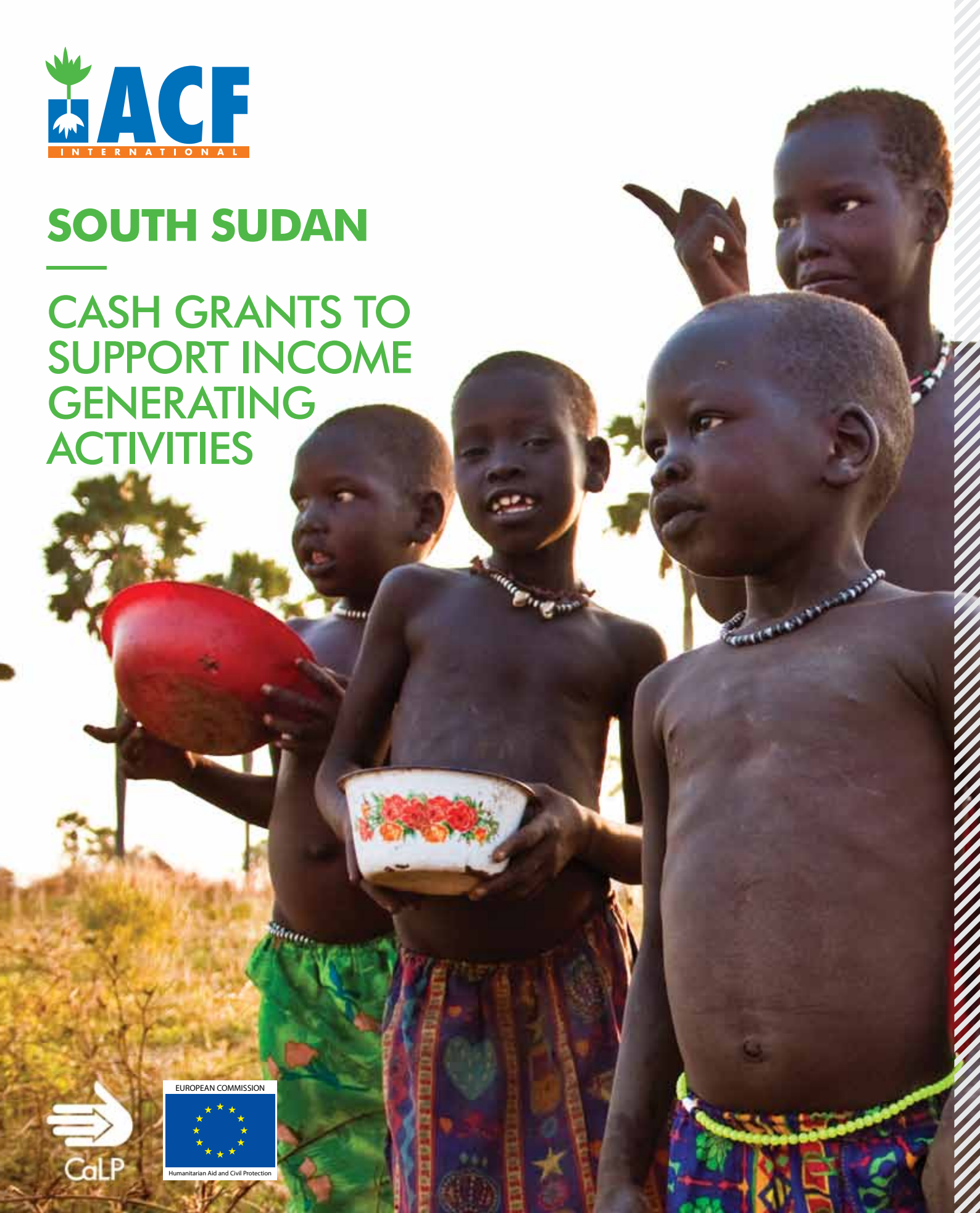




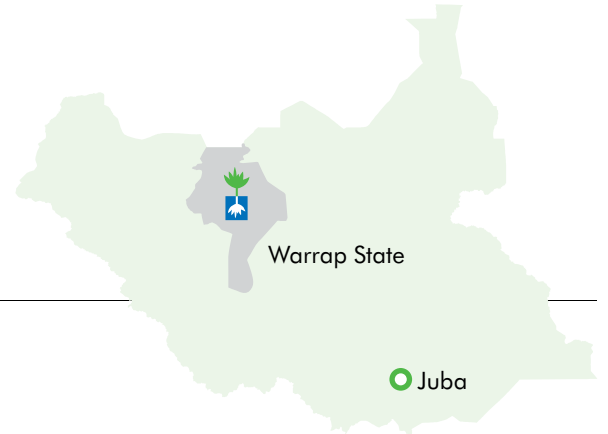
# SOUTH SUDAN

## CASH GRANTS TO SUPPORT INCOME GENERATING ACTIVITIES





**In response to chronic malnutrition, ACF implemented a cash-based intervention in Twic and Gogrial West Counties of Warrap State, South Sudan, using cash grants to promote income generating activities. The programme addressed chronic livelihood vulnerability, which is a contributing factor to global acute malnutrition in the local context.**



## Humanitarian context

### Background

South Sudan has been plagued by years of civil war and militia attacks. Even after signing the Comprehensive Peace Agreement in 2005, local insecurity forced populations to be displaced, which was detrimental to livelihoods. Inadequate water access, sanitation facilities, and health care coupled with food insecurity and disrupted livelihoods contributed to high rates of acute malnutrition. ACF began working in South Sudan in 2002 in response to urgent needs resulting from the war. The focus of ACF's work has shifted since 2005 toward recovery efforts and addressing the population's seasonal needs.

In August 2008, ACF began a project aimed at preventing acute malnutrition by strengthening the income generating activities (IGAs) of vulnerable households. This was achieved through cash grants that supported the establishment of small businesses that beneficiaries would be able to sustain, creating a long-term, reliable IGAs that would increase access to food for the involved households. ACF was one of the first NGOs to implement a project supporting IGAs with cash grants in this area of South Sudan.

### Assessment

Very thorough market assessments and business surveys conducted in both Gogrial West and Twic counties in June 2008 showed markets to be very limited in terms of their physical accessibility and their economic capacity. However, the local dependence in Warrap State on agropastoral IGAs was insufficient to meet all of the annual needs of households. Many families resorted to casual labour and asset sales as coping mechanisms when their food stocks ran dry.





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## Program overview and rationale

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The objective of ACF's response was to contribute to the prevention of acute malnutrition. Programme activities were designed around the following two concepts:

- 1 Promoting IGAs can contribute to the amelioration of nutritional status, which can be gauged through household dietary diversity, food consumption and food expenditure.
- 2 Using cash grants to support IGAs allows beneficiaries to obtain appropriate equipment for their activities and strengthens their sense of ownership by promoting active decision-making.

In addition to the reasoning in concept two above, cash was selected as an appropriate response tool because it was a logistically cost-efficient option as it was the responsibility of beneficiaries, not ACF staff, to identify and procure the items they needed to pursue their selected IGAs. Cash grants were both the most flexible for meeting the assortment of beneficiary needs, and the most feasible option for delivery in this context. Grants were distributed in two instalments: the first in December 2008, and the second in February 2009.



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## Implementation

### Beneficiary selection and targeting

ACF sought to include households with children previously or at the time enrolled in ACF's Outpatient Therapeutic Feeding Programmes (OTPs), vulnerable households with IDPs or returnees, and vulnerable host population households. The process of identifying beneficiaries first involved community sensitization to ACF's programme, then the selection of households that fit the aforementioned criteria and resided in Gogrial West or Twic County. ACF provided a very general two-day training session to the chosen 600 households. Those in attendance were asked to form groups of 3-5 people and create a business plan using a standardized format provided by ACF. Group composition, the type of business, and the proposed budget as outlined in the business plans guided ACF in its final selection of 301 beneficiary households. These households received further training on business management before starting their IGAs, and were supported with more individual guidance throughout the programme's implementation.

### Setting the value

Each group received a grant of 150 SDG (€53) per member per distribution. The total grant was split so that monitoring of the first distribution could be done to understand how committed participants were to the CBI and their businesses. The first distribution was made in December 2008, and the second between February and April 2009. A small number of

businesses that showed particular potential for success received a third grant distribution (with the same value per member). Funding for this came from the money that had been allotted for the second grant to the single group that did not pass the mid-distribution review.

### Payment method and costs

Due to the lack of a supporting infrastructure, ACF distributed cash directly to beneficiaries. Money was transferred to ACF project bases by plane and then given hand-to-hand to group members. Both ACF staff and a Southern Sudan Relief and Rehabilitation Commission (SSRRC) representative were present during distribution. This both provided a security measure during the distributions and increased transparency with local stakeholders.

The proposed budget for this programme was €78,300. The per-beneficiary cost was €260.13 – €106 per grant and €154.13 for implementation (including transferring the cash to the targeted area). Implementation costs accounted for 59% of the budget due to the in-depth preparation and capacity building activities associated with implementing a CBI in an area unaccustomed to this type of programming and supporting beneficiaries that had little to no experience with starting and managing a business.

## Program impact

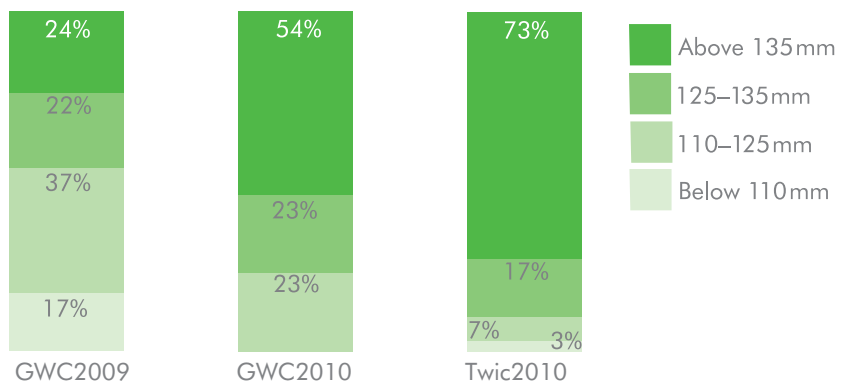
Considering changes in income from IGAs and MUAC data (see figures 1 and 2), this programme had a very positive impact on the food security and livelihoods situations of the beneficiary households. Between January 2009 and September 2010, beneficiary household income increased by 32% in Warrap State. MUAC data for the area also improved during this period. The number of well-nourished children, indicated by MUAC measurements of at least 135 mm, increased by 40%. The number with severe malnutrition (MUACs of 110 mm or less) decreased from 17% to 2%. Furthermore, follow-up surveys in 2010 showed that, with the exception of a few groups, businesses established with ACF's support were sustainable by their members and capable of withstanding small shocks. The positive effects of this programme over both the short and long term exemplify the full potential of implementing an IGA-supporting CBI.

Even without an established local financial infrastructure, the cash transfer process was secure and did not face security challenges. SSRRC's role in the transfer process provided a valuable safety mechanism to the programme. Beneficiaries were less satisfied with the value of the cash grants, and ACF staff concurred that the amount was fairly small considering the costs of starting certain types of businesses. This may have prevented more vulnerable groups from pursuing particular business types or from succeeding.

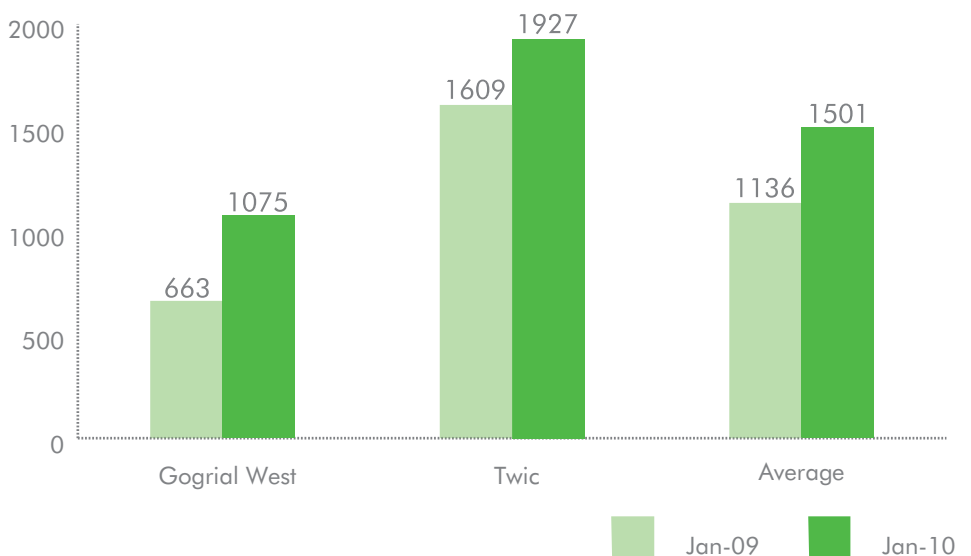
There was some misuse of the cash grants. In the very limited number of cases, one group member stole the first distribution of grant money. The conditionality associated with the second transfer required that groups demonstrate their respect for the programme before receiving more funding. Other groups did not spend the entirety of the grant on their IGA, but rather some of the funds went toward personal expenses. Conflicts related to money created tension within groups and brought an end to the venture in some cases. These issues are results of beneficiary lack of knowledge about business management, misunderstanding of or disrespect for the responsibilities of programme participants, and personal financial stress.

The social impacts of using cash instead of in-kind aid to meet the communities' needs are difficult to measure but can be ascertained from the programme evaluation. Households appreciated the power that cash gave them to quickly start IGAs, which allowed them to provide for their families, be in charge of their own situation, and hold a respectable social status in their communities. IGA groups acted as support systems for their members, which encouraged both group cooperation and contributed to the sustainability of the business. This CBI was well received by the community, had a positive short- and long-term impact, and was implemented with very few complications.

**FIGURE 1 MUAC IN IGA BENEFICIARIES' HOUSEHOLDS, WARRAP STATE (% OF CHILDREN IN EACH CATEGORY)**



**FIGURE 2 AVERAGE INCOME OF IGA BENEFICIARIES IN WARRAP STATE (SDG)**





## Lessons learned and recommendations

To increase preparedness to respond to future emergencies with a CBI (when appropriate), aid agencies should:

- Bear in mind the time of year that will offer the best environment and resources for starting IGAs, and expect that a programme such as this will require 18-24 months for a full project cycle.
- Create cooperative relationships with local authorities and leaders that will not interfere with the agency's political neutrality or programming goals.
- Consider the role of business plan development in beneficiary selection. This task encourages people with less experience to comprehend the tasks associated with building and maintaining a successful business. Making writing a business plan a shared task helps overcome any literacy issues of applicants.
- Develop straightforward training modules for beneficiaries that are applicable to each stage of programme implementation. Content should be relevant to their experience levels, knowledge gaps and needs.

To improve future CBI planning and implementation, aid agencies should:

- Allot sufficient time for completing market feasibility studies as well as for identifying, mobilizing and training the community. These processes

strengthen beneficiary ownership over their IGA, and support the development and sustainability of businesses.

- Time IGA start-up with consideration for when commodity prices will be at a low point to reduce procurement costs, and to allow businesses whose profits are dependent on a specific season to develop before that season starts.
- Design a safety net feature to implement alongside IGA support to assist more vulnerable households with meeting basic needs, especially in the beginning of IGA development. This may help both with the success of businesses managed by more vulnerable households and with preventing finance mismanagement by people with particularly burdensome personal situations.
- Consider taking a more community-based approach to targeting.
- Perform additional training for beneficiaries on marketing, profit management, conflict resolution, and planning future IGA projects. More training will help satisfy needs that come up during implementation and provide technical and moral support to IGA groups.

## Contact details and further reading

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For more detailed information, please refer to the evaluation of this programme, Pietzsch, Silke and Emily Sloane, "Cash Grant Supported Income Generating Activities: Twic and Gogrial West Counties, Warrap State, Southern Sudan: Program Evaluation" (Sept 2010).

