



CASH TRANSFER PROGRAMMING toolkit

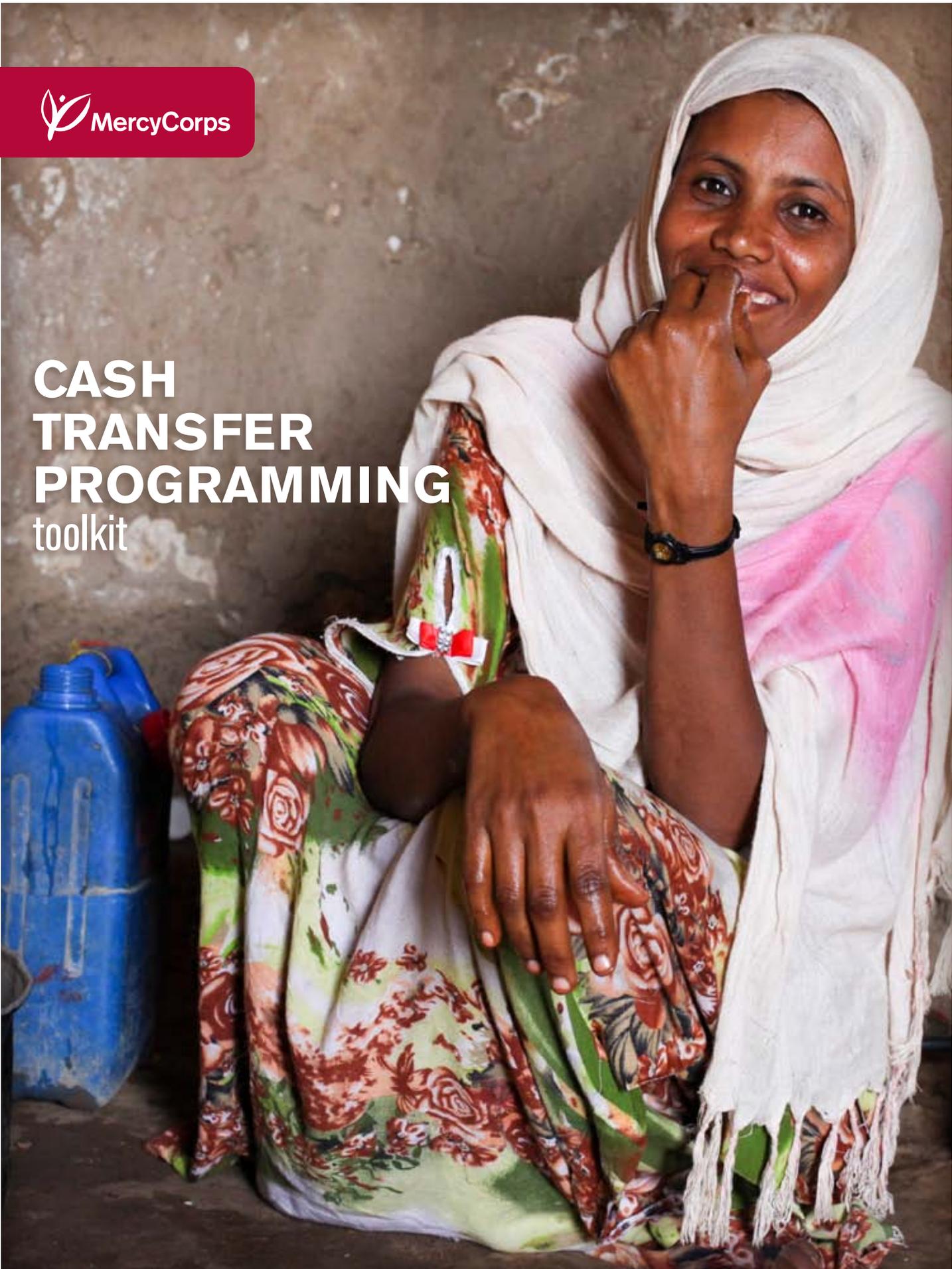


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ANNEXES (Please refer to accompanying annex folder.)

- A. Glossary
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- D. Donors Supporting CTP
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- F. Capacity Statements
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Tools and Templates
- Cash-for-Work Implementation Guide: *coming soon*
Tools and Templates
- Voucher and Fair Implementation Guide: *coming soon*
Tools and Templates
- E-Transfer Implementation Guide: *coming soon*
Tools and Templates

LIST OF ACRONYMS

CaLP – Cash Learning Partnership

CCT – Conditional Cash Transfer

CFW – Cash-for-Work

CTP – Cash Transfer Programming

ECHO – Humanitarian Aid and Civil Protection Department of the European Commission

EMMA – Emergency Market Mapping Analysis Toolkit

M&E – Monitoring and Evaluation

MIFIRA – Market Information and Food Insecurity Response Analysis

MFI – Microfinance Institution

OFDA – Office of Foreign Disaster Assistance, USAID

RAM – Rapid Assessment for Markets

SMS – Short Message Service

TSU – Technical Support Unit at Mercy Corps

UCT – Unconditional Cash Transfer

UN – United Nations

USAID – United States Aid for International Development

WASH – Water, Sanitation, and Hygiene

WFP – World Food Programme

INTRODUCTION TO THE CASH TRANSFER PROGRAMMING TOOLKIT

PURPOSE OF THE TOOLKIT

The Cash Transfer Programming (CTP) Toolkit is a basic guide to cash transfer programming in emergency response and early recovery settings. It aligns with Mercy Corps' Vision for Change¹ and Program Management Manual² and is based upon best practices and practical experience. The CTP Toolkit, however, cannot address every potential situation or programmatic response. Specifically, it does not cover the use of cash as a social safety net, in private sector development, or in financial services payments and subsidies. Rather, this Toolkit provides general guidance for CTP, as well as rationales and best practices relevant to the different types of cash transfers.

We anticipate this Toolkit will be used by field and HQ-based team members who are designing and/or implementing CTP in emergency or early recovery settings. It has been written for those with limited or no CTP experience.

HOW TO USE THE TOOLKIT

The Toolkit is composed of:

- **PART I: Cash Transfer Methodology Guide**
An introduction to rationales and best practices related to CTP. *It is strongly recommended that you read this Methodology Guide before using any of the Implementation Guides.*
- **PART II: Implementation Guides**
Four Implementation Guides, separated by methodology type, designed to guide program implementation. They include tools and templates developed and tested for easy adaptation by field teams. They are:
 - Cash Transfer Implementation Guide – *coming soon*
 - Cash-for-Work Implementation Guide – *coming soon*
 - Voucher and Fair Implementation Guide – *coming soon*
 - E-Transfer Implementation Guide – *coming soon*

A NOTE ON TERMINOLOGY

For the purpose of this Toolkit, the term “cash transfer programming” (and the abbreviation “CTP”) describes all the various mechanisms of cash transfers, including cash-for-work and vouchers, used to implement programs. While cash transfer is a methodology used to achieve program goals – not a program aim itself – the term “cash transfer programming” has been widely adopted as the overall description for any use of these mechanisms in field programs.

¹ "Introducing Mercy Corps' Vision for Change," Mercy Corps' Digital Library, <https://mcdl.mercycorps.org/gsd/docs/IntroV4Conepager.doc>.

² "Program Management Manual," Mercy Corps' Digital Library, <https://mcdl.mercycorps.org/gsd/docs/ProgramManagementManualPMM.pdf>.

PART I: CASH TRANSFER PROGRAMMING METHODOLOGY GUIDE



CHAPTER 1: CASH TRANSFER PROGRAMMING BASICS

WHAT IS CTP?

Cash transfer programming (CTP) refers to all programs where cash (or vouchers for goods or services) is directly provided to beneficiaries. It is an approach that builds upon linkages, capacities, incentives and relationships to encourage effective market recovery. CTP is a mechanism for delivering assistance; it is not a sector or program on its own. CTP may be designed with longer-term development aims, such as large-scale, state-sponsored cash transfer programs. In this Toolkit, however, we focus on the use of CTP in emergency response and early recovery.

In the right context – when local markets are functioning and able to meet demand – cash transfers can serve as an appropriate and powerful alternative to direct distributions of food and non-food items (also known as in-kind assistance.) CTP can also be a more dignified and flexible form of assistance, since beneficiaries have the freedom to choose what they need. All types of cash transfers have the following overarching aim: to deliver timely and cost-effective assistance to crisis-affected populations, while at the same time supporting the local economy.³ How they do this is determined by the type of CTP used, its value, the way it is transferred (disbursement mechanism), and the frequency and duration of transfers.

CTP may serve as the starting point for a series of interventions or as a step in economic recovery and development. Different types of CTP can be implemented together (e.g., cash-for-work and direct cash transfers) or in tandem with other types of programming (e.g., direct cash transfers complementing food aid distribution).

3 "What We Do," The Cash Learning Partnership (CaLP), <http://www.cashlearning.org/overview/what-we-do-overview>.

Well-designed and appropriate CTP aligns with Mercy Corps' Vision for Change and Market Development Strategic Principles⁴ by:

- Meeting basic needs, which can often help jumpstart early recovery for households.
- Leveraging the private sector as part of emergency response.
- Working with local vendors to minimize market distortions.

CTP ADVANTAGES/DISADVANTAGES

Mercy Corps' experience implementing CTP for nearly a decade has demonstrated that cash can be a powerful tool for recovery (Annex F: Capacity Statements). Since 2005, CTP has gained tremendous momentum across the humanitarian sector, becoming a standard methodology for emergency response and recovery efforts. As one practitioner commented, "The discussion is no longer about whether cash transfer programming is a legitimate intervention type, but about how best to use cash assistance."⁵ For a more thorough introduction to the history of CTP and approaches, read The Humanitarian Practice Network's Good Practice Review, "Cash Transfer Programming in Emergencies."⁶ Additional cash transfer programming resources can be found in Annex C: External Resources.

The table below lists some advantages of CTP in emergency response and early recovery settings.

Potential ADVANTAGES of Cash Transfer Programming
<ul style="list-style-type: none"> • Flexible and Dignified: Cash is a flexible resource that allows people to spend money according to their needs and priorities; CTP can help people regain a sense of control. Some forms of CTP (e.g., e-transfers) can be distributed discreetly, allowing for greater dignity and personal security.
<ul style="list-style-type: none"> • Rapid: Some forms of CTP can be implemented relatively quickly and is not reliant on logistics-heavy systems.
<ul style="list-style-type: none"> • Economic Recovery/Multiplier Effect: Cash can stimulate recovery by creating short-term income flows and increasing consumer purchasing power. In turn, this supports trade and rebuilds market linkages; increases access to goods and services; and supports local businesses, spurring early recovery for the whole area, rather than just the target households.
<ul style="list-style-type: none"> • Inclusive: CTP can involve large numbers of the affected population. It can be designed to encourage the integration and participation of women, youth and/or marginalized groups.
<ul style="list-style-type: none"> • Cost-Effective: CTP may be a more efficient allocation of resources for both agency and beneficiary. Distribution costs for CTP are usually lower than those for food or non-food items. Transfers of cash also eliminate the possibility that beneficiaries re-sell distributed items to buy preferred goods and services.
<ul style="list-style-type: none"> • Protects Assets/Reduces Debt: CTP may prevent asset depletion or debt accumulation that can result from the financial pressures caused by emergencies.

4 "Market-Driven' Strategic Principles," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/MarketDrivenStrategicPrinciples.pdf>.

5 Eric Johnson, "More than 'just another tool': a report on the Copenhagen Cash and Risk Conference," in *Humanitarian Exchange Magazine* 54 (London: Overseas Development Institute, May 2012), 5.

6 Paul Harvey and Sarah Bailey, "Cash Transfer Programming in Emergencies," in *Good Practice Review* 11 (London: Overseas Development Institute: June 2011). *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/CashTransfersEmergenciesHPN2011.pdf>.

Despite these strong advantages, there are some disadvantages to CTP. Some are unchangeable facts; for instance, you cannot successfully implement CTP in communities that rely on barter, rather than cash, or where there is no functioning market. Others are concerns that can be assessed and mitigated at the design phase and during program monitoring and evaluation. The following table lists some potential disadvantages to CTP.

Potential DISADVANTAGES of Cash Transfer Programming
<ul style="list-style-type: none">• Market Economy Concerns: CTP can only be implemented in cash-based economies. In markets with a limited supply of goods or services, an influx of cash may lead to inflation, price distortions or shortages of key items if supply cannot meet demand.
<ul style="list-style-type: none">• Financial Mismanagement and Corruption: There is a potential for exploitation and diversion of funds by more powerful people. Cash can be diverted to illegal activities more easily than directly distributed items, which must first be converted to cash.
<ul style="list-style-type: none">• Negative Influence on Local Culture: Cash may interfere with traditional responses to community needs or volunteerism. In cultures where it is typical for men to control financial resources and women to control food resources, the use of cash may exacerbate power divisions. Cash may also be used to purchase “anti-social” goods such as alcohol or cigarettes.
<ul style="list-style-type: none">• Security Risks: CTP may create safety and security risks (e.g., violence, extortion, “taxes”) for both the implementing agency and/or the beneficiaries.
<ul style="list-style-type: none">• Exploitation: Power is unequally distributed in all the communities in which we work, creating situations where certain people are dependent upon others. Unfortunately, some choose to abuse this power over others, which is the root cause of forms of violence like exploitation. Exploitation happens when people in power⁷ (e.g., cash-for-work supervisors, community leaders, vendors and even program staff) use their position to demand favors or certain behaviors (sexual or otherwise) from less powerful groups or individuals. Exploitation can occur any time resources are introduced into a community, but with the greater desirability of cash, it may be of particular concern.⁸

As with any intervention, negative consequences can arise if CTP is implemented incorrectly, either in the wrong context or with too little thought paid to the issues highlighted above. In “Assessment and Analysis” (Chapter 2), we will cover specific assessments and analyses you should use to determine whether CTP is the right approach for your context and to inform your program design. In “Determining the Disbursement Mechanism” (Chapter 2) and “Gender” and “Youth” (Chapter 3), we will address some other ways to mitigate the risks described above.

7 Here, “power” is defined as the ability of one person or group to influence the access or control of resources and/or decisions of another person or group.
8 For more information on exploitation and gender-based violence, see Chapter 4 of Mercy Corps’ Gender Procedures: “Gender Procedures: Policy in Action,” Mercy Corps’ Digital Library, <https://mcdl.mercycorps.org/gsd/ docs/GenderProcedures.pdf>

TYPES OF CTP

The type of CTP you choose should be based upon your program's objective. More than one type of transfer may be used in the same program or may be combined with in-kind assistance. The primary types of CTP are **cash transfers** (conditional and unconditional); **cash-for-work** (a type of conditional cash transfer); and **vouchers** (cash and commodity), which are sometimes paired with **fairs**. **E-transfers**, also described below, are a *mechanism* for transferring cash and may be used in cash transfer, cash-for-work or voucher programs.

Cash Transfers

Cash transfers⁹ are direct payments of money to a recipient. They may be paid directly by Mercy Corps or through a third party intermediary, such as a bank. Cash transfers come in two forms: **unconditional**, meaning the recipient receives the cash simply by qualifying as a beneficiary within the program's scope, or **conditional**, meaning the recipient must do something to receive the cash. Which type of cash transfer you select will be related to your program's overall objective.

Unconditional cash transfers (UCTs) are given to recipients without any requirements. While agencies typically have an idea of how the money will be spent by recipients, UCTs allow beneficiaries to choose exactly which purchases are most critical to them, and where and when they want to spend the money. It is often assumed that UCTs will be used to purchase goods to cover basic needs, but occasionally beneficiaries will use them to repay debt and/or to make livelihoods investments. Frequency of payment and/or the amount of the cash transfer can influence how UCTs are spent: one-time, larger transfers are often spent on rebuilding/recovering livelihoods, whereas multiple, smaller transfers are often used to cover basic household needs like food, medicine and clothing. Alongside their flexibility, *the ease of using UCTs for beneficiaries and the straightforward implementation methodology make them Mercy Corps' preferred type of cash transfer.*



Niger – Cassandra Nelson/Mercy Corps

Program Profile:

Unconditional Cash Transfers (UCTs)

Mercy Corps Niger, in partnership with four US and European Foundations, implemented “Responding to the Food Crisis in Niger” (PROSAZ) from May 2012 through July 2013. The program was designed to enhance food security, economic resilience and economic recovery for vulnerable households in Ouallam, one of the areas suffering most from the slow onset food crisis. Late rains and damage from insects at the end of 2011 left 70%-100% of farmers with no crops to harvest. Those events exacerbated an already-deteriorating food security situation, which had affected over 6.5 million in the country. In addition to activities aimed at restoring livestock assets, PROSAZ was designed to provide both UCTs and cash-for-work (CFW) activities to help 1,800 of the most vulnerable individuals meet

basic needs. CFW activities were implemented at the start of the program. However, due to a national law banning CFW activities during the growing season, remaining CFW funds

⁹ Mercy Corps has adopted the term “cash transfer” to align our terminology with US government rules and regulations. “Transfers” are given to individuals, and “grants” are given to institutions or groups for a public purpose. You may see this type of programming referred to as “cash grants” by others.

were redirected to UCTs. Ultimately, over USD 140,000 was transferred to beneficiaries, with households receiving an average of USD 114 per month. Evaluation results demonstrated the additional cash increased households' access to food by 23%; 100% of respondents' daily food consumption increased from two meals per day to three meals per day. The cash injection helped beneficiary households meet nutritional needs during the lean season and positively impacted their ability to initiate fieldwork for the 2013 agricultural season.

Conditional cash transfers (CCTs) are typically used to promote a certain type of behavior or to encourage an event (e.g., they may be tied to pastoral destocking or to rebuilding a home destroyed in an earthquake). Program beneficiaries must complete certain tasks – “conditions” – to receive the money. Once they have met these conditions, beneficiaries are free to spend their money in any way they choose.

Often, CCTs will be given in tranches to mark progress toward the ultimate goal. Because the conditions always need to be verified by the implementing agency, CCTs may also create additional burdens for beneficiaries (in time) and for the implementing agency (in time and costs). Because of this, CCTs should be used with clear justification. It is also not recommended to use CCTs in the immediate aftermath of a crisis when it is critical that people quickly access food, temporary shelter and other basic needs.



Sudan – Cassandra Nelson/Mercy Corps

Program Profile:

Conditional Cash Transfers (CCTs)

In 2011, armed conflict in the Abyei Administrative Area (a disputed area between Sudan and South Sudan) caused the displacement of over 110,000 people. Displaced households lost both food stores and the income from their harvest as they sought safety elsewhere. Those who remained in the area saw many of their harvests destroyed by flooding in September 2011. Mercy Corps' Market-Oriented Rehabilitation of Agricultural Livelihoods (MORAL), funded by ECHO, aimed to address these food security issues by supporting 750 households through a hunger gap which

had doubled in length due to conflict and flooding. To complement World Food Programme (WFP) rations covering 50% of households' daily food needs, MORAL distributed CCTs to help beneficiaries meet additional needs without selling their food aid to do so. Households were required to attend financial literacy training as a condition of receiving the transfer; the condition was built into the program to encourage efficient management of resources during an extended hunger gap. After the first transfer, 95% of households interviewed purchased sorghum. After the second transfer, only 56% of households did, demonstrating how – as the transfers continued – household priorities shifted from food to items such as clothing, shoes, small livestock and shelter. Forty-seven percent of households were even able to save a portion of the transfer, which increased resilience against future shocks.

It is important to emphasize that cash transfers to individuals, households or business owners – like those described above – are not the same as sub-grants or sub-awards to institutions. Donor compliance requirements and areas of concern applicable to each type of CTP are sometimes significantly different. Please refer to the Cash Transfer Implementation Guide for additional guidance.

Cash-For-Work

Cash-for-Work (CFW) pays beneficiaries for unskilled and skilled labor performed on projects that build or repair community assets or infrastructure.¹⁰ Because payment is only received after a beneficiary has completed work, CFW is often considered a type of conditional cash transfer (the “condition” being completion of the work). Beneficiary participation is usually restricted to time-bound cycles (e.g., four to six weeks) and payment for work on a CFW program can be made in the form of cash, vouchers (if necessary) or e-transfers. CFW is not a jobs-creation or livelihoods program. (See the text box, “How Does CFW Differ from Livelihoods Programming?”). Its aim is to provide consistent short-term wages to a targeted group of vulnerable, crisis-affected households when they are not actively employed in other activities. CFW was originally designed to alleviate the psychological burden and boredom of people displaced from their homes after an emergency, empowering them to take charge of their own recovery. CFW should be used when a program has additional aims to restore community assets and infrastructure or to keep affected populations engaged in recovery.

Care needs to be taken in setting appropriate CFW wages to avoid diverting labor from local needs (such as agricultural work) or distorting local wages. It is also important to determine how best to include households who are unable to participate in CFW (due to injury, immobility, etc.) so they are not excluded from benefits. To do this, CFW programs are often integrated with a cash transfer component: beneficiaries who can physically work participate in CFW, while households unable to participate in CFW activities are provided UCTs. For specific guidelines around implementing CFW programs, please see the Cash-for-Work Implementation Guide.



Pakistan — Julie Denesha for Mercy Corps

Program Profile: **Cash-for-Work (CFW)**

Over 20 million people in Pakistan were displaced in 2010, when heavy rains flooded one-fifth of the country. With USD 5 million from USAID's Office of Foreign Disaster Assistance (OFDA), Mercy Corps implemented a CFW program for 12 months with 27,500 beneficiaries in five districts. Laborers worked an average of 42 days (two cycles of 21 days each) to restore community infrastructure damaged by the floods. Projects included repairing roads to provide access to markets, fixing irrigation canals and constructing flood retention walls. Female beneficiaries were given culturally-appropriate work like repairing and cleaning schools and community meeting halls so they could also benefit from the program. (See “Gender” in Chapter 3 for additional information.)

¹⁰ Some donors may fund projects targeting private assets, but this is the exception rather than the rule.

How Does CFW Differ from Livelihoods Programming?

CFW is not livelihoods programming; it is humanitarian relief. Generally, it is used as a temporary labor project to rebuild or repair public infrastructure destroyed or damaged during a crisis. In the case of refugee camps, it can also be used in the short term to clear the land for tents, dig trenches and latrines, provide daycare, serve food or other similar activities. The objective of CFW is to provide income to beneficiaries while keeping them active and to rebuild or repair critical community infrastructure. In general, CFW is not used for more than three to six months. In some extreme cases, however, Mercy Corps has implemented CFW programs for up to one year. Even when used for lengthy periods in places facing chronic vulnerability – such as Afghanistan – CFW is still considered a form of humanitarian assistance.

This contrasts with livelihoods programming, which is typically a longer-term, development intervention. Livelihoods are the economic activities people undertake to support themselves and their families. For instance, a farmer's livelihood is growing crops and selling the harvest. Programs targeting livelihoods creation/strengthening are typically lengthy programs that require complex interventions to influence the ways in which people generate income. During a crisis, programs can work toward *livelihoods recovery*; typically, this is achieved by restoring assets destroyed or damaged during a crisis, facilitating access to finance, restarting businesses and rebuilding market linkages. CFW, however, does not build or create livelihoods; rather it is a temporary solution to provide short-term income and activity until livelihoods can be restored or recovered.

Vouchers

A voucher is a coupon or piece of paper that can be exchanged for goods or services. (See the photo to the right.) Vouchers allow beneficiaries to purchase commodities or services from participating vendors without the use of cash. Typically, they are chosen when an implementing agency has concerns over the handling of cash (for reasons of security, corruption or diversion) or when a program is designed to increase access to a specific set of goods or services (e.g., to promote the repair of damaged houses by directing the purchase of building materials). Vouchers require significantly more administrative steps than UCTs, including design and printing costs, vendor selection, vendor training and voucher reconciliation. As such, they should only be used where there is a clear programmatic reason for doing so. Vouchers come in two forms, **cash vouchers**¹¹ and **commodity vouchers**.



Japan – Carol Skowron/Mercy Corps

Cash vouchers provide access to nearly any identified good or service from a vendor participating in the program. A recipient is given a voucher equivalent to a certain amount of cash, which s/he can spend at any pre-approved vendor. Usually, participating vendors are selected according to predetermined program criteria. Occasionally, if the market is small enough, participating vendors may include all vendors in the market. Typically, a voucher must be spent out within a certain time period before becoming invalid (often referred to as the “redemption period.”)

¹¹ Cash vouchers are also often referred to as “value vouchers,” and the terms are synonymous. For the purposes of this Toolkit, we have chosen to use “cash voucher.”



Mali – Mercy Corps

Program Profile:
Cash Vouchers

In 2012, Mercy Corps Mali worked to meet emergency food needs and build resilience through a one-year cash voucher program targeting 12,000 of the most vulnerable individuals in the Ansongo District of the Gao region. The OFDA-funded “Response to Food Security Needs in Northern Mali” was proposed in response to the political instability that had exacerbated existing food insecurity. Vouchers were selected because of the lack of operational banking infrastructure in Gao and the area’s insecurity. Vouchers were also a means to incentivize vendors

to increase their activities in the target area. Vouchers were printed in neighboring Niger to minimize fraud and could be used to purchase any goods (excluding cigarettes and alcohol) sold by the 18 participating vendors. They were provided in small denominations to allow beneficiaries to make and carry smaller purchases. Through ongoing monitoring, program staff found that 95% of vouchers were used for the purchase of food.

Commodity vouchers provide recipients access to pre-defined commodities or services that can be exchanged at any vendor participating in the program, or at specially-arranged fairs. This type of voucher offers control over the purchase of items and is used when there is a programmatic reason to restrict purchases to a specific, identified group of items. For example, a program working to improve nutritional intake among beneficiaries might provide vouchers for high-caloric foods like meat, dairy and vegetables. Commodity vouchers are more complicated to set up and monitor than cash vouchers because participating vendors must sell the chosen items and those purchases must be monitored. This additional monitoring will increase demands on program and finance staff.



Yemen – Cassandra Nelson/Mercy Corps

Program Profile:
Commodity Vouchers

Mercy Corps Yemen implemented a commodity voucher program for the purchase of food in three districts in an effort to combat food insecurity, severe malnutrition and asset depletion as a result of the political and economic shocks to the country. The 15-month Taiz Emergency Food Program (TEFP), funded by USAID’s Food for Peace, began implementation in April 2012. The program benefited 8,965 of the most vulnerable households (those with children under five years old, female-headed households and families with pregnant and/or lactating women). While market conditions were deemed favorable for implementation of UCTs, Mercy Corps opted to implement a voucher program because of the

high proportion of household income spent on *qat*, a recreational amphetamine (drug), the inability to mitigate against these purchases and the security threats associated with a visible cash transfer program. Food vouchers were designed to meet 30% of the households' monthly caloric needs through the purchase of wheat flour, kidney beans, rice and oil. Female beneficiaries were given the option to exchange vouchers directly or through intermediaries (such as a designated male family member or trusted community leader). Vouchers were produced outside Yemen to avoid counterfeiting and fraud. Participating vendors redeemed beneficiaries' vouchers for payment at Yemen Post (the national postal service), which enabled vendors to easily access payment and reduced Mercy Corps' security concerns around transporting large amounts of cash.

Because vouchers automatically limit choice – through the selection of participating vendors and/or the commodities available for purchase – it is critical that a strong programmatic justification exists for using them. For successful implementation of a voucher program, it is important to have a sufficient number of vendors participating, both to provide adequate quantity and range of commodities and to avoid price fixing amongst vendors. This is also important from an exploitation perspective: if only one or two vendors participate, they may agree to discriminate against a particular group by requiring that group to pay extra or provide favors. To solicit participation from a sufficient number of vendors, sensitization efforts may also be required to convince them to participate. In general, vendors will participate if they trust the redemption system and if payment is quick.¹²

Fairs can be used within a voucher program to provide a common location to exchange vouchers outside of an existing market or local trading system. Fairs bring together formal and informal traders to supply needed goods and provide competitive prices, quality and quantity. Often, fairs are used to increase the target population's access to goods. Vendors are generally from nearby markets, but fairs can also be used to introduce new vendors to local markets, as well as to cultivate new linkages between vendors and wholesalers.



Ethiopia – Erin Gray/Mercy Corps

Program Profile: **Seed Fairs**

Mercy Corps Ethiopia implemented a series of seed and trade fairs as a part of the Revitalizing Agricultural/Pastoral Incomes and New Markets (RAIN) program, a five-year, OFDA-funded program. Farmers and agro-pastoralists were in need of immediate assistance to recover from the global increase in food prices and the climatic shocks that plagued their region. A seed fair was designed to help farmers obtain better-quality seeds for planting through a voucher system. Over the course of the program, 24,000 individuals participated in seed and trade fairs arranged through RAIN. Program beneficiaries

noted that seeds planted from the fairs yielded greater harvests, improving the nutritional status of their children and allowing them to feed more household members.¹³

For additional information on voucher programs and fairs, please see the Voucher and Fair Implementation Guide.

¹² Harvey and Bailey, 98.

¹³ Emma Proud, email to authors, September 12, 2013.

E-Transfers

E-transfers (electronic transfers) are a disbursement mechanism (a method for paying people) rather than a separate type of CTP. E-transfers include access to cash through mobile money, to goods/services through mobile vouchers, or to payments made via smart cards (ATM, credit or debit cards). This rapidly changing sub-set of CTP has some exciting advantages: it can be more discreet for beneficiaries (in contrast to public queuing), and it can increase efficiency, safety and cost-effectiveness for the implementing agency. However, e-transfers can present obstacles due to their dependence on electricity and mobile networks. They can also require higher levels of literacy/numeracy than conventional transfer mechanisms. Special attention should be paid to vulnerable groups (e.g., elderly, illiterate populations, women) to ensure their participation and security when designing a program using e-transfers.

Because e-transfers have different set-up requirements and abide by different regulations, we have created the E-Transfer Implementation Guide to assist field teams in their use. To understand the fundamentals of CTP implementation, please read the relevant Implementation Guide (cash transfer, voucher or CFW) first. CaLP has also recently released “E-transfers in Emergencies: Implementation Support Guidelines”¹⁴ to aid agencies using digital payment systems.



Nepal – Suraj Shakya for Mercy Corps

Program Profile:

E-Transfers (Mobile Vouchers)

Mercy Corps Nepal was the host of Phase I of the Electronic Voucher Assistance (ELEVATE) pilot project to test the speed, security and cost-effectiveness of mobile voucher solutions in CTP. Funded by MasterCard Worldwide, Phase I was implemented in early 2013 using two mobile voucher platforms, an SMS voucher and a smartphone voucher. A test population of 129 vulnerable urban Nepalese and six vendors processed 228 vouchers worth USD 7,750 during the pilot project. Results demonstrated that replacing paper vouchers with mobile systems improved transparency and significantly

reduced staff time required for printing, distributing and processing paper vouchers. The web-based smartphone voucher was the preferred technology, with much fewer errors rates and the possibility of real-time reporting on voucher reimbursement. Illiterate and innumerate program beneficiaries, however, faced hurdles in using the new technologies, and many required “helpers” to process personal identification numbers (PINs) and/or assist with touch-screen use. Helpers assisted in 89% of observed SMS transactions and 37% of observed smartphone transactions.

¹⁴ Koko Sossouvi, “E-Transfers in Emergencies: Implementation Support Guidelines,” (Oxford: CaLP 2013), <http://www.cashlearning.org/resources/library/390-e-transfers-in-emergencies-implementation-support-guidelines>

CHAPTER 2:

CASH TRANSFER PROGRAMMING IDENTIFICATION AND DESIGN

With a basic understanding of CTP, as well as the types available, we can move to concrete recommendations for identifying and designing CTP. In this chapter, we will cover:

- How to decide whether CTP is an option.
- What assessments and analyses are critical to CTP design.
- Developing the program logic.

Please remember that while we have done our best to cover each topic in logical progression, many assessments and analyses activities we highlight here will happen throughout the life of your program. The order in which they occur – and how frequently they will be repeated and their assumptions verified – will be significantly influenced by how familiar you are with your target population and area; how much time, money and staff you can commit to carrying out these assessments and analyzing their results; and the type of monitoring plan you have built into your program.

For general guidance on program identification and design, please review Chapter 3 in Mercy Corps' Program Management Manual.¹⁵

IDENTIFY PROGRAM IDEAS: When to Use CTP

“While some environments are clearly more conducive than others, there is no prima facie reason why cash cannot be used wherever there is an emergency response.”¹⁶

Your first step, naturally, is to gather enough information to determine whether a cash intervention is an option in your particular context. Later, you will complete more in-depth assessments and analyses to determine what type of CTP is most appropriate. Before you spend valuable time and money conducting these assessments, however, it is important to make sure that certain fundamental conditions are in place for the successful implementation of CTP. Typically, this can be achieved by carrying out a simple, rapid market assessment. The process can be as basic as a two-hour conversation with vendors at the local market: Are shops open? Are they stocked with items? How easy has it been for vendors to resupply? Are the roads to markets accessible and safe?

As you consider your particular context, you will need to keep some fundamental conditions in mind. The table below illustrates favorable and unfavorable conditions to CTP implementation in an emergency setting, in early recovery or in places facing chronic vulnerability. Often, these favorable conditions are referred to as “preconditions” for CTP.

¹⁵ “Program Management Manual,” <https://mcdl.mercycorps.org/gsd/ docs/ProgramManagementManualPMM.pdf>.

¹⁶ Harvey and Bailey, 15.

CTP is usually appropriate if:	CTP is usually NOT appropriate if:
<ul style="list-style-type: none"> A functioning market for essential goods and services existed prior to the emergency. While it may not have been a fully ideal or equitable market, as long as it was able to meet demand, it would function for the purposes of an initial CTP response. 	<ul style="list-style-type: none"> There are no accessible or functioning markets. In this case, food or non-food item distribution may be more suitable until markets can be restored.
<ul style="list-style-type: none"> A shock has resulted in a decline in food sources and income. The result is that people are no longer able to meet their basic needs or are adopting short-term coping strategies that are damaging to their long-term livelihoods, assets and/or dignity. 	<ul style="list-style-type: none"> Supply routes or lines have been diminished or cut and traders are no longer able to provide sufficient supply to meet local demand.
<ul style="list-style-type: none"> Sufficient food supplies and/or essential goods are available locally or regionally to meet immediate needs. 	<ul style="list-style-type: none"> There is a food shortage in local markets. If this is the case, direct distribution of food might be required until local markets and stocks are restored. In acute emergencies, in-kind, life-saving relief items may be required.
<ul style="list-style-type: none"> Markets are physically accessible and safe to access. 	<ul style="list-style-type: none"> The target population operates in a non-cash based society (e.g., barter system).
<ul style="list-style-type: none"> Cash is used by the target population and can be delivered safely and effectively. 	<ul style="list-style-type: none"> The level and impact of political instability and/or corruption is such that cash transfers could exacerbate violence, put beneficiaries at risk or not be tracked transparently.

ANALYZE FUNDING OPPORTUNITIES: Donors Supporting CTP

Institutional and private donor support for CTP has increased dramatically in the last decade. In 2007, 20% of ECHO-funded NGO projects included a cash component. By 2010, that number had risen to 40%.¹⁷ The US, the world's largest government donor to CTP, gave USD 97.7M alone in 2010 to CTP, with the largest portion split between voucher programs and CFW.¹⁸ Despite the growing trend of support to CTP, it is important to assess your local setting. Are donors supportive of CTP, and have they funded it in the past? What, if any, constraints do they place on this type of intervention? Each donor also has a slightly different structure and language for CTP, so be aware and design your intervention accordingly. For a list of major CTP donors, please see Annex D: Donors Supporting CTP.

¹⁷ Johnson, 5.

¹⁸ "Tracking Spending on Cash Transfer Programming," *Global Humanitarian Assistance*, <http://www.globalhumanitarianassistance.org/report/tracking-spending-on-cash-transfer-programming-in-a-humanitarian-context>. Interestingly, CTP is still only a small proportion of their overall humanitarian spending: from 2007-2011, only 1.3% of the US's total humanitarian aid was directed towards CTP.

To aid in raising awareness or to advocate with donors for the use of cash, the Cash Learning Partnership (CaLP) has created a quick guide to field advocacy for CTP, “Making the Case for Cash.”¹⁹

ASSESSMENT AND ANALYSIS

At this stage, you have conducted your initial scan and have a general sense that CTP may be a viable option. You have also confirmed that the donors in your area typically fund CTP. Now, what do you do?

In this section, we will take you through the four critical assessments and analyses that are instrumental for choosing *which type* of CTP may be most appropriate in your context. Although CTP can be a great tool in emergency and recovery response, it is not *always* the right one. The **needs** and **market assessments** – as well as analyses of **security** and **governance and social dynamics** – will help you uncover the range of CTP responses appropriate to your scenario.

Many of these assessments and analyses take place at the same time. Team members will need to conduct surveys with households, vendors and others to carry out the needs and market assessments. To complete the analyses of security and governance and social dynamics, it is advantageous for teams to hold a preliminary discussion on what is already known. Following this, teams should carry out additional data collection to fill in gaps in knowledge and/or to verify or challenge assumptions. This data collection step can often be completed by adding questions to the needs or market assessment household surveys.

Needs Assessment

Your first step in evaluating opportunities for CTP is to conduct a needs assessment. A needs assessment is a systematic process for determining the gaps between current conditions and desired conditions. With regards to CTP, it is used to understand the most urgent needs of your target population – food, shelter, clothing, medical care, etc. – and the population’s ability to meet those needs.

Based upon your local context and constraints (road conditions, availability of staff, security, vehicles, etc.), it could take as little as two days to complete a needs assessment in an emergency situation. If you know very little about the context – or your situation allows for more in-depth analysis – a longer assessment may be necessary.

The needs assessment is critical to ensure the design of your program is appropriate. The amount you provide, and how and to whom you provide it, is based upon the results of your needs assessment. Below are some key questions to answer in a needs assessment, their implications and some methods, tools and resources that may be used in gathering this information. The questions below are meant to guide teams’ discussions; they are not the specific questions you would ask during an assessment survey.

A selection of needs assessment tools can be found in Annex H: Assessment/Analysis Tools.

¹⁹ “Making the Case for Cash: A Quick Guide to Field Advocacy in Cash Transfer Programming,” CaLP, (Oxford: CaLP, July 2011), http://www.cashlearning.org/downloads/resources/tools/calp_making_the_case_for_cash.pdf

NEEDS²⁰

Key Questions	Implications
<ul style="list-style-type: none"> • What was the impact of the shock on food and income sources, or on other assets essential to community survival and livelihoods? Have different groups (age, sex, ethnicity, etc.) been affected in different ways? 	<ul style="list-style-type: none"> • Determines the degree of damage and needs of the people in the affected area.
<ul style="list-style-type: none"> • Does the target population currently have sufficient funds/income to adequately meet their food and other basic needs? Are people currently working either in their normal livelihood or an alternative one? 	<ul style="list-style-type: none"> • Shows whether people require additional assistance through CTP, and whether CFW may risk pulling people away from their traditional livelihoods.
<ul style="list-style-type: none"> • What strategies are different groups of people using to cope with food or income insecurity? What impact do these have on livelihoods and dignity? 	<ul style="list-style-type: none"> • Shows what coping mechanisms (positive and negative) for emergencies already exist and helps gauge their effectiveness.
<ul style="list-style-type: none"> • What are people likely to spend cash on? What are the top priorities for the target population? Do they have a preference for cash or in-kind assistance? 	<ul style="list-style-type: none"> • Determines whether cash distribution would be appropriate and desired by the targeted population.
Methods/Tools/Resources	
<ul style="list-style-type: none"> • Key informant (semi-structured) interviews with a wide range of stakeholders such as households, private sector, government, NGOs. • Review of existing literature from government agencies or other organizations operating in the field. • Seasonal calendars disaggregated by sex and age. (It may also be necessary to disaggregate by other community divisions.) • Coping Strategies Index. • Household expenditure profiles. • Interviews and focus-group discussions with producers, vendors and household members conducted with each gender separately. 	

Market Assessment

In addition to a needs assessment, you will also need to conduct a rapid market assessment. If staffing and other logistical support allows, it is advisable to begin the market assessment one to two days after your needs assessment. This allows you to focus your market assessment on the goods that are likely to be in high demand or are crucial to recovery (as identified during your needs assessment.) One approach is for teams

²⁰ Key questions within this and the following tables were adapted from Pantaleo Creti and Susanne Jaspers, eds., *Cash Transfer Programming in Emergencies* (Oxford: Oxfam GB, 2006).

to focus the market assessment on a “basket of goods” that beneficiaries are likely to purchase.

Overall, a market assessment is used to assess the ability of the market to respond to increased demand; to determine the amount of access people have to the market; and to uncover whether the current problem is a supply-side one (insufficient goods available) or a demand-side one (people lack money to purchase goods or lack physical access to reach them). Knowing the potential of the market to meet demand – and understanding any market access issues – can significantly influence program design. The results of a market assessment affect whether you use CTP or in-kind aid; whether you work with beneficiaries, vendors or both; and whether your program will support local markets or negatively impact them. Please note that it is critical to speak with both consumers and suppliers to understand how CTP may affect local prices and to inform program activities.

Minimum Requirements for Market Analysis in Emergencies

Before beginning your market assessment, it is highly recommended that you read CaLP’s “Minimum Requirements for Market Analysis in Emergencies,”²¹ a guide to market analysis published in 2013. The minimum requirements focus on four thematic areas: scope of assessment, analysis, data collection and monitoring and evaluation (M&E). Each thematic area includes action points, tips, key issues to avoid and practical illustrations to help ensure credible assessment. Mercy Corps was a key partner in their development.

As we mentioned earlier, assessments are frequently and informally redone throughout the program lifecycle. It is good practice to conduct price monitoring of key goods within two weeks of cash distributions or voucher redemptions to help the team determine whether CTP is negatively affecting the market. Additional information on proper post-distribution monitoring can be found in the relevant Implementation Guide.

A selection of market analysis/assessment tools can be found in Annex H: Assessment/Analysis Tools.

MARKETS	
Key Questions	Implications
<ul style="list-style-type: none"> Are markets in the affected area operating and accessible for the full range of target beneficiaries? Are essential items available in sufficient quantity and at a reasonable price? Are there any restrictions on the movement of goods? 	<ul style="list-style-type: none"> Determines if CTP may be a viable option. If markets are inaccessible, vendors are not well-stocked or movements of goods are restricted, CTP may not be appropriate. Instead, in-kind distribution may be more suitable until markets become more functional.
<ul style="list-style-type: none"> Can the flow of goods adjust to meet market demand and keep prices stable? Are traders able and willing to respond to an increase in demand? 	<ul style="list-style-type: none"> Uncovers whether the market can sustainably and affordably supply needed goods.

²¹ Louis Austin and Sebastien Chessex, “Minimum Requirements for Market Analysis in Emergencies,” (Oxford: CaLP, 2013). *Mercy Corps’ Digital Library*, <https://mcdl.mercycorps.org/gsd/ docs/MinReqMarketAnalysisEmergenciesCaLP.pdf>.

<ul style="list-style-type: none"> Is the market competitive? Is the number of suppliers large enough in relation to the number of buyers to keep prices balanced? 	<ul style="list-style-type: none"> Predicts if prices would remain balanced after an influx of cash. If the market is not competitive, sellers can manipulate prices and CTP should be approached with caution.
<ul style="list-style-type: none"> What are the risks that an injection of cash into the economy will cause inflation in prices of key products? 	<ul style="list-style-type: none"> Helps uncover the risks of inflation. If risks are high, CTP may not be appropriate since it could create price instability for the whole community.
<ul style="list-style-type: none"> Is food available nationally and locally in sufficient quantity and quality? 	<ul style="list-style-type: none"> If food is not available in sufficient quantities, CTP is unlikely to address the needs of the affected population when food is their major concern. Either in-kind distribution or Food-for-Work may be more appropriate until this is resolved.
<ul style="list-style-type: none"> Will normal seasonal fluctuations and harvest cycles impact food availability? 	<ul style="list-style-type: none"> Determines if/when the population will be most vulnerable in terms of food security, as well as when food availability might increase.
<ul style="list-style-type: none"> Do government policies or other factors affect food availability? 	<ul style="list-style-type: none"> Identifies obstacles that may prevent people from accessing food.

Methods/Tools/Resources

- Interviews and focus-group discussions with vendors and business associations, if available. Vendor capacity surveys.
- Market observations.
- Price monitoring of select goods.
- Interviews with finance providers.
- Secondary data on the scale of the local economy, remittance flows or other financial data.
- National and local statistics.
- Agricultural calendars.
- Market Information and Food Insecurity Response Analysis (MIFIRA) framework.
- Emergency Market Mapping and Analysis (EMMA).
- Rapid Assessment for Markets (RAM).

Security Analysis

Security factors have an important influence on whether CTP is a viable option and what type of disbursement mechanism is most appropriate (see “Determining the Disbursement Mechanism” at the end of this chapter for more information.) If the security risks are too great to be mitigated by various delivery options, such as vouchers or e-payments, you may need to switch to in-kind distributions or another form of humanitarian aid. Security must also be regularly assessed throughout the life of the program to track contextual changes.

SECURITY	
Key Questions	Implications
<ul style="list-style-type: none"> Is there freedom of movement? Are people safely accessing markets? Does access differ for men/boys/women/girls and/or marginalized groups? 	<ul style="list-style-type: none"> Helps identify whether access is restricted for certain groups. If people cannot access the market, then CTP may not be appropriate. Fairs or in-kind distributions may better meet needs.
<ul style="list-style-type: none"> What are the risks of cash distributions being seized by elites or armed elements? Are any safeguards available to reduce this risk? 	<ul style="list-style-type: none"> Assesses the level of security/insecurity in the target area. Determines whether CTP can be implemented and various risks that may need to be mitigated based upon who is targeted.
<ul style="list-style-type: none"> Are people using cash for routine purchases? Is it safe to travel with cash? 	<ul style="list-style-type: none"> Analyzes the risks of moving or distributing cash.
<ul style="list-style-type: none"> How do these risks compare with the risks posed by in-kind alternatives to cash (i.e., is cash more vulnerable or, alternatively, is it easier to hide)? Among men/women/boys/girls? Among marginalized groups? 	<ul style="list-style-type: none"> Determines the security considerations relevant for cash vs. in-kind.
Methods/Tools/Resources	
<ul style="list-style-type: none"> Internal team discussion and analysis. Interviews with local authorities on local laws and with businesses on how cash is moved. Interviews with target groups including men, boys, women, girls and marginalized groups about local perceptions of security and ways of safely transporting, storing and spending money. 	

Governance and Social Dynamics Analysis

In addition to security considerations, other factors affect the appropriateness of CTP, including formal and informal governance structures; local traditions; and social dynamics and norms. Analyzing these issues helps us understand how internal power dynamics may affect who receives money, how it is spent or the potential for CTP to exacerbate internal tensions. This analysis can also highlight the potential for corruption, exploitation or diversion. Governance and social dynamics analysis should be done concurrently with the security analysis to ensure that you have evaluated all environmental factors.

Governance is the process of decision-making and the implementation of those decisions. Governance can be called “good governance” when those systems and processes are accountable, transparent, just, responsive and participatory. Social dynamics are the relationships in the community that influence how community members interact with each other. Social dynamics can shift based upon internal or external influences, such as the introduction of cash to certain members of the community. It is important to understand a community’s social dynamics to ensure that the introduction of CTP has minimal to no negative effects on that community.

Governance and social dynamics must be analyzed at multiple levels and with diverse groups. The tables below separate **community-level analysis** and **household-level analysis**. Additionally, it is critical to ensure that the perspectives of diverse groups are included, so make sure to consult with a wide array of community

members, including those from different social, ethnic, political and socio-economic groups. Please remember that topics in the tables are below are meant to guide the team's internal discussion about what is already known and what data needs to be gathered. *They should not be posed to beneficiaries in this exact format, because these topics may be sensitive.*

GOVERNANCE & SOCIAL DYNAMICS: COMMUNITY-LEVEL ANALYSIS	
Key Questions	Implications
<ul style="list-style-type: none"> • What social groups exist in the community and how do they interact? How does the community interact with and/or support vulnerable households? What are traditional sharing/relief systems, if any? Is the community currently receiving aid, or has it previously received aid? 	<ul style="list-style-type: none"> • Creates an understanding of what groups exist in the community and their interactions. May help identify marginalized groups. Prevents programming that would disrupt traditional community support systems. Determines whether aid has been given and its effect on the community.
<ul style="list-style-type: none"> • Who are key decision makers at the community level? Are they trusted by all groups? Are different groups represented in decision-making bodies, including marginalized groups? Who controls resources and decisions about distribution of aid? 	<ul style="list-style-type: none"> • Indicates whether beneficiary selection and/or community project identification can be conducted in a transparent manner without undue influence. Determines the feasibility of implementing successful CTP that will benefit the entire community, rather than being diverted to elites.
<ul style="list-style-type: none"> • Are there economic, social or political tensions or conflicts, particularly over resources? What impact will cash transfers have on existing tensions? 	<ul style="list-style-type: none"> • Helps determine if there are existing conflicts and how CTP could unintentionally create or exacerbate tensions. Helps ensure inclusive benefits of CTP and program impartiality.
<ul style="list-style-type: none"> • What community or legal protection mechanisms are in place around exploitation and abuse, particularly gender-based violence and child protection? How well and by whom are these norms and laws enforced? What access do different groups have to protective services? 	<ul style="list-style-type: none"> • Helps determine whether CTP can be implemented in a way that is safe and secure for all community members.
Methods/Tools/Resources	
<ul style="list-style-type: none"> • Internal team discussion and analysis. • Interviews conducted separately with men and women. Ideally, female staff would interview female community members (and vice versa). • Focus Group Discussions (separated by sex, potentially by age, IDP/host, etc.) • Supporting opinions/information from other international NGOs active in the area. • Mercy Corps' Gender Procedures²² particularly Annex 1: Gender Analysis. • Relationship mapping.²³ • Do No Harm Framework.²⁴ 	

22 "Gender Procedures: Policy in Action," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/GenderProcedures.pdf>.

23 "Conflict Management Group: Relationship Mapping," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/ConflictMgmtSysRelationshipMapping.docx>.

24 "The Do No Harm Handbook: the Framework for Analyzing the Impact of Assistance on Conflict," *Mercy Corps' Digital Library* <https://mcdl.mercycorps.org/gsd/docs/HISTORY%20OF%20THE%20DNH%20PROJECT.pdf>. [Original source: Collaborative Development for Action, Inc. and CDA Collaborative Learning Projects, revised November 2004].

GOVERNANCE & SOCIAL DYNAMICS: HOUSEHOLD-LEVEL ANALYSIS

Key Questions	Implications
<ul style="list-style-type: none"> Do men and women have different priorities? How is control over resources (e.g., cash, mobile phones, food) managed within households? Who makes decisions about spending?²⁵ 	<ul style="list-style-type: none"> Increases understanding of gender divisions within households to determine the best person to target for CTP; failure to uncover this may lead to household conflicts.
<ul style="list-style-type: none"> Are women accustomed to being paid for work outside the home? How do women earn or otherwise access money? What control do women have over the money they earn? 	<ul style="list-style-type: none"> Helps identify if women may need additional support – such as training on how to use mobile phones for cash transfers – which men may not. In CFW programs, assesses if there is a need to establish separate activities for women.
<ul style="list-style-type: none"> How far are commonly used marketplaces and financial institutions from the target population? How often do people travel there? How long does it take to get there? What are the associated costs? Are there any social, logistical, or other factors that affect the ability of everyone to access markets? 	<ul style="list-style-type: none"> Helps determine cash transfer types. Helps uncover obstacles and hidden costs related to access to markets or financial institutions. Programs may need to factor in these issues when determining transfer value or type. Answers may also help determine who to target within the households.
Methods/Tools/Resources	
<ul style="list-style-type: none"> Household surveys. Interviews conducted separately with men and women. Ideally, female staff would interview female community members (and vice versa). Ensure a wide array of community members are interviewed, including those from different social, ethnic, political and socio-economic groups. Focus Group Discussions. Key Informant Interviews: INGOs, LNGOs, community leaders, women's groups associations, etc. Mercy Corps' Gender Procedures²⁶ particularly Annex 1: Gender Analysis. Seasonal calendars . Daily activity charts divided by men and women – possibly also girls and boys – and sub-divided by season. 	

²⁵ Spending decisions may vary by type of resource. For example, women may make decisions about the household food budget, while men may make decisions about farm inputs.

²⁶ "Gender Procedures: Policy in Action," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/GenderProcedures.pdf>

PROGRAM LOGIC AND OVERALL OBJECTIVE

Program logic is the tools and framework you use to connect a program's goal with the means for achieving that goal. Program logic also explains the theories of change you expect to accomplish and encompasses the creation of the Results Chain or Logical Framework²⁷ with an overall objective.

Whether used immediately following a crisis or during recovery, CTP remains a methodology and not a sector itself. As such, CTP can be used as an intervention in any type of program. *Your overall objective drives the type of CTP used* and should be based upon the needs of the affected population and the appropriateness of using cash in that community. We assume you are already coordinating program design with the Economic and Market Development team within the Technical Support Unit (TSU). When using CTP in sectors other than economic recovery – such as food security and WASH – it is also advisable to coordinate program design with other, relevant TSU teams. All TSU teams and their contact information can be found on The Hub.²⁸

CTP in emergency relief and early recovery is often used with one of the following four overall objectives:

- **Meeting Basic Needs** – The objective is to help people meet their immediate, basic needs by supplying them with cash (or vouchers). Food, non-food items and other essential goods are readily available in the markets, but beneficiaries do not have the means to purchase them (usually from loss of income). Typical examples of this would be when farmers lose their crops and income due to flooding or drought or when people have been displaced by conflict or natural disasters, causing a loss of employment or income.
- **Jumpstarting Economic Recovery** – The objective is to speed up local economic recovery by increasing cash flow in communities, revitalizing local markets and restoring basic economic functions following a crisis. Short-term cash transfers help prevent beneficiaries from selling assets or engaging in other negative coping mechanisms. For example, following the 2010 earthquake in Haiti, cash transfers helped families purchase rice locally, preventing the sale of assets to purchase food and also working to restore the local rice market. This objective may also include restoration of livelihoods or economic assets destroyed during a crisis.
- **Rebuilding Infrastructure/Assets** – Often used in the context of CFW, the objective is to provide short-term income support while improving public assets. Projects are chosen according to their usefulness, their ability to facilitate recovery and their ability to provide unskilled work opportunities to a large segment of the affected population. Typical CFW projects may include clearing irrigation canals, improving or repairing roads, repairing or cleaning schools, fixing water and sanitation systems and planting greenbelts.
- **Encouraging Stability** – After a large-scale emergency, governments may use CTP to keep an impacted population from migrating or abandoning their communities in search of jobs. Cash interventions may also make a community less likely to experience the effects of social breakdown, such as increased crime, rioting or looting. However, the short-term nature and impact of cash programming needs to be taken into consideration when using CTP to promote stability.

²⁷ "Program Management Manual," <https://mcdl.mercycorps.org/gsd/ docs/ProgramManagementManualPMM.pdf>

²⁸ "Technical Support Unit," *Mercy Corps' Digital Library*, <https://thehub.mercycorps.org/node/3831>

GEOGRAPHIC AND BENEFICIARY TARGETING

Since resources are limited, it is important to clarify *who* you will help through CTP. This can be done by focusing efforts on a particular region (geographic targeting) and/or by limiting participation to certain groups (beneficiary targeting). The approach you choose will be based on your program's objectives. Below, we will take you through common targeting considerations, as well as key issues related to vulnerability criteria and working with displaced groups.

During the initial response to an **emergency**, especially a sudden-onset disaster, the quick provision of cash transfers is often more important and cost-effective than investing in careful beneficiary targeting. In those situations – where nearly all households in the targeted community have suffered similar losses – **blanket distribution** of cash transfers is often appropriate. If resources prevent you from targeting all beneficiaries, choose a strategic geographic area (a village, town or district) and cover all of the households in that particular area.

If a **targeted response** will best fulfill program objectives – for example, if a specific set of producers has lost income due to a drought – **setting criteria** for participation is critical. Targeting criteria should always be linked to your program's objective. Criteria may be context-specific (e.g., households with food shortages); based on vulnerability (e.g., female-headed households); or driven by specific groups (e.g., displaced people). Criteria should be specific, yet simple enough to quickly verify beneficiaries and to prevent claims of unfair targeting. Criteria should also be well-publicized through sensitization efforts such as community meetings, public posting and other transparent methods of communication. In addition, communities should have the opportunity to help define targeting criteria, including adding or removing criteria.

Beneficiary type will depend on the aim of the program. If the program objective is to meet basic needs, selection should be at the household level. If the program objective is to restore livelihoods, selection should be at the individual level or member-of-an-association level (e.g., fishermen, traders, etc.) You will likely have a good idea of the affected population before determining the program objective. Once you have set your program objective, however, you will have an opportunity to further shape your process for selecting beneficiaries.

In the aftermath of a crisis, multiple channels exist for determining program beneficiaries. Common options include using lists provided by the UN, the central government, local government, partner organizations or community leaders, or by targeting those previously involved in agency programming. If you are working from a list not created by Mercy Corps, you should complete a **beneficiary verification exercise**. For beneficiary verification, choose between 5-15% of the total number of beneficiaries on the list for each neighborhood/village with which to conduct a short household survey. The purpose of the survey is to determine that the named beneficiary still lives at that address and still meets the targeting criteria. Before verification, it is often prudent to explain targeting criteria at a community meeting that includes local leaders. This public announcement of criteria allows marginalized groups – who may not be on official lists – to self-identify and request to join the list. Any type of meeting like this should always be held in a sensitive way to avoid exacerbating existing tensions.

Selecting the “Most Vulnerable”

In CTP, Mercy Corps often targets the most vulnerable households. Criteria for what constitutes the “most vulnerable” may vary depending upon the country and community. In general, the most vulnerable households often meet one of the following criteria: child-headed, female-headed, elderly-headed, disabled-headed, extreme income poverty, extreme asset poverty, member of a marginalized group, disaster- or conflict-affected or displaced.

Targeting the most vulnerable households can be misinterpreted by partner organizations, community leaders, or Mercy Corps staff to mean that the most vulnerable *person* in each household must be listed as the program beneficiary. This is not necessarily the case. The most vulnerable person in a household could be an elderly person or a person with a disability. That person may have difficulty traveling to the market or bank, activities that are often part of CTP. As such, naming them as the program beneficiary could place an unnecessary burden on them. Instead, consider whether another trusted household member may be a more appropriate as the registered beneficiary. Likewise, although women are often targeted for CTP, in some situations naming women as the beneficiary may increase their risks.

Practical matters such as mobility and security need to be taken into account to minimize risks to beneficiaries. Holding discussions on these matters with representatives of the target group will help you ascertain what is appropriate. (Many of these issues are uncovered through the governance and social dynamics analysis highlighted earlier.)

Balancing Displaced and Host Community Populations

After a crisis, displaced populations may be hosted by community members in a new location, causing social dynamics to change. When this occurs, it is important to look at the ratio of displaced persons to host persons and consider the vulnerability criteria of each for targeting. There are two main ways of selecting program beneficiaries in this type of scenario. The first is to create vulnerability criteria for households based upon need. Beneficiaries are then selected using these criteria, regardless of whether they are displaced or hosting. The second way – and the one most common within Mercy Corps – is to determine a target number for both host community and displaced households (e.g., 50% displaced/50% host, or 90% displaced/10% host). While host community households may not be as vulnerable as the displaced, it is often prudent to include both in a program. Host community households are likely supporting the displaced in some way – either personally or through shared community resources. Including a mix of beneficiaries in your program can reduce the burden on the host community and potentially decrease tensions over shared resources.

DECISION TREE: Which Type of CTP to Use?

In “Types of CTP” (Chapter 1), we introduced you to the general forms of CTP. Having conducted your assessments and analysis – and with an understanding of your program’s objectives and your target population – you are well-positioned to decide which specific type of CTP is most suitable. Below is a breakdown of common advantages and disadvantages to each type. It is important to carefully weigh these, as well as their timing and feasibility, when choosing a CTP type.

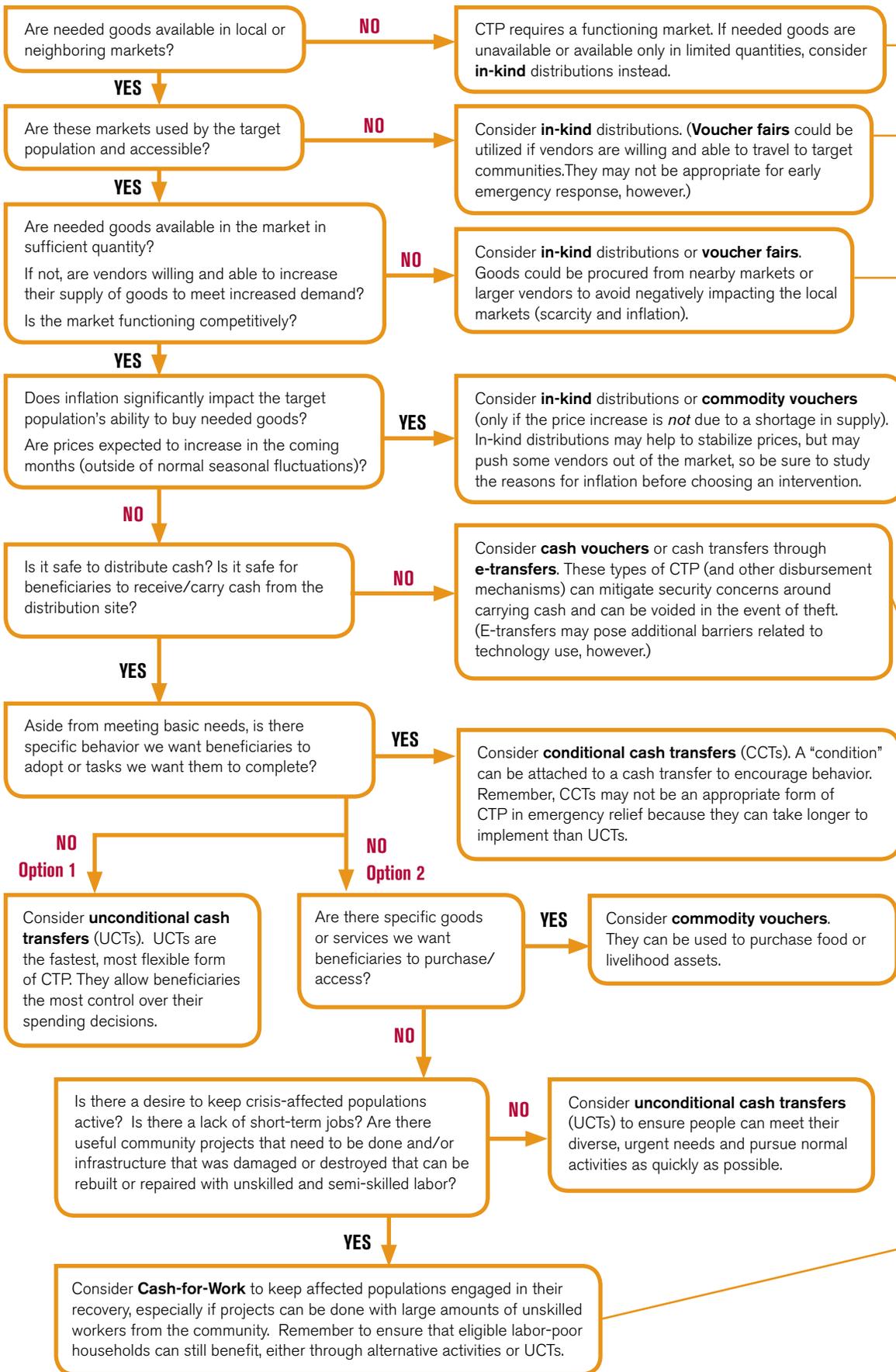
In addition, please remember to review local income/employment tax considerations for Mercy Corps and beneficiaries when deciding between transfer types. Certain CTP types may create tax burdens for beneficiaries, thereby eroding the value of assistance. (See “Setting the Transfer Amount” below for a real-life example of how tax policy affected the frequency of disbursement in a UCT program in Tajikistan.)

CASH TRANSFERS ²⁹	VOUCHERS	CASH-FOR-WORK (CFW)
Advantages		
<ul style="list-style-type: none"> • Quick to distribute and circulate. • Minimal involvement of implementing agency at point of trade. • Low administration costs. • Most flexible form of CTP and Mercy Corps’ preference. 	<ul style="list-style-type: none"> • Can be directed towards specific items to be purchased. • Security risks are sometimes lower than for CFW or cash transfers. • Voucher exchange can be monitored. • Agency can assume hardships associated with minor inflation/ devaluation. 	<ul style="list-style-type: none"> • Easier to target beneficiaries than vouchers or cash transfers. • Creates community assets. • Keeps beneficiaries engaged in recovery. • Easier to determine CFW wages than cash transfer/ voucher amounts.
Disadvantages		
<ul style="list-style-type: none"> • Difficult to monitor usage after transfer. • Targeting and registration are difficult because cash is desirable to everyone. • Difficult to prevent anti-social uses of cash (e.g., alcohol or tobacco purchases). 	<ul style="list-style-type: none"> • High administration costs, including significant staff time. • Risk of forgery. • May create a parallel economy through resale of vouchers. • May need regular adjustment by agency to protect from inflation. • Can take four to six weeks or more to organize. 	<ul style="list-style-type: none"> • High administration costs. • Some of the poor or food-insecure households may not be able to participate (e.g., elderly, ill, labor-poor households.) • Can take up to six weeks to organize and procure necessary supplies or services. • May interfere with labor markets or other household activities or priorities.

Now that you understand some advantages and disadvantages of specific CTP interventions, you may want to use the following decision tree to determine which CTP type is most appropriate. This is not meant to be your sole framework for choosing your CTP intervention; rather, it is a visual aid that synthesizes many of the topics we cover in narrative form. If you find it useful, great! If not, that is okay, too. Only you and your team can truly design the most appropriate CTP intervention given your local context.

29 This table and the decision tree following were both adapted from Creti and Jaspers, eds., *Cash Transfer Programming in Emergencies*.

DECISION TREE



Things to consider:

- "Needed goods" may vary by sex, age, ethnicity, religion, etc.
- Consider different groups' access to the market by sex, age, ethnicity, religion, etc.
- "Sufficient quantity" refers to an amount of goods sufficient to supply our beneficiaries and other consumers without creating a shortage of goods or a large spike in prices.
- "Competitively" means that sufficient vendors are in the market to allow consumers choice and to keep prices near "normal" levels.
- Consider transportation constraints, government restrictions, price trends and seasonality.
- Consider safety may vary by sex, age, ethnicity, religion, etc.
- Consider money-related gender roles.
- Will CFW activities interfere with other livelihoods or income-generating activities the population could be undertaking? If so, plan CFW around the other activities or consider that another type of intervention may be more appropriate.

SETTING THE TRANSFER AMOUNT

You have determined your program's objective, your targeting criteria and your CTP type. Now, you can set the transfer amount.³⁰ Setting this amount, and determining the frequency of payment, should be directly tied to your program's objective. Additional factors to consider include are: if the transfer amount should vary between recipients; if it should be adjusted during the life of the program; and if it should be given all at once or in installments.³¹

To set the CTP transfer amount, consider the following:

- **Your program's objective:** Transfer amounts are often set in terms of gaps. If the objective of your program is to meet basic food needs, the transfer amount should equal the gap between what food people need and what they can provide for themselves without resorting to negative coping mechanisms.³² To calculate this, estimate what the household currently has available, including "unseen" sources of income such as remittance flows, what households are able to do via positive coping mechanisms and what the gap is. In an example using food: to set the amount, you would determine the price for a standardized "basket of goods" that fulfill the program's objectives, keeping in mind the current local market prices. The transfer amount would ideally cover the gap between what households are able to procure themselves and an amount slightly above this "basket of goods." This would allow households to reestablish their basic needs and possibly begin saving as preparation for future shocks or expected price increases.
- **Fixed or variable transfers:** The transfer amount can be the same for all recipients or can vary based upon certain criteria. While it is simpler to give a fixed amount regardless of household size, it may be more equitable to take the size of the household or type of beneficiary into account. For example, if the program objective is to help businesses recover assets to restart economic activity, you may want to calculate how much it will cost to purchase different assets for different businesses and set transfer amounts based upon the range of those costs. One caution: the more detailed the decision-making is on the transfer amount, the more administrative work staff will need to perform to verify costs, household sizes, needs or other factors.
- **Frequency of transfers:** The frequency of a cash transfers should be based upon the program's objectives and security for beneficiaries and staff, as well as cost-efficiency. Typically, interventions meeting basic needs use relatively frequent transfers, while those geared towards shelter or livelihoods recovery will be larger and less frequent. Gender issues also should be taken into account, as women may benefit from small, regular transfers.³³ However, what may be an ideal frequency may also be influenced by local law or traditions. In Tajikistan in 2008, for example, the Bill and Melinda Gates Foundation-funded Livelihoods Recovery Project opted to make a large, single transfer, rather than multiple smaller ones, to avoid beneficiaries' owing a 39% tax on multiple transfers. (In this case, a single, "humanitarian assistance" transfer was not taxable.) It is important to take local tax and banking laws into consideration during planning.

30 The method for determining CFW wages varies significantly from the one described in this section for setting the transfer amount for all other types of CTP. In general, CFW wages are set slightly below local market wages to avoid displacing laborers from long-term employment. Detailed guidelines for determining this can be found in the Cash-for-Work Implementation Guide.

31 Harvey and Bailey, 49.

32 "Guidelines for Cash Transfer Programming," *International Federation of Red Cross and Red Crescent Societies*, <http://www.ifrc.org/Global/Publications/disasters/finance/cash-guidelines-en.pdf>.

33 Harvey and Bailey, 52.

- **Adjusting for inflation:** The transfer amount can vary depending upon price fluctuations. It is important in program budgeting to build in a contingency between current prices and the worst-case scenario based upon seasonal and historical prices. It is also important to monitor local prices and adjust the transfer amount as necessary to account for major changes. In cases of extreme inflation, you may need to reassess whether CTP is still the appropriate mechanism to achieve your program objectives. Additional guidance for dealing with inflation is captured in the Implementation Guides.

As with all types of programs, coordination is critical, so coordinate with other agencies implementing CTP in the same area and with the government. Differences in the amount of cash transfers or procedures and timing among different implementers may create disputes, negatively affect local markets and create unreasonable expectations. For an assessment on four agencies' coordination efforts implementing CTP, see "The Inter-Agency Impact Assessment of the Cash Transfer Programs in West Sumatra,"³⁴ summarizing the lessons learned from Mercy Corps, Catholic Relief Services, Oxfam GB and Save the Children.

Common Mistakes in Setting Transfer Amount³⁵

- Not setting the transfer amount based upon the program objective (e.g., calculating it based upon food needs when the transfer is meant to cover a range of basic needs, including food and other crucial supplies.)
- Only basing the transfer amount on what would have been distributed if in-kind assistance had been provided.
- Not considering that households may be able to meet some of their needs on their own.
- Not taking into account how the costs of goods and services are likely to change during the program lifecycle (including seasonal shifts.)
- Only obtaining the price of goods or labor wages in one part of the program area when they may differ in others.
- Not including transportation costs or fees associated with receiving the transfers.



Pakistan – Julie Denesha for Mercy Corps

34 Martin Aspin, "Inter-Agency Impact Assessment of the Cash Transfer Programs in West Sumatra," (May 2010). *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/InterAgencyImpactAssessmentCTPwSumatra.pdf>.

35 Based on Harvey and Bailey, 50.

DETERMINING THE DISBURSEMENT MECHANISM AND PROVIDER

Now that you have chosen your CTP type, it is time to determine the *way* in which cash will reach your program beneficiaries. This is called the **disbursement mechanism**.

Disbursement mechanisms are the methods beneficiaries use to access cash or goods. They can be as basic as direct payments of cash to beneficiaries by program staff, or as technologically sophisticated as e-transfers of commodity vouchers via a beneficiary's mobile phone. Any disbursement mechanism will have benefits and drawbacks. Your goal is to choose the disbursement mechanism that reaches your target population quickly, safely and economically, without creating an undue burden. Some general considerations in evaluating disbursement mechanisms include the availability of potential providers and location of its branches/offices, implementation costs, and beneficiaries' preference and level of familiarity with various mechanisms.³⁶ (The disbursement mechanism should not be confused with the mechanism for reimbursing vendors for vouchers redeemed by beneficiaries.)

A **direct disbursement mechanism** is one in which Mercy Corps team members directly make payments to beneficiaries or directly distribute a document/card to beneficiaries (which is then redeemable for cash or goods.) An **indirect disbursement mechanism** is one in which Mercy Corps contracts with a third party organization/institution to deliver the cash, voucher, e-transfer, etc. to the beneficiary. Examples of possible third party institutions include formal/information financial institutions, mobile service providers or local NGO partners.³⁷

Identifying appropriate, safe methods for delivery and distribution of payments relies heavily on findings from your initial assessments and analyses. Below, we cover the most common disbursement mechanisms and providers.



Haiti – F. Coupet/Mercy Corps

Financial Service Providers

If functioning financial institutions are located in or near your target communities and a large percentage of your target population is already “banked,” a financial service provider may be able to manage direct payments into individual or group bank accounts. Even if beneficiaries are not currently accessing financial service providers, new accounts can be established at an individual level, and sometimes at an association or community-level. Using the local financial system reduces the workload for Mercy Corps, eliminates the security risk of Mercy Corps staff carrying cash, reduces the risk of corruption and may result in improved tracking and reporting.

³⁶ For additional evaluation of disbursement mechanisms see “Summary of Issues” (Chapter 9) and “Key Criteria for Assessing Cash Delivery Options” (Annex B) of Paul Harvey, Katherine Haver, Jenny Hoffmann, and Brenda Murphy, “Delivering Money: Cash Transfer Mechanisms in Emergencies,” CaLP, (London: Save the Children UK, 2010). <http://www.cashlearning.org/downloads/delivering-money---cash-transfer-mechanisms-in-emergencies2.pdf>

³⁷ This is a contractual arrangement (not to be confused with a subaward) where Mercy Corps contracts with a local NGO to distribute to beneficiaries identified by Mercy Corps, or identify and distribute to beneficiaries with eligibility criteria defined by Mercy Corps. This is generally done when security does not allow for Mercy Corps to conduct the distribution directly.

The following options can be used to distribute cash through a financial institution

- **Individual Accounts:** Individual accounts give beneficiaries maximum control over when they withdraw their cash. They also afford a measure of security to the beneficiaries (who are not forced to keep their payments in cash) and the program team (who do not directly handle cash). The disadvantages are the additional banking cost to beneficiaries, the logistics of setting up the accounts (including identification requirements), the trips required to complete paperwork and the potential discomfort to beneficiaries if this is a new process. It is important to make sure that this methodology does not exclude some beneficiary groups, such as illiterate, elderly or youth populations.
- **Group Accounts:** Group accounts can be used for payments targeting a group, such as a community or business association, or when beneficiaries prefer to pool their transfers (e.g., when beneficiaries appoint one person to travel to the bank on their behalf, or want to avoid individual bank fees). The advantages of group accounts are that fewer accounts need to be set up. Disadvantages include increased difficulty in tracking individual receipt of cash transfers and increased risk of corruption. Some banks or bank branches may not offer group accounts.
- **Check Distribution:** If cash delivery carries security risks, distributions may be in the form of checks or vouchers redeemable at a financial service provider. Instead of establishing bank accounts, beneficiaries are able to safely withdraw cash with a program-distributed check. This method offers security to the recipients and to the program team, and allows for more accurate distribution of cash. A disadvantage is the cost of printing and distributing the checks, as well as the staff time required. Issues may arise from spelling of names and identification requirements to cash the check. Financial service providers may also charge beneficiaries check cashing fees.
- **Financial Institution Delivery:** Local financial institutions may, in some locations, be contracted to deliver cash transfers directly to beneficiaries at project sites. The advantage is that it may provide “cash-in-transit” insurance safeguarding Mercy Corps against transport security risks. However, this service is not available in all areas and is usually the most expensive method of cash distribution.



Indonesia – Mercy Corps

If you choose to work with a financial service provider, make sure that beneficiaries receive basic financial skills training to use their account, as well as a detailed description of all fees associated with the account and requirements for accessing the account (e.g., bank book, national ID card, etc.). A contract should be established with the institution detailing: the terms of payment; service fees; financial responsibility in the event of fraud or errors; how the institution will verify identity; the timing and quantities of transfers; and reporting responsibilities.

Alternative Institutions

In areas where formal financial institutions are inaccessible or do not exist, intermediaries such as post offices, vendors/traders, money transfer companies (such as *hawalas*), remittance companies, security companies or other alternative institutions may be an option for direct cash or check/voucher distribution. If this option is selected, it may be helpful – if staffing and security allow – to have Mercy Corps staff attend distributions to monitor the process and address any issues that may arise. A contract will need to detail: the terms of payment to the intermediary; the commission and any fees for the service; responsibility for security; financial responsibility in the event of theft or errors; how beneficiary identities will be verified; the timing and quantity of transfers; and reporting responsibilities to Mercy Corps and to the government, as required.

Direct Distribution

If other options are not feasible, payments can be made directly by Mercy Corps program staff or a local partner. This has the benefit of reducing risk of money diversion in the payment process. However, direct distribution of cash transfers may create security risks for both the program beneficiaries and Mercy Corps staff. Direct distribution should be considered as one of the last disbursement options. You will find recommendations to mitigate risks associated with it in the Cash Transfer Implementation Guide.



Kenya – Bija Guttoff/Mercy Corps

E-Transfers

Electronic payment methodologies (such as mobile money/wallets, mobile vouchers, mobile banking and ATM/debit/credit cards) can also be good vehicles for cash transfers. While there are clear benefits in terms of the security they provide and the speed with which transfers can be disbursed, it is absolutely essential that programs utilizing e-transfer technologies devote sufficient time to educating beneficiaries on their use and on sensitizing the community and participating vendors. Program beneficiaries who are illiterate or innumerate will have difficulty using this technology and may rely on family or community “helpers” to receive their transfer.³⁸

Through our commitment to the Better than Cash Alliance (see Annex C: External Resources), Mercy Corps has agreed to utilize e-transfer methodologies when appropriate. Further best practice recommendations and implementation guidelines for e-transfers can be found in the E-transfer Implementation Guide.

³⁸ "MasterCard Worldwide and Mercy Corps: ELEVATE Phase I Report," *Mercy Corps' Digital Library*, 2013, <https://mcdl.mercycorps.org/gsd/docs/MasterCard2012NepalDREPSELEVATEph1Rep.pdf>.



Haiti – Erin Wildermuth/Mercy Corps

Program Profile: **Mobile Money**

Immediately following the 2010 earthquake, Haiti experienced severe cash shortages. This constrained remittance payouts and severely limited savings withdrawals, affecting millions of Haitians' basic economic activities. As markets began to recover, it was clear that cash-based interventions would be widely used in emergency response and early recovery programming. Mercy Corps partnered with OpenRevolution to conduct an assessment, and it was determined that mobile transfers were feasible and banks and other actors could act as the cash-in/cash out points.³⁹ With USAID

funding, Mercy Corps piloted three separate mobile money transfers projects between December 2010 and June 2011. Money was transferred electronically as vouchers (for food or non-food items) and as UCTs. Overall, Mercy Corps reached and registered a combined target group of 8,937 beneficiary households and 100 vendors with over USD 2.8 million transacted through the mobile channel. Some important lessons learned came from this project: namely that in nascent environments, mobile money – while safer than traditional cash transfer mechanisms – is not necessarily cheaper, especially if the payment system needs to be built. Additionally, beneficiary usage of the mobile services after the program ended was minimal—while the program hoped 25% of beneficiaries would continue, in reality only 0.5% did. Explanations included insufficient time spent training beneficiaries on the additional advantages of mobile money outside of the program's aims.

39 "Cash-in" refers to putting value on a mobile wallet at a merchant-agent; "cash-out" refers to transferring stored value in a mobile wallet to a merchant-agent who then provides physical cash. From "Performance Report, HIFIVE Award #20," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/USAIDHi52010HaitiMobileMoneyFinalRep.pdf>.

CHAPTER 3:

ADDITIONAL CONSIDERATIONS

In this chapter, we will cover other considerations that affect CTP, including partnership, gender, youth, government, and urban settings. The topics we highlight are not limited to a particular program phase; rather, they should be considered throughout the program lifecycle. They affect your program design, program set-up and implementation and the design and implementation of your M&E system. For example, targeting and data collection strategies differ from urban to rural settings. Gender considerations infuse every aspect of CTP, including how you staff for implementation. And it is virtually impossible to implement CTP without the cooperation of local government officials, so thinking through the role they will play in your program is essential.

PARTNERSHIPS

Local Partners

In an emergency, local civil society groups are frequently capable of rapid small-scale mobilization. They can often have better access to remote populations in insecure environments or in areas unsafe for expatriate travel. They also have a more in-depth knowledge of local communities and practices, including awareness of social dynamics, and have the trust of local populations.

While there are clear advantages to partnering with local organizations, additional time, effort and staff may be required for local partner training and oversight. Because CTP often has stricter documentation requirements, it is important to carefully consider partnerships and partners' capacity to meet these requirements as well as your ability to oversee their work. It is also critical to clarify the roles of the lead and partner agencies – as well as exit strategies – with CTP. The budget and workplan should reflect the extra time and effort required for managing, monitoring or mentoring a local partner.

Mercy Corps has found that some local agencies hold a targeting bias toward particular groups or toward their former clients. When deciding on a partner, make sure they understand your targeting criteria and basic Do No Harm principles. A mix of gender, ethnic and religious representation within partner organizations can increase our ability to effectively serve affected populations. A beneficiary verification exercise carried out by Mercy Corps after partners have selected program beneficiaries can also help to reduce bias. Additional guidance on partnering with civil society, business and government groups can be found in Mercy Corps' Local Partnership Guide.⁴⁰

Private Sector Partners

The private sector is involved in CTP in three main ways. First, and most importantly, it plays an active role by providing the goods and services purchased or redeemed by beneficiaries. The private sector also plays a significant role in providing invaluable information on the market system, supply chain and beneficiary purchasing patterns, and can be a key partner in the early detection of market distortions. Finally, private sector partners can be engaged as providers facilitating the disbursement of cash or vouchers.

⁴⁰ "Local Partnerships: A Guide for Partnering with Civil Society, Business and Government Groups," Mercy Corps' Digital Library, <https://mcdl.mercycorps.org/gsd/ docs/MCLocalPartnershipsGuide.pdf>.

To be effective in an active program role, private sector partners will require training on program objectives, program methodology and their tasks and responsibilities. It is important, when selecting and training private sector partners, to clarify the rules, how payments will be made and what reporting requirements they have. Many donors require documentation of cash transfer amounts and beneficiary logs that private sector partners need to collect in order to receive payment. These details need to be clearly articulated at program start-up and then monitored to avoid challenges.

Good engagement principles should be followed in building and sustaining private sector relationships. These include incorporating appropriate incentives to satisfy partners' particular interests, recognizing the balance between our program objectives and their commercial goals and undertaking appropriate due diligence prior to establishing a partnership to ensure that any reputational or programmatic risks are acceptable. We must formalize our partnership to ensure common understanding and transparency between partners. Consult with the Finance and Compliance Team on which mechanism is required to accomplish this. Additional guidance on engaging with the private sector can be found in the Private Sector Engagement Toolkit.⁴²

Data Protection

A new and important aspect of CTP is the management of beneficiary data collected by implementing agencies and their private sector partners, particularly as it relates to e-transfers. As we collect beneficiary data, we must be careful that we do not inadvertently put beneficiaries at risk by compromising their data through identity theft. In response to instances of governments and others misusing this data, CaLP has issued "Protecting Beneficiary Privacy: Principles and Operational Standards for the Secure Use of Personal Data in Cash and E-Transfer Programs."⁴¹

GENDER

Studies have shown that women are more likely than men to reinvest resources to improve household welfare. As a result, many cash transfer programs target women to increase the likelihood that the entire household will benefit. Recent research suggests that, in some cases, cash may empower women, increasing their household decision-making responsibilities and authority in the allocation of cash transfers.⁴³ However, this remains highly contextual. In societies where gender roles are strictly defined and enforced, women may not retain control over money, so providing cash directly to women may lead to disputes or even violence. In some environments, women may have limited mobility and may be restricted to participating in traditional community activities. Also, women and girls may or may not be regular participants in the local market economy.

If this is the case, women may not be able to readily participate in CTP without accommodation being made for local cultural norms. For example, to accommodate women, CFW programs may allow them to work in exclusively female work crews or assign socially-acceptable tasks such as cooking lunches for laborers,

41 Koko Sossouvi, "Protecting Beneficiary Privacy: Principles and Operational Standards for the Secure Use of Personal Data in Cash and E-Transfer Programs," (Oxford: CaLP 2013), <http://www.cashlearning.org/downloads/calp-beneficiary-privacy-web.pdf>.

42 "Private Sector Engagement Toolkit," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/Docs/PrivateSectorEngagementToolkit.pdf>.

43 Catherine Arnold, with Tim Conway and Matthew Greenslade, "Cash Transfers Literature Review," *Department for International Development (DFID)*, 40, <http://r4d.dfid.gov.uk/PDF/Articles/cash-transfers-literature-review.pdf>

child care, carrying water or guarding supplies. When targeting women, it is necessary to have a thorough understanding of their roles and the social relations between genders. Much of this can be uncovered through the governance and social dynamics analysis highlighted in “Assessment and Analysis” (Chapter 2).



Pakistan – Julie Denesha for Mercy Corps

Program Profile:

Two Approaches to Gender in CTP

In 2010 after major flooding, Mercy Corps Pakistan included women in CFW programs in ways that were considered “appropriate” to their local communities. Since women do not typically perform physical work in view of the public, they were able to participate by cleaning up and repairing enclosed public venues, such as meeting halls and schools. Women were also assigned projects within their community, since they typically do not travel outside of their village. Female beneficiaries also worked fewer hours than men to ensure program participation did not disrupt their other household responsibilities.

While programs are often tailored to accommodate traditional roles for female beneficiaries, emergency situations can also be a catalyst for change. In Iraq in 2010, it was also considered inappropriate for women to conduct physical labor in public. Responding to this, Mercy Corps Iraq appointed female CFW beneficiaries as supervisors. They were paid a higher wage than their male counterparts and were responsible for determining where male crews would work, what they would clean and tracking beneficiary attendance. Supervisors were also required to monitor and verify payments to CFW beneficiaries through daily attendance sheets. When there was a dispute in attendance, the women would provide explanations to verify or correct the sheet. Mercy Corps Iraq program staff continuously monitored the situation of the female supervisors to ensure they felt safe and secure and that their new roles were not having a negative effect.

Some key considerations/tips for incorporating gender implications into CTP include:

- Transfer amounts and frequency can shape who uses the transfer and for what: smaller, frequent payments are often used by women for daily household needs, while larger, one-time or infrequent payments may be used by men for livelihoods depending on the local culture.
- In designing CTP interventions, always take into consideration the safety of accessing the market or financial institution, and who is most likely to make that trip. It may make sense to select preferred vendors or financial institutions in centrally located areas where women are present in the public space.
- In some countries, women are less likely to have formal identification documents than men. This may affect whether payments can be made through a bank or other formal financial institution. It may also mean that Mercy Corps should build in the time and costs associated with providing all beneficiaries with program-specific identification.
- In some locations, women may have lower literacy rates than men, which could make participation in e-transfer or voucher programs more difficult for them. It may also increase their risk of exploitation. If this is the case, extra support and training should be built into the program schedule and budget.

In addition to programming for the inclusion of female beneficiaries, it is essential that you consider

gender equity when staffing for CTP. In particular, gender-balanced teams are more adept at facilitating faster, more efficient and more inclusive assessment work and post-distribution monitoring activities. Women and girls may be more comfortable speaking to female staff, especially when discussing sensitive issues that arise in questions about vulnerability, money and access to resources. It is possible to make accommodations that take into consideration cultural norms for female staff in the various countries where we work. For example, if teams are experiencing difficulties recruiting female staff because they would be required to travel outside their families' comfort zone, Mercy Corps can budget, plan for and provide per diem for a male family member to travel with the female staff member (but not to participate in the work tasks themselves). Also, some transportation methods selected for staff, such as motorbikes, may decrease the ability of female staff to move safely around the area, depending upon local norms.

Tensions surrounding the role of women as recipients of aid are not unique to CTP. Additional guidance on equally engaging women and men and girls and boys can be found in Mercy Corps' Gender Policy⁴⁴ and Gender Procedures.⁴⁵

YOUTH

Programs may need to make special considerations when working with youth in CTP. Young beneficiaries may have different priorities, responsibilities and challenges than older ones. For example, young people may be inexperienced in handling and managing cash and may require additional mentoring and guidance. Conversely, they may be much more adept at managing the technology required for e-transfers than older beneficiaries. Young women often have the least access to goods and services as well as the weakest voice in decision-making processes. As such, social dynamics and context should be taken into special consideration during the program design and planning phases.

With regards to CFW participation and age minimums, Mercy Corps' current guidelines allow for young people aged 15 years and older to participate, as long as they are not leaving school to do so. These guidelines will be reviewed and communicated across the agency once updated.

Whether young people are participating in CFW or are beneficiaries of other types of CTP, special provisions should be put in place to eliminate or reduce their risk and to ensure protection.⁴⁶ **Child safeguarding** is a concept that reaches beyond child protection to include the additional aims of preventing the impairment of children's health and development and ensuring that children are growing up in circumstances consistent with the provision of safe and effective care, as well as protecting children from maltreatment.⁴⁷ Mercy Corps is currently updating its internal policies around child safeguarding to make sure we are meeting international standards.

44 "Mercy Corps' Gender Policy," <https://mcdl.mercycorps.org/gsd/docs/MercyCorpsGenderPolicy.pdf>

45 "Mercy Corps' Gender Procedures," <https://mcdl.mercycorps.org/gsd/docs/GenderProcedures.pdf>

46 All Mercy Corps team members are required to complete the Code of Conduct training, located on Mercy Corps' E-Learning site. For additional information on Protection from Sexual Exploitation and Abuse (PSEA) – including minimum operating standards – visit the PSEA Task Force: <http://www.pseatastaskforce.org/>.

47 "What is the difference between safeguarding and child protection," *UK Department for Education*, <http://www.education.gov.uk/popularquestions/a0064461/safeguarding-and-child-protection>

CTP AND THE GOVERNMENT

It is important to have a solid understanding of government fiscal and economic policies and institutions and to keep local government stakeholders informed of your CTP program. It is also critical to understand the local tax structure and how beneficiaries can be affected by CTP. The registration practices of local businesses, the rules they must follow and how growth of those local businesses occurs are all issues that can influence CTP. These may also influence the selection criteria for vendors and how payments are made. Local laws and policies around formal and informal financial institutions and mobile banking are important considerations when determining disbursement mechanisms.

If possible, it is best practice to include local government officials in some aspects of the decision-making process with regards to CTP. Inclusion might be around selection of CFW infrastructure projects for rebuilding/repair or input into the amount of CFW wages or transfers in UCTs. It is equally important to understand each country's policies around the various types of CTP. For instance, during the Syrian refugee crisis in Lebanon from 2012–13, the Government of Lebanon permitted CFW projects but did not allow UCTs. This is in contrast to the Government of Jordan which, during that same period of time, preferred cash transfers and vouchers to CFW programs. Additional guidance on engaging with local, regional and national government can be found in Mercy Corps' Guide to Good Governance Programming.⁴⁸

URBAN SETTINGS

Urban settings can be ideal locations for CTP. There, markets are likely to be more diverse and integrated, as well as offering a wider variety of goods and services. Financial institutions are often clustered in urban areas and are able to offer more complex services, including e-transfers. However, urban settings also have challenges associated with CTP that differ from those in rural settings. The density and heterogeneity of populations in urban settings can make beneficiary selection particularly difficult. Even finding the most vulnerable in an urban setting can be hindered by their absence from government lists. While rural responses typically target an entire village, in urban areas agencies may be incapable of meeting the needs of all those affected. The “haves” and “have nots” reside in close proximity, creating a potentially volatile dynamic that needs to be carefully managed during selection.⁴⁹ Government coordination is often more complex, exacerbated by the layers of government representatives present in urban settings, and potentially weaker connections between representatives and their constituents. To avoid conflict, clear targeting criteria and community awareness-raising are particularly important in urban settings.

For best practice related to implementing CTP in urban environments, please review CaLP's “Cash Transfer Programming in Urban Emergencies: A Toolkit for Practitioners”.⁵⁰

48 “Guide to Good Governance Programming,” Mercy Corps' Digital Library, <https://mcdl.mercycorps.org/gsd/docs/MCGoodGovernanceGuide.pdf>.

49 Tiare Cross and Andrew Johnston, *Cash Transfer Programming in Urban Emergencies: A Toolkit for Practitioners* (Oxford: Cash Learning Partnership, 2011), xi.

50 “Cash Transfer Programming in Urban Emergencies: A Toolkit for Practitioners,” <http://www.cashlearning.org/resources/library/251-cash-transfer-programming-in-urban-emergencies-a-toolkit-for-practitioners>

CHAPTER 4:

CASH TRANSFER PROGRAMMING IMPLEMENTATION

Different CTP methodologies require different set-up processes, monitoring and documentation. For that reason, specific details on implementing each type of CTP are provided in the Implementation Guides contained within Part II of this Toolkit.

- Cash Transfer Implementation Guide: *coming soon*
- Cash-for-Work Implementation Guide: *coming soon*
- Vouchers and Fairs Implementation Guide: *coming soon*
- E-Transfer Implementation Guide: *coming soon*

For general guidance on program implementation, please see Chapter 5 in Mercy Corps' Program Management Manual.⁵¹

CHAPTER 5:

ACCOUNTABILITY, M&E AND FEEDBACK AND COMPLAINT MECHANISMS

Accountability, M&E and feedback and complaint mechanisms work in partnership with all phases of the program lifecycle. They help determine if the program's objective and intended outcomes are being achieved and whether activities are responsive to needs. We have agency-level commitments of accountability to our beneficiaries; M&E is a program management minimum standard; and feedback and complaint mechanisms are an agency requirement for CTP. Additionally, accountability, M&E and feedback and complaint mechanisms help us deliver better, more impactful programming.

ACCOUNTABILITY

Mercy Corps defines accountability as our responsibility to all stakeholders for the manner and results of our decisions and actions. Participation of stakeholders is key to ensuring that programs have their desired impact. Therefore, we make sure that local women, men, girls and boys are involved in designing, planning, implementing and monitoring and evaluating the program.

Mercy Corps collaborated in the development of the Good Enough Guide,⁵² which promotes impact measurement and accountability in emergencies. It presents methods and tools for putting these into practice throughout the life of an emergency program, encouraging participatory processes, thorough

51 "Program Management Manual," <https://mcdl.mercycorps.org/gsd/docs/ProgramManagementManualPMM.pdf>.

52 The Good Enough Guide (GEG) has been adopted by six major INGO partners, including Mercy Corps. Emergency Capacity Building Project, "The Good Enough Guide: Impact Measurement and Accountability in Emergencies," (Oxford: Oxfam GB, 2007). *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/GoodEnoughGuideFinal.pdf>

assessments and ongoing monitoring. Each of these program characteristics should be employed in the implementation of CTP. For additional resources, see The Good Enough Guide and Mercy Corps' Accountability Principles.⁵³ For general information on accountability, visit the Humanitarian Accountability Project (HAP).⁵⁴

MONITORING AND EVALUATION

Monitoring determines if a program is on track and identifies problems along the way. It can also provide valuable data to uncover whether payments are reaching the targeted beneficiaries, how cash is being used and the effect of cash programming on local market activity. Evaluations assess the impact of the cash transfers on beneficiary households and participating vendors.

Many of the considerations in monitoring and evaluating CTP are not unique to cash. Similar to all humanitarian interventions, monitoring and evaluation procedures should be in place to measure: the process (How well are we doing the work?); the design (Is the transfer value appropriate? Is the disbursement mechanism right?); the context/assumptions (How are price changes affecting the program? Is the security situation better or worse than we anticipated?); the results/outcome (Who got what?); and the impact (What did people do with the cash? What were wider impacts on livelihoods and local economies?)⁵⁵

Many of these questions are answered through post-distribution monitoring; details for conducting post-distribution monitoring by CTP type can be found in the Implementation Guides.

Mercy Corps' DM&E-in-a-Box⁵⁶ provides concrete tools and tips around M&E for any program type. Additional information on developing your program's logical framework and indicator plan can be found in Chapters 3 and 6 respectively in Mercy Corps' Program Management Manual.⁵⁷

FEEDBACK AND COMPLAINT MECHANISMS

When implementing CTP, program staff must consider the most appropriate and convenient methods for beneficiaries to provide positive and negative feedback. *CTP must have a minimum of one feedback mechanism, although two are ideal.* Feedback mechanisms can vary depending upon local capabilities. They may include a well-publicized phone number for reporting fraud or abuse, SMS, email, a locked box for paper feedback, individual surveys and/or interviews. When choosing between different mechanisms, remember that at least one should provide beneficiaries with a way to contact Mercy Corps directly. Feedback and complaints should be processed by a designated team member who has been trained in confidentiality and processing feedback. Ideally, this person is not directly involved in implementing the program. Training both a female and male staff member in processing complaints may be helpful,

53 "Accountability Principles," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/ docs/MercyCorpsAccountabilityPrinciples.docx>

54 "What is Accountability," Humanitarian Accountability Project: <http://www.hapinternational.org/who-we-are/about-us/faqs-about-hap-and-accountability.aspx#2>

55 Lesley Adams and Paul Harvey, "Learning from Cash Responses to the Tsunami: Monitoring and Evaluation," Issue Paper 6 (London: Overseas Development Institute, September 2006), 2.

56 "DM&E-in-a-Box," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/cgi-bin/library?a=p&p=dme>.

57 "Program Management Manual," <https://mcdl.mercycorps.org/gsd/ docs/ProgramManagementManualPMM.pdf>.

particularly given the type of complaint. If one complaint mechanism involves a program implementer – as is typical – then the secondary mechanism should bypass team members directly involved in program implementation (e.g., it may route to an M&E team member).

For information on designing and implementing community complaint mechanisms, see Mercy Corps' Community Complaint Mechanisms Guidelines (due in January 2014.)

CHAPTER 6:

END-OF-PROGRAM TRANSITIONS FOR CASH TRANSFER PROGRAMMING

Remember, CTP is designed to be a short-term intervention. During the set-up and planning phase, it is important to define a clear exit and/or transition strategy for CTP. Withdrawal criteria should be determined by program objectives and made clear to program beneficiaries. Some CTP programs fill a very short-term need and will end once beneficiaries can support themselves. Other programs may transition into follow-on programming that addresses longer-term needs and opportunities, such as sustainable employment programming. If that is your program's intention, it must be considered during the initial planning phase, and CTP should be intentionally designed to transition into other interventions and partnerships.

Referring back to the CTP objectives highlighted in "Program Logic and Overall Objective" (Chapter 2), below are some common end-of-program considerations:

- **Meeting Basic Needs:** If the primary aim of CTP is to provide beneficiaries a means to meet basic needs and inject cash into the local economy, cash transfers should cease once normal income-generation activities resume and markets reach the requisite level of self-sufficiency. It is not always necessary to transition to another type of programming under this objective. Sometimes, the purpose is simply to get people through the crisis until their normal activities can resume and they can support themselves again. In chronic crises, such as conflict settings, it can be easy to fall into a trap of perpetual CTP. To avoid this, the program team should carefully consider how people will meet their needs once the program ends, and what support the program should provide to help prepare them.
- **Jumpstarting Economic Recovery:** Once local markets have been re-established to the point where they are able to meet local demand, transitioning into economic recovery and development is a logical next step. If cash transfers are being used as a transitional activity during early economic recovery – rather than as an emergency activity to meet immediate needs – they can be integrated or overlapped with financial education, life-skills training, business planning and enterprise development, financial access and/or formation of community lending and savings groups. This is also an ideal situation to consider using CTP as a vehicle for empowerment of disadvantaged groups. A word of caution: it can sometimes be very difficult to find funding for this early recovery period, as many agencies have an emergency focus or development mandate and early recovery slips into the gray area in between. However, when possible, these activities can be extremely valuable for long-term resilience.

- **Rebuilding Infrastructure/Assets:** With CFW, the program should phase out after the activities have reached their set targets. This is typically after the designated infrastructure has been rebuilt or repaired, but may also be after the beneficiaries have completed a certain number of days worked. It is important to make sure that a long-term maintenance mechanism is created for infrastructure or assets. This is often a donor requirement as well. To the extent possible, always ensure full public handover and celebration of the completed projects. If appropriate, the program can donate the program's tools and work safety equipment to the community. If infrastructure needs remain, or if there is a desire to conduct additional community projects for the purpose of building civil society, transition CFW into more traditional community infrastructure projects using mobilization methods.
- **Encouraging Stability:** As the situation begins to normalize or stabilize, the program should shift from CTP to recovery and development activities that would provide long-term sustainability within the community, such as youth development, livelihoods or conflict mitigation programming to address the underlying causes of the insecurity. Disaster preparedness or resiliency planning might be another option to help the community better prepare for new or repeated crises.

The transitions highlighted above are not an exhaustive list. End-of-program transitions will depend upon the local context as well as your overall program objective. Additional guidance on end-of-program transitions can be found in Chapter 7 of Mercy Corps' Program Management Manual.⁵⁸ The relevant TSU team can also provide assistance in developing your End-of-Program Transition Plan during your program's set-up and planning phase.

CHAPTER 7: CONCLUSION

Cash transfer programming is an important resource in the toolbox of intervention options in food-insecure, disaster-affected and post-conflict areas. As we have seen, it can be used as a methodology in programs to help people meet their basic needs and re-establish their livelihoods. CTP allows people the freedom to choose how they rebuild their lives outside the constraints of a one-size-fits-all solution. Its effectiveness and flexibility has made it an increasingly common element of humanitarian assistance.

On its own, CTP can be tremendously helpful in a crisis period to help people cope while maintaining their dignity and self-determination. As the first step in a more in-depth Mercy Corps intervention, CTP can provide important information on longer-term needs, opportunities and partnership opportunities, and can lay the foundation for a broad recovery and development strategy.



Yemen – Cassandra Nelson/Mercy Corps

ANNEXES

Please refer to accompanying annex folder.

⁵⁸ "Program Management Manual," <https://mcdl.mercycorps.org/gsd/docs/ProgramManagementManualPMM.pdf>.

ABOUT MERCY CORPS

Mercy Corps is a leading global humanitarian agency saving and improving lives in the world's toughest places.

With a network of experienced professionals in more than 40 countries, we partner with local communities to put bold ideas into action to help people recover, overcome hardship and build better lives. Now, and for the future.



45 SW Ankeny Street
Portland, Oregon 97204

888.842.0842
mercycorps.org

CONTACT

JILL MOREHEAD

Early Economic Recovery Advisor
Economic and Market Development Team
jmorehead@dc.mercy Corps.org

SASHA MUENCH

Director
Economic and Market Development Team
smuench@mercy Corps.org

ANNEX A:

GLOSSARY

Some of the definitions below were collected from the Methodology Guide. Others were gleaned from on-line dictionaries such as Wikipedia.com, thefreedictionary.com, and businessdictionary.com.

Asset: a resource with economic value that an individual, corporation, or country owns or controls with the expectation that it will provide future benefit. Within CTP, an asset may refer to a household asset (such as jewelry, furniture, vehicles, food, etc.) or a livelihoods asset (such as seeds, tools, sewing machine, livestock, etc.). Livelihoods assets can also be called “productive assets.”

Cash transfer programming (CTP): refers to all programs where cash (or vouchers for goods or services) is directly provided to beneficiaries; it describes all the various mechanisms of cash transfers, including cash-for-work and vouchers, used to implement programs.

Cash transfer: direct payments of money to a recipient; may also be referred to as a “cash grant.”

Cash-for-Work (CFW): a CTP program type that pays beneficiaries for unskilled and skilled labor performed on projects that build or repair community assets or infrastructure.

Cash voucher: a piece of paper or coupon which provides beneficiaries with access to nearly any identified good or service from a vendor participating in the program; may also be referred to as “value voucher.”

Commodity voucher: a piece of paper or coupon which provides beneficiaries with access to pre-defined commodities or services that can be exchanged with any vendor participating in the program.

Condition: a limiting or modifying circumstance. Within CTP, conditions are used when implementing agencies want to *influence the behaviors or practices of beneficiaries* before distributing money. Conditions are used within CCTs; beneficiaries must fulfill designated requirements before they receive money. However, once they receive that money, they are free to spend it as they wish. Conditions are not ways in which implementing agencies restrict *what* beneficiaries purchase (see “restriction.”)

Conditional cash transfer (CCT): a CTP program type where a beneficiary must complete a condition – usually by demonstrating a behavior (such as keeping a child enrolled in school) – to receive a cash transfer. CCTs do not restrict *what* people may purchase.

Demand: an economic principle that describes a consumer's desire, willingness, and ability to pay a price for a specific good or service; demand refers to how much (quantity) of a product or service is desired by buyers.

Disbursement mechanism: a method for transferring or disbursing funds; within CTP, disbursement mechanisms can include formal financial institutions (such as banks), informal financial institutions, the implementing agency (if money or vouchers are handed out directly), e-transfer mechanisms, and others.

Economic recovery: the rapid, tailored support for the livelihoods, enterprises, and economies affected in the wake of a crisis as defined by the Minimum Economic Recovery Standards from the SEEP Network. (See <http://www.seepnetwork.org/> for more information.)

E-transfer (or “electronic transfer”): a disbursement mechanism that involves the electronic transfer of money or vouchers from the implementing agency to the beneficiary. E-transfers include access to cash through mobile money; to goods/services through mobile vouchers; or payments made via smart cards (i.e., ATM, credit or debit cards).

Fair: (See “voucher fair” below.)

Hawala: an informal money transfer system based upon the performance and honor of a large network of money brokers; it operates outside of or parallel to, tradition banking, financial channels, and remittance systems.

Inflation: a persistent increase in the general price level of goods and services in an economy over a period of time.

Key informant(s): a few individuals selected on the basis of criteria such as knowledge, compatibility, age, experience, or reputation who provide information about their local context. Within CTP, for example, this might be the head of the traders’ union within a particular marketplace.

Linkage(s): The connections made between market actors to buy, sell, or otherwise work together for their mutual benefit. Improving and expanding these linkages can expand networks and increase market participation and integration.

Livelihoods: a means of securing the necessities in life; in CTP, livelihoods often refer to the activities people conduct in order to generate income (for example, driving a taxi or breeding chickens for sale.)

Market: a set of arrangements by which buyers and sellers are in contact to exchange goods or services; the interaction of demand and supply.

Market development: an approach that facilitates the development of systems that increase incomes and access to goods and services while reducing the effects and risks of disaster, conflict or other shocks.

Market system: the larger group of actors and activities necessary to make a market work, including supporting services and infrastructure, rules, and the enabling environment (for example, business regulations and transportation networks.)

Mobile money: digital currency which is stored in an electronic wallet on a mobile phone.

Mobile voucher: a form of mobile transfer used to collect goods (or services) but not cash where authentication relies on a mobile phone.

Multiplier effect: an economic concept that describes how an increase in some economic activity starts a chain reaction that generates more activity than the original increase.

Post-distribution monitoring (PDM): a monitoring process specific to CTP that examines how efficient the distribution was, as well as the impact of the distribution (such as how funds were spend, food consumption levels, coping mechanisms, etc.) PDM will also check for levels of fraud and/or corruption.

Redemption: the process of exchanging a coupon (or voucher) for a good or service. Within CTP, voucher redemption occurs when beneficiaries trade their vouchers for goods/services with participating vendors.

Restriction: something that restricts, a limitation or regulation. Within CTP, restrictions are used to influence *what* beneficiaries purchase or to prevent them from purchasing certain goods, typically alcohol, tobacco products, and other “anti-social” items. A restriction is not a “condition” for receiving a transfer.

Smart card: a plastic card containing a computer chip that can be used to purchase goods and services or perform other operations requiring data stored on the chip. Within CTP, smart cards are typically used to transfer money or vouchers.

Supply: an economic concept that describes the total amount of a specific good or service that is available to consumers.

Unconditional cash transfer (UCT): a type of CTP program where money is transferred to a program beneficiary simply by that person qualifying for participation within the program’s scope; this is in contrast to CCTs, where beneficiaries are required to “do something” to receive a transfer. Like CCTs, however, once beneficiaries receive the money, UCTs do not restrict *what* people may purchase.

Value voucher: (*see “cash voucher”*)

Voucher fair: a venue where formal or informal traders collect to supply needed goods and provide competitive prices, quality, and quantity for voucher redemption.

ANNEX B:

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Guide to Good Governance Programming

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<https://mcdl.mercycorps.org/gsd/docs/InterAgencyImpactAssessmentCTPwSumatra.pdf>

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<https://mcdl.mercycorps.org/gsd/docs/IntroV4Conepager.doc>

Local Partnerships: A Guide for Partnering with Civil Society, Business, and Government Groups

<https://mcdl.mercycorps.org/gsd/docs/MCLocalPartnershipsGuide.pdf>

“Market-Driven” Strategic Principles,

<https://mcdl.mercycorps.org/gsd/docs/MarketDrivenStrategicPrinciples.pdf>

MEL Tip Sheet: The Logical Framework

<https://mcdl.mercycorps.org/gsd/docs/MELTipSheetLogicalFramework.pdf>

Private Sector Engagement Toolkit

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ANNEX C: EXTERNAL RESOURCES

This section was published in November 2013 and will be updated on a yearly basis. We have profiled key organizations involved in CTP, as well as relevant and thought-provoking CTP publications. Please join Mercy Corps' CTP Connect site and the CaLP Dgroups site (see below) for more up-to-date information on best practice, lessons learned, and research results.

Organizations involved in CTP

Below, we have profiled the top organizations involved in developing and disseminating best practice related to CTP.

The Cash Learning Partnership – CaLP - <http://www.cashlearning.org/english/home>

A first call for any information related to CTP. The Cash Learning Partnership (CaLP) maintains an up-to-date and extensive library of resources for CTP (including many of the external resources referenced in The Methodology Guide) and frequently provides training on CTP. CaLP grew out of the ODI partnership in the 2004 Indian Ocean Earthquake and Tsunami¹ and was founded to improve the quality of cash transfer programming across the humanitarian sector. Its five steering committee members include Oxfam GB, the British Red Cross, Save the Children, the Norwegian Refugee Council, and Action against Hunger/ACF International. Mercy Corps regularly contributes to CaLP's initiatives through participation in research and working groups related to CTP; dissemination of best practices and lessons learned; and active discussions on their DGroups website (see below.)

CaLP hosts cash learning discussions on the DGroups' website (<http://dgroups.org/>). Sign up for the CaLP or EMMA Dgroups to engage in lively, relevant discussions with other CTP practitioners.

Overseas Development Institute (ODI) - <http://www.odi.org.uk/>

The Overseas Development Institute's (ODI's) Humanitarian Policy Group is one of the largest and most influential teams of researchers and professionals working on humanitarian issues. The group is dedicated to improving policy and practice in the humanitarian sector through analysis, dialogue, and debate. Cash transfer programming is a key strand of their livelihoods and food security research.

¹ Mercy Corps was a key partner in this initiative in Banda Aceh, Indonesia and Sri Lanka.

A part of ODI, the Humanitarian Practice Network (HPN) is a forum for humanitarian workers and policymakers to exchange ideas and experiences. HPN publishes the Good Practice Review (GPR) papers, providing guidance on any number critical humanitarian issues, including *Cash Transfer Programming in Emergencies* by Paul Harvey and Sarah Bailey. For additional information on HPN, visit: <http://www.odihpn.org>.

Better than Cash Alliance - <http://betterthancash.org/>

The “Better than Cash Alliance” was founded by USAID, The Bill and Melinda Gates Foundation, Citi, VISA Inc, Ford Foundation, UNCDF, and the Omidyar Network. The Alliance’s goal is to accelerate the adoption of electronic payment systems (e-transfers) by providing technical assistance to governments and by banking the unbanked. Mercy Corps is a member organization.

SEEP and their Minimum Economic Recovery Standards (MERS) -

<http://www.seepnetwork.org/minimum-economic-recovery-standards-resources-174.php>

SEEP is a global network of 130 members working to combat poverty through promoting inclusive markets and financial systems. In 2010, they released the second version of the Minimum Economic Recovery Standards (MERS) that are a companion guide to the 2011 Sphere Standards. The MERS articulate the minimum level of technical and other assistance to be provided in promoting the recovery of economies and livelihoods affected by crisis.

SEEP also hosts as MERS-in-Action page on their website - <http://www.seepnetwork.org/mers-in-action-pages-20108.php> – that includes some interesting documents/research.

Local and Regional Procurement (LRP) Learning Alliance - <http://www.lrpalliance.org/>

The LRP Learning Alliance was formed to support learning and best practice in LRP programming.² In contrast to food aid shipped from the US, LRP programming supports battling hunger through the local and regional procurement of food, as well as through the use of cash and vouchers. The Alliance website hosts a Community of Practice, and contains tools and resources for LRP implementation.

Food Security and Nutrition Network - <http://www.fsnnetwork.org>

The Technical and Operational Performance Support (TOPS) program, funded by USDA and USAID from 2010-2015, was established to strengthen the ability of Food for Peace (FFP) grantees to deliver high quality food aid. As part of this initiative, TOPS supports the Food Security and Nutrition Network (FSN Network), a web-based resource for practitioners to share

² Mercy Corps is an Alliance member.

knowledge and collaborate. Cash and voucher resources can be found within their “Cross-cutting program design” section.

CTP Publications

CTP Implementation Guides and Toolkits

Action Contre la Faim (2008). *Implementing cash-based interventions: A guideline for aid workers*

http://www.actionagainsthunger.org.uk/fileadmin/contribution/0_accueil/pdf/Implementing%20Cash-based%20interventions%20-%20A%20guideline%20for%20aid%20workers.pdf

An early implementation manual designed by ACF with helpful references and tools.

Creti, P. and Jaspers, S., eds (2006). *Cash Transfer Programming in Emergencies*, Oxford: Oxfam GB.

This is an early rendition of implementation guides for cash transfers. It provides a good foundation for implementation strategies.

Cross, T. and Johnston, A. (2011). *Cash Transfer Programming in Urban Emergencies: A Toolkit for Practitioners*, Oxford: Cash Learning Partnership.

http://www.cashlearning.org/downloads/resources/calp/CaLP_Urban_Toolkit_web.pdf

A CaLP-commissioned guide specifically addressing CTP implementation in urban settings. Annex 2 includes a complete list of tools and templates.

Harvey, P. and Bailey, S. (2011). *Cash Transfer Programming in Emergencies, Good Practice Review 11, Humanitarian Practice Network*. London: Overseas Development Initiative.

<https://mcdl.mercycorps.org/gsd/docs/CashTransfersEmergenciesHPN2011.pdf>

An excellent resource guide to CTP in emergency settings. Much of this was used to inform Mercy Corps' own Methodology Guide.

International Federation of Red Cross and Red Crescent Societies (2007). *Guidelines for Cash Transfer Programming*

http://www.icrc.org/eng/assets/files/other/icrc_002_mouvement-guidelines.pdf

Another early CTP guide put out by IFRC.

Rauch, E. and H. Scheuer (2007) *SDC Cash Workbook: A practical user's guide for the preparation and implementation of Cash Projects*. Bern: Swiss Agency for Development & Cooperation.

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This compilation of potential disbursement mechanisms thoroughly in explains their individual benefits, impacts, and procedures.

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ANNEX F:

CASH TRANSFER PROGRAMMING CAPACITY STATEMENT

With over a decade of experience in 24 countries, Mercy Corps has established itself as a leader in cash-based initiatives integrating market-driven principles. Mercy Corps has designed and implemented cash transfer programming in rural, urban, post-disaster, post-conflict and food-insecure environments. Adapting to a variety of cultural and security factors, Mercy Corps has distributed over USD \$275 million in partnership with communities, civil society groups, the private sector, and local and national governments. These programs have dramatically improved food security, economic recovery and development, and livelihoods for hundreds of thousands around the globe.

Following two decades of conflict and instability, 1.3M people in **Somalia** have been displaced by violence. This insecurity was compounded by famine after several years of missed rainfall. Despite improved rainfall in 2011-12, the famine caused massive displacements, interrupting livelihoods and economic activities. Over 2.5M Somalis are food insecure. Mercy Corps responded with a USD \$4.6M program funded by USAID/OFDA and private donors to inject cash into affected populations and address water sanitation and gender issues within IDP camps. Fifty-five thousand beneficiaries have been reached through cash-for-work (CFW) activities to repair damaged infrastructure, including river banks, marketplaces, and irrigation canals. In the most recent quarter, over USD \$110,000 was paid in wages. In addition, 20 livelihoods cooperatives were formed to benefit women and youth; each cooperative was provided a conditional cash grant and equipment totaling approximately \$2,750 for business start-up after attending training.

The population of eastern **Democratic Republic of the Congo** has been deeply affected by years of conflict, causing massive displacement, destroying livelihoods, eroding human capital, and damaging community infrastructure including schools, financial institutions and markets. Under a two-year USD \$4.2 million USAID/OFDA award, Mercy Corps assisted displaced populations and host communities through complementary cash-for-work (CFW) and cash transfer programming, helping people meet urgent needs while supporting local markets. In 2012, the CFW program benefited over 2,400 individuals who earned a consistent daily wage; on average, beneficiaries earned a total of USD \$80. CFW projects included the rehabilitation of primary schools and markets, benefitting over 50,000 community members. Beneficiaries used their wages to rebuild household assets, make household repairs, pay school fees and medical expenses, and buy food and other basic needs.

In January 2012, an armed conflict in northern **Mali** displaced nearly 350,000 people. Mali had already suffered through several years of drought and food insecurity; the political crisis further exacerbated these fragile conditions. Faced with such turmoil, people were forced to incur debt just to purchase food. Mercy Corps responded with a USD \$1.6M program funded by USAID/OFDA to provide cash vouchers to families to purchase food and other basic needs in eight villages in Gao region, one of the hardest hit. Cash vouchers were chosen given the lack of financial institutions and the region's insecurity. Over 31,464 beneficiaries were able to purchase, hygiene products and other basic goods with the vouchers, freeing up what little money people had to purchase seeds and other agricultural inputs, clothes, healthcare fees, and repay debt.

In **Nepal** in 2013, Mercy Corps delivered food and cash vouchers using a mobile voucher system with support from MasterCard Foundation. Beneficiaries redeemed their vouchers at stores registered with Mercy Corps and equipped with phones. Vendors are often reluctant to participate in voucher programs because of delays in payment. In Nepal, the mobile platform reduced vendor reimbursement time from two days to two hours. Additional e-transfer mechanisms will be piloted and tested in the Democratic Republic of Congo in 2013-2014.

Mercy Corps revised its Cash Transfer Programming Toolkit in 2013 to better assist teams in assessing, designing, implementing, and monitoring cash programs. Through the Cash Learning Partnership (CaLP) Mercy Corps participates in working groups and discussion forums to continually improve our experience and expertise in cash transfer programming.

ANNEX F:

UTC AND CCT CAPACITY STATEMENT

With over a decade of experience in 24 countries, Mercy Corps has established itself as a leader in cash-based initiatives integrating market-driven principles. Mercy Corps has designed and implemented cash transfer programming in rural, urban, post-disaster, post-conflict and food insecure environments. Adapting to cultural and security factors, Mercy Corps has distributed over USD \$275 million working with communities and civil society groups, private sector partners and national and local governments. This has resulted in improved food security, economic recovery and development, and livelihoods for hundreds of thousands around the globe. Mercy Corps has experience with a range of CTP types, including unconditional and conditional cash transfers (UCTs and CCTs).

In 2008, in **Tajikistan**, devastating winter conditions destroyed food stores in a country already facing food insecurity. In response, Mercy Corps implemented the Livelihoods Recovery Program funded by The Bill and Melinda Gates Foundation. The USD \$700,000 program provided critical, one-time cash transfers to 1,269 vulnerable households, coupled with financial education which created 800 household spending plans leading to more effective household expenditures. Complementary programming included community infrastructure projects, disaster risk reduction training, and the creation of Village Development Councils. The cash transfers, however, were critical to helping vulnerable households survive the winter hunger season and make tailored investments in livelihood strategies to stabilize their future.

In 2011, armed conflict in the Abyei Administrative Area (a disputed area between Sudan and **South Sudan**) caused the displacement of over 110,000 people. Displaced households lost both food stores and the income from their harvest as they sought safety elsewhere. Those who remained in the area saw many of their harvests destroyed by flooding in September 2011. Mercy Corps' Market-Oriented Rehabilitation of Agricultural Livelihoods (MORAL), funded by ECHO, aimed to address these food security issues by supporting 750 households through a hunger gap which had doubled in length due to conflict and flooding. To complement World Food Programme (WFP) rations covering 50% of households' daily food needs, MORAL distributed CCTs to help beneficiaries meet additional needs without selling their food aid to do so. Households were required to attend financial literacy training as a condition of receiving the transfer; the condition was built into the program to encourage efficient management of resources during an extended hunger gap. After the first transfer, 95% of household interviewed purchased sorghum. After the second transfer, only 56% of households did, demonstrating how – as the transfers continued – household priorities shifted from food to other priorities such as clothing, shoes, small livestock and shelter. Forty-seven percent of households were even able to save a portion of the transfer, which increased resilience against future shocks.

The **Central African Republic (CAR)** is one of the poorest countries in the world and has recently been wracked by conflict and political turmoil. The Ouaka Prefecture is one of the country's most food insecure areas and is also home to over 30% of those displaced by the conflict. Although markets are functioning again, conflict-affected populations need support to rebuild their livelihoods. As part of an OFDA-funded program, in 2013, Mercy Corps will form "resilience groups" comprised of youth and adults; resilience groups will be trained and

supported to identify and conduct income-generating activities that will increase their resilience to withstand shocks. Following the completion of vocational training and individualized workplans, group members will receive a CCT of approximately USD \$98 to conduct start-up activities. Post-distribution monitoring will be done following the transfers to assess actual supplies purchased by recipients relative to their original plan. Program agents will regularly follow up via bi-weekly field visits and provide technical assistance to beneficiaries as they engage in their income-generating or vocational activities.

In **Niger**, in partnership with four US and European Foundations, Mercy Corps implemented “Responding to the Food Crisis in Niger” (PROSAZ) from May 2012 through July 2013. The program was designed to enhance food security, economic resilience and economic recovery for vulnerable households in Ouallam, one of the areas suffering most from the slow onset food crisis. Late rains and damage from insects at the end of 2011 left 70%-100% of farmers with no crops to harvest. Those events exacerbated an already-deteriorating food security situation, which had affected over 6.5 million in the country. In addition to activities aimed at restoring livestock assets, PROSAZ was designed to provide both **unconditional cash transfers** (UCTs) and cash-for-work (CFW) activities to help 1,800 of the most vulnerable individuals meet basic needs. CFW activities were implemented at the start of the program. However, due to a national law banning CFW activities during the growing season, remaining CFW funds were redirected to UCTs. Ultimately, over USD \$140,000 was transferred to beneficiaries, with households receiving an average of USD \$114 per month. Evaluation results demonstrated the additional cash increased households’ access to food by 23%; 100% of respondents’ daily food consumption increased from two meals per day to three meals per day. The cash injection helped beneficiary households meet nutritional needs during the lean season and positively impacted their ability to initiate fieldwork for the 2013 agricultural season.

Mercy Corps revised its Cash Transfer Programming Toolkit in 2013 to better assist teams in assessing, designing, implementing, and monitoring cash programs. Through the Cash Learning Partnership (CaLP) Mercy Corps participates in working groups and discussion forums to continually improve experience and expertise in cash transfer programming.

ANNEX F:

VOUCHER CAPACITY STATEMENTS

Mercy Corps has established itself as a leading NGO in market-integrated relief utilizing cash-based initiatives. Mercy Corps has a wide range of experience implementing voucher programs in post-disaster, post-conflict and food insecure rural and urban environments. Mercy Corps has implemented large-scale voucher projects in countries as varied as **Mali, Yemen, Ethiopia, Indonesia**, and **Zimbabwe**, adapting to cultural and security factors and working in partnership with communities and civil society groups, private sector partners and national and local governments.

In 2012, Mercy Corps worked to meet emergency food needs and build resilience in **Mali** through a one-year cash voucher program targeting 12,000 of the most vulnerable individuals in the Ansongo District of the Gao region. With USD \$1,650,000 funding from OFDA, “Response to Food Security Needs in Northern Mali” was implemented to respond to the political instability that had exacerbated existing food insecurity in the country. Vouchers were selected because of the lack of operational banking infrastructure in Gao and the area’s insecurity. They were also a means to incentivize vendors to increase their activities in the target area. Cash vouchers were used to purchase food, hygiene products and other basic goods, freeing up what little money people had to purchase seeds and other agricultural inputs, clothes, repay debts and get access to healthcare.

In **Yemen**, Mercy Corps implemented a commodity voucher program for the purchase of food in three districts in an effort to combat food insecurity, severe malnutrition and asset depletion as a result of the political and economic shocks to the country. The USD \$500,000 Taiz Emergency Food Program (TEFP), funded by Food for Peace (FFP), began implementation in April 2012. The program benefited 8,965 of the most vulnerable households. Food vouchers were designed to meet 30% of the households’ monthly caloric needs through the purchase of wheat flour, kidney beans, rice and oil.

Under a \$16,934,000 award from OFDA, Mercy Corps helped revitalize unstable local markets and address food insecurity in **Ethiopia**, a result of ongoing climatic changes and the 2008 global food crisis. To protect livelihoods in the near term, a voucher system was designed to increase access to seed inputs for agro-pastoralists, to stabilize cereal prices and to help offset the higher food costs in local markets. A series of eight seed fairs were held, creating market linkages between buyers and small-scale local seed sellers.

Mercy Corps responded in all of the disaster-affected districts following the 2009 West Sumatra earthquake in **Indonesia**, where over 200,000 homes were damaged. As part of a larger emergency response program funded by DFID, Mercy Corps implemented the GBP £313,511 (roughly USD \$490,000) “Shelter Vouchers for Emergency Relief in Sumatra Barat” program.” Over four thousand households received assistance in the form of vouchers valuing IDR 700,000 (roughly USD \$74), which were redeemed for shelter material in local stores. In addition to helping affected households rebuild their homes, the voucher program also allowed participants to redirect money they would have spent on construction goods to other items. Fifteen percent of participants indicated that the money was used for consumption needs; others covered school fees or purchased additional building material.

Following the devastating effects of the 2007/2008 floods in **Zimbabwe**, populations in the Chipinge District experienced increased pressure on local resources due to displacement and recurrent cycles of drought. Host communities were sharing their already tight resources with displaced households (IDPs) who lacked reliable livelihoods and depended on handouts, casual labor or petty trade. From 2011-2012, Mercy Corps implemented the \$250,000 ENABLE program to increase agricultural productivity and build livelihoods resiliency in vulnerable households in these areas. The intervention involved several stages of the market chain, including vouchers for agricultural inputs to farmers, training and microfinance linkages for agrovendors. The vouchers were tiered with 100% subsidy for the most vulnerable and a 50% subsidy for the productive poor. Ninety-seven percent of the vouchers were redeemed at the respective agro dealers, the 3% of the vouchers which were not redeemed were mainly for a fertilizer with limited supply.

In 2013, Mercy Corps revised its Cash Transfer Programming Toolkit to better assist teams in the assessment, design, implementation and monitoring of cash-based programs, including vouchers.

ANNEX F:

CASH-FOR-WORK CAPACITY STATEMENT

Mercy Corps has been a pioneer in the use of cash-for-work to assist crisis-affected populations in rebuilding their lives and communities. From early interventions following the Indian Ocean Tsunami to large-scale CFW programs, over the last decade, Mercy Corps has programmed in urban rural, post-emergency and complex conflict regions. CFW has been successfully utilized by Mercy Corps in such diverse contexts as **Haiti, Afghanistan, Iraq, Pakistan, South Sudan, Somalia** and **Niger**. We implement CFW activities in ways that are sensitive to gender issues in the communities where we work. Qualified engineers, when necessary, support our CFW infrastructure projects to ensure critical community infrastructure needs are being met, as well as the safety of CFW participants.

The USD \$100M Palestinian Community Assistance Program (PCAP), funded by USAID, began in 2010 and will continue through 2014. Mercy Corps, in partnership with CRS, CHF and five others, is responding to urgent humanitarian needs in the **West Bank** and **Gaza** through improved access and delivery of basic services, strengthened capacity of the private sector, improved social conditions, and the best practice models underpinning these interventions. Within this broad umbrella, PCAP includes a CFW component to provide short-term wages to some of the most vulnerable individuals within the target area. CFW projects implemented under PCAP vary from road repair to sewing sheets for local hospitals. Both men and women are included in CFW activities, and Mercy Corps ensures projects for both groups are culturally appropriate. By June 2013, 3,300 individuals had benefited from CFW participation through PCAP. Since the livelihood assets of farmers and fisherman have been particularly affected by the conflict, CFW projects rehabilitating their assets were prioritized, as well as those essential to the delivery of public assistance, including healthcare and education facilities.

From 2009-2011, Mercy Corps, in partnership with Save the Children (US), implemented large-scale CFW programs in northern **Afghanistan**, designed to benefit vulnerable households. Funded by USAID, the USD \$10M Food Insecurity Response for Insecure Populations (FIRUP) focused on increasing income and food access for urban and peri-urban residents who had been especially hard-hit by the global food crisis and rising cost of living in country. The program was granted an additional USD \$28M, expanding into four additional provinces (encompassing both rural and urban households). In 2010, the program was renamed the Community Development Program – North (CDP-N), to better reflect a shift in focus to labor-intensive community development projects designed to promote temporary employment and income-generation opportunities. CDP-N received an additional USD \$32M in funding (total program USD \$70M); activities were designed to mitigate damage from natural disasters, improve economic infrastructure, and provide vocational training. Over 111,600 people participated in the program, building 3,900 projects directly benefiting 700,000 community members.

In 2010, massive flooding displaced 20.5 million people throughout **Pakistan**. Mercy Corps responded with a CFW program in some of the hardest hit areas of Sindh province. The USD \$5M USAID/OFDA-funded program employed approximately 27,500 beneficiaries over 12 months in the construction and rehabilitation of community-identified infrastructure projects. Projects included road repair, irrigation canal repairs, and rehabilitation of damaged schools and

public meeting places. Mercy Corps staff worked in partnership with community leaders to determine the most vulnerable households to participate in CFW activities. Beneficiaries worked in two shifts of 21 days each and were paid twice per shift via check. Both men and women were included in program activities through culturally appropriate work. Where possible, persons with disabilities were also included in the program through equipment repair assignments.

In **Niger**, since 2011, Mercy Corps has been helping pastoralists and agro-pastoralists cope with the recurrent droughts that have led to devastating harvest and animal losses. The PASTORAL program, funded by USAID/OFDA, included a 60-day CFW component to mitigate extremely high levels of food insecurity through a cash injection to over 2,000 vulnerable households. During the 2012 rainy season, the Government of Niger halted all CFW activities to enable farmers to focus on tending their crops. In response, Mercy Corps shifted to providing unconditional cash transfers to meet the food needs of 2,000 households during their fieldwork and harvest (July-October).

Six years of armed conflict had a devastating effect on **Iraq**. Unemployment in some areas was estimated to be as high as 60%. Through a USD \$15M USAID/OFDA-funded program, Mercy Corps completed 104 projects between 2009-2011, 19 of which were CFW programs benefitting nearly 7,500 participants. CFW participants were provided with training as well as tools and safety equipment, which they were allowed to keep following their assignments to assist them in the future in finding work. Many of the CFW participants were internally displaced persons (IDPs) who earned what they called “a dignified wage.” For many, it was more money than they had been able to earn in casual labor for months, and for some, years.

Mercy Corps revised its Cash Transfer Programming Toolkit in 2013 to better assist teams in assessing, designing, implementing, and monitoring cash programs. Through the Cash Learning Partnership (CaLP) Mercy Corps participates in working groups and discussion forums to continually improve experience and expertise in cash transfer programming.

ANNEX F:

E-TRANSFERS CAPACITY STATEMENT

Electronic transfers (e-transfers) allow humanitarian assistance to reach beneficiaries efficiently and securely through digital payment systems. Mercy Corps has deployed mobile money and mobile vouchers – two forms of e-transfers – in some of the world’s most challenging operating environments.

In **Haiti** after the 2010 earthquake, Mercy Corps partnered with Voilá, a mobile phone company, and UNIBANK to develop Haiti’s first mobile money system (T-Cash). Mercy Corps beneficiaries were provided with mobile phones and T-Cash electronic accounts. Each month, beneficiaries received a mobile transfer of approximately USD \$50 that could be redeemed for food items at registered T-Cash affiliate agents. Seven thousand-eight hundred beneficiaries completed over 20,000 transactions using their T-Cash mobile wallets. Mobile money payments improved food security of families affected by the earthquake and relieved the pressures host families endured supporting friends and families who had been displaced by the disaster. The program also boosted local economic activity by increasing sales at local businesses. T-Cash won a “Scaling Award” from the Bill and Melinda Gates Foundation’s Haiti Mobile Money Initiative for expanding access to mobile financial services in rural areas.

In conflict-ridden **Somalia**, Mercy Corps regularly employs e-transfers to deliver cash to vulnerable populations. Currently, unconditional cash transfers are being used to meet the urgent needs of 2,500 ultra-poor and labor-poor households in the Lower Juba region. Plagued by deteriorating humanitarian conditions, the market and livelihood structures in the area have collapsed. With over USD \$800,000 in funding from UNICEF, Mercy Corps will deliver three monthly USD \$75 cash transfers through a mobile money platform to poor and vulnerable IDP and host community members, improving their household income and food security. The use of mobile money transfers (MMT) allows Mercy Corps to overcome the significant security risks associated with cash transfer programming in Somalia, both for the agency and for those receiving assistance

The semi-nomadic residents of **Uganda’s** Karamjoa region have long endured chronic hunger, disease, and food insecurity. Through the EC-funded LINKAGE program, Mercy Corps works closely with local government to improve agriculture infrastructure through cash-for-work (CFW) projects. These projects have immediate impact by providing over 840 workers with an injection of cash while improving conditions for productive agriculture. LINKAGE CFW participants build water catchments and post-harvest infrastructure and are paid via Airtel’s mobile money service. Distributing payments through local Airtel representatives offers efficiency and security in a project implemented over a wide geographic area with security risks. To date, over 280M Ugandan shillings (USD \$83,000) has been injected into the local communities through direct payments to 716 CFW participants and purchases of CFW project materials.

Mercy Corps is also experienced in using mobile vouchers, an e-transfer mechanism that can be deployed where mobile money systems are nonexistent. In **Nepal**, Mercy Corps delivered food and cash vouchers using a mobile voucher system with support from MasterCard Foundation. Beneficiaries redeemed their vouchers at stores registered with Mercy Corps and equipped with phones that accepted vouchers as payment. Mobile voucher systems offer

security and efficiency benefits. Vendors are often reluctant to participate in voucher programs because of delays in payment. In Nepal, the mobile platform reduced vendor reimbursement time from two days to two hours. Additional e-transfer mechanisms will be piloted and tested in the Democratic Republic of Congo in 2013-2014.

Mercy Corps is at the forefront of industry efforts to transition from paper- and cash-based delivery systems to e-transfers. Currently, we are developing an “E-transfer Implementation Guide,” a set of robust procedures to assist implementers in assess e-transfer needs, engaging with private sector providers, and training local participants. Amongst peer organizations, we are a member of the Better than Cash Alliance, formed to accelerate the adoption of e-transfer systems, and active contributors to discussions on best practice in e-transfers through the Cash Learning Partnership (CaLP).

ANNEX G: CASH TRANSFER PROGRAMMING PROFILES

1. Mercy Corps Niger

Bill and Melinda Gates Foundation

Global Food Crisis Response (GFCR), September 2008 – April 2010

Commodity Vouchers/Poultry Fairs

USD \$135,525 /USD \$406,437, or 33% of Niger's GFCR budget

I. Context

From 2007 to 2008, the world watched as rising food prices contributed to a significant increase in food insecurity, particularly among the poorest populations. According to the International Monetary Fund, global food prices increased 43% from March 2007 to March 2008. At the beginning of the crisis, the Food and Agriculture Organization (FAO) predicted that 37 countries faced imminent food crisis, with consequences including malnourishment, starvation, and civil unrest.¹

Niger ranked 182ND out of 182 countries in the 2007 Human Development Report and 176TH in terms of GDP per capita.² With the increase in food prices, over two-thirds of the population was at immediate risk of going hungry. Families coped with the higher food prices by eating fewer meals of lower nutritional value. In addition to the insecurity presented by higher food prices, poultry farming had not yet recovered from the avian flu threat of 2006. Therefore poultry was not available to serve as a supplementary income or as a source of protein for many families.

Mercy Corps has operated in Niger since 2005 with a goal to mitigate suffering through public health activities and improve access to capital and jobs, thereby improving incomes.

II. Interventions

Mercy Corps partnered with the Bill and Melinda Gates Foundation to implement a \$2.7 million Global Food Crisis Response program in five countries; more than \$400,000 of that fund was directed to programming in Niger. The Niger component focused dually on the immediate ability to access food as well as medium- and longer-term solutions to develop more sustainable food and agricultural systems.

In Niger, project objectives initially included: addressing the short-term needs of 28,000³ vulnerable individuals in 4,000 households, and reducing the vulnerability to future food security shocks by laying the groundwork of stronger livelihoods for the beneficiaries. To address short-

¹ "Soaring Food Prices: Facts, Perspectives, Impacts and Actions Required," FAO.

http://www.fao.org/fileadmin/user_upload/foodclimate/HLCdocs/HLC08-inf-1-E.pdf.

² "Human Development Report 2007/8", United Nations Development Programme.

http://hdr.undp.org/en/media/HDR_20072008_EN_Complete.pdf.

³ The average household size in Niger is 7. In the final report, there was a mistake in the calculation and the family size was reported as 9 instead of 7. For the purposes of this profile and by the request of the country director, the correct figure has been included here.

term needs, Mercy Corps distributed vouchers to be redeemed for five hens, micro-nutrients, and veterinary products, totaling a transfer value of \$47 per household, with an overall estimated net economic value of \$188,000.

Along with vouchers, Mercy Corps partnered with a local NGO, Action pour la Gestion Integree des Ressources (AGIR), to organize and train 21 poultry producer groups to develop and implement commercial market strategies, including establishing relationships with wholesale suppliers.

III. Implementation

As a first component of project implementation, Mercy Corps provided technical training and distributed vouchers to increase poultry production. The project team followed a certain series of steps:

- Preliminary activities focused on establishing partnerships with local and administrative authorities to create a participatory process for beneficiary selection. The selection process included a series of community meetings, during which the beneficiaries agreed upon the definition of “vulnerability.” It was established from the outset that only women would participate in the project, especially women heads of household, as they could use the hens and eggs for feeding their children. Four thousand beneficiaries were selected from 160 villages. The villages had been under Mercy Corps’ coverage area since 2006, a part of its Community Health and Livelihoods program.
- Mercy Corps developed a training agreement with the Government of Niger’s veterinarian extension services. Three-day trainings were organized throughout the beneficiary villages; both beneficiaries from that village and the general public were invited to attend the trainings. A total of 6,004 people were trained on topics such as poultry nutrition, health, hygiene and shelter needs, and how to recognize and treat common poultry diseases.
- Mercy Corps distributed vouchers and sponsored 36 village trade fairs for beneficiaries to select their hens, purchase medical supplies, and network with one another. Due to budgetary savings⁴, Mercy Corps was able to purchase all the desired items for a total of \$27.20 per household, rather than the previously estimated \$47. Therefore, the agency was able to provide vouchers to an additional 980 households, benefitting a total of 4,980 households (34,860 individuals⁵) rather than the 4,000 households initially targeted. The additional beneficiaries were chosen through a lottery, but they all met the vulnerability criteria and had participated in the trainings. Additionally, five roving roosters were provided to each of the 160 villages.

Given the large quantity of hens needed, Mercy Corps first attempted an open tendering

⁴ Budgetary savings resulted from positive fluctuations in exchange rates and from the purchase of veterinary products in bulk.

⁵ The average household size in Niger is 7. In the final report, there was a mistake in the calculation and the family size was reported as 9 instead of 7. For the purposes of this profile and by the request of the country director, the correct figure has been included here.

process for supplier selection. Only a few suppliers were able to meet the tender request, and many of those suppliers were reluctant to accept vouchers as payment, preferring instead to be paid up front. With this information, the hen procurement strategy was changed. Mercy Corps met with local elected and traditional authorities to request their help establishing relationships with suppliers in the targeted areas. Several suppliers agreed to redirect a portion of their hen sales to the targeted areas, and Mercy Corps was able to meet the quantity requirements.



Distribution of Vouchers

BON D'ACHAT VOLAILLES						
MercyCorps		N° 005017				
Nom, Prénoms et Adresse du fournisseur						
Date de Validité				Date d'Acquisition des Volailles		
Produits	Nbre prélevé	Nbre reçu	Coût unit. ECFA	Coût total ECFA	Remarques	
POULES						
COQS						
Nom, Prénoms et Village de le Bénéficiaire				Signature		N° ID
Autorisation du Superviseur PPA			Responsable de la Distribution			
Nom et Prénoms		Signature	Date	Nom et Prénoms		Signature
Midou Amadou						
Distribution : L'original au Bénéficiaire, Rose conservé avec registre						

A GFCR poultry voucher

During the first community fair, poultry suppliers brought live poultry; however, due to extreme temperatures and an unexpected outbreak of a poultry disease, it was quickly determined that this methodology was not viable. Mercy Corps adjusted the voucher redemption system. The fairs were instead used as an information-sharing forum only, allowing for the cultivation of business linkages between consumers and suppliers, after which vouchers were exchanged for hens on an individual basis. The fairs also served as an opportunity for the veterinarian extension agents to conduct brief refresher courses on best practices for poultry-raising.

Mercy Corps coordinated with government veterinary extension services to provide a large-scale poultry vaccination campaign in the target areas, covering both poultry distributed through the project and other poultry farmers owned, to avoid the spread of disease. In their entirety, these interventions increased access to food through the production of eggs and chickens, and the income earned through the sale of chickens.

IV. Results Measurement

The original target was to increase the net economic worth of each of the 4,000 household by \$47 for a total value of \$188,000. The actual distribution of vouchers increased the net economic worth of 4,980 households (100% women-headed) by \$27.20 (58% of original per HH target) for a total value of \$135,525 (72% of the original total value target). This result below the original target can be explained by several factors: 1) the changes in exchange rate; 2) savings made in veterinarian products when purchased in bulk; and 3) the decision not to provide more than five hens to each individual beneficiary to ensure that they could actually care for them. Through the income created by poultry production and trade, households were able to leverage longer-term investments to guard against future vulnerability. This included investments in agricultural and livestock assets, education, savings and loans, and trade. Overall, the voucher

intervention demonstrably increased short-term entitlements to food, education, healthcare, and financial assets to face future shocks.

Poultry production helped households meet basic needs as well as increase savings and resiliency in the longer-term. For example, more than 50% of the beneficiaries used their hens to produce guinea fowl, which is more resistant to illness and fetches a market price around 60% higher than traditional hens. Approximately 30% diversified their animal flock by investing in sheep or goats with the income earned from the production and sale of eggs and chickens. The training and assistance provided to beneficiaries through the program contributed to a greater capacity to engage in healthy and profitable poultry production. Focus group discussions mentioned the increased capacity: “Before the training, I did not know how to treat a sick hen, and when one was ill we were forced to slaughter it or sell it for a reduced price. Now...we can heal our chicken.” In addition, the producer unions formed as a result of the program successfully accessed new markets directly, forged relationships with wholesalers and established successful points of sale, which will lead to more sustainable long-term outcomes combined with healthier livestock.

V. Best Practices/Recommendations

- Early assessments made it clear that the intervention of promoting poultry production was relevant to the target population. This relevancy contributed to sustainability and secondary market effects through poultry trade and other purchases. To fully capture the benefits, it is recommended that cash transfer programs **conduct a thorough analysis of the secondary market effects**.
- After initially conducting live animal fairs with little success, Mercy Corps quickly adjusted the process. Ongoing monitoring ensures adjustability and allows for more dynamic and successful implementations. It is recommended that **program design include flexibility** for mid-program adjustments.
- Working through community animal health workers to develop a training module created **a forum for technical service providers to share best practices**. As such, future projects should facilitate the establishment or strengthening of animal health surveillance systems to build resilience to shocks.
- The intervention of promoting poultry production built upon traditional knowledge and practices, strengthening relationships with government veterinarian extension services. Future projects should **integrate veterinary services within the livestock value chain** as an early-stage intervention.
- Sensitizing and training communities in poultry as a business was not a focus of the original plan, but proved to have a great impact. It is recommended that future poultry production activities **include more time and resources dedicated to building savings** as an additional means to resiliency.

For more detailed information on this program and its impacts, please refer to the following documents:

GFCR Final Report

<https://mcdl.mercycorps.org/gsd/docs/Gates2008CNNSSGFCRPhaseIFinalReports.pdf>

GFCR Lessons Learned Documentation

<https://mcdl.mercycorps.org/gsd/docs/Gates2008GlobalFoodCrisisReviewLessonsL.pdf>

Global Programming Lessons Learned, GFCR

<https://mcdl.mercycorps.org/gsd/docs/DMGlobalProgLessonsLearnedGFCR2010.pdf>

2. Mercy Corps Pakistan

USAID Office of U.S. Foreign Disaster Assistance

Recovery for Displaced Populations in Hosting Communities, June – September 2009

Unconditional Cash Transfers

USD \$936,990

I. Context

In early 2009, a peace deal was signed with the local Taliban in Swat District. By mid-April, however, the deal was in ruins and the Taliban from Swat had captured Buner District, leading to widespread fear among the local population. This pressure forced the government to take action. On May 8, 2009, the Pakistani Prime Minister declared war on the Taliban. Heavy fighting took place between the government forces and insurgents in Buner, Lower Dir, and Swat Valley. To avoid the conflict, the majority of the local population moved to the Mardan and Swabi Districts, crossing about 130 kilometers of hilly terrain. By the end of May 2009, the number of displaced had grown to more than 3 million.

The Pakistani Government was unable to support the growing number of Internally Displaced Persons (IDPs) and appealed to the international community for assistance. Over 80% of the IDPs were living in public buildings, including schools, or staying with host families. Many had fled with no resources and were relying on host communities, which were increasingly strained by the needs of the IDP population. The IDPs were displaced in peri-urban areas that had not suffered from the recent conflict or from a natural disaster.

Mercy Corps has worked in Pakistan since 1986 with a primary focus on improving health and public facilities, and providing work opportunities to revitalize communities. Mercy Corps' response to the 2009 humanitarian crisis was to help IDP and host families cope with immediate needs via unconditional cash transfers.

II. Interventions

Rapid assessments revealed the most critical needs were: food, clothing, and basic household items. The displaced move to areas unaffected by the conflict where markets were functioning as normal and large supplies of the most-needed items were located. Mercy Corps determined the most appropriate response option was to directly address the target populations' lack of spending capacity.



Due to security concerns, vouchers were originally suggested, but the local markets consisted of small, non-networked shops, the displaced were spread across a large geography, and the range of needed items was vast. Cash was prioritized to provide maximum flexibility for program beneficiaries, both in terms of what they could purchase and where they could shop. The cash transfer amount of PKR. 3,600 – roughly USD \$45 per family – was established as an adequate amount for the purchase of emergency household items, based on prevailing market prices and comparing estimates with multiple INGOs.

III. Implementation

The official relief system – managed by the Pakistani Government and the UN – was concentrated on IDPs in camps. For that reason, Mercy Corps targeted geographic areas with the highest concentration of IDPs living with host families. To reduce the risk of conflict and financial burden of host families, the program also targeted host families as beneficiaries. In total, 15,000 IDPs and 5,000 host families participated.

Mercy Corps considered various distribution methods, including direct cash distribution, distribution through *hawala*,⁶ or the use of commercial banks. Ultimately, Mercy Corps chose to work with a local commercial bank, Allied Bank of Pakistan. The bank was well-known, had multiple branches covering the target area, and was interested in partnering. Since security was a concern, the cash transfers were distributed as checks.

A single account was opened in the Islamabad branch, and the bank provided Mercy Corps-labeled checks at cost. (An example is below.) Allied Bank agreed to waive their check-cashing fee as a public relations measure and to demonstrate their assistance to the IDPs and host families. The bank ensured that local branches in the target areas would maintain sufficient cash balances; they were also instructed to cash Mercy Corps checks with no additional paperwork requirements beyond verification of identification.



A Mercy Corps-labeled Allied Bank of Pakistan Check

Local government and community officials assisted in the location and verification of IDPs and host families. IDPs were registered for the program with a form of identification, or

⁶ An informal value transfer system based upon the performance and honor of a huge network of money brokers; it operates outside of or parallel to, tradition banking, financial channels, and remittance systems.

through community verification in cases where identification papers had been lost. Registered IDP and host community households received tokens; two days following registration, they attended pre-determined distribution sites to exchange the registration tokens for their bank checks. Male and female heads of households attended separate distributions to adhere to local cultural norms (which prohibited unrelated women and men from gathering together in public places). The recipients provided signatures or thumbprints as proof of receipt. Mercy Corps recorded the serial number of the check next to each beneficiary's signature. Beneficiaries were then given a check which they could cash at the Allied Bank branch of their choice. To avoid overloading bank branches, checks were made active on a staggered timeline. Mercy Corps also worked with the Pakistan National Postal Service to pilot a distribution of 100 postal vouchers to test an alternative system. However, the vast bureaucracy of the Pakistani Postal Service made this an unfeasible disbursement mechanism.⁷



Beneficiaries, holding tokens, wait to receive their checks.

Some IDPs and host families returned their checks to Mercy Corps and requested that those funds be given to others in greater need, illustrating that community support systems still exist in times of displacement.

⁷ "Final Report: Immediate Recovery for Displace Populations in Hosting Communities," *Mercy Corps' Digital Library*. <https://mcdl.mercycorps.org/gsd/docs/USAIDOFDA09ImmediateRecoveryIDPHostingCommFR.pdf>, page 8.

IV. Results Measurement

Market monitoring showed no visible increases in prices, and this was largely due to the scale of the market relative to the amount of cash disbursed.

A survey was conducted to assess how the cash was utilized after disbursement as well as the beneficiaries' satisfaction with the process. Four hundred and forty beneficiaries were surveyed, 75% were men and 25% were women, across 14 locations (at 95% confidence interval). The survey demonstrated that food was the most common item purchased with the transfers. Medicine, clothing, kitchenware, and debt repayment followed. Of the 21.4% who said they had repaid a loan with the transfer, the loan had generally been for the purchase of food and other essential items. Kitchenware and bedding were the items most-often mentioned as needed following the program, positively demonstrating the shift in beneficiaries' priorities from food (and further indicating that need had been met). Recipients overwhelmingly cited the cash had not been enough to meet all their needs. While this is a common reaction at the end of a program, if it had come as a response during the routine monitoring following the first distribution, the Mercy Corps team would need to reexamine whether the transfer amount was sufficient to meet needs. Beneficiaries were satisfied with the process; 85% of beneficiaries waited an hour or less to receive their check, and nearly 96% reported they had no problems when cashing their check.

V. Coordination

Decisions were made early based upon a snapshot market analysis and determination of overall needs. This approach allowed the IDPs to receive cash approximately 10-14 days after their displacement. The close partnership between local financial institutions, community groups, and local government accelerated program implementation, which was completed within six weeks.

The local government and community officials were involved in the process of verifying IDPs who had lost identification. This lent validity to the process and discouraged fraud.

The project was applauded for its success, and OFDA requested that Mercy Corps organize a workshop to share its experience and best practices with other organizations. The one-day workshop involved 22 staff from 12 organizations, including OFDA.

VI. Best Practices/Recommendations

- Given that the local markets were functioning, and the affected population had specific, yet varying needs, a cash-based response was appropriate in this context. As several operational bank branches existed in the targeted area, using bank checks was an effective and safe method for delivering assistance. The program was a direct response to understanding the market system in the area of crisis. Conducting a **market assessment** is essential; doing so early and making rapid decisions based on that assessment results in a timely and more impactful response.
- As with the distribution of food or non-food items, **organization of the distribution of checks** was critical. Staff and volunteers need to be trained on the documentation and

process behind it. It is also important staff and volunteers are able to communicate in a clear and concise manner, the distributions process so there are no misunderstandings.

- By working closely with Allied Bank senior executives and branch managers, Mercy Corps was able to ensure a smooth check-cashing process for most beneficiaries (96%). This **relationship with the bank** needs to be established with the bank managers and each branch at the outset to ensure a smooth process for the beneficiaries. A MOU to detail roles/responsibilities is essential.
- Mercy Corps discovered that not all families were able to reach the check distribution points at the appointed time. This was generally due to families not hearing about the distribution, moving from their initial displacement site, or misplacing the token. Therefore, it is critical to **schedule follow-up** distributions to reach those who did not receive their checks during the first round.
- The program was made faster through **a simple targeting process**. By not assigning multiple levels of criteria, the execution of cash distribution was accelerated. When possible, programs should avoid additional, complicated targeting criteria, particularly when affected populations are largely equally affected by displacement.
- The program **targeted host families** in addition to the IDPs, which encouraged host family assistance to IDPs and reduced their financial burden. This reduces community strain and potential resentment and reduces the chance of further crisis by increasing poverty levels of other-wise unaffected host families.

For more detailed information on this program and its impacts, please refer to the following documents:

Program Final Report

<https://mcdl.mercycorps.org/gsd/docs/USAIDOFDA09ImmediateRecoveryIDPHostingCommFR.pdf>

DFID Training Presentation, Cash Transfer Programming in a Humanitarian Crisis

<https://mcdl.mercycorps.org/gsd/docs/CashTransferProgHumanCrisisMay2010DJohnson.ppt>

3. Mercy Corps Sri Lanka Bill and Melinda Gates Foundation

Global Food Crisis Response (GFCR), September 2008 – April 2010

Commodity Vouchers/Seed Fairs

USD \$66,835/USD \$396,675, or 17% of Sri Lanka's GFCR budget

I. Context

In 2008, food prices were on the rise around the world; Sri Lanka's dietary staples of rice and dhal more than doubled in price. While the middle classes responded to the price increases by purchasing lower-quality food, some low-income Sri Lankans were forced to sacrifice entire meals. Food prices inflated so rapidly the government revised the expenditure-based poverty line upward from \$18/person/month to \$27.

Sri Lanka was largely self-sufficient in rice production, but the country still relied on some imports to meet national requirements. These imports became less available as major exporters began to restrict their sales. Mercy Corps identified that an increase in agricultural production would more sustainably decrease the food insecurity faced by vulnerable Sri Lankans, but a more immediate response was required in the short-term.

Mercy Corps Sri Lanka had been operational since 2005 with a focus on creating public and private partnerships to promote peaceful coexistence, economic opportunities, and access to services for vulnerable communities.

II. Interventions

Mercy Corps partnered with the Bill and Melinda Gates Foundation to implement the \$2.7 million Global Food Crisis Response (GFCR) program in five countries, including Sri Lanka. The program focused on the immediate access to food, and medium- and longer-term solutions for developing sustainable food and agricultural systems.

Quality seeds were not easily accessed in the target region of Batticaloa, so farmers had few options. They often traveled up to 40 km to buy from recognized suppliers or relied on local middlemen who marked up prices and often provided seeds on credit. To increase access to high-quality seeds, Mercy Corps provided beneficiaries with seed vouchers.

The project targeted 2,250 vulnerable farming households, selected by agreed-upon vulnerability criteria. Families were chosen based upon their size, registration with the national poverty alleviation program, and income levels. Female-headed households, families with less than three acres of land, and those with little access to seeds were also considered vulnerable and therefore eligible for inclusion in the program.

III. Implementation

A fair was organized to create linkages between 225 farmer organization representatives and five national seed suppliers. The fair provided an opportunity for beneficiaries to learn about various types of seeds and create linkages with quality seed suppliers. The information provided included:

- Characteristics and various classifications of seed paddy

- Selection of seed paddy based on climatic conditions
- Prices of seed paddy
- Cultivation methods, weed control and pest and disease control
- Training and marketing facilities available via seed companies

Following the initial fair, each target group participated in one-day trainings, in collaboration with the Department of Agriculture. The trainings refreshed skills in paddy production, which was especially beneficial for recent IDP returnees. Basic lessons of rice production and harvest techniques were provided, focusing on the use of improved seeds and environmentally-friendly techniques. Following the trainings, beneficiaries received vouchers worth USD \$34.90 each, equal in value to six bushels of registered paddy for two acres of land.

IV. Results Measurement

Individual beneficiaries received vouchers worth the equivalent of 1.4 month's income for an individual at the poverty line. In total, recipients were able to purchase enough seeds to plant 2,019 acres of paddy land.

Voucher distribution occurred over two seasons and immediately impacted the farmers; households were able to eat the rice that had been saved as seed, and the amount of cash they needed to buy farming inputs decreased. Consequently, the families could redirect their money to purchases other than seeds. Most beneficiaries used the newly-available cash for agricultural purposes; more than 50% purchased farm inputs such as pesticides and fertilizers. Twenty percent invested in more land for cultivation. Fifteen percent of beneficiaries redirected their money to health, and 15% redirected the money to education.

V. Coordination

The initial fair was made possible through the collaboration of local government and the local agriculture department. The Ministry of Agriculture was also involved as a resource for beneficiaries.

The sale of certified paddy in Sri Lanka is controlled by the Agrarian Service Center (ASC). In an effort to strengthen the systems already in place – and following Mercy Corps' procurement processes – ASC was chosen to manage the voucher redemption for paddy seed, and all purchases were disbursed through ASC.

VI. Best Practices/ Recommendations

- Timing was a crucial component of the response. Mercy Corps understood the agricultural seasons and timed the program to place at the beginning of the lean season, avoiding asset depletion. **Future programs should conduct an early assessment, including seasonal calendars, to determine appropriate timing.**
- The **targeting process should be closely monitored** to capture unintended social impacts. Mercy Corps found the original targeting criteria, which were derived from value chain assessments, did not incorporate the impact of ethnic relations. Community members notified Mercy Corps that certain minority groups had been excluded. With an emphasis on continued monitoring, the project was able to adjust the targeting.

- Market linkages are building blocks that transform value chains to better serve the interests of all stakeholders and to better serve the poor. Through a combination of stakeholder meetings, voucher schemes and trade fairs; Mercy Corps facilitated linkages between input suppliers, producers, traders, extension agents and various other market actors. Cash transfer programming should be considered as a subsidy and designed to **encourage market linkages and on-going transactional relationships**.

For more detailed information on this program and its impacts, please reference the following documents:

GFCR Final Report

<https://mcdl.mercycorps.org/gsd/docs/Gates2008CNNSSGFCRPhaseIFinalReports.pdf>

GFCR Lessons Learned Documentation

<https://mcdl.mercycorps.org/gsd/docs/Gates2008GlobalFoodCrisisReviewLessonsL.pdf>

Global Programming Lessons Learned, GFCR

<https://mcdl.mercycorps.org/gsd/docs/DMGlobalProgLessonsLearnedGFCR2010.pdf>

4. Mercy Corps Tajikistan Bill and Melinda Gates Foundation Livelihoods Recovery Program, March 2008 – March 2009 Unconditional Cash Transfers \$266,750/\$700,000, or 38% of total program budget

I. Context

By early 2008, Tajikistan had spent months suffering from extreme winter conditions. Such drastic conditions had not been seen for over 80 years and were exacerbating the normal winter energy crises and food shortages. Most rural Tajik families store their food for winter and spring under their homes, which can generally be relied upon not to freeze. Yet the extreme weather conditions of 2007-2008, coupled with little to no electricity, resulted in the loss of food stores, livestock, and other assets among rural inhabitants.

Potatoes, pumpkins, pears, canned preserves and livestock were among the most impacted assets, and every household was affected. The situation was worsened by its timing: during this time of year, the Rasht Valley and other surrounding districts become completely isolated, and residents rely solely on food stocks to survive.

Since 1994, Mercy Corps has been working to help communities in Tajikistan reduce the potential for violent conflict and improve the health of women. Mercy Corps responded to the severe cold and subsequent food shortages to help communities meet their short-term economic and food security needs.

II. Assessment

The Mercy Corps team conducted a survey in six districts to assess household losses relative to the prior year with regards to food quality, quantity, and stores. Additional questions addressed health, livestock assets, and access to remittances. The survey was conducted with 10 households in each of the six districts, for a total of 60 households.

The surveys revealed that meal consumption patterns had changed drastically from the prior year. Of those surveyed, 40% had eaten only one hot meal the previous day; 60% stated their diet was not normal for that time of year; and 96% reported the quality of food available was poorer than it had been one year prior. In Sughd, 72% of parents surveyed reported their children under five years old were not getting enough to eat.

Mercy Corps' main objective was to support communities to meet their short-term economic and food security needs, and to improve economic resilience and food security over the medium-term. In addition to the creation of Village Development Councils, community infrastructure projects and capacity building efforts, Mercy Corps supported the communities in meeting their short-term economic needs through unconditional cash transfers.

Cash transfers were chosen as a means of support because markets in the region were functioning with a reasonable availability of food and household items. One-time cash transfers were provided to the most vulnerable households: USD \$150/per household in Sughd and USD \$250/per household in the Rasht Valley. The difference in transfer amount was based upon the

needs and cost of goods in the respective areas. The project was implemented by Mercy Corps in Rasht Valley. In Sughd, Mercy Corps teamed up with a local NGO partner, EHIO, to implement the program.

III. Intervention

Wealth Ranking for Beneficiary Selection

Participatory poverty analyses were undertaken to identify the most vulnerable households. Wealth ranking was used to map each house in the village in terms of access to, and availability of, resources—financial, physical and social. Families were categorized from “rich” to “poorest.” It was ensured that the majority of households participated in the ranking exercise. The beneficiary lists were cross-verified with government records, which eliminated some families and included others. A total number of 1,267 households were supported within the two districts.

Household Economic Planning

Initial discussions with participating households revealed many regularly accrued debts to supplement their limited income, and they often had unplanned expenditures, resulting in inefficient use of their resources. In addition to direct cash transfers, Mercy Corps trained beneficiaries in Rasht Valley to develop household income and expenditure plans.

Economic Planning Training

In the Sughd region, EHIO provided economic training for one member of each participating household. In the rural villages of Zafarabad, beneficiaries received guidance from EHIO on how to use cash productively, specifically on how to steer their income towards income-generating activities rather than spending only on consumption.



A Mercy Corps team member conducts economic planning training.

Disbursement

The banking system was chosen for disbursement of the cash transfers. In Rasht Valley, transfers were made through individual bank accounts, newly-opened at First MicroFinance Bank. Some beneficiaries benefited from the assistance project team members provided them in securing government-issue identification, essential to opening their bank account.

In Sughd, EHIO had not budgeted for the additional expense of individual accounts and the process of providing documentation, so individual accounts were not opened. AgroInvest Bank opened one account and distributed the cash transfers according to a detailed beneficiary list provided by EHIO. Those unable to visit the bank due to old age or disability received the cash in their own homes through visits made by bank officials, along with project team members and community members.

IV. Results Measurement

Post-distribution surveys were conducted among a random sample of 42 recipient households. The survey reported the recipients' experiences with the overall process. All survey respondents expressed confidence in the use of the banking system, yet half reported minor peripheral issues in withdrawing their funds. For instance, some were inconvenienced by the distance to the bank and having to pay relatively high transport costs. One hundred percent received the full amount of their cash transfer; none reported having faced extortion or tax-related repercussions as a result of receiving cash assistance.

After receiving financial planning training, beneficiaries in Sughd reported using a portion of their cash transfer to generate future income by investing in microenterprise ventures. One man reported he finally understood he could, "use money to generate money." Final monitoring of actual expenditures compared to household plans revealed that, although livelihood assets were the biggest planned and actual expenditure, more money was spent on food than had been anticipated. On a scale of 1 to 5, interviewees unanimously rated the program in terms of how useful it was to them as a 5, extremely useful.

V. Best Practices/ Recommendations

- By utilizing two different methods of banking, the project team determined, while the process of opening individual bank accounts was more time-intensive, it provided greater transparency and security. If feasible, **it is recommended that individual** (rather than group) **bank accounts are used.**
- If the intervention is meant to contribute to financial inclusion, it is important **to measure the on-going use of bank accounts by beneficiaries.** It is also recommended this monitoring be incorporated into future programs which use financial institutions as the disbursement mechanism.
- **Training methods had an impact.** In general, beneficiaries who were trained in income-generation activities used a portion of their transfers towards this activity. Beneficiaries should not only be properly sensitized to the program, but should also receive some financial education.
- Wealth ranking was an effective method of selection. It allowed the communities to decide which households were the most vulnerable and to define the classification within the local context. When feasible, **participatory processes for beneficiary targeting are recommended.**
- **Cash was preferred** over the distribution of food or non-food items. This allowed beneficiaries to choose their own livelihood strategy.
- A single program can produce a complex range of benefits, which promotes the transition from relief to development. This can be achieved in less than one year, as it was in this program, with the **development of community organizations and a focus on community infrastructure projects.**

For more detailed information on this program and its impacts, please refer to the following documents:

Report Field Visit, Winter Freeze Assessment

<https://mcdl.mercycorps.org/gsd/docs/Gates08TajikistanWinterFreezeAssessment.pdf>

LRP First Quarterly Report

<https://mcdl.mercycorps.org/gsd/docs/Gates08TajikistanLRPWinterqrMarJune08.pdf>

LRP Second Quarterly Report

<https://mcdl.mercycorps.org/gsd/docs/Gates08TajikistanLRPWinterqrJulySep08.pdf>

LRP End of Program Report

<https://mcdl.mercycorps.org/gsd/docs/Gates08TajikistanLRPWinterFinalRep.pdf>

Final Evaluation of the Livelihood Recovery Programme

<https://mcdl.mercycorps.org/gsd/docs/Gates08TajikistanLRPWinterFinalEval.pdf>

5. Mercy Corps Indonesia

UK Department for International Development

WASH and Shelter Vouchers for Emergency Relief in Sumatra Barat (October 2009 – January 2010)

Commodity Vouchers

313,511 GBP or ~ \$489,673

I. Context

The West Sumatra earthquake, on September 30, 2009, measured 7.6 magnitude and destroyed houses and other infrastructure in the Padang Pariaman district. Confirmed fatalities exceeded 700 people. Over 100,000 homes were severely damaged, and another 100,000 suffered moderate or slight damage. Essential infrastructure had also incurred substantial damage. Mercy Corps was at the forefront of a coordinated joint assessment by a consortium of NGOs, along with OCHA and local government, and was well-positioned to implement effective and time-sensitive disaster relief programming to the worst-affected communities. Mercy Corps responded in all five disaster affected-districts. Through a two-year disaster risk reduction program, we also targeted emergency assistance in two districts where we had ongoing programming.

Mercy Corps has worked in Indonesia since 1999. We address the root causes of poverty and improve the quality of life for urban and coastal communities affected, not only by hazards and conflicts, but by ongoing and entrenched barriers to economic development.

II. Interventions

The Mercy Corps WASH and Shelter Vouchers for Emergency Relief program was created as part of a larger emergency program funded by DFID, which included the distribution of reconstruction kits, rainwater harvesting kits, hygiene kits, and hygiene promotion activities. The shelter component had two phases: the first was the distribution of reconstruction kits, and the second phase was a follow-up distribution of vouchers for shelter material.

While households did not have sufficient funds to fix or rebuild their entire house, vendors selling construction material in the area were open for business. Mercy Corps designed an intervention to provide commodity vouchers for building material, such as roofing, plywood, nails and cement. Vouchers supported the reconstruction of homes, but they also boosted the economy by involving local vendors.

The voucher program provided beneficiaries with flexibility to choose the building materials they needed, as not every household had the same needs. The building material vendors benefited from the program with daily sales during the voucher redemption period 300% above normal sales figures.

III. Implementation

The criteria for household selection were based upon the damage classification of the main living structure, as established by the district government. Houses eligible for participating in the voucher program were classified as 'Badly Damaged' in the two target sub-districts. The government verified their data from the district level to the local level, and Mercy Corps verified a smaller selection of houses. Additionally, Mercy Corps performed an assessment of the

market situation. Initially, 5,000 households were to be targeted, but after the market assessment and data verification, the final number of beneficiary households was revised to 4,138.

Vendors were chosen for their location and their ability to provide the most-demanded goods. Out of 15 vendors invited to participate in the voucher program, seven vendors agreed to participate—three in one community and four in the other. Each vendor was verified to have the capacity and the supply to provide necessary building materials for the number of beneficiaries in their area. A Memorandum of Understanding (MoU) was signed with each vendor outlining the terms. One member from each household received a booklet of nine vouchers, worth IDR 700,000 in total, roughly \$74. Two denominations (IDR 100,000 and IDR 50,000) were provided for flexibility in purchases. To avoid fraud, the creation and the distribution of the vouchers involved security precautions at every stage. These included having the vouchers printed in Jakarta on watermarked paper, producing the vouchers in sealed packages, and limiting access to the vouchers until the time of distributions.



Vouchers were color-coordinated based upon their value.

Mercy Corps held several meetings with community heads to discuss the voucher program in their area. Data regarding the extent of damage to houses was verified, and Mercy Corps explained the distribution and redemption processes.

Vouchers were distributed at seven distribution points, divided between the two districts. From a total of 4,138 vouchers prepared for distribution, only five were unclaimed. Beneficiaries were required to show an approved form of identification to claim their voucher, and under certain conditions, vouchers could be collected by beneficiary representatives. During distribution, the head of each village stood with Mercy Corps staff to oversee the process.

Beneficiaries were given five days to redeem their vouchers with the pre-selected vendors. Mercy Corps teams were stationed at each vendor's store to verify the validity of the vouchers presented. Shopkeepers recorded sales on carbon copy receipts, giving a copy to beneficiaries and another to Mercy Corps.

Beneficiaries had two options at the time of redemption: to take possession of their purchases

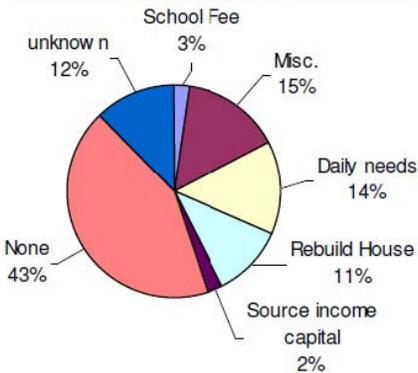
immediately, or to leave the items with the vendor for collection at a later date. Many beneficiaries chose to leave their goods with the vendor, as they were not prepared to rebuild or repair their homes during the redemption period. In a few cases, vendors had run out of supplies or were too busy to prepare the goods for delivery during the redemption period. The flexibility was beneficial to both the vendors and households.

Vendors were paid through bank transfers, which were meant to be completed three working days following the redemption period. As no vendors used the same bank as Mercy Corps, the inter-bank transfer took longer than originally anticipated. Also, the redemption period occurred over a holiday weekend, and the bank transfers did not happen until the banks reopened.

IV. Results Measurement

Mercy Corps conducted an impact assessment in two villages, which analyzed the effect of the program on beneficiaries and vendors. Information was collected from 10%, or 410, of the

Influence of voucher to livelihood



program’s beneficiaries through the use of a standardized survey. Overall, the program was well-received by the community. Building material prices were identified as normal by 97% of those surveyed. The majority of beneficiaries purchased corrugated iron sheeting for its ease of use and long-lasting properties. Cement was also commonly purchased, though often left with the vendor for dry storage until ready for use by the household.

Three months after the program’s completion, only 41% of those surveyed had used all of the material purchased through the voucher program. Many were storing the materials themselves; a few had left their materials with the vendor for later use. Fifty-nine percent of respondents reported they would not start repairs on their homes until

six months after the earthquake, while 38% were in the process of repairing their homes.

One objective of the impact assessment was to measure the effect of the program on household income and spending. Forty-three percent did not experience a significant change to their spending patterns. Fifteen percent indicated the money they would have allocated to building materials was instead used for consumption needs, as the vouchers supplied the needed building material. Some used their newly-available cash to purchase additional building materials, cover school fees or supplement their income.

V. Best Practices/ Recommendations

- Given the short time frame of the program, Mercy Corps transferred the responsibility of beneficiary sensitization to the community leaders. While this saved time, it had an impact on the program, as beneficiaries did not fully understand the terms and conditions for voucher redemptions. While these issues were addressed, it became clear that **more time should be spent on the sensitization process** in order to avoid misunderstandings between Mercy Corps, vendors, government officials and beneficiaries.
- The data used by Mercy Corps was from the local government level, and it had been

verified by the government at the district level, sub-district level, village level and sub-village level. Despite the verifications, some heavily-damaged houses were not included. This oversight and Mercy Corps' lack of independent verification of 100% of households left out some households in need of assistance while including others with less damage. **Independent data verification is essential** as government data is not always correct.

- The voucher redemption days took place during three holidays. This primarily affected reimbursement payments to the vendors, as banks were closed on those days. Vendors were also hindered when their inventory was low, as the larger suppliers in Padang were closed for the holidays and unable to deliver additional supply. The **timing of future programs should pay close attention to any events or holidays** which could impact implementation.

For more detailed information on this program and its impacts, please refer to the following documents:

Final Report: WASH and Shelter Vouchers for Emergency Earthquake Relief in Sumatra Barat

<https://mcdl.mercycorps.org/gsd/docs/DFID2009IndonesiaVouchersFinalR.pdf>

West Sumatra Emergency Response Voucher Program Summary and Impact Assessment Report

<https://mcdl.mercycorps.org/gsd/docs/WestSumEmerVchProgSumImpactReportPanjitresnaArief.pdf>

Inter-Agency Impact Assessment of the Cash Transfer Programs in West Sumatra

<https://mcdl.mercycorps.org/gsd/docs/InterAgencyImpactAssessmentCTPwSumatra.pdf>

ANNEX H: ASSESSMENT/ANALYSIS TOOLS

Needs Assessment

SRGE Rapid Assessment Tool (2011):

<https://mcdl.mercycorps.org/gsd/docs/SRGERapidAssessmentTemplate.xls>

An easy, rapid needs assessment tool created by the Strategic Response and Global Emergencies Team (SRGE) that can be built upon and/or modified depending upon your local context. As currently constructed, this tool touches on all sectors. It can be adjusted to concentrate on those most relevant to you.

MIRA (Multi-cluster/Sector Initial Rapid Assessment) from OCHA/IASC (2012):

https://docs.unocha.org/sites/dms/CAP/mira_final_version2012.pdf

A complicated tool; despite this, we include it here because it gives a great overview of how and why to conduct a thorough needs assessment, as well as the secondary review (excellent best practice!). Although presented as a tool that can be carried out in as little as 72 hours, this is unrealistic for Mercy Corps given our team sizes and the geographic areas we are often asked to cover.

SRGE/MC Iraq Needs Assessment Tool (2013):

<https://mcdl.mercycorps.org/gsd/docs/NeedsAssessmentToolIraq.xls>

A needs assessment tool used by MC Iraq for the Syria response. This is an example, not a template. We include here because it is a comprehensive needs assessment questionnaire done via iFormBuilder (to allow electronic data collection via tablet or smartphone.) Teams would need to adapt this for their individual use, but it serves as a great example of what types of questions to ask during your assessment. When drafting your questions, note that some may require follow-on questioning to get at why something is happening. For example, if one question asks, “Are you able to access credit to purchase goods?” the next question may ask, “Why or why not?” Answers to these follow-on questions will help you understand that vendors only give credit to family, that certain ethnic groups may not be able to access credit, etc. It is critical to understand both the “what” and the “why.”

ACF’s Identification of Vulnerable People in Urban Environments: Assessment of Sustainable Livelihoods and Urban Vulnerabilities (2011):

<http://www.actionagainsthunger.org/publication/2011/02/identification-vulnerable-people-urban-environments-assessment-sustainable>

This is a complicated tool and would be too complex to pick up quickly in an acute (rapid onset) emergency. It is best to familiarize yourself with it before a crisis if you think you may want to

use it, because it can take some time to process. Teams could even try gathering some of this information for regular programs or for a baseline for a crisis. Page 53 onwards includes the template.

Market Analysis/Assessment

IFRC Rapid Assessment for Markets (RAM):

(RAM not yet publically available. Contact Jill Morehead (jmorehead@dc.mercycorps.org) or another EMD team member. Once it is published online, we will update this document with the link.)

Building off EMMA, this rapid market assessment tool is meant to be carried out over 4-5 days, rather than 3-4 weeks. It was created by the International Federation of Red Cross/Red Crescent Societies in August 2013. Since it was just unveiled, there is not yet internal expertise.

IFRC Market Assessment Guidelines (MAG):

(MAG not yet publically available. Contact Jill Morehead (jmorehead@dc.mercycorps.org) or another EMD team member. Once it is published online, we will update this document with the link.)

The Market Analysis Guidance (MAG) suggests processes and tools aimed to integrate market analysis into the different phases of the project cycle, taking the existing Red Cross and Red Crescent (RC/RC) Movement's technical documents into account whenever possible. The MAG was commissioned and developed together with the RAM (see above), which is designed to provide a quick, basic understanding of markets within the first few days of a shock. The MAG gives continuity to the RAM, allowing for more detailed analysis and providing a more solid foundation for making market-related program decisions. The time span of the MAG extends from two weeks to one year post-crisis.

Emergency Market Mapping and Analysis Toolkit (EMMA) (2010):

<http://emma-toolkit.org/>

The current version of EMMA was launched in 2010 funded by USAID/OFDA. EMMA was designed as a tool that can be used by non-experts in the field after a rapid onset emergency to quickly analyze and better understand the local market system in order to more effectively determine appropriate response options, including CTP. A typical EMMA can take 2-5 weeks to implement, depending on the number of sectors assessed. While the complete EMMA can only be managed by a trained EMMA lead, many of the individual tools are useful for needs and market assessments. In 2011, a Leader's Guide was released with best practice tips to assist EMMA leads with implementing this tool in the field. If your country wants to complete an EMMA, please contact the Economic and Market Development Team for a list of EMMA leads: <https://thehub.mercycorps.org/node/1191>

LRP Learning Alliance MARKit Toolkit:

(The MARKit is still under development and expected to be published in December 2013. An informational paper can be requested from the EMD or FHN TSU teams.)

Markets, particularly in crisis situations, can be volatile. Major changes in food prices risk undermining even the most well-planned food security interventions, inadvertently causing harm. Recognizing the potential for market impact, local regional procurement (cash, voucher and local purchase) food assistance programs regularly collect price information for key commodities. Yet many programs lack the capacity to analyze prices, limiting real time decision-making and response. While substantial investments have been made to build market assessment and analysis into project design, there are few resources to support market monitoring. Designed for use by field staff, MARKit is a toolkit to help program managers set up a market monitoring system for cash, voucher, local purchase and traditional food assistance programs to (a) improve food security outcomes and (b) ensure Do No Harm.

Economic and Market Development Technical Support Unit (EMD TSU) Market Analysis Resource Guide 2013):

Resource Guide: <https://mcdl.mercycorps.org/gsd/docs/MarketAnalysisResourceGuide.pdf>

Market Analysis Resources:

<https://mcdl.mercycorps.org/gsd/docs/MarketAnalysisResources.xlsx>

The EMD-maintained Market Analysis Resource Guide – and corresponding spreadsheet – is a list of market analysis tools and resources vetted by Mercy Corps' Economic and Market Development Team. They are updated and evaluated on a quarterly basis, and categorized based upon the Diagnostic Framework common to Making Markets Work for the Poor (M4P) approach. (The spreadsheet includes many of the assessment tools highlighted here.)