>Restricted/unrestricted Cash Transfers</td>
</tr>
<tr>
<td>TPM</td>
<td>Third Party Monitoring</td>
</tr>
<tr>
<td>UCT</td>
<td>Unconditional Cash Transfers</td>
</tr>
<tr>
<td>UCT</td>
<td>Unrestricted Cash Transfers</td>
</tr>
<tr>
<td>UXO</td>
<td>Unexploded Ordnance</td>
</tr>
</tbody>
</table>
THE BASICS OF CASH TRANSFER PROGRAMMING

Introduction

Humanitarian interventions are increasingly using cash transfer (CT) modalities in areas with functional markets. Cash transfers are often not appropriate in contexts of rapidly increasing inflation or whenever local markets are not functional. Key features to consider when diagnosing a market to design a cash transfer intervention are:

- The supply chain capacity of local traders, providing items essential to the displaced population;
- The absorption capacity of the local traders to respond to the increased demand of specific items.

Cash programming focuses on increasing purchasing power for a range of objectives and/or can be used as a conditionality (partially or totally) to encourage specific behavior or participation in other programs. Fundamentally, cash transfer is a shift from the classic approach of aid delivery: It empowers its beneficiaries by allowing them to make their own choices on how to spend the cash, thus acknowledging that each displaced family has priorities and needs of their own.

Incidentally, cash transfer is also a way to involve the local private sector. The intervention then becomes more contextualized and the money spent locally can benefit businesses. Monitoring of the cash injection is needed to prevent potential harm such as inflation or tension with local community. Indeed, movements of population in urban areas are likely to generate social and economic unbalance between displaced and host communities, especially with local community members not benefiting from the project, leading to an increase in the demand for key goods and services (rent, food, etc.) which in turn may cause inflation.

It is also worth mentioning that cash transfers allow to build a bottom up approach, based on a detailed understanding of the target group needs (host community and displaced population).

- Definition of types of cash and voucher approaches

<table>
<thead>
<tr>
<th>Unconditional Cash Transfers (UCTs)</th>
<th>Beneficiaries receive money as a direct grant with no conditions or work requirements attached.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vouchers</td>
<td>A voucher is a paper, token or electronic card or cash cards that can be exchanged for a fixed quantity or value of goods, denominated either as a cash value or for pre-determined commodities or services. Vouchers are redeemable with pre-selected vendors or at ‘voucher fairs’ set up by the implementing agency.</td>
</tr>
<tr>
<td>Conditional Cash Transfers (CCTs)</td>
<td>Conditions are attached to how the cash may be spent, for example stipulating that it must be used to pay for the shelter of the displaced, or the rent, or food, or nutrition food for children, .... Alternatively, cash might be given after recipients have met a condition, such as enrolling children in school or having them vaccinated. This type of conditionality is rare in humanitarian settings.</td>
</tr>
</tbody>
</table>
Key features of cash transfers

- Cash transfers are suitable where aid stakeholders have limited contact with the beneficiaries, because of a particular security or logistical setting, e.g. whenever the population is very mobile. It can be done by phone, cash card, or in cash.

- Cash transfers are just a tool to reach other objectives, it is not an end in itself. The final objective can relate to infrastructure rehabilitation, food security, nutrition, access to water, shelter, etc. Therefore, cash transfers can be used as a tool in all humanitarian sectors.

- Cash transfers are an opportunity to engage the local private sector to participate in humanitarian assistance. The private sector has a role to play in local community support, and by the same token it can increase the efficiency by providing a better value for money as a service provider.

- As with any humanitarian support, some will seek to divert inputs away from the intended beneficiaries. For those, diversion of cash streams is easier than in-kind items which need to be converted into cash (after transport, storage and selling). Thus the monitoring of the selection process, the cash distribution, and the use of cash, including potential taxation needs to be factored in properly.

- Money transfer companies (hawala, cash cards, E-transfers, etc.) and mobile phone network providers do have very sophisticated data management systems with extended communication and users’ networks where shop owners can in some cases receive online payments. In such cases, the use of cash by the Implementing Organization (IO) can be minimized. These companies can contribute to reliable and timely monitoring of the money transfers and its use.

- The use of mobile transfers can be effective in insecure areas as it avoids beneficiaries to queue in large numbers for getting the cash. A greater level of confidentiality is also maintained about the details of transfers (when, how much, etc.).

- For recipients without official identity documents, identification should be done differently such as through IDP/Refugee registration documents, NGO beneficiaries’ card, biometrics, etc. The use of beneficiary ID cards with photos has proven to increase the proper identification of the beneficiaries. The phone number also becomes a fairly good identification system provided that phones are widely owned by the displaced.\(^2\)

- Cash transfers have also proven a useful approach for IOs facing issues in accessing the field and increasingly, as a mitigation measure, sub-contracting approaches are utilized to address access issues. Sub-contracting – by engaging with local private suppliers and money transfer service providers - decreases the risk related to field access (local entities have better access than IO and will not be targeted as “foreigner”) but increase risks related to accountability - quality control can be lower. In this context, putting in place comprehensive accountability mechanisms for the cash transfer system is paramount.

\(^2\)UNHCR reported 71% of phone ownership at refugee household level on a global survey. CONNECTING REFUGEES. How Internet and Mobile Connectivity can Improve Refugee Well-Being and Transform Humanitarian Action. Geneva, September 2016.
Adaptation of CT to displaced populations and displacement patterns

There are emerging trends that the humanitarian community should account for, including in CT programming. Globally, the number of IDPs has increased in the last decade. IDPs can be more mobile and more dispersed making the ability to keep track of them and beneficiaries among them a key challenge for programming and monitoring. There is also an increase in the number of displaced persons living outside formal camp settings together with host communities, making their registration and control more complex.

When non-camps IDPs and refugees are dispersed among the local population the aid stakeholders have to review their modus operandi and project design. This is also a challenge for local authorities, though different in nature and interests. In these complex crises, the ability to provide “tailored” assistance through cash transfer and to monitor the effects of the project through mobile technology emerges as a promising opportunity, as long as flexibility is combined with adequate monitoring.

Conflict situations are perceived to generate mass displacement movements that can be used by local fighters, for example benefiting from IDP or refugee camps as a retreat base. In such volatile contexts, the targeting and the profiling of the displaced population becomes quite sensitive. This profiling constraint should be factored in the design of CBI, notably at two levels: (i) the "do no harm" principle requires to scrutinize risks associated to the consequences of potentially providing cash to fighters and (ii) advanced profiling derived from security precautions due to fighting groups can contribute to selecting beneficiaries in an accurate way.

Another growing trend in the relief sector is the steep decrease of accessibility to the beneficiaries in conflict areas, together with the increased targeting of aid workers by armed groups. This point is relevant to CT programming for the selection between in kind donation and CBI. Yet, in case of natural disasters, when supply routes are not effective anymore (damaged road network), the logistics capacity of IOs could be better than that of local traders. On the other hand, local businesses, operating with different network support and with different rules of engagement, can have a more secure access to specific locations and a higher capacity to deliver support to targeted groups.

In any context, the selection of beneficiaries is a key step in CT programming. In contexts where NGOs focus on specific IDP camps, with “gate keepers” imposing taxes on inputs received by beneficiary groups and where the cash transfer is conducted by phone or cash card, there is a risk that IDPs will be registered in one place and will then move to another place which challenges the monitoring and thus any follow up with IDPs.

Multi-purpose cash programming is designed considering the different needs of different groups of beneficiaries but also the direct and indirect effects of the intervention. The multi-purpose cash programming needs to develop a relatively high level of details on the context of intervention and the profile and specific needs of the target group along with the capacity of the local entities (producers, traders, etc.). Regular assessments should enable adjustment of cash programming to adapt to the evolution of needs and priorities of the target groups. In a context of displacement where the timing of intervention is key, the level of details required from the assessment to develop a detailed multi-purpose cash approach should be balanced with the urgency to intervene.
Cash transfers and linking relief, rehabilitation and development (LRRD)

Cash transfers are applied along the whole assistance process from emergency to development. The modalities of any cash based programs (selection process, conditionality, and amount to be transferred), can be adapted to the specific needs and planned objectives. The monitoring of the beneficiaries and their environment but also the follow up of the beneficiaries during the different phases of their displacement will determine how to tailor the program. Assessment and monitoring generated from CBI is therefore key to prepare project evolution from emergency to longer term solutions. The closer the program to development, the more evidence based lesson learning from other development contexts can be used.

Some key actors in cash transfer programming

**Cash Based Response Working Group (CBRWG)**

The Cash Based Response Working Group is an independent forum of technical professionals dedicated to cash programming per targeted location where humanitarian intervention reared coordination.

**Cash learning partnership (CaLP)**

The CaLP is composed of five steering committee organizations: Oxfam GB, the British Red Cross, Save the Children, the Norwegian Refugee Council and Action Against Hunger / ACF International. These five organizations came together to support capacity building, research and information sharing as a way to promote cash transfer programming as an effective tool to deliver aid in times of crisis.

**Money transfer companies**

Hawala or Hewala (Arabic: حوالة, meaning transfer or sometimes trust) is a popular and informal value transfer system. The system has existed since the 8th century between Arabic and Muslim traders alongside the Silk Road and beyond as a protection against theft. It is believed to have arisen in the financing of long-distance trade around the emerging capital trade centers in the early medieval period. Modern Hawala companies transfer funds both domestically and internationally where conventional banking institutions are either absent, weak or unsafe. They operate parallel to – and usually independently from – regular banks. Transactions are often used by Diasporas abroad to remit foreign incomes. In some parts of the world it is the only option for legitimate transfers of funds and is increasingly being used by aid organizations in areas where it is the best-functioning institution.4

---

4 [http://www.cashlearning.org/about-us/overview](http://www.cashlearning.org/about-us/overview)

4 See references section for further reading on Hawala services and their use by relief and development actors.
**WHEN IS CASH APPROPRIATE?**

Cash intervention are potentially very powerful, since cash can be turned into any kind of goods and services, highly suited to the specific needs on the household and individual levels. But cash is as powerful as sensitive, and its very strength is also the source of potential drawbacks. This is why project design of CBI is so important and requires a particularly high level of contextualization. This chapter summarizes the most important steps of this process: the assessment of needs, the market analysis, access issues, coordination and effectiveness.

**Needs assessment and response analysis**

1) **Is the target group in an area susceptible to be affected by the specific crisis?**

   This question is key to understand how the current crisis for displaced persons could affect either the aid actors’ ability to access the area or could disrupt the functionality of the local market.

   - **Floods**: can affect the supply chain inside the country and therefore the local markets will temporarily cease to function effectively.
   - **Drought**: undermines local production especially for those dependent on natural resources (farming, pastoralism). However, as long as local traders and local markets still function, cash transfer interventions can be considered.
   - **Conflict**: could lead to an increase in the cost of goods especially during transport (longer roads used, taxation, and security risk) or movement of population leading to the challenge of income generation and access to basic essential items. In this context, cash transfers can be considered as a valid option. For example, if the conflict is significantly affecting supply routes for a prolonged period of time, inflation pressure is likely to rise. In such a context, the advantages of cash transfers should be carefully weighed against the risk of added inflation pressure resulting from the injection of cash.
   - **Eviction**: Displacement of population generates reactions from host communities and local administration and there is always a risk of eviction.

2) **What are the main needs of the host community?**

   The relations of local residents and migrant/displaced population can be tense for various reasons, including cultural differences, perceptions of unfair support received by displaced population compared to the needs of the host communities. Social cohesion should be taken into consideration to develop specific selection criteria to include local residents in the project when relevant. Also, the advantage of cash programming would be to increase the benefit of the local community (traders, producers, taxes collected by local authorities) for programming targeting displaced populations, the involvement of the host community will contribute to a peaceful cohabitation.

3) **What are the relations between the displaced population and the host community (and between specific groups of the displaced persons)?**

   Identifying the points of tension between the local and displaced population (why, what, when, where) is key for programming. On the same note, the relations between different displaced groups, notably originally from conflict areas, should be understood to prepare targeting and approach to programming as a key part of the risk mitigation strategy.
4) **What is the profile of the displaced population?**
   It is important to understand the profile of the displaced persons. The data collection should focus on understanding the socio economic profile including gender of the head of the household, household composition, level of education, livelihood prior to displacement, current level of income/expenditure, push and pull factors, displacement patterns, main needs, vulnerability and main coping mechanisms. This will assist in designing the level of assistance needed and to anticipate long-term programming support.

5) **Coordination; what are other actors reporting on the level of needs (category of emergency, gaps, foreseen crisis)**
   The understanding of activities conducted by other actors is key to developing a coordinated and harmonized approach. Other actors will also be a good source of information on the profile mentioned above.

6) **What is the preference of the target group in terms of modality of support (cash, in kind)?**
   A participatory approach throughout the project cycle allows for ownership but as well for an intervention meeting the specific needs of the target group and sub groups. In the planning stage, the consultation of the displaced population and their representatives will provide guidance and will as such validate the modalities of support. When engaging with displaced populations, it should be noted that local authorities in the country hosting the displaced, the camps’ leaders, and specific social layers of the displaced will all have different views and interests. In some places, the IDP representatives or camp managers effectively function as “gate keepers”. Gate keepers may function as entities controlling the group of beneficiaries and intending to make money out of the humanitarian agencies assisting these displaced population.

7) **What are the views of the local authorities in terms of modality of intervention?**
   The local authorities need to be consulted based on their expertise of the area and their authority to allow and facilitate specific activities. Local authorities often serve as a coordination body, which is able to regulate the level of support provided per location.

---

**Market analysis**

The market analysis is a determinant factor to understand up to which point the local market can support cash transfers. Tailored responses can be developed only based on the understanding of the respective advantages of local markets and in kind donations. Various tools already exist to conduct market analysis such as the Rapid Market Assessment (RAM), the Emergency Market Mapping and Analysis Toolkit (EMMA) and the Market Analysis Guidance (MAG).5

The market analysis should help to understand the capacity of the local market to absorb the increased demand generated by the CT. Key questions to be answered are related to the number of suppliers able to provide the goods needed by beneficiaries, the financial, and logistical (trucks, stock, supply chains) capacity of these suppliers to absorb an increased demand. This is not limited to cash or vouchers, as any form of aid injection into the local economy will generate economic effects and the market analysis is aiming at understanding the absorption capacity of the local markets.

---

5 For key resources and toolkits see: [http://www.cashlearning.org/markets/key-resources-and-guidance-documents](http://www.cashlearning.org/markets/key-resources-and-guidance-documents)
Key elements to consider include the price of core items and the risk of inflation related to increased demand and the seasonality of the market capacity (supply routes can be affected during rain seasons, locally harvested products are foreseen to be on higher demand and prices would be foreseen to be lower. The cash recipients buying the local production would also contribute to improving relations between host populations and displaced as long as price are not increasing.

There is a need to understand who the local traders are to assess their financial capacity and their ability to secure the supply routes, especially in areas of conflict.

Access
Access is increasingly limited by conflict related security restrictions or bureaucratic obstacles. Some areas might not be accessible by all staff and robust mechanisms for remote management and monitoring have to be put in place.

In order to program in areas with limited access, it is important to understand the following:

- How would access be organized by local suppliers (what are the conditions and the limits?).
- Can third party monitoring be organized to confirm status of specific activities and specific data collection.
- Are the monitoring or management team accessing the restricted areas familiar with particular dialects spoken by the host and the displaced populations?
- Can partners locally based contribute to reporting and management?
- How price would be monitored?

Learning from others: Coordination and political feasibility
The coordination of interventions is key to develop lessons learnt on what works and what does not work in a given context (how much others agencies are distributing, at which frequency, to whom, and to achieve what?). In some cases, the in-kind or some forms of CT assistance are not well perceived locally and it is essential to identify this prior to deciding on the modality of intervention.

Key information to be collected is:

- List of agencies operating in the same areas. Target groups, selection criteria used, amounts distributed.
- Objectives and theory of change of these agencies.
- Mechanism of CT used and lessons learned.
- Feedback from the displaced and the host community members on CT / in-kind assistance.
- Survey data on the effects of projects implemented in the areas.

Timeliness and effectiveness
The choice of the mode of operation is also strongly influenced by the urgency to intervene. A significant amount of time is needed to properly understand the needs of the population and the capacity of the market to define an accepted selection methodology. In cases of emergency, blanket distribution as a first step and rapid assessments of the local priorities and various coping capacities would have to be considered. But the intervention can evolve based on how much learning is developed in the areas of intervention.

Key questions to consider to appreciate the time element in decision making are:

- Is the needs assessment already available?
- Is the list of needed/preferred goods for beneficiaries established?
- Is the list of beneficiaries available?
Given the status of beneficiaries and the impact foreseen to be reached how long can beneficiaries wait before receiving inputs? This should be taken into consideration including emergency needs, seasonal calendar for livelihood project.

**PLANNING AND DESIGNING CASH INTERVENTIONS**

**Defining the project objectives**

The needs assessment should provide an answer on what is needed and when by which target group. What are the main needs of the target group and which type of intervention is needed, what would be the key local constraints, what are the local opportunities to build on, what are the foreseen budget and duration of the intervention?

**Consider specific elements of the support modalities**

1) **Cash transfer also promotes self-esteem which can be a key output of specific groups for beneficiaries.**
   Receiving cash and then go to shops and to select items based on a preferred choice is closer to a normal/standard situation than receiving a food package. The psychological effects of cash versus in kind donation need to be considered during the decision making process of the modality of intervention.

2) **Control of the cash expenditure is more with the beneficiaries than with the aid organizations.**
   The effects of the project could be missed if the cash is not used appropriately. Some conditionality and strict monitoring could be developed by the aid organizations to better understand the real impact of the cash transfers.
### Selection of cash transfer programming

Key elements to consider in determining which type of cash intervention would be the most appropriate.

<table>
<thead>
<tr>
<th></th>
<th>CONDITIONAL</th>
<th>UNCONDITIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADVANTAGES</strong></td>
<td><strong>DISADVANTAGES</strong></td>
<td><strong>ADVANTAGES</strong></td>
</tr>
</tbody>
</table>
| **CASH** | - Double impact of the project (cash distribution + infrastructure rehabilitation).  
- Beneficiaries have full flexibility as to how to use the cash.  
- A degree of self-selection as the better off are less likely to want to undertake wage labor. The cash for work approach may reduce diversion as beneficiaries who have worked will claim their wages | - The most vulnerable cannot participate in CFW activities. The CFW activities should also consider the potential involvement of beneficiaries in other activities such as household management activities for women or farming activities during specific times of the year.  
- Who benefits from the CFW i.e. risk of specific groups benefiting more than others in the infrastructure(s) rehabilitated should be considered from a conflict sensitivity point of view. | - Very vulnerable beneficiaries can be included in the list of beneficiaries.  
- Very fast process relying on efficiency of the local business community.  
- Beneficiaries decide how to use the cash. | - Risk on inflation is more important in this approach as the NGO has no control or influence on suppliers (compared to a voucher system where the price can be revised on regular basis).  
- Unconditional cash distribution can be very attractive for actors of diversion. Hence the verification mechanisms should be more elaborate. |
| **VOUCHER** | - The choice for beneficiaries is limited to what is covered by the voucher which prioritizes the items identified as most needed by the target population. This can reduce the risk of inappropriate use of the inputs.  
- Decrease potential conflict at household level regarding the use of the inputs provided. (no choice = no disagreement).  
- NGO and suppliers work closely so review of price/availability/quality of items can be done regularly. | - The most vulnerable cannot participate in CFW activities. If the items provided by the voucher are not those preferred by beneficiaries they might be sold at a low value. Hence, correct composition (type of items, quality of items and quantity per item) of the voucher is critical.  
- Selection of suppliers and verification of quality of items to be distributed is time consuming and may delay the intervention. | - Very vulnerable beneficiaries can be included in the list of beneficiaries.  
- NGO and suppliers work closely so review of price/availability/quality of items can be done regularly. | - Same as for conditional  
- Access to distribution point could be a constraint for beneficiaries. |

**A COMBINATION OF MODALITIES CAN BE CONSIDERED**

**Key questions to consider during the selection of the modality**

1. What should the currency of payment be and how would currency exchange be accessible and monitored?
2. What are other organizations doing and how can this support be coordinated and complemented in targeting the beneficiary group (e.g. Cash transfer amount, duration, frequency of payment, sharing standard list of beneficiaries to avoid duplication, sharing geo referenced areas of intervention (villages targeted, distribution sites, location infrastructures to be rehabilitated)?
3. Set up the frequency of payment and explain why. The frequency of payment will impact on the use of the cash, the logistical burden of payment for the NGO, the manipulation of small notes, the level of taxation imposed on beneficiaries. Frequency of payment may also have an impact on risk management measures.
Some complementary programming

A project can target different groups as per their needs and status through different modalities. Complementary programming tailors services per category of beneficiaries.

<table>
<thead>
<tr>
<th>Combined programming</th>
<th>Possible reasons to justify specific modalities per group of beneficiaries.</th>
</tr>
</thead>
<tbody>
<tr>
<td>% In kind</td>
<td>- Geographical distribution of beneficiaries</td>
</tr>
<tr>
<td>% Cash unconditional</td>
<td>- Capacity to work</td>
</tr>
<tr>
<td>% Cash conditional</td>
<td>- Gender restrictions to access goods</td>
</tr>
<tr>
<td>% Cash for work</td>
<td>- Gender consideration in availability of cash for work activities, protection issues related to travel to/through specific locations.</td>
</tr>
<tr>
<td>% Voucher</td>
<td>- Cost of transport</td>
</tr>
<tr>
<td></td>
<td>- Level of risk of diversion</td>
</tr>
</tbody>
</table>

Complementary programming arises through understanding the specific needs and constraints of each category of beneficiaries such as livelihoods, minorities’ status, displacement, social status (gender, clan, women headed household, etc.) to provide adapted modalities for each group.

Gender is a key aspect to consider; one element in programming fairly for men and women is “women’s empowerment” through the inclusion or even prioritization of women in targeting of project beneficiaries. However, it is not enough to improve the women’s situation only and this can generate harm for women in a context when a project targeting exclusively women would generate a reaction from men at the household or community level. The level of ambition on gender programming should also be coherent with the timeframe of the project and the emergency of the project to be addressed. Gender programming should be sophisticated enough to really understand the issue for women as reported by local women and the resistance foreseen to occur on changes targeted by the IOs.

A gender analysis should also consider:

- How are men/boys and women/girls differently affected by the crisis?
  Women/girls are frequent victims in conflict areas of gender based violence as part of the conflict strategy, forced marriage, etc.

- How interventions might influence gender relations. For example, women are often targeted for cash distribution as they are considered to have a primary role in food security for the household. It is important to consider how male household heads perceive this, respectively with short and long term perspectives.

- How do females targeted for cash grants control the decision making on

**Gender definition:** The term "gender" refers to the socially-constructed differences between men and women, as distinct from "sex", which refers to their biological differences... / ... Gender roles demarcate responsibilities between men and women in

- Social and economic activities
- Access to resources
- Decision making authority
expenditure?
- How does the local culture influence perceptions of gender prioritization?
- How do local authorities consider women’s role in decision making?
- Do men and women face different protection issues related to different modalities of intervention? Vulnerability to violence and taxation during travel between distribution sites and home; are women more exposed to taxation and violence after receiving the cash between the distribution centers and their homes? How are women involved in cash distribution coping with their daily household tasks?
### Key questions to consider during the design of the project

<table>
<thead>
<tr>
<th>Selection beneficiaries</th>
<th>Information to be collected</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What are the selection criteria enabling to identify the most vulnerable (unconditional cash transfer)?</td>
<td>- Most vulnerable beneficiaries selection criteria should be compared to context analysis documents to better understand potential exclusion factors.</td>
<td>- Average expenditure and prices of commodities may vary on a seasonal basis – this should be taken into account when deciding when to distribute the cash/vouchers but also when considering the duration of the intervention.</td>
</tr>
<tr>
<td>2. What are the selection criteria for the beneficiaries targeted by specific CCT (depending on the conditionality of the transfer (i.e. voucher for food security consideration)).</td>
<td>- Selection criteria for beneficiaries “able to work”.</td>
<td>- Stopping/discontinuing cash for work interventions at the time of harvest for farmers should be thought of / considered carefully taking into consideration the short term and long term impact.</td>
</tr>
<tr>
<td>3. What are the selection criteria for the less vulnerable beneficiaries (cash for work for example)?</td>
<td>- Selection criteria for each modality of delivery combined</td>
<td></td>
</tr>
<tr>
<td>4. What is the proportion of beneficiaries respectively under conditional and unconditional modalities of cash transfer?</td>
<td>- % “vulnerable” &amp; % “able to work” beneficiaries.</td>
<td></td>
</tr>
</tbody>
</table>

### How much to distribute and when to distribute it

<table>
<thead>
<tr>
<th>Key questions to consider during the design of the project</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of inputs needed/ amount of cash</td>
<td></td>
</tr>
<tr>
<td>1. Average households size of the targeted beneficiaries.</td>
<td>- Average household size.</td>
</tr>
<tr>
<td>2. Calculate average basic household expenses in the targeted area. The objective is to anticipate the specific needs (in terms of goods) of the targeted group.</td>
<td>- List of items foreseen to be needed x their specific value = Value of the cash transfer.</td>
</tr>
<tr>
<td>3. Include the cost of materials/assets (e.g., start-up assets, rehabilitating damaged assets, such as clearing agricultural land, seed, livestock, fencing and labor) that people will need to restart different occupations.</td>
<td>- List of traders able to supply and distribute items as per expected standards.</td>
</tr>
<tr>
<td>4. Include the possible cost of transport for beneficiaries between their places of living and the location of collection of item/cash.</td>
<td>- Foreseen cost of transport for beneficiaries.</td>
</tr>
</tbody>
</table>
IMPLEMENTING CASH INTERVENTIONS

Participation, sensitization and accountability

SELECTION OF BENEFICIARIES

1. Sensitization of community (displaced and host) on project targets, processes and complaint mechanisms
   Organize various meetings where the intervention is intended to be implemented. Engage with targeted groups, local administration, and local community.

2. Define beneficiary selection criteria per group targeted
   Context analysis and details of the different categories of beneficiaries should already have been developed (exclusion factor).

   In emergency contexts, maybe an unconditional cash transfer will be in principle faster…but would the selection criteria also be conducive for ‘quick’ implementation?

3. Set up a committee ideally with equal representation of men and women or if this is not possible, separate committees for men and women, displaced and host when relevant, different ethnic groups.
   The committee supporting the design of the project should provide opportunities for women. In some areas, this may not be feasible. In rural areas where clan elders represent the main authority, the inclusion of women in the decision making committee is possible but would face cultural challenges. Moreover, setting up a committee with equal representation between men and women does not imply that women will have an equal opportunity to influence the decision making. The IO should therefore be pro-active in creating or increasing space for women to express themselves in these committees.

4. Define how beneficiaries will be distributed per targeted group (emergency support, livelihood support, able to work, minorities, gender)
   Develop a breakdown of the different groups of beneficiaries.

5. Set up a MoU between the community/local authority and the IO.
   These MOU with the community works well in small villages in rural areas but less so in urban set ups. In urban set up, the MoU should be signed with the formal local authority and possibly with different ministries.

6. Registration of beneficiaries
   If possible, this information should be collected. It would help to understand the inclusion and exclusion factor applied during the registration process and it will help to better monitor the effect of the project and to anticipate the needs of the target group (level of incomes, perception of insecurity, access to school, households size, will to return to places of origin, will to be resettled in others places, will to be integrated locally).

7. Verification list of beneficiaries
   Hard copy of signed verification list to be filed.

8. Regular update of beneficiaries list
   Updates should only be done under a very specific protocol validated by the communities and
appreciated from a risk point of view (managing the exclusion of some beneficiaries).

**SELECTION OF SUPPLIERS**

Follow the principled humanitarian procurement process but additional key elements to evaluate their capacity are related to:

- Financial capacity
- Recommendations from other agencies
- Conditions of payment (advance or not, timing of payment)
- Unit price
- Logistical capacity
- Warranty over quality and price stability
- Monitoring system in place.
- Ability to secure and maintain access.
**APPROACH TO MONITORING**

Monitoring is a form of information management and should be part of feedback loops to improve processes of project implementation as well as its effects and achievements. Below are some key aspects to be considered during a monitoring process.

- **Each template** for data collection should be tailored to the specific project of each IO. The data management should be structured to allow triangulation and consolidation. The needs for monitoring should be tailored to the specific indicators of achievement of the project but also to the risks identified for the implementation and/or the monitoring of the project.

- **The content** of the tools can evolve regularly to focus on different aspects and to increase learning process. The more the tools evolve the less the actors of diversion (fraud) would have the capacity to adapt. Standardization of monitoring tools is the best way to allow fraud as the mechanism is then known.

- **Data collection is a sensitive** exercise and generates high levels of risk, especially in case of evidence of diversion are about to be found. Protecting the field team appropriately will increase confidence in data collected.

Some of the tools to be used while setting a proper and sufficiently sophisticated monitoring system could be based on the following list. It should be noted that this can be seen as a toolbox where each organization should set up the system based on their needs, their understanding of the risk associated to the monitoring activities (reporting case of fraud is not free of risk) and the capacity of the team (time associated, skills).

**Monitoring and Evaluation**

Monitoring should include key elements of the process used during cash distribution, on the use of the cash and on the effects of the project.

Some of the tools of monitoring can be related to interviews with beneficiaries and community members but can also be based on database reports from feedback mechanisms, information from third party monitoring and external evaluation.

Key elements to consider would be related to the processes and the effects of the project:

- **Process**
  - Perception of non-beneficiaries
  - Accuracy of the selection criteria used
  - Accuracy list of beneficiaries
  - Accuracy inputs received
  - Decision making process on the selection of suppliers
  - Taxation

- **Effects of the project**
  - Protection issues for beneficiaries
  - Usage of the cash
  - Indirect effect of the project at household level, at neighborhood level, at community level
  - Evolution of the local markets conditions
  - Local perception of the project
Beneficiaries' data protection

- Monitoring of beneficiaries can be from a technical point of view and can be extremely detailed and efficient. There is however a risk of collecting too much information on beneficiaries which can be too intrusive and potentially illegal.

- In contexts of displaced population conflict settings, the profiling of the displaced population would be of great interest to the local authorities. There is therefore a clear line to be drawn by the aid agency when collecting data about a target group between monitoring from IO and intelligence work from local authorities. Ability to protect data should always be sufficient especially for electronic information shared over internet.

- It is mandatory that beneficiaries are informed about and accept the type of information all monitoring agencies are collecting and using. All biometrics information, localization of beneficiaries’ mobile phones and cash usage reports by E-transfer companies would be considered too far from the pure aid objective of the aid intervention. Information to be collected should only be for intended use and information which can be protected enough compared to its sensitivity level.
**FOCUS ON VOUCHERS**

**When to use vouchers**

Use of vouchers as a means to transfer cash or commodities is aimed at addressing a specific defined purpose such as improving the nutrition status of households through food vouchers. Use of vouchers limits the choices available to a household to the specified items or source. This approach is particularly useful where there is a risk of misuse or an unintended use of the cash provided.

The level of choice in a voucher program can be scaled up depending on:

- Number and locations of shops willing and able to participate in a voucher project.
- Frequency of the timing of the use of the voucher (from once a month with full ration to open access when needed).
- Quality of the inputs to be provided / supplied: certain items (e.g. such as quality seeds, special foods, etc.) cannot simply be accessed by local suppliers.

**Cash or commodity vouchers**

Vouchers can be of two kinds:

- Cash voucher: A voucher distributed by the implementing organization to selected beneficiaries who can then exchange the voucher with goods up to the value indicated on the voucher. The IO then pays the supplier against the verification of the vouchers collected. In such a situation, the beneficiaries have the full choice of the type of items but a restricted choice of suppliers where the voucher can be exchanged.

- Commodity voucher: This voucher is redeemable for fixed quantity of pre-selected items in selected shops. The beneficiaries therefore have no choice.

Vouchers can also specify an amount and a restricted list of items that can be obtained with them – hence the beneficiary has an element of choice over the quantity of various items, but cannot buy certain prohibited items (which the IO determines) with the voucher.

The vouchers could either be in the form of paper vouchers or electronic vouchers.

The open electronic swipe card is the preferred type of electronic voucher which largely depends on the availability of network coverage.
### Designing vouchers

#### Key questions to consider during the design of the project

<table>
<thead>
<tr>
<th>For voucher</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Define the list of items/services and their respective level of needs and acceptance by beneficiaries. Measurement of level of re-sale of each item should be a key aspect of monitoring.</td>
<td>List of items/services to be distributed.</td>
</tr>
<tr>
<td>2. Identify the number of local traders able to supply targeted items and their capacity to serve beneficiaries and to report appropriately.</td>
<td>List of suppliers able to supply and distribute items as per expected standards.</td>
</tr>
</tbody>
</table>

#### Anti-fraud

| 3. Design the voucher as unique as possible and focus on increasing the difficulties in replicating the voucher (special paper, unique stamp, serialized …). Print the voucher only few days before the actual distribution. | Process of distribution and reporting mechanism by suppliers. |
| 4. Add a unique serial number on each voucher. | |
| 5. Do not add any information that could be used by the supplier to verify the identity of the beneficiaries on the voucher. | |

### Vouchers redeemable with local shops and traders

Key aspects to consider for a voucher set up project:

- Relations with shopkeepers / suppliers.
- Locations of shops. Shops should be accessible from a distance as well as from a security point of view.
- Who are the traders? Could the project focus on different methodology or modality to increase the number of shops involved in the process and to increase the number of small shops that benefit the project.
- Taxation after reception of the voucher. It is recommended to spread the distribution over a long period of time to increase difficulties for informal taxation.
- Selection of traders participating in the voucher project

### Voucher fairs

A voucher fair can be established as a market set up by IO, where vendors come to sell their goods and recipients can purchase them with their vouchers. The security of the site should be carefully considered and the conflict sensitivity and the choice of vendors invited to participate should be carefully assessed.

- Selection of vendors; Open to all vendors or restricted (quality of inputs, price, conflict sensitivity…). The larger the number of vendors, the more choice the beneficiaries would have.
- Determine the list of goods and their respective quality to be included in the fair. The type of items to be accepted in the fair should link to the project objective.
- Price: if prices can be fixed, it would make the process easier and will reduce the space for possible tensions during the fair. However, fixed prices would require extensive price negotiations between IO and suppliers, and would need to consider difference in quality for all items proposed.
- The fair is limited to specific days and therefore can provide space for more IO control on the process compared to other voucher methodologies.
**FOCUS ON CASH FOR WORK**

Appropriateness

- **Cash for work doubles the impact of the project.** Vulnerability of the target group can be partly caused by the poor condition of some infrastructures. Such work should not normally require skilled labor and can be in the form of rehabilitation of roads, water catchments desilting, irrigation canal rehabilitation, garbage collection, earth pan rehabilitation and abandoned farms rehabilitation. The construction of basic buildings for schools and health centers has also been undertaken. Therefore cash for work can target the impacts for a community beyond increasing the purchasing power of a household.

- **Cash for work can also be considered in locations where unconditional cash transfer is not acceptable to local authorities** or where unconditional cash transfers would generate too much tension with non-beneficiaries. CFW activities should be set up in such a way that vulnerable households with labor capacity can be offered appropriate workloads and safe working conditions. As such, the duration of the CFW project should remain short.

- In rural areas, cash for work activities should be targeted to the lean seasons when poor households are seeking daily wage labor at a time when own food stocks are low, livestock is in poor condition making the exchange for cereals unfavorable and food prices are higher.

- Cash for work should be partly ‘self-selecting’ in that the better off should exclude themselves from low paid manual labor.

Project selection

The project selection should consider the following:

- Distance of work site to residential areas.
- Time needed for beneficiaries to come to the place of work.
- Cost of travel to the place of work.
- Security implication of travelling to the place of work.
- Who will benefit from the rehabilitated infrastructures? It is important from a conflict sensitive point of view and local acceptance to understand who will benefit from the work done.
- The selection of the project should consider low technological requirements, community ownership and how widespread the benefits are as well as sustainability of the project and impact on the environment should also be considered. Simple infrastructure rehabilitation is likely to only have a 2 years’ lifecycle.
- Planning and implementation should be based upon clear, written technical guidelines specifying selection criteria, basic design aspects, etc. Are guidelines available / prepared by the IO?

Gender consideration.

Designing CFW activities for women should take into consideration the followings points; Cultural acceptability; in some areas teams composed of men and women might generate disapproval for cultural reasons. Different tasks could be proposed in different sites and teams should be set up per gender when needed.
Payment amount and frequency

The set-up of the rate to be paid can be complicated and must take into consideration the following:

1) The rate of the contribution to cash for work should be defined taking into consideration what other agencies are paying, the level of labor in the local market, but more importantly should take into consideration the final objective of the project; CFW is not an employment scheme.

Respecting considerations such as “daily rate per worker” and “how much should be transferred to targeted beneficiaries” could be estimated through the employment of more than one household member in the project, or adjusting the numbers of working days targeted per month if possible. In case of difficulty in balancing these two considerations, the daily rate per worker is less important than the amount of cash needed to meet the objective of the project. However, the daily rate still needs to be coordinated with others actors.

2) The level of effort for the work done.

3) Women and men should be paid the same wage for the same work.

4) Frequency of payment should be taken into consideration:
   - The logistics, cost and security implications of frequent payments for IO, beneficiaries and eventually of the cash transfer companies.
   - The urgency for beneficiaries to receive payments.
   - The modalities of payment. If payments can be done by phone or “e-money” with all beneficiaries having a phone, then a high frequency of payments could be set up. Usually, it is better to have longer payment intervals, but predictable and without delays, than shorter ones but with delays – some HHs usually have access to informal credit and if transfers are predictable and in time, the credit system will also work well and act as a ‘bridge’ for the longer intervals. However, this situation can be disrupted by the displacement and access to credit should be properly understood.

5) Type of expenditures could evolve with the frequency of payment as prioritisation at household level could then vary

6) Ideally, payment is done based on the level of work done. Amount per volume of soil extracted per day. (This is hard to measure in some cases so hours per day could be considered as a proxy).

Implementation

1) Absenteeism management.
   Women are foreseen to face more constraints in dealing with the cash for work activities as their household tasks including taking care of children will remain. Possible replacement of the worker by a nominee proposed by the absent beneficiary could be considered.

2) Provision of tools in sufficient quantity and quality.
   The efficiency of the work and the level of efforts will also depend on the tools available.

3) Provision of protection and safety equipment.
   Gloves and proper safety shoes etc. need to be considered based on the type of work to be implemented and to the national standards.
4) Establish a contract with each worker to increase accountability and to ensure that each worker is known to the project should any incident occur. A contract with each worker permits clear definition of the conditions of work and payments.

5) In some areas, some sensitization on UXO management should be done. Some IO can provide this type of sensitization within a day through training. Is there a risk to find UXO? Is a UXO training planned?

6) Provide enough water (food optional) during the work.

7) Working hours / seasonality

   Working hours should take into consideration distance, security, level of effort, specific weather conditions (heavy rains, sun in the afternoon). If excavation work is foreseen, the different types of soil will heavily influence the amount of work that can be performed daily. Work norms should account for this variability.

   Flexible? Separate? Shorter? Working hours for women or other vulnerable groups could be considered.

8) Working days’ sheet.

   This day sheet should contain name, phone number and the days worked to enable verification and to enhance accountability.
FOCUS ON UNCONDITIONAL CASH TRANSFER

Appropriateness

Unconditional cash transfer characteristics:

- Faster response. Cash transfer requires fewer steps and avoids the lengthy step of procurement through suppliers.
- Beneficiaries are able to decide how to use the cash.
- Monitoring on market ability to respond is key.

Unconditional cash transfer is the simplest cash modality. It is in fact the most risky as there is little to no control on what beneficiaries spend the cash on or how markets cope with the demand. In order for unconditional cash transfer modalities to achieve their objectives, solid monitoring methods should be in place to measure the outcomes of the project and to take immediate actions should the modalities not allow the project to reach its anticipated outcomes or objectives.

Implementation

Due to high risk of diversion at different levels, for this modality, the IO should focus on very detailed selection criteria for the displaced with extensive verification and detailed recording on the list of beneficiaries.

1) More than other modalities, the duration of cash transfer projects should be limited as the situation of the population may be subject to change (evolution of vulnerability status, different places of living not targeted by the project, return, integration, resettlement).

The level of risks is higher for unconditional cash transfer as the relation IP and beneficiaries is not required to be as frequent as with other modes of intervention where implementation requires regular contacts and meetings with beneficiaries. Therefore, the level of effort on monitoring is foreseen to be more important.

Money can be sent using E-transfer companies. The benefits of such a modality is that beneficiaries that are identified at the beginning of the project can receive their cash directly e.g. by phone or to a Cash Card over a long period without contact with agency staff. High frequency monitoring of beneficiaries is then needed.

Maintain regular contact with beneficiaries to understand their situation and the impact of the cash transfer. This will enable one to better appreciate the evolution of the target group but also to amend the project when needed. Frequency of monitoring, market follow up and level of sophistication and triangulation must be high.

2) The competition between potential beneficiaries to be included in the project could be high and taxation on beneficiaries may take place more easily with this approach.

Monitor regularly acceptance levels by non-beneficiaries and local authorities.
Monitor regularly possible approaches to taxation.
DELIVERING CASH

Use of E-transfer companies
Detailed understanding of the potential of E-transfer companies

1) What is the capacity of the E-transfer company to pre-finance the payment?
The pre-financing approach reduces the level of risk for the IO as payment to the E-transfer company would occur only when specific deliverables have been reached (support documents produced, field verification done). It would be safe to ask the E-transfer company to advance the money to implement the payment to beneficiaries. Then, the IO can to conduct verification of occurrence of payment prior to paying the E-transfer company. However, as the E-transfer company would take all the risk, then the fees for the services are foreseen to increase. Each IO should negotiate with the E-transfer company the conditions of pre financing and final payment.

2) What is the cost of transfer per category of transfer (between companies, between different register users)?
Compute the ratio of the costs of money transferred over the total amount disbursed.
**RISK MANAGEMENT**

This section aims at providing some key questions and possible answers to consider throughout the project life cycle.

The key risks addressed here are related to:

- Diversion
- Conflict sensitivity
- Timing of distribution
- Impact on the market
- Gender considerations
- Use of cash/inputs provided
- Financial limits

**Diversion**

“Diversion is a widely used term, meaning any resources (cash or in kind assistance) that do not reach the intended recipient, because of ‘an abuse of entrusted power for private gain.’”

Diversion can occur through entities being able to influence the targeting process (inclusion and exclusion factors) and controlling the distribution (taxation, fake distribution). Therefore, it is important for the implementing organization to set up proper mechanisms during the project design and project implementation. High levels of diversion would result in not reaching the objectives of the project.

Tided processes, validation procedures, ad hoc verification, and systematic triangulation, are part of good practices to implement from field level up to HQ. It is important to understand that malpractices do not only occur at field level.

**Conflict sensitivity**

Conflict sensitivity is about avoiding possible influence of the conflict dynamics or local tension on the project design.

**Remark:** While the selection criteria cannot be perfect and conflict sensitivity could influence the selection process, the implementing organization should be clear about it, not only at proposal level but also during the implementation and full PCM-cycle.

**Mitigation strategy:**

Be transparent and inclusive during the design of the project and especially during the selection process (beneficiaries, suppliers, sites selected for cash for work).

**Timing of distribution**

The timing of distribution of cash will be a key element to consider during the design of the project. Sections on “justification” and “design” should be referred to.

Timing of response during emergency project is always a challenge considering the time allocated to each step of the project (selection, procurement, supply chain). Therefore, the timing should not be too ambitious and should acknowledge the complexity of the area of intervention. The most urgent cash

---

interventions might have lower preparation and would be more exposed to more potential diversion. As a result, if the selection of the modality of cash intervention is prioritized due to timing, the timing of transfers should be respected to keep the comparative advantage of this modality.

**Mitigation strategy:**
Prepare in advance the most time consuming steps of the project cycle.

- Prepare the list of beneficiaries prior the signing of the contract with donor.
- Prepare the selection of suppliers.
- Identify the goods foreseen to be needed/preferred by the beneficiaries.

**Impact on the market**
The key risk of the cash or voucher approaches is associated with the capacity of the suppliers to absorb the demand (i.e. key items availability with no abnormal inflation). Lack of needed items would imply that the project would have no impact as the key items would not reach beneficiaries. Increase in the cost of items would reduce the quantity received by beneficiaries and would therefore reduce the impact of the project. Moreover, distortion of the market would have negative impact on the community as a whole.

**Mitigation strategy:**
Measurement of the fluctuation and status of the market would be necessary to understand how markets are reacting to the increased demand generated from the cash intervention project. The evolution of the markets remains out of the IO’s control and therefore the impact of the market is mainly reviewed during the design phase (selection of suppliers, appreciation of what would be the demand from the beneficiaries buying items, what would be the obstacle and constraints from the market).

**Gender considerations**
What is the role of women and are women empowered through this project? Prioritizing women does not necessarily imply women’s empowerment and could even be counter-productive. Therefore, the gender aspect should be considered based on local perception and indirect positive or negative social effects respectively for men and women. How men are considered in the project and how they are impacted by any strategy chosen should also be emphasized in the implementing strategy.

**Mitigation strategy:**
Regular monitoring

**Financial limits**
The volume of cash transfer can be significant compared to the capacity of some money transfer/voucher supplier. The IO should understand the real financial capacity of the Hawala or voucher related suppliers to avoid cash flow limitation and / or bankruptcy. The maximal amount the Hawala / supplier is able to handle should be appreciated as part of the risk definition. Exceeding the financial capacity could have major impacts on the timing of the distribution.

**Mitigation strategy:**
Could the Hawala / suppliers pre-finance the payment and get paid after verification of the process? As above, the risk is then on the Hawala / voucher supplier and might not be acceptable for them.
If possible, the IO could look for bank bond / insurance to be provided by Hawala / suppliers to IO?
Increasing the request on the Hawala/ voucher supplier to provide warranty would however increase the cost of the service and would not always be possible.

**KEY REFERENCES**

*Important guidelines/ CT for emergencies*


- **ACF (2012): Emerging good practice in the use of fresh food vouchers.** ACF International. URL:  


- **ADESO/USAID (2014). A practical guide to cash based responses.** URL:  

- **Creti, Pantaleo/Jaspars, Susanne (eds.)(2006): Implementing cash based programming in emergencies.** Oxfam GB. URL:  

- **Harvey, Paul/Bailey, Sarah (2011): Cash transfer programming in emergencies.** ODI. URL:  

- **Mercy Corps: Cash Transfer Programming: Methodology Guide** URL.  
  [https://www.mercycorps.org/sites/default/files/CTP1MethodologyGuide.pdf](https://www.mercycorps.org/sites/default/files/CTP1MethodologyGuide.pdf)


- **SDC (2007): Cash workbook; a practical user’s guide for the preparation and implementation of cash projects.** Swiss agency for development and cooperation, Geneva. URL:  
  [https://www.shareweb.ch/site/Cash-Transfer-Programming/cash-workbook](https://www.shareweb.ch/site/Cash-Transfer-Programming/cash-workbook)

- **UNHCR (2015): Operational Guidelines for Cash-Based Interventions in Displacement Settings.** URL:  

- **UNHCR (2016): Policy on Cash-Based Interventions.** UNHCR/HCP/2016/3. URL:  

**Transfer modalities**

- **Ballard, Roger (2017): Hawala (collection of academic papers),** UK: Casas, exploring the operation of contemporary hawala networks, and the role they play in the transmission of migrant workers' remittances from Europe to South Asia, Centre for Applied South Asian Studies. URL:  

- **Electronic Cash Transfer Learning Action Network (ELAN): What to know: Working with humanitarians on e-cash programs.** URL:  

- **Reeve, Greg/Mobile Finance Experts MOBILE MONEY ASSESSMENT AND CONTRACTING GUIDE.** Electronic Cash Transfer Learning Action Network (ELAN). URL:  

---

Malteser International Practical Guide to  
Cash Based Interventions in Displacement Crises

Risk management


A collection of toolkits for market assessments

CaP (2017): Key Resources and Guidance Documents. URL: http://www.cashlearning.org/markets/key-resources-and-guidance-documents

CT in non-emergency contexts


Blattman, Christopher/Fiala, Nathan/Martinez, Sebastian (2013): Economic and social returns to cash transfers: evidence from Uganda aid programs. URL: http://cega.berkeley.edu/assets/cega_events/53/WGAPE_Sp2013_Blattman.pdf


