

CASH TRANSFERS FOR LIVELIHOODS IN EASTERN SRI LANKA

CONTEXT

BRCS started a three year livelihood recovery programme in Batticaloa district, eastern Sri Lanka, in May 2005 to address the impact of the 2004 tsunami. Batticaloa has long been split into the mostly coastal government controlled area and a large inland territory controlled by the LTTE (Liberation Tigers of Tamil Eelam) and for the last 25 years, conflict of varying degrees of intensity has affected the area. Due to the escalation of the conflict and at first limited and then no access to sites, BRCS was compelled to suspend activities in one of its project areas, Vaharai, in August 2006. When the Sri Lankan government forces began a military offensive towards Vaharai in January 2007, the entire civilian population fled the area and were housed in camps elsewhere in Batticaloa.

SITUATION ANALYSIS

In March 2007 the Government declared Vaharai safe for return and began its resettlement programme. Following this, BRCS and ICRC, supported by the SLRCS, conducted a rapid assessment in Vaharai to assess the economic security and livelihood needs of the resettled population. The assessment identified that there was a precarious food security situation due to the lack of access to food; many of the returnees found it difficult to earn an income from employment either through casual labour or subsistence agriculture/fishing. In order to set value of grant, it was necessary to conduct a brief market survey as well as discussing the value of traditional food packages with other food actors (Government, WFP etc).

RESPONSE ANALYSIS

It was not clear whether the Government would be able to provide food support for returnees in Vaharai, and at the time had not requested WFP to assist with this programme. Also, WFP were unable to confirm availability of the additional funds required to support the returnees with food assistance. BRCS had been active in providing cash grants for livelihood recovery and diversification through banks or directly to beneficiaries and so already had much of the necessary expertise, tools and operational relationships in place to enable us to implement this intervention.

RATIONALE FOR CHOOSING RESPONSE

Giving Choice: Cash grants empower people by enabling them to make their own choices and prioritise their needs themselves. By receiving cash rather than a basic food package, returnees were able to buy exactly the varieties and quantities of food that they needed, a flexibility which is not afforded by traditional food distributions. The expectation was also that returnees' diets would be more balanced as they would not just buy the basic food items provided in a standard food aid package (rice, daal, sugar etc) but that they would also buy spices, fresh fish and vegetables.

Supporting Local Markets: Beneficiaries would travel to Valechennai (the nearest functioning market) in order to purchase their food, thus supporting that market. It was expected that outside traders may make the effort to come into Vaharai, knowing that there was a market for them. It was also hoped that over time local traders would be able to restart their businesses and benefit from this increased purchasing power in the communities.

Cost Effectiveness: Cash is a very cost effective mechanism to enable people to access food. The costs associated with distribution are minimal and the value of the assistance can easily be increased or decreased to meet changing needs, much more simply than with commodity distributions.

PROGRAMME SUMMARY

BRCS agreed to implement a seven month project which provided households with the cash equivalent of a food ration in order to bridge the gap before the next harvest and resumption of livelihood activities. The activity was designed to give a family an economic boost, helping improve their food security situation, have access to the main market and contribute to the purchase of clothes.

OBJECTIVES OF CASH PROGRAMME

BRCS's objective had always been to return to Vaharai in order to restart livelihood recovery projects in the area. However, based on the results of the assessment, it was felt that in order for communities to benefit from livelihood interventions, their basic food security must first be at an acceptable level. The amount of money for the food ration was based on 75% of the value of a full ICRC ration priced at Vaharai market prices during the assessment process. The payment is made at household level and was based on an amount per person per month for food - initially Rs 900/USD 9 - with an additional Rs 360/USD 3.6 per household per month for transport (equivalent of four return bus fares to the nearest market). In comparison, the WFP food assistance for resettled populations in other areas of Batticaloa provided a basic food ration with an equivalent monetary value of Rs 770/USD 7.7 per person per month.

PRACTICAL ISSUES

Perceptions: Both food aid and cash for food are effective methods of ensuring a community's food security, which was the primary objective of the project. However, there is still a fear around the distribution of cash with many agencies viewing the cash as an end result, rather than a mechanism to enable people to meet basic needs. A certain political acceptance of the use of cash is required, and clear and regular dissemination of information to all stakeholders about the purpose, process and impact of the project is necessary.

Reaching scale: The CEF project intended to support all 4,500 resettled households in Vaharai, more than 15,000 people. In order to manage the process of distributing grants every month, and bearing in mind BRCS' limited human resource and vehicle capacity, it was necessary to distribute the grants through the banking system, which was also preferable in terms of security.

Security of distribution mechanisms: During the initial discussions held by BRCS and ICRC following the Vaharai assessment there was some apprehension about the suggestion of distributing cash, primarily relating to the security of staff. BRCS suggested distributing through the banking system rather than directly to beneficiaries. The majority of beneficiaries already held bank accounts with one of the state banks, People's Bank, many of which had been opened in order to receive tsunami assistance. BRCS made arrangements with Bank of Ceylon to open new accounts for those without one in order to split the caseload across more than one bank. There were some cases (less than 10% of the total) of individuals with mobility problems who found it difficult to access the bank. It was recommended that these people receive the money directly from BRCS. In the case of these 'by hand' distributions, the team put into place various security measures such as varying the days of distribution each month; varying the distribution location and not disclosing the details and times in

Registration: BRCS staff and SLRCS volunteers collected local authority lists and then visited and registered each family for the project, collecting basic details including family size, main occupation and bank account details (where available). Each form was double checked in the field with proof of identity. A final list was created which was then cross-checked and approved by the Divisional Secretary (DS). The process was human resource intensive with more than 10 staff and 12 volunteers working for 3 weeks to complete the process. At the beginning of the project no specific date was fixed after which the beneficiary list would be closed to new registrations. This was partly due to the obvious fact that families were still resettling through June and July and neither the government authorities nor the project staff wanted to exclude families from the list. It was finally agreed with the DS that no new cases would be registered after 15th August and this was adhered to. However, the mid term review found that there were a few households who had newly returned to Vaharai and had not been registered for the project. There were also newly married households, of which the individuals were registered with their parents but now they had left home to be married and therefore did not receive any assistance. A registration 'amnesty' was held in late October allowing new families to register to receive the remaining monthly payments.

The need for distributions: Payment was made directly to the bank account of the beneficiary every month. In writing the original project plan, it was expected that beneficiaries would travel to the bank and access their money whenever they wished, perhaps travelling to the town several times a month to access the markets and withdraw a portion of their money. What became apparent with the first payment is that as soon as the funds were available, beneficiaries all travelled to the bank in order to withdraw the entire amount of the grant. At People's Bank, with a caseload of more than 3,500 accounts, upwards of 1,000 people tried to access the bank at the same time and the bank staff were not able to manage such an increased level of workload. After discussions with the communities, it was apparent that the beneficiaries would continue to arrive at the bank en masse, and therefore the payments would have to be managed as a distribution. To this end, dates for payment were set in consultation with the bank, and were communicated to beneficiaries in advance. Beneficiaries were informed of the date that the money will be available and advised to attend the bank on that date. A flow system was set up with ticketed entry and BRCS staff and SLRCS volunteers were on hand to help with enquiries and completing the withdrawal slips.

One way to avoid payments having to be managed as distributions would be to split the caseload of accounts between several different banks. With a reduced caseload, the bank should be able to integrate these customers into their normal workload. However, this will not be an option where beneficiaries have existing accounts. Another option is to stagger payments with each village or group of beneficiaries receiving their grants at different times within the month.

MONITORING SYSTEM

A system of focus group discussions and household interviews was developed in order to monitor the process and impact of the project. Whilst this provided useful and detailed information, it was a very time and resource intensive process and only a small sample size could be collected. A rapid monitoring tool was developed which asked four key questions about food security, income levels, expenditure patterns and livelihood activities. This tool enabled data collection from a much larger sample size and enabled the project team to track trends and changes in the situation at household and community level. In such a large project monitoring tools must maintain an appropriate balance between the need for scale and detail

PERCEIVED IMPACTS AND BENEFITS OF CTP (INCLUDING NEGATIVE BENEFITS)

People will use the funds to meet their primary need (food) but may also choose to spend a proportion on other things. Where beneficiaries did not spend the funds on food, people used the funds constructively to meet healthcare and education costs and to invest in productive assets.

LESSONS LEARNED

1. All projects should have a pre-defined fixed registration period which is clearly communicated in advance to all stakeholders
2. If the beneficiary population is likely to change (increase or decrease) during the life of the project, it should be decided in advance whether or not changes to the lists should be permitted
3. If changes are to be permitted, they should be managed in batches, with finite time periods
4. Approved beneficiary lists should be posted in communities at the outset of the project
5. Have clear criteria for what cases are eligible for 'by hand' payments.
6. Achieving scale in this type of project is easier when distributing through banks or similar mechanisms (post office, co-op societies etc).
7. Split the caseload of beneficiaries between different banks to reduce workload (for the bank) to encourage project beneficiaries to be able to integrate with the bank's regular customers which will avoid the need to treat payments as distributions.
8. Where possible, work with a bank that is fully automated.
9. Investigate options for mobile banking services in order to bring the bank closer to the community.
10. Keep the number of by hand/cash in hand payments to a minimum.
11. Where distributing by hand is important to think carefully about security for cash distributions - varying the days of distribution; not disclosing the details and times in advance; using codes for distribution locations and vehicles.
12. Flow systems need to be set to help with crowd control at distribution.