S I C V P
Special Initiative for Cash and Voucher Programming
United Nations World Food Programme
Southern Africa

The Use of Cash/Vouchers in Response to Vulnerability and Food Insecurity

Case Study Review and Analysis

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Contents

Acronyms

ADMARC	Agricultural Development and Marketing Corporation
BRC	British Red Cross
CFW	Cash-for-work
CRS	Catholic Relief Services
CSB	Corn soya blend
CTPP	Cash Transfer Pilot Project
CU	Concern Universal
DFID	Department for International Development
DSC	Direct support costs
DSNPP	Dedza Safety Nets Pilot Project
DWT	Direct Welfare Transfer
ECRP	Emergency Cash Relief Program
EGP	Egyptian pound
ETB	Ethiopian birr
FACT	Food and Cash Transfer Project
FFT`	Food-for-training
FFW	Food-for-work
FVS	Food Voucher System
FHH	Female-headed household
FSS	Food Stamps System
GAPVU	*Gabinete de Apoio à População Vulnerável*
GDP	Gross domestic product
GTZ	*Gesellschaft fur Technische Zusammenarbeit*
ICRC	International Committee of the Red Cross
ID	Identification (card)
IDP	Internally displaced person
IFPRI	International Food Policy Research Institute
IFRC	International Federation of the Red Cross
ISC	Indirect support costs
KDER	Kenya Disaster Emergency Response
Kg	Kilogram
Km	Kilometer
KS	Kenya schilling
MBFA	Market-based food assistance
M&E	Monitoring and evaluation
MFI	Micro-finance institution
MIS	Management information system
MK	Malawi kwacha
MLSS	Ministry of Labour and Social Security
MOTS	Ministry of Trade and Supply

NFI	Non-food item
NGO	Non-governmental organization
NPA	Norwegian People’s Aid
NRC	Nigerien Red Cross
OCHA	Office for the Coordination of Humanitarian Affairs
ODI	Overseas Development Institute
ODOC	Other direct operational costs
OVC	Orphans and vulnerable children
PATH	Programme of Advancement through Health and Education
PBG	People’s Bank of Georgia
PBM	Pakistan Bait-ul Maal
PDM	Post-distribution monitoring
RAP	Rural Assistance Program
RMA	Rural Maintenance Association
RMP	Rural Maintenance Program
RPS	*Red de Protección Social*
RTE	Real time evaluation
SCF	Save the Children Federation
SDC	Swiss Agency for Development and Cooperation
SICVP	Special Initiative for Cash and Voucher Programming
UK	United Kingdom
UN	United Nations
US	United States
USD	United States dollars
UVP	Urban Voucher Programme
WFP	World Food Programme
ZK	Zambia kwacha

Executive Summary

This document summarizes the major characteristics and outcomes of 27 recent pilots, projects or programs worldwide that made use of cash and/or vouchers to provide benefits to people in need. The concluding section attempts to synthesize the commonalities and contrasts among those cases, as a first step towards identifying lessons-learnt as well as knowledge gaps that remain.

Objectives and Target Beneficiaries

The majority of those projects sought to assure adequate food consumption of targeted beneficiaries. Beneficiaries seemed to be targeted for two distinct reasons: one because of impacts of the crisis/disaster in question and two because they met one or more criteria of chronic vulnerability. Targeting was often based on such vulnerability criteria as economic criteria proved too difficult to measure. For the most part, cash-for-work projects had objectives both for consumption or income and for creation of community assets. One expects conditional-cash transfers (CCTs) to seek both immediate improvements in household nutrition or food security as well as longer-term benefits of the health or education conditionalities. This was universally the case for the four main CCT programs reviewed.

Intervention Strategies

In some cases, decisions to program cash/vouchers came from disenchantment with or skepticism of food-based responses. This was for a variety of reasons including a perception among agencies that food aid does not contribute to economic growth. In at least a few cases, cash/voucher transfers were seen as more cost effective or logistically easier than food aid. In other cases, decisions to use cash were based on the nature of defined objectives, including the goal of rebuilding livelihoods or local economic development and support for markets. A learning or research objective of certain agencies was instrumental in decisions to conduct cash-based pilots.

Composition and Value of Transfers

Of the 27 cases reviewed, 17 involved a purely cash benefit, five involved vouchers or food stamps only, two combined cash with food, and one combined cash with vouchers. In another case, cash, vouchers or food were distributed to different communities for the purpose of comparison, while a similar approach elsewhere compared cash and food only. In almost all cases, beneficiaries preferred cash over food. In-kind distribution was preferred only in areas of instability. In some cases the value of the transfer was comparable to the households' consumption/expenditure, or some estimate of households' food/cash deficits. Four cases calculated a cash entitlement based on the market value of a food aid ration. Finally, in two CFW projects the transfer value was based on local wage rates.

Use of Vouchers

In six of the case studies, a voucher or similar instrument was distributed to beneficiaries. Vouchers were used instead of cash to control what was purchased. The use of vouchers also limited where purchases could be made. In two cases, uncooperative vendors compromised the success of the voucher approach. Otherwise, the strategy largely worked as planned, with no reports of counterfeiting or other forms of misuse. A variety of security measures were taken including having vouchers printed in a remote location, inserting a sequence of serial numbers for cross-checks, and changing colors and designs frequently. Administrative costs for vouchers were predictably higher in some cases.

Conditional or Non-conditional Transfers

A cash transfer with no reciprocal obligations and no restrictions on use is the only purely non-conditional approach. The use of vouchers or food stamps conditions the nature of the benefit (i.e. can only be legally redeemed for predetermined food and occasionally non-food items). CFW projects conditioned the benefit on some labor input, usually participation in community infrastructure projects. In some cases, beneficiaries are required to attend training sessions, usually conducted by the implementing agency. Finally, the traditional form of conditional cash transfers (CCTs) are represented here by the four programs in Mexico, Jamaica, Columbia and Nicaragua. In these cases, beneficiaries remained eligible by maintaining predetermined levels of attendance at schools and/or health facilities and meeting other requirements.

Delivery Mechanisms

The two main methods used for cash delivery were bank transfers and direct delivery by agency staff. In the cases where banks delivered cash directly to beneficiaries branches were located in reasonably close proximity to beneficiary communities. The banks occasionally would provide mobile services. In some if not all cases, formal agreements were drawn between the project and the bank. When agency staff handled a distribution directly the reason given was often that banks were not available or willing to collaborate. Bank transfers were often used to get cash to a regional branch from which it would be withdrawn by project staff. In a few cases, government offices, community authorities or committees received cash from the implementing agency and distributed it to beneficiaries. It was in this last category that fraud/embezzlement was occasionally discovered.

Outcomes and Impact

In most cases, beneficiaries were able to access shops and obtain the food products they needed at a fair price. Households retained assets and avoided destructive coping strategies due to the benefits received (e.g. limit destructive fuelwood cutting, avoid livestock sales). In one case it was noted that cash recipients tended not to share with others, which was not the case in parallel food aid interventions. Products of CFW had some positive outcomes for beneficiaries including improved access to health centers and schools. Maintained roads led to better access to markets and services. Outcomes were generally positive for CCT programs. PATH Jamaica reported a 38% increase in visits to health care facilities and increased immunization rates of children. RPS Nicaragua and *Progresa/Oportunidades* in Mexico saw increased school enrollment, increased use of health care facilities and decreased child labor. The Social Security System in South Africa and the Social Cash Transfer project in Zambia noted increases in school enrollment rates.

Most of the cases reviewed had positive impact on food security, consumption and/or nutrition. Some beneficiaries increased the average number of meals consumed per day. Increased diet diversity was also noted for many of the cases. The FEA Columbia project noted positive growth patterns for rural children. *Progresa*/*Oportunidades* Mexico resulted in reduced stunting and decreased levels of iron-deficiency anemia. Although voucher recipients fared better than food recipients in terms of diet diversity, they had limited choices and concentrated market impact in a few traders. Although economic impact was frequently a stated goal, documented impact was not common. The most common economic benefit may have been debt reduction. Health impact was also reported in a few cases, usually where the conditions of the program required immunizations, visits to clinics, or similar behaviors. The *Progresa-Oportunidades* program resulted in decreased adult and child morbidity. Relatively few cases measured market impacts. For the most part, market impacts were assumed based on the fact that cash received was spent locally.

Institutional Capacity / Performance

These projects were generally successful from an administrative point of view. Involvement of the agencies' finance departments during the design process was key to success. Upfront effort to install rigorous beneficiary registration and monitoring systems increased efficiency and reduced the possibility of fraud or mismanagement. In voucher programs the agency typically had relevant past experience. Institutional partnerships or contractual agreements led to efficient operations. Contracts with banks were a good example of this, particularly since security arrangements were included. Contracts drawn up with food vendors helped facilitate successful voucher programs. Partnership arrangements or coalitions often facilitated implementation as well. Contracts or partnerships were often developed with academic institutions or external consultants for M&E tasks. In many cases, projects invested very little in M&E. Community level committees were often formed or recruited for a variety of tasks including beneficiary selection and verification of lists, crowd control, and assisting during distributions. It was noted that local committees often need diligent oversight/monitoring by the implementing agency.

Cost Factors

There are difficulties inherent in making cost comparisons. It seems obvious that the range in administrative costs (from 3% to at least 37%) may have as much to do with different formulas and accounting methods as real differences in cost. Voucher programs do not appear to be as a rule significantly more costly to administer than cash distributions. In many cases, cash/vouchers were cheaper to administer than food distributions, although it is not clear how these figures were calculated and if, for instance, the total for food delivery included international procurement, transport and storage costs.

Risks and Threats

Among the arguments put forward most often against cash transfers are the assumed safety risks for both those doing the distribution and those receiving the cash, as well as the potential for cash to be diverted to anti-social or frivolous uses. Several projects/programs placed responsibility for transferring cash in the hands of banks, or similar institutions. Security was typically entrusted to the same institutions. There were no reported cases of theft or other violent acts inside the bank facilities. In other cases, project staff transported cash to distribution sites, at times chosen with safety and security considerations in mind, and distributed it directly to beneficiaries. Local police or other security personnel were often on site to provide security. In the majority of these cases, no theft or violence was reported. A fear related to cash, i.e. that men will control its use and will divert a sizable portion to anti-social uses, proved largely unwarranted. The highest measured diversion was only 4.5% of the cash received. Most other cases reported negligible misuse of cash or at least insignificant increases over normal levels.

Conclusions

The diverse experiences summarized should serve as a source of ideas. A number of key issues and patterns emerge from the case studies and a number of areas were identified for which information or practical experience remains lacking. The more significant of these 'lessons' and gaps are as follows.

- An entitlement mix of cash, vouchers and/or food can be programmed without extreme administrative complications and will likely lead to greater impact for beneficiaries.
- Cash recipients often consumed less staple foods (but a more diverse diet) than recipients of vouchers or food. The size of cash transfers may need to be adjusted upward.
- The size of the cash transfer should accommodate inflation. The rate at which vendors are reimbursed for redeemed vouchers should also be adjusted for price inflation.
- Applying conditionalities can leverage greater impact for a slight increment in cost. The associated institutions (e.g. health facilities) must be adequately equipped to handle an increase in demand/use.
- Project design and start-up is a slow process and steps should be taken to assure timely response. Involve administrative and finance departments from the earliest stages of project design.
- Invest adequately in M&E for all projects, more so if the project is a pilot with significant learning objectives. Design the evaluation system or methodology as the project itself is being designed.
- Few of the cases appeared to conduct nutritional assessments to detect changes or measure impact of interventions. The real nutritional impacts of cash/voucher transfers can be researched much deeper.
- The CCT programs largely took place in Latin America and the Caribbean. Their relative success would encourage testing in Africa and elsewhere in the world.
- There are few if any documented cases where the positive impacts of a cash transfer program are measured in a systematic and rigorous way. This remains conjecture.
- Hidden costs, sloppy accounting, diverse budgeting formulas and other factors limited our ability to accurately calculate and compare the costs of different strategies.
- The majority of the cases reviewed were of small scale and short duration. Our base of knowledge would be served by the study of some long-term, large-scale cash/voucher transfer programs.

As a final conclusion, while broad guidelines and programming principals are fine, in reality each situation is unique and requires unique strategies, originating from an analysis of beneficiary needs, institutional interests and capacities, and other contextual factors.

I. Introduction

For reasons both practical and political, policies for social welfare or social protection programming increasingly advocate non-food solutions to conditions of poverty, vulnerability and food insecurity. An expanding body of research and practical experience exists for cash/voucher programming, and several good summary documents and literature reviews have been published. The World Food Programme, despite its historical mandate and experience with in-kind food distributions, has become involved in researching and testing alternatives to food. This document was produced with the support and guidance of WFP's Special Initiative for Cash and Voucher Programming, which is testing new strategies in southern Africa.

Rather than duplicate the work of others in presenting theoretical arguments for or against cash/voucher approaches, this document presents a wide variety of practical experiences from around the world. A set of 27 cases are summarized, covering the range from short-term emergency response to long-term social welfare programs. Although, objective comparisons are largely impossible due to gaps in the literature and a frequent lack of scientific rigor, the reader will gain insights into the range of entitlement types and delivery mechanisms used, with some analysis of their relative success and failure.

This document has three main sections. First, an attempt is made to frame the key issues or questions related to consideration or analysis of cash/voucher programming, with reference made to documents that go into much greater detail on the theoretical underpinnings and programming guidelines. The next section presents case study summaries for 27 programs or projects worldwide. The final section synthesizes the main commonalities and contrasting features from the case studies and, to the extent possible, offers lessons-learnt for future programs of a similar nature. What this document does not do is attempt to resolve the increasingly contentious cash vs. food debate. Most objective commentators concede that food aid and cash transfers can each have an important role to play in addressing vulnerability and food insecurity. The choice should depend more on local conditions, needs and opportunities and less on polemics, political considerations and personal or institutional bias.

The reader should note that much of the content of the case study summaries came verbatim from available documentation, with little opportunity for verification or triangulation. Errors and questionable findings or conclusions in those documents may therefore have been replicated unknowingly. In addition, it is likely that documents that exist but were not available for review would add information and fill in gaps. For instance, at least one case study indicates that no information was available describing measured or anecdotal impact. One can assume, however, that some impact was felt by beneficiaries and that at least some of that impact was captured and documented by the program staff.

II. Background

An often contentious debate is on-going regarding the merits and costs of food aid. Interest is growing in the use of cash in response to both acute emergencies and, more frequently, chronic vulnerability. The debate is often framed as food vs. cash and arguments have been put forward as to which is the more effective or efficient instrument. A broader consideration has food and cash, not as mutually exclusive, but as alternatives, each with a role to play and suited to a distinct context and set of circumstances.

Presented simply, when food insecurity is due to problems of availability and a market that is unable to respond to local demand, arguments can be made for importation and distribution of food by institutions like the WFP. In contrast, when food is available, markets accessible and integrated, prices stable, and conditions safe and secure, food distribution is clearly unnecessary and perhaps counterproductive. In such situations, it is argued, consumer buying power should be bolstered by distributing cash or vouchers that can be used to acquire food and other necessities in the local market.

The apparent logic of that argument has not yet led to the use of cash/vouchers at an appropriate scale. Food remains the first option for many and the food aid lobby remains influential in setting policies and developing strategies. The reluctance to program cash, however, goes well beyond food-first biases of some donors and host governments. Implementing institutions often lack practical experience; cash, while appealing in theory, appears risky and full of practical programming challenges.

The case studies yield a wealth of information on the options, advantages and pitfalls of cash/voucher programming. A sample of key questions to be considered includes the following:

1. How did agencies make choices regarding the potential use of cash, vouchers, and/or food?
2. What were the elements of project/program designs, including objectives, target groups and intervention strategies? More specifically, what were the composition and value of entitlements or transfers and why?
3. How did agencies safely transport and distribute cash?
4. What did the projects/programs accomplish in terms of outputs, outcomes and impact? What went right?
5. How did the market cope with the increased demand and were positive economic impacts recorded?
6. How did institutions perform in a type of programming that was new to most?
7. How did costs compare among cash, voucher or food distributions?
8. What negative impacts were felt by beneficiaries or agency personnel? What went wrong?

As a preview to the conclusion of this report, the experiences reviewed here do not necessary lead to definitive guidelines to shape future programs. Each new situation will be unique and will require new thinking as to appropriate instruments and delivery mechanisms. However, this collection presents a broad set of alternatives and yields certain lessons that should be of benefit to future programming.

III. Resource Documents

This review concludes with a lengthy bibliography of collected documents that address the issue of cash/voucher programming from many different perspectives. Many of these documents describe individual cases, and were used in constructing the case study summaries found in Section IV. The others are a diverse set of generic reports, workshop proceedings or research articles on specific topics of relevance. A few are literature reviews themselves, with lengthy introductory sections describing the theoretical underpinnings of this approach to assistance. Rather than repeat the work of others, summarizing the summaries in a sense, the author has chosen to highlight and categorize some items (see Box 1) from the wealth of available documentation that can serve as additional resources for practitioners. (Some of the documents included in the bibliography were neither listed in Box 1 nor used for developing case studies.) The SICVP maintains an electronic library containing most of these documents and will provide them upon request.

Box 1: Resource Documents for Cash/Voucher Programming

Assessment Guidelines and Resources

UNHCR. (2004). UNHCR/WFP joint assessment guidelines with tools and resource materials. United Nations High Commissioner for Refugees, Geneva and World Food Programme, Rome.

WFP. (2005a). Emergency food security assessment handbook: methodological guidance for better assessment. ODAN, World Food Programme, Rome.

WFP. (2005b). Joint WFP/UNICEF rapid emergency food security and nutrition assessment. World Food Programme, Rome.

Market Assessments and Studies

WFP. (2007). Technical Meeting Report: Food Security and Markets. Subiaco, Italy, 10-12 January, 2007. ODAN, World Food Programme, Rome.

Adams, L. and P. Harvey. (2006). Analysing Markets. Learning from cash responses to the tsunami: Issues Paper 1. Humanitarian Policy Group, Overseas Development Institute, London.

Donovan, C. and M. McGlinchy. (2006). Market Profiles and Emergency Needs assessments: A Summary of Methodological Challenges. ODAN, World Food Programme, Rome.

Donovan, C., M. McGlinchy, J. Staatz, D. Tschirley. (2005). Emergency Needs Assessments and the Impact of Food Aid on Local Markets. ODAN, World Food Programme, Rome.

WFP. (2006c). Markets and emergency needs assessments: Cairo workshop March 2006. ODAN, World Food Programme, Rome.

Project Design / Intervention Strategies

Adams, L. and P. Harvey. (2006). Disbursement Mechanisms - Monitoring and Evaluation - Setting the Value. Learning from cash responses to the tsunami: Issues Papers. Humanitarian Policy Group, Overseas Development Institute, London.

British Red Cross. (2006). Guidelines for Providing Cash Distribution Following a Food Security Crisis in a Rural Setting. Draft report by BRC and University of Arizona.

Creti, P. and S. Jaspars, eds. (2005). Cash-transfer programming in emergencies. Oxfam GB, Oxford, UK.

Mackintosh, F. and J. Blomquist. (2003). Assisting the poor with cash: design and implementation of social transfer programs. Social Safety Nets Primer Notes. World Bank, Washington, DC.

Rauch E. and H. Scheuer. (2007). SDC cash workbook: a practical user's guide for the preparation and implementation of cash projects. Swiss Agency for Development and Cooperation, Berne Switzerland.

Tabor, S. (2002). Assisting the poor with cash: design and implementation of social transfer programs. Social Protection Discussion Paper 0223. Social Protection Unit, The World Bank, Washington, DC.

Evaluation or Analysis of Methods/Approaches

Barrientos, A. and J. DeJong. (2006). Reducing child poverty with cash transfers: a sure thing? Development Policy Review 25(5): 537-552.

Coady, D., M. Grosh and J. Hoddinott. (2004). Targeting of transfers in developing countries: review of lessons and experience. The World Bank, Washington, DC.

Rawlings, L, and G. Rubio. (2005). Evaluating the impact of conditional cash transfer programmes. The World Bank Research Observer 20 (1) (Spring 2005).

Generic / Other Resources

de la Briere, B. and L. Rawlings. (2006). Examining Conditional Cash Transfer Programs: A Role for Increased Social Inclusion? SP Discussion Paper #0603, The World Bank, Washington, DC.

Devereux, S. (2006b). Social protection mechanisms in southern Africa. Regional Hunger and Vulnerability Programme. Johannesburg, RSA.

DFID. (2005). Social transfers and chronic poverty: emerging evidence and the challenge ahead. Department for International Development, London.

Farrington, J., P. Harvey, R. Slater. (2005). Cash transfers in the context of pro-poor growth. Overseas Development Institute, London.

Gentilini, U. (2007). Cash and food transfers: a primer. Social Protection and Livelihoods Service World Food Programme, Rome.

Harvey, P. (2007). Cash-based responses in emergencies. Humanitarian Policy Group, Overseas Development Institute, London.

Stites, E., H. Young, S. Titus, P. Walker (2005). Non-food responses to food insecurity in emergencies. By the Feinstein International Famine Center, Tufts University for World Food Programme, Rome.

IV. Case Study Summaries

The core of this section is a set of 27 case study summaries (starting on page 12) describing projects or programs worldwide that have employed cash/voucher transfers in some way. The selection of these 27 cases was somewhat arbitrary. These were projects for which the author was able to easily obtain adequate documentation. Fortunately, the resulting group is diverse in strategy, delivery mechanisms and geographic location. Box 2 below describes the make-up of case summaries. Much variation exists from one summary to the next because of varying quality and content of available project documents. It should be noted that the information presented here is based entirely on documented information; no primary data collection was involved and only minimal triangulation or validation with other sources was possible. In addition, the available documentation for some projects was incomplete. In sum, while the author hopes that the content of these summaries is complete and accurate this may not always be the case.

Box 2: Case Study Summary Template

#	**Project or program name, Country, Dates of operation, Implementing agency and major partners** (Documents consulted)

Assessment / Problem identification

Baseline data, assessment findings and other relevant contextual information are presented that define the problem that the project was designed to address. In addition, the section presents information that influenced decisions on the use of food, cash and/or vouchers.

Program Objectives / Interventions

This section starts with a recounting or paraphrasing of any goals, purposes and/or objectives described for the project. In addition, target groups are identified. At times, details about selection criteria or procedures are included. Finally, the interventions are described, with the greatest focus placed on the composition and value of cash or voucher transfers.

Delivery System / Mechanisms

This section describes procedures followed in selecting and sensitizing beneficiaries and distributing entitlements to them. In addition, procedures are described for the use of vouchers and system for reimbursement of vendors. Finally, security arrangements, if any, are described.

Monitoring and Evaluation

This section describes the systems established for monitoring project activities and evaluating impact and efficient operations. In addition, any special arrangements for M&E, such as contracts with external organizations or consultants, are described.

Outcomes / Impact

A variety of outcomes are summarized in this section: including achievement of outputs, progress towards stated objectives, and secondary or indirect impacts.

Administrative Function and Cost-effectiveness

This section is mainly a description of project management and critique of the efficiency of managing agencies. In addition, administrative costs and cost-effectiveness are considered.

Risks or Negative Outcomes

Any documented constraints, problems or negative impacts associated with the use of cash or vouchers are summarized here.

The summaries can be roughly divided into two main groups – emergency/recovery projects and rehabilitation/development projects – based on their objectives, targeting criteria, and/or other factors. Assignment of projects to these groups was somewhat arbitrary, i.e. some entries have characteristics of both relief and development interventions. The summaries can also be categorized by transfer type (e.g. food or voucher) or intervention strategies (e.g. conditional vs. non-conditional). Tables 1 and 2 list the summaries in their most appropriate categories. The summaries, starting on page 14, are listed in the same order as shown in Table 1.

Table 1: Case Study Matrix, Listed by Program Type[1]

#	Project or Program, Year(s)	Country	Implementing Agency	Entitlement Type / Amount[2]	Conditionalities
EMERGENCY / RELIEF / RECOVERY					
1	Emergency Cash Relief Program, 2003-04	Somalia	Horn Relief and NPA	Cash one-time $50/HH	none
2	Cash for Relief, 2003	Ethiopia	CARE	Cash $13/HH/month	Labor inputs or participation in non-labor/training activities
3	Cash Transfer Program, 2005-06	Malawi	Oxfam	Cash $20/pers/month	none
4	Food and Cash Transfer Project, 2005-06	Malawi	Concern Worldwide	Food and cash $10 to $18/HH/month	none
5	Tanout Cash Transfer Project, 2005	Niger	British and Niger Red Cross	Cash one-time $240/HH	none
6	Emergency Cash Transfer, 2005-06	Zambia	Oxfam	Cash $20/HH/month	none
7	Food Voucher System, 2005-06	Zimbabwe	Oxfam	Vouchers worth $14/HH/ month	Exchange from food list at predetermined shops.
8	Rapid Assistance Program, 2006	Kenya	Catholic Relief Services	Vouchers $7.50 and $15	Health and nutrition training
9	Cash Grants for Disaster Response, 2000	Mozambique	CARE and two local Micro-Finance Institutions	Cash $47-$100	none
10	Cash Transfer Pilot, 2005	Sri Lanka	WFP/Oxfam	Cash or food cash value of $6/pers/month	none
11	Cash-for-Work, 2003-04	Afghanistan	Oxfam and others	Cash daily wage about the same as labor market	Labor input
12	Cash-for-Herders Project, 2003	Mongolia	Swiss Development Corporation	Cash one-time $200	none
13	Market-Based Food Assistance, 2005-06	Indonesia	CARE and Save the Children	Cash and vouchers $5 and $6.50 respectively	Exchange for rice/sugar/ oil in predetermined shops.

[1] In many case the distinction is blurred between emergency and development programming. For instance, some projects were designed in response to a crisis (e.g. the 2004 tsunami) but were implemented after the emergency response period had passed. In other cases, the project was implemented during periods of some acute food shortage but targeted chronically vulnerable households or was designed for livelihoods promotion. For these reasons, allocation of projects to the two categories above is imperfect and subject to debate.

[2] Entitlement values (cash or vouchers) are presented in US dollars, roughly estimated based on exchange rates during implementation. The value of in-kind distributions, if any, is not included.

#	Project or Program, Year(s)	Country	Implementing Agency	Entitlement Type / Amount[2]	Conditionalities
REHABILITATION / DEVELOPMENT					
14	Dezda Safety Net Pilot Project, 2001-02	Malawi	Concern Universal	Cash, vouchers, or food value about $5/HH/month	Vouchers exchanged for food at predetermined shops
15	Cash for Relief, 2001-04	Ethiopia	Save the Children	Cash $14/HH/month	none
16	Social Cash Transfer Scheme, 2004-date	Zambia	GTZ, and Min. of Community Dvpt and Social Services	Cash $9.50 - $12	none
17	Gapvu Cash Transfer Program, 1990 - date	Mozambique	Govt of Mozambique, Min. for Coordination of Social Action	Cash $1/person/month	none
18	Social Security System	South Africa	Govt of South Africa, Dept of Social Development	Cash $30-$130/month (individual stipend)	none
19	Food Subsidy Program, current scheme 2004-07	Egypt	Govt of Egypt, Ministry of Trade and Supply	Ration card 40% to 60% price reductions	Exchange from food list at predetermined shops.
20	Urban Voucher Programme, 2002-04	Palestine	ICRC	Voucher $90/HH/month	Exchange for food / NFIs in predetermined shops.
21	Food Stamps System, 1994-06	Pakistan	Pakistan Bait-ul Maal and WFP	Food stamps $6/person/month	Labor input or attendance at training
22	Cash-for-Work, 2005-06	Georgia	WFP	Food and cash daily wage about $1.10	Labor input
23	Rural Maintenance Programme, 1982-2006	Bangladesh	CARE, and Ministry of Relief and Rehabilitation	Cash $.90/worker/day	Labor input
24	*Familias en Acción*, 1999-2007	Columbia	Govt of Columbia Coordinating Unit	Cash $5, $10 or $17	Health consultations and school attendance
25	*Progresa-Oportunidades*, 1997-2007	Mexico	Govt of Mexico	Cash $24/HH/month	Health consultations, training & school attendance
26	*Red de Protección Social*, 1999-2006	Nicaragua	Govt of Nicaragua	Cash one time $133 or $224	Health consultations and school attendance
27	Advancement through Health and Education, 2001-07	Jamaica	Govt. of Jamaica, Min. of Labour & Social Security	Cash $10/person/month	Health consultations and school attendance

Table 2: Case Study Matrix, Listed by Entitlement Type or Intervention Strategy

#	Project or Program, Year(s)	Country	Implementing Agency	Entitlement Type/Amount	Conditionalities
CASH ONLY, NON-CONDITIONAL					
1	Emergency Cash Relief Program, 2003-04	Somalia	Horn Relief and NPA	Cash one-time $50/HH	none
3	Cash Transfer Program, 2005-06	Malawi	Oxfam	Cash $20/pers/month	none
5	Tanout Cash Transfer Project, 2005	Niger	British and Niger Red Cross	Cash one-time $240/HH	none
6	Emergency Cash Transfer, 2005-06	Zambia	Oxfam	Cash $20/HH/month	none
9	Cash Grants for Disaster Response, 2000	Mozambique	CARE and local MFIs	Cash $47-$100	none
12	Cash-for-Herders Project, 2003	Mongolia	Swiss Development Corporation	Cash one-time $200	none
15	Cash for Relief, 2001-04	Ethiopia	Save the Children	Cash $14/HH/month	none
16	Social Cash Transfer Scheme, 2004-date	Zambia	GTZ, Ministry of Community Dvlp and Social Services	Cash $9.50 - $12	none
17	Gapvu Cash Transfer Program, 1990 - date	Mozambique	Govt of Mozambique, Min. for Coordination of Social Action	Cash $1/person/month	none
18	Social Security System	South Africa	Govt of South Africa, Dept of Social Development	Cash $30-$130/month (individual stipend)	none
VOUCHERS OR FOOD STAMPS					
7	Food Voucher System, 2005-06	Zimbabwe	Oxfam	Vouchers worth $14/HH/ month	Exchange from food list at predetermined shops.
8	Rapid Assistance Program, 2006	Kenya	Catholic Relief Services	Vouchers $7.50 and $15	Health and nutrition training
19	Food Subsidy Program, current scheme 2004-07	Egypt	Govt of Egypt, Ministry of Trade and Supply	Ration card 40% to 60% price reductions	Exchange from food list at predetermined shops.
20	Urban Voucher Programme, 2002-04	Palestine	ICRC	Voucher $90/HH/month	Exchange for food / NFIs in predetermined shops.
21	Food Stamps System, 1994-06	Pakistan	Pakistan Bait-ul Maal and WFP	Food stamps $6/person/month	Labor input or attendance at training

#	Project or Program, Year(s)	Country	Implementing Agency	Entitlement Type/Amount	Conditionalities
MIXED ENTITLEMENT					
4	Food and Cash Transfer Project, 2005-06	Malawi	Concern Worldwide	Food and cash $10 to $18/HH/month	None
10	Cash Transfer Pilot, 2005	Sri Lanka	WFP/Oxfam	Cash or food cash value of $6/pers/month	None
13	Market-Based Food Assistance, 2005-06	Indonesia	CARE and Save the Children	Cash and vouchers $5 and $6.50 respectively	Exchange for rice/sugar/ oil in predetermined shops.
14	Dezda Safety Net Pilot Project, 2001-02	Malawi	Concern Universal	Cash, vouchers, or food value about $5/HH/month	Vouchers exchanged for food at predetermined shops
CASH FOR WORK					
2	Cash for Relief, 2003	Ethiopia	CARE	Cash $13/HH/month	Labor inputs or participation in non-labor/training activities
11	Cash-for-Work, 2003-04	Afghanistan	Oxfam and others	Cash daily wage about the same as labor market	Labor input
22	Cash-for-Work, 2005-06	Georgia	WFP	Food and cash daily wage about $1.10	Labor input
23	Rural Maintenance Programme, 1982-2006	Bangladesh	CARE and Ministry of Relief and Rehabilitation	Cash $.90/worker/day	Labor input
CONDITIONAL CASH TRANSFERS					
24	*Familias en Acción*, 1999-2007	Columbia	Govt of Columbia Coordinating Unit	Cash $5, $10 or $17	Health consultations and school attendance
25	*Progresa-Oportunidades*, 1997-2007	Mexico	Govt of Mexico	Cash $24/HH/month	Health consultations, training & school attendance
26	*Red de Protección Social*, 1999-2006	Nicaragua	Govt of Nicaragua	Cash one time $133 or $224	Health consultations and school attendance
27	Advancement through Health and Education, 2001-07	Jamaica	Govt. of Jamaica, Ministry of Labour and Social Security	Cash $10/person/month	Health consultations and school attendance

1 Emergency Cash Relief Program, Somalia, 2003-2004, Horn Relief and Norwegian People's Aid

(Mattinen and Ogden, 2006; Ali et al., 2005)

Assessment / Problem Identification

An inter-agency assessment concluded that, after seven consecutive rain failures, over 12,000 households confronted acute food and water insecurity in the Sool Plateau of Somalia. Many households faced destitution. A cash response was deemed appropriate because food was available on the local market (but people did not have the money to buy it), local credit systems were overstretched, and well-functioning money-transfer companies were present (making cash a viable option in practical terms).

Program Objectives / Interventions

ECRP objectives were slowing down the destitution of pastoral livelihoods and reviving the local economy. A one-off cash payment of $50US was made to nearly 14,000 beneficiaries. Cash was considered as quicker to implement; a stop-gap until slower responses, e.g. food aid, could kick in. US currency was used as the Somali shilling is prone to inflation and the supply of currency was in question. The assessment recommended a $100 grant, based on estimates of the minimum monthly expenditure per month for food, sugar, oil, water for livestock and household consumption, human and livestock drugs and relocation costs for livestock. This grant was expected to last for two months. However, because funding was limited and the number of needy households high, the grant amount was reduced to $50. Variation in exchange rates offered meant variation of nearly 40% in the real value of the transfer.

Delivery System / Mechanisms

Village distribution points chosen based on the availability of a wire-transfer company, the village's centrality to surrounding pastoral settlements and the distribution of sub-clan groups. The implementing agencies never handled the cash physically; instead, two reliable and flexible money transfer companies were used. The agencies affected bank transfers to the money transfer companies, who distributed cash to beneficiaries. They took full liability for all project monies, and agreed to cover any lost or misallocated funds. They also agreed to ensure security during the actual distribution. Two guards attended each distribution event.

Monitoring and Evaluation

Clear monitoring agreements were negotiated with the beneficiaries, village committees, the money-transfer companies, and implementing agencies. Horn Relief and NPA staff were deployed in the field to report on progress and noting any unexpected security incidents. Horn Relief implemented a post-distribution monitoring survey and OCHA surveyed the mechanics of the grant distribution, targeting and outcomes. Finally, an external team of consultants conducted a more in-depth evaluation exercise to measure impact and efficiency of the program.

Outcomes / Impact

The project targeted pastoralists who were at risk of destitution, including elderly, FHH, and the disabled. A clan-based selection process resulted in only 3% inclusion error. Exclusion error was not reported. Beneficiaries were able to access shops and services at a fair price, no undue inflation was recorded. About 97% of cash received was used for food and water purchase, health care and debt repayment. Significant sharing was reported, which decreased household impact but bolstered social capital. Food consumption increased on average by one meal per day. The incidence of begging was down by 90%. Cash was empowering and allowed the purchase of non-food essentials and debt repayment.

Market impacts were positive as well. Nearly all of the cash distributed was spent locally, directly benefiting local traders. These traders, who were well informed of the upcoming cash distribution, provisioned their shops in preparation for the influx of cash, therefore averting inflation risks. Aware that the grant would be relatively modest, none of the traders inflated prices. The cash contributed to the revival of the credit system, as beneficiaries repaid debts. This has positive effects on trade and the local economy. In each village, at least one retailer who had been forced to close his/her shop (credit) was able to resume trading as a result of the distribution.

Administrative Function and Cost-effectiveness

The project team leader had prior experience with cash-based interventions, which was helpful for assuring efficient operations. Total overheads were 17%, meaning that 83% of funds went directly to beneficiaries. In this context cash relief was deemed more cost-effective than other interventions.

Risks or Negative Outcomes

The project assumed a household size of six while actual size was closer to 8-9 persons/household. This shortfall decreased impact for some households. The strategy to target women based on gender roles and assumed greater capacity of women to prioritize household expenditures, led to a few accusations of cultural imperialism. For the most part, however, men accepted the strategy. Fears about diversion to anti-social uses and concerns that free cash would discourage participation in CFW schemes did not materialize. Use of *qat* increased in the zone but was linked to greater circulation of cash among the urban business community rather than a change in usage among beneficiaries. The pilot did cause some political discord between regional governments, including accusations of money diverted to arms purchases. The evaluation team concluded that these accusations were unfounded. No significant security situations were reported, either for distributors or beneficiaries.

2 Cash for Relief Project, Ethiopia, 2003, CARE International

(Yoseph 2004, CARE 2003)

Assessment / Problem Identification

Government, donor and NGO assessments indicated that populations in East and West Hararghe zones had experienced a rapid deterioration of their food security due to poor seasonal rains, poor crop production, and the limited effectiveness of traditional coping strategies. About 40,000 people were particularly affected by acute food insecurity after the relative failure of both the short and long rains. Lack of pasture and failure of water sources affected livestock production. Crop losses reached between 45 and 85%. Acute malnutrition was measured at 15.2% with 3.6% of those cases severe. Affected populations mentioned that purchase of food grain is the major expenditure item with the major source of cash being the sale of fuel wood/charcoal (a destructive coping mechanism). After discounting food aid, the monthly household cash deficit was at least 60 birr (nearly $7) that was being filled through the sale of household assets.

Program Objectives / Interventions

The cash transfer project had the following stated objectives:

- Provide access to a nutritionally adequate food basket through purchase of complementary food inputs such as additional cereals, pulses and vegetable oil;
- Allow retention of food aid by eliminating the need to sell a portion in order to purchase salt and other condiments;
- Improve access to better domestic hygiene through purchase of soap and water containers;
- Improve health conditions through access to adequate clothing and blankets;
- Ensure children's school attendance through purchase of school materials and payment of fees; and
- Reduce environmentally harmful practices such as collection of firewood and charcoal burning for sale.

The entitlement was built around conditionalities, a labor contribution for community asset creation, non-labor social contributions (e.g. child-care), or participation in training. Participation in activities was tailored to the contributive capacity of each family. A core element of the program was a requirement for two members of each beneficiary family to attend one full day of community education per month. CARE provided a monthly cash provision of 20 birr ($2.25) per beneficiary per month, which for an average family of 6 members (5.8 precisely for this Zone), would mean about $13.50 per month. While it was felt that it might be more appropriate to tailor the size of the cash transfer to the specific needs of different income groups, the logistics of individual assessment and delivery were felt to be prohibitive on such a large scale.

Delivery System / Mechanisms

Transfer and storage of cash used a local branch of the Awash Bank and was conducted in close consultation and cooperation with district (Woreda) government, including police forces. Each payment center was staffed by two cashiers, one each from CARE and the Woreda. Supervision and verification was also provided by the CARE monitor and a local administrator. Cashiers were trained in the operating procedures prior to project commencement. CARE issued a check for each community each month, with the cash signed over to the cashiers responsible for that distribution. Each cashier had a safe box for holding cash during distribution. Safe boxes were kept overnight in a guarded premises, and the key held by the CARE cashier.

Monitoring and Evaluation

CARE programmed and managed these M&E events: a) ongoing project monitoring of beneficiary households; b) ongoing market price surveys and trader interviews, and c) end of project survey of 12% of participant households (30x30 random sampling using CSI methodology). A final project evaluation analyzed impact and cost effectiveness of cash methodology, identified constraints, and recommended future steps.

Outcomes / Impact

Beneficiaries confirmed that the cash received per month per household was adequate in the light of their desperate situation. Use of cash was as follows: the first round went to clothing (39%), livestock replenishment (23%), food (17%), household utility purchase (10%), medication and children's education (6%), debt servicing and other financial obligation (3%), and house maintenance (2%). Cash utilization of the last round of disbursement shifted to: 37% on livestock, 21% on food, 15% on clothing, 12% on household utility, 6% on medication and schooling, 5% on house maintenance, 4% for meeting other financial obligations. Overall expenditure pattern shows that livestock was the most significant purchase at 32.5%, followed by clothing 23.5% and food 20%. Positive market impacts were not reported. Market prices of cows and sheep increased due to increased demand. Prices of cereals did not inflate, however. The evaluation also did not specifically measure outcomes for other objectives, such as adequacy of food consumption and better health and hygiene conditions.

Administrative Function and Cost-effectiveness

Local government offices were reportedly not equipped in time and skills to manage a cash transfer program. CARE had experience with seed vouchers that helped in this case. Ultimately cash distribution activities were jointly implemented by CARE and Woreda staff and cash boxes were held overnight on official government premises, with keys retained by CARE staff. All financial reconciliation documents required the signatures of both the CARE and Woreda team members. The program estimated indirect administrative costs of about 25%, which was said to be similar to costs for food distribution.

Risks or Negative Outcomes

The cash transfer activity partially overlapped with a government resettlement program. Evaluators found that some cash recipients were reluctant to sign on for resettlement in hopes of continued cash benefits.

3 Cash Transfer Programme, Malawi, 2005-2006, Oxfam

(Harvey and Savage, 2006; Mtonda, 2006)

Assessment / Problem Identification

This pilot was implemented during a major food crisis and massive emergency food aid response. This was due to a poor harvest in 2005 for most of Malawi, particularly the south, affecting not only the main staple crop, maize, but sweet potatoes and cassava, as well. The national maize harvest was 26% lower than the year before, while the roots and tubers harvest was 9% lower. Significant food insecurity throughout the country led agencies and governments began to draw up response plans. WFP was having trouble acquiring food; leading to proposal for cash. The decision to implement a cash-based response was also based on a desire to experiment and learn, especially given the wide criticism of food aid in a previous emergency response in Malawi. Thyolo District was selected for the pilot because of high levels of food insecurity, presence of Oxfam, and proximity to informal food imports from Mozambique.

Program Objectives / Interventions

The ‘purpose’ was to protect the livelihoods of chronically poor farm families and enhance resilience to shock. Ultimately, 6,000 households benefited from the project. Oxfam provided an unconditional, monthly cash transfer (MK 2,500/month or about US$20/month) to households in 30 villages. The cash was aimed at providing at least 50kg of cereal, 5 kg of pulses and 1 litre of oil (equal to the food aid ration) or 1,000 to 1,500 kilocalories per person per day for a family of 5 people. (Due to inflation, the 2500MK allotment was ultimately worth far less than the food ration.) An elaborate targeting plan was conceived, involved both economic and social criteria. Economic criteria included ownership of land/livestock, income and employment, and other factors. Ultimately, it was decided to use social criteria (e.g. households with chronically ill, disabled, or orphans), as economic criteria were too hard to use. Village committees helped register all households with people who were chronically sick and, in some villages, all HIV positive people.

Delivery System / Mechanisms

Cash Distribution Points (CDP) were identified where beneficiaries would come to collect their cash from Oxfam personnel on a monthly basis. The selection of these sites was based on proximity to beneficiary concentrations and security for staff and beneficiaries. Money was transferred from the Blantyre project account to the Thyolo District account. The Oxfam Finance Manager prepared a request for two separate checks for each distribution day. The request would be authorized by the program manager and a check would be raised in the name of any of the Finance staff. This role for Oxfam was required in part because of the refusal of banks to relocate to the rural locale.

Monitoring and Evaluation

A monitoring and evaluation system was well-designed but its implementation was described as unsuccessful because it was too ambitious and required too much quantitative data. Much of its analysis came too late to influence the project. Cash monitors conducted post-distribution monitoring (PDM) through the use of a coded questionnaire. The PDM was done two weeks after the last cash distribution date. The PDM was designed to collect and analyze information on the following areas: household demographics, targeting, cash decision making, cash utilization for food and non-food items, dietary diversity. Ultimately, measurement and analysis of cash use was not done. A mid-term evaluation was also conducted by Oxfam. Its findings were not reported until after the pilot ended. Summative evaluations/reviews were led by WFP-Malawi and ODI.

Outcomes / Impact

Oxfam did not measure food purchase and consumption so cannot say if such key objectives were achieved. Since maize was largely imported and profit margins low, little positive market impact was seen. Some purchase of locally grown vegetables contributed to the local economy. The strong sensitization and oversight was said to have reduced corruption. All beneficiaries knew the process and the proper amounts to receive. Anecdotal suspicion that food aid was sold, to have cash for required purchases. With such a high market price for maize, there was much incentive to sell. The significant purchase of fertilizer meant that either other cash needs weren’t great or people ate less in order to buy fertilizer.

Administrative Function and Cost-effectiveness

Involvement of the Oxfam finance department early in the process was key to success. Although the plan was for communities to take lead in registration, there was a need to have presence of Oxfam staff or extension staff to monitor the process. Security provided by two security personnel (contracted off-duty police) would go to the bank, cash the check for the morning and from the bank, the vehicles would pass through Oxfam Office to pick the rest of the team to the cash distribution point. The vehicle carrying cash was always in the middle of the three vehicles with the security personnel vehicle trailing. Private security company refused to work in rural situation. The program was said to have under-invested in management capacity and monitoring and only claimed a 3% administrative cost.

Risks or Negative Outcomes

During the assessment communities stated a preference for food over cash but were not heeded. The contingency plan to increase to 3,000MK if market prices of maize increased was not implemented. Weak market price monitoring failed to note price inflation and food shortages in the market and compromised the success of the project. The evaluation team felt that these market effects were predicted during the feasibility assessment and ignored. Maize prices on local markets increased by a factor of three between April and November. It was observed that some traders were increasing their profit margins by purchasing maize at subsidized prices from ADMARC, the national grain cooperative, and reselling to consumers at inflated prices. In one village it was reported that the mention of chronically ill households being potential beneficiaries led to some self stigmatization on the part of some ill people, to the extent that they did not want to be identified. Some officials reacted negatively to the use of cash, thinking that there would be jealousies between communities and invite inclusion error.

4 Food and Cash Transfers Project, Malawi, 2005-06, Concern Wordwide

(Concern Worldwide, 2006; Devereux, et al., 2006)

Assessment / Problem Identification

A national survey found that the nutrition situation was 'serious' in five of Malawi's 26 rural districts – including Lilongwe, one of Concern Worldwide's program areas – and that an 'alert' was warranted in eight other districts. Market indicators showed that supply of maize was becoming critical (ADMARC was running out of food and prices were going up). Concern conducted an ad hoc rapid food security assessment in the three districts of central Malawi where it is operational, and found evidence that food prices already exceeded predictions in some rural markets, and that households were exhibiting unusually high levels of stress for the time of the year

Program Objectives / Interventions

The project sought: a) to provide nutritional support to households overlooked by the government's emergency response; b) to provide a temporary safety net to minimize the need for destructive coping strategies; and c) to explore the effectiveness of cash transfers in addressing food insecurity in humanitarian emergencies. A mixed entitlement was chosen because cash alone, while more empowering and cost-efficient than food, may fail due to market shortages and price inflation. FACT delivered a package of food (20kg maize, 4kg beans, 1 litre cooking oil) plus cash (equivalent to the cost of buying the same package of food at current local prices) each month. Together, this was to cover half of households' food needs. Cash transfer varied from 350 MK/month (about $10) for small households to 2,450MK/month for large households and were adjusted each month to allow for food price variation. To facilitate logistics, the food ration was the same for all household sizes while the cash component varied depending on the number of household members.

Delivery System / Mechanisms

The process began with beneficiary registration and issuance of ration cards. Targeting used traditional vulnerability criteria (e.g. OVCs, elderly) and not food insecurity indicators. A 'community triangulation' method was used, whereby consensus helped determine who should be included or excluded. To avoid counterfeiting, cards were printed on colored paper, included a unique beneficiary number and were officially stamped. Ration cards had a grid for recording food delivery; cash was sealed in envelopes with beneficiary information. A Concern finance person received cash at the bank. Envelopes were filled by all project staff. Evaluators stated that the transfers to FACT beneficiaries was close to impeccable, with commendably few errors, late deliveries and complaint from beneficiaries, and no incidents of corruption or theft.

Monitoring and Evaluation

Concern implemented a comprehensive monitoring system, designed to: measure the extent to which the project stabilized household food supply and prevented asset sales; assess the accuracy of targeting; and assess the appropriateness of cash as a means of tackling food insecurity and the impact cash transfers had on household and community dynamics and local markets. The main tool was a household survey (post-distribution monitoring) involving several hundred beneficiary and non-beneficiary households. Secondly, an external evaluation team assessed impact in several communities soon after FACT ended. In addition, the FACT team conducted regular market surveys to monitor food prices in the week before the monthly FACT distribution, in order to establish the correct level of the cash transfer.

Outcomes / Impact

About 60% of cash received was spent on food and about 84% of beneficiaries stated that food was their biggest expenditure. Consumption was higher and diets were more diverse in beneficiary households compared to non-beneficiaries. Beneficiaries were less likely to adopt damaging coping strategies that could undermine their future livelihood viability, such as selling their productive assets and borrowing at high interest rates to buy food. Almost all of the food transferred by the project was consumed by beneficiary households, usually within the month of distribution. Cash transfers were used for a wide variety of purposes –basic needs (staple food, relish, groceries, health), investment (farming, business, education, assets), other needs (repaying debts, social obligations), and wasteful consumption (alcohol, womanizing). Beneficiaries generally avoided daily farm labor since they had cash income, particularly helping households with labor constraints. Social capital was built when food was shared with hungry relatives or neighbors – about one in four female-headed non-beneficiary households reported having received such assistance from FACT beneficiaries. There is no evidence that FACT had any discernible impact on local or national food markets in Malawi, either negative (inflationary consequences of cash transfers) or positive (cash transfers stimulating traders to supply food to deficit markets). This is probably attributable to the project's limited coverage and short lifetime.

Administrative Function and Cost-effectiveness

The FACT project was Concern's first experience with cash distribution in Malawi. Managing process required much innovation and 'learning by doing'. In addition to Concern in-country staff, a consultant was hired for design, start-up and management tasks. Thorough documentation created by Concern should serve well future projects of this nature.

Risks or Negative Outcomes

Some negative social impacts were observed, including men and women fighting over the use of cash and tensions between beneficiaries and non-beneficiaries. As a general rule, it seems that FACT food rations were under the control of women (even in male-headed households), but FACT cash transfers were usually under the control of men (if men were present). Extravagant or wasteful spending was minimal (about 2.3%) due, reportedly, to the gravity of the situation and messages by agency. Staff kept a low profile to avoid attracting thieves. Despite some concern, no security incidences took place.

5 Tanout Cash Transfer Project, Niger, 2005, British and Nigerien Red Cross

(Univ of Arizona, 2005 and 2006)

Assessment / Problem Identification

Assessments showed that over 63% of the population were living below the poverty line ($1/day) and 34% were living in extreme poverty. Niger experienced an extreme food crisis in 2005 due to localized crop failure, locust infestation, widespread fodder deficits, and increased market cereal prices. Most Nigeriens live in a state of chronic food insecurity and have few alternatives to fall back on when crops and/or fodder pastures fail. This food insecurity is further compounded by chronic malnutrition, which has been assessed at almost 40 percent countrywide. Compounding the food crisis, Nigeria imposed restrictions on cereal exportation to Niger because of its own cereal shortfalls. Market assessments, however, showed that food was available and people were selling assets to allow market purchases. Additionally, teams found the local markets were very much alive, not typical subsistence markets as seen in other parts of Africa. The markets, it was thought, should be able to sustain the impact of a regional cash distribution.

Program Objectives / Interventions

The objectives of the project were: to increase food access in targeted households; to increase household food security (e.g. decreased reliance on negative coping strategies, increased value of livestock, increased number of income sources, etc.); to increase community resiliency to future food security shocks; and to increase local capacity. The project delivered cash grants to over 5,000 households. These unconditional cash transfers delivered one-time grants to all households in eighty-eight selected villages and three pastoral settlements. Vouchers were considered but rejected because of an illiterate and unsophisticated population. The grants were valued at 120,000 FCFA (approximately $240USD) estimated to equal the subsistence rate needed to feed a family of seven for 40 days. The project decided to transfer cash to all households within each selected community based on small average community size, vulnerability, cost and time constraints, and cultural norms. To be included in the cash transfer, villages had to be within a prescribed geographic zone and meet a food deficit threshold. Cash was distributed to women in an effort to address their heightened vulnerability and to better assure the use of cash for household necessities.

Delivery System / Mechanisms

Money was wired into Niamey, Niger's capital, then wired to an account in a bank branch in Zinder, located a two hour drive south of Tanout. From Zinder, the bank had full responsibility for the cash until it was signed for, in small installments over the period of the cash distribution, to the Tanout BRC/NRC project office. Project staff and volunteers worked in teams to divide the cash into FCFA 120,000 increments and delivered it to household representatives in targeted communities. This method of direct delivery, utilizing local banks, proved highly efficient in the Tanout project. Beneficiaries were issued photo IDs with names of household members inserted. These were checked and cross-referenced with beneficiary lists at the time of distribution.

Monitoring and Evaluation

A four-phase monitoring was employed whereby indicative data were collected prior to and at various points of time in the project cycle. The University of Arizona was contracted to implement an 'academic grade' monitoring and evaluation process. The NRC played a significant role in monitoring project activities and outcomes. This investment was made so that documentation would be complete and the entire aid community would benefit fully from the lessons learned from the project. The evaluation involved data collection in project villages as well as nearby 'control' villages (similar but not receiving transfers). Three main instruments were used to gather data: namely a household questionnaire, an anthropometric survey, and a focus group discussion format. An integral part of the project was monitoring market prices throughout the Department, a role largely played by the NRC.

Outcomes / Impact

An overwhelming majority of households used the money they received on grain stocks, clothing, and livestock. The poorest beneficiary households had slightly better food consumption/diet diversity. Other reported uses of the cash included paying off debts and health expenditures. Social capital was built as many recipient household engaged in shared efforts to benefit others or the community e.g. pooled money to build house for teacher. Some data indicate that recipient households were more likely to retain livestock and had less debt than control households. This is not surprising as nearly 50% of beneficiaries used cash to pay off debts. Data indicated that the infusion of cash did not distort market prices.

Administrative Function and Cost-effectiveness

Tasks were divided among British, Swiss and Swedish Red Cross Societies, in affiliation with IFRC, the Nigerien Red Cross (NRC), and the University of Arizona. The consortium approach caused confusion of roles and responsibilities. In particular, information generation and dissemination was hampered by poor coordination among stakeholders. Better planning could have made the process more efficient. No cost or cost-effectiveness estimates were reported.

Risks or Negative Outcomes

High exclusion error occurred, ironically, even though all households were supposedly targeted in each community. Up to half of households were excluded due to their absence at the one-day only registration. The distribution was to take place in late August-September to correspond to the hungry period prior to harvest. However, delays occurred due to fund raising challenges. The cash distribution was finally planned to begin in mid-October but was again suspended due to opposition raised by the WFP and subsequently the Nigerien government. These delays caused a key window of asset protection to be missed. Another unintended impact of the project was frustration and fatigue among control villages, where four phases of data collection occurred, and communities received no intervention.

6 Emergency Cash Transfer Programme, Zambia, 2005-2006, Oxfam GB

(Bwalya and D'Souza, 2006; Harvey and Marongwe, 2006; Harvey and Savage, 2006, Saudubray, et al. 2006)

Assessment / Problem Identification

In 2004/05, erratic rainfall and drought in the southern two-thirds of Zambia severely affected crop production, leaving 1.4 million people in need of food assistance. A national disaster was declared in late 2005 and appeals were issued for emergency relief. Assessments identified Western Province as among the areas facing the most severe acute food shortages, with about 40% to 90% crop failure. These factors reinforced other underlying vulnerabilities such as high HIV/AIDS incidence, macroeconomic decline, and reduced households' access to food and other essential non-food items. A market analysis helped determine that beneficiaries would be able to access adequate food with a cash transfer. The market analysis steered Oxfam away from areas where the market conditions were not conducive to cash transfers for food security.

Program Objectives / Interventions

The main objective was that beneficiaries would be able to use the cash to purchase the quantity of food they needed for avoiding negative coping strategies, or to purchase an amount comparable to the equivalent of a food aid ration. The program did not have an explicit objective related to local economic development. Initially, cash transfers were provided to 10,500 households with 13,500 eventually receiving cash. Oxfam's aim was to provide households with sufficient cash to buy 50kg of maize, 1 liter of oil, and 5kg of beans – the equivalent to a WFP food aid ration. Ultimately, households received 90,000 ZK ($20US) per household for each of four months. An estimated 80% of beneficiaries were participants in public works activities, with the remainder receiving their entitlement unconditionally. The baseline market analysis provided the data necessary to estimate the cash value based on price projection expectations. The exact size of the cash transfers was not reported. Ultimately, cash and in-kind transfers both provided about 50% of the households monthly food needs.

Delivery System / Mechanisms

Oxfam signed an agreement with Standard Chartered Bank to deliver the cash, which in turn contracted a private company to provide security. Cash was pre-packaged in individual envelopes by the bank and transported to distribution sites by a security company vehicle. The cash was distributed to registered beneficiaries by two tellers hired by the bank, overseen by Oxfam staff.

Monitoring and Evaluation

The project's M&E system included post-distribution monitoring (PDM), a mid-term evaluation, a market analysis conducted by the University of Zambia and feedback from a real-time evaluation (RTE) team looking at cash transfers and food aid. The RTE addressed targeting, implementation and impact issues. ODI was contracted to conduct a final evaluation. Oxfam carried out four quantitative post-distribution monitoring exercises with locally hired enumerators. The final two were unfortunately completed after project ended.

Outcomes / Impact

Oxfam's PDM data showed that beneficiaries spent between 84% and 91% of the transfer on food. This allowed households to access food of equal nutritional value as the WFP food ration. An indirect benefit was an increase in spending on health and education. Women were more often the recipients of cash transfers and for the most part expressed an equitable role in decisions on its use. A strategy for many women was to go straight from the distribution point to the market, allowing them greater control of spending decisions. Recipients of cash transfers primarily purchased food, protecting food consumption levels and reducing the need for piecework and gathering wild foods. This enabled recipients to spend more time working on their own agricultural production. Other positive outcomes included reduced numbers of adults eating fewer than two meals per day and children eating fewer than three meals per day, attributable to cash transfer. The cash transfers boosted the profits of local traders, and increased purchasing from local producers. This was a logical inference as the food purchased was locally grown for the most part. No sophisticated evaluation was conducted of market impacts.

Administrative Function and Cost-effectiveness

Oxfam was the implementing agency with financial support by DFID. The project functioned properly and efficiently, i.e. people received the cash that they were meant to and were able to use that cash to purchase basic items, mostly food. The project encountered no major security problems: the cash was delivered and spent safely. Cash transfers were timely, unlike food aid, which was frequently late. However, the rapid strengthening of the kwacha, increased costs by 30% and decreased the value of the cash transfer, which was calculated in foreign currency. The administrative costs of the project (Oxfam staff, transport and support) were high – more than 30% of the value of the cash distributed. Evaluators thought that this exceeds what should be good practice for cash distributions. Factors that increased costs included Oxfam's costs of expanding into a new area and enhanced monitoring costs. Banking and security fees were not significant.

Risks or Negative Outcomes

While targeting complications or irregularities existed, the vast majority of beneficiaries of cash (or food) were in genuine need. These targeting difficulties (such as committee members appearing on lists) are common in many food aid programs. Evaluators concluded that any anti-social use of cash received was relatively limited. Men in the area were disappointed that women would collect and manage the use of cash but no major intra-household disputes were noted. A factor related to markets was the shortage of maize grain in more remote areas, forcing people to buy more expensive maize meal. This meant that some households purchased less food than they would have received in a typical food aid ration. There were also concerns that access to markets in remote areas was difficult, and people had to walk for long distances to buy food.

7 Food Voucher System, Zimbabwe, 2005-2006, Oxfam GB

(Oxfam, 2006)

Assessment / Problem Identification

Rainfall was erratic and poorly distributed during 2004-05, with long dry spells that led to generally poor crop production. Livestock production was also compromised as water sources dried up and pasture lost productivity. The market situation was poor, with escalating prices of basic food commodities, linked in part to parliamentary elections. Basic commodities became scarce and people started hoarding and reselling on the black market. An assessment showed that food remained the priority need of the majority of "Operation Clean-Up" Internally Displaced Persons (IDPs). The idea of using food vouchers was based on the logistical challenges associated with food aid distribution in such a sensitive emergency program. For the most part, food was available for purchase in the local market although not accessible by beneficiaries due to high costs. The targeted communities were urban residents who were accustomed to purchasing their necessities in the market.

Program Objectives / Interventions

The project aimed at supplementing income for the purchase of essential food items through the provision of food vouchers for targeted IDPs. The food vouchers were designed to be redeemed for food entitlements at designated retail outlets after a rigorous verification process. Vouchers were distributed monthly for a 4-month period between January and April 2006. Each food voucher was expected to supplement food needs for a household of 5 people. A value of US$14 was chosen and cash was distributed in US currency assuming the hyperinflationary environment in Zimbabwe and continuously devaluing local currency. The foods that could be obtained with the voucher were: maize-meal, 20 kg; wheat meal, 15kg; beans 2kg; kapenta, 1kg; salt, 500g; cooking oil 750ml; and peanut butter, 375gr.

Delivery System / Mechanisms

The implementation process followed was made up of these steps: voucher preparations, development of monitoring tools, distributions, redemption of vouchers, and reconciliation. Two national supermarket chains were contracted to provide food supplies for each of three communities. Desired commodities were not always available so Oxfam GB and her partners worked with beneficiaries to make changes to the food basket. The procedure for redeeming the vouchers with retail outlets comprised the beneficiary presenting their Identification Cards (ID) and voucher to the Oxfam GB implementing partner representative for verification and then escorted them to the retail outlet. In exchange for the voucher, the beneficiary was issued a receipt specifying the quantity and cost of each food item. The beneficiary was then issued his/her food. The beneficiary handed the receipt to the project representative and signed a distribution list. After each distribution, receipts were forwarded to Oxfam GB's Finance department for reconciliation.

Monitoring and Evaluation

System monitoring was the joint responsibility of all stakeholders including beneficiaries, implementing partners and Oxfam to ensure that food resources were properly utilized and intended beneficiaries received appropriate food items. An M&E Field Monitor was responsible for conducting on-site and post distribution monitoring. The project monitored 30% of the distribution sites, which were purposively selected. The Oxfam Finance Team and project staff carried out periodic audits so that any inconsistencies could be clearly seen and all vouchers could be accounted for. Themes for monitoring included changes in food costs, beneficiary substitutions, receipt losses, late food supply and general gaps in the distribution lists. One of Oxfam's biggest tasks was reconciling payments to the retail outlets. Receipts were reviewed against food distribution and redemption lists to ensure that the quantity of each commodity purchased corresponded to what was signed for by beneficiaries and did not exceed the number of vouchers allocated to each distribution and redemption point.

Outcomes / Impact

Available reporting made no reference to measured or anecdotal impact. A mention was made of the need for larger rations for larger families, implying some inadequate support for them.

Administrative Function and Cost-effectiveness

Agreements were made (after some delays) and signed between Oxfam and the implementing partners and grocery stores. The use of the voucher system was expected to reduce the logistical and food storage pressure on Oxfam program partners. Oxfam-Zimbabwe had previous experience with a seed voucher program, which influenced the decision for food vouchers. Different arrangements were made with different grocers as to the design and nature of vouchers, and had unique methods for recording and reporting receipts. Evaluators reported that although this did not have any significant negative impact, the transparency and accountability would have been better with standardized record-keeping. The system worked best in cases where Oxfam was directly involved in preparing the vouchers, recorded them into the system. A final survey indicated that most of the beneficiaries were aware of their voucher entitlements and the general information about the FVS.

Risks or Negative Outcomes

The voucher distributions and redemptions were unwieldy and overly lengthy exercises, with some beneficiaries having to wait for several hours before being served. All sites had problems of incomplete registers, a high presence of unregistered beneficiaries, a low turnout of those registered due to poor information dissemination and the absence of some of the Implementing Partners' own staff. Problems with implementation mostly related to record-keeping or contractual arrangements with partners. One grocer failed to collect receipts from beneficiaries throughout the three distributions. In one site, there were differences in prices between outlets for items and some items could not be supplied on time. Price variation was due to different quality of product. This site also suffered from food shortages: from one month to another one or a number of the commodities would either not be available at all or in insufficient quantities.

8 Kenya Drought Emergency Response (KDER), Kenya, 2006, Catholic Relief Services

(CRS, 2006)

Assessment / Problem Identification

After years of poor harvests, 2005-06 was predicted to see the worst drought in northern and eastern Kenya in 50 years. Household assets that might be used to cope with difficult times were significantly depleted and rates of acute malnutrition were approaching 30%. Assessments indicate that 43% of the population lives in absolute poverty (earning less than $1 a day) At the same time, national production of staple foods remained positive and markets conditions were conducive to market-based approaches, although prices of beans, rice and maize were increasing. Household assessments by CRS confirmed that most households were down to one meal per day, and boiled maize was practically the only food in the diet.

Program Objectives / Interventions

The expected result of the RAP was that targeted families would supplement their diets with additional nutritious food. This would be accomplished by improving household access to food in the market and improving knowledge of good nutrition. These objectives were expected to indirectly contribute to restoring the livelihoods of drought-affected households. Targeting largely focused on two vulnerable groups: pregnant and lactating women and households with malnourished children under five. Food vouchers, redeemable at local shops, were distributed on a pilot basis during a five-month period. Vouchers, distributed through existing health centers, had two values. An individual voucher, worth 540 Kenyan schillings (KS) or about $7.50US, was given to pregnant and lactating women. The value was intended to correspond to the price of 12.5 kg of cereal and 6 kg of beans. Households with malnourished children under five were provided a monthly voucher worth 1,080 KS, valued for 25 kg of cereals and 12 kg of beans. Beneficiaries had unrestricted freedom to choose what foods to purchase.

Delivery System / Mechanisms

Health centers, already registered with the KDER program were charged with identifying and registering eligible beneficiaries. CRS generated a registry of food retailers willing and able to supply food through voucher exchange. Suitable retailers had to have a bank account (for reimbursement of collected vouchers) and be willing and able to fill in purchase data on the back of vouchers. Start-up involved sensitization meetings with beneficiaries, traders and health center staff. Distribution at health centers was staggered over several days to moderate demand in the market-place. Prior to distribution, beneficiaries attended a health and nutrition training session. Commodity prices were agreed to between RAP staff and shop owners on a monthly basis. Vouchers were collected from retailers on a bi-weekly basis and were reimbursed via bank transfer.

Monitoring and Evaluation

CRS managed a comprehensive M&E system that included a set of forms for monitors of registration of beneficiaries and food voucher distribution. An evaluation scheme involved baseline, mid-term and final data collection from a random sample of communities and households. Data was collected for a variety of impact indicators, including nutrition and household asset ownership. Finally, a market survey was implemented to track program impact on food prices and availability. Data on nutrition and markets were collected on a weekly basis. Used vouchers had information on what foods and how much were obtained. A consultant was hired to design the M&E system.

Outcomes / Impact

The results of the RAP final evaluation have not yet been published. Preliminary findings were that the program worked as designed and was preferred over in-kind food distribution. Distribution reached more than 96% of eligible participants; only a negligible amount of vouchers went unclaimed or unused. In addition to maize and beans, small quantities of cooking fat, margarine, wheat flour were the main items purchased. By distributing vouchers through health centers, the program had a positive impact on the use rate of those facilities and immunization rates of children of beneficiaries. In particular, beneficiaries felt that receiving and using vouchers was a more dignified way to receive assistance. The market proved capable of keeping up with increased demand. Most shop owners increased stocks as a result of the program and could replenish stocks without seeking credit.

Administrative Function and Cost-effectiveness

CRS managed the pilot through a network of implementing partners. CRS was well placed for managing a voucher program as it had ample experience with seed fairs using vouchers in East Africa. Lessons from the pilot included the need for intensive effort up-front to put a computerized system in place for screening beneficiaries, tracking distributions, and designing and printing vouchers. The use of beneficiary identification numbers, cross-referenced between distributions and food purchases, was effective in limiting inclusion error. No cost figures were documented.

Risks or Negative Outcomes

Donors were reluctant to fund the activity because of (unidentified) risks, probably related to the management of cash and collaboration with the private sector. A number of factors delayed the start-up of distribution. Beneficiary registration was slowed due to staff shortages at health centers. In addition, many women did not have identification cards during registration. The program also had to endure delays while shop owners, new to the use of vouchers, were being convinced to participate. The report did not describe any findings regarding ‘misuse’ of vouchers (e.g. to purchase alcohol or cigarettes) or shorting by shop owners. The report also did not comment on any exclusion error that might have resulted by having registration done at a small set of health centers.

9 Cash Grants for Disaster Response, Mozambique, 2000, CARE/2 national micro-finance institutions

(Nagarajan, 2001)

Assessment / Problem Identification

Devastating floods were experienced in many parts of the country in early 2000. These floods were unexpected and caused unprecedented damage. The informal social net was weakened and limited since the floods affected a very large population in a vast area. Farming activities were suspended due to damaged irrigation systems and saturated soils. Limited opportunities remained for conventional coping mechanisms such as selling off of assets, selling labor in local markets, borrowing from friends and relatives, utilizing savings, and institution loans. The microfinance sector was unprepared for a natural disaster similar to the floods, with no contingency plans or insurance policies in place.

Program Objectives / Interventions

The program explicitly intended to contribute to livelihoods recovery. The benefit was a cash transfer without conditionalities, although there was ultimately some pressure applied by MFI representatives that at least some of the cash would be used to repay old loans. An additional benefit was the rescheduling of outstanding loans for clients of the participating micro-finance institutions (MFIs). The program was implemented in conjunction with other relief programs that distributed in-kind food and non-food items. Linking these grants to food aid made it more likely that they would be used for rebuilding livelihoods and not immediate consumption. The clients of one MFI (FCC) received a one-time grant of 1,600,000Mt (or about US$100). The clients of a second MFI (CCCP) received cash grants in the following amounts: Mt. 750,000 for non-active clients (about US$47); Mt. 1,520,000 for active clients (about US$95). In the case of FCC, grant eligibility was that clients needed: a) to have an outstanding balance at the time of the flood, b) to have a loan that was restructured before floods but were paying dues; or c) to have repaid their loan during the moratorium preceding the floods and were awaiting a new loan. Clients from banks that were written off as unrecoverable in 1999 were ineligible. For CCCP, all members of the association affected by the floods were eligible. A list of eligible clients was compiled by the end of April 2000 and cash grants were distributed to 2,036 MFI clients, 1,706 of FCC and 330 of CCCP. The program purposefully avoided people who were members of both MFIs.

Delivery System / Mechanisms

The MFIs distributed cash from their existing facilities, which were accessible by their clientele. No information was available on beneficiary identification, but as all beneficiaries were previous clients of the MFIs, their identities should have been easy to ascertain.

Monitoring and Evaluation

No information was available describing the monitoring systems in place. A consultant was recruited to conduct a project evaluation, which included the active participation of stakeholder institutions.

Outcomes / Impact

Much of the cash distributed was used for debt repayment. About 62% of the respondents repaid their loans with two goals in mind: to free themselves of debt and to protect their credit line for new loans at the right time. Of these, about 16% repaid due to insistence of MFI members and promoters. Some used the entire cash grant to repay loans. About 26% of the grants were used for buy household necessities. Much of the rest was use for financing livelihoods activities. Most of these latter two categories went to purchases in the local market. An impact that should not be overlooked is that the two MFIs were recapitalized and restarted making loans to their clients soon after.

Administrative Function and Cost-effectiveness

CARE did not have a presence in the area, which led to the decision to work through the two fledgling MFIs. The MFIs, in turn, saw this as an opportunity to serve their clientele and regain some financial sustainability. Safety measures were not described but the report did state that distribution was slow due to measures taken in consideration of staff carrying large sums of money. In addition, a lack of security was noted regarding documentation, implying that record-keeping was not very well developed. Coordination among CARE, FCC and CCCP was successful in enabling an effective delivery of the product. In addition, cooperation between FCC and CCCP helped to avoid duplication of grants to the same recipients. CARE inexperience in the area and with cash grants, in general, slowed down the distribution process, which took nearly a month for about 2,000 beneficiaries. Evaluators also offered the opinion that the participating MFIs, although successful in this project, remain unprepared to react appropriately to future disasters. Costs were difficult to analyze as this project budget was lumped with other relief activities. There was mention however of ‘tremendous’ costs on the MFIs for record-keeping.

Risks or Negative Outcomes

There were many documented cases where beneficiaries were pressured to repay their loans immediately with the cash grant received. This was not the intention of the program but came about primarily because it was MFIs doing the distribution. Only about 18% of beneficiaries linked CARE with the cash grants while 51% believed that the grants were issued by their MFI, as an emergency relief response. The fact that a relief program indirectly provided for loan repayments was thought to have encouraged non-payment on subsequent loans, in expectation of more grant money. In addition, some false expectations were generated by MFIs. For instance, they were rumored to encourage repayment with 1st cash grant to qualify for future, larger loans. Overall, however, the relatively small size of the grants diminished any sense of dependency among beneficiaries. The report makes no mention of the food insecurity situation of non-clients and the possibility that needy people were excluded.

10 Cash Transfer Pilot Project, Sri Lanka, 2005, WFP with Oxfam

(Tchatchua, 2006; WFP, 2006f; Mohiddin, et al., undated draft)

Assessment / Problem Identification

Food aid was a component of relief operations for Sri Lankans displaced by the December 2004 earthquake and tsunami. Assessment missions conducted over the January-May 2005 period indicated that markets (infrastructure, resources, and trading activity) in post-tsunami Sri Lanka should be able to respond to market demand created by a cash transfer, without inflationary impact. Assessments found that: physical damage of markets in was not significant and rice markets were integrated. In addition, a secure functioning government banking system was accessible to cash transfer beneficiaries.

Program Objectives / Interventions

The CTPP was designed with the objective "to compare the impact of cash and food assistance on beneficiary households' food and livelihood security and on the local economy". Stakeholders also hope to use the experience to learn about assessing feasibility and implementing cash-based programs. A research design was used to permit objective comparisons between cash and food. In addition, implementation took place in three ethnically distinct areas. District selection was based on: availability of Samurdhi Banks; ethnic and religious diversity; both government and rebel-controlled areas; strength of local economies and access to markets. In each selected Divisions, 50% of population were randomly selected to receive cash, and 50% food. Households were targeted based on the extent of tsunami damage and economic impact. The value of cash transfers was equal to the market value of the food ration which included (per capita/day) 400g of cereals, 60g lentils, 20g oil, 20g sugar and 40g Corn Soya Blend (CSB). This provided about 2000kcal/person/day. Ultimately, cash beneficiaries received Rs150 per capita/week (about US$1.50), or about Rs6,631 per household for the entire pilot.

Delivery System / Mechanisms

Cash was delivered by ten local branches of Samurdhi Bank against a coupon distributed to beneficiaries by project staff. The 12-week food entitlement was distributed all at once in a one-to-two day period while cash was distributed on a bi-weekly basis. In most cases, the male head of household was designated as the authorized recipient for both cash and food and would travel to distribution sites. Adequate publicity about the CTPP could not be provided due to political factors (forthcoming elections). Basic ex-ante information was only provided, where possible, at the community level.

Monitoring and Evaluation

A Task Force was created including WFP, government and other institutions to plan and undertake comprehensive operational monitoring. Detailed monitoring procedures and guidelines were developed. A project evaluation was designed, primarily to compare livelihood outcomes for cash vs. food recipients, and conducted by IFPRI, with support by a local contractor. A baseline survey was undertaken before the start of the cash distribution (October-November 2005) and data were analyzed against a follow up survey conducted in February 2006.

Outcomes / Impact

The evaluation showed that virtually all households received the full 12 weeks of rations in the case of rice, flour, pulses, sugar, and oil. However, only 60% received the full CSB ration. Conversely, 96% of cash households received their full entitlement and less than 4% reported having to pay fees at the Samurdhi Bank. Consumption of staples (e.g. rice) increased for households receiving food in-kind and declined for households receiving cash. But, although cash households tended to consume less food in terms of quantity, they had a higher quality diet, consuming meat, dairy products and packaged foods in greater quantity. This impact was particularly evident in the poorest districts. Non-food expenditures (e.g. footwear) also increased for cash households. For all beneficiaries, average daily caloric intake declined from 2,538 (at baseline) to 2,152 (follow-up survey). The decline, however, was explained as a seasonal phenomenon linked to religious festivals occurring during baseline data collection. Almost 60% of food households incurred additional costs for transporting the food ration from the distribution site to home. The cost (Rs141.95) totalled a bit over 2% of ration value for the entire program cycle. Cash was quicker to collect than food (an average two vs. three hours). The evaluation did not detect much impact of food or cash on livelihoods. Moreover, there were indications that cash created some disincentive to work relative to food. No effects were reported regarding repayment of outstanding loans. Beneficiary preferences for cash vs. food were mixed. In areas with stable markets and safe conditions, cash was preferred. In less stable areas, in-kind distribution was preferred.

Administrative Function and Cost-effectiveness

Implementation was based on an MOU among WFP, the government and Samurdhi Bank. Collaboration among WFP, Oxfam and IFPRI was an important feature of the project. WFP's role was to supply the resources necessary for the implementation of the pilot. Oxfam GB supplied a project manager and provided technical guidance. IFPRI was contracted for project impact analysis. The Oxfam manager brought past experience with cash transfer programs as did a food security and livelihoods adviser who provided recurrent technical inputs. Cash was shown to be almost 5% cheaper to implement if food delivery cost was calculated as LTSH and external transport. No comparisons were done including ODOC, DSC and ISC. This figures includes US$18 per beneficiary as a direct transfer over a period of three months plus 0.36 US$per beneficiary for delivery cost (covering cash insurance, transport and wages for Samurdhi bank staff). Therefore the total direct monthly cash transfer per beneficiary equates to US$6.12 inclusive through the two deliveries per month. The CTPP was self-financed by WFP with a total cost of around US$210,500.

Risks or Negative Outcomes

Potential thefts or robberies were not seen as serious risks, although cash could conceivably create a higher potential for inclusion error or administrative corruption. Negligible (<1%) spending on alcohol or resale of food was reported.

11 Cash-for-Work Transfers, Afghanistan, 2003-04, Oxfam, other NGOs and government agencies

(Danida, 2005; Hofmann 2005; WFP, 2005d)

Assessment / Problem Identification

Afghanistan suffers from vulnerability and food insecurity in rural and urban areas. Access to roads and markets is most critical in rural areas, while inadequate housing and the influx of displaced people are critical in urban areas. Unemployment was identified as a major problem, particularly after the return of over 3 million refugees after the overthrow of the Taliban. Rural communities are chronically cash poor and households sell assets to acquire cash. Levels of debt are reportedly high as well. In addition, even when receiving food aid, households spend cash for higher value foods, often selling food aid at less-than-market prices to do so. The transitional government promoted a shift from a ‘permanent humanitarian crisis’ to a situation of peace, security and economic and social development. For this reason, areas with low levels of food insecurity, availability of diverse foods on the market, and stable market prices for wheat were selected for cash transfer programming.

Program Objectives / Interventions

Both cash and food transfers were programmed by multiple agencies. Oxfam’s Cash-for-Work programs sought to secure people’s access to markets, protect livelihood security and stimulate the local economy. The program was also seen as being faster to implement and more cost effective than food programs. In CFW, agencies generally set the salary rate below the market rate, to avoid disrupting the local market and stimulating in-migration of workers. Non-skilled laborers were given 2 euros per day and skilled laborers 4 euros. Inflation reportedly caused the wage to lose value, not accommodated by programmers. Projects included building water reservoirs and flood protection walls, tree planting, fodder collection and planting, and a women’s embroidery project. CFW was complemented with humanitarian assistance not required a labor input. Community-based (administrative) targeting was used whereby local officials or clan leaders were asked to create beneficiary lists based on basic selection criteria. One verification exercise led to the disqualification of 50% of registered beneficiaries.

Delivery System / Mechanisms

In Oxfam’s case, cash was transported by Oxfam staff who then paid salaries directly to beneficiaries. Distribution days were varied and, for reasons of safety and security, the details of the time and date were not disclosed in advance to anyone other than the senior staff distributing the money. The location names were coded and two vehicles used to visit each location with five senior staff members. Each beneficiary was required to show their ID card and sign for money received. In contrast, Mercy Corps devised a method which uses the existing local ‘banking’ system (the hawala) to transfer relatively large sums to paymasters who then transfer the cash to group leaders, who distribute cash to laborers.

Monitoring and Evaluation

Agencies each had its own approach to monitoring. For example, Oxfam’s proposal lays out a number of indicators with which to measure program impact, including the reduction of mortality and the maintenance of nutritional status. ActionAid carried out ‘community-based’ monitoring through a social audit process done by the community itself. Through this process money spent, materials purchased and resources allocated, etc. is displayed on public information boards. Evaluation was seen as a weakness for cash transfer programs. One constraint is that no national baseline exists and data necessary to assess progress for many impact indicators had not been collected.

Outcomes / Impact

It was found that more than 90% of the cash received was spent on food and very little of the cash was used for building up household assets. Only 22% of households surveyed improved access to food and quality of diet. This implies that cash previously spent on food was now used for other purposes. Fuel was another significant expenditure. Another implementing agency noted that the vast majority of CFW wages were spent on servicing debt as many people had fallen into serious debt with local traders in order to obtain food for their families. Beneficiary households reported some improvement in health status but this could not be attributed to the cash transfer. Livelihoods impacts were more attributable to cash transfers, at least anecdotally. For instance, cash received was used for debt repayment, prevented distress migration and allowed assets, particularly livestock, to be retained. One report noted that CFW did not integrate women due to cultural restrictions (expect in embroidery). Others argue however that cash transfers generally had a positive gender impact as women’s control over cash was good and they were able to successfully negotiate purchases with their husbands. Many CFW beneficiaries shared their benefits with other vulnerable households. This bolstered social capital but decreased the impact felt by participants.

Administrative Function and Cost-effectiveness

Differing opinions exist as to efficiency of operations. One evaluation noted that WFP worked well with its CFW implementing partners, according to established procedures. Others noted a lack of coordination amongst the institutional players and partners, particularly with regard to setting standard and appropriate rates for cash transfers. The reports did not offer comparative analysis for the varied approaches of the implementing agencies.

Risks or Negative Outcomes

CFW was said to have two negatives: a) technical skills gap led to poorly constructed infrastructure, and b) labor requirements and transport to work sites meant most vulnerable, particularly women, were excluded. Wheat prices fell by about 20% because of the food relief distribution. Beneficiaries sold a portion of their wheat for as little as 45% of the pre-distribution prices. At these prices, both traders and shopkeepers faced losses even though one of the main reasons people sold wheat was to purchase complementary commodities (pulses, oil) that were sold in the same market. There was a large number of armed car-jackings in the area but links with cash transfers were not reported.

12 Cash-for-Herders II Project, Mongolia, 2003, Swiss Agency for Development and Cooperation

(Dietz and Wieghill, 2005)

Assessment / Problem Identification

Zavkhan Aimag province in north-western Mongolia suffers from recurrent drought and dzud (extreme winter conditions). In the period 1999-2003, the area lost about 1.1 m animals or over 50% of its total livestock. Many families have lost most or all their livestock. Herders, including those who have lost all their livestock, have few options for alternative employment and the unemployment rate in Zavkhan Aimag was about 40% in 2003. More than 60% of the total population of Zavkhan Aimag is classified as poor, which makes it the province in Mongolia with the highest rates of poverty. Assessments have identified cash as the most pressing need expressed by poor households. It was also noted that markets are generally accessible available staple foods at high but stable prices. Experience showed that the private sector is able to get wheat flour to rural towns despite long distances and questionable transport infrastructure. A stable banking system was available for secure transfers.

Program Objectives / Interventions

Overall, the Cash-for-Herder program sought to improve the livelihoods of economically disadvantaged and vulnerable herders. The first phase of the program, within which this project was implemented, had the specific objective to rehabilitate dzud (drought)-affected poor to combat impoverishment. A second phase had a more modest objective, to prevent the vulnerable herders and poor from falling into deeper poverty. The SDC program was designed to take advantage of household creativity and survival instincts to make the best use of cash assistance (i.e. without conditions). Each eligible household received a one-time transfer of 200,000 tugrigs or about $200US.

Delivery System / Mechanisms

Beneficiary lists were drawn up by community leaders and checked by SDC project managers. Participants were sensitized to the rules and procedures during community meetings. Payments are made through the branch offices of the Agricultural Bank of Mongolia, which charged no fees for services. The secure environment provided by the bank meant that no special security arrangements were necessary.

Monitoring and Evaluation

A project monitoring system was not described in great detail. Trained local women conducted post-distribution surveys with 10% of households, chosen randomly. A joint SDC/IFRC evaluation compared outcomes from two parallel interventions: one providing cash to poor rural families and the other providing similar poor families with food and clothes. An independent audit confirmed the transparency of operations and sound financial management.

Outcomes / Impact

Beneficiaries used cash to buy a variety of items including food, livestock (the most frequent choice), fodder, and clothing. Overall, about 55% of cash was spent on livestock, not for consumption but to be kept through the winter. About 20% of beneficiaries used all the cash to purchase livestock and return to rural grazing land. Ironically, fodder purchase was relatively rare. Many non-herders bought materials and equipment for other livelihoods activities. Beneficiaries of all types used cash to reduce their level of debt. The evaluation concluded that although impact was too early to measure, the majority of cash was invested into potentially sustainable livelihoods activities. The evaluation didn't assess consumption or nutritional status. The cash distribution was compared with a parallel food distribution. Food was an assessed need in late 2002 but only distributed in October 2003, when the critical need had passed. The food received was appreciated but not thought to have increased consumption significantly. The clothes and boots, also distributed, were equally appreciated but did not lead to proposed outcomes (increased school enrollment and employment). Most beneficiaries preferred cash not only because of its higher perceived value but because the consumer choice it offered. Although men made most decisions on cash use (per local tradition), the decisions were made in the interest of the whole family. The local market was able to cope with increased demand and cash distribution did not inflate prices. A price spike was reported, but was linked to a coincidental increase in transport costs. No information was available on how that spike affected cash beneficiaries. The smallest traders may not have had the capital to stock shops in advance of increased sales. Even those traders benefited however because some consumers repaid loans, improving cash flow. Overall, any increases in sales were not measurable.

Administrative Function and Cost-effectiveness

The program is implemented by the Swiss Humanitarian Aid Unit of the SDC, in close cooperation with national and local government structures. SDC had previously managed several cash transfer projects in Mongolia and had experienced staff available. Administrative costs for cash distribution were high as were the costs of food distribution. For food, about 54% of the project budget went to transport, administration and technical services. However, even with these added costs, in-kind distribution turned out to be 25% cheaper than food purchase on the local market. No safety issues were reported.

Risks or Negative Outcomes

Some beneficiaries though said that this was not an opportune time to buy livestock so cash distribution was not well timed. In addition, some felt that the constraints to livestock grazing are so severe that the purchase of new livestock by beneficiaries is a failed strategy. Evaluation felt that the agency did not expend much effort in monitoring targeting accuracy. Anecdotal evidence that cash beneficiaries had to pay local leaders a sum of money to get on lists. This was also true for food recipients, who reportedly took loans or sold food to pay this bribe. It was found that 20% of cash recipients exceeded thresholds for livestock ownership. Overall, however, deviation from selection criteria was thought to be minimal. The argument that cash is more likely to be misused than in-kind was not borne out. The experience showed that poor people and people under severe economic stress, at least in this context, are capable of handling cash responsibly.

13 Market-based Food Assistance (MBFA), Indonesia, 2005-2006, CARE and SCF

(Chuzu and Viola, 2006; Cole, 2006; CARE, 2005)

Assessment / Problem Identification

Of an estimated population of 4.3 million, up to 240,000 people were either dead or missing with over 600,000 displaced, after the December 2004 earthquake and tsunami. By January 2005, CARE was distributing basic food rations, on behalf of WFP, in order to provide immediate nutritional sustenance to displaced people in selected areas of NAD. As of June 2005, approximately 75,000 households in CARE areas continued to be food insecure. For many, however, the source of this insecurity was no longer food availability. CARE conducted a rapid feasibility assessment is selected districts. In some, particularly urban and peri-urban areas, food was readily available in local shops and markets, prices were stable and reasonable, and a supply chain was functioning to keep shops stocked. In these areas, the most efficient way to assure food security of affected households would be to increase their buying power for food purchase.

Program Objectives / Interventions

The MBFA pilot project (developed by CARE and later adopted by SCF) goal was that food consumption of beneficiaries would meet acceptable standards of quality/quantity throughout the 3-month project duration. Objectives included: a) beneficiaries successfully redeem vouchers from selected vendors; b) cash supplement used primarily to purchase additional food items, c) other household income not required for purchase of basic foods; and d) participating shop owners derive economic benefit. Implicit in lesson learning was whether CARE could safely and efficiently deliver vouchers and cash to the right beneficiaries in a timely manner. A mixed entitlement (i.e. food vouchers and cash) was selected to assure an adequate supply of food stables while allowing the purchase of condiments, fruits/vegetables, and animal protein products. Vouchers were provided for 12 (later 10) kg of rice, 1 kg of sugar, and 1 liter of oil, along with 50,000 rupiah (about $5) in cash. This was calculated roughly in comparison to estimates of monthly household food expenditures. The WFP food ration was worth about half this amount.

Delivery System / Mechanisms

The market-based system being tested worked as follows: (1) in each pilot village, a set of food vendors was selected, per established criteria, and oriented to the program; (2) beneficiary lists were verified, as noted above; (3) Each month, on specified dates, a representative (usually the senior female) from each beneficiary household, was given vouchers/cash for each member of the household, (4) beneficiaries had one week to redeem the vouchers at specified vendors; the use of the cash complement is fully at the discretion of beneficiaries, although they are encouraged to use cash for fulfilling other food needs; (5) vouchers were collected weekly from vendors by CARE representatives; vendors were compensated for the cash value of vouchers plus a commission of 5%. CARE staff were in charge of distribution, assisted by a community volunteer. The local police were contracted to supply security during distribution.

Monitoring and Evaluation

CARE project monitors oversaw distribution and monitored the functioning of the system to assure a stable food supply chain and successful redemption of vouchers and interviewed beneficiaries and vendors. Compilation of findings and reporting was done by the Project Manager. The CARE M&E advisor led a household survey near the conclusion of the pilot. The final evaluation was contracted out to external consultants. The project staff was responsible for providing evaluators with relevant monitoring reports and for serving as key informants and community guides during the evaluation.

Outcomes / Impact

In the case of CARE, about 94% of beneficiaries reported adequate overall food supply. In addition, a majority reported greater consumption of fruit and fish than during direct delivery, while smaller proportions increased their consumption of beans, meat, milk and eggs. On average, more than 80% of cash received was reportedly used for food purchase and nearly 80% of households reported that the largest part of their cash income came from the project. A voucher/cash mix was judged appropriate although about 28% of beneficiaries felt that cash should be increased and voucher value decreased. In all, 96% of pilot beneficiaries preferred vouchers/cash and 98% supported the selected commodities and the amounts given. Only 1% voted for a return to direct food delivery. Both pilots proved the value of a mixed entitlement, assuring consumption while allowing diverse expenditures. The scope and scale of the pilot were too small to expect measurable impacts on local markets. Anecdotally, participating vendors were pleased with the added revenues.

Administrative Function and Cost-effectiveness

The system worked smoothly per plan in both urban and rural sites. No significant safety incidents or leakage problems occurred. The food supply chain had no lapses. Isolated problems with rice quality were identified and rectified promptly. Although cost comparisons are incomplete, largely due to lack of data on WFP costs, it seems that MBFA costs about the same per beneficiary as direct delivery, but provides a larger benefit. The pilot had elevated costs for enhanced technical assistance, oversight and start-up. A subsequent analysis, subtracting such costs, yielded an estimated cost of $11.70 to deliver $10 of value (food vouchers and cash) to a beneficiary (about 17% administrative costs). The total cost for delivery of an equal value of WFP food was somewhat higher, although lack of cost data made an exact calculation impossible.

Risks or Negative Outcomes

Some informal food sellers felt that they lost business as beneficiaries were directed to larger participant vendors. In addition, smaller vendors were unable to participate because startup costs (i.e. pre-stocking the food commodities) were too high. In both CARE and SCF areas, no security threats or theft cases were reported. About 4.5% of cash received was diverted to luxury or unnecessary items such as treats or alcoholic beverages.

14 Dedza Safety Nets Pilot Project, Malawi, 2001-2002, Concern Universal

(Concern Universal, 2006)

Assessment / Problem Identification

Malawi and the region were in the midst of severe food crisis with large-scale food aid distribution. The geographic zone (Dedza) was both Concern's traditional working area and a chronically food insecure zone. The agency was aware that no intervention had compared the impact of three approaches to direct welfare transfers, i.e. cash, voucher and in-kind, on chronic poverty and vulnerability within a non-emergency context. More specifically, Concern felt that the use of cash and vouchers had not been adequately tested in the Malawi context.

Program Objectives / Interventions

The primary objective of DSNPP was to develop a model for effective delivery of DWTs to vulnerable and disadvantaged people in Malawi. Its specific aim was to enable lessons to be learnt about the advantages and disadvantages of different transfers (cash, vouchers and in-kind), as well as factors such as administrative requirements and impacts on markets. The project involved unconditional distribution of three entitlements to different groups: cash (MK550 or about $5 per household per month); vouchers worth about the same amount to buy goods at selected retailers; or in-kind transfers were providing, including maize flour and household goods.

Delivery System / Mechanisms

Three types of village committees were compared for their efficacy: village head and other authorities; democratically elected committee, and beneficiary committees. In terms of logistical arrangements, cash was placed in small envelopes and delivered to distribution centers by Project Officers. Committee members collected them from the centers and returned to the villages for final distribution to beneficiaries. For in-kind distribution, two wholesalers supplied the goods: one in Lilongwe (selling low-cost grocery and hardware products), the other in Dedza (supplying maize flour). Once the products were collected by CU trucks and unloaded at a local warehouse, CU staff packed the goods ready for delivery to committee members at distribution centers.

Monitoring and Evaluation

Two levels of monitoring were used and compared. Close monitoring implemented by CU explored the behavior of village committees and beneficiaries in the management and use of the transfers. This included a baseline survey of beneficiaries, regular presence of CU Project Officers at the village committee meetings, quarterly monitoring surveys of a panel of beneficiaries and one impact assessment survey at the end of the pilot. Hands-off" monitoring was used in other communities. This was designed to simulate a typical situation in a larger intervention whereby village committees would be left to manage transfers on their own. Significant CU involvement was limited to baseline and final surveys.

Outcomes / Impact

Overall, conditions of beneficiaries declined during the project period, despite the benefits received. Food prices in Malawi rose much more steeply than anticipated, thus reducing the amount of food that people were able to access. The value of the monthly transfer was fixed at a low level despite rising food prices. This meant that in-kind transfers (maize flour) were the most successful and fewer in-kind households resorted to selling livestock assets. Cash transfers had a greater impact than maize flour on increasing diet diversity and consumption of animal protein (such as chicken, meat and fish). Cash was also effective in meeting clothing requirements, which were impractical to deal with by direct provision. About 13% of cash beneficiaries purchased agricultural inputs, about twice the number for other beneficiaries. Although voucher beneficiaries fared better than in-kind recipients in terms of enabling a more balanced diet, they were still dependent on the limited choice, services and high prices charged by retailers. For example, there was a high demand for maize milling, but this service was only available to cash transfer beneficiaries. Vouchers concentrated market impact in a few traders. However, in-kind transfers did not contribute to local economic development. Only two large companies (with the capacity to supply) enjoyed the benefits of participating in the project. Cash was seen to benefit a mix of vendors, both formal and informal.

Administrative Function and Cost-effectiveness

Committees made up of village leaders lacked accountability and transparency with meetings taking place in private. Democratically elected committees were more efficient, transparent and accountable than the other committee structures. Beneficiary/carer committees were considered the most responsible and dependable but they were generally less capable than other types of committee and required more external support because their educational levels were lower than those of democratically elected and VH committees. Vouchers were the most problematic and costly of the transfers (with only 63% of the overall cost of the project reaching the beneficiary). The logistics were far more complex e.g. printing costs and steps taken to avoid counterfeiting. Cash transfers were relatively easy to distribute, flexible to use, and the most cost-effective form of assistance, with 71% of the overall cost reaching the beneficiaries. Like cash, in-kind transfers were also relatively simple to manage and cheap to deliver (69% of the total project cost reaching beneficiaries).

Risks or Negative Outcomes

Most vulnerable beneficiaries (especially women) found vouchers difficult to understand. The use of pre-selected retailers offered little choice; some beneficiaries had to walk long distances, especially difficult for the disabled, sick and elderly. Retailers often dictated what could be bought with vouchers and when they could be used. Finally, voucher retailers exploited their near monopoly by raising prices (sometimes by 100%). Cash proved problematic when committee members removed a portion from each beneficiary envelope. Similar stories were heard in villages receiving in-kind. The pilot supports a case for a combination of in-kind transfers (maize distributed from November to April) and cash (delivered from May to October) to provide other foods requirements.

15 Cash for Relief, Ethiopia, 2001-2004, Save the Children-UK

(Kebede, 2006; Adams and Kebede, 2005)

Assessment / Problem Identification

Ethiopia has a history of food insecurity, with famines occurring often due to weather and conflict. Per capita GDP had fallen to $100 by 2000. About 44% of the population was living below the poverty line. About 47% of young children were underweight and 52% stunted. Multi-year droughts, conflict with Eritrea and the toll of HIV/AIDS have prevented economic progress in recent years. Cash transfers to support vulnerable households were favored because they could support local markets and acts as an incentive for surplus producers. Cash-based programming may prove more sustainable if the approach identifies and develops systems for government management. A final incentive for cash transfers is that it was thought to be more cost efficient than food distribution, freeing up more resources for beneficiaries.

Program Objectives / Interventions

The main objectives of the project were to provide humanitarian assistance for chronically poor households in the woreda, to protect and add to the livelihood assets of the beneficiaries, and to enable participating households to experiment with new livelihood strategies. Households received around ETB 25 (or $2.85US) per person per month up to a maximum of nine people per household. Given an average family size of five people, beneficiary households received a bit more than $14 per month for seven months, or about $170 during the course of a year.

Delivery System / Mechanisms

SCF-UK, community leaders and local development agents worked together during distribution. One cashier in the woreda was shared within the pool system, making it difficult to facilitate payment on a regular basis to beneficiary communities. The absence of a banking network in rural woredas made necessary a day's travel every month to collect the cash. There was no mobile capacity for cash delivery. A field manager sent advance cash projections for next month. Cash was then transferred from Addis to zonal capital bank. Woreda cashier and accountant compile a list of the total funds to be withdrawn; travel to zonal capital and withdraw funds from the bank. Cash was then dispersed by woreda mobile cashiers accompanied by a woreda accountant and others. Financial reporting was made by the woreda accounts office to SCF.

Monitoring and Evaluation

The project was monitored and evaluated through several mechanisms. SCF project staff monitored impact through regular discussions with market traders and beneficiaries. Staff conducted a quantitative survey at the end of cash distributions (July 2004) to evaluate the project and to provide lessons for the next phase. The evaluation also included focus group discussions. The nutrition component was monitored through quantitative interviews with beneficiaries. Twenty-six households were monitored throughout, providing useful information for evaluating the impact of cash on household incomes and asset levels. Market monitoring was done separately led by ministry officials. SCF was given the role of market analysis because of limited capacity within the woreda office. Market monitoring was restricted to price monitoring and discussions with traders. ODI was commissioned to conduct a comprehensive, post-pilot evaluation/review.

Outcomes / Impact

Cash was used for purchase of grains, pulses, land tax, seed, clothes and shoes, school materials, condiments, as well as loan repayment. Households receiving cash were able to purchase a better-quality diet. The cash enabled households to cultivate their own land and retain the entire harvest. Beneficiary mothers reported feeding their children more frequently and reported giving a wider variety of grains and pulses to their children. They also reported increasing the amount of animal products and oil given to children. Some mothers bought more vegetables. The purchase of soap and clothes increased, households were able to access medical care sooner when they got ill, and mothers spent less time collecting firewood or dung to sell giving them more time to care for their children. The cash distribution process was said to be more 'respectful'. Cash distributions were considerably quicker than food distributions. About 85% of beneficiaries preferred cash, while 15% preferred food relief. Most of those who preferred cash did so because it was more flexible and allowed them to save money. No significant adverse price increases were noted and market food supply in most areas was reported to be good. Traders from nearby areas were encouraged to supply markets serving the cash-receiving communities.

Administrative Function and Cost-effectiveness

Government officials (led by Agriculture and Rural Development Office) from national to local levels had roles to play in the scheme. SCF was responsible for reviewing the distribution list before and after payment for completeness, accuracy and consistency. SCF also issued checks, participated in cash payment to beneficiaries, and built the capacity of government finance office. The police were charged with providing security during money transit from the bank and at cash distribution sites. An estimated 72% of the project budget went directly to the beneficiaries through the monthly cash payment. Capital expenditure on training and credit was about 11%, while M&E costs were 5%. Other administration and staff costs were 10%, and 2% of the budget was put aside as contingency. Even so, cash transfers were estimated to be between 39% and 46% cheaper than distribution of imported food, and 6–7% cheaper when the food was purchased locally.

Risks or Negative Outcomes

No mismanagement of cash was reported, and beneficiaries received the full entitlement (compared to food aid which often was reduced for wider distribution). A limited number of cases involving intra-household disputes were reported. Although men received the cash for their own or their wife's labor, the women were well aware of the amount they were due, as well as the date of the payment. In some cases, women who complained were allowed to receive the cash themselves. About 26% of households reported the wife making the decision regarding how cash is spent, compared to 27% for husbands, and 42% for both. However, 33% reported problems when only one person controlled the decision.

16 Social Cash Transfer Scheme, Zambia, 2004-2007, GTZ/Min. of Community Dvpt & Social Services

(Wietler, 2007; GTZ, 2006a and 2006b; Schubert, 2004; Schubert and Goldberg, 2004)

Assessment / Problem Identification

Secondary data revealed that about 50% of Zambians lived under the poverty line and that 5.3 million people were chronically food poor (i.e. consume less than 1,800 Kcal/day). An ultra-poor category (high dependency ratio plus food intake) was identified and estimated to include 10% of population. Programming at that time in support of that ultra-poor group was found to be relatively insignificant. During a feasibility assessment, potential beneficiaries expressed their preference for cash over food. In addition, cost estimates were much lower for cash transfers vs. food aid.

Program Objectives / Interventions

The pilot project had two objectives: a) reduce extreme poverty, hunger and starvation in the 10% most destitute and incapacitated (non-viable) households in the pilot region; and b) generate information on the feasibility, costs and benefits and all positive and negative impacts of a social cash transfer scheme. The objective of the transfer was not to lift the beneficiary households out of poverty but rather to lift them from critical poverty, which is life threatening, to moderate poverty. The target group included both critically poor and incapacitated (labor poor) households. Beneficiary selection was capped at 10% of the population of each community. A multi-stage community targeting process, involving local decision-makers, was employed to limit inclusion error. Each household approved by the scheme received monthly ZK 30,000 (about US$ 7.5) in cash, plus a bonus of ZK 10,000 (US$2) if the household had children. ZK 30,000 was the equivalent of the average price of a 50kg bag of maize at the time the pilot was launched. When market prices increased, the transfer amount was augmented by an additional ZK 10,000.

Delivery System / Mechanisms

The pilot project had 27 pay points that paid out cash to beneficiary households on a monthly basis. Early on, some beneficiary households were served through a bank, located up to 15km distant, where they already had personal accounts. More recently, all individual bank accounts have been converted into pay point accounts. This change made it easier for beneficiary households to collect the money, facilitated administration and monitoring, and reduced the bank's workload. Pay points were usually schools or health centers in the vicinity of beneficiary households. The specific payment date, changed every month for security reasons, is communicated to beneficiaries via a method not described in reports. In the case of transportation or accessibility issues, beneficiaries can appoint a substitute who can pick up the transfer on their behalf. A change was proposed to have payment on a bimonthly schedule in order to reduce costs and to allow beneficiaries the option to make bigger investments. An extensive set of documents is available that describes implementation procedures and management systems.

Monitoring and Evaluation

GTZ developed an M&E system for the project and was initially charged with monitoring operations, but gradually built the capacity and passed responsibilities to local and government counterparts. Monitoring responsibilities are defined for The use of female monitors was constrained by transportation difficulties. External consultants were recruited to design and manage a project evaluation, which took place in late 2004 and early 2005.

Outcomes / Impact

A number of positive outcomes have been measured. Households consuming one meal a day decreased from 19.3% to 13.3% and the percentage of respondents indicating that they were still hungry after each meal decreased from 56.3% to 34.8%. The percent of households consuming fruits and vegetables and proteins (fish and meat) increased. Enrolment rates rose a small amount. The number of beneficiary households relying on cash-income from external sources such as relatives and neighbors decreased, pointing towards increased self-reliance. The average household debt went down from roughly 13,000 to 8,000 ZK, and asset ownership increased from 4.2 assets to 5.2 assets. The increase in ownership of small livestock is noteworthy: 7 times as many households owned goats and chicken ownership increased by 15%. The frequency of begging has reduced considerably from 87% to 69%. Finally, about 90% of beneficiaries reported satisfaction with the methods and entitlement. Regarding market impacts, more than 80% of the cash used on consumption items was spent locally. It is therefore likely that local shopkeepers also benefited from the additional inflow of cash.

Administrative Function and Cost-effectiveness

Community Welfare Assistance Committees were recruited as local volunteers to manage targeting and act as a liaison between beneficiaries and project managers. Government employees (primarily at schools or health centers) are recruited to manage pay points in rural areas. The scheme was managed entirely by a government entity, the Public Welfare Assistance Scheme, under the Ministry for Community Development and Social Services. Technical assistance was provided by GTZ and CARE depending on the area. The program has proven to be cost-effective as the administrative costs represented on average 13 % of the total costs of the scheme excluding government salaries, and 19% including government salaries. These figures do not factor in ongoing technical assistance provided by GTZ and others.

Risks or Negative Outcomes

The multi-stage community targeting process reduced inclusion error and the evaluation found that the beneficiary group was considerably more poor and vulnerable than non-beneficiaries. However, between 29% and 42% of beneficiaries did not meet the selection thresholds. No information was presented on exclusion error, although it was assumed that many needy people were not served. Concerning potential misuse of money, community discussions and quantitative research showed that it has been rare. Jealousy was sometimes expressed by non-beneficiaries but fortunately never acted upon.

17 GAPVU Cash Transfer Program, Mozambique, Initiated in 1990, Min. for Coord. of Social Action

(Datt, et al., 1997)

Assessment / Problem Identification

The authors noted that many destitute households, especially the elderly and disabled living alone, needed assistance to survive. Informal or traditional safety nets, such as assistance from children, were reported to be increasingly nonexistent or unreliable for the majority of households.

Program Objectives / Interventions

Poverty alleviation, specifically in urban areas, was the main objective of the GAPVU program. The program serves destitute urban households with income so low that the under-consumption of food reaches a level that endangers the health and livelihoods of household members. The consumption threshold for inclusion in the program was estimated at about 1,300 to 1,400 kilocalories per person per day. Targeted beneficiaries fell into two main groups: the elderly and the disabled - eligible based on livelihood (economic) criteria - and women and children, eligible based on nutritional and health criteria. As of 1997, the program operated in the 13 principal urban centers of the country, serving more than 80,000 beneficiaries. This total worked out to approximately 60% of those who qualify. The entitlement provided is an unconditional cash transfer, worth slightly more than $1US per capita per month. While this is acknowledged as a very low figure, it still represents about 13% of the value of beneficiaries' per capita consumption expenditures. Each category of assistance was given a maximum duration (e.g. benefits give for six months after birth for pregnant women), except for the assistance to the elderly, which had no limit. Beneficiaries averaged 11 months of assistance.

Delivery System / Mechanisms

Distribution takes place through program offices distributed geographically. About 90% of beneficiaries walk to these offices to receive their monthly payments. Persons who believe they are eligible must apply to the local government office (bairro secretary). The secretary is responsible for screening elderly and disabled applicants, but may ask a supervisor to verify the applicant's eligibility. Residency is to be verified by examination of a resident card or visually by the local authorities where the household is located. Income is verified through employers when household members have salaried employment or, in other cases, by investigation by local authorities. In addition, disabled applicants have to get a form filled out at a hospital to certify their disability. All participating households must prove that household income is less than Mt. 32,000 ($2US) per person per month (which grew from Mt. 24,000 at an earlier time period) and that they have lived in the respective city for more than one year. They also have to prove that there are no individuals of working age who are absent from the household (and might be sending remittances).

Monitoring and Evaluation

No internal systems were described for monitoring the process, measuring outcomes, and tracking inclusion or exclusion errors. Qualitative evaluations were described and a quantitative evaluation was commissioned with IFPRI. The IFPRI study was in response to government interest in assessing the effectiveness and efficiency of GAPVU, with the goal of making improvements, as appropriate.

Outcomes / Impact

Few dramatic outcomes were noted in the evaluation. On average, beneficiary children had about the same levels of malnutrition as non-beneficiary children. Evaluators were not able to discern whether the fact that many children in malnourished households are not malnourished represents leakage of the intervention to ineligible households (i.e. that did not have a malnourished child at the onset) or whether the nutritional status of children did improve as a result of participation in the program. There also did not appear to be any significant differences in the prevalence or pattern of morbidity between the poor and beneficiary households in general. The cash received, however, is assumed to have contributed significantly to the total consumption of the beneficiaries, as it formed 13% of their mean gross consumption expenditure. Little variation was noted among the different types of beneficiary groups.

Administrative Function and Cost-effectiveness

Certain gaps were noted in program performance and administrative functions. Only 7% of the beneficiaries knew the amount of the cash transfer to which they were entitled. This figure did not vary greatly among households from different economic strata. Beneficiaries had to wait on average seven hours at distribution sites. Program beneficiaries were supposed to receive regular monthly transfers, but about 31% of the beneficiaries reported interruptions in their GAPVU payments. The average interruption was for 2.5 months, though for about 45% of beneficiaries, the delay was only a month in length. This shortcoming affected pregnant women the most, as they could ill afford the nutritional deficits. The average amount of cash received was about two-thirds of the stipulated payment, with larger shortfalls for households with greater numbers of members. This is explained in part by the month gaps noted above, and in part by unexplained short 'rations'.

Risks or Negative Outcomes

Only about two-thirds of the beneficiary population was found to be below the poverty line. In addition, 23% of targeted preschoolers, 37% of malnourished pregnant women, and 42% of destitute elderly did not meet standards for malnutrition. Overall, more than half of the beneficiary children were not malnourished, although that was one of the selection criteria. In addition, the means testing of beneficiary income has largely been ignored. The evaluation concluded that if the means test had been strictly applied, the vast majority of the beneficiaries would have failed to qualify for GAPVU assistance. There are also signs of somewhat lax enforcement of some of the other eligibility conditions. For instance, there were, on average 0.7 adult members of working age in elderly beneficiary households, while there are supposed to be none.

18 Social Security System, South Africa, new phase initiated in 2004, South African Dept. of Social Dvpt

(Steele, 2006; Samson, Mac Quene, Van Niekerk, 2005; EPRI 2004)

Assessment / Problem Identification

As of 2004, South Africa had an official unemployment rate of 26%, a poverty rate estimated at 50% and among the more severe levels of economic inequality in the world. South Africa faces substantial challenges in addressing poverty, inequality and unemployment. Substantial variance in poverty indices was observed across provinces. The Western Cape has the lowest poverty rate, at 25.6% or about half the national average. The most rural province – Limpopo – has the highest poverty rate at 72.3%. Policy makers knew of the positive impacts of social security on global poverty reduction. The effect of social security on labor markets likewise improves the poverty reducing impact.

Program Objectives / Interventions

The social security system is the government's most effective program for reducing poverty, providing direct benefits to more than eight million poor people while supporting economic development. The system consists of targeted social grants that provide support for the elderly, individuals with disabilities, children up to the age of fourteen, and others. Qualification is means tested; beneficiaries must demonstrate/prove that they are destitute. Cash grants range from about $30US/month for children in poor families, to $130US/Month for the elderly poor. There are two primary types of selection criteria. First, all grants are targeted to those who presumably are not expected to fully participate in the labor market—children, the elderly and those with disabilities. The second type of selection criteria is an income-based means test, which varies according to the grant, the marital status of the beneficiary, and other characteristics.

Delivery System / Mechanisms

System administrative system functions at two levels. The application process is a decentralized Provincial function. The maintenance, verification, voucher generation and monitoring are functions controlled by the social security administration at a national level. The social grants are financed through general tax revenues collected on at the national level. At first, the revenues were allocated to provinces through unconditional block grants for disbursement primarily through private payer contractors.

Monitoring and Evaluation

The Department of Social Development has a Monitoring and Evaluation unit that collects and maintains a range of administrative data, while the national statistical agency carries out extensive household surveys several times a year. However, the report states that policy-makers need much better data at the household level to better understand and evaluate the impact and behavioral changes (e.g. related to migration) that result.

Outcomes / Impact

Households that receive social grants were more likely to send children to school, more likely to provide better nutrition for children and other household members, and more likely to enjoy better health than comparable non-beneficiaries. Beneficiary households that include women reported significantly better weight-for-height indicators for girls, although there was no significant difference for boys or in households with eligible men. Those that receive public pensions have higher proportions of expenditure on food and education, and lower expenditure on alcohol, tobacco and entertainment than other households. Workers in households that receive social grants look for work more intensively and extensively and find employment more successfully than do workers in comparable households that do not receive social grants. The poverty reduction impact has been substantial—the social security system closes 47% of the country's poverty gap. The extension of the Child Support Grant to the age of 14 has had the greatest impact on reducing the poverty gap. Extending the eligibility age to 14 reduces the poverty gap by 16.6%, and a further extension to age 18 reduces the gap by 21.4%. Increasing the real grant payment (as the government did in 2003) generates an even greater impact. The extension to age 14 yields a 22% poverty gap reduction, while the extension to age 18 reduces the poverty gap by 28.3%. The program has a generally positive macro-economic impact that is reinforced by the system's positive effects on income distribution and education.

Administrative Function and Cost-effectiveness

Previously, grants were paid through private contractors but administrative costs were considered too high. Grants are now paid through a system managed by the national Department of Social Development. A South African Social Security Agency was set up in 2006 by the government to expose fraud and improve efficiency in the administration of the country's social grants. Responding to the perceived effectiveness and efficiency of the social security system, the government has steadily increased spending on social grants in both nominal and real terms. The social security system budget has reached a bit more than 3% of national income. The system reportedly has no trouble keeping up with its caseload of 11 million beneficiaries. No information was available on cost-efficiency, i.e. what percentage of the budget is consumed by administrative costs.

Risks or Negative Outcomes

One drawback of the system is high targeting error. More than half the poorest households in the country receive no social grants, mainly because no one in the households meets the targeting conditions. About one fifth of recipients are considered non-poor (although meeting other criteria). Fortunately, these error rates have been falling quickly in recent years. For instance, the percentage of age eligible children in poor households who did not receive the Child Support Grant fell from 90.7% in 2000 to only 42.5% in 2004. In addition, the percentage of disabled individuals in poor households who did not receive the Disability Grant fell from 83.9% in 2000 to 55.4% in 2004. No precise information was provided to explain the improvements in targeting, although bigger budgets would certainly explain part of the enhanced coverage.

19 Food Subsidy Program, Egypt, 2004-date, Government of Egypt, Ministry of Trade and Supply

(WFP, 2005d; Ahmed, et al., 2001)

Assessment / Problem Identification

Egypt had suffered dramatic increases in prices of basic foodstuffs over the previous two years. The latest price rises resulted from an unprecedented increase in the price of basic commodities on the global market and the decision by the Egyptian government to float the Egyptian pound (EGP), which caused the currency to lose half its value. Instead of stimulating exports as predicted, the price of imports soared The cost of living was up by as much as 20%. Seen as a sign of the poverty prevailing in Egypt, the government estimated that 88% of the population would qualify for food subsidies. Malnutrition, closely correlated with poverty, has been measured at 26% for children, with about 32% of children in vulnerable households stunted.

Program Objectives / Interventions

The Egyptian government reintroduced subsidies for basic foodstuffs to cope with the situation described above. A ration card system was developed to allow citizens to buy commodities such as lentils and pasta at roughly 30% below market prices at designated government stores or co-operatives. The new scheme limits eligibility by prohibiting anyone who has not used their ration card in more than a year from participating. The government acknowledged that eligible/needy households were far more numerous than those participating. Food ration cards were made available for 25 staple foods, reversing government policies abolishing subsidies. About 75% of the population was eventually provided a ration card. The ration cards were not made available to anyone who earned more that EGP 2,000 (about $US320), owns more than 11 acres of land or has more than one car. The ration cards entitle beneficiaries to a subsidized price for the following items: one kg of sugar for EGP 1, oil ½ kg for 50 piasters, a tea packet for 54 piasters, one kg of rice for EGP1, two extra kg of sugar for EGP1.50 each and two kg of oil for EGP1.50 each. These prices are roughly half of normal retail prices. Some variation has been applied in ration size for different districts, although the rationale for this was not described.

Delivery System / Mechanisms

Each year, a program committee formed by the government determines the quota of subsidized foods that is to be delivered to each governorate, where quotas are developed for districts. In theory, the quotas are based on an assessment of need, but reportedly are more often extrapolated from population figures. The voucher card entitles the holder to purchase some or all of a predetermined quantity for the set of commodities at participating shops. While they are theoretically allowed to purchase less than the full quantity (if for instance, they lack money) some shop owners reportedly only permit the full allotment to be purchased. Egypt’s move from universal subsidies towards a self-targeting mechanism is said to have significantly reduced its fiscal burden.

Monitoring and Evaluation

Practically no information was available describing any M&E systems that have been created to support the food subsidy program. One report noted that it is the task of the government to identify and minimize benefit leakage, taking care that monitoring and enforcement costs do not exceed the benefits of reducing the leakage. Another report notes that the existence of nationally representative household survey is key for understanding poverty and food insecurity, for better policy decisions. No reporting of the results of such a survey was available for review.

Outcomes / Impact

Objective information describing the impact on beneficiaries of Egypt’s food subsidies is difficult to locate. It is apparent that a comprehensive program evaluation of the newest phase has not taken place. One report claims that subsidized bread and wheat flour contribute importantly to total caloric intake but offers no data to support this assertion. The report goes on to claim that the most significant impact of the food subsidy system on household diet is primarily through its modest effect on household income. This is the case because of the diverse foods that make up the Egyptian diet and the role that the subsidies make in allowing purchase of a varied food basket. In other words, consumption of the subsidized goods is not much different between beneficiaries and non-beneficiaries. However, beneficiaries are better able to purchase non-subsidized food items.

Administrative Function and Cost-effectiveness

The overall program is managed by the MOTS. A benefit of the program is that it has created thousands of jobs in the civil service, helping with high rates of unemployment. Even so, program oversight was described as inadequate to prevent leakage and diversion. The food subsidy program is estimated to consume about 1.5% of Egypt’s GDP, and is seen be some as a burden on the national budget. The administrative costs were described as ‘overwhelming’. It was estimated that to provide 1 unit of food value the program must spend 3 units for bread, 10 units for sugar and 33 units for cooking oil.

Risks or Negative Outcomes

The program suffers from leakage, under-coverage, diversion of subsidized goods to the open market, and food quality. Self-targeting has been ineffective in comparison to means-tested targeting in other countries. The percentage of non-vulnerable households with a card is similar to the percentage of vulnerable households with a card. A previous study noted that only about one-third of the subsidy was going to the needy. Young families and casual laborers are often excluded. Respondents felt that the amount of food provided was low, that the quality of the food items was often extremely poor, and that the choice of foods was sometimes limited. In another report, shortages of market wheat were experienced starting in 2004, which may compromise subsidy programs. In addition, the Egyptian public debt, fueled in part by the food subsidies, was rising at an alarming rate.

20 Urban Voucher Programme, Palestine/West Bank, 2002-04, ICRC

(Personal communications, ICRC West Bank staff)

Assessment / Problem Identification

Conflict with Israel, loss of employment opportunities, and economic stagnation had many negative impacts on Palestinian households. International agencies, including ICRC, were active in providing support to those in need. The basis for choosing a cash-based response was analysis of a number of local factors including: a functioning market; availability of essential products in local markets; accessibility of shops/markets by beneficiaries (freedom of movement); traders who are willing to participate and have the financial capacity to provide the products; a functional banking or postal system through which payments can be made to traders or beneficiaries; and a formal beneficiary identification system (e.g. IDs).

Program Objectives / Interventions

The ICRC's large-scale urban voucher program (UVP) targeted 20,000 families in all main cities. With the voucher (worth $90US/month) people could buy food and basic items from designated shops, in addition to receiving a parcel of locally produced goods. The program complemented a rural food distributions for some 30,000 families implemented jointly with WFP. The UVP used vouchers instead of cash, thinking that a voucher-based activity would be easier to set up and was a more 'secure' way to direct the expenditures towards food and other basic items, whereas cash could potentially be used for undesirable purposes.

Delivery System / Mechanisms

The ICRC had full-time voucher teams in place going around the West Bank distributing. The voucher indicated the name of the shop and the dates when it had to be redeemed. Initially, a window of 5 days was provided, but the first days turned out to be too rushed, so the days were divided and vouchers stamped with the earliest validity date to avoid crowds. The vouchers were distributed monthly: beneficiaries had to turn up in person with an ID, and sign for the voucher. When initially selecting the shops, ICRC looked at the location, selection, space, price level in general, capacity to handle a large number of people, prominence of the forbidden items (mainly alcohol), cash registers, and the ability to wait for the payment for 2-3 weeks.

Monitoring and Evaluation

Beneficiary registers were kept at distributions with copies given to the shops for cross-checking. Once a month, a few days after the shopping, the shopkeepers brought the vouchers with signed cash register slips including clients' signatures. The team had reconciliation sheets where the status of each voucher was recorded: 1) not collected; 2) collected but not redeemed; 3) redeemed for full value; or 4) redeemed for lesser value. This tool helped verify the shopkeeper invoices and allowed follow-up unused vouchers. The receipts were also a good monitoring tool to detect if beneficiaries were purchasing high-priced items. Market assessments helped determine proper entitlement value. ICRC staff were often present during the shopping days. The monitoring methodology was reportedly too reliant on questionnaires, with some questions, e.g. those related to income and expenditure, not appropriate to a questionnaire. Some system gaps were noted: monitors inadequately trained in participatory interview techniques; monitoring analysis was not shared with field teams. The system had no formal measurement of inclusion or exclusion. ICRC staff spot checked about 5% but that was deemed inadequate.

Outcomes / Impact

Beneficiaries were appreciative of the program as they could buy food and basic hygiene items according to their own needs. Specific impacts on food consumption and livelihoods activities were not reported. The amount was considered substantial enough to make a difference for them, and there was assumed to be a boost to the local economy (although unmeasured). People who bought the goods with the vouchers generally still preferred their "old" shops and markets for all other purchases. Items like fresh fruit, vegetables and pulses were not often purchased with the vouchers, because these are not usually purchased in large shops. The impact on the other shop keepers was not reported. During the program ICRC tried to accommodate some of the shops who had initially refused to participate because of the payment delay.

Administrative Function and Cost-effectiveness

Monitoring provided an effective mechanism for improving quality and facilitating communication with communities. The process was as important as the results (the fact that the ICRC was visiting communities regularly and discussing the program had a positive impact on the way in which local partners approached their work). Finance staff remained the same, as the reconciliation was done by the delegates and field officers in the districts. ICRC was responsible for checking that the invoices from the shop keepers were in order with all necessary documents attached. Finance unit did random checks and clarified irregularities. The payments were always processed in time, but sometimes the reconciliation took time because the shop keepers didn't have everything in order in time. For the implementing agency vouchers are more cost-effective than food distribution. According to the 2003 Review overhead costs for the UVP constituted 11% of total cost. The overhead cost of the rural food distributions was exceptionally high (estimated at close to 40% because of the added costs of security, expatriate drivers, waiting time, access problems, etc.).

Risks or Negative Outcomes

Most partners and stakeholders believed that the voucher value ($90 per month) was appropriate. However some, particularly within the international community, think that the value was too high and that this caused: competition between beneficiaries; inclusion errors; and problems for other organizations providing less valuable assistance. However, reduction of voucher value would have significantly reduced impact. There was no evidence that vendors inflated prices causing the $90US voucher value to decrease.

21 Food Stamps System, Pakistan, 1994-2006, Bait-ul Maal, other government agencies and WFP

(WFP, 2006)

Assessment / Problem Identification

A wide range of factors contribute to high levels of vulnerability and food insecurity, including shrinking livestock productivity, declining wages and saturated labor markets, poor crop yields and loss of fruit trees, and relatively high food prices. By the mid-1990s, about 32 million Pakistanis were living in poverty and 38% of children were underweight. Access to public education, health, and family planning services was limited, especially among poor rural women and girls. Poor rural infrastructure, particularly roads, adversely affected people's lives: health facilities were inaccessible, fuel-wood and manure were expensive, etc. Existing food aid operations were considered very expensive with administrative costs reaching 25-30% of food value. An assessment determined that: a) partners were available for implementing alternative approaches; b) market systems worked well, food was available and grocers accessible; and c) an effective banking system existed.

Program Objectives / Interventions

Specific objectives were absent from documents reviewed, but by implication the program was designed to provide food to food insecure households, while building community and household assets. Beneficiaries receive stamps by participating in a variety of FFW or food-for-training (FFT) activities. At first beneficiaries received daily wages half in cash and half in food stamps. More recently, the FSS only delivers stamps. Studies have shown that the beneficiaries use food stamps to buy items such as wheat flour, oil, pulses, sugar, and tea in designated grocery stores. Women who set up private tree nurseries received food stamps. In one case, if the women maintain healthy seedlings, they received 300 rupees (about $6US) a month each plus one rupee per healthy plant. In another project, they received 2,500 rupees each every three months. It was estimated that 2,000 rupees worth of food stamps provides food for a HH of 6-7members for one month. Stamps are issued with serial numbers and are valid for six months. Almost 150 registered grocers are identified in targeted areas. In some areas, stamps are printed and issued by the PBM, while elsewhere WFP does the task directly.

Delivery System / Mechanisms

Food stamps have generally been funded through the monetization of WFP wheat or oil. Sales proceeds were used to buy food stamps from the PBM. WFP pays the face value of the stamps while PBM charges other implementing partners a 4% service charge to cover administrative costs. The food stamps are then delivered to the project authorities for on-site distribution to beneficiaries. Beneficiaries use their stamps for purchases at designated stores. Shopkeepers redeem the stamps at designated bank branches, in return for funds transferred to the branches by PBM. Beneficiaries contribute labor to afforestation, soil and water conservation, rural road construction and range management activities. The project aims to protect farmland, develop rural infrastructure and improve local living conditions. Implementation is led by a VDC, which is composed of village volunteers. Food stamps are delivered to the local committees as a package and then distributed.

Monitoring and Evaluation

The M&E systems in place were not described in detail beyond statements that M&E includes grocer monitoring, bank and PBM reports, annual audits and a specific program evaluation.

Outcomes / Impact

Beneficiaries welcomed this system, which gave them a better choice of locally produced goods. It also benefits the government, which saved considerable sums of money on internal transport and distribution costs. Beneficiaries appreciate food stamps as a work incentive and successfully exchange them for the designated foods. Internal studies showed that 71% of beneficiaries increased household long-term income; 63 % improved quality of food; and 83% reported regular purchases of food with stamps. Evaluators perceive that food stamps allow greater control of benefits by women, even though men usually receive and redeem them. They were initially displeased with this arrangement but ended up satisfied with their role. Impact on local markets was not reported but is likely to be positive if the food is provided to beneficiaries via food stamps instead of in-kind. Benefits from improved infrastructure are also reported. In one village, the construction of roads led to about 450,000 rupees in savings on food purchases and provided improved access to health facilities. Check dams were built, land has been terraced and trees have been planted, and a community school was established.

Administrative Function and Cost-effectiveness

The PBM tasks were to: inform WFP about stamps requirements; identify shops/grocery stores; request the release of stamps based on work plans; ensure security of stamps during delivery; sign, stamp and distribute stamps to beneficiaries according to agreed work norms/daily wages, monitor the distribution/system and maintain records; and submit monthly reports about receipts, distribution, and balances. WFP's role was to: identify shops/grocery stores with partners; sign agreement with the grocers/shopkeeper; open bank accounts in areas of operation; check availability of food commodities at the current market rate; and monitor the program. WFP provided both training to the counterpart staff. No information was available critiquing the institutional capacity to implement the program. Administrative costs for the PBM were estimated at 4 %, while the cost of WFP implementation was 1.5 % of the assistance value. It is also cost effective because it avoids internal food transport and storage costs (from 25-30%) as well as commodity distribution costs at the community level.

Risks or Negative Outcomes

Participation in FFW drives some poor households into indebtedness, as they must contribute materials for household asset creation. Assets such as water tanks and latrines are so coveted that people are willing to sell their livestock or borrow from moneylenders to get money to purchase materials. Anecdotally, some people have traded their food stamps for materials used in asset creation. Some beneficiaries claim that the monthly remuneration was insufficient to cover the food needs of their family. Since the program depends on monetized WFP wheat, a constraint comes with delays in donation from WFP.

22 Cash-for-Work, Georgia, 2005-06, World Food Programme and World Vision

(WFP, 2006f; Mueller, 2005)

Assessment / Problem Identification

Assessment on the feasibility of piloting cash transfers in rural Georgia noted that although food aid fully covers energy requirements it does not cover urgent non-food needs of the beneficiary households. As a result, food was being used as a substitute for cash for purchasing agricultural inputs. In general, food was not a priority of FFW participants. In addition, the People's Bank of Georgia (PBG) was operating in potential project areas, the security situation was stable and food was generally available for purchase in local markets. The assessment recommended a combined CFW/FFW intervention planned according to the harvest cycle. Cash would be distributed during or after harvests when beneficiaries are self-sufficient with own products but need to make investments for planting future crops. The assessment did not analyse the appropriateness of food assistance in Georgia in general, but concentrated on the modalities to integrate a cash transfer into the ongoing FFW schemes.

Program Objectives / Interventions

The key objectives of the project were to improve household food livelihood security and determine and test procedural, administrative and institutional requirements to appropriately implement cash transfers. The project worked in 24 sites in four regions. Preconditions for projects implementation included the following: availability and accessibility of local bank branches; food availability in markets; stable and accessible areas. The pilot targeted about 4,600 beneficiaries who were identified using the usual criteria employed for FFW, i.e. unemployed, displaced, landless, and/or households headed by a single parent or containing disabled, elderly or orphans. The pilot included a single food distribution (January) and single cash distribution (April/May). Daily family food rations (1 participant and 3 dependants) included 2.2kg of wheat flour, 0.12kg of oil and 0.12kg of sugar. The value of the cash transfer was determined based on the market value of the food ration. Based on Tbilisi prices, the value of the daily wage was set at 1.7Lari (about $1US) plus an addition 15% as a hedge against inflation.

Delivery System / Mechanisms

Cash was delivered by the PBG. A number of factors led to this selection, including previous positive experiences with this type of program, its widespread network covering almost all communities, the high accountability and efficiency for distributing government's payments and pensions, and a reasonable fee for banking services at 1.8%. The process worked as follow: WFP transferred approved amount of cash along with approved lists of beneficiaries to the central PBG (within 3 working days); central PBG transferred to the district PBG (within 1 working day). Mobile teams of the district PBG distributed cash to beneficiaries at the community level (within 1-2 working days).

Monitoring and Evaluation

The document suggests that monitoring for a cash transfer pilot could parallel that already being done by WFP for FFW activities. If true, this neglects the important function of monitoring markets and food supplies. An evaluation was undertaken by a joint SDC-WFP mission. Data was collected using these techniques: structured questionnaires, semi-structured questionnaires, market price and labor wage monitoring sheets, focus group discussions. The mission evaluated the effects of cash and food by comparing the impact on control and pilot groups. Groups were constructed as follows:

- *Pilot group*: 12 CFW/FFW communities randomly selected (50% of total); in each community 10 households were randomly selected from the list of 120 households.
- *Control group*: 12 FFW comparable communities; in each community 10 households randomly selected from the list of 120 households.

Outcomes / Impact

Households used the cash received for a variety of needs: food (29%), agricultural inputs (23%), health (15%), education (5%), and loan repayment (11%). On average, the combined CFW/FFW showed a decrease in food expenditures (by 3%), while investments on agriculture increased by 5%. Preferences seem to vary according to a number of factors, including location (distance from markets) and values attached to immediate physical availability of food at the household level. Overall, 61% preferred cash only, 21% preferred food only and 18% preferred a cash/food mix.

Administrative Function and Cost-effectiveness

The implementing agencies were reportedly successful in integrating cash procedures within the established FFW implementation plan. The PBG effectively delivered cash to its regional branches and to the local distribution points at the community level. The main implementing partner (World Vision) performed according to plan. If only direct distribution costs are taken into account costs of delivering food are higher than cash. If the cost comparison includes the transfer value, however, imported food turned out to be more cost-effective and represented an added transfer value to beneficiaries, as the international commodity price of the selected food basket was lower than the retail commodity prices inside Georgia. No data were found reporting on any positive market impacts of the cash distribution.

Risks or Negative Outcomes

Lack of time-series data did not allow for a comprehensive market assessment. However, according to the data available, prices for sugar, oil and wheat were relatively stable over the project period. It was reported that implementation of the second phase of field work was delayed in some areas due to adverse weather conditions. It was implied that this also delayed delivery of cash entitlements. Not reported was how this delay impacted beneficiaries. It was also suggested that by linking the transfers to a labor contribution (FFW or CFW), some of the most vulnerable households were excluded.

23 Rural Maintenance Program, Bangladesh, 1982-2006, CARE International/Min. of Relief & Rehab.

(WFP, 2006f; Ahmed 2005; CARE 2005c)

Assessment / Problem Identification

Poverty, food insecurity and vulnerability to natural disasters are well documented in Bangladesh. By some estimates, 50% of the population cannot afford an adequate diet and 25% are "hard-core poor". Female-headed households are amongst the most vulnerable. Between 70-90% of the income of extreme-poor households goes for food, indicating the relevance of food assistance. In-kind food aid is often sold to purchase other needs, making cash a viable alternative.

Program Objectives / Interventions

The RMP was a program targeted for destitute women. The major objectives of the program were two-fold: 1) to establish a system throughout rural Bangladesh whereby farm-to-market earthen roads receive year-round, routine maintenance, and b) to provide stable employment and income to approximately 60,000 members of the most disadvantaged and hard-to-reach group, destitute women. Every woman in the program was required to participate in a compulsory savings plan that captures about 22% of her earnings, deposited into a bank account. Also as a requirement for receiving cash, participants were trained in numeracy, human rights, gender equity, and health and nutrition, as well as income-generating skills and micro-enterprise management. It was intended that participants would end up by starting a micro-enterprise. The entitlement was 55taka/person/day, or about $0.90US. This amount was more than what women could have earned working in other manual labor jobs. Earnings from RMP could sustain a household for approximately two weeks.

Delivery System / Mechanisms

In each of 4,150 operational unions, there was a self-managed, 10-member Road Maintenance Association (RMA), which oversaw distributions and field work. A local bank account was opened for each union. Upon receipt of work reports, cash was transferred from a program account to the local account. The RMA treasurer or sub-treasurer directly distributed cash to participants. Although the RMP funnels cash through the local banks, it paid no service charge for using bank payment system. No special security measures were deemed necessary as the amounts of money distributed were small.

Monitoring and Evaluation

CARE provided oversight and monitoring of the RMP to see if the program operates in accordance with the prescribed regulations and to make sure that roadwork was of appropriate quality. On top of this, a monitoring capacity was installed to track damage to road infrastructure due to natural disasters, primarily flooding. Originally, a Research and Partnership team was created for M&E but performed poorly. Later a CARE technical coordinator was placed in charge of monitoring. An elaborate MIS was established by CARE to keep track of inputs expended and outputs produced. The World Bank and other institutions were recruited for external program evaluations.

Outcomes / Impact

The cash received was used for a wide variety of uses including: loan repayment (28%); rice purchase (19%); purchase of other foods (6%), medical, education, and clothing expenses. The program did not specifically seek to improve consumption and nutritional status and such indicators were not measured. Beneficiaries reportedly preferred cash as wages compared to food grain. The recipients of food tended to share with others, while cash recipients did not. Other research has also shown that in-kind transfers lead to greater food consumption than would result from an equivalent increase in cash income. Nearly 80% of graduates continued to be self-employed in micro-enterprise activities three years after the end of the program cycle. More than half of these women have daily income that exceeds the daily RMP ‘wage’. In addition to the benefits of enforced savings, having bank accounts gives participants credibility and improved access to credit. Program evaluations have shown that participation in RMP may move a household from the extreme to moderate poor category. Up to 84,000 km of rural earthen roads were maintained each year. Rural residents gave positive feedback on the improved quality of those roads. Anecdotal information was reviewed stating that, for some, the improved road system translated to enhanced livelihoods or better access to markets or services.

Administrative Function and Cost-effectiveness

By the conclusion of the program, CARE was working in collaboration with the Ministry of Local Government, Rural Development and Cooperatives. The program also worked through local governing bodies, such as Upazila Parishads, Upazila RMP Cells, Union Parishads and elected committees to plan, implement and monitor the RMP. CARE maintained an operational manual that described all procedures and partner responsibilities. RMP had the highest cost among three welfare transfer programs evaluated. The cost of delivering 1 Taka wage benefit to a beneficiary ranged between .20 and 0.32 Taka. There was a tradeoff between leakages and administrative costs. RMP had lower levels of leakage but fairly high administrative costs.

Risks or Negative Outcomes

Rural locations are quite secure for the handling of money or goods by beneficiaries. None of the RMP beneficiaries experienced any security trouble. No acts of violence were reported, either at distribution points or in the home, as a result of the cash transfer. However, partial or non-payment for unexplained reasons was an occasional occurrence. There were problems with the selection process, some of which were said to be due to complex selection criteria. Many beneficiaries said they had to pay or exert influence to get selected. Selection to a parallel food-only program required a bribe estimated at 145 taka. The amount was somewhat less for the RMP. An unmeasured exclusion error was expected as eligible participants were chosen via a lottery system. Quite a few problems were noted related to the abuse of the RMP women, many of whom were in the workforce for the first time.

24 *Familias en Acción*, Columbia, 1999-2005, Government of Columbia

(Ayala and Endara, 2005a; Lafaurie and Velasquez Leiva, 2004)

Assessment / Problem Identification

Columbia faced a number of challenges in the years leading up to the program initiation. There were escalating problems involving public order and internal violence, especially within the country's rural areas. Stagnating financial growth was exacerbated by unemployment and the deterioration of economic security. This scenario particularly affected the families in rural areas who dwelled in extreme poverty. In the late 90s, the percentage of individuals who fell below the national poverty line increased from 50% to 65%. This contributed to negative impacts on school attendance and nutritional status, especially among the poorest demographic groups.

Program Objectives / Interventions

Program objectives were to: (a) complement the income of extremely poor families having children younger than 18 years old; (b) reduce non-attendance and desertion by primary and high school students; (c) increment health care provision to children younger than 7 years old; and d) improve health care practices for children in aspects such as health, nutrition and early stimulation. Conditional cash transfers of $17/month were made to indigent households with children under 7 plus $10/month for secondary school-aged children and $5/month for primary school-aged children. Conditionalities in the form of health consultations or school attendance were imposed for each category. In 2005, 340,000 households received at least one form of transfer. No information was presented describing the basis for calculating entitlement values.

Delivery System / Mechanisms

Beneficiaries are identified and selected via a government system used by other social programs. This system uses a set of variables to estimate the level of welfare of each household. Ultimately, households are divided into six economic categories, including one for indigent or extremely poor households. Transfers were delivered through the banking network, originally with a trust company acting as an intermediary between the government finance department and the banking network. The trust company had no responsibility related to the payments made to the beneficiaries. An analysis revealed the enormous burden of this system, with double reconciliation of payments, 10% increase in payment time, and increased the likelihood of errors. The realization was reached that payment through banking network alone was superior to trust company. An alternative approach tried was to distribute vouchers that could be redeemed at retail shops but shop owners complained that they did not have enough cash on hand.

Monitoring and Evaluation

One challenge for the program was its verification process, particularly checking to see if conditionalities were being met. One report described a Continuous Improvement Committee but did not provide insights into its function. A suggestion was made that monitoring capacity needed to be increased, given the massive size of the program. Another reviewer noted that misuse of resources early in the program was due to inadequate monitoring.

Outcomes / Impact

Evaluations have shown that beneficiaries have increased their food intake and the availability of goods at the household level. Specific measures included additional intake of proteins, increased purchase of clothes and shoes for children, and increased investment in education. The increased consumption was reflected in an improved nutritional status of children. Positive effects were observed regarding growth patterns for rural children between 0 and 2 years old and in the weight of urban children. Increased attendance for growth and development check-ups was verified involving children younger than 6.

A positive impact was also identified in regard to school attendance among children aged between 12 and 17 years old. School attendance remained unchanged for younger children who already had a high attendance rate. This program functioned simultaneously with an in-kind transfer (whose components were not defined). Women overwhelming preferred the cash-transfer.

Administrative Function and Cost-effectiveness

One reason noted for the success of the program was that its managers had great experience in the banking sector and with financial management, skills considered more important than those related to poverty and social welfare. It was also noted that the independence of the program, shielded from government bureaucracies, was key to efficient and flexible implementation. The banking sector assumes the full risk of cash management. This was considered extremely important, since the program does not have to make additional investments in the insurance coverage that would otherwise be needed. The operational costs involved in the Trustee approach amounted to approximately 6% of the funds disbursed, excluding the transaction costs charged by the banking network which amount to approximately 5%. This yielded a total of 11 percent in operational costs.

Risks or Negative Outcomes

No concerns were expressed about safety issues for beneficiaries when payments are made at the banks. Overall, banks are institutions highly regarded and trusted by the community. Distribution through military facilities was suggested for conflict zones. Threats to safety did not take place inside the banks but occasionally outside, once the payment has been received. During the first payments made in some areas, beneficiary mothers were subject to robbery by common crooks. An attack on a bank would only delay beneficiary payment but did not lose program money. No increment was detected in the use of cash income by adults for alcohol, cigarettes or clothing.

25 *Progresa-Oportunidades*, Mexico, 1997-date, Government of Mexico

(Wodon, et al. 2003; IFPRI, 2002; Coady and Harris, 2001)

Assessment / Problem Identification

In Mexico, an estimated 40 to 50 percent of the country's 103 million citizens live below the poverty line, and about 15 to 20 percent are classified as indigent. Throughout the country, poverty is very much a rural phenomenon, with something on the order of three-quarters of all rural families falling below the poverty line. Most of Mexico's poorest citizens live in small villages with no paved roads, running water, or modern sanitation, Protein-energy malnutrition is widespread, with stunting (low height for age) affecting an estimated 44 percent of 12-to-36-month-old children in 1998 Confronted with rising poverty after the economic crisis of 1995, the Mexican government progressively changed its poverty reduction strategy, ending universal tortilla subsidies and instead funding new investment in human capital through *Progresa-Oportunidades*.

Program Objectives / Interventions

The program seeks to improve the education, health and nutritional status of families living in extreme poverty. Specific objectives were described as: a) integrate education, health and nutrition interventions; b) encourage the responsibility and active participation of the family; and, c) redistribute income to those in extreme poverty. The program targets cash transfers to poor households in rural areas worth the equivalent of approximately 25-30% of household income. *Oportunidades* (the new name for *Progresa* as of 2002) now covers 5 million families, about 1 in 4 Mexicans. The program claims virtual complete coverage of poor people in the country. Households receive benefits under condition that their children attend school for 85 percent of school days and the household visits public health clinics and participates in educational workshops on health and nutrition. An average beneficiary household received Mexican Pesos $238 (about $24US), nearly 20% of their average monthly consumption levels.

Delivery System / Mechanisms

A successful, three-tiered targeting system starts with geographic targeting, identifying poverty pockets. Then deserving households are identified based on per-capita income from census data. Finally, a community validation process is undertaken to weed out the undeserving. Cash transfers are individually delivered to the mother, and vary depending on the number of children enrolled in school, their attendance and progress made in different grade levels, and beneficiary attendance at health centers. Information provision is good; all mothers participating in the program receive pamphlets stating that the benefits of *Progresa-Oportunidades* are not conditioned on participating in any political event or voting for any political party. Operations are transparent, and the rules of the program are available on the internet.

Monitoring and Evaluation

A key feature of the *Progresa-Oportunidades* design was its elaborate M&E systems. The program's successful functioning depends on up-to-date and accurate information about beneficiary behavior and credible information about its impact. Those involved in the program design saw the value of an external, independent evaluation employing rigorous methodologies as a way to establish credibility within Mexican and international policy circles and to help ensure its continuation. Researchers at IFPRI conducted the *Progresa-Oportunidades* evaluation under a contract with the Mexican government. The evaluation was rigorous and allowed for valid with/without comparisons between beneficiaries and other groups demographically and economically similar. One estimate was that a modest 0.4% of the program budget was devoted to evaluations.

Outcomes / Impact

Child health improved in *Progresa-Oportunidades* areas including a decrease in the morbidity risks of children, with effects stronger for diarrhea than for respiratory infections. Children under 5, who were required to seek well-child care and who received nutritional support, had a 12% lower incidence of illness than children not included in the program Adult beneficiaries between 18 and 50 years had 19% fewer days lost due to illness than non-beneficiaries. Beneficiaries over 50 years had 19% fewer days of difficulty with daily activities, 17% fewer days incapacitated, and 22% fewer days in bed. In addition, nutritional status also was better for beneficiary children than for those outside the program, including reduced probability of stunting among children 12 to 36 months of age. Beneficiaries reported both higher caloric consumption and consumption of a more diverse diet, including more fruits, vegetables, and meat. Iron-deficiency anemia decreased by 18%. Education impact was also dramatic. The program caused increases in secondary school enrollment ranging from 11 to 14% for girls and from 5 to 8% for boys. Transitions to secondary school increased by nearly 20%, and child labor declined.

Administrative Function and Cost-effectiveness

Expenditures on *Progresa* totaled about $770 million per year by 1999 and $1 billion in 2000, translating into 0.2 percent of the country's GDP and about 20 percent of the federal budget. Administrative costs were estimated to absorb about 9% of total program costs. In later analyses, operational expenses had shrunk to less than 6% of the total cost of the program or about 0.5% of GDP. Between 25 and 30% of administrative costs were used for targeting and enforcing conditionalities.

Risks or Negative Outcomes

The targeting strategy has been largely effective in reaching poor households. However, qualitative studies have identified substantial dissatisfaction. Mainly, non-beneficiaries resent being excluded because of fine distinctions based on income and other seemingly objective characteristics. The entitlement provided for school attendance had no apparent impact on fertility, which was anticipated.

26 *Red de Protección Social*, Nicaragua, 1999-2005, Government of Nicaragua

(Maluccio and Flores, 2005; Maluccio et al., 2005)

Assessment / Problem Identification

Assessments showed that approximately 80% of the rural population of Nicaragua's Madriz and Matagalpa departments are poor, with half of those households extremely poor. On the other hand, these departments have easy physical access and communication, relatively strong institutional capacity and local coordination, and good coverage of health posts and schools in the majority of their poor communities. The government selected the departments of Madriz and Matagalpa for the pilot on the basis of both economic need and capacity to implement the program.

Program Objectives / Interventions

The program sought to reduce both current and future poverty via cash transfers to households living in extreme poverty. Specific objectives were: a) increased expenditures on food; b) increased healthcare access and nutritional status of children under five; and c) reduced school desertion during the first four years of primary school. The RPS used geographic targeting with few household requirements although a relatively small number of well-resourced (owning a motor vehicle and/or at least 14 ha of land) households were excluded. Eligible households received a bimonthly cash transfer contingent upon attendance at educational workshops and on bringing their children for scheduled healthcare appointments. Additionally, for each eligible child, the household received an annual cash transfer intended for school supplies (including uniforms and shoes), contingent upon enrollment. The value of full the entitlement, which ranged from an equivalent of $133US for education to $224US, for health/nutrition, totaled about 21% of household expenditures.

Delivery System / Mechanisms

Transfers are made every two months, and beneficiaries traveled to the nearest distribution point to collect them. The program favored distribution to women, who made up 95% of beneficiaries. Non-governmental organizations played a big role in leading workshops and providing health care to beneficiaries free of charge. Services included growth monitoring, vaccinations, and provision of anti-parasites, vitamins, and iron supplements. To insure adequate educational experiences, a teacher voucher was also provided to help with the purchase of supplies. Partial payments were provided to beneficiaries only partially fulfilling the conditions. Few beneficiaries were expelled for non-compliance.

Monitoring and Evaluation

RPS staff monitors the requirements listed above with the help of reports from health care providers and schools. When some or all of the requirements are unfulfilled; a transfer, or portion thereof, is withheld. The monitoring was done using a MIS designed specifically for and by RPS. It comprised a continuously updated, database of beneficiaries, health-care providers, and schools. Enforcement of some conditionalities had to be dropped due to circumstances outside of beneficiary control (e.g. late delivery of vaccines) or because of logical flaws (e.g. punishing children, often from the poorest families, who did not have adequate weight gain). These changes highlighted the importance of careful consideration of the conditionalities and how they are to be monitored during the design of a conditional cash transfer program. After a competitive selection process by the Government of Nicaragua, IFPRI was chosen to lead an extensive quantitative and qualitative evaluation of the pilot phase of RPS.

Outcomes / Impact

The major outcomes noted were: a) substantial increases in family purchasing power—up to 40% for the extremely poor—with most of the spending going toward more and better food; b) a one-third reduction in the extreme-poverty rate; c) a 5% reduction in the stunting incidence of children under five; d) a nearly 20% rise in enrollment rates for primary school children; and e) the child-labor rate cut in half in program areas. RPS produced an average net increase in school enrollment of 13%, rising to 20% for daily attendance. On average, RPS supplemented total annual per capita household expenditures by 18% with most of this increase spent on food. The program resulted in an average increase of 640 Nicaraguan córdobas (about $40) in annual per capita food expenditures and an improvement in the diet of beneficiary households. There was an average net increase of 16% in the participation of children under age 3 in the health-care program with smaller but significant increase in children 3-5. Finally, the improved household diet and increased use of preventive health-care services led to an improvement in the nutritional status of children less than five years of age. The net effect was a 5.5% decline in the number of children who were stunted.

Administrative Function and Cost-effectiveness

Given its multi-sectoral approach, the RPS required collaboration at many levels of government. Coordination was conducted by committees composed of delegates from the health and education ministries, representatives from civil society, and RPS personnel. This was especially important in assuring the availability of health and educational facilities and services. Administrative costs were a little less than 20% in the pilot phase, after taking out fixed costs associated with design, planning, and evaluation. This was said to be more than similar programs, such as Progresa in Mexico, but was linked to special features that increased program effectiveness, including targeting, monitoring and imposing conditions.

Risks or Negative Outcomes

The size of the transfer was not adjusted for inflation and lost about 8% of its value. Targeting was deemed successful with more than 80% of beneficiaries come from the poorest 40% of society. The percentage of non-poor households participating in the program in geographically targeted communities was only 15%. Tensions between beneficiaries and non-beneficiaries was said to have been mild. In none of the first three years were all of the bi-monthly cash grants issued. Delays or postponements were due to administrative and bureaucratic obstacles.

27 Prog. of Advancement through Health and Education, Jamaica, 2001-date, Min. of Labour and Social Security

(Ayala And Endara, 2005b; Rawlings and Rubio, 2005, Rawlings 2004)

Assessment / Problem Identification

Poverty is widespread in Jamaica, with 18.7% of the population living below the poverty line. Youth is particularly affected with school dropout and unemployment rates relatively high. More than 25% of out-of-school males between 15 and 24 are jobless. Rising crime rates parallel these trends. Following poor results for combating poverty through community infrastructure development programs, the government developed policies with a greater welfare orientation.

Program Objectives / Interventions

PATH has four main objectives, as follows: a) to alleviate poverty by increasing the value of transfers to the poor; b) to increase educational attainment and improve health outcomes of the poor by breaking the intergenerational cycle of poverty; c) to reduce child labor, by requiring children to have minimum attendance in school; and d) to prevent families from falling further into poverty in the event of an adverse shock. The program involves a conditional cash transfer of approximately $10US/person/month to 180,000 households. The conditionalities involve school attendance (minimum 85% attendance or maximum 9 days absent per term) for children 6-17 and visits to health facilities (# of visits differed depending on beneficiary age/status) for a variety of target groups. The program targeted infants, children, the elderly, handicapped, pregnant and lactating women as these were considered as indicators of destitution.

Delivery System / Mechanisms

Cash distribution initially made use of the mechanism used during a past food stamp distribution. Cash (in the form of a check) was distributed through a network of public or community centers. Checks would be cashed at local bank branches. A switch was made later in which check distribution was done via the postal service. Targeting at the geographic level used annual consumption data to identify concentrations of poor households at the parish level. Then, a selection system designed for identifying beneficiaries was based on a group of variables estimating the level of expenditure by households. The variables used were arrived at based on information gathered during a national consumption survey. Ultimately, however, beneficiaries were self-selecting, i.e. would apply for assistance and have their qualifications verified.

Monitoring and Evaluation

Monitoring of activities and operations takes place through household data collected and stored in a government MIS as well as through community consultations. Verification of health and education conditionalities is done through attendance reports submitted by public health or school officials to the MLSS. Health officials were reportedly reluctant at first to participate in patient monitoring in this way, but eventually became compliant. School reporting was reliable from the start. External consultants are recruited to design and implement impact evaluations. One finding of evaluators was that the program had not yet developed a functional information system. For instance, no real system exists for measuring inclusion/exclusion errors. The system for verification of conditionalities also did not meet required standards.

Outcomes / Impact

The overall impression of reviewers was that weak M&E means that little is known about impacts of the program. Assessments did suggest that levels of client satisfaction are high and that the program is an improvement on pre-existing welfare services, such as the Food Stamp Programme. The benefits received under this program are considered so low that little improvement could be expected or achieved regarding the living standards or food consumption of recipients. However, there was a reported 38% increase in visits to health care facilities by beneficiary children 0-6 and increased immunization rates for all children. No information was found on the impact of the program on school attendance.

Administrative Function and Cost-effectiveness

PATH was intended to transform Jamaica's social safety net into a more fiscally sound and efficient system of social assistance for the poor and vulnerable. It consolidated three previous income transfer programs, strengthens targeting procedures, and attempts to adjust benefit levels to meet assessed needs. PATH is managed by the Public Assistance Division within the MLSS, with an organizational structure comprising: operations, planning and monitoring, information, training, and accounting. Reviewers commented on the complexity of the design and difficulties related to verification of compliance prior to payment for diverse beneficiaries, with varied conditions. This was very confusing and complicated for the beneficiary households and for staff as well. The program performed only moderately well in comparison to similar programs in other countries. The targeting procedures made registration difficult and led to levels of inclusion/exclusion error that are likely quite high (although exact measures were not recorded). PATH consolidated social protection programs to improve cost-effectiveness. Its 2004 annual budget was US$23 million (0.32% of GDP) Administrative costs were not reported. It was noted that the self-selection aspect reduced costs but likely excluded needy households. Reviewers felt that strategies are required to reduce what they felt were the program's high administrative costs.

Risks or Negative Outcomes

Many clients and service providers feel that the system for the selection of beneficiaries needs to be more transparent. By first selecting destitute households, the quotas for elderly, pregnant women, etc. were not met, meaning that some better-off households were included. Estimates had about 20% of beneficiaries falling within the 3rd and 4th income quintiles, an unacceptably high inclusion error. Evaluators noted that appropriate investment in the health and education sectors is needed if such a conditional transfer is to work. This program may suffer due to inadequacies in such facilities. As a number of social programs were functioning simultaneously, selection of beneficiaries was often confused. Reviewers suggested that the function of beneficiary selection be separated from operations, in ways similar to other programs in Latin America.

V. Analysis / Findings

The previous section presented major facts and characteristics of 27 recent pilots, projects or programs worldwide that made use of cash and/or vouchers to provide benefits to people in need. This section attempts to synthesize the commonalities and contrasts among those cases, as a first step towards identifying lessons-learnt as well as knowledge gaps that remain. At times, other documents may be cited that add detail to the theme being discussed.

A. Objectives and Target Beneficiaries

Judging the efficacy of a project is most useful when achievements are analyzed in relation to the original objectives laid out. Conducting such an analysis, in turn, requires a certain level of clarity and specificity in the objectives. Among the specific elements of good objectives is a description of the group of people for whom change is anticipated. Table 3 on the next page presents objectives and target groups for the case studies, to the extent they were described in the literature. This document is not intended as a critique of the projects reviewed and no critical analysis of the phrasing and appropriateness of objectives is appropriate. Indeed, gaps in the literature means that a critical analysis as to the suitability of stated objectives (e.g. against assessed need, nature and timeframe of interventions, etc.) is not feasible. However, some patterns, positive or negative, may be visible that could serve the needs of future programs. It should be noted that the analysis does not delve deeply into methods for targeting and beneficiary selection, which are important themes but ones that do not necessarily present issues unique to cash/voucher programs. Many of the cases used beneficiary lists drawn up for food distribution.

One point of interest is the extent to which objectives for emergency projects differ from development projects and have objectives suitable for emergency response and select beneficiaries based on the impacts of the particular emergency. The majority of those projects seek to assure adequate food consumption of targeted beneficiaries. Beneficiaries themselves seem to be targeted for two distinct reasons: one because of impacts of the crisis/disaster in question and two because they meet one or more criteria of chronic vulnerability. Indeed, in at least on case, targeting was based on such vulnerability criteria as economic criteria proved too difficult to measure.

A second point of interest is whether objectives established for CFW activities capture both the expected impact of the cash transfer as well as the benefits expected from new or renovated infrastructure. For the most part, this is the case with objectives both for consumption or income and for community assets. One exception is the CFW in Georgia, for which no objectives related to the products of labor. The target group in that case includes disabled and elderly, but no information was found to show how such people were served by a CFW project. Similarly, one expects objectives for CCTs to capture both immediate improvements in household nutrition or food security as well as longer-term benefits of the health or education conditionalities. This was universally the case for the four main CCT programs.

B. Intervention Strategies

For many of the situations described in the case studies, in-kind food distribution would traditionally have been the norm. Some of these case summaries provide insight into why decisions were made to substitute cash or vouchers for food aid. A common factor in at least some cases was that the agency or its senior managers had previous experience with cash-based programming. In some cases, assessments revealed that the conditions were appropriate for such an approach, i.e. available food at reasonable prices, a conducive market environment, a safe and secure context, etc. In addition, the agency in some cases had a learning objective, wishing to test modalities for cash distribution or compare it to in-kind distribution for efficiency and effectiveness. The following paragraphs provide more detail on the development of intervention strategies for specific cases.

Table 3: Objectives and Target Groups for Cash/Voucher Case Studies

#	Project/Program	Target Group(s)	Objectives
EMERGENCY / RELIEF / RECOVERY			
1	ECRP, Somalia	Pastoralists who were at risk of destitution, including elderly, FHH, and the disabled	- slowing down the destitution of pastoral livelihoods - reviving the local economy
2	Cash for Relief Ethiopia (CARE)	Acutely food insecure	- provide access to a nutritionally adequate food basket - allow retention of food aid by eliminating the need to sell a portion in order to purchase salt and other condiments; - improve access to better domestic hygiene through purchase of soap and water containers; - improve health conditions through access to adequate clothing and blankets; - ensure school attendance through purchase of school materials and payment of fees - reduce environmentally harmful practices, e.g. collection of firewood and charcoal burning for sale
3	Cash Transfer Program Malawi	Chronically poor farm families with chronically ill, disabled, or orphans	- protect livelihoods - enhance resilience to shock
4	FACT Malawi	Vulnerable people such as OVCs and elderly	- assure immediate consumption needs - test the methods
5	Tanout Cash Transfer Project, Niger	Universal coverage in vulnerable communities	- increase food access in targeted households - increase household food security (e.g. decreased use of negative coping strategies - increase value of livestock holdings, increased number of income sources, etc - increase community resiliency to future food security shocks - increase local capacity
6	Emergency Cash Transfers – Zambia	Vulnerable/food insecure households	- help households access food so that destructive coping strategies are not employed
7	Food Voucher System - Zimbabwe	IDPs from urban 'clean-up' program	- assuring food consumption
8	RAP Kenya	Pregnant and lactating women and households with malnourished children under five	- adding nutritious foods to diets
9	Cash Grants, Mozambique		- rebuild livelihoods
10	Cash Transfer Project, Sri Lanka	Extent of tsunami damage and economic impact	- improving food and livelihood security - building local economy - testing cash vs. food
11	CFW Afghanistan	Chronically poor refugees	- secure people's access to markets - protect livelihood security - stimulate the local economy
12	CFH Mongolia	Chronically disadvantaged and vulnerable herders	- improve livelihoods
13	MBFA Indonesia	People displaced by the earthquake/tsunami	- food consumption meets acceptable standards of quality and quantity

#	Project/Program	Target Group(s)	Objectives
REHABILITATION / DEVELOPMENT			
14	DSNPP, Malawi	Vulnerable and disadvantaged people	- food consumption - research modalities for cash transfers
15	Cash for Relief Ethiopia (SCF)	Chronically poor households	- build assets - allow livelihoods diversification
16	Social Cash Transfers, Zambia,	Critically poor and incapacitated (labor poor) households	- reduce extreme poverty, hunger and starvation - test system feasibility
17	GAPVU Cash Transfers Program - Mozambique	Elderly and the disabled (based on economic criteria) and women and children (based on nutritional and health criteria)	- poverty alleviation
18	Social Security System – South Africa	Elderly, individuals with disabilities, children up to the age of fourteen	- reducing poverty - economic development
19	Food Subsidy Program - Egypt	Poor and vulnerable households	- greater diet diversity - cash savings
20	Urban Voucher Programme - Palestine	Poor urban households	- provide food and other needs
21	Food Stamp System - Pakistan	Food insecure households	- provide food to food insecure households - build community and household assets
22	CFW Georgia	Unemployed, displaced, landless, and/or households headed by a single parent or containing disabled, elderly or orphans	- improve household food livelihood security and - test procedural, administrative and institutional requirements for cash transfers
23	RMP Bangladesh	Disadvantaged and hard-to-reach destitute women	- establish a system for year-round, routine maintenance of rural earthen roads - provide stable employment and income
24	FEA Columbia	Extremely poor families having children younger than 18 years old	- complement income - reduce non-attendance and desertion by primary and high school students - increment health care provision to children younger than 7 years old
25	*Progresa-Oportunidades* Mexico	Households under income threshold	- integrate education, health and nutrition interventions - redistribute income to those in extreme poverty
26	RPS Nicaragua	Near universal coverage in targeted poor districts	- increased expenditures on food - increased healthcare access and nutritional status of children under five - reduced school desertion during the first four years of primary school
27	PATH Jamaica	Infants, children, the elderly, handicapped, pregnant and lactating women	- alleviate poverty - increase educational attainment and improve health outcomes of the poor - reduce child labor - prevent families from falling further into poverty in the event of an adverse shock

In some cases, decisions to program cash/vouchers came from disenchantment with or skepticism of food-based responses. This was the case, for instance, in the Emergency Cash Transfer Project in Zambia, where the implementing agency (Oxfam GB) and donor (DFID) are both increasing advocates of cash as a substitute for food. CARE Ethiopia designed it Cash-for-Relief in part to response to the GOE's growing opposition to assistance, such as food aid, that does not contribute to economic growth. The government in Afghanistan also pushed agencies away from food, seen as more suitable to relief settings. In at least a few cases (e.g. the food stamp system in Pakistan, Cash-for-Relief, SCF Ethiopia, and UVP Palestine), cash/voucher transfers were seen as more cost effective or logistically easier than food aid. Finally, it was known to the RMP Bangladesh and CFW Afghanistan teams that beneficiaries were selling food aid, because of pressing cash needs.

Food security or food needs assessments often do not include questions or lines of inquiry relevant to making food vs. cash choices or determining the feasibility of cash/voucher transfers and, thus, do not conclude with recommendations for cash-based responses. The fact that assessments for many of the case studies do reveal such types of information implies a preconceived intention by the assessment team to explore alternatives to food aid. The ECRP Somalia, the Tanout Cash Transfer Project in Niger, Emergency Cash Transfer Project in Zambia, Cash Transfer Project in Sri Lanka, the Food Voucher system in Zimbabwe, MBFA in Indonesia, UVP in Palestine, and the CFH project in Mongolia are all examples where assessments sought data relevant to cash-based programming.

In other cases, decisions to use cash were based on the nature of defined objectives. The Cash Grants for Disaster Response in Mozambique, for instance, had the goal of rebuilding livelihoods, for which a food-only benefit would be a poor match. The CFW Georgia project, CFH Mongolia and RMP Bangladesh are other examples where cash was considered best suited for promoting livelihoods rather than just feeding people. In several cases, local economic development and support for markets were mentioned as objectives, pointing towards market-based responses and away from imported food aid. A learning or research objective of certain agencies was instrumental in piloting cash-based interventions. Oxfam Malawi, BRC Niger, CU Malawi, WFP Sri Lanka and CARE Indonesia are among the institutions that had overt learning objectives or intentions that contributed to the design of a cash/voucher project.

C. Composition and Value of Transfers

Of the 27 cases reviewed, 17 involved a purely cash benefit (including one in which a coupon was distributed that beneficiaries converted to cash in a local bank), five involved vouchers or food stamps only, two combined cash with food, and one combined cash with vouchers. In another case, cash, vouchers or food were distributed to different communities for the purpose of comparison, while a similar approach elsewhere compared cash and food only. Of course there have been many food-only programs, with varied distribution mechanisms and conditionalities, but these are not reviewed in this document. Box 3 on page 44 summarizes pertinent information regarding voucher case studies.

For the most part, comparisons among the case studies (for instance to try to determine if cash transfers are 'better' in some way than vouchers or food) are impossible or irrelevant due to contextual differences and the lack of objective indicators/data. For the most part, there were no broad patterns, such as universal failure of projects using vouchers, that might allow distinctions to be made. Results for the two projects that compared entitlement types scientifically are summarized in Section E below.

In certain cases, the cash beneficiaries had previously received food and were asked to state preferences or make comparisons. Only 1% of cash beneficiaries in the MBFA pilot project in Indonesia asked for a return to food distributions (which were smaller in value than the cash grants). The Kenya RAP beneficiaries preferred vouchers over the previous food distributions, in part because they felt food aid was less dignified. CFH-Mongolia beneficiaries preferred cash because of its higher perceived value but also because the consumer choice it offered. About 85% of Cash-for-Relief beneficiaries in Ethiopia preferred cash, because distributions were quicker and cash had flexible uses including savings. Beneficiary preference in WFP-Georgia's CFW pilot varied based on distance to market, physical availability of food at the household level and other factors. Overall, 61% preferred cash only, 21% preferred food only and 18% preferred a cash/food mix. Beneficiary preferences in Sri Lanka were mixed. In areas with stable markets and safe conditions, cash was preferred, while in less stable areas, in-kind distribution was preferred.

Country to country comparisons of entitlement values would not be a particularly worthwhile endeavor. Clearly, the $1US per month distributed by the GAPVU Cash Transfer Program in Mozambique was vastly different in objectives and outcomes than the one-time transfer of $244US per household made by the RPS Nicaragua. However, the process by which the composition and value was selected can be analyzed and may or may not yield information useful for future programs. Two scenarios are most common in the 27 cases. First, in at least 10 cases no rationale or formula was described in the documents available. It is likely that such a formula did exist for some, but for others the transfer size probably was arbitrary or determined by budget limitations rather than beneficiary need. Obviously, when budgets are fixed, larger entitlements mean fewer beneficiaries and vice versa. The importance of budget in determining entitlement size should not be underestimated.

In nine cases the value of the transfer was calculated to be roughly comparable to either the households' consumption/expenditure, or some estimate of the deficit comparing need and degree of self-sufficiency. Four cases calculated a cash entitlement based on the market value of a food aid ration. Finally, in two cases (CFW projects) the value of the transfer was based on local wage rates (slightly more in one case, slightly less in the other). It would be interesting to see the relative impact of these two approaches on local labor markets but relevant data were not available. In none of the cases was the size of the transfer varied among target communities, to research the effects on impact.

One finding that was repeated in more than one case was that when the cash transfer value is equal to the local retail price of a current food aid ration, the caloric consumption of beneficiaries decreases while diet diversity increases. This is logical, as cash is destined for a greater variety of expenditures, which would decrease the amount available for purchasing staple foods. If adequate consumption of staple foods is a project goal, then the size of the cash transfer should be increased accordingly.

D. Conditional or Non-conditional Transfers

A key consideration in the design of cash/voucher programs is whether to make the receipt of benefits dependent on some contribution or action by beneficiaries. In simple terms, a cash transfer with no reciprocal obligations and no restrictions on use is the only purely non-conditional approach. The use of vouchers or food stamps conditions the nature of the benefit (i.e. can only be legally redeemed for predetermined food and occasionally non-food items). The CFW projects (in Ethiopia, Afghanistan, Georgia, Pakistan and Bangladesh) condition the benefit on some labor input, usually participation in community infrastructure projects.

In some cases, beneficiaries are required to attend training sessions, usually conducted by the implementing agency (e.g. CARE Ethiopia and agencies linked to Pakistan's food stamp system). Finally, the traditional form of conditional cash transfers (CCTs) are represented here by the four programs in Mexico, Jamaica, Columbia and Nicaragua. In these cases, beneficiaries remain eligible by maintaining predetermined levels of attendance at schools and/or health facilities and meeting other requirements. Although not a conditionality, RMP Bangladesh beneficiaries were enrolled in a compulsory savings scheme, aimed at building household financial assets.

Box 3: Voucher Case Studies

In six of the case studies, a voucher or similar instrument was distributed to beneficiaries. Vouchers were often used instead of cash to control what was purchased. This usually occurred but perhaps would have also occurred if cash was distributed instead of vouchers. The use of vouchers also limited where purchases could be made. Specific experiences are summarized as follows:

7 *Food Voucher System, Zimbabwe*: Vouchers based on US currency were used to buffer the effects of inflation. Markets were contracted to supply a set of food products in exchange for the voucher. The implementing agency would periodically collect and verify the vouchers and forward them to a finance department for reimbursement. The system was said to be unwieldy and time-consuming. Vendors sometimes failed to stock proper items and keep required records.

8 *RAP Kenya*: The agency was more comfortable/experienced with vouchers than with cash and felt that vouchers could be more closely monitored. Commodity prices were agreed to between project staff and shop owners on a monthly basis. Vouchers were collected from retailers on a bi-weekly basis and were reimbursed via bank transfer.

13 *MBFA Indonesia*: Vouchers for predetermined weights of rice, oil and sugar were provided as a complement to cash. The use of vouchers was intended to assure acquisition of staple foods. Arrangements were made with rice factories to assure packaging in proper size containers. Staff visited vendors weekly, collected used vouchers and issued an IOU. The finance department issued a check or made a bank transfer within a week. Monthly monitoring allowed price adjustments.

14 *DSNPP Malawi*: Vouchers were selected for comparison to food and cash. Most vulnerable beneficiaries (especially women) found the vouchers difficult to understand. The use of pre-selected retailers offered little choice; some beneficiaries had to walk long distances, especially difficult for the disabled, sick and elderly. Retailers often dictated what could be bought with vouchers and when they could be used and raised prices.

20 *UVP, Palestine*: The agency felt that vouchers would be easier to set up than a cash distribution and would better limit misuse of cash. The vouchers were redeemed at contracted shops from a list of permitted foods and non-food items. The agency would collect vouchers and paperwork periodically and process payment quickly by check or bank transfer.

21 *Food Stamp System, Pakistan*: Beneficiaries use stamps/coupons to make purchases at designated grocery shops for a variety of food commodities/items. Studies have showed that the beneficiaries use food stamps to buy items such as wheat flour, oil, pulses sugar, and tea. Participating shopkeepers would redeem the stamps at designated bank branches, which in turn would have funds transferred to them by the implementing agency. The system was funded through the monetization of wheat imported by WFP.

In two cases above, uncooperative vendors compromised the success of the voucher approach. Otherwise, the strategy largely worked as planned, with no reports of counterfeiting or other forms of misuse. A variety of security measures were taken including having vouchers printed in another location, inserting a sequence of serial numbers for cross-checks, and changing colors and designs frequently. Anecdotally, some beneficiaries in Pakistan traded their food stamps for construction materials. In the case where, vouchers were compared with food and cash, the main finding was that vouchers were more costly to program. No information on cost-effectiveness was included.

E. Delivery Mechanisms

Many of the agencies featured in the case studies, particularly but not exclusively those working in an emergency or relief mode, have ample experience in food aid delivery. In contrast, transporting and distributing cash/vouchers in a safe and efficient manner requires different methods and skills, which presented a challenge to many. The following paragraphs summarize the various methods used by the projects to transport and distribute cash.

The two main methods used for cash delivery were bank transfers (or delivery by money transfer services) and direct delivery by agency staff. In the cases where banks delivered cash directly to beneficiaries (e.g. CFH Mongolia, Emergency Cash Transfers, Zambia, Cash Transfer Pilot Sri Lanka, CFW Georgia, FEA Columbia), branches were located in reasonably close vicinity to beneficiary communities, and at times were already being frequented by beneficiaries. The banks occasionally would provide mobile services, whereby its representatives would transport cash to a more easily accessible location. In some if not all cases, formal agreements were drawn between the project and the bank.

When agency staff handled a distribution directly (e.g. FACT Malawi, Tanout Cash Transfer Project Niger, MBFA Indonesia), the reason given was often that banks were not available or willing to collaborate. Bank transfers were often used to get cash to a regional branch from which it would be withdrawn by project staff. In the specific case of MBFA Indonesia, CARE administrators were uncomfortable with the idea of its personnel being in possession of project cash (which officially should go directly from the donor account to beneficiaries). The local banking system, however, was not set up for receiving checks or wire transfers and no other viable options could be devised. In a few cases (e.g. DSNPP - Malawi, Cash-for-Relief Ethiopia, RMP Bangladesh), government offices, community authorities or committees received cash from the implementing agency and distributed it to beneficiaries. It was in this last category that fraud/embezzlement was occasionally discovered.

The case studies also include some unique methods for distribution. The Cash Grants for Disaster Response Project in Mozambique distributed cash through two MFIs. Distributions went smoothly apparently but some pressure was applied to repay old debts immediately. The RAP Kenya distributed through health centers. This also functioned well and had the secondary benefit of increasing use of health services and rates of immunizations. An agency in Afghanistan successfully made use of the traditional *hawala* banking system to transfer large sums of money to district 'paymasters'. The PATH Jamaica system was to send checks through the postal service that beneficiaries would cash at the bank of their choice.[3]

F. Outputs, Outcomes and Impact

Whether or not made explicit in project/program design or recorded in the literature, every cash/voucher program anticipated benefits for its targeted beneficiaries. Other positive or negative outcomes, indirect or unanticipated, may also have resulted for beneficiaries or others. The following sections summarize, to the extent possible, the outputs, outcomes and impact reported for the cash/voucher case studies.

Outputs

For welfare transfer programs like these, the core output is typically that an appropriate/prescribed 'ration' is distributed at the right time to the right people in an appropriate location. When a voucher is used, additional outputs should relate to the production of understandable, secure and traceable vouchers and established relationships with networks of vendors. Finally, for CFW interventions, the physical structures produced qualify as outputs. When we assess progress towards planned outputs, we are mostly judging the performance of the implementing agency. Some, but not all of the case study documents reflected on project outputs. In several cases it was simply stated that distributions occurred per schedule, no major problems were encountered due to the location or mechanism of distribution, and/or the amount provided was acceptable and as promised. Negative reports on output production included the following.

For the output theme related to appropriate size of the transfer, three projects (Cash Transfer Program, Oxfam Malawi, DSNPP-Malawi, and RPS Nicaragua) reportedly did not adjust the cash transfer for inflation, reducing the real value below its prescribed amount. In addition, the CU-Malawi and RMP Bangladesh transfers were often short, due to pilfering by counterparts or budget shortfalls. The GAPVU Cash Transfer program in Mozambique gave on average 1/3 less than promised and had frequent delays or postponements in delivery, as did the RPS in Nicaragua. Also in Mozambique, only 7% of the beneficiaries knew the amount of cash to which they were entitled and had to wait on average seven hours at distribution sites. Finally, the CFW programs in Afghanistan had poorly constructed infrastructure due to technical skills gaps. These negative comments on outputs seem random, follow no clear pattern, and are certainly not unique to cash programming.

Outcomes

Outcomes generally refer to appropriate or expected behaviors of the recipients and market participants as a result of project interventions. If beneficiaries are provided with cash or vouchers to supply their households with food, the outcome is simply that they successfully exchanged the cash/vouchers for food. Table 4 below describes the items purchased with cash received. It may additionally have been proposed or anticipated that the cash go to purchases in local shops, of items produced locally. Finally, outcomes are important in cases of conditional cash transfers, where school attendance and visits to health care facilities are desired behaviors. Outcomes are distinct from outputs in that they are beyond the

[3] Lafaurie and Velasquez Leiva, (2004) describe and analyze a variety of mechanisms for cash transfers, applicable in the banking sector in Columbia. Ahmed (2005) presents cost analyses for a variety of cash delivery options in Bangladesh.

control of the project, although in the case of CCTs the project can expel beneficiaries who do not follow behavioral rules.

Cash and vouchers were almost always used for local purchases, although vouchers were limited to a smaller set of vendors. In most cases, beneficiaries were able to access shops and obtain the products they needed at a fair price. The exceptions to this occurred in the voucher transfer programs. In particular, beneficiaries (especially women) of the DSNPP (Malawi) found vouchers difficult to understand and had to walk long distances to use them, which proved especially difficult for the disabled, sick and elderly. Retailers often dictated what could be bought with vouchers and when they could be used and exploited their near monopoly by raising prices (sometimes by 100%). Voucher holders also had less-than-ideal experiences with some vendors in Zimbabwe.

Table 4: Reported Use of Cash Transfers

#	Project / Program	Items and Proportions (if mentioned)
1	ECRP, Somalia	Food and water purchase, health care and debt repayment
2	Cash for Relief Ethiopia (CARE)	Livestock (32.5%), clothing (23.5%) and food (20%)
4	FACT, Malawi	Staple foods, other groceries, health, livelihoods investments, repaying debts, social obligations, and wasteful consumption (alcohol, womanizing)
5	Tanout Cash Transfer Project, Niger	Grain stocks, clothing, and livestock. Other reported uses of the cash included paying off debts and health expenditures
6	Emergency Cash Transfers – Zambia	Food (between 84-91% of cash received)
8	RAP Kenya	Maize and beans, small quantities of cooking fat, margarine, wheat flour
9	Cash Grants, Mozambique	Debt repayment (62%), household necessities (26%), and livelihood investments (12%)
10	Cash Transfer Project, Sri Lanka	Diverse foods and non-food items
11	CFW Afghanistan	Food (90%)
12	CFH Mongolia	Food, livestock, fodder, clothing, materials and equipment for other livelihoods activities, and debt reduction
13	MBFA Indonesia	Food (80%), transport (3%), cleaning/cooking materials (3%), snacks/treats/ alcoholic beverages (4.5%), and other household expenditures (7%)
14	DSNPP Malawi	Food, clothing, agricultural inputs
15	Cash for Relief Ethiopia (SCF)	Grains, pulses, land tax, seed, clothes and shoes, school materials, condiments, as well as loan repayment.
22	CFW Georgia	Food (29%), agricultural inputs (23%), health (15%), education (5%), and loan repayment (11%).
23	RMP Bangladesh	Loan repayment (28%); rice purchase (19%); purchase of other foods (6%), medical, education, and clothing expenses
24	FEA Columbia	Increased purchase of protein, clothes and shoes, school fees and education supplies.

An important outcome, frequently mentioned amongst objectives was the retention of assets or avoidance of destructive coping strategies due to the benefits received. The FACT Malawi project, for example, sought to limit destructive fuelwood cutting by beneficiaries, and was successful to some extent. The Tanout Cash Transfer Project in Niger included an objective related to asset protection (i.e. avoidance of livestock sales). Tentative evaluation results indicated that beneficiary households were better able to maintain herd size than non-beneficiaries.

A frequent outcome of welfare transfers, usually unplanned and often undesired, is that recipients share what they receive with non-recipients. This occurred in at least two of the cases – CFW Afghanistan and ECRP Somalia. The FACT Malawi evaluation noted that food was frequently shared with non-beneficiaries but that cash was only shared in small amounts and usually by men. In contrast, evaluators of the RMP Bangladesh noted that cash recipients tended not to share with others, which was not the case in parallel food aid interventions. An outcome unique to at least one community served by the Tanout

Cash Transfer Project in Niger was the pooling of cash for joint projects (e.g. house construction for a new teacher.

Products of CFW had some positive outcomes for beneficiaries. New infrastructure in Pakistan, produced by labor paid for with food stamps, improved access to health centers and schools. Roads maintained by RMP Bangladesh's CFW led to enhanced livelihood opportunities and better access to markets and services. Another outcome related to labor, was the claim by some beneficiaries of the Social Cash Transfer Scheme in Zambia and FACT Malawi project that receiving cash allowed them to avoid daily farm labor jobs, thereby freeing up time for work on their own fields. No comparative data was found as to whether participation in CFW took people away from important tasks in the home or on the farm.

Outcomes were also generally positive in the case of CCT programs. PATH Jamaica reported 38% increase in visits to health care facilities by beneficiary children 0-6 and increased immunization rates of all children. RPS Nicaragua and Progresa/Oportunidades in Mexico saw increased school enrollment, increased use of health care facilities and decreased child labor. FEA Columbia experienced positive outcomes for school attendance among children aged between 12 and 17 years old. The Social Security System in South Africa and the Social Cash Transfer project in Zambia noted increases in school enrollment rates, although these were not conditionalities. The RAP Kenya program noted increased use of health facilities and immunization rates, attributed to the fact that distribution took place at health centers.

Food Security/Nutritional Impact

Impact is usually defined as a sustainable improvement in peoples' well-being. Not surprisingly, most of the cases reviewed had positive data to report regarding impact on food security, consumption and/or nutrition. For instance, ECTP Somalia beneficiaries consumed on average one additional meal per day. Beneficiaries of FACT Malawi and the Social Cash Transfer project in Zambia also increased the average number of meals consumed per day. Increased diet diversity (adding animal proteins, fruits and vegetables, etc.) was also noted for many of the cases, including MBFA Indonesia, DSNPP Malawi, Cash-for-Relief Ethiopia, *Progresa*/*Oportunidades* Mexico and others. Improved nutritional status was also occasionally noted, although it appeared that few of the cases used anthropometrics to measure success. The FEA Columbia project noted positive growth patterns for rural children between 0 and 2 years old and in the weight of urban children. *Progresa*/*Oportunidades* Mexico resulted in reduced probability of stunting among children 12 to 36 months old and decreased levels of iron-deficiency anemia. The RSP Nicaragua recorded a 5% reduction in the stunting incidence of children under five.

Taken in isolation, these findings do not have great relevance besides reassuring us that households will experience improvements in their food security status, at least temporarily, if provided with cash. It would be interesting to learn to what extent cash, vouchers or in-kind distributions outperformed the others in terms of impact achieved. Unfortunately, for most of the cases, no objective comparisons are possible. However, in the two cases where different entitlements were compared scientifically, the following conclusions were reached.

Cash Transfer Pilot Project, WFP Sri Lanka – The final pilot evaluation found that the consumption of staples increased for households receiving food and declined for households receiving cash. However, cash households had a higher quality diet, consuming meat, dairy products and packaged foods in greater quantity. Non-food expenditures were also higher for cash households. Beneficiary preferences were mixed. In areas with stable markets and safe conditions, cash was preferred, while in less stable areas, in-kind distribution was preferred. This case shows the importance of contextual conditions and project objectives in choosing the best option.

Dezda Safety Net Pilot Project, Concern Universal Malawi – Conclusions for this case are more complicated. Because the value of the cash transfer was fixed despite rising food prices, in-kind transfers (maize flour) were more successful in meeting household food needs. Cash transfers, however, increased diet diversity and consumption of animal protein and were more effective in meeting clothing requirements. Twice as many cash beneficiaries were able to purchase agricultural inputs and alone were able to pay for maize milling. Although voucher recipients fared better than food recipients in terms of diet diversity, they had limited choices and concentrated market impact in a few traders. In-kind transfers did not contribute to local economic development. Again, context and objectives are key elements.

Household Economic Impact

Household economic impact was frequently a stated goal in the case studies reviewed. Documented impact is not common, however, although it is reported in a few cases, usually for longer-term development type programs. The Social Cash Transfers scheme in Zambia noted that asset ownership increased by nearly 20%, most significantly for small livestock and poultry. Beneficiaries of food stamps in Pakistan (who often participate in community projects in order to receive the stamps) were reported to have substantial long-term increases in household income. The most common economic benefit may have been debt reduction. Besides the case of distribution by MFIs in Mozambique, already described, where beneficiaries often repaid old debts as cash grants were received, cash received was used to repay debts in the Zambia, Nicaragua, Somalia, Ethiopia, Niger and several other programs.

Health Impact

Health impact was also reported in a few cases, usually where the conditions of the program required immunizations, visits to clinics, or similar behaviors. The *Progresa-Oportunidades* program in Mexico provides the best documentation of health impact. Child morbidity decreased for beneficiaries, more for diarrhea than for respiratory infections. Adult beneficiaries had 19% fewer days lost to illness than non-beneficiaries. A number of indicators of improved health were also recorded for elderly participants. The other three CCT programs in Latin America indicated some increase in visits to health facilities. No data to indicate improved health status were located. Other programs, such as CFW Afghanistan and the Social Security system in South Africa, reported improved health for beneficiaries but without details or supporting data.

Social Impact

One assumption related to cash-based programs is that the delivery system is more dignified and empowering than a comparable food aid distribution. This was confirmed by women and beneficiaries in general in many of the case studies who enjoyed the consumer choices offered by a cash/voucher benefit. Another example of social impact is a significant decline in the need to beg reported for both the ECRP Somalia and Social Cash Transfer Project in Zambia.

It is often felt that since cash is a household asset most often controlled by men (as compared to food, which women more often control), by distributing cash, a project either: a) favors men and their needs and wants; b) creates discord by disrupting household decision-making habits; or c) empowers women in their relationships with men. Although each of these three likely occurred for one or more of the projects, the most common outcome seemed to be the third. As an example, CFW Afghanistan reported positive gender impact due to women’s control over cash and their ability to successfully negotiate purchases with their husbands. In other cases men reportedly were annoyed that benefits flowed to women but rarely interfered or created discord. FACT Malawi report tensions within beneficiary households (i.e. when making joint decisions on cash use) and between beneficiaries and non-beneficiaries in a given community.

Market Impacts

An implied benefit of cash or voucher distributions is that they funnel money to local entrepreneurs and can stimulate local food production or regional importation. Several of the cases reviewed stated these as goals, but in relatively few cases were market impacts measured. One concrete statistic came from the Emergency Cash Transfer Project in Somalia, where on average one vendor per community was able to reopen his shop as a result of the cash distribution. In several instances, market impacts were assumed based on the fact that cash received was spent locally. For instance, reviewers of the Social Cash Transfer scheme in Zambia stated that since more than 80% of cash received was spent locally, local shopkeepers likely benefited from the cash inflow. In none of the cases was a sophisticated, quantitative evaluation of market impacts conducted.[4]

G. Institutional Capacity / Performance

A hesitation often expressed with regard to cash/voucher programming concerns the ability of implementing agencies to perform the tasks necessary to make such a program work. Many of these organizations have devoted much effort to in-kind distributions and have accumulated skills and experience in procuring, transporting, warehousing and distributing food. In contrast, many would not necessarily be skilled at market analysis and interactions with the private sector. Moreover, in the case of large government departments running the long-term social welfare programs, there are suspicions of bureaucratic inefficiencies and the potential for corruption or diversion of funds. Unfortunately, the documentation for the case studies reviewed did not delve into this subject in great detail. Some of the positives and negatives reported are summarized below.

Administrative Systems and Staff

In two cases, namely the Cash Transfer Program in Malawi and the MBFA in Indonesia, involvement of the agencies' finance departments during the design process was described as a key to success. Another lesson from these and other projects was the importance of upfront effort to install rigorous beneficiary registration and monitoring systems, which although time-consuming, increased efficiency and reduced the possibility of fraud or mismanagement. In general, emergency programs made use of existing administrative systems while longer-term programs were often run by new departments or agencies (e.g. the Food Stamp system in Pakistan, FEA Columbia and the Social Security Agency in South Africa). In particular, reviewers of the FEA Columbia program felt that it benefited from being somewhat isolated from the entrenched government bureaucracies.

In most cases where vouchers were employed, the agency typically had previous relevant past experience (e.g. CARE Ethiopia, CRS Kenya, CARE Indonesia), if not with food then with seeds or other items. This helps explain why vouchers were the selected option and why the projects were generally successful from an administrative point of view. An exception to this may have been the Food Voucher System in Zimbabwe, which was reportedly slow and inefficient, despite previous experience by the implementing agency.

In a number of cases, it was noted that efficient design and effective implementation of cash/voucher programming was due to the involvement of managers and others with previous relevant experience. A specific example is the FEA Columbia where managers were experienced in banking and financial management, considered more important than experience related to poverty and social welfare. The managers of the ECRP Somalia, CFH Mongolia, MBFA Indonesia and Cash-for-Relief Ethiopia programs were all said to have worked on cash or voucher distributions in the past.

Partnership

In a number of cases, institutional partnerships or contractual agreements led to efficient operations. Contracts with banks or other financial institutions (e.g. CFW Georgia, ECRP Somalia), was a good example of this, particularly since security arrangements were usually part of the deal. Contracts drawn up with food vendors (MBFA Indonesia, UVP Palestine) helped facilitate successful voucher programs. An exception to this occurred in Zimbabwe, where some contracted shops did not fulfill all requirements and did not always treat beneficiaries properly.

Partnership arrangements or coalitions often facilitated implementation as well. Examples include the Cash Transfer Pilot Project in Sri Lanka (in which Oxfam was teamed with WFP and others), the Tanout Cash Transfer Project (which was a joint venture of the British and Nigerien branches of the Red Cross)

[4] Coady and Harris (2001) and Sadoulet, et al. (2001) published papers on the economic impact of cash transfers in Mexico (including the *Progresa* program). These are academic works that devote more attention to exploring methods for analysis than documenting actual impact of interventions.

and others, and the RMP Bangladesh (where CARE worked in collaboration with a number of national and local government bodies). In the case of CCT programs involving health and education conditionalities, an obvious conclusion was the importance of involving government official from those domains, to assure that appropriate resources are made available.

In many cases, contracts or partnerships were developed with academic institutions or external consultants for M&E tasks. In fact, a wide disparity seems to exist among the cases in effort given to evaluation and learning. Given the unavailability of comprehensive evaluation reports and the lack of reference to ones that may not be accessible, it seems obvious that some projects invested very little in M&E. Although costly, arrangements for external assistance for evaluation design and implementation (such as the WFP Sri Lanka and *Progresa/Oportunidades* contracts with IFPRI and the Zambia Social Safety Net contract with GTZ) can yield valuable information that the implementing agency may not have time, resources and skills to collect. In contrast, in at least one case where a heavy investment was made – the Tanout Cash Transfer Project, which recruited a university to lead data collection and analysis – roles and responsibilities for management, information collection and evaluation became confused, due reportedly to poor coordination.

Community level committees also were often formed or recruited for a variety of tasks including beneficiary selection and verification of lists, crowd control, and assisting during distributions. The DSNPP (Malawi) actually compared different modalities for local involvement with the following conclusions. "*Committees made up of village leaders lacked accountability and transparency with meetings taking place in private. Democratically elected committees were more efficient, transparent and accountable than the other committee structures. Beneficiary/carer committees were considered the most responsible and dependable but they were generally less capable than other types of committee and required more external support because their educational levels were lower than those of democratically elected and village headsmen committees*." In a few other cases, it was noted that local committees need diligent oversight/monitoring by the implementing agency.

Time
A factor in choosing among intervention strategies, particularly in the case of emergency response, can be the time requirements for project start-up. In at least one case, the ECRP in Somalia, cash was the selected entitlement, in part, because it would be quicker to mobilize that food. In other cases (e.g. MBFA Indonesia, the Cash Transfer Project in Sri Lanka), long time delays were experienced for initiating cash pilots, while food distributions were prioritized. In voucher programs, delays were experienced due to recruitment and orientation of vendors, most of whom were new to this type of programming.

H. Cost Factors

Conventional wisdom has cash distributions as the most cost-effective way to transfer benefits to people, in comparison to both food distribution (with its procurement, transport and storage costs) and vouchers or food stamps (with the administrative costs of printing and processing). However, real cost analysis is a challenge, particularly if objective comparisons are to be made. Table 5 below summarizes the findings and claims made for the set of case studies and notes any mitigating circumstances or comparisons made by project teams or evaluators. In most cases the values stated were not fully explained, i.e. the reader cannot tell what was included and excluded. Projects are not list here for which no information regarding administrative costs was located.

Table 5: Estimated Administrative Costs for Cash/Voucher Case Studies

#	Project/Program	Estimated Administrative Costs	Notes / Comparisons
1	Emergency Cash Relief Program, Somalia	17%	Thought to be lower than other types of transfers
2	Cash for Relief, Ethiopia	25%	Similar as costs for in-kind distributions.
3	Cash Transfer Program, Malawi	3%	Lower than necessary
6	Emergency Cash Transfer, Zambia	< 30%	Higher than it should be.
9	Cash Grants for Disaster Response, Mozambique	'tremendous' record-keeping costs	
10	Cash Transfer Pilot, Sri Lanka		Cash cost about 5% less than food
12	Cash-for-Herders Project, Mongolia	'High'	Food also high, about 54%, imported food cheaper.
13	Market-Based Food Assistance, Indonesia	About 17% (excluding consultant services)	Estimates for food moderately higher
14	DSNPP, Malawi	29% (for cash)	31% for food and 37% for vouchers
15	Cash for Relief, Ethiopia	28%	Much cheaper than imported and slightly cheaper than local purchase food
16	Social Cash Transfer Scheme, Zambia	19% (including govt salaries but excluding technical assistance)	
19	Food Subsidy Program, Egypt	'Overwhelming'	
20	Urban Voucher Programme, Palestine	11%	40% for food because of drivers, security, etc.
21	Food Stamps System, Pakistan	4.5% including WFP costs	
22	Cash-for-Work, Georgia	Direct costs less for cash than food	Imported food much cheaper than local production so in-kind better value.
23	Rural Maintenance Programme, Bangladesh	32%	Tradeoff noted between higher admin and lower leakage
24	*Familias en Acción*, Columbia	11% total operating costs	
25	*Progresa-Oportunidades*, Mexico	> 6%	
26	*Red de Protección Social*, Nicaragua	> 20% (minus start-up design costs)	Considered high because of investment in monitoring, enforcing conditions, etc.
27	Advancement through Health and Education, Jamaica	'High'	

A glance at these cost figures shows the difficulties inherent in making comparisons. It seems obvious that the range in administrative costs (from 3% to at least 37%) may have as much to do with different formulas and accounting methods as real differences in cost. The choice made to exclude design and consultant costs for at least three of the cash/voucher projects further compounds the challenge of making comparisons. Furthermore, it is not clear to what extent the high-priced evaluation contracts have been incorporated into per beneficiary costs. For the most part, there is simply no basis for comparison. One interesting observation is that voucher programs do not appear to be as a rule more costly to administer than cash distributions.

The exception may be the few projects that were explicitly designed to compare different intervention strategies and/or entitlement types. FACT Malawi programmed food and cash in parallel but its evaluation neglected any attempt to analyze cost. The MBFA Indonesia evaluation compared the costs of the cash/voucher distribution with CARE's parallel food distribution. The results, however, were not calculated or presented on a per beneficiary basis, leading to questions about their validity. An evaluation of the WFP pilot project in Georgia reportedly compared costs between FFW and CFW but the results were not available for this review. The DSNPP Malawi provided the most conclusive comparison of program costs. Its evaluation measured relative administrative costs at 29% for cash, 31% for food and 37% for vouchers. It was not made clear, however, how these figures were calculated and if, for instance, the total for food delivery included international procurement, transport and storage costs.

I. Risks and Threats

Among the arguments put forward most often against cash transfers are the assumed safety risks for both those doing the distribution and those receiving the cash, as well as the potential for cash to be diverted to anti-social or frivolous uses. The case studies provide good insights into the mitigation measures undertaken by implementing agencies and resulting frequency with which negative incidents or behaviors were reported.

Cash Transport and Distribution

Several projects/programs placed responsibility for transferring cash in the hands of banks, MFIs, or similar institutions. Security was typically entrusted to the same institutions. There were no reported cases of theft or other violent acts inside the bank facilities. In one instance (FEA Columbia), a number of beneficiary women were mugged on their way home from distribution points. No other such incidents were reported for the remaining case studies.

In other cases, project staff transported cash to distribution sites, at times chosen with safety and security considerations in mind, and distributed it directly to beneficiaries. Local police or other security personnel were often on site to provide security, although this proved difficult to arrange in some locations. In at least one case, the times and dates of distribution were selected randomly to mitigate the possibility of theft. In the majority of these cases, no theft or violence was reported. There were reports of carjackings in the area where the CFW Afghanistan project was implemented but whether project vehicles were affected was not reported. The final distribution method, through government or community counterparts, was generally safe as well, although a couple of instances of suspected embezzlement were reported.

Diversion to Improper Use

An assumption related to cash distribution is that men will control its use and will divert a sizable portion to so-called anti-social uses, such as alcohol, tobacco and womanizing. With respect to the case studies reviewed, such fears were largely unwarranted. The highest measured diversion, in the case of MBFA Indonesia, was only 4.5% of the cash received. Most other cases reported negligible misuse of cash or negligible increases over normal levels. Several possibilities exist as to why this diversion or misuse of cash was considerably more uncommon than expected. The first is simply that those expectations are overly pessimistic and that most people are more responsible than given credit for. Secondly, some reviewers felt that the gravity of the circumstances and effective sensitization by agencies discouraged extravagant or wasteful spending. However, it should not be discounted that some respondents may have been reluctant to share information on this sensitive issue and that actual figures were higher than measured and reported.[5]

Inclusion/Exclusion Error

Even though the systematic measurement of inclusion and exclusion error is almost universally absent, one can assume that each of the projects had both to some degree. No mention was made of ineligible households seeking selection because of the extra attractions of cash over food. (This is a fear expressed by many pro-food advocates). Special mention is warranted of the CCT programs, for which beneficiaries need to meet certain conditions in order to qualify. Verification of conditionalities would be costly and

[5] Harvey (2005) presents evidence from various locations that corroborate these findings, i.e. that risks of misuse of cash are exaggerated.

difficult. High inclusion error seems likely in for these reasons. Only the FEA Columbia documentation admitted problems with verification. The PATH Jamaica program, in contrast, experienced high inclusion error, due to poorly devised selection criteria.

VI. Conclusions

The process of summarizing a large sample of case studies created a positive impression about the breadth of experience and the effort expended in each case to try to design interventions suitable for the local context, current situation and institutional capacity and priorities. The process of attempting to synthesize these case studies down to conclusive findings and clear lessons was less satisfying as the documentary record has considerable gaps and making objective comparisons is difficult. However, the act of presenting so many diverse experiences should serve as a source of ideas for future design teams. A number of key issues and patterns did emerge from the case studies that may help those teams avoid some pitfalls. Also, a number of areas were identified for which information or practical experience remains lacking. The more significant of these 'lessons' and gaps are as follows.

Lessons and Suggestions

- For the most part, cash programming occurred when needs assessments focused in part on the factors relevant for analyzing its feasibility. Current food security assessments still often neglect these themes, meaning that the advantages of non-food responses may never be considered.
- An entitlement mix of cash, vouchers and/or food can be programmed without extreme administrative complications and will likely lead to greater impact for beneficiaries.
- Cash recipients often consumed less staple foods than recipients of vouchers or food. Program objectives should correspond to this likelihood and the size of the cash transfer may need to be adjusted upward.
- Despite fears to the contrary, diversion of cash to extravagant or anti-social uses occurred a very low rates, even when distributed to men. This appears not to be a valid reason for avoided the use of cash.
- Vouchers were not counterfeited, traded/bartered, or otherwise misused in the case studies. This does not suggest safeguards are unnecessary but rather that with reasonable security and monitoring arrangements vouchers can be used without undue risk.
- Cash distributors and beneficiaries were only rarely victimized by theft or violence, probably at a rate no higher than the population at large. Again, this does not argue for a decreased investment in security measures but does suggest that fears may be exaggerated and that, with sensible and fairly inexpensive security arrangements, cash distributions can be done safely.
- Monitor market prices and: a) adjust the size of the cash transfer to accommodate inflation; and/or b) adjust the rate at which vendors will be reimbursed for redeemed vouchers. Where market price changes were not accommodated in this way, projects failed to adequately serve their clients.
- Implementing agencies should involve their administrative and finance departments from the earliest stages of project design so that the distribution mechanisms, accounting safeguards and monitoring tools meet institutional standards and requirements.
- Applying conditionalities often can leverage greater impact for a slight increment in cost. However, for CCTs to work the associated institutions (e.g. schools, health facilities) must be adequately equipped to handle an increase in demand/use.
- Project design and start-up is a very slow process when the agency and its staff are not experienced in cash/voucher programming. This is particularly critical in emergency settings. Steps should be taken (e.g. contingency planning, allocating staff, bringing in external expertise, prioritizing tasks) to assure that the project begins in a timely manner.

- Invest adequately in M&E for all projects, more so if the project is a pilot with significant learning objectives. Those cases for which comprehensive documentation and insightful analysis existed were most often those in which evaluation had been contracted to a reputable institution.
- Design the evaluation system or methodology as the project itself is being designed. This permits appropriate arrangements such as identification of control groups or collection of baseline data for the purpose of objective comparison.

Gaps in Experience or Information

- The majority of the cases reviewed had objectives related to food consumption and nutrition. Ironically, only one or two of the cases appeared to conduct any nutritional assessments to detect changes or measure impact of interventions. The real nutritional impacts of cash/voucher transfers can be researched much deeper.
- The CCT programs largely took place in Latin America and the Caribbean, with only limited documented experience in Africa and Asia. The successes of some of these CCT programs would encourage some testing elsewhere in the world.
- While agencies occasionally conducted market surveys to assess the feasibility of cash/voucher programs and to monitor market food prices, there are few if any documented cases where the positive impacts of a cash transfer program are measured in a systematic and rigorous way. This remains conjecture.
- Hidden costs, sloppy accounting, diverse budgeting formulas and other factors have limited our ability to accurately calculate and compare the costs of different strategies. An analysis of cost-effectiveness would require an additional ingredient, precise impact measurements, which are also missing in many cases.
- The majority of the cases reviewed, particularly those in Africa, were of small scale and short duration. These are good for testing approaches but can be artificial and mask the challenges of a full-blown program. Our base of knowledge would be served by the study of some long-term, large-scale cash/voucher transfer programs, modeled after the pilot projects already conducted.

It bears repeating, as a final conclusion, that while broad guidelines and programming principals are fine, in reality each situation is unique and requires unique strategies, originating from an analysis of beneficiary needs, institutional interests and capacities, and other contextual factors.

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