CASH TRANSFER PROGRAMMING IN EMERGENCIES

CASH TRANSFER MECHANISMS AND DISASTER PREPAREDNESS IN THE PHILIPPINES

CaLP

BY GREGOIRE POISSON

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The Cash Learning Partnership (CaLP) aims to promote appropriate, timely and quality cash and voucher programming as a tool in humanitarian response and preparedness.

Originating from the will to gather the lessons learnt from the Tsunami emergency response in 2005, the CaLP is today composed by Oxfam GB, the British Red Cross, Save the Children, the Norwegian Refugee Council and Action Against Hunger / ACF International. The five steering committee organisations have come together to support capacity building, research and information-sharing on cash transfer programming as an effective tool to support populations affected by disasters in a way that maintains dignity and choice for beneficiaries while stimulating local economies and markets.

In 2010, the CaLP partnered with the International Federation of the Red Cross and Red Crescent societies (IFRC), with support from ECHO and Visa Inc.

For more information, visit: www.cashlearning.org

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DEFINITION OF TERMS AND ABBREVIATIONS

ACF	Action Contre la Faim International
AML	Anti Money Laundering
ATM	Automated Teller Machines
BDO	Banco de Oro
BPI	Bank of Philippines International
BSP	Central Bank of the Philippines
ADRA	Adventist Development and Relief Agency
CaLP	Cash Learning Partnership
CARE	Cooperative for Assistance and Relief Everywhere
CFW	Cash for Work
CTP	Cash Transfer Program
CFSI	Community and Family Services International
CSR	Corporate Social Responsibility
DSWD	Department of Social Welfare and Development
ICRC	International Committee of the Red Cross
IDP	Internally Displaced Person
IFRC	International Federation of the Red Cross
IGA	Income Generating Activities
IOM	International Office for Migrations
KYC	Know Your Customer
M&E	Monitoring and Evaluation
NFI	Non Food item
PIN	Personal Identity Number
Php	Philippines Peso
PoP	Point of Payment
PoS	Point of Sale
PVBCC	Philippines Veteran Bank Credit Cards
OCHA	United Nation Office for the Coordination of Humanitarian Affairs
SMS	Short Message Service
STC	Save The Children
WFP	World Food Program

EXECUTIVE SUMMARY

The use of cash to deliver assistance in case of humanitarian emergency remains a relatively new approach in the Philippines, and aid agencies are at the early stages of developing guidelines, policies and organizational capacity to implement cash projects. Project managers lack support and guidance with the practicalities of how to deliver cash to people most efficiently and effectively. Too often that means that they have to start from scratch in assessing and choosing between different options for cash delivery.

This report documents lessons learned from previous Filipino experiences with Cash Transfer Programs, including approaches, constraints and opportunities, and it identifies key needs to develop CTPs (section 1 on Cash Transfer Programs). It explores the available transfer mechanisms, how they can be adapted to the needs of the humanitarian community, and assesses the pros and cons of different options (section 2 on cash transfer mechanisms). This section provides a comparative analysis of mechanisms, as well as a mechanism setup sheet in annex. Finally, it investigates how agencies can prepare themselves to implement CTPs, through the integration of CTPs and mechanisms in their contingency plans, procedures, capacity building and other preparation measures (section 3, preparedness), with practical guidance provided in annex.

The report is based on a review of the relevant literature, project documents and interviews with aid agency staff and commercial providers.

CASH TRANSFER PROGRAMS

As a group, agencies have tested all types of CTPs, although CFW and vouchers are clearly more prevalent, while cash grants have just recently been piloted. Individual agencies, however, are still reluctant to use CTPs, especially cash grants and vouchers, in new sectors and phases, particularly to cover basic needs during the immediate aftermath of emergencies. Although there has been a clear trend toward the use of cash transfers, the procurement and provision of in-kind is still favored in emergencies.

Cash transfers are perceived as riskier, prone to misuse by recipients, and less likely to be accepted by recipients who associate cash grants with dole-outs. However, evidence from previous experiences proves that this is not the case. Agencies feel more comfortable with a type of intervention they have been using routinely for years than with newer CTP options. Preparedness, capacities and procedures have to be built throughout the project cycle (from set-up to monitoring), and particularly in terms of transfer mechanisms: these concerns will be addressed in sections 2 and 3.

CASH TRANSFER MECHANISMS

On top of the widely used hand-to-hand cash distribution and paper vouchers schemes, and aside the less efficient cheque and bank transfer solutions, three promising innovative mechanisms have been identified: remittances, mobile transfer and prepaid

cards. All three use delivery agents to provide funds to recipients, effectively lowering risk and workload for the agency, while ensuring accountability. All three can be used either to distribute cash or as vouchers.

Remittance transfer system as a mechanism is fast, and easy to implement. Because of simple procedures and extensive coverage it is most convenient for recipients. Its main drawback is that repeated payments will entail repeated charges and travel to the point of payment (PoP) for recipients, and that recipients will have to withdraw their cash at once.

Mobile phone transfer is a good mechanism in terms of coverage and level of charges and allows receiving and spending cash in installments. However, transferring cash through mobiles entails training recipients and requires some literacy (and of course depends on network coverage).

Using pre-paid cards allows recipients to withdraw cash from any ATM or use their card in any PoS terminal (mobile PoS can be set up if they are not available), as well as to receive and spend cash in installments. The main disadvantage of pre-paid cards is that withdrawing from ATMs requires some literacy and training, and access to payment devices can be limited.

PREPAREDNESS

Agencies must prepare themselves to implement CTPs, through the integration of CTPs and mechanisms in their contingency plans, procedures, capacity building and other preparation measures. Without good contingency planning and preparedness, CTPs cannot be implemented efficiently, effectively and in time. Often, a CTP simply cannot be implemented due to the important gaps in capacities to develop it. Time constraint is especially strong when considering the use of new mechanisms of transfer to be implemented, which require knowledge and adjustments by both the agency and the provider.

Therefore, agencies need to include CTPs into contingency plans and define roles and responsibilities for each department and for each step of the program: assessment, proposal and funding, planning, implementation, monitoring as well as communication activities.

Agencies also need to develop CTP related tools and procedures for each phase of the program cycle: During the needs and response analysis, agencies should carry out market analysis, CTP selection, and a transfer mechanism and delivery agent assessment. When planning cash interventions, agencies need to know how to work with the delivery agent. Determining roles and responsibilities, and the delivery features (what information is needed for the database, where are the PoPs etc.) is key. Finally, implementation will focus on the transfer process and monitoring of the use of cash.

Emergency preparedness includes building capacity, ensuring coordination, advocating toward partners, linking with donors, developing pre-agreements and, most importantly, developing pilot projects. Developing pre-agreements with cash transfer service providers is especially important for minimizing set-up time. Pilot project development is also crucial for the expansion of the scope of the cash transfer solution, for agencies to improve their capacities, and for the providers to adapt their service to the specific needs of the humanitarian community; and finally to improve the effectiveness of CTPs for the benefit of affected populations.

INTRODUCTION

The Philippines should be at the forefront of the use of cash in disasters: One of the most disaster-prone countries in the world, with about twenty typhoons a year, it has a strong network of relief agencies and tested contingency mechanisms. It is also home to a very sophisticated cash transfer industry, with new technologies providing different options for making payments. However, the use of cash, as opposed to 'in-kind' assistance, remains a relatively new approach, and aid agencies are at the early stages of developing guidelines, policies and organizational capacity to implement cash projects.

This is why the Cash Learning Partnership, or CaLP, an ECHO-funded program aiming to improve the quality of emergency cash transfer and voucher programming across the humanitarian sector, decided to operate in the Philippines.

CaLP has identified timing as a key issue in cash and voucher emergency responses. Disaster preparedness and contingency planning are key to develop fast, efficient and effective cash-based interventions when disaster strikes.

The present research is part of a Visa/CaLP partnership to develop more efficient cash-based emergency responses by improving disaster preparedness and ensuring increased reactivity and quality of interventions. The general objective of this research is to provide guidance on the most appropriate and innovative tools and mechanisms for the implementation of cash-based interventions in emergency; and to support the development of disaster preparedness capacities amongst humanitarian stakeholders.

Review CTP experience in the Philippines

The consultant met with the main humanitarian stakeholders (Government, UN agencies, international and national NGOs), and their experience in terms of CTP was clearly delineated. Section 1 of the research contains a summing-up of the experience with CTPs. This review of the CTP experience in the Philippines, although not a direct objective of the research at first, was deemed crucial to develop the understanding of CTPs in a country where CTP experience is still limited.

Review and compare the main cash transfer mechanisms

The consultant has liaised with the cash main transfer service providers to discuss their products, adapt them to the needs of the humanitarian community and negotiate prices. Pros and cons of each methodology – including conditions of use, potential coverage, processes, advantages, constraints, effectiveness, costs, capacities needed, etc. have been highlighted depending on the context of intervention, so as to provide humanitarian stakeholders with a clear decision tool. An innovative card-based mechanism has been developed and included in the review. The review of cash transfer mechanisms is developed in section 2 and the new mechanism is described in 2.1.5.

Design a preparedness strategy of cash transfer in emergencies

Needs and priorities related to emergency cash based interventions have been identified and the integration of cash transfers in disaster preparedness

has been discussed with stakeholders. A workshop has presented the first results of the research (CTP experience and available mechanisms) to the main stakeholders in order to explore their needs in terms of preparedness and identify which transfer mechanisms they were interested in (see workshop minutes in annex 9). The results of the workshop and of the research on preparedness appear in section 3.

Provide materials to develop the capacities of stakeholders in preparing cash-based interventions

The report provides transfer mechanism guidance material on the basis of the preparedness strategy: procedures, formats, pre-agreement, processes (see section 3 as well as annexes).

1 CASH TRANSFER PROGRAM EXPERIENCES IN THE PHILIPPINES – A REVIEW

This section seeks to improve awareness and understanding of various CTPs used by the agencies in the Philippines, highlight best practices in light of prevailing contexts (1.1) and understand constraints and needs of agencies willing to develop CTPs (1.2).

Most of the agencies that have developed CTPs in the Philippines have been met:

- Government : DSWD
- UN agencies: IOM & WFP
- Red Cross: IFRC
- NGOs: International: ACF, ADRA, CARE, CRS, Christian Aid, Oxfam, Save The Children, Tzu Chi and World Vision; National: Accord, CFSI

An interview-based approach was used to carry out the study, based on a pre-designed form (see annex 1) to ensure responses were captured in a structured manner, focusing on key considerations of CTPs and payment mechanisms to facilitate comparative analysis.

1.1 Cash Transfer Programs in Emergency

This section reviews CTP experiences and practices in the Philippines, looking at (i) Cash for Work, (ii) Vouchers, (iii) Unconditional and (iv) Conditional cash grants.

Cash for Work

Definition and appropriate context

With Cash for Work, payment (in cash or vouchers) is provided as a wage for work, usually in public or community programs. Cash for Work often has dual objectives: providing income for participants and creating or rehabilitating useful community (and sometimes individual) assets. In emergencies, providing people with immediate income is usually the primary objective, with asset rehabilitation or creation as a secondary aim.

Cash for Work may be an appropriate response when

- Assets can be rehabilitated or created and maintained through public or community works
- The target population has the capacity to undertake the work (the work requirement should not disrupt people's own survival and livelihood recovery strategies as they deal with the impact of a shock. Work can also disrupt care for children.)
- Equipment and technical supervision can be provided.

Review of the Philippine experience

Almost all humanitarian organizations in the Philippines have organized Cash for Work (CFW) in recent disaster responses. None has anti-CFW policies and almost all have set CFW procedures.

Most agencies use CFW first as a relief tool (albeit not in the immediate aftermath of a disaster but during the recovery phase), to provide affected families with cash in order to help people meet their basic needs, and link it to various sectors as it is a way to restore and develop infrastructures – e.g., shelter (IOM, IFRC rebuilt temporary shelter), WASH (World Vision repaired latrines, waste collection), education (Save The Children built schools) or agricultural infrastructures (irrigation canals), and other community infrastructures (e.g., Christian Aid rehabilitated roads).

CFW can also play a role in return and reintegration processes, longer term recovery or development, through the development of vital new infrastructures (see EU funded development program implemented by Accord in Cordillera, in 167 villages in five regions in Northern Luzon in 2009-2010) or simply as a way to support livelihoods of the vulnerable (DSWD's CFW scheme provides small farmers and fisher folks with cash during the lean season for attending DRR training).

Key lessons

CFW methodologies are well understood and commonly used by NGOs, Government and UN agencies in the Philippines. However, there is a sense that many organizations in the Philippines use Cash for Work as a way to disburse cash without going against negative perceptions attached to cash among local leaders (and sometimes communities and agencies' staff). To quote a report providing a rationale for the intervention: CFW is *"considered 'more appropriate' than free cash response"*[1].

Because they require the set-up and supervision of asset rehabilitation projects, CFW are generally slower to set-up, more complex and costly for agencies than cash grants. If the goal is simply to meet basic needs (as was the case in many of the cases reviewed), then agencies should consider straightforward cash transfers rather than CFW.

BOX 1 WFP/CSFI/DSWD Cash for work

In response to typhoon Ketsana and Parma, in July 2010 to January 2011, WFP implemented a CFW in the urban and peri-urban areas surrounding Manila. The overall objective of the project was to support and stabilize the food security conditions of affected people by improving their purchasing power, and CFW was considered a more appropriate response than outright cash distribution or food vouchers to avoid "dole out" perception. Projects were related to rehabilitation (cleaning, de-clogging), risk reduction (tree planting, erosion control program) or training attendance.

The results were good at the recipient level, with the cash used to buy mainly food (72%) and other basic necessities including NFI (11%) and basic services (mainly tuition fees and medicines). 88% of the recipients considered cash as appropriate. For the agency, the project confirmed that markets were functioning, that cash offered recipients the desired flexibility in choice, therefore mitigating the selling of undesired in-kind items, and more cost-efficient than food-for-work.

[1] "WFP, DSWD & CFSI Cash-for-Work Pilot, Evaluation Report" WFP Philippines Country Office , August to December 2010

Also, because of the time needed to set up and implement projects, Cash for Work are more appropriate during the recovery period than in the immediate aftermath of a disaster, even if CFW could be used right after the disaster in particular circumstances (ex. to clean the street). And indeed, most CFW reviewed have been implemented between one and a few months after the disaster. In addition, work requirements can disrupt people's own survival and livelihood recovery strategies as they deal with the impacts of a disaster. Most vulnerable (single mothers, elders, handicapped) are also usually not able to work, hence the importance of alternative CTPs, especially unconditional cash grants or vouchers to cover needs of affected families.

Vouchers

Presentation

Vouchers are coupons, tokens or electronic cards that provide recipients with access to commodities. There are two types of vouchers: cash vouchers function like cash, meaning that recipients can redeem them to buy a fix value from participating traders, while commodity vouchers are redeemable only for a pre-determined amount of commodities or services (effectively protecting recipients from inflation). Vendors, traders and other participating groups in the scheme, redeem the vouchers for cash from the agency or a partner. Vouchers are used to increase the access to a specific set of goods and services with a certain level of control. It can also reduce the risks attached to the changes in prices, or to the handling of cash – corruption, loss or theft both at the agency and at the recipient level. In some cases it can also allow to work with specific traders, in order to support them or to ensure good practices.

The use of vouchers can be appropriate when:

- Local traders are able to cope with the volume of increased trade and potential cash flow needs.
- Traders are willing to participate in the program on agreed terms and conditions, e.g., quality standards and/or price, requirements for accountability materials, or presence of staff and volunteers for monitoring.
- The agency has a reliable finance and administration system to pay traders in time.

And like for any CTP, traders must be accessible by recipients and key commodities must be available.

Review of the Philippine experience

In theory, vouchers can be used to purchase anything that cash does, and so can easily be used across sectors. In the Philippines however, interventions using vouchers have tended to focus on specific sectors, especially shelter (CRS, IOM, IFRC and STC) and to a lesser extent, livelihoods (IOM and IFRC) and food (ACF).

For shelter rehabilitation, most programs provided commodity vouchers in order to ensure that construction standards were consistently upheld. An exception was the recent IFRC shelter and livelihoods program: this recovery program used commodity vouchers to provide recipients with P7000 (120 USD) worth of shelter materials, with people buying whatever they wanted to rebuild their houses and IFRC volunteers paying at the cashier. A similar methodology was used for livelihoods needs. This program has reached 16.000 households in one-and-a-half years.

IOM and IFRC implemented the Livelihoods Cash Voucher or pseudo-voucher[2] as part of their recovery programs, wherein vouchers could be exchanged for tools or agricultural inputs.

The first time vouchers were used in a relief operation, and to meet immediate food needs, seems to have been during the June 2011 ACF intervention in the framework of the Cotabato floods (*see box 2 below*).

Key Lessons

Vouchers are a common CTP in the Philippines, especially in for shelter and livelihoods recovery

[2] Both IOM and IFRC let recipients shop by themselves and had staff or volunteers paying for purchases at cashier.

interventions. However, vouchers typically entail slower set-up, heavier work-load for the staff, and end up being more expensive, as they bring with them an additional administrative burden, than cash transfers. Issuance of vouchers requires time to engage traders, requires sensitization on how the voucher system works, as well as monitoring their use at the points of sale. Contracts and systems also need to be put in place to pay traders, determined through consultation among program, finance and administrative departments. Furthermore, if they are restricted to certain commodities and services, vouchers projects may not respond to people's priority needs (much like in-kind assistance).

BOX 2 ACF food commodity vouchers

In response to the Cotabato floods in July 2011, ACF implemented a voucher program aimed at increasing the access to food of families in 5 peri-urban evacuation centers. After assessment, it was clear that there was a need for food assistance, although some rice had been distributed by the government. Shops and supermarkets were functioning and accessible, and food was available at stable prices. After consulting local city authorities and selecting beneficiaries, ACF decided to provide paper commodity vouchers to 2000 beneficiaries and pilot pre-paid cards with 300 beneficiaries.

The field team negotiated and signed formal agreements with two local supermarkets, had paper vouchers designed and printed, and listed food items allowed for purchase. In Manila, CaLP and ACF negotiated with the Philippine Veterans Bank on the pre-paid cards and the transaction system (cards were programmed to be used exclusively at the two selected supermarkets).

Monitoring showed that vouchers had been used as intended and that recipients appreciated the flexibility given to them in terms of choice by the pre-paid-card cash vouchers, especially the access to fresh food. Set-up and implementation had been fast and cost-efficient compared to in-kind distribution.

For all these reasons, if there is no need to strictly control recipients' purchases – as can be the case in shelter projects, where quality of building material is key – vouchers might not be the most appropriate solution. For instance, in the case of livelihoods programs, receiving cash might allow more choice for recipients who usually know better than agencies what they need for their business.

On the other hand, the use of vouchers in terms of sectors and phases has been rather restricted so far. The ACF pilot (see box 2) proved that vouchers could be used in the immediate aftermath of a disaster and to cover basic food needs. Other sectors, such as health, could be covered as well. Finally, there is a clear potential for vouchers where security does not allow for the use of cash, Mindanao being a case in point.

Conditional cash grants

Presentation

Conditional grants are cash transfers that must be spent in a particular way (i.e., buy equipment to set up livelihood activity), or in exchange for specific actions that need to be taken (i.e., send children to school). In order to control the use of the money, a grant can be paid in several installments, with a payment made only after verifying how the cash from the previous one was used or what has been done. When cash is given after recipients have met a specific condition, such as enrolling children in school or having them vaccinated, the cash may then be spent freely by the recipients. Conditional transfers may especially be used when the agency has objectives related to a specific sector, as, by imposing the fulfillment of certain conditions, they allow the agency to tie the funds' use to a particular aim.

Conditional transfers are appropriate when:

- There is a clear need of tying the funds to a particular goal
- A condition can be created, i.e., there is enough time for recipients to fulfill it
- A condition can be verified, i.e., the agency has the resources and the time to verify its fulfillment.

Review of the Philippine experience

Only Oxfam has used conditional grants as part of a recovery response, to support affected families in restoring their livelihoods. However, many others used it in a developmental approach. In this regard, the Pantawid Pamilyang Pilipino Program (4Ps) of the DSWD, is particularly important. It is a poverty reduction and social development program of the National Government that provides cash assistance to the poor if they fulfill conditions related to the health, nutrition and education of their children (pre- and post-natal care, deworming, vaccines and school attendance for children under 14 years old). Although it is clearly not part of the emergency framework of this study, 4Ps is important, for three reasons: (1) it shows the willingness of the government to take the lead in cash transfers. (2) It is now changing the perception of the administration and the public at large, regarding cash transfers. Cash transfers, once perceived as dole-out, are now considered feasible and positive. Finally, (3) it is using various mechanisms of transfer to provide the cash to beneficiaries.

Key Lessons

Conditional cash grants are rarely used in response to disaster in the Philippines, although they can be lighter and faster to implement than in-kind distributions or vouchers, depending on how difficult it is to ensure or verify if conditions have been fulfilled. In shelter rehabilitation, for example, conditional grants have proven their effectiveness in fostering a very rapid recovery in housing, and there would be scope to replace direct procurement or voucher interventions by conditional cash transfers.

However, conditional transfers may be more appropriate to recovery intervention rather than immediate relief. Conditionality may be complex, long and cumbersome to be applied in emergency relief operations. Compared to unconditional cash transfers, conditional grants are slower to set-up, and their implementation is heavier (hence costly) in terms of workload for the staff of agencies (see box 3). Verifying conditions creates an administrative burden and should therefore only be used with a clear justification. If the project aims at influencing behaviors, sensitization can be used rather than putting in place conditions that must be verified. Hence, where possible, unconditional cash grants should be considered for rapid relief interventions.

On the other hand, with a lack of conditionality, programs run the risk of seeing recipients spend outside of aid objectives. But it could be argued that if recipients choose to spend outside objectives, it is likely that the objectives did not accurately reflect their priorities, and that either the targeting should have been stricter or the objectives should have been broader, so as to better reflect their needs.

Unconditional grants

Presentation

With unconditional cash transfers, recipients are given money with no conditions or work requirements. Recipients are entitled to use the money however they wish. The objective is that people will buy whatever they need.

Review of the Philippine experience

Two humanitarian organizations have used unconditional cash transfers in the Philippines, and both have done this recently: Oxfam distributed Php1,000 (USD 20) to 10,000 affected families during the first phase of its Ketsana response, and Christian Aid during the smaller Meari emergency in Rizal (see details in box 4). Both used it in the immediate aftermath of an emergency to provide affected families with basic necessities and food in particular, in a context where recipients had diverse, multi-sectoral needs, and where cash could fill the gaps and complement prior (government) distributions.

Key Lessons

Unconditional grants are still rarely used in the Philippines, although they are lighter, faster and more cost-efficient to implement than any other CTP (CFW, vouchers or conditional cash grants), let alone procurement. Indeed, the implementing

BOX 3 Oxfam Unconditional and Conditional Cash Transfers

Oxfam's Ketsana Emergency Food Security & Livelihoods intervention had 3 phases:

Phase 1 was intended to cover basic needs for individual families. Oxfam provided 10,000 families with a blanket Php 1,000 unconditional grant. During Phase 2, Oxfam targeted about 6,500 women with a Php 5,000 income-generating activity conditional cash grant. Recipients were selected on criteria of vulnerability and on the condition that they had a feasible livelihood project. Phase 3 was meant to further the first livelihoods intervention, groups including phase 2 recipients were given Php 25,000 to 250,000 (max 5,000 Php/members). Groups were also required to propose feasible projects that will generate sustainable income and a bank account.

Both phase 2 and 3 imposed the fulfilment of conditions prior to disbursement. Fulfilling these conditions were both long and cumbersome: It took a good month for the team to review the projects of 10,000 families in phase 2, and even longer for groups to organize themselves, submit proposals and open bank accounts.

In Phase 2 the grant was used as intended for the most part (60% of the funds effectively going toward livelihoods rehabilitation). However, an important part of it was used to cover basic needs (25%) and shelter (10%). This reflects both the non-binding nature of the conditionality used in this project and the fact that some had more pressing needs than livelihoods. Recipients were very appreciative of the grants, which was clearly more cost-efficient than an in-kind distribution, even though the set-up was particularly slow and heavy for Oxfam's staff.

BOX 4 Christian Aid – Unconditional cash transfer

Christian Aid (CA) tested unconditional cash transfers for the first time in July 2011, after Meari typhoon had flooded Rizal. The objective was to ensure food security and to cover other basic needs of the affected families immediately after the disaster. One thousand two hundred (1,200) recipients were provided with Php 1,000 through remittance company LBC.

Christian Aid had opted for a CTP after assessing that markets were functioning and accessible in these urban and peri-urban areas. It had chosen cash to give the recipients freedom of choice. Considering the diversity of needs, both at the individual level and between different individuals, CA could never have responded as accurately through traditional procurement and distribution of goods. Unconditional cash transfer seemed to make sense in order to deliver fast.

Evaluation results were not available at the time of writing, but first indications showed that beneficiaries did use the grants for basic needs, particularly food, and were very satisfied with the intervention. Oxfam's unconditional cash transfer yielded the same results with most of the recipients using funds to buy food, but health, education and livelihoods were also addressed.

The set-up and implementation was fast, as it took less than 2 weeks to implement, compared to 3 weeks to 2 months to distribute goods. The workload was particularly light, as agency staff (in this case CA's NGO partner) only had to do preliminary work: selection of beneficiaries and set-up of the master list, advocacy toward leaders, orientation sessions and the monitoring of the cash use through random checks and focus group discussions. It was also cheap, as no logistics and no heavy set-up were involved.

agency does not have to put in place systems to verify conditions (conditional transfers), identify suppliers (vouchers) or manage public works (Cash for Work), buy, transport or distribute in-kind goods (procurement). They are also versatile and can cate for complex, multi-faceted needs, and the diversity of individual situations.

Because of this simplicity and flexibility, unconditional grants could be used in a variety of interventions (shelter, livelihoods, NFI), and most notably in emergency relief, where time is of the essence. However, what should be seen as the main advantage of unconditional grants, its ability to tackle the multi-dimensional needs of disaster-affected families and to fill the gaps of sector-based distributions, is perceived by most agencies as an issue, because it does not fit a sectoral approach.

It is important to go beyond the division of responses into sectors and realize that there must be a holistic approach to emergency relief, and that an unconditional cash transfer, because it is flexible, can be an effective and efficient response tool.

1.2 Synthesis

This section will put the experience of CTP into perspective by comparing them (1.2.1 Summary) and understanding what prevents agencies from using them (1.2.2 Barriers).

Summary: potential vs. current use of CTPs

As a group, humanitarian stakeholders in the Philippines have **a wealth of experience in using CTPs** (*see annex2: overview of agencies experiences*). They have collectively implemented all types of CTPs, be it Cash for Work, Vouchers, Conditional grants or Unconditional cash transfers. However, some CTPs are more familiar than others:

- There is overall strong experience in Cash for Work. This is a time-tested approach, and agencies have been using it for many years now.
- Although not as pervasive as Cash for Work, vouchers are also a familiar tool in the Philippines, albeit relatively recent compared to CFW.
- Very few stakeholders have tested the use of grants and most of the experiences are recent.

Furthermore, most of the CTP experiences relate to **specific sectors**: vouchers, for instance, have mostly been used for shelter and income-generating activities, the only exception being the very recent (July 2011) ACF pilot for food security. It also relates to **specific phases** in the response, as almost all CTP experiences were implemented during the recovery phase of emergencies, be it early recovery. The procurement and provision of in-kind is still favored in emergencies, both because it is sometimes relevant and because interviewed agencies feel more comfortable with a type of intervention they have been using routinely for years.

However, there is a clear trend these last 2 years toward (i) the use of new, less familiar CTPs such as conditional and unconditional grants, (ii) the use of CTP in the immediate aftermath of disasters and (iii) the use of CTPs for new sectors or multi-sectoral interventions. This trend is not only visible from existing intervention, but also from the interest of stakeholders in everything connected with CTPs. Most stakeholders are willing to pilot new CTPs (*see annex 9, workshop minutes*). In addition, they see the potential of CTPs to evolve seamlessly from relief to early recovery and reintegration processes up to longer-term development.

Considering the pros and cons of each type of CTP (*see annex 3: comparing CTP*) and that the context of intervention often allows the consideration of various CTP options to respond to disasters, stakeholders still do not use CTPs to their full potential:

- Vouchers and unconditional cash transfers could be used more often in emergency relief to tackle

multi-dimensional needs, to mitigate security risks and to stimulate local markets.

- Conditional cash transfers could be implemented in more ways and sectors than they have been, to develop interventions in the shelter and livelihoods sectors for example, but also health and education (to follow the lead of DSWD's 4Ps).

The only CTP that has little room for expansion is Cash for Work, not only because it has been used in different contexts already, but also because in some contexts and to address specific objectives such as to address basic needs, it could be advantageously replaced with unconditional transfers.

Barriers to cash programming

If there is so much potential, and so much interest in CTPs, why have humanitarian stakeholders not used them more often so far? Interviews, reports and workshops revealed two sets of issues are at work: issues related to perception and issues related to capacities.

Perceptions

Cash distribution without asking something in return is still not well understood and perceived in the Philippines, be it at the level of the general public or of the agencies themselves. Indeed, there are a number of fears around cash at agency, community or political leadership level. Communities and/or leaders may fear that cash will be used in anti-social ways, will be more susceptible to theft or cause an increase in violence, will create conflict between beneficiaries and non-beneficiaries, may cause inflation of prices, or may be appropriated by the powerful. In the Philippines, key fears around using cash in humanitarian aid commonly revolve around misuse of cash and security concerns.

- **Security and corruption**: Agencies are often reluctant to consider cash-based responses because of a perception that they may be more vulnerable to corrupt diversion, looting or theft.
- **Buying influence**: In the Philippines, cash distribution is associated with dole-out or vote buying or in exchange for favors; hence most leaders and agencies are reluctant to distribute cash, at least without recipient having to work for it. Many claim that recipients have an aversion to receiving funds that way.
- **Misuse of cash**: The concern of communities, local leaders and agencies is that the funds provided could be used for anti-social or inappropriate purposes. Men could control the cash provided and spend it on alcohol and cigarettes, rather than buying food for hungry children.

Fears around cash and especially conditional or unconditional grants can be traced to the issue of trust: **are beneficiaries to be trusted to use cash in the best of their interest?** The basic question in considering the impacts of cash transfer programs is what people purchase with the money they receive. The lack of control over what cash is spent on is one of the reasons for caution in the use of cash-based approaches. For aid agencies the provision of cash means accepting a worrying lack of certainty about what their assistance will be used for. In-kind is therefore preferred to vouchers, which are preferred to cash.

Negative perceptions of cash transfers do not correspond to the reality. Cash can be secure (i.e., the use of banks and other financial institutions potentially reduces the security and corruption risks associated with cash transfers), it is not usually misused nor subject to more corruption than in-kind distributions, and can be perceived positively by recipients or communities, not associated with dole-outs. In addition, there is very little evidence of cash being used in what can be labeled 'anti-social' or inappropriate ways. When conditions are particularly severe, people are likely to spend cash on basic needs, primarily food and small items such as soap (e.g., Christian Aid unconditional cash transfer). Where the amounts provided are more generous or immediate needs less severe, people spend cash on key investments such as livestock or trading, and on services, notably health and education (see Oxfam conditional cash transfer). Recent experiences previously presented are providing evidences of this, and perceptions are changing accordingly. Going beyond negative perceptions should allow agencies

to use more open versions of CTP, cash grants, and to use them when they are most needed, in the immediate aftermath of a disaster.

Capacities

Because agencies have little experience with CTPs, they often lack the expertise and the procedures needed to implement cash transfers. This lack of capacity and know-how is reflected at all levels when agencies want to develop a CTP:

- Many agencies and their staff lack a clear understanding of CTPs and the different options available to them, which might result in agencies choosing less appropriate types of CTPs.
- Assessment procedures are not always adapted to CTPs: emergency assessments rarely include market assessment, CTP-related risk analysis (security and corruption issues) or cost-effectiveness comparisons.
- Aid agencies are not aware of the mechanisms that they can use, in particular regarding new technologies like mobile transfer or cards. None of the agencies interviewed have listed possible transfer services, nor signed pre-agreements with providers.
- Before launching an intervention, agencies usually do not know the policies and procedure of donors regarding cash transfers.
- Most agencies do not have clear procedures to launch and implement CTPs (except for CFW). Both experience and procedure issues are most acute at the level of the administration and finance department. For instance, financial verification procedures of UN agencies are based on bill collection, and cannot account for the outright distribution of cash.
- Service providers are not used to providing cash for relief operations, thus their services are not adapted to humanitarian constraints and their understanding of humanitarian needs is low.
- As for monitoring, cash cannot be directly linked to project goals and agencies do not know what and how they should monitor projects.
- Because CTPs are not part of preparedness plans and of pre-agreed emergency procedures, there is sometimes no possibility to use them.

This research aims to address these barriers of perception and lack of capacities, through (part 1) the review of the experiences and lessons from the Philippines (field evidences); (part 2) the development of technical knowledge and the provision of an analysis of the mechanism of transfer available and related service providers; and (part 3) clear guidance and tools for the integration of CTP into the responses to disaster.

BOX 5 Section summary

There is a wealth of CTP experience in the Philippines. As a group, agencies have tested all types of CTPs, although CFW and vouchers are clearly more prevalent, while cash grants have just recently been piloted. However, there is scope to use CTPs, especially cash grants and vouchers, in new sectors and phases, especially to cover basic needs during the immediate aftermath of emergencies. Although there has been a clear trend toward the use of cash transfers, the procurement and provision of in-kind is still favored in emergencies.

The barriers to using CTPs are related to perception and practices. Cash transfers are perceived as riskier, prone to misuse by recipients, and less likely to be accepted by recipients who associate cash grants to dole-outs. However, evidence from previous experiences presented in section 1.1 proves this is not the case. Agencies also feel more comfortable with a type of intervention they have been using routinely for years than with newer CTP options. Preparedness, capacities and procedures have to be built throughout the project cycle, particularly regarding transfer mechanisms.

2 CASH TRANSFER MECHANISMS

This section seeks to improve awareness and understanding of various transfer mechanisms available in the Philippines (2.1) and compare these mechanisms according to contexts (2.2). Most of the providers that can transfer cash in the Philippines have been consulted for this study, including remittance companies, mobile phone network providers and banks. Interviews were conducted in several rounds to ensure providers understood the needs of the humanitarian community and offered an adapted service at the best cost.

2.1 Available mechanisms

This section describes the different cash transfer mechanisms available in the Philippines – (i) hand-to-hand distribution, (ii) paper vouchers, (iii) remittance transfer system, (iv) pre-paid cards, and (v) mobile phone transfers, as well as the existing providers of these mechanisms and their respective features.

Checks and bank transfers have not been developed in this section as, in the Philippines, there are better ways of transferring cash in emergency and because these mechanisms are well known by agencies. For a comparison on the pros and cons of each mechanism, including checks and bank transfers, see section 2.2. Those interested in a description of cheque cash transfers can refer to the CaLP quick delivery guide[3].

All cards, mobile phone transfers and in some cases remittance services can be used to purchase goods in shops and as vouchers. The features of these **electronic vouchers** are discussed in each of the mechanism sections and not in a separate electronic voucher section.

Transfer mechanisms practices in the Philippines

Humanitarian stakeholders in the Philippines have already tested most of the existing transfer mechanisms, in different contexts (see table 1). Two mechanisms have been used widely and for several years already. Both have proved their versatility in many different contexts, from relief to development and urban to remote areas:

- Hand-to-hand distribution is the main mechanism for both cash-for-work and cash grants.
- Paper vouchers are the most used for voucher schemes.

[3] Available online at: www.cashlearning.org/resources/tools

Table 1: Experience of transfer mechanisms

	Use	Time span	Phase	CTP	Area	Actors
Hand to hand	Very frequent	for years	Relief Recovery Development	CFW Cash Grant	Urban Rural	DSWD, WFP, NGOs (CARE, CFSI, WV, etc.)
Paper vouchers	Frequent	recent	Relief Recovery Development	Voucher	Urban Rural	IOM, IFRC, PRC, ICRC, NGOs
Checks	Limited	recent	Recovery	Cash Grant	Urban	Oxfam / WFP (Land Bank)
Bank transfer	Limited	recent	Recovery Development	Cash Grant	Urban	DSWD, Oxfam, WFP (Land Bank, etc.)
Remittance transfer	Pilot	very recent	Relief Recovery Development	Cash Grant	Urban	Oxfam, Christian Aid (LBC), DSWD (G-cash Remit)
Mobile phone transfer	Pilot	very recent	Recovery	Cash Grant	Urban	WFP/DSWD/CFSI, (G-cash)
Prepaid card	Pilot	very recent	Relief	Voucher	Urban	ACF

Other mechanisms have been used sporadically by a few pioneering agencies, chiefly WFP and Oxfam but also DSWD (for its 4Ps development program) and more recently Christian Aid and ACF.

Checks and bank transfers have shown their limits as they were burdensome for agencies as well as intimidating and inconvenient for recipients. Remittances transfer systems, mobile phone transfer and prepaid cards on the other hand, have only been piloted in limited contexts – and their potential is yet to be explored: they have only been used to provide cash grants in urban contexts, but the three mechanisms can be used as vouchers[4] and in rural areas[5]. Pre-paid cards in particular have been piloted for the first time during this study and look promising.

Hand-to-hand (cash) distribution

Through hand-to-hand distribution (also called "direct cash" or "cash in envelopes") as a payment method, beneficiaries are provided with cash directly by the agency, without any agent or middleman.

Appropriate context

Agencies use this method when they want to transfer the cash fast and where the risk (both internal and

[4] Remittance companies G-cash Remit and Western Union can offer the use of the remittance as voucher at their partner outlets (stores and merchants). Mobile transfers can be used to transfer from recipient to merchant to buy products. Cards can be used in any store with PoS terminals.

[5] Remittance companies have branches in rural areas and G-cash Remit, Cebuana Lhuillier and Western Union could arrange mobile or temporary outlets. Mobile transfers have high penetration in rural areas – in any area with mobile coverage. Banks can provide mobile PoS to equip stores in rural areas.

external) attached to handling the money is low. The risk of theft and graft by the staff is contained, the context is secure enough for money to be transported without risk, a secure location can be arranged for distribution, and beneficiaries can safely access the point of payment, bring and spend their cash. Cash is neither dangerous nor stigmatized, so that discretion is not needed.

BOX 6 Hand-to-hand distribution experience in the Philippines

Hand-to-hand distribution is the most familiar CTP mechanism in the Philippines, and government and UN agencies as well as almost all NGOs in the Philippines have used it. This mechanism is used in multiple contexts, be it relief or development, and in all types of CTP (except of course vouchers): although it is most common in Cash-for-Work (with the exception of WFP's checks and mobile transfer pilot during Ketsana), a number of grants programs have used direct distribution, both for conditional and unconditional cash transfers (i.e., the Oxfam cash transfer in its first phase of Ketsana, where Php 1,000 was provided to 10,000 families). It has also been tested in all contexts, be it urban or rural (though very remote areas with no monetized economies will not accept cash).

Process

The set-up requires that the agency selects beneficiaries and creates a recipient list. As for the implementation, the agency organizes and secures distribution, which entails withdrawing the cash from a bank, counting it and putting it into envelopes, transporting the cash to the site, securing a Point of Payment (PoP), communicating with beneficiaries and authorities, and ensuring the distribution. Communication itself is simple: it focuses on the selection criteria and what recipients are entitled to. No specific training is needed as cash is the most familiar form of currency. The agency then ensures reporting and reconciliation itself, as well as monitoring.

This process is usually fast, straightforward, flexible[6], and reasonably cheap although it can be cumbersome for the staff (*see table 2 for details*).

Recipients are typically satisfied with this payment mechanism; It is convenient both because it delivers cash directly into their hands and because it can be used at a nearby location (e.g., the evacuee center). Non-beneficiaries can be an issue as direct cash distribution is usually very visible and crowd control can be problematic during distribution (more so than in-kind, maybe because cash is more desirable and less likely to be shared than in-kind).

Paper vouchers

Paper vouchers are printed papers that can be exchanged for a set quantity or value of goods or services. There are typically two kinds of vouchers: **cash vouchers** that are denominated with a cash value (e.g., $10), and **commodity vouchers** that are denominated as a quantity of commodities or services (e.g., 5 kg rice). They are redeemable with pre-selected shops or traders.

This section describes paper vouchers as a transfer mechanism (as opposed to electronic vouchers, see following sections). It is not a discussion of vouchers as a CTP modality (see previous section), hence it focuses on specific paper features. For a discussion of electronic vouchers, see following sections on remittance transfers, mobile phone transfers and pre-paid cards.

Appropriate context

Paper vouchers are appropriate when handling cash is risky for beneficiaries; when there is a risk that recipients do not buy what is deemed necessary; and when other voucher technologies cannot be implemented or are not preferable. It requires that:

– Local traders are able to cope with the volume of increased trade and potential cash flow needs.

[6] For the purpose of this report, 'flexibility' will refer to the ease of use and change in use by the agency. Flexibility for the recipients will be designated by the term 'convenience'.

Table 2[7]: Key features of hand-to-hand payment process

ELEMENTS OF THE PAYMENT PROCESS	FEATURES OF DIRECT CASH
Creation of database	The database will be used by the agency only. As such it can be set up in any format and as simple as needed.
Method of identification and authentication	Beneficiaries do not need official identification (such as a national identity card) to receive cash. However, some form of identification should be used to ensure that beneficiaries meet the targeting criteria and are not duplicate beneficiaries (double registration). Authentication at the PoP could be done by using an NGO identity card, registration card or 'token', or identification by a community member.
Currency	Cash
Point of Payment (PoP)	A pre-organised distribution point chosen by the agency (a village, a camp etc.).
Reporting and reconciliations	Easy reporting and reconciliation if an electronic database (such as Excel) is used. Records need to be kept for cash that is not claimed.
Promotion, training, communication, customer support	A brief session is required with beneficiaries to explain what the cash is for and how much is being provided. Information will also need to be provided to other stakeholders, such as local authorities and community leaders.

- Traders are willing to participate in the program on agreed terms and conditions. e.g., quality standards and/or price, requirements for accountability materials.
- The agency has a reliable finance and administration system to pay traders in time.
- Vouchers can be printed, if possible by a professional printer to avoid fraud copies.

Process

Implementing a paper voucher program specifically requires agencies to:

- Negotiate agreements with stores and with a printing company to produce the voucher.
- Distribute the vouchers and explain how to use them to beneficiaries.
- Ensure reporting and reconciliation, which entails collecting back the vouchers after use.

This process is usually fast, straightforward, flexible, and reasonably cheap for the agency – compared to the process for electronic vouchers - although it can be tedious for the finance staff to collect the used vouchers and pay merchants.

Recipients are typically satisfied by this payment mechanism, as it can be used at a nearby location (e.g., the evacuee center). Paper vouchers allow partnership with small, local, and even informal stores, as they do not require merchants to register with large providers as is the case with electronic vouchers (see pre-paid cards and mobile transfer sections).

[7] Feature and assessment tables are adapted from "Cash transfers mechanisms in emergency", Paul Harvey et al, 2011

Table 3: key assessment criteria of the hand-to-hand payment mechanism

CRITERIA	ASSESSMENT
Timing, preparedness and partnerships	Fast to get up and running in an emergency as no delivery agent is needed.
Scale, flexibility and resilience	Extremely flexible as the agency is in complete control. Can be operated on a large-scale. Resilient enough to continue providing cash as long as there is enough hard cash and there is a secure PoP
Costs	No external charges, but counting, transport and distribution have to be factored in. Low cost to the recipient (no travel nor withdrawing charges)
Human resources and capacity	Usually mobilize the finance department to withdraw, count, and transport, sometimes distribute. Counting cash (and placing in envelops) is labour intensive, time consuming, repetitive and risky. Staffs are needed during distribution for crowd control, helping beneficiaries, and verifying / witnessing the payments. If repeated payments are required, repeated distributions will be needed.
Convenience for recipients	No literacy or numeracy is required. No official form of identification is needed, therefore less likely to exclude groups such as children, women and elderly. PoPs can be set up anywhere, even in remote areas, and close to the beneficiaries, ensuring that women, elderly, and chronically ill are more likely to be able to receive payment unassisted.
Security	Depending on the context, there may be security risks to staff or delivery agent in transporting and distributing the cash.
Risk	There may be increased risk of theft / corruption with staff handling cash.
Accountability and reliability	As far as the agency is accountable and reliable.

BOX 7 Paper voucher experience in the Philippines

Paper vouchers are a popular CTP mechanism in the Philippines. They have only been used in recovery so far, especially for shelter (CRS, IOM, IFRC and STC) and to a lesser extent, livelihoods (IOM and IFRC) interventions, and in diverse contexts, be it urban or rural, safe of risky (in Mindanao for instance). Though it has never been done, there is a potential to use it in relief operations also. It is not uncommon for Filipino supermarkets to use gift certificates, which makes it a familiar mechanism for some urban communities.

Table 4: Key features of paper voucher payment process

ELEMENTS OF THE PAYMENT PROCESS	FEATURES OF VOUCHERS
Creation of database	The database will be used by the agency only. As such, it can be set up in any format and as simple as needed
Method of identification and authentication	Beneficiaries do not need official identification (such as a national identity card) to receive cash. Authentication at the PoS can be done by using an NGO identity card or identification by community member, or only the voucher.
Currency	Voucher
Point of Payment (PoP)	Vouchers are distributed at a pre-organised voucher distribution point. E.g., a village, an evacuee center. PoPs can be set-up as close to beneficiaries as needed.
Reporting and reconciliations	Reporting and reconciliation can be tedious as they entail collecting vouchers from merchants.
Promotion, training, communication, customer support	A brief session is required with beneficiaries to explain what the voucher is for, what its value is, how to use the voucher and the location of the shops branch. Printed copies of the names and addresses of shops / services should be made readily available.

Table 5: Key assessment criteria of the paper voucher payment mechanism

CRITERIA	ADVANTAGES
Timing, preparedness and partnerships	Printing vouchers and partnering with local traders is easy and fast in the Philippines.
Scale, flexibility and resilience	Extremely flexible as the agency is in complete control. Can be operated on a large-scale if merchants can cope with the influx. Very resilient mechanism – as it does not depend on infrastructures.
Costs	Very low external charges (cost of printing), but distribution and reconciliation have to be factored in. Low cost to the recipient.
Human resources and capacity	Finance department to reconcile and pay merchants. If repeated payments are required, repeated distributions will be needed.
Convenience for recipients	No literacy or numeracy is required. No official form of identification is needed, therefore less likely to exclude groups such as children, women and elderly. PoPs can be set up anywhere, even in remote areas, and close to the beneficiaries.
Security	No security risk for staff and less than cash for recipients
Risk	Less risk of theft / corruption with staff.

Remittance transfer

With remittance transfer as a payment method, beneficiaries are provided with cash through a remittance company that will ensure that recipients can pick up their cash in one of their branches or network. Remittance transfers are very common in the Philippines, and the industry is both sophisticated and competitive.

Appropriate context

Agencies use this method when they want to transfer the cash securely, as the company is responsible for the disbursement of the cash to the selected recipients, and discretely, as distribution takes place in a closed-off branch, at the recipient's time of choosing. Indispensable conditions includes that branches need to be accessible at the location – though some providers can provide mobile remittance transfer services – i.e., they can distribute cash at an ad-hoc/temporary point.

BOX 8 Remittance transfer experience in the Philippines

In the Philippines, remittance transfers have only been used in few instances and very recently: Oxfam and Christian Aid have contracted LBC (a courier cum remittance company) respectively in 2010 and 2011, and DSWD's 4Ps program has started using G-Cash remit in 2011. They have been used in different context: urban and peri-urban (Oxfam & CA) as well as very remote locations (G-cash has been contracted precisely to reach these locations), quite secure such as post-Ketsana Manila or very insecure like Sulu, in immediate relief (CA), recovery (Oxfam) or outright development (4Ps). It was used for conditional and unconditional grants, and could be used for CFW and even vouchers (a feature of G-cash remit allows for vouchers) in the future: remittances can cover the whole spectrum of CTP types, emergency phases and locations.

Although the set-up was sometimes long (2 weeks in Oxfam's case), mainly because a contract had to be drafted and signed, the implementation was smooth and effective in all cases.

Process

All remittance companies follow the same general transfer procedure: (i) the sender provides money and receiver's information, (ii) the remittance company (or the sender) will then provide the receiver with a tracking number, (iii) finally the receiver will pick-up his cash at any branch by presenting his tracking number and a matching ID.

The process (see table 6) also includes:

- Contracting a remittance company, funding the company account (or opening an account if working with banks) and uploading a recipient list.
- Providing tracking numbers to recipients. The distribution of numbers is an opportunity to communicate the pick-up process to recipients. When the influx of recipients might be overwhelming, the agency and the provider should agree on sharing the distribution between branches and staging it.
- The agency will then only need to monitor and troubleshoot, while the provider provides cash to beneficiaries.

As recipients bring their tracking numbers and identifications to the branch, the provider cashes out, provides customer support to tackle issues at the branch or through a hotline, liaises with the agency on issues as they arise, and provides daily (or sometimes real time) and consolidated reports on withdrawals.

This process is usually fast, simple, and cheap although in some cases set-up and contracting can take long as remittance providers are not used to working with humanitarian agencies (see table 8 for details). Note that companies usually do not work in bulk but for individual orders – and some do not have bulk order procedures. In this last case, the process to send money will be more difficult for the aid agency,

Table 6: Key features of remittance payment process

ELEMENTS OF THE PAYMENT PROCESS	FEATURES OF REMITTANCE TRANSFERS
Creation of database	The database can be simple: only names and amount sent are needed, to which tracking numbers will be added (but banks can ask for more information). The format asked by providers to upload in their system is usually an Excel file.
Method of identification and authentication	Remittance companies require some form of official identification (they list 19, including voter identity card and barangay certificate) to withdraw cash, but can be flexible and accept NGO IDs (except banks). Authentication at the PoP includes presentation of the tracking number and signature. Remittance companies have procedures to accommodate illiterate recipients. They also accept some discrepancies between declared name and ID spelling (as long as it does not change the gender of the recipient). In case of larger discrepancy, they will contact the agency to ask for guidance.
Currency	Cash – but G-cash (see remittance providers below) can provide e-money to be used as voucher.
Point of Payment (PoP)	A branch of the provider or a partner of the network (e.g., a store). Some providers can set-up ad-hoc PoPs in areas where they do not have existing PoPs.
Reporting and reconciliations	Automatic reporting and reconciliation provided daily or in real time. Audit trail compliant with financial and anti-laundering regulations.
Promotion, training, communication, customer support	A brief session is required with beneficiaries to provide their tracking number and explain the pick-up process. Communication material has been developed by the provider. Customer support (call center hotline) geared toward fast handling of complaints. Technical support (e.g., an account manager) can be provided to liaise with the NGO.

which will need to issue as many orders as the number of beneficiaries. This payment mechanism is convenient and easy to use for recipients, as it is geared toward unsophisticated clients, although it implies beneficiaries travelling to a branch.

Remittance providers

There are three types of remittance companies in the Philippines: remittance companies, banks and phone operators (see annex 5 for a table comparing all providers). Banks and phone operators also provide remittance transfer as one of the services they can provide to their customers; however, their modus operandi is quite different from remittance companies. They are treated here in different sections.

Remittance companies

For the purpose of this study, the four largest remittance companies[8] in the Philippines were selected: Cebuana, Mlhuillier, LBC and Western Union.

Cebuana Lhuillier, MLhuillier and LBC have very similar structures and procedures: they all have large networks of their own branches that cover the whole country, though less in rural areas and in some parts of Mindanao (due to security concerns). They have uniform procedures, staff training, operating hours

[8] We call "core player" remittance companies those companies whose main business is remittance – though LBC is also a courier company, while the Lhuilliers are also pawnshops.

Table 7: Key assessment criteria of the remittance payment mechanism

CRITERIA	ASSESSMENT
Timing, preparedness and partnerships	Set-up can take long as remittance companies are geared toward individual remittances. However, set-up time can be cut through pre-agreement. Delivery time is fast – transfer is in real time, but additional time is needed to transfer from agency to provider, upload recipient list, distribute tracking numbers and explain the pick-up process to recipient – hence a three-day window is realistic. In case of large numbers, staging is advisable to avoid overwhelming the branch. In case the retrieving outlet is not a branch but a partner, especially a 'mom and pop' store, some time should be given to ensure cash is available.
Scale, flexibility and resilience	Extremely flexible as remittance companies include changes in their normal procedures: reversal and modifications are possible and the system is very reactive (customer and technical support available). Can be operated on a large scale (numerous branches). Each branch can handle 100 to 200 customers a day. Very resilient – usually among the first up and running after a disaster, as more business is done after disasters.
Costs	Low cost: transfer charge is between 1 and 2% (after negotiation) or a flat fee of Php 50 to 100 – no other charges. The recipient has to travel to the branch (G-cash remit and Cebuana Lhuillier can be mobile though, at no cost if remittance amounts are large enough).
Human resources and capacity	Staffs are needed for communication to recipients and tracking number distribution. If repeated payments are required, repeated distributions will be needed.
Convenience for recipients	No literacy is required as remittance procedures take illiteracy into account. Identification is flexible, but some kind of ID is needed. Although remittance companies have extensive networks in the Philippines, not all areas are covered, especially the more rural ones. However, G-cash remit, Cebuana Lhuillier and possibly Western Union offer mobile PoPs.
Security	No security risk to the aid agency. Risk of handling cash for recipients (except with direct payment to stores through G-cash remit or "mom & pop" stores for western union.
Risk	No risk of theft / corruption as staff is not handling cash – remittance providers handle these risks and guarantee the money will be delivered.
Accountability and reliability	Remittance companies are fully accountable as they fall under the scrutiny of the Central Bank and anti-laundering regulations. They are very reliable, although those working through partners (Western Union and G-cash remit) might be less – care has to be taken that partners have the funds and can deliver in time.

(note that although most branches operate 7 days a week from 8 to 6, some open 24/7) and access to cash (i.e., the total amount to be retrieved is not an issue). Their cost structure is according to brackets – public tariffs go from Php 50 for Php 1000 to Php 200 for 5000. However, they are ready to lower their rates for bulk transfers[9]. Although they usually handle individual transfers, they have systems in place to handle bulk orders.

Cebuana will soon offer a new service: mobile remittance service through fully equipped cars that will serve each of the eight regions, developing their reach.

Western Union on the other hand has a much larger network (8000 agents) but does not own branches: It only provides the system that links sending and receiving agents (agents that provide funds to the recipient). Sending agents are in charge of all relationships with the sender, including taking the client's order and his cash, technical/customer support and reporting. There are six large networks handling this process, including Petnet, RCPI, ebusiness and Tambunting.

Receiving agents ensure authentication, paper trail and provide cash. There are three types of agents: pawnshops (including Tambunting, Hluillier, Villarica), rural banks and micro-finance institutions and individual traders (such as internet cafes and petty stores).

Working through partners means that pick-up agents may have different operating hours or take more time to make large amounts of cash available, especially the "mom & pop" stores in rural areas. Agencies will contract a single sending agent (and not Western Union) but recipients could withdraw at any of the 8000 branches of WU's network. At the time of research, automated bulk upload was not in place yet, but Petnet was developing a similar solution for another client. Rates are negotiable, with Western Union keen to use its CSR to lower fees. Agents could be mobile – this would need to be arranged through Western Union, and because they work with merchants and small stores, their solution could be used as vouchers.

Banks:

There are two types of banks for remittance transfer: those that work with their own branches and those that have developed a network of partners, usually based on the large pawnshops chains (but also including rural banks and Micro-Finance Institutions). Banco de Oro (BDO) for instance only allows pick-up at their own 600 branches, while Bank of the Philippine Islands (BPI) allows pick-up with their partners (mainly pawnshops) at a total of 3000 outlets.

Both work with flat fees that make them quite expensive for small sums (i.e., under Php15,000). Banks typically charge around P100 for pick-up in their own branches and around 150 in partners' outlets. They could be willing to lower these, if cash is picked up at their branches. Furthermore, banks are more difficult to work with as their management is less responsive and their procedures, both for contracting and authentication, are more stringent (banks only accept official IDs and require the contracting agency to provide a long set of documents to comply with Central Bank's rules). The main reason to work with banks would be to have a bank branch clearly more accessible than the outlet of another remittance company – although this seems unlikely given the difference in outreach.

Mobile phone operator: G-cash remit

G-cash Remit is a remittance transfer service provided by Globe[10] company. It builds on Globe's mobile transfer (G-cash, see next section) network and service to provide remittances, but contrary to G-cash, G-cash Remit recipients do not have to be Globe mobile phone subscribers, as they will not receive e-money

[9] In preliminary discussions for this research, companies could offer tariffs as low as 1%, with a minimum of P20, or price brackets: P1-1000 for P50.00 / 1001–5000 for 75.00 / 5001–10,000 for 100 / 10,001–50,000 for 120.

[10] Although G-cash remit is provided by a mobile phone company, it is not a mobile phone transfer: it does not involve e-money and one does not need a phone to send or receive the cash. Mobile phone transfers (including G-cash service) will be described in the next chapter.

but hard cash. As with any remittance service, they will be provided with a tracking number that they will have to present to withdraw their cash at any outlet. This tracking number can be provided through any channel (a piece of paper given by the agency to the recipient or SMS of any operator). G-cash has a very large network (6500 outlets), and presence in remote locations, wherever there is phone coverage (as transactions between globe and outlets go through their g-cash system).

G-cash Remit charges a flat P84 (August 2011) per transaction, which could be negotiated, but probably not under P50 as this is the share earned by the partner outlet (although there might be ways to negotiate this with outlets on a case by case basis). Globe may also be willing to waive fees for the use of its bulk transaction software for humanitarian action.

Outlets are not Globe's own, but rather independent partners, usually small merchants that also sell Globe's credit –which means they have their own operating hours. They are responsible for coming up with the cash, transporting it by themselves to their location, which means that in case of large influx of withdrawals, they would need to be informed in advance so that they can arrange for it. Globe has developed two interesting features: it could set-up temporary points of payments (either by negotiating with a partner to move to the area or by accrediting a local outlet) although this would take around a week to organize. It is also willing to arrange **voucher schemes** as most of its partners are stores.

Mobile phone transfers

Mobile transfers are ways to send electronic money through mobile phones. With mobile transfers, beneficiaries are not provided with cash but with e-money that they can cash out, and then transfer to other owners of e-wallets or exchange for products through mobile phone networks[11].

[11] One mobile phone company, Globe, also provides a remittance transfer service, G-cash Remit. Although G-cash Remit is provided by a mobile phone company, it is not a mobile phone transfer: it does not involve e-money and one does not require a phone to send or receive the cash.

This section only discusses mobile phone transfers as defined here and not remittance transfer services provided by mobile phone companies. For **remittance through mobile phone**, please refer to the part 2.1.4 (G-cash remit).

Appropriate context

Agencies use this method when they want to provide vouchers or transfer cash securely, as the e-money is transferred directly to phone subscribers and can only be cashed out or sent by presenting the corresponding ID and texting his PIN. This mechanism can only be used with users who own the operator's SIM card (not necessarily a phone, as they can activate it in any phone, at the authorized outlet for instance), in areas with mobile phone coverage and where there are outlets to cash out. Provided that these conditions are fulfilled, very remote areas can be served.

BOX 9 Mobile transfers experience in the Philippines

The Philippines probably has one of the most developed and efficient mobile transfer systems in the world, at par with Kenya, but mobile transfers were only piloted once, during the Cash-for-Work intervention of WFP/CSFI/DSWD that was part of Ketsana response in July 2010. The pilot has proved that the scheme could work in emergencies: it was cheap and effective, with recipients feeling very empowered by the technology, and the distribution being less risky than direct cash. However, it also took very long to set up (more than a month), implementation was labor intensive - involving training, distribution of SIM cards and set-up of specific outlets, and the recipients felt the use was complex.

It was piloted to cover basic needs in the recovery phase of the response, but in theory, mobile transfers could be used indifferently for any type of CTP, any phase and any sector.

Table 8: Key features of mobile transfer process

ELEMENTS OF THE PAYMENT PROCESS	FEATURES OF MOBILE PHONE TRANSFER
Creation of database	The database can be simple: only names and amounts sent are needed (although SMART may ask for more information). Lists can be entered directly online or uploaded from Excel.
Method of identification and authentication	Mobile transfer companies ask some form of official ID (including Barangay or DSWD certificates) to withdraw cash, but G-cash could be flexible and accept student or NGO IDs. However, the name registered by the recipient and the name on his ID must be the same. Authentication at the PoP also includes sending an SMS with the PIN.
Currency	E-money that can be exchanged for cash or used as voucher (concerning G-cash).
Point of Payment (PoP)	A partner (i.e., mobile load retailers, often "mom & pop" / sari-sari stores). A PoP needs mobile coverage to operate.
Reporting and reconciliations	Automatic reporting and reconciliation provided in real time. Audit trail (signed forms) exist but might not be readily accessible as outlets are not connected to a central database.
Promotion, training, communication, customer support	Thorough training is required for beneficiaries to explain the pick-up process. Communication material has been developed by the provider. Customer support (call centre hotline) geared toward fast handling of complaints Technical support (e.g., an account manager) can be provided to liaise with the NGO.

Process

The transfer procedure is: (i) the sender registers with the mobile transfer service (providing his name and address), gives the money to a mobile transfer company's outlet and sends a text with his PIN, the amount and the receiver's phone number, (ii) the receiver then must register with the mobile transfer service and receives a text with the amount of cash he received and the PIN, (iii) the receiver can cash out at any authorized outlet by providing his PIN, presenting his ID (matching his registration information), or can send the money to another registered user, including a merchant to pay for goods.

The implementation process (see table 8) entails that agencies:

- Contract a mobile phone transfer company.
- Fund the company account, uploading a recipient list on a web-based application – mobile transfer companies have developed sophisticated programs to send money in bulk and track its use, as their solution is used routinely by private corporations to pay expenses or pay-rolls.
- Distribute SIM cards to recipients. Indeed, even in urban areas, a majority of recipients will not have the provider's SIM card. The agency also needs to train the recipients on the use of SIM cards (for those who are not familiar with phones) and the service, not a straightforward feat without a minimum literacy / numeracy / phone literacy level. For instance, registering and cashing out or transferring money to a merchant implies sending a coded message[12]. Training should also emphasize the cashing-out process: where to

[12] For G-cash, the message should contain PIN number/(Mother's Maiden Name)/(First Name)/(Last Name)/(Address)/(Telephone Number).

Table 9: Key assessment criteria of the mobile phone mechanism

Criteria	ASSESSMENT
Timing, preparedness and partnerships	Set-up can take long - particularly with SMART as they have no previous experience of working with humanitarian organizations. However, set-up time can be cut through pre-agreement. Delivery time has to take into account the lead time needed by outlets to come up with cash – at least a week for G-cash, and the time to deliver SIM cards.
Scale, flexibility and resilience	Not very flexible as the system is centralized (outlets cannot accommodate small discrepancies, SIM card must be reissued if lost, etc.). Reversal is not possible. Can be operated on a large scale (numerous branches) but outlets are mostly one-man operations that would have difficulties handling unruly crowds. Very resilient – phone operators are among the first up and running after a disaster.
Costs	Very low charge: transfer charge is 1% with a minimum of P10 for G-cash. SMART is more expensive and fees depend on the outlet (outlets can charge between 1 and 5%). A P2.5 per text charge applies – and would be the only charge in case of voucher. Agencies need to factor in the SIM card's cost (public price P40 although operators could waive fee), its distribution, training and high monitoring costs. The recipient has to travel to the branch (though G-cash can accredit a store in the vicinity of the targeted recipients).
Human resources and capacity	Staffs are needed for training of recipients and SIM card distribution. If repeated payments are required, no repeated distributions will be needed. Heavy monitoring is needed to tackle issues of crowd control at Point of Payment (especially if PoP is a sari-sari store), and recipients are having issues withdrawing, as the system can be challenging to use. One focal point (probably from the financial department) should be in charge of using the web interface.
Convenience for recipients	Phone literacy is required as procedure includes texting and is not intuitive. Mobile transfer companies have extensive networks in the Philippines, with extensive areas covered by phone, and G-cash can accredit new stores in the area if needed, hence travel to the PoP should not be a major hurdle.
Security	No security risk to the agency. Risk of handling cash for recipients (except with direct payment to stores if e-money is used as voucher).
Risk	No risk of theft / corruption as staff is not handling cash.
Accountability and reliability	Mobile transfer companies are fully accountable as they fall under the scrutiny of the central bank and anti-laundering regulations. Mobile transfer companies are working through independent partners. Reliability in terms of timing and capacity to deliver the necessary amount of cash might be at risk – care has to be taken that partners have the funds and can deliver in time.

cash-out (authorized agents in the area), what to bring (ID, registration, PIN number), etc.

- Prepare agents for an influx of clients and withdrawals (in coordination with the phone operator).
- Monitor the use of e-money and trouble shoot with the agency. Monitoring is easy thanks to the sophisticated web-based tools developed by the phone operators. Trouble shooting on the other hand might be very cumbersome: SIM

cards are prone to manufacturing flaws and loss by recipients (all the more when they are not embedded in a phone), the cash-out process can be error prone (e.g., typographical errors), etc.

Outlets are responsible for coming up with the necessary cash, which means they should be given enough lead time to transport the cash they need (although SMART sometimes "pushes" cash through its distribution network so that outlets can exchange e-money for cash). The operator ensures that outlets get paid, support customers through dedicated hotlines, have developed communication and promotion tools, and can provide live reporting and reconciliations through their web applications.

This mechanism is very cheap for small sums and has very good coverage (with outlets in most areas with phone coverage) but set-up can take long and implementation is cumbersome, mainly in terms of training (see table 9 for details). This payment mechanism is difficult to use for recipients, who must have good phone literacy to use it.

Mobile Phone Network Providers

There are two mobile phone transfer companies in the Philippines: Globe's G-cash (not to be confused with G-cash remit, Globe's more recent remittance product, see previous section) and SMART's SMART money. They both offer the same service and have essentially the same process: the sender can do bulk transfer through a web interface, and recipients need to register first and can then withdraw by sending a text, presenting an ID and filling a form at PoP or transfer to another account through text to use the e-money as voucher.

G-cash has several advantages over SMART. They have already worked with humanitarian organizations (WFP CFW pilot), have a uniform charge structure (1% instead of 1 to 5% for SMART), have a larger network (they claim 18.000 outlets instead of 4.000) and are ready to fast track accreditation of local outlets if needed. Finally, they are more eager to work with humanitarian organizations than SMART (SMART actually claimed during the research that it was too soon for them to work with the humanitarian community). The only advantage of SMART is that they can push the cash through their distribution network to ensure it is available at the Point of Payment, while G-cash, on the other hand, will not ensure this, but will inform their partners in advance for them to arrange the cash.

See annex 6 for more details.

Pre-paid cards

Pre-paid cards are a payment instrument that allows storing, withdrawing or paying merchants with electronic money. Contrary to debit cards, pre-paid cards are not linked to a bank account. Pre-paid cards were first tested in the Philippines during this research (see box 10).

Appropriate context

Agencies use this method when they want to provide vouchers or transfer cash securely, as the e-money is transferred directly to the cards and can only be cashed out by entering both the card and PIN in an ATM machine. This mechanism can only be used in areas with ATMs and/or merchants with PoS terminals (card readers), i.e., mostly in urban areas. If merchants (or the NGO) can be accredited, mobile PoS can be installed in more remote areas for the duration of the program, provided mobile coverage is available.

Pre-paid cards types and features

Various types of cards exist in the Filipino market that entail different lead times to order, print costs and PoS procedures:

- Specially designed cards (e.g., bearing the logo of the agency) need to be designed and approved by the card network (e.g., Visa) which takes 3 weeks. Issuance will also be longer (5-7 days). The design will also impact on price (e.g., some companies charge a Php 50,000 design fee or a Php 250 issuance fee per card).
- Embossing or printing of the cards (with the name of the NGO and the name of the recipient on the card) will take at least 2 to 5 days to issue.

- Personal cards can also be void (neither printed nor embossed) but only signed[13]. In that case, banks have available stocks that can be readily distributed.
- For these three types of cards, signing the bill will be required for in-store purchases or withdrawal at the cashier. They are all attached to a particular individual (beneficiary).
- Anonymous cards (also called gift cards) are not attached to a particular individual but instead to the name of the agency/organization. They present more risk as no authentication is required at the cashier, but a signature will still be requested, and a PIN will be needed for ATM withdrawal. Gift cards can be delivered on the same day and in large numbers (BPI has 30.000 in stock).

BOX 10 Pre-paid cards experience in the Philippines

The use of pre-paid cards in the Philippines is booming: banks have realized that in a market where most are unbanked, regular debit or credit cards could at best take off slowly, and have started promoting this alternative aggressively.

Pre-paid cards were first piloted in the framework of this research in July 2011 by ACF with PVB bank, in the immediate aftermath of Cotabato's floods. The use of cards was restricted to two supermarkets (i.e. cards had been programmed so that they could not be used at any other PoS or ATM), and it had been agreed with these supermarkets that cards could only be used to buy food (to avoid "anti-social" purchases such as alcohol). The pilot has proved that the scheme could work in emergencies: it was quick to set up and implement (contracting took 2 days, issuing and getting the cards to Cotabato took 3), reasonably cheap (total charges of P60 per recipient or 3% of the P2000 distributed to each family) and effective, with recipients satisfied and merchants preferring it to the traditional paper voucher approach also developed during that same emergency. There were a number of glitches, but investigation showed they were related to an upgrade of the provider's system, so that they shouldn't repeat in a normal environment. It was piloted to cover food security needs through a voucher program in the relief phase of the response, but in theory, pre-paid cards could be used indifferently for any type of CTP, any phase and any sector.

There is no provider of Smart Cards (cards with a chip, on which information is stocked) in the Philippines, which means that cards can only be used in areas with phone coverage. Using Smart Cards would entail importing them; leading to much higher costs and delays.

Cards can be open for use at any POS or ATM, or programmed so that they can be used at specific points. They can be restricted for use at ATMs or PoS, and within the PoS specific merchant categories (such as restaurants, hotels, and supermarkets) can be selected, within a category a specific merchant or at a merchant, a specific PoS terminal. However, not all banks can restrict use beyond categories, and restrictions must be tested to ensure they function, which can take one or two days. A way to avoid errors is to program terminals themselves along with the cards.

An important feature of cards[14] is the possibility of setting up mobile POS anywhere with mobile phone coverage. Banks can rent or provide these mobile terminals for free, provided purchases amount to more than Php 50,000 a month – a low figure for a CTP, even if recipients can access several PoS. Acquiring a merchant implies the merchant has the necessary registrations, which can be a challenge in more remote areas for smaller stores or traditional market stakeholders. If stores cannot be registered, banks are willing to register the aid agency, which could in turn provide the terminal to its partner merchants. This can allow for faster set-up (it takes 1 week to acquire a store), and agencies would only contract a mobile PoS when needed. However, mobilizing and operating mobile PoS will be an additional burden on the NGOs and might only be worthwhile for multiple grants/voucher distributions.

[14] Mobile POS can be used with any type of card: pre-paid cards, but also credit, debit, or smart cards.

An interesting option **is to develop** longer-term (5 years) validity anonymous cards that could be used at ATMs (with a PIN) or restricted to any merchant, without signature requested. It could then be reused with different features in different emergencies according to needs. Cards would be registered under the name of the NGO, collected at the end of an intervention and re-distributed for the following emergency. Used more than twice, cards become the cheapest available option to transfer funds (the only charge being the card issuance fee). The main problem with developing such an option is related to the signature (of card holder or beneficiary) requested at the back of the card for purchase. Only the central bank of the Philippines can authorize the use of a card that would not have to be signed, which can be advocated for humanitarian purpose.

Process

The transfer procedure includes the following steps: (i) the card is loaded with a monetary amount, (ii) the cardholder can cash out anytime at any ATM by providing his PIN or can swipe his card at any outlet with point of sale (PoS) terminals.

The implementation process (see table 12) entails that agencies:

- Contract a bank to issue cards
- Fund the bank account (or in some instances opens a bank account at the bank), upload a recipient list on a web-based application or sends the list in Excel format, and if necessary, discuss card use restrictions (i.e., to particular outlets selected by the agency) with the bank. Banks are quite stringent with "Know Your Customer" regulations (KYC) and ask for ten pieces of information (see table 11 below) from recipients to comply with the Central Bank regulations[15]. However, some of them are ready to accept less information.
- Distribute cards to recipients. The agency also needs to communicate the card's use to recipients, including where and how it can be used if there are restrictions, and train recipients if the card is to be used in ATMs (which requires a level of literacy).
- Monitor the use of cards and trouble shoot with the provider. Monitoring is easy thanks to the sophisticated web-based tools developed by banks. Trouble shooting entails having a focal point authorized to make changes and take decisions with the bank.

Banks will do the rest, including card issuance, programming card features (restrictions), and paying the merchant if a voucher system is selected. They have also developed communications tools (although they might not be adapted to targets, but rather to the urban wealthy), customer support and reporting systems that will ensure real time reconciliations and segregation of data according to individuals or groups of individuals, dates, use, etc. Direct technical support to the agency is not a given but should be negotiated to ensure reactivity in case of problems. The bank ensures that merchants get paid, support customers through dedicated hotlines, have developed communication and promotion tools, and can provide live reporting and reconciliations through its web applications.

This mechanism is very cost-effective for repeated payments and/or large sums (as it has no transaction fee – only a fee for card issuance) and has the capacity to serve large numbers of recipients (numerous ATM and merchants). Set-up can take long (banks are usually not very reactive) and in case of withdrawal at ATM, training and monitoring can be cumbersome (see table 12 for details).

This payment mechanism can be user-friendly if cards are used as vouchers (especially with gift cards, needing no signature) or difficult if cards are used at ATMs (ATMs require literacy and understanding of menus).

Pre-paid card Providers (see annex 7 for a comparison table):

Many banks can provide pre-paid cards in the Philippines: for the research, we selected the three

[15] BSP, the Filipino Central Bank, regulates the finance industry, including cash transfers. KYC regulations are meant to avoid cash laundering by tracing the money from an identified sender to an identified receiver.

Table 10: Key features of pre-paid cards process

ELEMENTS OF THE PAYMENT PROCESS	FEATURES OF PRE-PAID CARDS
Creation of database	Banks are bound to KYC requirements – hence the database should include ten items of information that may be difficult to gather[17]. However, some banks will accept less information – the legal responsibility will then rest with the agency. In the future, the Central Bank should be lobbied to relax KYC rules in case of emergency humanitarian response. Lists can be entered directly online or uploaded from Excel.
Method of identification and authentication	To withdraw cash, no ID is required but PIN needs to be entered. Some form of official ID can be required at PoS, depending on the type of card used (anonymous or not). Signature is always request at back of the card for purchase.
Currency	E-money, can be exchanged for cash or used as voucher.
Point of Payment (PoP)	ATM to withdraw cash and merchant's PoS to purchase goods.
Reporting and reconciliations	Automatic reporting and reconciliation provided in real time.
Promotion, training, communication, customer support	Thorough training is required to explain the ATM withdrawal process. Communication material has been developed by the provider but will have to be adapted to unsophisticated targets. Customer support (call center hotline) can handle complaints 24 hours a day, although they might not be geared to deal with unsophisticated recipients. Technical support can be provided to liaise with the NGO.

biggest banks (BDO, BPI and Metrobank), the government and DSWD's bank Landbank, a large international bank (Citibank) and a small, nimble player specialized in credit cards, PVBCC, the credit card arm of PVB (Filipino Veteran Bank). Of these, Landbank does not provide pre-paid cards, and Metrobank was not interested in working with the humanitarian sector[16]. Four offers are detailed here. These remaining offers have their pros and cons.

BDO and BPI are the two largest banks, and are the card stakeholders in the Philippines. They have a large network of ATMs and PoS (most merchants are either acquired by BDO or BPI), which means less charges and less issues with restriction (i.e., restricting your own PoS terminal is easier in terms of programming), and can provide mobile PoS. The drawback of their size is that they are not very responsive: set-up (pre-agreement) has to be done beforehand, lest contracting takes weeks (note that a bank account has to be opened with these banks). Contracts should insist on dedicated technical support and account management to ensure implementation issues will be tackled swiftly. Neither seemed overly eager to adapt their products to humanitarian needs, but their attitude could change if an agency implements a pilot with them.

BDO's solution spans the whole range of card types on both Visa and Mastercard networks but cannot

[16] Metrobank said they had other priorities. It seems they felt working with the humanitarian sector was too much trouble for the money.

[17] Including name, address, date and place of birth, nature of work, name of employer or nature of self-employment/business, contact details, source of funds, permanent address, nationality, tax identification number, social security system number or government service insurance number.

Table 11: Key assessment criteria of the pre-paid cards payment mechanism

Criteria	ASSESSMENT
Timing, preparedness and partnerships	Set-up can take long – banks are heavy institutions and are not used to working with humanitarian agencies. However, set-up time can be cut through pre-agreement. Card issuance can take time (3 weeks) if a special design is needed. Loading is automatic and real-time.
Scale, flexibility and resilience	Not very flexible as the system is centralized. Reversals and refunds can be negotiated but are usually difficult to set-up as money in wallets is legally the property of the card owner. Can be operated on a large-scale (numerous ATM and PoS) in urban areas. In case of major disruption, ATM and PoS might not be functioning.
Costs	Low charge: card issuance fee (around P50) but no transaction fee at PoS or bank ATM (transaction at another bank's ATM is P12). However, agencies need to factor in the card distribution and, in the case of ATM withdrawal, training and high monitoring costs. The recipient has to travel to the PoS or PoP (note that mobile PoS are available).
Human resources and capacity	Staffs are needed for training of recipients and card distribution. If repeated payments are required, no repeated distributions will be needed. For ATM withdrawal, support will be needed for recipients having issues withdrawing, as the system can be challenging to use. One focal point (probably from the financial department) should be in charge of using the web interface and liaising with the bank should cards fail.
Convenience for recipients	Some literacy is required to withdraw at ATM. In case cards are personal, signature will be required at cashier. ATM and PoS can only be found in urban centers, but banks can acquire merchants and provide mobile PoS, hence travel to the PoS should not be a major hurdle and pre-paid card vouchers could be feasible, even in rural context.
Security	No security risk to the agency. Risk with handling cash for recipients (except when cards are used as voucher).
Risk	No risk of theft / corruption as staff does not handle cash. Cards can be loaded after.
Accountability and reliability	Banks are fully accountable as they fall under the scrutiny of the central bank and anti-laundering regulations. They are very reliable, although less nimble than, for example, remittance companies.

be restricted[18]. Preliminary talks during the research showed higher prices than others'.

BPI cards will only work on their own network but they have a large ATM and PoS network (they should have a Visa or Mastercard pre-paid card in 2012). They have experience working with Department of Energy's "Pantawid Pasada" (Fuel Subsidy card), which means they understand the kind of requirements of a humanitarian program. This solution is cheap and very well suited to voucher programs (BPI proposed an excellent offer for the lending a PoS to any

[18] BDO does not want to restrict cards as it would be an additional burden on their technical department.

merchant in a voucher scheme) or cash transfers if there are BPI ATMs in the area.

PVBCC can provide any of the solutions (designed or anonymous, restricted or not, etc.). Their Visa pre-paid cards can be used with any PoS or ATM (note they have very few ATMs – which means there most likely will be a charge for withdrawal). Because they are a specialized player, they are very reactive, and have a dedicated team, allowing it to contract, issue, program and implement very swiftly. PVBCC have already worked in an emergency situation with ACF, which means they know the kind of constraints it entails and have tested PoS restrictions. Finally, they are very eager to work with humanitarian organizations in the future. The complex cost structure they have offered to ACF could probably be negotiated (in particular as they are the only player charging for PoS transaction).

Citibank is willing to work with humanitarian agencies and has developed a specific solution for emergency transfers during this research. Their solution is good and affordable, but they do not offer anonymous/gift cards yet, are more stringent than others with recipient information and cannot refund the NGO accounts in case the recipients have not used their cash. Citibank is in talks with the Central Bank to develop a Calamity card with less strict requirements. Pre-paid card use in humanitarian and development contexts is an international priority for Citibank, thus they are very eager to work with humanitarian organizations in the future, and to try to develop the most suitable services.

2.2 Comparative analysis of different mechanisms

Specific criteria of comparison

Each mechanism has its pros and cons and the context must be carefully evaluated before deciding which mechanism should be developed and used. Guidance in order to make a choice of mechanism and delivery agent (private actors) is developed in annex 11: **"Mechanism and delivery agent assessment tool".**

The context of intervention, the objectives of the intervention, its scale and the design of the related activities will influence the choice of transfer mechanism to be used (see part 2.2.2), giving more or less importance to the specific criteria of comparison presented below. For instance, if the main objective is to provide immediate life saving relief to an important number of beneficiaries then speed, practicality and reliability may be key factors. If it is recovery, cost and flexibility might be more important. If you plan to provide several transfers to the same beneficiaries, a reusable mechanism of transfer will be an advantage.

Generally speaking, a suitable transfer mechanism will be secure, transparent, efficient and reliable. For each available option, the following criteria should be assessed to identify the best tool:

- Availability in the area, access.
- Speed to set up and roll out: Time taken to roll out solution including set-up.
- Flexibility: Does the mechanism allow for rapid change to adapt it to changes in the field or in the objectives; are the registration/authentication systems flexible?
- Capacity: How is the delivery mechanism system likely to cope with a sudden influx of withdrawals? How many beneficiaries can be covered? How much money can be transferred?
- Human capacity needs: Numbers of staff required and their level of skills, which includes not only technical teams, but also logistics and

administration. For the beneficiaries, consider the required level of literacy, familiarity and preferences.

- Cost (for agency and recipient): The cost of different options for both the agency (provider charges, staff, transport, security and training costs) and the recipient (charges, travel costs, waiting time).
- Security: What risks are posed to the physical safety of aid agency staff, delivery agency staff and recipients?
- Reliability and risks: Capacity of the system to prevent error, breakdown, diversion and fraud. Will the transfer reach the right beneficiary on time, with the amount expected? What are the systems needed to manage risks such as fraud, error and security? Consider the level of automation, security in the system and at the point of disbursement, ability to monitor and rapidly correct, and security in the reporting and reconciliations process.
- Transparency: Can the system provide clear, detailed and reliable information regarding the transfers? Checks, automation, reporting and proofs of transfer should be considered.

The table below and the following analysis presents a general comparison of four different mechanisms in the Philippines, based on these criteria (see annex 4 for detailed table).

Table 12: General comparison of transfer mechanisms

	HAND-TO-HAND	REMITTANCE	MOBILE	CARD
Timing	+++ with pre-agreement +++ without	+++ with pre-agreement – without	+ with pre-agreement (training needed) -- – without	+++ with pre-agreement – – without
Scale, flexibility resilience	+++ +++ +++	+++ +++ +++	+++ – – ++	+++ – – +
Human resources	+	+++	+	++
Costs	++	+++	+	+
Convenience for recipient	+++	++	– –	+ in shop – for ATM
Rural presence	+ ++	++ (if mobile remittance services)	+	– – – (except PoS rental)
Risk	–	+	+++	+++

NB: + is a positive, – a negative (e.g., risk - means there is some risk, risk +++ means there is no risk)

Hand-to-hand distributions

Hand-to-hand distributions are fast and flexible. The preparation work may be intensive (envelopes, counting, etc.) but may be done by the aid agency's bank. As there is no external delivery agent, the agency is in complete control, which allows for high flexibility (e.g., to change recipient if the designated person cannot come to the distribution point), convenience for the recipients (no literacy requirements, point of payment in the community). On the other hand, distributing cash is labor intensive and risky in terms of theft or graft. Hand-to-hand is best in rural and remote locations, where delivery agents are unavailable or difficult to use, especially during relief operations, when there is no time to set-up another mechanism. It is also useful for CFW schemes as staff are in direct contact with recipients

to supervise them, hence distribution does not involve more workload for the team.

In any case, direct distribution entails distribution is secure enough both internally (graft) and externally (theft).

Paper Voucher

Paper Vouchers as a transfer mechanism are fast and easy to implement, and allow for flexibility and reactivity (because the agency is in control), but vouchers' distribution and collection can be work intensive (feature related to voucher as a CTP modality). Paper Vouchers are best for one-shot distribution or in rural and remote locations, where electronic vouchers are unavailable or difficult to use, especially during relief operations, when there is no time to set-up another mechanism.[19]

The production of paper vouchers entails that a printing company is available to the program staff – hardly an issue in the Philippines.

Bank transfer

Bank transfers imply that the project team facilitate opening accounts for recipients and train them in basic banking principles, a process that takes extremely long and is very inconvenient. Furthermore, banks are intimidating to recipients, are very strict in terms of KYC and authentication processes, and might not be able to serve large numbers of recipients. There are several better ways to transfer money in the Philippines. Bank transfers will especially be suitable in development programs where time is not an issue (i.e., development approach) and inclusion in the banking system might be desirable.

Bank transfers entails that banks services are available in the area (mainly present in urban area) and there is enough time to open accounts.

[19] Voucher printing is usually easier than electronic voucher production, and negotiation with traders will also have to be done for e-vouchers.

Checks

Providing money order checks does not involve opening accounts but is labor intensive (checks need to be signed) and lacks flexibility (e.g., in terms of identification or last minute changes). Banks are not geared to deal with big influx of clients or to support them in the withdrawal process. There are many better ways to transfer money in the Philippines, thus checks should only be used for very small numbers of recipients if a branch is close by.

Checks require that bank branches are in the vicinity and can accommodate the recipients' influx, but also that recipients are capable of dealing with a bank.

Remittance companies

Remittance transfer as a mechanism is fast, easy and reactive to implement. Distribution and reporting lies with the delivery agent, thus team's workload is reduced, corruption and security risks are lowered drastically. Low workloads and charges means total costs are contained. This mechanism has simple procedures for recipients and is convenient as remittance companies in the Philippines have extensive coverage and three of them (G-cash, Western Union and Cebuana) are willing to set-up temporary points of payments to reach even remote areas. Remittance companies have experience coping with emergencies. Its only drawback is that repeated payments will entail repeated charges and travel to PoP for recipients, and that recipients will have to withdraw their cash at once (whereas they could keep withdrawing in installments with cards or mobile phone transfer).

Remittance transfers are one of the best ways to transfer cash in the Philippines, whatever the phase and location, especially when single small cash grants are concerned. They can also be used as voucher, since G-cash and Western Union are disbursing funds through partnering stores. Instead of providing recipients with cash, stores could provide them with goods corresponding to the amount transferred. Voucher remittances are particularly handy in rural areas during recovery.

Remittance transfer requires that branches are available or that there is enough time to set up

temporary branches or for a store to be accredited (for voucher remittance).

Mobile Phone transfer

Mobile phone transfer is a good mechanism in terms of coverage and level of charges (G-cash is especially cheap). It can be used as vouchers with partnering stores and allows recipients to withdraw cash or use their vouchers in installments. However, transferring cash through mobile phones entails the distribution of SIM cards[20] and the training of recipients to use the service, which requires some phone literacy. In some cases, the aid agency could also opt for the distribution of phones, which adds a constraint on both distribution and budget. Because it is so complex, it should only be used for recurring grants in rural areas (e.g., for IDPs or as a safety net) where remittance transfer[21] or hand-to-hand distribution would be expensive on the long term and if the situation does not favor a pre-paid cards system.

Mobile phone transfers require that there is coverage, that there are authorized outlets in the area or time to accredit an outlet, and that recipients have some phone literacy.

Pre-paid cards

Pre-paid cards are a great way to transfer cash and can be use as voucher. The delivery agent is in charge of transfer and reporting, reducing risks and workload for the staff. They can be used as vouchers if the use of the card is restricted to the PoS of selected shops and allows recipients to withdraw cash or use their vouchers in installments. The main disadvantage of pre-paid cards is that withdrawing at ATMs requires some degree of literacy. Also, recipients' training and support will be needed, and using cards requires a signature at cashier (if no PIN). Finally, success depends on the reliability of the payment system. Pre-paid cards are the best way to provide repeated payments and large sums (to allow for staged withdrawals or purchases) in urban areas. Used as vouchers, the same can be done in both urban and rural areas (thanks to mobile PoS). ATM or PoS (for vouchers) have to be available in the area. Mobile PoS can be set up.

Advantages and disadvantages in context

This section will explore the pros and cons of each of these transfer mechanisms, as well as hand-to-hand cash distribution and paper vouchers depending on the chosen CTP (CFW, voucher or cash grant), the type of disaster (typhoon, earthquake or conflict), the context (urban or rural), the phase of emergency (relief/recovery/development), and the sector (basic needs, livelihoods, shelter etc.). While comparing the different mechanisms, these factors should be taken into account during the response analysis / design **in addition to the criteria presented before** (see 2.2.1).

To understand which mechanism may be more or less suitable depending on the context of intervention, we explore different scenarios for each CTP as they have been delineated by the different agencies met during the research. Each scenario is based on a different work hypothesis. Typhoon and ensuing floods imply short-term relief and early shift toward recovery, with most households able to return home as water recedes. A quake, on the other hand, requires a longer relief period to rebuild infrastructures. Conflict will create even longer displacement, but also higher security risks.

The type of transfers covered spans from (i) grants or vouchers to cover basic needs in the immediate aftermath of the disaster (relief phase), which entail small value transfers (typically P1000) but can be repeated according to the length of the relief period, (ii) larger grants or vouchers for income generating activities (typically P5 to 7000) and (iii) large staged transfers for shelter (P10 to15,000 in two or three installments).

For each scenario, we provide different transfer mechanism options, with the favored option first

[20] Phones are not needed as recipients can insert their SIMcards in the merchant's phone to withdraw their cash.

[21] Although for recurring transfers, very low charges could probably be negotiated with remittances companies. In that case, remittances should be favored.

and in bold, and other options following in order of preference.

Table 13 below and the following analysis present a general comparison of four different mechanisms in the Philippines depending on the type of disaster, the area of intervention and the modality of the CTP. **For a detailed explanation, please refer to annex 15**. Such analysis is general, and the comparison of mechanisms of transfer should always be done depending on the very specific context of each emergency, and considering the specific criteria presented in the part before (2.2.1).

Table 13: Example of potential mechanism depending of context of intervention and CTP modality (*)

	TYPHOON/FLOOD		EARTHQUAKE		CONFLICT	
	Rural	Urban	Rural	Urban	Rural	Urban
CFW Recovery	Hand-to-hand	Hand-to-hand Remittance	Hand-to-hand	Hand-to-hand Remittance	M.remittance	Cards Remittance
Voucher Immediate response Recovery	Paper voucher V. remittance Paper vouchers	Cards Cards	Paper voucher Cards V. remittance Paper vouchers	Paper voucher Cards Cards	Paper voucher Cards V.remittance Paper vouchers	Cards Cards
Cash grants Immediate response Recovery	M. remittance Hand to hand M. remittance	Remittance Cards Cards Remittance	M. remittance Hand to hand M. remittance	Cards Remittance Cards Remittance	M.remittance M.remittance	Cards Remittance Cards Remittance

(*) Note that **mobile remittance (M. remittance)** refers to remittance transfer distributed at an ad-hoc or mobile PoP. **Voucher remittance (V. remittance)** refers to remittance transfer where beneficiaries are able to directly purchase products up to the desired amount from a list of pre-selected items (the PoP has to be an outlet).

In case of a **Cash-for-Work** intervention, hand-to-hand transfer is a good solution as agency staff is in contact with recipients to supervise them. In more insecure contexts such as conflicts, cards (in urban setting) and remittances (in rural areas) should be favored. CFW is not often used in the immediate aftermath (the first or second week) of a disaster (see section 1 on CFW), thus this analysis only covers the recovery phase of the emergency.

For a **voucher** intervention, four mechanisms can be used: paper vouchers, voucher remittances (possible with companies that work with merchants: G-cash Remit and Western Union), cards and mobile transfers. The same mechanisms can be used irrespective of the scenario: Paper vouchers have the advantage of simplicity in remote areas and for single distributions. For urban areas, especially for large sums or repeated distribution, cards are best. For large sums or repeated distribution in rural areas, voucher remittance transfer work best. All forms of vouchers are secure, which makes vouchers a good solution in insecure environments such as conflicts.

Four mechanisms can be used for **cash grants**: hand-to-hand, remittances, cards and mobile transfers.

Cards are best for urban settings, especially for repeated payments and large sums. Remittances are best in rural context or in single transfers of smaller sums in urban context. Mobile transfers can be a good solution for long-term recurring transfers in rural areas, either in cases of long-term displacements or social safety nets. Hand-to-hand can be used, especially for single transfer in rural areas, but this is riskier and more cumbersome.

BOX 11 Section summary

On top of the widely used hand-to-hand cash distribution and paper vouchers schemes, and alongside the largely ineffective cheque and bank transfer solutions, three promising innovative mechanisms have been identified during the research: Remittances, mobile transfer and prepaid cards.

All three use professional delivery agents to provide funds to recipients (but also to support customers and report on the disbursements), effectively lowering risk and workload for the agency. All three can be used either to distribute cash or as vouchers.

- **Remittance transfer** as a mechanism is fast and simple to implement. Because of simple procedures and extensive coverage (and mobile remittance systems used by three companies), it is convenient for recipients. Its only drawbacks are that repeated payments will entail repeated charges and travel to PoP for recipients, and that recipients will have to withdraw their cash at once (whereas they could keep withdrawing in installments with cards or mobile transfer).
- **Mobile phone transfer** is a good mechanism in terms of coverage and level of charges (concerning G-cash) and allows receiving and spending cash in installments. However, transferring cash through mobiles entails extensive recipients' training and requires some literacy.
- **Pre-paid cards** allows recipients to withdraw cash from any ATM or use their card as voucher in any PoS terminal (mobile PoS can be set up if they are not available), as well as to receive and spend cash in installments. The card-based pilot conducted during this research was very promising. The main disadvantage of pre-paid cards is that withdrawing at ATMs requires some literacy and training, and that ATM/PoS are not readily available everywhere.

The potential of these new solutions is yet to be fully explored. Depending on which type of Cash Transfer Program is implemented, and on the context of intervention, the 5 mechanisms could be used as follows:

- **Cash-for-Work:** Hand-to-hand transfer is a good solution as agency staff is in contact with recipients to supervise them. In more insecure contexts, cards (in urban setting) and remittances (in rural areas) should be favored.
- **Vouchers:** Paper vouchers have the advantage of simplicity in remote areas and for single distributions. For urban areas, especially for large sums or repeated distribution, cards are best. For large sums or repeated distribution in rural areas, voucher remittance transfers work best.
- **Cash grants:** Cards are best for urban settings, for repeated payments and large sums. For rural context, or for single transfers of smaller sums in urban context, remittances are best. Mobile phone transfers can be a good solution for long-term recurring transfers in rural areas.

3 STRATEGY OF INTEGRATION OF CASH TRANSFER PROGRAMS IN PREPAREDNESS

In theory, cash programs should be implemented more quickly and efficiently than in-kind assistance because there is no need to purchase and transport goods. In practice, a number of hurdles remains that hamper the use and implementation of CTPs or delay them, translate into the distribution of in-kind or of less appropriate CTPs in place of the right CTPs, and into ineffective or inefficient implementation. This section intends to explore what is needed in terms of preparedness to ensure agencies can efficiently implement cash transfer programs.

Contingency planning involves strategies and procedures in anticipation of humanitarian crises: how we would response to disasters. Emergency preparedness is broader and can include, for example, training staff, stocking up on key relief commodities and creating stand- by capacities. None of these steps mean that agencies should automatically choose to implement cash transfers in the event of a crisis, merely that, if they choose to do so, arrangements are in place to ensure that cash reaches beneficiaries as promptly as possible. With good contingency planning and preparedness, it should be possible for crisis-affected populations to begin receiving a cash transfer within days of a crisis, if that were deemed the most appropriate response.

Through activities that increase the technical, organizational and financial capacities, preparedness improves the quality of the response to disaster while decreasing the time to respond. Without preparedness CTPs cannot be implemented efficiently, effectively and in time; and for some agencies, CTPs cannot be implemented at all due to the fact that:

- Important gaps exist in capacities to assess properly the situation after disaster and to design CTP.
- Specific fear and risks need to be understood, prevented or mitigated.
- Agencies may need to review operating procedures.
- Various options to transfer cash that exist have not yet been explored.
- The set-up of systems and contracts requires knowledge and adjustments by both the agency and the provider of transfer services.

The process of integrating CTP into preparedness, as it is developed in this research, includes (part 3.1) the review of the contingency plan – response strategies as well as the tools and procedures needed during the emergency response; and (Part 3.2) the identification of capacity building needs and other preparedness activities. In order to support this process and with the objective to increase the usefulness of this research, key guidance and documents are also provided (table 16 below), either in annex, or through references (often available at www.cashlearning.org).

Table 14: Key materials and tools provided or referred to

General materials
Annex 12: Integration of CTP in Contingency Plan
Annex 8: Keys criteria for assessing payment methods
Annex 10: Assessing the appropriateness of a cash intervention
Reference: CTP in emergency: "Good Practice Review" (ODI, HPG & CaLP); "Cash transfer mechanisms in emergencies" (CaLP).
Reference: market survey: EMMA tool kit (www.emma-toolkit.org) & MIFIRA tool kit
Reference funding: "The use of cash and vouchers in humanitarian crises", DG ECHO funding guidelines
Specific material to support set-up and implementation of the emergency response
Annex 4: Assessment of main transfer mechanisms (Philippines)
Annex 5: Key features of remittance companies (Philippines)
Annex 6: Key features of mobile transfer companies (Philippines)
Annex 7: Key features of pre-paid cards providers (Philippines)
Annex 11: Mechanism & delivery agent assessment tool
Annex 13: Provider contact list
Annex 14: Table comparison different CTP modality (Source: CaLP training material 2011)
Reference: mini guides (from CaLP): "Delivering Cash through Cards" ; "Working with Banks" ; "Delivering Cash through direct Cash" ; "Delivering Cash through Checks" ; "Delivering Cash Through Traders" ; "A field guide to advocacy for cash transfer programming" ; "Communicating Cash: A field guide to beneficiary communications CTP" (www.cashlearning.org/resources/tools)

3.1 Including CTPs into contingency plans

This section describes how to integrate CTPs into contingency plans. In order to define how we will respond to what, consideration for CTPs should be given during (i) the review of the context, risk and response analysis and (ii) the identification of the tools and procedures needed during the emergency response (project management).

Analysis of the context and response strategies

The response of an aid agency to a disaster will depend on the disaster itself (type and impact), the environment of the intervention (context, actors, etc.), its own mandate and its capacities. In order to integrate the CTP in the response strategy analysis, the following considerations need to be added to the usual ones (see also annex 12: Integration of CTP into Contingency Plan):

Context analysis

Context analysis includes general data about the country (population, development, economy, political system, security, etc.), information and indicators on specific sectors (food security, water access, agriculture, nutrition, etc.), the description of the vulnerabilities (areas, groups, etc.) as well as the structures in place to address disaster (response structures, disaster risk reduction systems etc.). The specific information needed to consider CTPs as a response option includes:

- A general analysis of the markets (chains, integration, connectivity, access, type of products available, resilience, etc.), and of the cash transfer services (coverage, familiarity with transfer mechanisms in the area, etc.) available in the areas considered. For the Philippines, a reference may be found with WFP or ACF, who, late 2011, implemented a complete market analysis in the areas of Mindanao affected by the conflict, the output of which has been integrated in the ACF contingency plan.
- A review of graft and security risks related to cash transfer and use of cash. It will cover the security for the agency's staff, the beneficiaries and the staff of the delivery agency. The security analysis should not only describe the potential difficulties and risks related to the transfer of cash or vouchers, but also provide recommendation to mitigate these risks (tools or measures).

Risk analysis and scenario building

The risk analysis includes an analysis of potential disasters and their impact on the environment and societies, a risk mapping (priorities, seasonality, etc.) and general response capacity (capacity of the stakeholders involved in the response to disaster to address the needs of the impacted population). On the basis of the analysis of context and risks, the most likely scenarios are built, against which an agency will define its position. The integration of CTP in this step requires the following to be included:

- Impacts of disasters on the markets, both in the risk analysis and the associated scenarios. Impact on markets catering for basic necessities and other needs related to the disaster (food, NFI, shelter, livelihoods…) should be assessed, including impact on markets players, infrastructures and services and potential market's resilience.
- Impacts of disasters on the cash transfer delivery agents and services – banks, remittance, mobile transfer, cards etc.
- Capacity of stakeholders to respond through CTP, as a multi-sectoral (basic needs) or sectoral (livelihoods, shelter etc.) response. This is key for design and coordination purposes (synergy between sectors and actors, avoiding gaps and overlaps, harmonization, level of acceptance, sharing experiences).

Response strategy

The response strategy identifies interventions that the aid agencies would implement, depending on each scenario. The response strategy can also refer to supporting documents to support the design the response itself during the emergency (assessment forms, funding proposal, planning tools, short intervention guidelines, monitoring forms etc.) – see section 3.1.2 for details.

CTP options have to be included in the responses strategy. It involves including CTP in the overall response – e.g., through a solution tree – and then into each sector of intervention[22]. In addition, it is also important to identify mechanisms of transfer that could be used in case of the implementation

[22] Another solution would be to add a CTP sector that would tackle several basic needs.

of a CTP, and to describe them. For each identified transfer mechanism, there should be a plan to identify service providers, compare them, select the most appropriate and set-up pre-agreements with them. In some instances, implementing CTPs will entail supporting the recovery of markets (e.g., a cash transfer to traders can help quickly revive the market, and facilitate access to basic needs to the affected households) – this should also be included.

Reviewing emergency response's tools and procedures

Once responses have been identified, **tools and procedures should be developed** to allow for design and implementation once the disaster strikes. Agencies should develop CTP related guidance material for each phase of the program cycle. This entails: (i) reviewing management procedures, (ii) assessing the needs and response analysis and design, (iii) implementing and monitoring the cash interventions.

Detailed guidance on implementation tools and procedures could be found in ODI's "Good Practice Review 11: Cash Transfer Programming in Emergencies" and the CALP's "Delivering Money" which can be found on http://www.cashlearning.org/resources/library. In addition, organizations such as ACF, OGB and IFRC have also developed their own material.

Management and coordination mechanisms

To ensure management procedures (who does what?) are well handled during the emergency, agencies have to make sure management and coordination procedures are clear and known to the staff. CTP have to be included at each level of management and coordination procedures including assessment, appeal and funding, planning, implementation, monitoring as well as communication activities. Standard Operating Procedures (SOPs) will have to be reviewed accordingly.

Coordination is especially challenging since CTP can be multi-sectoral and involve new roles for the logistic and administration staffs. The following issues should be clarified before disaster:

- Internal coordination and management: CTP entails coordination between sectors and between technical, logistic and administration staffs. Roles and responsibilities for each department, and each step of the program cycle need to be detailed – e.g., who will ensure financial procedures imposed by a service provider are suitable? Who will the aid agency communicate with, and how will they work with the service providers? How will the financial department monitor disbursements and cash transfers in close coordination with technical staff in the field?
- External coordination: Because cash is fungible and can be used to tackle the needs in different clusters, inter-cluster coordination is needed. Such a mechanism needs to be setup in the Philippines. At the international level, the most recent work on this issue has been done in the horn of Africa, in 2011.

Assessment impacts and needs, response analysis and design

Assessments

Agencies need to integrate two sets of information in the forms used in emergency in order to determine the appropriateness of cash or vouchers compared to in-kind. First, what are the needs of affected populations and their preferences, then whether markets can provide for these needs.

Because CTPs can tackle a large range of issues, needs assessments have to cover a broad range of food and non-food questions (e.g., shelter, seeds, water and sanitation). Needs assessments have to evolve from sector-based analysis to multi-sector assessment, even for agencies that traditionally implemented sectoral interventions. Traditional needs assessments tend to translate a specific need directly into a specific support without adequate consideration for the interaction that exists between

various needs, which may lead to the misuse of the support provided. In parallel, information on the relation between the communities and market (access, items, etc.) should be included in assessment, as well as about preferences with regard to the approach to be developed by aid agencies.

Market analysis related to people's livelihoods and how local economies and markets work is compulsory. This includes whether the goods and services that people need are available locally, and whether markets are able to respond to an increase of demand. Market information is critical to determine the most appropriate type of humanitarian response and to avoid harming the local economy through inappropriate distributions of commodities. It should always be part of standard assessments and not seen as information that is specific to cash and voucher programming. The key following questions should be addressed by any assessments:

- Is the market for the needed items/services functioning in the area?
- Will it be able to address additional demand?
- Has it been impacted by the disaster and does it need support (actors, structures, environment)?

- Assessment tools are provided in annex 10 and 11 (respectively (1) Assessing the appropriateness of a cash intervention and (2) Mechanism & delivery agent assessment tool).
- Standard market analysis tools such as EMMA (Emergency Market Mapping and Analysis, see www.emma-toolkit.org) or MIFIRA (Market Information and Food Insecurity Response Analysis, see http://www.cashlearning.org/resources) methodologies can be incorporated in agencies' tools.

Response analysis and choice of modality

If existing needs can be covered by markets, agencies have to decide on the most appropriate approaches between in-kind distributions and the different CTP modalities. Response analysis involves analyzing the likely impact of alternative responses, such as in-kind, cash and vouchers, and deciding on the type of intervention to be pursued in a given context. This includes questions about speed of implementation, workload and capacity of the staff, cost-efficiency, beneficiary preferences, control over the impacts, externalities, cost-efficiency and risk analysis associated with different transfer modalities. To ensure the chosen intervention is effective and efficient the following criteria should be assessed for comparison, and the related information collected during the assessments:

- Speed of implementation: Time taken to set-up and implement the program (including project selection for CFW or fulfillment of conditions for conditional cash transfer).
- Workload and capacity of the staff: Numbers of staff required and their level of skills (e.g., technical supervisors for CFW projects, verifying conditions have been fulfilled for CCT).
- Cost-efficiency: Cost for both the agency (staff and equipment – e.g., for CFW projects) and the recipient (e.g., opportunity cost of CFW).
- Beneficiary preferences and acceptance: Importance of flexibility and choice (e.g., are beneficiaries able to make better individual decisions than a one-size-fit-all choice?).
- Control over the impacts: Importance of controlling purchases (e.g., to follow sphere or building standards).
- Externalities: Positive impact on the market (cash grants or vouchers) or negative impact (CFW on labor market) and livelihoods.
- Risks: Assess corruption and security risks for both agency staff and recipients. Identify mitigation.

- For more details on the criteria to assess the appropriateness to develop a Cash Transfer Program, see annex 10.
- For the choice of CTP modality, the CaLP has also developed a single table that is used during the CaLP training to choose the CTP modality. See annex 14.

Design: Transfer mechanisms assessment

Once CTP modality(ies) has/have been chosen, agencies should choose the transfer mechanisms. Although some mechanisms seem to present advantages compared to others in specific situations (see part 2.2.2), the choice of mechanism will always depend on the specific situation after the disaster, which means it is necessary to always compare the different option available. Guidance for the selection as well as criteria have already been presented in part 2.2.1 of this report and in annex 11, and can be used to develop/update specific forms and tools to be used in emergencies.

Design: Delivery agents assessment

To choose between different agents, aid agencies have to understand and assess the basic features of their payment systems and the conditions in which the service will be provided. Delivery agents have not developed their payment solutions for the humanitarian community. Hence they may not be geared to their needs. Agencies should investigate whether the provider will be able to adapt its product and deliver according to their specific needs.

Different criteria should be taken into account to assess a specific agent and/or to compare those who can provide the same service. It includes both the agent itself and the offer proposed. Forms or tools for selection (to be included in the set of tools for emergency) should include information on:

- Capacity of management (and reliability): This includes not only the ability to deliver the cash, but also to ensure that all information is well managed (recording, reporting, etc.).
- Convenience to beneficiaries: Includes accessibility of point of payments, ease of withdrawal process, etc.
- Accountability: Includes not only the capacity to monitor and report on the transaction (transparency information system), but also the control measures and audit trails in place.
- Costs charged by the agent: Set up costs, instrument issuance costs (pre-paid or SIM card), loading costs, software license costs, transaction/withdrawal costs and specific features costs such as training, mobile or temporary delivery point, security, order modification, refund, account closing, dormancy fee.
- Security: Safety of recipients and staffs while receiving the cash. What are the security policies of the delivery agent? What responsibilities?
- Time to deliver: How long does it take to set up the solution, including signing a contract, producing the payment instrument (pre-paid or SIM card) and training accredited partners if needed? How long does it take to process an order, including time needed to move funds to the field?
- Specificity of the offer/services: Some providers do not offer the whole range of features attached to a payment mechanism, others can have additional customization alternatives, including mobile/temporary branch delivery, use of voucher or specific restrictions. Large providers such as banks might not be very reactive or flexible. Some providers are geared toward individual cash transfers and have no system to deal with bulk orders (i.e., remittance), which may complicate the logistic/administrative work of the aid agency.
- Flexibility: Withdrawal process, modification and change, communication between the agency and the delivery agent.
- Training and support capacities: Recipients will need to be informed about the payment system being used, and whether a new technology being introduced requires recipients to have support and training in accessing it. The agency and service provider must ensure that clear and appropriate training materials and support are provided. Systems should also be put in place to

enable beneficiary feedback and complaints to be made and acted upon if problems arise.

- For more details on assessment of transfer mechanisms in the Philippines, see section 2 and Annex 3, for assessment methodology, see annex 11.
- For more details on delivery agents in the Philippines, see Annex 5, 6 and 7 and for assessment methodology, see annex 11.
- For specific information, all CaLP mini guidelines (refer table 16 before) at www.cashlearning.org/resources/tools

Implementing and monitoring cash interventions

The implementation process may be difficult and long to be set up, which is why it is important to provide key documents to support the staff during an emergency, when time is a major constraint. The following key topics should particularly be considered:

Communication strategies

Cash transfer programs should include strong communication and community sensitization strategies. All local authorities, key actors and the local population should be informed about the program, its purpose, process, timing, targeting criteria and any modifications, from the outset of the project.

Beneficiary sensitization

Because recipients may be unfamiliar with cash-based assistance, telling them what their entitlements are and explaining the process for accessing the cash is critical. Even using cards or mobile phones to transfer funds has been shown to be acceptable to recipients previously unfamiliar with these systems, with adequate training at the inception of the project and ongoing support.

CaLP has developed a useful tool to develop communication and sensitization campaigns: "Communicating Cash: A field guide to beneficiary communications in cash transfer programming". See http://www.cashlearning.org/resources/library.

Transfer implementation process

- Contract negotiations if not done as part of contingency planning.
- Identification of what information is required for the database (e.g., ID number, mobile phone number, biometric information) and collection of this information.
- Cleaning data for errors and duplication, checking for supporting documentation.
- Database sent to the partner responsible for 'back office' work – e.g., the bank or other third party operator.
- Payment instrument produced, such as a voucher, card, bank draft, or application loaded on phones of merchants.
- Payment points put in place and made functional, such as branches, PoS, ATMs, merchants' agreements.
- Grievance and customer support system in place and staff trained or briefed. This could include call centers, roving employees, community meetings and committees, or government offices.
- Promotion and explanations to payers and payees – e.g., through posters, leaflets, videos, road shows or meetings.
- Payments made.
- Reports and reconciliations.
- Customer feedback maintained for monitoring and evaluation; debrief of all players and learning or evaluation conducted within the agency and with partners.

Monitoring and evaluation

The fundamentals of monitoring and evaluation are no different for cash transfers than for any other project, and generic guidance applies. Some issues are, however, unique to cash transfers. One of the central features of cash is its flexibility, and the fact that people may choose to spend it on a wide range of things. When engaging in monitoring and evaluation, this means that agencies need to know not just whether people received the cash, but what they did with the money and how the cash received affected household budgets and decision-making. If agencies have specific objectives for a cash project, such as enabling people to rebuild their homes or buy food, then they will want to monitor and evaluate whether or not the project has been successful in meeting these objectives. Monitoring and evaluation may also examine the wider intended and unintended impacts of cash transfers, such as inflation and possible multiplier effects on local economies, and should consider how cash transfers impact on household and community dynamics, including concerns about anti-social use, security and gender inequities in decision-making.

For more detail, refer to ODI "CTP in emergencies" guidelines, IFRC's "Guidelines for Cash Transfer Programming", Oxfam's "Cash Transfer Programming in Emergencies" and ACF's "Implementing cash-based interventions: a guideline for aid workers".

3.2 Identifying capacity building needs and other preparedness activities

Once they have understood what response strategy will be most appropriate and how related activities will be set up and implemented, agencies must prepare for it. Preparedness before a crisis helps ensure that, for the main predictable hazards, actors have the capacity to implement interventions effectively, efficiently and in minimal time. Emergency preparedness includes preparing partners, creating stand-by capacities and pre-agreements with providers and training staff.

Capacity building

Interviews showed that there was a general lack of capacity among agencies in the Philippines to implement cash transfer programs and use transfer mechanisms. Agency heads and technicians repeatedly asked for support in training, developing procedures and implementing CTPs. As emphasized in section 1 of the research, CTP related capacity is uneven, depending on the CTP type, sector and phases. While most agencies have developed capacities on Cash for Work and (albeit at a lesser degree) vouchers over the years, agency staff are less comfortable with cash grants, be they conditional or unconditional. Even vouchers, although commonly used, have mostly been used for two sectors: shelter and livelihoods. Finally, almost all CTP experiences were implemented during the recovery phase of emergencies, be it early recovery.

The building capacity of agencies on the use of CTPs in the immediate aftermath of an emergency will be critical, particularly for cash grants, though some agencies will also need to develop skills on using vouchers in emergencies and for basic needs.

Regarding mechanisms, there is some capacity with traditional mechanisms such as hand-to-

hand and paper vouchers, but very little with more innovative, delivery agent mediated schemes such as remittances, mobile transfer and prepaid cards.

A capacity assessment has to be made for each agency taking into account its contingency plan and CTP response plan, as well as existing staff and partners' capacities. On the basis of this assessment, agencies should develop training plans related to CTP implementation and procedures. This plan should include implementing partners whenever needed. Based on preliminary discussions, it is expected that the training should encompass the whole program cycle, from assessment to monitoring.

Critical points in the cycle will include assessment, planning and design, implementation and M&E:

- Market assessment (e.g., training on EMMA methodology)
- CTP assessment (e.g., CaLP training curriculum)
- Other assessment elements could be considered: Security and corruption risk, cost-effectiveness, etc.
- Assessment and selection of transfer mechanisms and delivery agents
- Planning the cash delivery process
- Sensitization and communication to recipients and community leaders
- Finance and administration relations with the delivery agent
- Monitoring of use of the cash by recipients

Training shall not only target technical departments but also logistics, administration and finance as they should also understand their roles and responsibilities in the process. Training the financial department is especially important as they will have to contract and manage the relationship with the provider, and use their reporting to produce reconciliations. CaLP has developed training curriculum and material and is willing to provide training to agencies in-country, or support agencies which develop their own training schemes.

On the other hand, as we saw in section 1 and 2, there is considerable experience among the humanitarian community as a group. All types of CTP and mechanisms have been at least piloted. Taking advantage of this experience through a community of practice is key to building capacities, increase knowledge, develop tools, advocate the use of CTPs and ensure coordination. To this end, a Cash Learning group has been created in July 2011 to "increase the knowledge and skills of the participants about Cash Transfer Programming, and to promote good practices and coordination of programs, through the sharing of information, experiences and materials, and the provision of recommendations on specific topics in order to better assess and provide humanitarian assistance and delivery in the Philippines".

Advocacy and sensitization

The humanitarian community and Filipino society at large are not familiar with CTPs. As noted in section 1, there is a perception issue with cash distribution – it is often considered a dole-out rather than legitimate assistance. Rolling out large-scale CTPs will require advocacy and sensitization at all levels, building on existing experiences and communication tools (see for instance CaLP's mini-guidelines on "Making the Case for Cash" and "Communicating Cash to Communities").

Advocacy will not only target communities, but more importantly LGUs, partners and donors as well as the agency's own staff. Messages – content as well as format – should be adapted for each target, so that they answer their preoccupations and can be understood. In some instances (e.g., with donors that are supportive of CTPs), the purpose is not so much to convince as to prepare for a CTP intervention in the near future.

A recurring demand of agencies in the Philippines is evidence-based research to support CTP use – information that CaLP should continue developing, if possible using examples from local or similar context – which requires recent and future CTP experiences to be carefully monitored and evaluated.

Agencies should develop and distribute advocacy material, such as briefs for donors, LGU and partners. It should also prepare sensitization material such as posters and leaflets to sensitize communities in case of CTP implementation.

Guidelines to advocacy have been developed by CaLP ("Making the Case For Cash: A field guide to advocacy for cash transfer programming" see http://www.cashlearning.org/resources/library.).

Coordination

Coordination is crucial to prevent gaps and overlap and ensure harmonization of interventions in the field. As noted above, CTPs are cross-sectoral – thus CTPs should not only be integrated into each cluster but a coordination mechanism needs to be set-up between sectors or cluster.

CTP is not yet part of the cluster system or of any of its tools and mechanisms in the Philippines. Preparedness should therefore focus on integrating CTPs into cluster mechanisms. This can be done at several levels:

- Technical Working Group (TWG): the Technical Working Group includes the National Inter-cluster coordination and the Humanitarian Country Team (HCT) and aims at preparing for and coordinating emergencies. As such, it is the highest coordination platform and is responsible for planning, coordination and response mechanisms for all clusters.
- An "HCT inter-cluster coordination group" takes place before TWG meetings – it ensures agencies talk with a unified voice at TWG meetings. CTPs should be on the agenda of both IASC and TWG's next meetings to ensure CTPs are included into national planning, coordination and response mechanisms. Roles and responsibilities concerning CTPs should be defined in this platform.
- Individual clusters: Individual clusters prepare and coordinate sectoral responses. CTP should be included in individual cluster mechanisms. DSWD is heading several major clusters (including food, shelter and protection). CTPs should be integrated into each cluster mechanism (starting with clusters' Terms of Reference). DSWD should ensure CTPs are integrated in the cluster it is heading. Cluster heads and members should have a good grasp of CTPs and their specific coordination needs. CaLP could sensitize clusters and support cluster heads in the clusters' ToR review.
- Coordination tools: National and HCT contingency plans and other coordination planning and procedure documents must be revised. CTP shall be integrated in the (Mindanao and National) National and HCT Contingency Plan and into Mindanao's HAP; CaLP could provide inputs on the new Contingency plan early next year. Other key documents are being revised and should include CTP – for instance, CaLP already contributed to the review of inter-cluster assessment forms.

Consultation and setting up pre-agreements

Just as agencies currently have stockpiles of key in-kind emergency items, or vendors on stand-by agreements, in contexts where a cash-based response is likely to be appropriate, it can be useful to have pre-established mechanisms in place for delivering cash, such as draft agreements with delivery agents. Aid agencies have sometimes struggled to provide timely cash payments, and set-ups for transfer through deliver agents have typically taken between 2 and 6 weeks. It is clearly preferable for different options for cash delivery to have been explored as part of disaster preparedness and contingency planning. Also, pre-agreement discussions can allow agencies to negotiate prices and discuss the development of ad hoc services. During this research, Western Union offered to provide mobile remittance services, while Citibank committed to advocating with the Central Bank to change KYC requirements in emergency settings.

Agencies should initiate discussions with remittance companies, banks, mobile phone companies and other possible partners before a crisis, and agree in principle on what they can and cannot handle, roles and responsibility, processes for the agency and the

recipients and costs. It may also be possible to design pre-paid cards or stock them in advance.

Each agency should compare and identify delivery agents according to its own contingency plan and type of response (see section 2.2.3). It should then engage in negotiation with the selected agents and establish pre-agreements that they can activate in case of need. These pre-agreements should clear the way for "real-time" implementation by arranging set-up, including:

- Accreditation of the agency (a number of documents will be required, including Articles of Incorporation, SEC Registration, Bank Account Details, Latest Audited Financial Statements, Secretary's Certificate).
- Opening of a bank account if needed.
- Designation of focus or authorized persons in both organizations.
- Contract with operating procedure, roles and responsibilities and process flow, including reporting, customer service, technical support to the agency.
- Pricing, including set up costs, transaction costs, load costs and costs of special services (e.g., temporary outlets)
- Service level agreements – e.g., time to deliver cash, time to modify features for pre-paid cards.
- For pre-paid cards, design (design approval takes 3 weeks) and even printing of a contingency stock if needed.

Agencies should carefully consider the features of the selected delivery agent and its service that will impact on implementation:

- Database type: What information is required and what should be the format of the database.
- Method of identification and authentication: Identification requirements (national ID, community identification).
- Point of Payment (PoP): Location of the points of payment.
- Monitoring, reporting and reconciliations: Type and frequency of reporting.
- Communication, promotion, training: Needs and capacity for support and training.

In terms of responsibilities, the agency needs to know who bears what risks. Financial and legal liabilities of each partner might include:

- Fraud, errors, grievance procedures, re-issuance of lost cards, forgotten PINs.
- Liability toward anti-laundering regulations and financial regulators, etc.

Pre-agreements are especially important for agencies that consider working with banks as they are much less reactive than other providers.

Pilots

CTP related capacity and experience is uneven, depending on CTP type, sector and phases. Piloting new CTPs and mechanisms or tested CTPs and mechanisms is crucial for developing knowledge and building capacity of agencies. If the situation is appropriate, aid agencies should pilot CTPs and mechanisms they have not yet implemented, in order to be ready for large scale implementation. Piloting is the best way to understand each CTP and mechanism's specific constraints, and at the same time build the capacity of the staff through learning by doing. Considering the gaps in the previous use of CTPs in the Philippines (see table in 1.2.1), pilots could focus on the use of CTPs in the immediate aftermath of an emergency, particularly for cash grants, as well as vouchers in emergency and for basic needs. Regarding mechanisms (see table in 2.2.2), there is some experience with traditional mechanisms such as hand-to-hand and paper vouchers, but very little with more innovative, delivery agent mediated schemes such as remittances, mobile transfer and prepaid cards, so the latter will have to be piloted.

At the level of the humanitarian community, it would be good to pilot diverse transfer mechanisms to ensure there is an array of solutions available in case of needs. It is only when a solution has been piloted that it becomes fully feasible, at scale, in case of emergency. Most delivery agents have never worked with the humanitarian community and it is important for them to go through the whole process of contracting, set-up and implementation to understand the specific needs and constraints of

delivering in bulk and in emergencies. Doing it once is enough for a process to be established that can then be used by any agency, so it is important that each delivery agent is tested.

Remittance, mobile transfer and prepaid cards have all been piloted at least once, but some important features of these mechanisms need to be tested, given suitable situations, such as mobile remittances and the use of card with mobile POS. More specifically, one can highlight:

- Mobile remittance – Cebuana, Western Union and G-cash remit all claims that they can set up mobile/temporary points of distribution in areas where they do not have outlets.
- Voucher remittance – Western Union and G-cash remit that they are interested in trying direct purchase schemes with their merchant partners.
- Cards as voucher with mobile PoS – BPI, PVB or Citibank can rent mobile PoS.
- Card for cash grants (through ATM) – BPI or BDO to avoid withdrawal fees – as they have numerous ATMs. Any card can be used in ATMs, but recipient understanding (and related training courses) should be tested.
- Gift cards should be tested for reuse – BPI, BDO or PVB can provide anonymous/gift cards.
- Mobile phone transfer as voucher – G-cash was open to direct purchases through their merchant partners – particularly interesting for longer-term support (e.g., to IDPs) in rural areas.

Pilots should be prepared as far as possible, by developing the following beforehand:

- All forms needed for assessment.
- Full description of the modalities and mechanisms used and options, including processes, appropriateness to context, possible target, costs, means, monitoring and reporting forms, etc.
- Identification of the different actors involved in the pilot (traders, services providers, communities, etc.), the description of roles and responsibilities.

Monitoring & evaluation of pilots is especially important. Evaluations can play a vital part in the learning process. This knowledge can contribute directly to refining and validating the use of cash and voucher projects for the whole humanitarian community. Diffusing lessons learnt and sharing knowledge gained on pilots through case studies will be key to develop CTP in the Philippines.

Links with donors

Last but not least, agencies should liaise with donors to prepare for CTP interventions and ensure fast validation of proposals in emergencies. Understand what the donors' criteria to fund cash transfer programs are, the standard for assessment and implementation as well as the type of monitoring & evaluation they expect will be crucial for the smooth development of CTPs.

Some donors are actively promoting the use of cash and already have proposal formats, and cash-based program guidelines (e.g., "The use of cash and vouchers in humanitarian crises", DG ECHO funding guidelines"), while others might need to be convinced. In all cases, discussion is needed to understand respective positions, interest or reluctance ahead of emergencies.

BOX 12 Section summary

With good contingency planning and preparedness, it should be possible for crisis-affected populations to begin receiving a cash transfer within days of a crisis, if that were deemed the most appropriate response. This entails reviewing the strategies and scenarios of the contingency plan - context, risk and response analysis to include CTPs, tools and procedures – for assessment, planning and implementation – needed during the emergency response and identifying capacity building needs and other preparedness activities.

Agencies need to include CTPs in their **contingency plan** by (i) reviewing the context, risk and response analysis and (ii) reviewing the tools and procedures needed during the emergency response. Including CTPs into contingency plan entails analyzing (1) cash transfer services and markets as part of the context, (2) cash-related security, corruption and theft in the risk analysis, (3) CTP and transfer mechanisms options in the responses strategy, both in the overall and the sector based responses.

CTP have to be included at each level of the management and coordination process: assessment, appeal and funding, planning, implementation, monitoring as well as communication activities. Roles and responsibilities for each department, technical or support, and each step of the program cycle need to be detailed.

Once responses have been identified, tools and procedures should be developed to guide program development once the disaster strikes. Agencies should develop CTP related guidance material for each phase of the program cycle: During the needs and response analysis, agencies should carry out market analysis, CTP selection, and transfer mechanism and delivery agent assessment. When planning cash interventions, agencies need to know how to work with the delivery agent. Determining roles and responsibilities, and the delivery features (what information is needed for the database, where are the PoPs, etc.) is key. Finally, implementation will focus on the transfer process and monitoring on the use of cash.

Emergency preparedness includes building capacity, ensuring coordination, advocating toward partners, linking with donors, developing pre-agreements and, most importantly, developing pilots.

Developing pre-agreements is especially important to minimize set-up time. Pilot development is also crucial, to expand the scope of cash transfer solution, for agencies to improve their capacities and for the providers to adapt their service to the specific needs of the humanitarian community.

Key mechanisms to be piloted include different remittance and card modalities that have never been tested: mobile remittance, vouchers through remittance, mobile PoS for Cards, card for cash grants (through ATM) and gift cards (re-useable).

4 CONCLUSION

This study shows there is a gap between the potential and the actual use of CTPs and mechanisms in the Philippines. In terms of available cash transfer, the country has a large range of services and providers, which are experienced and efficient. Three promising innovative mechanisms have been identified: Remittances, mobile transfer and prepaid cards, driven respectively by the remittances of Overseas Filipino Workers, innovative phone operators and a banking industry that is adapting its products to the demographics of the country. All three mechanisms are proposed by private delivery agents to transfer funds to recipients (but also to support customers and report on the disbursements), effectively lowering risk and workload for the agency. All three can be used either to distribute cash or as vouchers. All three can be offered by different companies, with some more willing to work with NGOs than others, and all proposing services with specifics options or conditions.

Despite this wealth of offers and the benefits expected from their use, most agencies have considered a narrow range of CTPs and mechanisms so far – although most CTP types and even mechanisms have been tested with success in the Philippines, agencies have mostly kept to basics in terms of CTPs (CFW and vouchers) and transfer mechanisms (hand-to-hand or paper vouchers).

This divide between potential and use points to issues of perception and capacities. Awareness and advocacy are needed, although perception is already changing as CTPs are becoming more prevalent (be it internationally or in the Philippines, see 4Ps). Capacities and procedures have to be built throughout the project cycle (from set-up to monitoring), and particularly in terms of transfer mechanisms. Looking at preparedness as an approach to increase the capacity to use the most suitable approaches and tools in response to emergency, this study identified three critical points to focus on: (i) The inclusion of CTPs in contingency plans, (ii) the development of CTP-related tools and procedures for each phase of the program cycle and (iii) the building capacity through a better coordination, advocacy toward partners, linkage with donors, development of pre-agreements and, most importantly, development of pilots.

The study outlines how contingency plans and CTP related procedures could be developed; it also gives a detailed overview of transfer mechanisms and providers in the Philippines. However, actual procedures and capacities have yet to be built for each agency.

Capacities of agencies and providers (most are willing to be involved but have no experience with the humanitarian sector) will be built best by piloting mechanisms in actual CTPs, and the report identifies a few priorities to be piloted. However, piloting is a risk, and providing technical back-up, and even, in some cases, funds to cover additional costs incurred to test the mechanism (e.g., the cost of a few hundred cards), could be helpful. This role could be played by the CaLP, given its presence in the Philippines.

Developing CTP-related tools and procedures and contingency plans will ultimately rest with individual agencies - a time and energy consuming effort; however, a number of these procedures could be developed for the entire humanitarian community, e.g., communication tools. Their development

could be done by the humanitarian community as a group, through the Cash Learning Group that has been recently set up, thematic trainings or consulting. With specific issues, specialized expertise will be useful: more guidance will be needed with financial and administrative procedures – a major hurdle to CTP implementation according to most agencies. Financial procedures should be the focus of subsequent research.

In terms of coordination, OCHA and DSWD have shown interest in including CTPs in the inter-cluster system, and the CaLP should work with the IASC and the government to support them; however, it seems there is nothing on CTPs in contingency planning and other coordination guidelines. Developing such guidelines is critical and should be a priority.

Donors appear to be very supportive of CTPs; however, this has not been made clear to humanitarian stakeholders. This is a major hurdle to implementation in emergency, as there is very little time to discuss details with donors. A donors' position on CTP has to be made clear and publicized. Having concept-note templates on CTPs would also be useful. This needs to be implemented at worldwide level. In the Philippines, bridging the gap between donors and agencies is key, and ad-hoc meetings should be organized to ensure better communication.

5 ANNEXES

ANNEX I INTERVIEW TEMPLATE

Objective:

The interview will aim at identifying (i) the organization's **experience in CTP**, (ii) its **interest in the CaLP review and capacity building and in CTP methodologies in general**, (iii) its views on **preparedness needs regarding CTP**, (iv) its **interest in testing new and innovative CTP methodologies** for disaster relief and its **possible involvement** in such testing activities.

Interview guideline:

Key questions:

- Experience: What is your experience with CTP, both in post-disaster (CFW) and development (4Ps) contexts?
- Review and CB: How can CTP increase the quality of disaster response?
- Preparedness: How to prepare CTP interventions?
- Involvement: How would you like to be involved in CTP development?

1. **Experience:** Existing responses and policies vs. specific constraints
   - How do you respond to disasters (sector activity: food, shelter, water and sanitation)? What volume/amount do you provide in relief (food and non-food items)?
   - What CTP do you use? What mechanisms of transfer?
   - Who are your partners?
   - What constraints to develop different approach / options? In particular, what are the legal constraints to CTP approaches?
2. **CTP methodologies:** Interest in specific CTP mechanisms
   - What improvement / changes have you already identified as necessary?
   - What CTP methodologies are you interested in? How can the CaLP methodology development exercise help you improve your response? How? What are your priorities, based on contingency planning?
   - Innovative mechanism: What about card bank/mobile phones? *Note that we are preparing a comparative analysis of tools that would help to decide what could be done.*
3. **Preparedness priorities: How to prepare CTP int**erventions?
   - Contingency plan: What type of emergency (human disaster or natural disaster) and which areas do you prioritize?
   - What are your current priorities regarding disaster response preparedness?
   - Is information on CTP tools / approaches / comparative analysis / potential partnerships relevant to you? What type of information are you most interested in?

- What cash delivery system (and service provider) should we develop to increase the efficiency and transparency of emergency cash transfers? Remittance Company, mobile phone, banks, etc. Could we apply 4Ps mechanisms in emergency?

4. **Involvement:** How would you like to be involved in CTP development?

- Are you willing to test a CTP? Which type of CTP would you be interested in? On which occasion?
- What kind of support would you like to receive from CaLP when developing a CTP?
- Would you be interested in testing new and innovative systems? What could be your role? Who could be your/our partners?

ANNEX 2 OVERVIEW OF AGENCIES' EXPERIENCE IN PHILIPPINES (07 / 2011)

	ADRA	ACF	CARE/ Accord	CFSI	Christian Aid	DSWD	IFRC/ RPC	IOM	Oxfam	STC	WFP	WV
In-kind	Relief	Relief	Relief	Relief	Relief	Relief	Relief	Relief	Relief	Relief	Relief	Relief
CFW			Var.	Var.	Var.	Var.	Shelter	Shelter	Var.	Var.	Var.	Var.
Voucher		Relief			Shelter		Shelter & IGA	Shelter & IGA	Shelter	Shelter		
Conditional grants						Welfare			IGA			
Unconditional grants					Relief				Relief			

ANNEX 3 COMPARING CTPS

	CONDITIONS	ADVANTAGES	DISADVANTAGES	POTENTIAL USE IN THE PHILIPPINES
Unconditional cash transfer	Functioning markets No specific goods and services needed	Less admin burden Cost- efficient Flexible for recipients	Purchases might not be linked to project objective	Tackle multi-dimensional needs in emergency relief
Conditional cash transfer	Specific needs have to be met (e.g., shelter, small businesses)	Lighter than voucher Influence recipient expenditures	Slow, heavy, costly to verify conditions have been met Less choice / unconditional	Use in shelter, livelihood and other sectors with binding condition
Vouchers	Traders can cope with trade and cash flow volume Traders willing and able: Quality, price, accountability, monitoring Reliable system to pay traders	Safe: recipients do not directly handle cash Quality of goods and prices can be monitored Influence recipient's choice Fast compared to procurement Control use of vouchers and ensure quality of purchases	Slow and heavy, costly: requires more planning, preparation and sensitization Scale limited by trader negotiation Less choice / cash (commodity voucher) Implementation cost / cash Traders may manipulate prices	Use in emergency relief to cover basic needs In recovery to provide specific items and quality, and to support local traders
Cash for Work	Infrastructure need Capacity / availability to work NGO equipment and technical supervision Capacity to maintain assets is created	Can create community assets Acceptability vs. "Dole out" Self-targeting if wages are low enough	Slower set-up, complex and costly Payment comes at the end Most vulnerable may be excluded Impact on labor market	In relief operations, could be replaced by unconditional transfer

ANNEX 4 ASSESSMENT OF MAIN TRANSFER MECHANISMS

	Hand-to-hand	Remittance	Mobile	Card
Timing, preparedness and partnership	Fast setup as no delivery agent is needed.	Slow set up (1–2 weeks) Very fast delivery (1 day)	Slow set up (2 weeks) Moving money to the outlet can be slow (up to 5 days)	Slow set up (1–2 weeks) Issuance can be long Instant load
Scale, flexibility and resilience	Very flexible as the agency takes all decisions Distributed for each instalment Easy scale up Resilience only limited by security	Very flexible: reversal, recipient change, spelling errors, G-cash as voucher Distributed for each instalment Easy scale up Very resilient: 1st up and running after disasters – networks open longer hours	Not too flexible: SIM card issuance, ID, code, training Repeated payments and withdrawal possible Easy scale up Very resilient: 1st up and running after disasters	Not too flexible: KYC, ID, card issuance Repeated payments and withdrawal possible Easy scale up Case by case resilience (ATM/POS) – mobile PoS
Human resources	Counting cash, organization and securing of distribution, admin/ reporting Distribution for each instalment	Distribution and reporting by partner Staff and admin involvement minimal	Reporting by partner Training and distribution	Reporting by partner Distribution and ATM training
Costs	No charge, no equipment Counting, distribution, report costs Low cost to the recipient (close PoP)	Very low-cost charges (1%, min. P20) – repeated for multiple transfers No agency cost Cost to beneficiaries (transport to branch) at each distribution	Low-cost transaction (1–5%) Distribution cost Cost to beneficiaries (transport to PoP and outlet)	Low-cost transaction, esp. large amount, multiple transactions or reuse Distribution cost Cost to beneficiaries (transport to PoP and PoS)

	Hand-to-hand	Remittance	Mobile	Card
Vulnerable groups and convenience	No literacy required. No official ID PoPs can be set up close to the beneficiaries	No literacy required ID and signature flexibility Distance to branch	Literacy required ID flexible Distance to outlet	Literacy required for ATM Signature for PoS (except anonymous card) Distance to PoS
Urban / rural	PoPs can be set up anywhere	Less presence in rural areas (except G-Cash remit)	Some presence	Rural merchants and NGO could be accredited for PoS Urban for PoS and ATM
Risk	Security risks to staff Risk of theft / corruption with staff handling cash More risk than electronic money	No risk for the organization No Risk of theft / corruption More risk than electronic money except G-Cash remit as voucher	No risk for the organization No Risk of theft / corruption No risk as voucher	No risk for the organization No Risk of theft / corruption No risk as voucher

ANNEX 5 KEY FEATURES OF REMITTANCE COMPANIES 08 / 2011

	Cebuana	Mlhuillier	LBC	Western Union	G-cash remit	BDO	BPI
Type	Principal remittance companies				Phone operator	Bank	Bank
Speed	1–3 days Long set-up can be avoided						
Charges	Brackets with minimum	1% with minimum	Brackets with minimum		Fixed amount negotiable	Fixed amount	Fixed amounts
Cost	Cost of travel to the branch (except mobile solutions of Cebuana, G-cash and WU)						
Coverage (number of branches)	1400	1200	900	8000	6500	600	3000
Rural presence	Some	Some	Some	Good	Good	No	Some
Human resource	Same (for tracking number distribution and trouble-shooting with provider)						
Coverage area – access	Excellent (mobile)	Good (travel to the branch)		Excellent (mobile)	Excellent (mobile)	Good (travel to the branch)	
Familiarity (for recipient)	Very good					Banks can be intimidating	
Security and risk	Excellent (risks are borne by the providers)						
Accountability	High (under central bank regulations + experiences)						
Reliability	Excellent (own outlets)			Very good (partners but strong system)	Good (Partners responsible for providing the cash)	Excellent (Own outlets)	Excellent (Own outlets or remittance partners)
Mobile	Soon	No	No	Maybe	Yes	No	No
Voucher possible	No	No	No	Yes	Yes	No	No

ANNEX 6 KEY FEATURES OF MOBILE TRANSFER COMPANIES 08 / 2011

	G-cash	SMART Money
Speed set-up	One week	3 days
Charge	1% min P10 P2.5/transfer P40/card can be waived	1 to 5% P2.5/transfer P60/card can be waived
Cost	Training and monitoring cost Recipient's cost of travel to the PoP	Training and monitoring cost Recipient's cost of travel to the PoP
Number branches / outlets	18.000	4000
Rural presence	Good (if Globe coverage)	Some (if SMART coverage)
Human resource	Heavy workload for distribution, training and monitoring	
Convenience	Excellent (mobility)	Good
Familiarity for beneficiary	Low: registration and transfer by text are not intuitive	
Security and risk	Excellent (risk borne by provider) – mobile transfers allow for vouchers	
Accountability	High (under central bank regulations)	
Reliability	Good (partners responsible for providing the cash)	Good (partners responsible for providing the cash) – SMART can push the cash through its distribution network
Mobility PoS	G-cash ready to accredit a local outlet	No
Voucher possible	Yes	Yes

ANNEX 7 KEY FEATURES OF SOME PRE-PAID CARDS PROVIDERS – 08 / 2011

	BDO	BPI	PVBCC	Citibank
Type	Designed Generic Anonymous			Designed Generic
Speed	1 to 5 days depending on card type Long set-up (especially for designed cards) can be avoided with pre-agreement			
Charges: card / load / PoS / Own ATM / other ATM	High	Middle	Middle - low	Middle
	Yes	No	Yes	No
	No	No	Yes	No
	0/12	No possible yet	0/12	0/12
Cost	Distribution and monitoring cost Recipient's cost of travel to the ATM or PoS			
Number branches	750	670	60	7
Rural presence	No, but mobile PoS ATM in major urban centers			No
Human resources	Card distribution, training and trouble shooting			
Convenience for beneficiary	Good with mobile PoS			Only good in urban areas
Familiarity for beneficiary	Low – most recipients have never used cards before – but use is easy enough, at least for cashier payment (voucher)			
Security and risk	Excellent (risks are borne by provider)			
Accountability	High (under central bank regulations)			
Reliability	Excellent (very strong system)			
Bank account	Required	Required	No – load can transit through PVB's account	Required
Mobile PoS	Available	Available	Available	No

	BDO	BPI	PVBCC	Citibank
Restriction	No	Yes	Yes	Yes
Network	Visa / Mastercard	Own	Visa	Visa
Experience	No	With DOE	With ACF	At international level

ANNEX 8 KEY CRITERIA FOR ASSESSING PAYMENT METHODS (DELIVERY OPTIONS)

CRITERIA	ASSESSMENT QUESTIONS
Objectives If the main objective is to provide immediate life saving relief then speed and reliability may be the key factors.	What are the key objectives of the program? Are there secondary objectives such as providing access to financial services?
Delivery Options and Existing Infrastructure If only one feasible delivery channel exists, the assessment process will be more limited and should largely focus on identifying and choosing the most appropriate delivery agent/s.	What delivery options are available in the area (banks, postal service, mobile operators)? How does the local population transfer money (e.g., remittances, social transfers)? What proportion of the population has access to the banking system, uses remittance providers and mobile phones? Do mobile operators provide money transfer services? Is there mobile phone coverage? Does the agency have existing links with potential providers or other humanitarian actors which they could leverage to encourage co-operation and coordination? What are the motivations of potential providers? (e.g., financial gain, social mission, image-boosting) Is the government providing cash support for social protection or emergency relief? If so, is it appropriate to work together with, or independently from, governments?
Cost – The cost of different options to both the agency and the recipient.	What are the costs of different options for the agency (provider charges, staff, transport, security and training costs)? What are the costs for the recipient (charges, travel costs, waiting time)?
Security – Level of physical safety for staff and recipients.	What are the security risks associated with each delivery option for the agency and recipients?
Controls / Risks Systems that are needed to manage risks such as fraud and error. Consider the level of automation, security in the system and at the point of disbursement, ability to monitor and rapidly correct, and security in the reporting and reconciliations process.	What are the key risks that need to be managed? What corruption risks are associated with each delivery option? What fiscal controls and standards are in place? Are mechanisms in place to meet them?

CRITERIA	ASSESSMENT QUESTIONS
Human resources Numbers of staff required and their level of skills, education and ability to provide training for recipients.	How many staff are required for each option? What level of skills and training would be needed to be provided for each option?
Speed Time taken to roll out solution.	How long is it likely to take to get each delivery option up and running? What are the regulatory requirements for the recipients in respect of each option?
Acceptability and Vulnerable Groups Comfort with use as expressed by recipient and 'on the ground' providers, need for support, convenience.	What transfer options are people already using? Which options would they prefer and why? Is the level of literacy and numeracy in the area adequate for this mechanism to be used? Will women, children, the elderly, people with illnesses or disabilities and minority ethnic groups be able to access each delivery option? How will the agency manage the following problems to ensure accessibility for people who for example:: • Do not have a national ID card • Have difficulty recording their fingerprints, perhaps because their hands are worn out from age or manual labor • Lose their card / mobile phone / PIN number • Cannot use their card or access the system due to illiteracy or lack of numeracy • Do not have a mobile phone • Cannot get to the distribution point
Resilience Ability to recover data, ability to continue when environment is difficult or changes suddenly.	How **resilient** are the potential options in the face of possible disruptions to communications and infrastructure following disasters? How reliable and stable are potential commercial providers?
Scale Effectiveness of different options at operating on a large scale.	What is the target population, how large are the payments and how frequently will they be made? How will each delivery mechanism be likely to cope? Do you plan to **scale up or replicate** this program, and if so, what mechanism can help you do this most easily?
Flexibility Ease with which chosen option can be adjusted to vary payment amounts or make other changes.	How **flexibly** can the different options adjust the timing and amount of payments?

Source: Overseas Development Institute & Humanitarian Policy Group. Good Practice Review – Cash transfer programming in emergencies. Paul Harvey and Sarah Bailey. June 2011

ANNEX 9 WORKSHOP MINUTES: CASH TRANSFERS MECHANISMS AND LINKS WITH CONTINGENCY PLANNING

CASH TRANSFERS MECHANISMS AND LINKS WITH CONTINGENCY PLANNING

Workshop minutes

Peninsula hotel, 03/08/2011

Participants:

AECID	Norberto Gomez de Liaño	Deputy coordinator general
DSWD	Amada Dimaculangan	Project development officer
WFP	Stephen L. Anderson	Country director
WFP	Carla Lacerda	Program officer
WFP	Abraham Sewont Abatneh	Program officer
IOM	Charis Galaraga	Monitoring & Reporting
IFRC	Selvaratnam Sinnadurai	Country representative
IFRC	Ibrahim Badiee	Program officer
Save the children	Jonathan Valdez	WASH adviser
World Vision	Bebeth Tiu	Governance associate
Oxfam	Jermaine Baltazar G. Bayas	EFSL program officer
ADRA	Elijah Zuniga	Program officer
ADRA	Jelome Manalu	Program officer
ACF	Suresh Murugesu	WASH coordinator
ACF	Eric Fort	Head of mission
CFSI	Melanie Ruiz	Project officer
Tzu Chi	Jimmy C. Chua	Sector coordinator
ACF/CaLP	Geraud Devred	CaLP focal point in the Philippines
CaLP	Grégoire Poisson	CaLP research consultant

Could not attend:
Christian Aid, CARE, CRS, ICRC

Agenda:

Introduction: CaLP & CTP
Presentation 1: Cash transfer programs experiences in the Philippines

Discussion: *What CTP can be developed during next emergencies?*
Presentation 2: Cash transfer mechanisms in the Philippines

Discussion: *Which mechanisms fit best into your usual emergency responses?*
Presentation 3: CTP and preparedness

Group work 1: *Preparedness needs: How to integrate CTPs into preparedness?*
Presentation 4: Integrating mechanisms into preparedness

Group work 2: *Preparedness needs: How to include mechanisms into procedures and preparedness plans?*
Conclusion: Scenarios & CTP piloting
Discussion: *Which CTP & mechanisms could be piloted?*

Discussion summary:

1. **Presentation 1: Cash transfer programs experiences in the Philippines**

   Selected Comments:

   Is there a need for coordination in CTP interventions?

   Coordination among the stakeholders is crucial to tackle not only gaps and overlap but also to prevent tensions within the community due to the use of different approaches and rates from stakeholders. All stakeholders in an area should be aware what others are doing and adapt their strategy/methodology accordingly. Coordination related to CTP is still difficult since this is just a tool that could be used by all sectors / clusters.

   How to monitor the CTP and its impact?

   Like other interventions, CTP should take into account M&E, particularly the use and impact of cash transfers. Indicators should take into consideration those developed in Sphere standards.

   Is CaLP advocating cash grants?

   CaLP aims at sensitizing the stakeholders on the diverse response options in general and on the use of CTPs in particular, due to lack of capacities of stakeholders regarding CTPs. It is not imposing a specific modality of CTP, but advocates the design of the project based on the context of intervention. CTPs are tools like other types of interventions and should be considered and implemented if and only if it is the best available option.

   Moving Cash should consider security risks.

   Agencies should assess the security context and its implications and decide accordingly what approach is appropriate, be it CTP, commodity distribution or otherwise. A risk analysis should be conducted, developing suitable control and mitigation measures. Specific mechanisms of money transfer can lower the security risks, such as remittances, pre-paid cards or vouchers.

   Debate: What CTP could you develop during your next emergency intervention?

   Agencies have demonstrated their interest in a wide variety of CTPs: All types of CTPs have been quoted, and all agencies are interested in piloting at least one new type of CTP, be it vouchers or conditional / unconditional cash grants.

   - **Cash for Work (CFW):** Mostly quoted as a recovery tool, it is considered by most as a usual tool, not to be piloted anymore.
   - **Cash or Value Vouchers (CV/VV)**: Many agencies have quoted vouchers as a way of catering to basic needs, for specific but diverse sectors (food, shelter, livelihoods and health).
   - **Conditional Cash Grants (CCG):** CCG were considered as a recovery phase intervention, be it in livelihood, shelter or WASH.
   - **Unconditional Cash Grants (UCG):** Many agencies acknowledged the potential of UCG to cover basic needs in the immediate aftermath of disasters.

Table 1: potential use of CTPs for each agency

Agency	CTP	Sector	Needs	Area/type disaster	Usual/new/ pilot	Priority
STC	CFW	WASH/ Lvhd / Shelter	Providing WASH facilities rehab and clean up	Flooding / Conflict affected	Usual	4
	CV	Shelter Livelihoods	Shelter repair Income generating projects	Flooding / Conflict affected	Usual	4
	CV / VV	Health	Purchase of medicine and medical supplies	Flooding / Conflict affected	Pilot	3
ACF	UCG	FSL	Emergency food	Urban / peri-urban - all disaster types	Ongoing	4
	CCG	FSL/WASH	Early recovery / Rehab	All	Pilot	4
	CV	FSL/WASH	Emergency	Urban / peri-urban – all disaster types	Ongoing	4
IFRC	CCG	Relief	Basic needs	Most	New	3
	CCG	Livelihood	Livelihood	Most	Usual	4
	CCG	Shelter	Shelter repair and construction	Most	Usual	4
	CV	Shelter	Shelter	Typhoon	Usual	3
	UCG	Relief	Disaster relief	Typhoon	Pilot	4
Tzu Chi	CFW	Relief	Clean up	Flooding / Barangay based		5
	CFW	Livelihood	Recycling	Flooding / Barangay based	Pilot	4
AECID	CV/VV		Varied: food, NFI, medicine, shelter	Natural disaster		3
ADRA	UCG	Food and NFI	Basic needs	Relief/response	Pilot	
	CV			Recovery	Pilot	2
	CFW			Recovery	Pilot	3
CFSI	CV		Emergency/preparedness	Flooding, landslides	Pilot	1

Agency	CTP	Sector	Needs	Area/type disaster	Usual/new/ pilot	Priority
	CCG		Emergency	Conflict	Pilot	4
	CFW		Recovery/ preparedness	Natural / Conflict		
	UCG		Emergency	Natural	Pilot	
WFP/ DSWD	CFW	Various	Early recovery	Post-disaster	Pilot	4
		Various	Disaster preparedness	Pre-disaster	Pilot	5
		Various	Disaster mitigation	Pre-disaster	New	5
	CV/VV	Various	Emergency / early recovery	Post-disaster	Pilot	5
	UCG	Food	Emergency / early recovery	Post-disaster	Pilot	
	CCG	Education and Health		Social safety net	Ongoing	
	CCG	Agriculture	Farming	safety net	Pilot	
	CCG	Livelihood	For economically vulnerables	safety net	Ongoing	
IOM	CV	Shelter / Livelihood	Emergency / early recovery		Usual	5
	CFW	Shelter	Emergency / early recovery		Usual	3
	NFI	NFI	Emergency / early recovery		Pilot	4
Oxfam	UCG		Emergency to support basic needs	Rapid onset/ Large scale disaster	Usual	5
	VV		Basic needs	Conflict	Pilot	3
	CCG		Re-start IGA Slow onset emergency	Slow onset emergency	Usual	5
WV	CFW	All	Rehab of infrastructure (school, roads)	Flooding, typhoon, earthquake	Done	5
	CV/VV	Shelter / livelihoods	Housing construction, repair, IGA	Same as above	Pilot	4

2. **Presentation 2: Available cash transfer mechanisms in the Philippines**

Comments on the presentation

*What is the **capacity** of providers to deal with large cash transfers?*

The capacities of the providers vary but are generally strong as banks, mobile and remittance industries cater for millions of customers. In case of large influx, coordination between agencies and between agency and provider is required to avoid overwhelming a branch or a provider.

*What is about the **integrity** of the providers?*

Cash transfer is a heavily regulated industry under the scrutiny of the BSP, hence responsibility and integrity should be good.

*What about **resilience**?*

Operators and remittance companies are the first to be restored after disasters. However, this is an issue to be considered during the assessment

Debate: What mechanism would fit best in your usual emergency intervention?

Agencies are most interested in remittances and pre-paid cards, with both the UN and government seeing the potential of using them as vouchers:

- G-cash remit to using vouchers right after disaster (WFP).
- The government could develop more paper or electronic voucher in emergency (DSWD).
- NGOs are interested in remittances – in emergency situations, they would allow for fast and secure disbursements to cover basic needs.
- UN and NGO agencies prepaid cards – would allow for continuous support and seamless transition from relief to recovery and even into development.

3. **Group work 1: Preparedness needs: How to integrate CTP's into preparedness?**

Agencies have identified five main steps in preparedness:

- **Advocacy and sensitization** (toward partners and LGU, but also staff and donors). Constraint: evidence-based research.
- **Coordination** to prevent gaps and overlap and ensure harmonization of interventions in the field.
- **Training** in all departments (programs, but also support and audit). Constraint: who will provide the training?
- **Procedure development** to speed up the response constraints: logistics, finance and admin procedures must be in line with auditing procedures.
- **Set-up and pre-agreements**. Constraint: where to find information on mechanisms?
- **Link with donors** to ensure fast roll out of intervention. Having concept note templates on CTPs would be useful.

1st group – CFW:

Preparedness activities:

1 – Training on CTP – 4
2 – Assessment of availability of labor, supplies (contingency stock for CFW – or preferred suppliers) and service providers (remittance) – 4
3 – Coordination among agencies: prevent overlap and gaps – 4
4 – Set up and procedures CTP: Setting up of systems, procedures, tools for hand-to-hands, mobile for CFW – 5
5 – Link with donors – 4
6 – Prepare the seamless passage from relief to early recovery. Constraints: funding, procurement of material.

2nd group – grants:

Preparedness activities:

1 – Sensitization/advocacy to create more acceptance through workshops and communication (material from CaLP). Constraint: is there research on the impact of CTPS? – 5
2 – Contingency fund. Constraint: is it acceptable to donors? – 5

3 – Monitoring of cash use to assess impact on recipients. Monitor through cards reporting? – 4
4 – Setting standards of payment to prevent conflict among community and provide consistency among agencies through coordination. Constraints: time consuming. – 5

3rd group – voucher:

Preparedness activities:

- Advocacy toward donors, agencies, LGUs to create awareness through communication and evidence based information (CaLP).
- Assess supply chain and potential inflationary risk to understand how it could be impacted by disaster, through field analysis. Constraint: funds, methodology, tools.
- Assess providers, their services and coverage to get pre-agreements – 5
- Integrate CTP into procedures, logistics and admin to speed up the response by reviewing procedures. Constraints: auditing procedures to be negotiated with donors, capacity of admin staff to understand CTP.
- Coordination to ensure joint assessment (cluster assessment form must integrate market issues) through existing platforms (Pingon, clusters). Constraint: how to comply with sphere standards? Time for coordination during emergency.
- Define a concept note template on CTPs to speed up proposal after disasters – 5

Discussion:

- On preparedness: CTPs themselves can be seen as part of preparedness: e.g., DRR CFW (planting vetiver on river banks to fight erosion)
- On coordination: The Cash Learning Group can be a good platform to improve coordination – experience is rich and needs to be shared.
- On procedures: Setting up and harmonizing internal procedures between departments (program/support/audit) is critical, including creating adapted and user-friendly formats – financial reporting, etc.
- Group work 2: Preparedness needs: How to include mechanisms into procedures and preparedness plans?

Agencies have identified five main steps in preparedness with regard to mechanisms:

- **Preparation of training and communication/sensitization material** on the use of each mechanism
- **Identification, selection and pre-ag**reements with providers
- **Monitoring standards and mechanisms**
- **Analysis of the agency's capacity** to roll-out mechanisms
- **Procedure development** and their inclusion into CTP preparedness plan

The importance of developing a "plan B" (i.e., what happens when the mechanism fails) and foreseeing cash specific issues such as sharing, security or politicization were also emphasized.

Group 3 – Prepaid cards:

1 – Selection of service provider, negotiation of terms and conditions to get the best service at best price through bidding and negotiations
Trough dialogue, constraint: capacity limited, can only be tested during disaster – 5
2 – Sensitization of staff and beneficiaries on card use through training – constraint is time, technical capacity – 5
3 – Development of monitoring standards (usage indicator) and mechanisms (how to collect the data - through POS?) – Constraint: time and expertise.

Group 2 – Mobile transfers:

1 – Standards assessment – ready to use forms – mobile literacy, network coverage, outlet coverage, mobile usage and preference – 5
2 – Due diligence on services and costs – 4

3 – Draft MoUs and reporting forms, discuss this with admin department – 5
4 – Coordination: Stakeholders meetings internal and external to agree to use mobile phones as a tool of cash transfers - include mobile into clusters.
5 – Sensitize LGUs and beneficiaries with communications material detailing how to use mobile for transfer – 4
6 – Plan B – 5
7 – Prepare database with mobile phones numbers
8 – Criteria to select shops and suppliers able to release commodities and funds – 2

Constraints: selling of voucher (if used as such), sharing, security, politicization

Group 1 – Remittances (through mobiles):

1 – Knowing service providers, geographic coverage, flexibility of service providers, education, after sales.
2 – Legal, financial requirements through discussion with providers and field validation, access to lessons and experiences of NGOS.
3 – Access to and availability of services, distance to PoP, provider capacity (how many customers can they attend to?).
4 – Review and analyze agency's capacity to do remittance (internal review of all aspects from program to audit).
5 – Include mechanism into CTP preparedness plan by providing guidelines for remittance. Constraint is capacity, time of agencies.

Participants noted the importance of preparing for specific community issues arising with CTPs: cash is perceived as more desirable than in-kind and can foster tensions and conflicts.

ANNEX 10 ASSESSING THE APPROPRIATENESS OF A CASH INTERVENTION

ISSUE	KEY QUESTIONS	METHODS
BASIC NEEDS	What was the impact of the shock on people's food and income sources? What was the impact of the shock on people's assets, in particular those essential to their livelihoods? Are people able to meet their basic needs with the food and income available after the shock? Are people used to handling cash to meet their basic needs? Is everyone affected equally? Which households or groups of people are affected? Should the response be different for each? Are people able to recover their livelihoods with the assets and income available after the shock? What strategies are people using to cope with food insecurity or income insecurity? What impact do the strategies have on livelihoods and dignity? What are people likely to spend cash on? Do emergency-affected populations have a preference for cash or in-kind approaches?	Participatory approaches Interviews, surveys Secondary sources should be analyzed to form a picture of how people lived prior to the emergency and then supplemented by field assessment
SOCIAL RELATIONS and POWER	Do men and women have different priorities? How is control over resources managed within households? What are the differences within the community in terms of control over resources? What impact will cash distributions have on existing social and political divisions?	Separate interviews with men and women Ensure that the different social, ethnic, political, and wealth groups are included in interviews

ISSUE	KEY QUESTIONS	METHODS
FOOD AVAILABILITY	Is food available nationally and locally in sufficient quantities and quality? Will the normal seasonal fluctuations affect food availability? Will government policy or other factors affect food availability?	Interviews and focus-group discussions with producers National and local statistics Agricultural calendars Government subsidies and policies
MARKETS	Are markets in the affected area operating and accessible? What goods are people likely to buy if they are given cash? Where did they buy these goods before the disaster? How has the crisis affected markets, including transport links, storage etc? Are markets accessible in distance and cost, and will a surge in demand produce higher prices? Are essential basic items available in sufficient quantities and at reasonable prices? Are there any restrictions on the movement? Is the market competitive, i.e., is the number of suppliers large enough in relation to the number of buyers? Is the market integrated, i.e., are market services functioning and enabling goods to move from areas of surplus to areas of deficit? What rate of inflation is occurring? Are traders able and willing to respond to an increase in demand? What are the risks that cash will cause inflation in prices of key products?	Interviews and focus-group discussions with traders Price monitoring in key Markets Interviews and focus-group discussions with moneylenders, debtors, and creditors Assess the volume of cash being provided by the project, compared with other inflows such as remittances Ensure that remote areas are covered when analyzing how markets work Oxfam Market Analysis Tool
SECURITY AND DELIVERY MECHANISMS	What are the options for delivering cash to people? Are banking systems or informal financial transfer mechanisms functioning? What are the risks of cash benefits being taxed or seized by elites or warring parties? How do these risks compare with the risks posed by in-kind alternatives to cash?	Mapping of financial transfer mechanisms Interviews with banks, post offices, remittance companies Interviews with potential beneficiaries about local perceptions of security and ways of transporting, storing, and spending money safely Analysis of the risks of moving or distributing cash Analysis of the political-economic context

ISSUE	KEY QUESTIONS	METHODS
CORRUPTION	What are the risks of cash being diverted by local elites or project staff? How do these compare with the risks of providing in-kind alternatives? What accountability safeguards are available to minimize these risks?	Assessment of existing levels of corruption and diversion

Source: Oxfam Cash Transfer Programming in Emergencies, Edited by Pantaleo Creti and Susanne Jaspars and ODI HPG Issue Paper 1, Analysis of Markets, by Lesley Adams and Paul Harvey

ANNEX 11 MECHANISM AND DELIVERY AGENT ASSESSMENT TOOL

(SOURCE: ACF PHILIPPINES)

CASH TRANSFER MECHANISM SHEET

DEFINITION AND GENERALITIES

Cash transfer mechanisms are the means or tools by which agencies will provide cash or vouchers to their beneficiaries. There are multiple options that aid agencies need to consider for delivering money to people, which include the provision of direct cash/vouchers (hand-to-hand delivery, ATM, bank counter) or electronic money (mobile phones transfer or prepaid cards).

Various private agents could be considered to provide the cash delivery service to the aid agencies, such as mobile phone, remittance and courier companies, banks or micro-finance institutions. They provide a variety of services that can often be adapted to the specific needs of their customers.

Cash transfer mechanisms are central to any cash transfer program, and each mechanism can be used in a wide range of programs, including cash grants and vouchers, provided they are modified accordingly.

PRE-CONDITIONS AND NEEDS OF INFORMATION

Availability and accessibility of transfer mechanisms

The availability and accessibility of the different transfer mechanisms needs to be understood first: **What delivery options are available in the area of intervention (banks, postal service, mobile operators), are they accessible, are the beneficiaries familiar with them; can they be easily used?**

The availability and accessibility of each option will not only depend on the access to the necessary infrastructures and services by the beneficiaries, but also on their capacity to use the mechanism of transfer itself (i.e., bank cards and mobile phones) and their acceptance of the mechanism being considered.

Need of Information for set-up and implementation

The availability of the information needed to set up and use a mechanism has to be taken into account at the very first stage of the design of the activity. It is crucial to assess the ability of the aid agency to develop a mechanism since specific documents and information may be

requested by the service providers and by law, to create the tool (i.e., a bank card) and to identify, register or authenticate the beneficiaries during the payment. Aid agencies need to have a clear picture of the process involved with each agent and/or each mechanism, which can be more of less restrictive, depending also on the flexibility given by a delivery agent. It includes consideration for the:

- Contracting process and requirements of information requested by the delivery agent about the aid agency itself: status and licenses, audited financial statement, etc. KYC (Know Your Customer) regulations imply those requirements are quite stringent.
- Necessary provision of information about the beneficiaries (details below) and the related justification/certification needed (official documents: ex. ID).
- Provision of the information needed by the aid agency to monitor its activities and justify its expenditure, to be provided by the delivery agency

The choice of a mechanism and of a delivery agent (refer part 1.3) should then be consistent with the ability to access the necessary information for implementation. Special attention will be given to:

a. Creation of database of eligible recipients

Most delivery mechanisms (i.e., remittance, mobile phone, etc.) require the agency to create a database of eligible recipients. The electronic database should include as little information as necessary to deliver the money to the intended recipient, however, some industries will require more information to comply with KYC regulations (e.g., in the Philippines, the Central Bank requires 11 pieces of information, including social security and tax number – information very few of the recipients will own). Format should also be discussed (text, Excel, proprietary software). ***The choice of mechanism/delivery agent should be consistent with availability of information, and with the existing law related to private data protection (collection, storage, diffusion, use, etc.)***

b. Identification and authentication

The registration process needs to create a unique link between the properly targeted person and a unique identifier for that person. Each of these is then linked to a form of authentication. Authentication is usually provided by specific such as a form of ID and a tracking number. The authentication process seeks to ensure that the person requesting funds is indeed the properly registered person at the point of payment. Once this test is passed, the person can receive the funds.

Providers may have more or less stringent identification and authentication requirements. They can require one or more official identification cards or accept temporary government cards or agency issued ID cards; PIN numbers linked to prepaid cards or SIM card or tracking numbers linked to remittance companies. ***The identification/authentication methods should be consistent with targets' ability to provide the requested information.***

c. Reporting and reconciliations

Agencies need to be able to track and report on funds being disbursed. The tracking of the flow of funds can happen in real time (through internet), daily or otherwise. The agency will want, at the very least, to be able to reconcile the funds that left their accounts with the total that has been received by each of the recipients. If withdrawing installments are possible, the agency will also be able to see the funds that have been withdrawn against the funds still in the account. Dates, recipients and point of payment should be segregated. Providers can also provide a detailed audit (or auditable) trail, including proof of payment.

CHOICE OF MECHANISM

Criteria of comparison of delivery mechanism

The objectives of the intervention and the design of the related activities will influence the choice of transfer mechanism to be used, giving more or less importance to the criteria of comparison presented below. For instance, if the main objective is to provide immediate life saving relief to an important number of beneficiaries then speed, practicality and reliability may be key factors. If it is recovery, cost and flexibility might be more important. If you planned to provide several transfers to the same beneficiaries, a reusable mechanism of transfer will be an advantage.

Generally speaking, a suitable transfer mechanism will be secure, transparent, efficient and reliable. For each available option, the following criteria should be assessed to identify the best tool:

- **Speed to set up** and roll out: Time taken to roll out solution including set-up.
- **Flexibility:** Does the mechanism allow for rapid change to adapt it to changes in the field or in the objectives; are the registration/ authentication systems flexible?
- **Capacity:** How is the delivery mechanism system likely to cope with a sudden influx of withdrawals? How many beneficiaries can be covered? How much money can be transfered?
- **Human capacity needs:** Numbers of staff required and their level of skills, which includes not only technical teams, but also logistics and administration. For the beneficiaries, consider the required level of literacy and familiarity.
- **Cost** (to agency and recipient): The cost of different options to both the agency (provider charges, staff, transport, security and training costs) and the recipient (charges, travel costs, waiting time).
- **Security (person)**: What risks are posed to the physical safety of aid agency staff, delivery agency staff and recipients?
- **Reliability and risks:** Capacity of the system to prevent error, breakdown, diversion and fraud. Will the transfer reach the right beneficiary on time, with the amount expected? What are the systems needed to manage risks such as fraud, error and security? Consider the level of automation, security in the system and at the point of disbursement, ability to monitor and rapidly correct, and security in the reporting and reconciliations process.
- **Transparency:** Can the system provide clear, detailed and reliable information on the transfers? Checks, automation, reporting and proofs of transfer should be considered.

Method of comparison

Depending on the context of the intervention, your objective, the transfer mechanisms available and the aforementioned selection criteria, it is advised that you develop a comparison tool to summarize the advantages and disadvantages of the most relevant options. An example is proposed in **annex 1** for the Philippines, giving some key issue to be covered. However, it remains not very effective for the decision making, since it is general. In reality, the table has to be filled based on a specific context.

A table with the different **criteria vs. different mechanisms available** could also be developed and used for the comparison, with weight associated to each criterion depending on the CTP objectives and the context of intervention.

CHOICE OF DELIVERY AGENT[24]

Choice of the delivery agent

To choose between different agents, aid agencies have to understand and assess the basic features of their payment systems and the conditions in which

[24] Delivery agent refers to the service provider that will be contracted by the aid agency to deliver/transfer the cash.

	Advantages	Disadvantages	A=Appropriate to target (-/+/++) C = Cost F = Feasibility (H/M/L) Timing set-up (quick/slow)	Best for (type of CTP and approaches).
Hand-to-hand				
Bank transfer				
Remittance				
Gift Checks				
Mobile transfer				
Pre-paid cards				

the service will be provided. Delivery agents have not developed their payment solutions for the humanitarian community. Hence, they may not be geared to their needs. Agencies should investigate whether the provider will be able to adapt its product and deliver according to their specific needs. Depending on the situation, this may not be done in emergencies due to time constraint.

Different criteria should be taken into account to assess a specific agent and/or to compare those who can provide the same service. It includes both the agent itself and the offer proposed:

- **Capacity of management (and reliability):** This includes not only the ability to deliver the cash in a good manner, but also to ensure that all information is well managed (recording, reporting, etc.). How can the delivery agents deal with a sudden influx of withdrawals and clients? What are their experiences and usual scale of intervention? Are they able to ensure the provision of expected amounts? What is the competency of their staff? How will they ensure the monitoring of the deliveries and the reporting to the agency? Are they able to cope with disruption and errors?
- **Capacity to ensure the best service to beneficiaries:** Is the delivery agent familiar with the area of intervention? What are its means to deliver the cash? Can it propose mobile coverage? What is its coverage? What are the complaint systems in place? What mechanisms are in place to handle a problem? Accessibility to point of payments[25]? Etc.
- **Accountability**: Includes not only the capacity to monitor and report on the transaction (transparency information system), but also the control measures and audit trails in place.
- **Cost** charged by the agent: Set up costs, instrument issuance costs (pre-paid or SIM card), loading costs, software license costs, transaction/withdrawal costs and specific features costs such as training, mobile or temporary delivery point, security, order modification, refund, account closing, dormancy fee etc.
- **Security**: Safety of recipients and staffs while receiving the cash. What are the security policies of the delivery agent? What are the responsibilities of the delivery agents to ensure the security measures identified?

In addition, specific factors should also be considered, such as:

[25] This is the place where a recipient receives their cash. Number, location and operating hours of PoP should be checked. Options include banks, ATMs, mobile ATMs, and places such as shops where people can collect cash from nominated agents that have PoS devices. In some cases, temporary or mobile PoP can be set up.

- **Time to deliver:** How long does it take to set up the solution, including signing a contract, producing the payment instrument (pre-paid or SIM card) and training accredited partners if needed? How long does it take to process an order, including time needed to move funds to the field?
- **Specificity of the offer/services:** Some providers do not offer the whole range of features attached to a payment mechanism, others can have additional customization alternatives, including mobile/temporary branch delivery, use of voucher or specific restrictions. Large providers such as banks might not be very reactive or flexible. Some providers are geared toward individual cash transfers and have no system to deal with bulk orders (i.e., remittance), which may complicate the logistic/administrative work of the aid agency.
- **Flexibility:** Withdrawal process, modification and change, communication between the agency and the delivery agent.
- **Training and support capacities:** Recipients will need to be informed about the payment system being used, and whether a new technology being introduced requires recipients to have support and training in accessing it. The agency and service provider must ensure that clear and appropriate training materials and support are provided. Systems should also be put in place to enable beneficiary feedback and complaints to be made and acted upon if problems arise.

An assessment table of different delivery agents in the Philippines is presented in annex 2.

Role and responsibilities

When considering an agent, the aid agency also needs to make clear "who will do what" and to clearly define what will be the respective roles and responsibilities of each party. It should cover:

- Registration, recipients' lists upload and data cleaning
- Training and communications to recipients (material – leaflets and human resources-roving staff)
- Support (at the point of payment and through hotlines)
- Technical support and liaison with agency for fast decision making
- Reporting and reconciliation: frequency and content of reports
- Others: accreditation of new agents, organization of mobile services, security

In terms of responsibilities, the agency needs to know who bears what risks. Financial and legal liabilities of each partner might include:

- Fraud, errors, grievance procedures, re-issue lost cards, forgotten PINs
- Liability toward anti-laundering regulations and financial regulators, etc.

IMPLEMENTATION

Implementation process

1. **Assessment** of available delivery options and selection of one of them (see above sections).
2. **Assessment of the needs in terms of financial and human resources (see table below for costs to consider).**
3. **Assessment of the key features of the implementation process (see table below for key features to consider).**
4. **Contract finalization on the basis of pre-agreement or negotiation** if not done as part of contingency planning.
5. **Project team** set up for implementation, to meet regularly throughout the project.
6. Identification of what information is required for the **database** (e.g., ID number, date of birth, address, mobile phone number, biometric information) and collection of this information.
7. **Cleaning data** for errors and duplication, checking for supporting documentation.

8. **Database sent to the partner** responsible for 'back office' work – e.g., the bank or other third party operator.
9. **Payment instrument** production, such as a voucher, card, SIM etc.
10. **Special features put in place with provider, such as restrictions of use, temporary delivery point etc.**
11. **Distribution plan agreement with provider: Including staging and localization (by branch) if necessary.**
12. **Communication of program and mechanism.**
13. **In case of payment instrument: Training of recipients.**
14. **In case of payment instrument: Distribution of payment instrument and PIN or tracking number if needed.**
15. **Grievance and customer support** system in place and staff trained or briefed. This could include call centers, roving employees, community meetings and committees, or government offices.
16. **Payments made.**
17. **Reports and reconciliations**.

NB: for vouchers, negotiations have to be held with merchants (see voucher activity sheet).

ANNEX 12 INTEGRATION OF CTP IN CONTINGENCY PLAN

(SOURCE: ACF PHILIPPINES)

INTEGRATION OF CASH BASED INTERVENTION IN CONTINGENCY PLAN / PREPAREDNESS

- ACF Philippines 2011 -

I. Context and general approach

Cash Based Intervention (CBI), or Cash Transfer Programming (CTP), is recognized as potentially the best approach to respond to disaster, depending on the conditions of intervention. The integration of the cash transfer projects in the response options, from the very beginning of the project cycle, can improve the quality of the support provided not only for the victims of the disaster, but also for the local economy.

Although ACF Philippines has shown concerns and efforts to increase its technical knowledge and its capacities to set up and implement cash based intervention in emergencies, it still recognizes the need to pursue these efforts for a better integration of such an approach in its response option to disaster. When asking ACFs staff why CBI has not been considered in the past year, although they could have been appropriated to the context, the following answers are given:

- Lack of technical knowledge
- The assessment of the impacts and the response analysis never allowed room for CTP
- Limited acceptance and familiarity in community affected, risk of tension and jealousy
- Need to ensure Sphere standards for WASH department.

Different approaches can be considered to increase the capacities to implement CTP: (1) through punctual and specific actions such as the provision of trainings, the development of ad-hoc projects and pilots, the sharing of information with other humanitarian actors, the development of guidelines, the changes given to on-going projects, etc.; or through a broader approach (2) with the integration of CTP into contingency planning and the implementation of the related capacity building plan. This paper proposed to focus on the second option, which should anyway covers most of the other ones, and provides an analysis of what should be done to achieve this objective.

The **general objective** of the strategy is to integrate CTP in ACF response options in order to improve the quality of it responses to disaster. The **specific objective is** to develop the ACF capacities through the provision of the necessary information and tools to increase preparedness. It will be done through the provision of information and analysis related to the following questions: What CTP to answer to what disaster in which condition? What is missing in the capacities to do that? In order to do that, the following actions are covered:

- Review of the context, risk and response analysis (how will I respond to what, in what situation?)

- Review of the tools and procedures needed during the emergency response (how will I set up and implement the response? What tools, procedures, coordination and management systems?)
- Identification of capacity building activities (what are the gaps in my capacities, how to fill them?)

All departments should be involved in the implementation of these activities since (1) CTP is just a tool related to all sectors of activities and (2) the set-up and implementation of CTP should involve the logistics and administration at each step of the project implementation[26]. This also means that the processes and the coordination mechanisms between the different departments need to be reviewed, for a better organization within ACF office. The table below summarizes the main topics that could be considered for integrating CTP in preparedness to disaster.

II. Analysis of the context and response options

In order to understand better how to integrate the CTP in the response to disaster, one has to first identify what type of actions it would develop in case of emergency, depending on the type of disaster (type and impact), the environment of the intervention (context, actors, etc.) and its own mandate. This type of analysis usually covers the following specific steps:

a. Context analysis:

The context analysis usually includes general data about the country (population, development, economy, political system, security, etc.), information and indicators on specific sectors (food security, water access, agriculture, nutrition, etc.), the description of the vulnerabilities (areas, groups, etc.) as well as the frames in place to address disaster (disaster risk reduction system, response structure, etc.). The integration of CTPs in the contingency plan requires specific information in addition to those that are already covered by the usual contingency plan. This includes:

1. An analysis of the market covering the main actors, infrastructures, services, regulations, etc. It will be especially important to highlight how the markets are able to provide people with commodities and services in good conditions (coverage, access, availability, diversity actors, price changes, seasonality, infrastructures, etc.); and the main information related to the services potentially needed by the aid agency should be included (trade, mechanisms of transfer, etc.).
2. A review of the security related to the transfer of money. It will cover the security for the aid agency staff, the beneficiaries and the staff of the delivery agency. The security analysis should not only describe the potential difficulties and risks related

Table 1: Possible task for integration CTP in preparedness

Geographic or sector targeting	Integrate CTP in internal procedures
Identify CTP modalities in response strategy	Identified coordination mechanisms
Identify potential transfer mechanisms	Identify partnerships
Identify pre-conditions for appropriateness	Implement training, capacity building
Set-up pre-registration and targeting tools	Set-up contingency stock
Set-up tool assessment	Pre-agreements: traders, service providers, etc.
Set-up sensitization / advocacy approach and tools	Etc.

[26] Please refer to annex 1 for examples

to the transfer of cash or vouchers, but also provide recommendation on different mechanisms of transfer that can mitigate or remote the risks.

b. Risk analysis and scenario building:

The risk analysis includes an analysis of the hazards themselves and their potential (or past / usual) effects, the related threats, the risk mapping (priorities, seasonality, etc.) and the general response capacity. This last refers to the capacities of the stakeholders involved in the response to disaster to address the needs of the impacted population.

On the basis of the context and risk analysis before, the most likely disaster scenarios are built (what? Where? How much or how many? Aggravating factors?), including an analysis of the problems.

The integration of CTPs in the contingency plan requires specific information in addition to those that are already covered by the usual contingency plan. This includes:

1. The integration of the capacities of the stakeholders to respond to the potential emergency needs in the general response capacity analysis. In addition to information on the different sectors of intervention by actors and their potential areas of intervention, clear information on the use of CTPs shall be integrated. This is important not only because when using a CTP, activities from one sector can impact other sectors, but also for coordination and design purposes (synergy, avoid overlapping, harmonization, level of acceptance, sharing experiences).
2. The integration of the impacts of the different hazards on the markets both in the risk analysis and in the scenario building. First the effects of the disaster on the markets players, infrastructures and services will be described for the different commodities or services needed. It will be important to consider not only the product or services to be provided to the affected communities, but also those needed by the aid agency to work (financial services, etc.). An analysis of the usual/potential resilience of the market needs then to be developed to understand better (1) how this last one can support the stakeholders to address the needs and (2) what support the market may need with the perspective of recovery. This will allow understanding and describe better the existing problems, leading further to identify the solution to undertake.
3. Some annexes are usually developed as support documents for the analysis, and need to be reviewed with the objective to integrate CTPs. In the contingency plan of the ACF Philippines mission, it includes problem trees per sector of interventions.

c. Response strategy:

Finally, it is possible to identify the solution to address the unmet needs and furthermore, to identify and detail the response strategy of the aid agency. The response strategy should not include a simple description of the activities to be set up, but also support documents to design these activities during the emergency have to be integrated in the document (activity sheets, forms for assessment, monitoring, etc.). These documents are usually added in annexes as tool kits, and will be presented in part III of this document (tools, procedures and management and coordination mechanisms).

If not yet included in the contingency planning document, the different options to develop CTP in the emergency response have to be described in the responses strategy. It means that first the CTP should be included in the solution trees (taking into account markets for goods and services) and then for each sector of intervention the modalities of CTP that would be useful to support the implementation of activities should be described. In addition, it is also important to identify at this stage what will be the main mechanisms of transfer that would be used in case of the implementation of a CTP.

When working through the market to deliver assistance to communities in case of emergency, the aid agency will need to identify if it has to

support the market itself, the different actors or the infrastructures and services available. Depending on the needs of the market to provide the requested commodities and services in good condition, the identification of the potential activities to be set up by the aid agency has to be also described in this part, along with the activities that will support directly the affected communities.

Some annexes are usually developed as support documents for the definition of the response strategy and its implementation in case of disaster, to set-up and implement the activities during the emergency. Those needed for any intervention using a CTP are summarized in part III, table 2. In addition, the aid agency can usually identify and prepare the implementation of pilot projects for emergencies, which is developed in part IV "capacity building" of this document.

III. Management and coordination mechanisms:

Once the aid agency has already identified what specific responses it will give to a disaster, depending on an analysis of the context, the impacts, the stakeholders, its mandate and the unmet needs, it also has to make sure that the management and coordination procedures will be clear and known by its staff; and well handled during the emergency. It includes the coordination mechanisms (internal and external), as well as the rapid assessments and monitoring needed and the communication and visibility. It will be especially challenging for the coordination mechanisms as well as for the identification of who will be involved in which assessment, since the nature of CTPs is multi-sectoral and involves new roles for the logistic and administration staffs. Using CTP means to review the coordination mechanisms and the standard of operations followed at all steps of the implementation, from the assessment to the monitoring & evaluation steps.

1. **Internal coordination and management**. The use of CTPs will not only give specific responsibilities to the logistic and administrative departments, but activities developed by a specific sector (i.e., Food Security) may interfere with the activities/results implemented by another sector (i.e., Nutrition). In such situations, a clear coordination system needs to be set up to ensure the necessary sharing of information. This system should be based on the respective roles and responsibilities for each department, and detailed for each step of the program cycle (as for instance, who will ensure during the design of the project that the financial procedures imposed by a service provider are suitable? Who and how the aid agency will communicate and work with the service providers? How to ensure that the transfers of funds to the service provider are in accordance with the receipt by the beneficiaries?). Finally, the Standard Operating Procedures need to be reviewed, especially for the logistic and administration departments.
2. **External coordination**: Given the multi-sectoral, inter-cluster nature of the cash and voucher-based programming, there is a growing consensus that cluster-based coordination mechanisms are inadequate for the level of strategic coordination required, and need to be improved. As for today, it is advised to check in your country of intervention if something has already been set-up to address this gap and to understand it, for participation in case of involvement in emergency. In the Horn of Africa, for example, cluster participants consider the creation of a CTP focal point in each cluster, each of them reporting to a CTP focal point coordinator.
3. **Assessment:** The different assessments need to be set up and made available in case of emergency. With regard to the integration of the CTP, the review of the form has to be done at two levels: (1) through the revision of the existing forms for each department and (2) through the set-up of a specific assessment that may involve different departments or not (i.e., market survey or inclusion of market information

in multi-sector rapid assessment forms). Then, a clear description of the process itself needs to be clarified, especially with regard to the involvement of each department (techniques, operational, support). Key questions have to be answered: What information do I need with regard to the need assessment related to my sector of activity? How are the techniques involved in security risks along with the logisticians? Who will be involved in the assessment of the providers of cash transfer services? Who will assess their financial procedures? Etc.

4. **Monitoring:** Need for a review of the forms themselves with the objective to collect the necessary information related to monitor a specific CTP.

IV. Tools and forms

For each part of the contingency plan reviewed before, specific annexes are usually attached to the main document, either to detail the different analyses, or to directly support the teams to set up and implement the project in emergency situations. Table 2 below lists the different documents that should be either reviewed or created, for the integration of CTPs.

V. Capacity building

a. Capacity building and awareness

The comparison between the potential emergency capacity requirements (to answer the impacts of the disaster to come) and the current capacities of the aid agency (based on the evaluation of the capacities of the staff, financial means, HR means,

Table 2: Annexes to be included in contingency planning

Part	Annexes
Context analysis	None
Risk analysis and scenario building	• Problem tree • LFA • Concept note
Reponses strategy	• Solution tree • Activities sheets (including criteria of appropriateness) • Tool sheets (i.e., mechanisms of transfer and delivery agent) • Guidance for awareness and sensitization • Pre-agreement form (traders, partners, delivery agent, etc.) • Guidance material: awareness and training (i.e., communities, local authorities, financial services providers, etc.)
Management and coordination	• Cluster coordination scheme • Technical assessment form (market, comparison modalities, CTP and transfer mechanisms, risk analysis and mitigation, etc.) • Security assessment form (logistic) • Checklists assessment • If relevant, monitoring (including indicators) and report forms • List partners • List service provider and contacts • Communication guidance materials (refer clap tools)

infrastructures, material and organizational means) has to be done to identify the gaps in the capacities. Based on these gaps, the following activities need to be implemented (and the related means needed for that forecast: HR, materials and funds):

- Review policies and procedures: Define and integrate SOP including log and admin, integrate security measures / rules (max cash, etc.).
- Review forms and documents attached to the contingency plan.
- Training: Develop training plan with CTP training and procedures. For implementing partners too.
- Develop guidance material: Set-up sensitization / communication sheets / guidance advocacy / design CTP (appropriateness and comparison option)/ beneficiaries' trainings.
- Identify and compare service providers (supply, mechanism transfer, etc.).
- Engage contract and negotiation. Establish pre-agreements.

b. Identification of pilot

In order to increase the response options in case of emergency and the quality of the response itself, and due to the lack of time in emergency to develop a new approach, the aid agency could benefit from the identification and the design of a pilot project before the emergency itself. Whether or not based on previous experiences that need to be improved, the pilot should be fully designed, including the identification of:

- All forms needed for assessment.
- Full description of the modalities and mechanisms used and options, including processes, appropriateness to context, possible target, costs, means, monitoring & reporting forms, etc.
- Identification of the different actors involved in the pilot (traders, services providers, communities, etc.), the description of roles and responsibilities, the set-up of pre-agreements.

As for instance, based on its recent pilot in Cotabato using a pre-paid card for the transfer of cash (voucher), ACF Philippine will engage discussion with a bank to design a mechanism of transfer that will not only (1) improve the previous system itself (based on constraints and problems faced, lessons), (2) but that will also make it usable in different contexts of intervention (ex. remote areas), at different scale.

c. Awareness partners and donors

With the perspective to develop projects based on a cash transfer, it will be important to ensure that the fund will be available. This should be carefully considered since donors may still be reluctant to fund such approaches, or have specific conditions/ requirements limiting the options. In this situation, it may be especially important, before the disaster, to:

- Develop advocacy/communication materials. Promote the approaches proposed.
- To aware and inform the donors of the approaches identified, to be implemented in case of disaster.
- To assess their willingness to fund such program as well as their conditions / limitations.

ANNEX 13 PROVIDERS' CONTACT LIST – 07 / 2011

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ANNEX 14 CHOICE OF CTP – COMPARISON MATRIX

(SOURCE: CALP TRAINING MATERIAL 2011)

Summary objectives:							
Selection factors	In-kind	Unconditional cash grants	Conditional cash grants	Cash vouchers	Commodity vouchers	CFW	Fair
Objectives							
Phase/speed							
Cost							
Feasibility							
Controls/risks							
Capacity/mandate							
Security							
Acceptability to targets							
Blanket/target							
Flexibility/choice							
Vulnerable groups							
Basic needs							
Livelihoods							
Shelter							
Rural/ urban							
Market or beneficiary							
Others?							

ANNEX 15 POTENTIAL BEST MECHANISM DEPENDING OF CONTEXT OF INTERVENTION AND CTP MODALITY

Cash-for-Work

All mechanisms can be used for a CFW CTP, with an emphasis on hand-to-hand delivery as agency staff are in contact with recipients to supervise them – which makes direct distribution handy. In more insecure contexts, cards (in urban setting) and remittances (in rural areas) should be favored. CFW is not the most appropriate mechanism in the immediate aftermath (first or second week) of a disaster (see section 1 on CFW), thus this analysis only covers the recovery phase of the emergency.

Floods scenario:

Rural areas (recovery phase):

- **Hand-to-hand** is easiest in remote areas and cheap for both the agency and the recipients as agency staff is in contact with recipients to supervise them.
- Mobile remittance possible with one of the companies able to set up a temporary outlet (Cebuana, Western Union or G-cash Remit), but mobile PoP have to be organized and cost taken into account.
- Mobile transfers are too complex to be implemented for single use.
- Cards are an option if the card is used at PoS, but implies renting a mobile PoS, which might be complex.

Urban areas:

- **Hand-to-hand** is easiest and cheap.
- **Remittance transfers** easy to implement, but charges have to be taken into account.
- Cards possible but require teaching recipients how to use ATMs, which is too cumbersome for a single payment.
- Mobile transfers are too complex to be implemented for single use.

Earthquake scenario – the assumption is that CFW's duration will be longer, which is in tune with infrastructure damage and longer displacement.

rural areas (recovery phase):

- **Hand-to-hand** is easiest and cheap, as agency staff is in contact with recipients to supervise them.
- Remittance: easy to implement, but cost has to be taken into account.
- Cards are an option if the card is used at PoS, but implies renting a mobile PoS, which might be complex.

Urban areas:

- **Hand-to-hand** is easiest and cheap.
- **Remittance transfers:** easy to implement, but charges have to be taken into account.
- Mobile transfers are complex but can be implemented for longer CFW.
- Cards possible if several payments have to be made (longer CFW).

Conflict scenario: the assumption is that CFW's duration will be longer and security will be a key issue.

Rural areas (recovery phase):

- **Mobile remittance transfers:** easy to implement and lowers security concerns.
- Mobile transfers are complex but can be implemented for longer CFW.
- Hand-to-hand might be too risky.
- Cards are not an option in rural areas (no ATM).

Urban areas (recovery phase):

- **Cards** possible if several payments have to be made (longer CFW). Cheaper than remittance in the long run (there are no other charges than card issuance), as well as more discreet and secure than remittance (recipient can withdraw when and where they want, and in installments) but requires recipients' training.
- **Remittance transfers:** easy to implement and lowers security concerns.
- Mobile transfers are complex but can be implemented for longer CFW.
- Hand-to-hand might be too risky.

Vouchers

Four mechanisms can be used for a voucher CTP: paper vouchers, voucher remittances (possible with companies that work with merchants: G-cash Remit and Western Union), cards and mobile transfers. Paper vouchers have the advantage of simplicity in remote areas and for single distributions, but cards (in urban areas) and voucher remittance are best for longer term interventions. All forms of vouchers are secure, which makes vouchers a good solution in insecure environments.

<u>Floods scenario:</u>

Rural areas:

Immediate response:

- **Paper vouchers** are fast and easy to implement for both the agency and the recipients.
- Voucher remittances are lightest to implement, easy to use for recipients but expensive compared to paper vouchers (specifically if transfer amount are small as G-cash remit has a flat fee), and might entail organizing a temporary PoS if none is in the area.
- Cards are an option if mobile PoS can be set up in partnering stores.
- Mobile transfers are complex to implement for the agency and to use by recipient, as they require SIM card distribution and training.

Recovery phase (larger livelihoods or shelter voucher transfer):

- **Voucher remittance transfers** might entail organizing a temporary PoS if none is in the area, but allows purchasing in stages, which can be convenient in case of large amounts. Charges are minimal for larger amounts (P50 for 5000).
- **Paper vouchers** are fast and easy but do not allow staged purchases.
- Cards require a mobile PoS to be set-up at a local store but does allow staged transfers and purchases.
- Mobile transfers can be an option to allow for staged purchases at different stores, though distributing SIM cards and training are an issue.

Urban areas:

Immediate response:

- **Cards** are lightest to implement (many merchants have PoS terminals in urban areas), easy to use for recipients and cheaper than voucher remittances.
- Paper vouchers are also possible – they entail fewer charges but more workload for the team.
- Voucher remittance transfer might entail organizing temporary PoS and charges are high for low value transfers.

Recovery phase (larger livelihoods or shelter voucher transfer):

- **Cards** are easy to set-up in urban context, can be reloaded if voucher distribution has to be staged and give flexibility to purchase in several stages and/or stores, which might be important for large livelihoods and or shelter voucher transfers.
- Voucher remittance transfers might entail accrediting a store (few urban stores work with G-cash Remit) and would be costly if the distribution is staged (charges apply each time).

- Paper vouchers are also possible – they entail fewer charges but more workload for the team, especially if the voucher distribution has to be staged.
- Mobile transfer possible, though more complex to implement.

Earthquake scenario:

Rural areas:

Immediate response:

- **Cards** require a mobile PoS to be set-up at a local store but repeated transfers will be loaded automatically and without charge.
- Paper vouchers are fast and easy to implement for both the agency and the recipients but entail repeated distribution.
- Voucher remittances transfers are light to implement and easy to use for recipients, but might entail organizing a temporary PoS if none is in the area, and charges will apply for each distribution.
- Mobile transfers are complex to implement for the agency and to use by recipient, as they require SIM card distribution and training.

Recovery phase:

- **Voucher remittance transfers** might entail organizing a temporary PoS if none is in the area, but allows purchasing in stages, which can be convenient in case of large amounts. Charges are minimal for larger amounts (P50 for 5000).
- **Paper vouchers** are fast and easy but do not allow staged purchases.
- Cards require a mobile PoS to be set-up at a local store but does allow staged transfers and purchases.
- Mobile transfers can be an option to allow for staged purchases at different stores, though distributing SIM cards and training are an issue.

Urban areas:

Immediate response:

- **Cards** are easy to set-up in urban context and can be reloaded at regular intervals to cover basic needs for a longer period.
- Voucher remittance transfers would be costly as the distribution is staged (charges apply each time).
- Paper vouchers entail several distributions.
- Mobile transfer is possible, but requires complex training.

Recovery phase (larger livelihoods or shelter voucher transfer):

- **Cards** are easy to set-up in urban context, can be reloaded if voucher distribution has to be staged and give flexibility to purchase in several stages and/or stores, which might be important for large livelihoods and or shelter voucher transfers.
- Voucher remittances would be costly is the distribution is staged (charges apply each time).
- Paper vouchers entail several distributions.
- Mobile transfer is possible, but requires complex training.

Conflict scenario

Vouchers are the most secure form of cash transfer, hence conflict does not impact which mechanism is chosen, except that it can be expected that immediate needs will have to be covered for an even longer period, making card or mobile transfer solutions more interesting.

Rural areas:

Immediate response:

- **Cards** require a mobile PoS to be set up at a local store but repeated transfers will be loaded automatically and without charge, which makes it worth it in the long term.
- Mobile transfer requires complex training but is worth it in the long term.
- Voucher remittances are light to implement and easy to use for recipients, but might entail organizing a temporary PoS if none is in the area, and charges will apply for each distribution.
- Paper vouchers are fast and easy to implement for both the agency and the recipients but entail repeated distribution, so they are not a good solution in the long term.

Recovery phase:

- **Voucher remittance** might entail organizing a temporary PoS if none is in the area, but allows purchasing in stages, which can be convenient in case of large amount. Charges are minimal for larger amounts (P50 for 5000).
- **Paper vouchers** are fast and easy but do not allow staged purchases.
- Cards require a mobile PoS to be set up at a local store but allow staged transfers and purchases.
- Mobile transfers can be an option to allow for staged purchases at different stores, though distributing SIM cards and training are an issue.

Urban areas:

Immediate response:

- **Cards** are easy to set up in urban context and can be reloaded at regular intervals to cover basic needs for a longer period.
- Mobile transfer possibly requires complex training but is worth it in the long term.
- Voucher remittances would be costly as the distribution is staged (charges apply each time).
- Paper vouchers entail several distributions.

Recovery phase (larger livelihoods or shelter voucher transfer):

- **Cards** are easy to set-up in urban context, can be reloaded if voucher distribution has to be staged and give flexibility to purchase in several stages and/or stores, which might be important for large livelihoods and/or shelter voucher transfers.
- Voucher remittances would be costly as the distribution is staged (charges apply each time).
- Paper vouchers entail several distributions.
- Mobile transfer possible, but requires complex training.

Cash grants

Four mechanisms can be used for cash grants: hand-to-hand, remittances, cards and mobile transfers. Cards are best for urban settings, especially for repeated payments and large sums. Remittances are best in rural context or in single transfers of smaller sums in urban context. Mobile transfers can be a good solution for long-term recurring transfers in rural areas, either in cases of long-term displacements or social safety nets. Hand-to-hand can be used, especially for single transfers in rural areas but are riskier and more cumbersome.

Floods scenario:

Rural areas:

Immediate response:

- **Mobile Remittance transfer service** is the fastest, the lightest to implement, and easy to use for recipients.
- Hand-to-hand is possible but riskier.
- Cards are an option if the card is used at PoS, but requires renting a mobile PoS, which might be complex.
- Mobile transfers are too complex to be implemented for single use.

Recovery phase:

- **Mobile Remittance transfer** is the fastest, the lightest to implement, easy to use for recipients and cheap.
- Hand-to-hand possible but riskier.
- Cards are an option if the card is used at PoS, but requires renting a mobile PoS, which might be complex.
- Mobile phone transfers are too complex to be implemented for single use.

Urban areas:

Immediate response:

- **Remittance transfer** is easy to implement for single use.
- Hand-to-hand possible but riskier.
- Cards possible but in case of retrieval, it requires teaching recipients how to use ATMs, which is cumbersome for a single payment.
- Mobile phone transfers are too complex to be implemented for single use.

Recovery phase:

- **Cards** provide flexibility to receive and retrieve in stages or use directly in store.

- **Remittance transfer is** light to implement and easy to use for recipients, but in case of staged grants (e.g., conditional shelter grant) it requires the recipient to travel to PoP at each stage, and charges have to be taken into account.
- Hand-to hand possible but risky
- Mobile phone transfers are too complex to implement.

Earthquake scenario:

Rural areas:

Immediate response:

- **Mobile Remittance transfer** is the fastest, the lightest to implement, and easy to use for recipients.
- Hand-to-hand possible but riskier, and it entails several distributions.
- Cards are an option if the card is used at PoS, but implies renting a mobile PoS, which might be complex.
- Mobile transfers are too complex to be implemented, except if support is long-term.

Recovery phase:

- **Mobile Remittance transfer** is the fastest, the lightest to implement, easy to use for recipients and cheap.
- Hand-to-hand possible but riskier.
- Cards are an option if the card is used at PoS, but requires renting a mobile PoS, which might be complex.
- Mobile transfers are too complex to be implemented for single use.

Urban areas:

Immediate response:

- **Cards** are best for several transfers, though they require training to use ATMs.
- **Remittance transfer** is the fastest, the lightest to implement and easy to use for recipients, but requires recipients to travel, and there will be a charge for each distribution.
- Hand-to-hand possible but riskier, and it entails several distributions.
- Mobile transfers are too complex to be implemented, except if support is long-term.

Recovery phase:

- **Cards** are best for several transfers, provide flexibility to retrieve in stages or use directly in store, though they require training to use ATMs.
- **Remittance transfer** is fastest, lightest to implement and easy to use for recipients, but requires recipients to travel, and there will be a charge for each distribution.
- Hand-to-hand possible but riskier, especially for larger sums, and it entails several distributions.
- Mobile transfers are too complex to be implemented, except if support is long-term.

Conflict scenario:

Rural areas:

Immediate response:

- **Mobile Remittance transfer** is the fastest, the lightest to implement, and easy to use for recipients.
- Mobile transfers are complex to be implemented, but feasible as support is long-term.
- Hand-to-hand is too risky.
- Cards are an option if the card is used at PoS, but requires renting a mobile PoS, which might be complex.

Recovery phase:

- **Mobile Remittance transfer** is the fastest, the lightest to implement, and easy to use for recipients.
- Mobile transfers are complex to be implemented, and therefore not a very good solution.
- Hand-to-hand is too risky.
- Cards are an option if the card is used at PoS, but requires renting a mobile PoS, which might be complex.

Urban areas:

Immediate response:

- **Cards** are best for several transfers, though they require training to use ATMs.
- **Remittance transfer** is the fastest, the lightest to implement and easy to use for recipients but requires that recipients travel and there will be a charge for each distribution.

- Mobile transfers are complex to be implemented, and therefore not a very good solution.
- Hand-to-hand too risky.

Recovery phase:

- **Remittance transfer** is fastest, lightest to implement, easy to use for recipients but requires recipients to travel and there will be a charge for each distribution.
- **Cards** are best for staged transfers (e.g., shelter conditional grants), provide flexibility to retrieve in stages or use directly in store, though they require training to use ATMs.
- Hand-to-hand possible but riskier, especially for larger sums, and it entails several distributions.
- Mobile transfers are too complex to be implemented, except if support is long-term.

CASH TRANSFER PROGRAMMING IN EMERGENCIES

CASH TRANSFER MECHANISMS AND DISASTER PREPAREDNESS IN THE PHILIPPINES

The use of cash to deliver assistance in case of humanitarian emergency remains a relatively new approach in the Philippines, and aid agencies are at the early stages of developing guidelines, policies and organizational capacity to implement cash projects. Project managers lack support and guidance with the practicalities of how to deliver cash to people most efficiently and effectively. Too often that means that they have to start from scratch in assessing and choosing between different options for cash delivery.

This report documents lessons learned from previous Filipino experiences with Cash Transfer Programs, including approaches, constraints and opportunities, and it identifies key needs to develop CTPs (section 1 on Cash Transfer Programs). It explores the available transfer mechanisms, how they can be adapted to the needs of the humanitarian community, and assesses the pros and cons of different options (section 2 on cash transfer mechanisms). This section provides a comparative analysis of mechanisms, as well as a mechanism setup sheet in annex. Finally, it investigates how agencies can prepare themselves to implement CTPs, through the integration of CTPs and mechanisms in their contingency plans, procedures, capacity building and other preparation measures (section 3, preparedness), with practical guidance provided in annex.

The report is based on a review of the relevant literature, project documents and interviews with aid agency staff and commercial providers.

THE CASH LEARNING PARTNERSHIP

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