ACF - INTERNATIONAL NETWORK

IMPLEMENTING CASH-BASED INTERVENTIONS

A GUIDELINE FOR AID WORKERS

ACTION CONTRE LA FAIM
ACF INTERNATIONAL NETWORK

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Notes for the reader

Welcome to the Cash-based interventions guideline! As you will see, the guideline is quite long but this should not prevent you from digging into it. It is written in a way that will allow you to focus on areas of particular interest for you and skip others, without losing the thread of the module. This guideline is mainly addressed to people with limited experience in cash-based interventions, although more seasoned implementers will find it equally useful. Its main is to provide **practical guidance** in programme design, implementation and monitoring. You will find below a few tips to facilitate your reading:

Contents:

- The first part of the manual deals with **theory and on-going debate** on cash-based interventions. It also gives some **examples** from the field. If you are limited with time, consider only the key messages, highlighted in various boxes.
- The second part looks at **practice**. It considers the **design and preparatory phases** and then focuses on specific cases of **cash grants, vouchers and labour-based interventions**. If you are particularly interested in one type of intervention, go straight to this chapter and skip others.
- The **table of content,** including a list of boxes, tables and figures helps you go directly to the part you are interested in.
- Do not forget the **annexes,** which include examples of questionnaires, focus group guidelines etc: they will help you save time while managing a programme and see what others have done as well. Annexes are enclosed in an attached file in Word, Excel and Sphinx formats for easy adaptation. Note, however, that there is no "one size fits all" in cash-based interventions and the examples should be adapted to your own programme and situation!
- A **glossary** has been included at the beginning of the manual: do not hesitate to refer to it during the reading.
- **Bibliography** has been classified by themes. If you are interested in a specific article and cannot find it, ask the technical referent in the headquarters as they will have a soft or hard copy of it.

Lay-out:

- Boxes and highlighting has been used throughout the manual. Refer to them for quick information:
    - Each main chapter includes a summary of key points at the end of the chapter.
    - Key information has been highlighted and put in boxes.
    - Interesting field experiences and examples can be found in boxes.
    - Some chapters include specific, practical tips.

There is also **an interactive self-learning tool on cash-based interventions** available at the ACF headquarters, to guide your first steps with cash-based interventions.

Remember that this manual intends to provide guidelines. As such they will need to be adapted to your context: they are here to guide your creativity.

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Table of contents

1 INTRODUCTION 15

2 THE THEORY OF CASH-BASED INTERVENTIONS 15

2.1 Cash-based interventions: what are they? 15

2.1.1 Cash is not a new concept 15

2.1.2 The different types of CBI 18

2.1.2.1 What you give in CBIs 18

2.1.2.2 How you give the money or vouchers 19

2.1.3 Cash-based interventions: an emergency and post-emergency tool 21

2.1.4 Cash-based interventions as social safety nets: a longer term approach 23

2.2 Assessing the appropriateness of cash-based interventions 27

2.2.1 The rationale behind cash-based interventions: why cash? 27

2.2.2 Pros and Cons of cash-based interventions: the theory 29

2.2.3 Pros and Cons of cash-based interventions: the evidence so far 33

2.2.3.1 Cash transfers and inflation 33

2.2.3.2 Fears of cash misuse 33

2.2.3.3 Gender issues 35

2.3 Restricted and conditional grants 38

2.4 Should people have to work for their grant? 38

2.5 Conditions for CBI implementation 41

3 CASH-BASED INTERVENTIONS IN PRACTICE 43

3.1 Setting up cash-based interventions 43

3.1.1 From assessment to design 43

3.1.2 Further assessments 49

3.1.2.1 Community and household situation assessment 49

3.1.2.2 Market assessment 51

3.1.2.3 Security of beneficiaries 58

3.1.3 Opting for cash: preparing the intervention 61

3.1.3.1 Targeting and beneficiary selection 61

3.1.3.2 How to make the payments? 64

3.1.3.3 Timing of the intervention 68

3.1.3.4 Setting the size of the entitlement 69

3.1.3.5 How much and how to pay for labour? 74

3.1.3.6 Setting up monitoring systems - baseline 77

3.1.3.7 Contingency plan/exit strategies 78

3.1.3.8 Budgeting the intervention 79

3.2 Implementing cash-based interventions 82

3.2.1 Getting started – practical issues 82

3.2.1.1 Communication and sensitisation 82

3.2.1.2 Logistics and administration 84

3.2.1.3 Transportation and communication means 84

3.2.1.4 Identification of beneficiaries 84

3.2.1.5 Delivery mechanism 87

3.2.1.6 Security 91

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3.2.1.7 Human resources 91
3.2.1.8 Contingency planning 92
3.2.2 Voucher interventions 94
3.2.2.1 Cash or commodity voucher? 95
3.2.2.2 Validity period of vouchers 96
3.2.2.3 Fair or existing local shops? 97
3.2.2.4 Voucher scheme through local shops 98
3.2.2.5 Voucher scheme, through fairs 107
3.2.3 Labour-based interventions 118
3.2.3.1 Choosing the work to be done 119
3.2.3.2 Targeting: choosing the workers 121
3.2.3.3 Planning 122
3.2.3.4 Logistics and safety issues 123
3.2.3.5 Training 124
3.2.3.6 Work organisation 124
3.2.3.7 Payment process 127
3.2.3.8 Ending labour-based projects 128
3.3 Monitoring / evaluation of cash-based interventions 130
3.3.1 Monitoring 130
3.3.1.1 What should be monitored? 131
3.3.1.2 Monitoring activities and processes 132
3.3.1.3 Monitoring the impact at household and community level 133
3.3.1.4 Broad economic impacts of the programme (market monitoring) 136
3.3.1.5 Wider food security and livelihoods situation monitoring 139
3.3.2 Evaluation 139
3.3.2.1 Effectiveness 141
3.3.2.2 Cost effectiveness 142
4 CONCLUSION 145
5 ANNEXES 146
6 BIBLIOGRAPHY 209

List of boxes

Box 1. Subsidised sales: a certain type of grant 20
Box 2. Combining CBIs to meet different needs 20
Box 3. Addressing chronic food insecurity in Ethiopia 24
Box 4. Potential advantages of giving aid through cash 28
Box 5. Cash and voucher food assistance programme in Indonesia 30
Box 6. What counts as diversion ? 34
Box 7. Nutritional impact of cash transfers 34
Box 8. CBIs and demobilisation 36
Box 9. Cash for relief: the right response in the right situation (Ethiopia, 2003) 37
Box 10. Sharing practices and cash transfers 49
Box 11. Cash transfers and market issues 55
Box 12. Cash-based interventions and security 59
Box 13. Community-based targeting 61
Box 14. Targeting difficulties in a food and cash transfer programme in Malawi 64

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Box 15. When bank transfer can also fail 65
Box 16. Mobile ATM and smart card 66
Box 17. Linking the timing of CBI with the objectives 69
Box 18. Calculating the size of a grant: simple mathematics 70
Box 19. Size of the cash entitlement: compromising on household sizes 71
Box 20. How much cash to give? ACF cash-for-work experience in Somalia 74
Box 21. Setting wage rates: a hypothetical calculation 75
Box 22. ACF participatory approach in Somalia 82
Box 23. Voucher feasibility study, ACF example in North Caucasus 94
Box 24. Selecting traders: some issues 98
Box 25. Criteria used for traders selection in different voucher programmes 99
Box 26. Voucher scheme with food distributed to local traders 106
Box 27. Different ways of using vouchers and fairs. 108
Box 28. Organising seed fairs: ACF experience in Zimbabwe 109
Box 29. CRS experience in Zimbabwe: making sure that everyone knows how the fair will work 111
Box 30. CRS experience in Zimbabwe 113
Box 31. Running the fair in practice: ACF in Zimbabwe. 115
Box 32. Organising seed fairs: maintaining flexibility until the end! 115
Box 33. Organising seed fairs: ACF experience in Zimbabwe (cont.) 116
Box 34. What is the real objective? Facing the dilemma in Haiti. 118
Box 35. Working with community committees: ACF experience in Haiti 121
Box 36. CFW implementation in Afghanistan 123
Box 37. Workers' safety in CFW 123
Box 38. ACF cash-for-work experience in Aceh (Indonesia) 124
Box 39. CFW with local subcontractors: ACF experience in Afghanistan 126
Box 41. What might you want to know about the process of a voucher programme? 132
Box 42. What might you want to know about the household impact of a cash grant programme? 133
Box 43. Typical subjects for a discussion with a group of beneficiaries 135
Box 44. Evaluation of Save the Children's voucher and cash transfer programme in Indonesia: recommendations 140
Box 45. Road impact evaluation in Afghanistan in 2003 141
Box 46. Cost-effectiveness: comparing cash-transfer and food-aid distribution 143

List of tables

Table 1. Examples of some recent cash-based humanitarian interventions 16
Table 2. Different types of CBI: what people can receive 18
Table 3. Different types of CBI: how people can receive 19
Table 4. The aims of (cash-based) interventions in emergency and post-emergency contexts 22
Table 5. Main theoretical advantages and disadvantages of cash, vouchers and in-kind aid 32
Table 6. A comparison of the advantages of free grants compared to labour-based grants 40
Table 7. The appropriate conditions for implementation of different CBIs 41
Table 8. The appropriate conditions for implementation of credit programmes 42
Table 9. Assessing community habits through household surveys and interviews 50
Table 10. Understanding markets according to programmes' needs 52
Table 11. Assessing market: issues to consider 53
Table 12. Security issues for CBI 59

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Table 13. Targeting and selecting beneficiaries: important issues 62
Table 14. Delivery mechanisms: issues to consider 65
Table 15. Different methods of disbursement used in cash transfer interventions 67
Table 16. What do you need to know to set the value of cash transfers? 72
Table 17. Advantages and disadvantages of fixed or variable direct payments 73
Table 18. Flexibility in CBI and phasing-out strategies 79
Table 19. Reasons underlying the choice of cash or commodity voucher 96
Table 20. Using vouchers in fairs or via existing local shops 97
Table 21. Monitoring the impact of the project on market(s) 138

List of figures

Figure 1. Which CBI to implement: a decision tree 45
Figure 2. Deciding which type of CBI to implement: an example from Mongolia 47
Figure 3. Mapping the market 56
Figure 5. An example of a beneficiary ID card 86
Figure 6. Card distribution list, an example 87
Figure 7. An example of a cash distribution list 90
Figure 8. Organisation chart for the food security team in CBI 92
Figure 9. Voucher distribution list: an example 103
Figure 10. Cash-voucher design: an example 104
Figure 11. An example of encashment list for voucher scheme through local shops 106
Figure 12. Organisation of workers in a large labour-based project: an example 126

List of Annexes

Annex 1. More on social cash transfers
Annex 2. The project cycle management
Annex 3. The nutritional causal analysis
Annex 4. Logical Framework: an example
Annex 5. Calculating the Coping Strategy Index score
Annex 6. Calculating the Household Dietary Diversity Score
Annex 7. Household baseline questionnaire
Annex 8. Household baseline database
Annex 9. Focus group discussion: community assessment
Annex 10. Market survey: trader questionnaire
Annex 11. Market survey : focus group discussion
Annex 12. Market survey: price monitoring
Annex 13. Quick job descriptions of national positions in CBI team
Annex 14. Food security staff in CBI: job descriptions
Annex 15. Beneficiary card
Annex 16. Voucher format
Annex 17. Attendance, distribution and encashment lists
Annex 18. CRS experience in seed voucher and fairs
Annex 19. Example of work plan
Annex 20. Example of household post-distribution monitoring
Annex 21. Example of on-site monitoring (for fair)

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Annex 22. Example of market post-distribution monitoring
Annex 23. Guidelines for post-distribution focus group discussion
Annex 24. Cash-for-work evaluation: format and methodology
Annex 25. ICRISAT field visit in ACF seed fair in Zimbabwe: report
Annex 26. Cash distribution site : suggested organisation
Annex 27. Documents from the field: ACF experience in Indonesia
Annex 28. Documents from the field: ACF experience in Uganda
Annex 29. Documents from the field: Oxfam experience
Annex 30. Documents from the field: ACF post-tsunami market mapping in Aceh Jaya
Annex 31. Checklist for organising CBI (cash grant, voucher, labour-based intervention
Annex 32. Tips for fair organisation

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List of Acronyms

ACF	Action Contre la Faim
ALNAP	Active Learning Network for Accountability and Performance in Humanitarian Action
CAP	Community Action Plan
CBI	Cash-Based Intervention
CCT	Conditional Cash Transfer
CFW	Cash-For-Work
CRS	Catholic Relief Services
CSI	Coping Strategy Index
DAC	Development Assistance Committee
DDR	Disarmament, Demobilisation and Reintegration
DFID	Department for International Development (UK)
ECHO	European Community Humanitarian Office
EHA	Evaluating Humanitarian Action
EU	European Union
FGD	Focus Group Discussion
GAA	German Agro-Action
GFD	General Food Distribution
HH	Household
HPG	Humanitarian Policy Group
HPN	Humanitarian Practice Network
ICRC	International Committee of the Red Cross
ICRISAT	International Crop Research Institute for Semi-Arid Tropics
IDB	International Development Bank
IDP	Internally Displaced Person
IFRC	International Federation of Red Cross
IGA	Income Generating Activity
LFA	Logical Framework Analysis
NCDDR	National Committee for Disarmament, Demobilisation and Reintegration
ODI	Overseas Development Institute
OVI	Objectively Verifiable Indicator
PCM	Project Cycle Management
PDM	Post-Distribution Monitoring
PEC	Post-Emergency Center
SC	Save the Children
SDC	Switzerland Development Cooperation
SMART	Specific, Measurable, Accurate, Reliable and Timely (used for indicators)

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UCT	Unconditional Cash Transfer
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations International Children's Fund
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
USAID	United States Agency for International Development
USD	United States Dollar
VFW	Voucher For Work
WFP	World Food Programme
ZWD	Zimbabwean Dollar

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Glossary

Baseline data	Preliminary information collected before or at the beginning of the programme. Baseline levels of the parameters to be measured as indicators (as chosen in the log frame) should be included.
Cash grant	Provision of money to targeted households/persons, given without any requirement to work. They can be given as emergency relief, for support to livelihood recovery or as a social safety net.
Coherence	The consistency between humanitarian policies and security, developmental, trade, and with human rights.
Conditional cash transfer / grant	A cash grant where the recipient has to fulfil certain conditions, e.g. send children to school, plant seeds, build foundations for a house, demobilise.
Competition	When a sufficient number of sellers compete with each other in a market to win customers, if no single trader dominates the market, then there will be competition (if a number of traders all agree to set the same price, this is not competition). When there is competition, no-one can determine the price of the good or service. It is the opposite of monopoly, and usually beings lower prices or better quality for consumers.
Connectedness	This is a parallel concept to sustainability in strictly humanitarian actions, where thinking about sustainability may not be possible. It is the extent to which activities of a short-term emergency nature are carried out in a way that takes the longer-term into account.
Coping mechanism or coping strategy	When people's normal livelihood pattern is disrupted by some event, the ways in which they change their economic behaviour are called their 'coping mechanisms' (or coping strategies). These may include reducing non-essential expenditure, eating wild foods which they normally avoid, or adopting new ways of earning income, such as making charcoal or selling their labour. Coping mechanisms are not used every year, but are the adaptation to a specific problem. They do not have any long term negative impact: if behaviour does have long-term negative consequences, then people have failed to cope, and are adopting 'distress strategies' (q.v.).
Cost-effectiveness	Combines efficiency and effectiveness: the most cost-effective action is the cheapest way to reach the set goals.
Coverage	The need to reach as many people as possible, wherever they are, who are facing life-threatening suffering..
Distress strategy (or 'survival strategy')	A distress, or survival, strategy is a way in which people adapt their economic behaviour in order to survive, but at the cost of long term negative impact themselves –usually because they have failed to cope. Examples would be selling one's last productive assets, cutting down on necessary expenditure such as health care, etc.
Effectiveness	Effectiveness measures the extent to which an activity achieves its purpose, or whether this can be expected to happen on the basis of the outputs. Implicit within the criterion of effectiveness is timeliness.

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Efficiency	Efficiency measures the outputs –qualitative and quantitative – achieved as a result of inputs.
Evaluation	Evaluation is a process of judging the value of a project or programme's achievements, often comparing them to the planned activities and objectives. It should be done by comparing the situation after the intervention with the (hypothetical) situation that would have existed had the project not happened. In practice, people often compare the situation before the project with the one after the project, taking into account other external factors.
Error: exclusion and inclusion	Exclusion errors occur when people in the programme area who meet all the selection criteria of the programme are not included as beneficiaries. These errors can happen when: beneficiaries are not updated as new (and eligible) people move into the area or are born; people have not been informed properly about the programme; there is corruption by those compiling lists; mistakes in assessing people's situation. Inclusion error is when people who do not meet the criteria are nevertheless included as beneficiaries. These errors can come from: elite pressure on the selection process, and corruption; cheating; misunderstanding of the criteria; contradictory criteria.
Household coping strategy index (CSI)	The Coping Strategy Index (CSI) is a measure of how frequent and extreme the coping strategies that a household has to use are. High scores indicate that a household is having difficulty in coping, or is using 'distress' strategies, which have a long term negative impact. See annex 5 for details.
Household dietary diversity score (HDDS)	The household dietary diversity score (HDDS) is an indicator of the food security status of the household (wealthier people tend to have a more diversified diet). The HDDS considers the number of different food groups which have been consumed by the household over a given period of time (usually the previous day). Fewer than four food groups per day is often associated with high poverty and malnutrition rates, though poor household food security may not be the only reason for a low HDDS. Interpretation is always needed. For more details, please see annex 6.
Labour-based intervention	Where a benefit is paid as a wage for a work accomplished, usually in public or community work programmes (rehabilitation, reforestation, cleaning, road building, agriculture infrastructure). There may be an intended benefit for both the workers and the community (improvement or rehabilitation of services and/or infrastructure).
Logical Framework Analysis (LFA)	A logical framework (also known as a Project Framework) is a tool for designing and managing development projects. It consists of a matrix to present in a concise and systematic way information about the logic of the project (how the activities will bring about the desired impact, and the key assumptions which the project has made). It also lays out how the project logic and its assumptions will be checked during the project. The log frame model is currently used by most donors and has become a key part of any proposal. See annex 4 for more details.

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Monitoring	Monitoring is the collection of regular information about the project during its life-time. Systematic information is gathered about project activities, to check they are happening according to the plans and the project objectives, and to see whether means (including budgets, staff) are being used in a correct and efficient manner. Broader monitoring should also be carried out to see how well the project is reaching its objectives and to test all the project assumption which were made in the LFA (see above). This information should be fed into decision making to improve project performance. It is also reported on to give feedback to donors, implementers, local Government and/or beneficiaries of the project.
Monopoly	A situation in which a single trader controls all (or nearly all of) the market for a given type of product or service, because of barriers which prevent other traders competing (e.g. high entry costs, governmental regulation or through coercion and/or corruption). A monopoly market usually favours the single trader: the supply, quality and price may not be optimal for those purchasing. Often a monopoly-like situation is created when there are only a few traders who decide to profit from the prices they can charge rather than compete with each other.
Multiplier effect	An effect in economics in which an increase in spending produces an increase in national income and consumption greater than the initial amount spent. For example, if a corporation builds a factory, it will employ construction workers and their suppliers as well as those who work in the factory. Indirectly, the new factory will stimulate employment in laundries, restaurants, and service industries in the factory's vicinity.
Recall period	The time over which the person interviewed is asked to remember about their activities (spending, food intake, work, etc). This period can be short (e.g. 24-hour recall, which asks about the 24 hours immediately preceding the interview) or longer. Answers will be more accurate , the shorter the recall period.
Relevance / Appropriate-ness	Relevance is concerned with assessing whether the project meets local needs and priorities (as well as donor policy). Appropriateness is the tailoring of humanitarian activities to local needs, increasing ownership, accountability and cost-effectiveness accordingly.
OVIs (Objectively Verifiable Indicators	OVIs are the indicators included in the LFA which are supposed to demonstrate/display or prove what is mentioned in the specific objective and results of the programme. These indicators are specific to each specific objective or result and are quantified as much as possible (for objectivity and verification purpose).The NGO is accountable for these indicators. As a result OVIs should be relevant, reliable and easily checked.
Smart card	Are cards which store and record the type and value of assistance per recipient. Information included in them can be very simple (e.g. name, age, size of household, amount of entitlement). Biometric data (e.g. fingerprint) can be registered, converted into templates and stored in the chip of the card for on-

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	site identification.
Social safety net	Predictable cash and/or in-kind transfers[1] made on a regular and multi-annual basis to chronically vulnerable people or households (older or disabled people, war veteran, chronically ill persons, household without labour force), in contexts where governmental social security systems are not in place or not functioning.
Subsidised sales	When market prices are too high (or when a product is not available because it is too costly to supply), traders can be asked to decrease their selling prices but are given a grant (a subsidy) to compensate for the loss incurred during the sales (e.g. traders receive a grant to cover their transportation costs and are supposed to reduce the selling price of their items).
Sustainability	Sustainability is whether an activity is likely to continue after external funding has been withdrawn, and/or whether its longer-term impact will continue.
Voucher	Vouchers are tokens or coupons issued by an agency, a company or the State, which can be exchanged for a fixed set of goods, or goods up to a fixed value of money, at certain shops or by certain traders. The agency or company which issued the vouchers then takes the vouchers handed back by the shops or traders in exchange for an agreed sum of money. They may be valid for several months, or only a particular market day ('fair').

[1] ACF focuses on "transfers", but social safety nets also include free services.

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1 INTRODUCTION

The response to humanitarian crisis or emergency situations has, in most cases, taken the form of commodity (food, shelter, seeds and tools and a variety of other necessary goods, classed collectively by humanitarian agencies as 'non-food items') distributions to affected populations. However, a growing body of experience and literature shows an interest in alternatives to in-kind distributions, where people are given cash or vouchers instead, which they use to acquire the items they need. In this manual, these are broadly called "cash-based interventions[2]".

Action Contre la Faim (ACF) has been implementing food security projects in various countries for more than twenty-five years. These have included some cash-based interventions but these have been limited in number as compared to other food security interventions.

The purpose of this module to provide ACF with a **practical guide for implementing cash-based interventions**, by reviewing key literature and thinking on such schemes and drawing lessons learnt from practical cases. To enrich the analysis and benefit from other agencies' experiences, case studies have been taken from both ACF and other NGOs.

2 THE THEORY OF CASH-BASED INTERVENTIONS

2.1 Cash-based interventions: what are they?

2.1.1 Cash is not a new concept

There has been a **growing interest** in the last few years in the use of money as a tool in the humanitarian field and as a response to chronic poverty. Although money has been relatively neglected, compared to the assistance which people are given 'in-kind', the use of cash is not a new answer to emergency situations.

In 1948, the British colonial administration distributed cash, coffee and train tickets to famine victims in Sudan. Governments have relatively often used this means of relief. The State of Maharashtra in India set up a large programme of public works to provide the drought affected population with cash-income in 1972-73. Bangladesh has a long history of cash relief (Peppiatt *et al.*, 2001). Money has, of course, been the primary form of support to the poor in much of Western Europe for a hundred years. Governments, the United Nations (UN) agencies and NGOs have also been implementing cash-based interventions for more than twenty years in developing countries, as can be seen in table 1.

While these examples took place in emergency or post-crises situations, cash and voucher schemes have also been used extensively in social 'safety net' programmes, based on the principle that even in "normal" times, chronic poverty needs to be addressed.

[2] Strictly speaking, vouchers are not really 'cash', but they are usually classed together as 'cash-based interventions'.

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Table 1. Examples of some recent cash-based humanitarian interventions

Implementing agency	Country	Date	Event	Programme	No. of beneficiaries
UNICEF	Ethiopia	1984-85	Famine	"Cash-for-food"	18,900 households
ActionAid	Ghana	1994	Widespread food insecurity	Cash grants	1,000 families
Red Cross	Guatemala and Nicaragua	1998	Hurricane	Cash grant and rehabilitation package	17,000 households
USAID, private consultancy firm	Mozambique	2000	Floods	Cash grants	106,280 families
CRS[3]	Burundi	2000-01	Drought and political crisis	Seed voucher and fairs	33,000 families
SDC and UNHCR	Russia	2000-02	Displaced people from Chechnya	Cash grant for families hosting IDPs	11,000 households
UNHCR	Afghanistan	2002-03	Conflict	Cash grant (for repatriation)	NA
ICRC	West Bank	2002-03	Conflict	Voucher in urban centres	20,000 households
SDC	Mongolia	2003	Very hard winter	Cash grant	2,348 households
CRS	Afghanistan	2003	Repatriation	Cash-for-work and Livelihood voucher	3,000 households
GAA, Save the Children	DR Congo	2003	Volcanic eruption	Cash-for-work	2,000 households
Horn Relief, Norwegian People's Aid	Somalia	2003	Acute food insecurity	Cash grant	13,830 households
Iranian Red Crescent and Government	Iran	2004	Earthquake	Cash grant	32,000 households
ACF	Somalia	2004-05	Lack of cash income	Cash-for-work	4,029 households
Oxfam	Malawi	2005-06	Food insecurity	Cash grant	6,000 households
Oxfam	Zambia	2005-06	Food insecurity	Cash grant	13,500 households
Government of Sri Lanka	Sri Lanka	2005-6	Tsunami	Cash grants	>250,000 households
WFP	Sri Lanka	2005-6	Tsunami	Cash for food	3,300 households
Save the Children	Indonesia	2006	Tsunami	Cash grant and voucher	4,825 households
Mercy Corps	Indonesia	2006	Tsunami	Cash-for-work	10,905 participants
DANIDA	Uganda	2006-7	Post-conflict agricultural rehabilitation	Agricultural-input-vouchers-for-work	5,600 in 1st 4 months
Sources: Harvey (2005); Peppiatt *et al*. (2001); Disasters (2006); CRS (2004)					

[3] CRS has implemented many seed and voucher fair schemes in different countries, experiences which are gathered in CRS, 2004.

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Although cash-based interventions (CBIs) are not recent, they have only come to the forefront in the last three or four years. Some explanations have been proposed for this delay.

In almost all societies today, money is a major means of payment for work and the main way in which people pay for what they need. It is perhaps surprising, then, that the question 'why cash?' is raised at all. The direct delivery of goods (food, seeds and tools, 'non-food items') would, it would be thought, be reserved for those cases where these things were not available. It is perhaps the rationale for giving *things*, and not money, which needs explaining instead.

1. The dominant place in direct humanitarian assistance is taken by food aid. Direct distribution of food to people has developed for several very different reasons. Partly, it has been because some donor governments have **surplus food** (because of agricultural subsidies) which they need to keep off their local markets to keep farmers' prices high. Giving food meets the donor's own needs, whereas giving money would come from taxes. This is **less true today** of Europe, where the food 'mountains' of the seventies and eighties have disappeared.

2. A second reason was that famines were long thought to be situations where people starved because there was **no food**. World 'food security', back in the seventies, was defined in terms of 'the **availability** of sufficient food in the world to meet consumption'. Clearly, if one place doesn't have food, 'world food security' simply meant moving it from where there was a surplus. For many years now these ideas of famine and food security have been shown not to be useful.

   Famines are rarely about there being no food. People die because they **cannot afford** the food which is there, because they have lost all their income, or they go hungry because they have lost whatever support systems used to guarantee them enough food. In the jargon, they starve because they cannot get **'access' to food**, not because food is not 'available'. The problem of droughts used to be thought in terms of the crops which people had lost, making them go hungry. Analysis of the actual impact of a drought on a household has usually shown that the major problem people face after a drought is the fact that food prices rise and the little income they have is no longer enough. The problem is one of money, not food (for pastoralists, the problem is mainly that the price of livestock falls, forcing them to sell all their animals – again, a problem of loss of income, not just food).

   Food security is now seen as being about how people – all people – get access to food, and not about there being enough food 'on average' for everyone. Where the problem is that food and other necessities are there, but people cannot get 'access' to them, it seems obvious that an efficient solution would be helping them to 'access' them – and money is often the most obvious way to do this.

3. A third reason for the culture of giving people food and other items is perhaps that this was the normal first **reaction to a 'sudden-onset' disaster** such as an earthquake. Normal commercial channels for supplying people goods are disrupted by such events. Even if they were functioning, there is no way that people can be organised to receive money, and for private businesses to make available the life-saving things (food, water, shelter) which are needed, all within a day or two. A massive and rapid life-saving logistical operation is the only way. These ways of working, and of thinking, have perhaps been carried over into other situations. Today, most of the world's humanitarian catastrophes are not very short, sudden-onset operations. They are protracted crises which have been going on for many months, often for many years. They often don't take place in remote areas beyond the reach of normal trade, but result from crises which have displaced people closer to centres where local markets exist. Humanitarian reaction was **slow to change**, and continued with the direct delivery of food and non-food for months, while alternatives were rarely considered.

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Why long-time preference for in-kind support?

- Pilot experiences had **not been documented** extensively before 2004-05, and NGOs or other agencies were then reluctant to implement something unfamiliar to them.
- Cash has long been believed to be associated with **higher risks** than in-kind distributions.
- Victims of shocks or vulnerable households were considered unable to spend cash wisely**.** Agencies feared the **loss of control** implied by distributing cash rather than in-kind items.
- **Market concerns** were often too important for the cash alternative to be considered.
- Cash interventions have **not** always been **supported by donors** or by governments. In-kind distributions were also a way to dispose of the Western food surpluses, which are now much less sizeable.
- Food insecurity has long been associated with a **lack of availability** of goods while in many cases it is rather linked to a **lack of accessibility** to them (inadequate purchasing power).
- Giving food and/or other items is the normal **reaction to a sudden-onset disaster** and such ways of thinking and working may have been carried over in other situations (e.g. protracted crisis).

However, this is changing with a growing literature on the issue (see bibliography), and a more favourable approach by organisations, governments and donors alike.

2.1.2 The different types of CBI

Cash-based interventions encompass a wide range of programmes, including: regular cash grants for those in emergency situations; cash for shelter; cash-for-work; cash payments as part of the disarmament, demobilisation and reintegration process; cash for families hosting IDPs or refugees; vouchers for food, tools or seeds; cash payments as part of refugee resettlement and return; post-disaster cash grants for livelihood recovery; and many kinds of long term welfare payments (pensions, child benefit allowances, etc.).

However, choosing a CBI is not like picking a dish from an overly long menu. All CBIs can be understood to be merely different applications of the same few basic principles. In fact, they all begin with a choice on how to answer two simple questions: What should you give? And how should you give it?

2.1.2.1 What you give in CBIs

There are three main ways of helping people access items, apart from giving them the items in-kind: giving **money**; giving **cash vouchers**; and giving **commodity vouchers**. The differences between these is explained in table 2 (the reasons for choosing one rather than another is discussed later).

Table 2. Different types of CBI: what people can receive

Money	People either receive actual cash, or a credit in a bank account which they can withdraw as they wish. It is normal currency, and can be spent anywhere in the country.
Cash voucher	This is a voucher which entitles the holder to buy goods up to the cash value written on the voucher. The holder can make purchases in any shops or stalls which have agreed to participate in the programme, by accepting the vouchers as if they were cash. The shop turns the vouchers

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	into cash with the agency who gave them out. The agency can set rules which either restrict the vouchers to certain items (e.g. "maize flour to the value of 1 euro", "food to the value of 10 euro"), or can allow the vouchers to be spent on anything which the participating shops sell.
Commodity voucher	This is a voucher which is exchangeable for a fixed quantity of certain goods or services, at any shops or stalls which are participating in the scheme. The voucher could be for a single item / service ("1kg of maize flour") or for a complete, fixed food basket of several items (e.g. 10 kg rice, 2 kg lentils, 1 kg sugar, 0.5 l oil). The shop then 'sells' the vouchers to the agency at whatever price was agreed upon.

It is interesting to note that the commodity voucher (which can also be linked to a specific service, for instance voucher for milling) is a type of cash-based intervention very **close to in-kind aid** since people are not able to choose the goods/services – the voucher binds them to a certain good/service. The main difference with in-kind aid is the fact that the commodity voucher scheme uses **local traders**.

2.1.2.2 How you give the money or vouchers

Money or vouchers can be given out freely or with certain conditions. There are four major ways in which agencies have tended to give out the money or vouchers, as described in table 3.

Table 3. Different types of CBI: how people can receive

Free / unconditional grants	A grant is made to a household or individual simply because of the situation they are in – e.g. displaced, elderly, suffering from drought, chronically poor, etc. This can be to: ➢ Meet immediate needs in an emergency relief situation ➢ Support to livelihood recovery following a crisis ➢ Support to livelihood promotion (often in conjunction with training) ➢ Ensure long term social protection. People are entitled to this money simply because of the situation they are in (human rights entitlements). No conditions or work requirement are imposed. There is no requirement to repay any money. People are entitled to use the money however they wish. Cash grants could be a 'stand-alone' intervention, or could be accompanied by some form of training or business education. Free grants are the most common form of grant made in industrialised countries.
Restricted grants	The recipient of a restricted grant is given the money or vouchers freely, but they are only allowed to spend them in an agreed way, e.g. for rebuilding houses following a disaster, or following a business plan agreed with an agency. Any other use of the money or vouchers would be a breach of the rules. In order to control the use of money, the grant is usually paid in more than one instalment. The second payment is only made after verifying how the first payment was used.
Conditional grants	This is a grant which recipients can spend how they wish, but they only receive it after fulfilling certain conditions, such as enrolling children in school or having them vaccinated. Such conditions are rarely set in humanitarian situations, since everyone has a right to minimum needs. They are for instance associated with grants for demobilisation of armed groups, and with welfare payments in Latin America.

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Labour-based grants or "cash for work"	This is a payment (in cash or voucher) which is given as a wage for work done, usually in public or community work programmes. The grant helps the person who has worked, and the work itself can benefit the wider community (improved infrastructure) or specifically targeted people (e.g. if houses are built for the elderly). This is probably the most common form of cash grant currently used in developing countries.

Each question (cash or voucher? and free or not?) is answered independently and the combinations are many. People can receive either cash or vouchers from a labour-based intervention; both cash and vouchers can be given either with or without conditions. To a certain extent, a cash voucher cannot be a fully 'free grant', because it always restricts what people can do with the money. However, if it is redeemable at a 'general store', the choice can be quite wide. Similarly, labour-based interventions could be seen as a sort of conditional grant since people have to do a certain job in order to be paid. Keep in mind that the above classification is meant to organise the issue, not to restrict one type of intervention to a group or another.

Box 1. Subsidised sales: a certain type of grant

In some cases, availability in a specific market can be an issue and/or prices can be very high because traders face logistic problems (e.g. transportation) and/or lack cash reserves. This may especially be true after a sudden-onset crisis when traders have lost everything and pass on their needs for cash on prices. In order to support market recovery and allow consumers face lower prices, a **grant / subsidy** can be given to traders: they are supposed to sell items at lower prices/to supply the missing items and the subsidy is here to meet the gap between supply cost and revenues from sales.

This has been done by Oxfam in Pakistan following the earthquake in 2005: access and lack of cash reserves were considered the main issue in an area where the population was highly dependent on local traders for their basic items (small credit contracted especially during the winter season). Moreover, when stocks got lower, prices started picking up. Finally transportation became expensive and difficult and fodder supply decreased sharply. To prevent a drop in livestock, Oxfam **subsidized the sale of fodder** by giving **cash for transportation** to fodder sellers. The agency also distributed cash grants to traders to support them in restarting their business (the grant depended on each trader's business plan), see box 2 below.

The **different cash-based interventions** can also **be mixed** for the same group or depending on **the targeted population** (e.g. some people can be involved in a labour-based intervention, while others will receive an unconditional grant). It is critical to consider this possibility of programme combination as it is often a way to better cover the needs and to mitigate the negative impacts each programme alone can have.

Cash transfers in emergencies can be thus used as **alternatives to in-kind aid** (e.g. food aid, non-food item (NFI) and seeds and tools distributions), when the cash/voucher is intended to be used to buy the items needed. They can also be used as **complementary interventions**, e.g. where both food and cash are given. The money can be used either for supplementing the food given, for meeting other needs, investing in livelihood recovery or for protecting the other type of support given (so that people do not sell it to get cash). Section 3.1.1 will discuss how to decide which intervention or mix of interventions is most appropriate in a particular situation.

Box 2. Combining CBIs to meet different needs

Combining CBIs can mean giving people different kinds of grant, or mixing vouchers and cash together.

- In Sri Lanka, the Government gave people affected by the Tsunami both a **free monthly grant** (to meet living costs) and a **restricted grant**, to be used only for rebuilding their houses.
- In Haiti, in an insecure urban environment, Oxfam gave **vouchers** which were redeemable in local shops for a **combination of food items and a sum of cash**.

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- In Pakistan, following the 2005 earthquake, Oxfam set up a **voucher and cash distribution** programme, partly following a request from local traders who were worried that people would not come to their shops if only cash was given (since their stocks were mostly destroyed). The voucher and cash programme allowed both on the one side beneficiaries to be able to chose to some extent where to spend their entitlement and on the other side traders to restart their business thanks to the relative 'caught-demand' linked to the voucher (which was brought in the negotiation with their suppliers).

It can also be best to combine in-kind aid with CBIs.

- In 1998, following Hurricane Mitch, the Red Cross gave a **cash grant** together with a **package of agricultural inputs** to 17,000 families. The inputs were aimed at restoring household income, while the cash allowed people to buy extra agriculture inputs and/or food. The cash payments (USD 30 per family) were made to women, while men received the agricultural inputs. It was found out that a) misuse of cash by women was minimal and b) where food aid was being distributed, cash was spent on additional inputs and productive assets. Where there was no food aid, the cash grant was mainly used to buy food
- In 2006, ACF combined cash for work and food for work schemes in remote mountainous areas in Nepal. The project was successful given households needed both staple food (rice) that was not available in sufficient quantities in the area and cash to cover their other and more varied basic needs. The cash was mainly used to clothing and condiments.

Cash or in-kind assistance can also be given in the form of loans, particularly where the objective is livelihood recovery and building up people's assets. Although credit programmes may indeed be 'cash-based', they are not included in this manual.

2.1.3 Cash-based interventions: an emergency and post-emergency tool

Many of the examples of cash-based interventions mentioned in table 1 above have been implemented in emergency or post-emergency situations.

Although there can be disagreement about whether a particular situation is serious enough to need external 'emergency' support, it is usually clear what emergencies are. They include both **sudden-onset emergencies** (natural disaster, conflict, forced population displacement), **slow-onset emergencies** (crop or livestock failure, economic collapse, protracted low-level conflict) and what are often called **'complex emergencies'** which are usually a mixture of conflict and political crises, leading to the failure of a State to function in any meaningful way in all or parts of a country.

It is much less clear when an emergency ends and a 'post-emergency' phase begins. The idea of an 'emergency phase' which was followed by a 'recovery' phase, which in turn was followed by a 'development' phase never really matched reality on the ground. This terminology is therefore being replaced by talk of '**early recovery**', which describes a kind of support that needs to be given, and that can begin even before an emergency is 'over'. Since CBIs are often felt to have a particular niche in 'early recovery', it is important to understand well what the principles of early recovery are. Objectives in 'early recovery' are much wider than the purely humanitarian urgency of meeting people's survival needs.

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The UN Post-Emergency Centre defines **early recovery** as a process that:

- Begins early in a humanitarian setting.
- Aims to generate self-sustaining, nationally-owned, and resilient processes.
- Encompasses governance, livelihoods, shelter, environment and social dimensions, including the reintegration of displaced populations.
- Addresses the underlying risks that contributed to the crisis.
- Is a responsibility for both the development and the humanitarian actors.

Early recovery programmes need to think **longer term**. The concept of *sustainability* is well known for 'development' programmes, but humanitarian relief too can often aspire to some kind of sustainable benefit. Where true sustainability is not realistic, then a related concept can be applied, that of '*connectedness*', which is the extent to which short-term emergency relief activities take into account longer-term issues[4].

Table 4 compares the different features of CBIs in emergency situations and in early recovery/post-emergency.

Table 4. The aims of (cash-based) interventions in emergency and post-emergency contexts

In emergency	In post-emergency/early recovery
▪ Address the immediate consequences of humanitarian crisis. This is the over-riding imperative. ▪ Take into account any other objectives as much as possible, but only secondary to meeting the primary objective.	▪ Address needs beyond those of saving lives, e.g. ▪ Address factors which underlie the emergency, e.g. conflict, weak state structures, social exclusion, fragile livelihoods. ▪ Work in a way that contributes to rebuilding society, the State, the economy.
▪ Planned in the short-term (usually up to six months, but may be longer in complex emergencies)	▪ Planned in the short- to medium-term (up to 1-2 years).
▪ Help people face their basic needs.	▪ Support household's livelihood, and recovery of previous livelihood. ▪ Support provision of basic services, etc.
▪ Target victims of the crisis.	▪ Target families facing specific vulnerabilities who were hit by the emergency. ▪ Target people who are vulnerable to crises in the long term.

As in all types of emergency or post-emergency interventions, every context is different. CBIs, like all other programmes, will have different impacts according to the situation. For example, a crisis may occur:

1. In an already impoverished area, or in a weak State, where the Government has only weak ability to react.
2. In a place where there is a reasonable level of support from the State.

In the first case, livelihood recovery is likely to take much longer and in some cases CBIs may not be possible or appropriate.

[4] ALNAP, 2006

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In the second case, there is likely to be an existing mechanism for making cash payments and markets may well work well. Early recovery is likely to start earlier and may be a more important part of an agency's work. Sustainability and connectedness will be incorporated by the agency in different ways in each situation.

- **What is connectedness in practice for cash-based interventions?**
- Think about **longer-term issues** and the wider impacts on community and the economy of any programme. How could different programmes potentially affect them – either positively and negatively? This should be part of the thinking in deciding whether or not a cash grant is the best intervention. What changes could you make in implementing a programme which would maximise the positive long term impacts, and reduce the negative ones?
- Plan for an **exit strategy** of the programme.
- Help recipients plan for the longer term, after the programme. Make sure they are **aware of the short-term nature** of the programme.
- Seek **partnerships** with other programmes or agencies which may have longer term considerations. Could chronically poor beneficiaries of cash transfers be included in longer-term livelihood support programmes or a social safety net?
- Ensure **capacity building** of local agencies / existing structures, where possible, for long-term perspectives. Try and design the programme to maximise such capacity building from the beginning onwards.

2.1.4 Cash-based interventions as social safety nets: a longer term approach

Cash-based interventions are also used to address **longer-term issues linked to chronic poverty**. The most obvious examples are the State welfare systems common in most of Europe, which may include child benefit allowances, unemployment benefits, social security payments to those chronically sick or unable to work, pensions, and welfare payments to refugees.

These schemes are often classed as 'social protection' and are usually called '**social cash transfers**' or, more widely, a part of 'social safety nets'. The developing countries' needs in terms of basic social protection are growing, e.g. because of the impact of AIDS and the weakening of traditional social safety nets. This latter is due to both cultural and economic changes (e.g. increasing land shortages). In some countries, there may be an increasing elderly population who are unable to provide for themselves.

Social cash transfers have been implemented by governments and NGOs. However, though some NGOs have been active in advocacy for social cash transfers, their role in implementing such systems is usually confined to **piloting programmes**, with the intention of persuading Governments (and donors) to integrate them as national programmes in the national budget. Since ACF has been less involved in such programmes, the following description will remain brief. More information can be found in annex 1 and in literature mentioned in the bibliography.

Conditional social cash transfers have been pioneered in Latin American countries (see table 22 in annex 1). Welfare payments have been targeted at the children of poor households, the elderly and pregnant women. They have been linked to school attendance and to participation in State health programmes. Following the wide approval of these schemes, the World Bank and International Development Bank have supported them and the model has been replicated in many countries.

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However, although these programmes have claimed a positive impact both on childhood development and poverty, there are quite **high administrative requirements**, especially for monitoring which households have fulfilled the conditions. They may not be easy to replicate in many African countries. Pilot social cash transfers there have been **unconditional**, though there are still only a limited number of examples. Ethiopia has begun a large national scheme (see box 3 below), South Africa, Botswana, Lesotho Mauritius and Namibia have pension schemes, Mozambique has run a limited social cash transfer scheme for several years, and schemes are being implemented or planned in Senegal, Burkina Faso, Cameroon, Malawi, Zambia, Ghana, Uganda and Kenya.

Three conditions (which need to be secured over time) have been identified for the success of social cash transfer programmes[5]:

- **Commitment** to basic social protection of politically relevant groups (in the long term).
- An appropriate **implementation capacity** (skills, institutions and infrastructure).
- Sufficient **financial resources**.

These social cash transfers have not been large enough to alleviate poverty altogether, but have been intended rather to prevent people from falling into destitution. However, the design of such schemes is critical, and must take into account the size of the transfers, the delivery mechanism, the kind of transfer made, any conditions imposed, and the targeting methodology. Box 3 presents the results of an ACF study of Government food security policy in Ethiopia.

Box 3. Addressing chronic food insecurity in Ethiopia

To address the problem of chronic food insecurity in Ethiopia, the government in partnership with international donors and NGOs, launched a new Food Security Programme in 2003. This aimed at moving away from emergency approaches, based on annual appeals for food aid, to longer-term strategies. ACF analysed two components of this programme, the Productive Safety Net Programme (PSNP) and the Household Extension Package (HEP), and highlighted issues which would be relevant for other social protection packages.

- **PSNP** is a public works employment programme, paid either in cash or food. Each household member is allowed to work up to 5 days per month, and physically fit members can work instead of those unable to work. The duration of the programme is supposed to cover the hunger period, and has been fixed at 6 months by officials.
- **HEP** aims at asset creation through the provision of a variety of input packages (e.g. improved seeds, young livestock). Each package has a total value of 1,600 Birr (nearly US$200). Part of the package may be given in cash, but the bulk is given in kind. The package must be repaid in cash at zero interest within two to four years (depending on the package composition).

ACF found that the programme may not achieve its aims because of weaknesses in the design of the programme.

- Targeting criteria are weak, and impossible to apply well, because good data on households is not available, and quotas had been set which were often too low. As a result, both inclusion and exclusion errors were inevitable, with the very poor often most vulnerable to exclusion. Tensions within communities were also created as a result.
- Because the HEP is a loan, many poor households may not manage to repay it, even with favourable terms. This tends to exclude the poorest from the scheme, since officials often fear they would default and so do not select them.
- Benefit levels in the PSNP are too low, and maintain households in poverty. The wage set would have to be increased by 67% to ensure that household assets were protected from 'distress' sales[6] and to support a gradual move out of poverty.

The reasons for these weaknesses were a fear of creating beneficiary "dependency" on aid, and

[5] See GTZ, 2005

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inadequate funding (maybe linked to political will behind it).

Source: ACF (2006)

Much work is currently being done on **costing State social protection schemes**. The projected costs, although high for poor countries, do not appear impossible to reach, especially if they can be supported by development partners. Costs will depend upon future projections of the number of people in poverty and of the growth rate of the economy, which are hard to estimate accurately. The ILO[7] has costed different schemes for Tanzania and Senegal, and targeted cash payments could cost 0.5%-2% of GDP. In Zambia, the cost of extending the pilot scheme has been estimated at 0.36% of GDP annually (see case study in box 47). The Bolsa Escola programme represented 0.13% of Brazil's GDP, the PATH programme in Jamaica, amounted to 0.34% of GDP in 2004 and the Family programme in Honduras cost only 0.02% of GDP**.**

Social cash transfers

- Are an answer to **growing needs of basic social protection** due to: larger share of older people, impacts of AIDS and weakening traditional social safety nets.
- Are targeting chronically poor/vulnerable families in **long-term approaches**.
- Can be **conditional** (higher administrative requirements) or **unconditional**.
- Should be **high enough** to really foster **pro-poor growth**.
- Require **long-run commitment** from **political groups** and an appropriate **implementation capacity** (skills and infrastructures).

Implementing these types of interventions is beyond the scope of ACF mandate (since they should be the role of the government), but there may be a role for the organisation in advocacy, analysis or technical support at local or national level.

[6] the term does not refer to the psychological difficulty of making the sale, but to the long term negative consequences, such as from the sale of the last productive asset.

[7] ILO: *Basic Social Protection as a means of poverty reduction: affordability and impact*. Seminar presentation, 13th Oct 2005, Dar es Salaam.

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KEY POINTS on "Cash-based interventions: what are they?"

- **Cash-based interventions are not new**
  - CBIs have been implemented by government and agencies for a **long time** but have only come to prominence recently.
  - **Long-term preference** for in-kind due to: lack of expertise, higher risks associated with CBI, market concerns, donor and/or government reticence, reaction to sudden-onset disaster perpetuated.
- **There are different types of transfers**
  - People can be given money, cash vouchers or commodity vouchers.
  - These can be given as a **free** / unconditional grant, as a grant which is **restricted** to spending in limited ways, or as **payment for work**. **Conditions** can also be put on grants, though rarely in emergency situations.
  - Different CBIs can be **combine**d. They can either be used as alternatives to in-kind aid or can be complementary programmes.
- **CBI: from emergency to long-term interventions**
  - CBI can be implemented for purely **emergency relief** or for **early recovery**. They can link 'relief' and 'development' if issues of connectedness (longer-term impacts, exit strategies) are addressed.
  - Cash transfers are also widely used in **social transfers**, as longer-term interventions targeting chronic poverty.

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2.2 Assessing the appropriateness of cash-based interventions

This section considers first why cash matters and then looks at the theoretical strengths and weaknesses of the different kinds of CBIs. Section 2.2.3 then examines what experience shows about the relevance of some of these theoretical arguments in different situations.

2.2.1 The rationale behind cash-based interventions: why cash?

Since people always need food, shelter, basic household items, seeds and tools – is it not just as good to give these things directly, rather than giving money and making them buy them for themselves? Since donor governments are usually paying for the relief, the transport costs of the items need not worry the ones receiving the goods for free.

The answer to 'in-kind or in cash, does it make a difference?' is then: yes, it does matter, very much. The **impact** of giving money can be **very different** from the impact of giving things. That does not mean it is always a 'better' impact, because money is certainly not always the appropriate response. The next section will analyse in more detail in which circumstances money is more appropriate, and in which situations other kinds of aid should be preferred. However, in cases where money can help people solve their problems, there are several advantages which make it worth considering carefully.

- **Giving people choice**.
    - **Diversity of needs and priorities**. People's needs are many and different and are not prioritized in the same way. If they receive money, each person is responsible for choosing their own priorities, rather than people receiving what central decision-makers assumed was the priority of the population as a whole. The benefit to each one should be higher (we know how often people sell unwanted items which they have received in distributions, with potentially high transaction costs). The household is also **less patronized** as it has the responsibility to manage its budget.
    - **Dignity issue**. Not all humanitarian suffering is economic or material. When people suffer crises and possibly displacement from their homes, one of the first casualties is their ability to control their own lives – to be truly human. Instead, they become 'beneficiaries', kept alive, and with their basic needs met, but unable to make choices for themselves or their families. Giving people money helps restore to them the ability to be **responsible for their own lives**, at least to a small degree. Making people 'human' again is also a humanitarian imperative.
- **Need for money**. People's needs for money don't go away, even when they are given things. If they don't have other sources of money, they have no choice but to sell aid. In one case, IDPs had to sell 20% of their food aid just to pay for milling the rest of the cereal into flour – which had to be paid in cash. Even where in-kind aid is necessary, a cash grant may also need considering. Humanitarian aid is often though of as an economic 'transfer' to people. Using food as a vehicle for the transfer rather than simply money can be hugely expensive, where people had other needs. In some cases, what people sold goods for has been found to be less than a fifth of the cost of purchasing and delivering the original goods. Since aid budgets are limited, this inevitably means that some other needs somewhere are being left unaddressed.

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- **Disruption of local economy**.
    - **Supply**. Giving out goods in-kind can prevent or slow down economic recovery because it can **disrupt local markets**. Farmers cannot have reliable sources of good quality agricultural inputs if traders can not open businesses – because they can't compete with free distributions. The lack of such traders may then be used as a justification for continuing with in-kind aid! The disruption can spread far. The aid items sold at low prices can disrupt trade in areas not directly affected by a crisis.
    - **Prices**. When huge amounts of food are brought into an economy, the price usually falls. This can have a devastating impact on farmers, who rely on selling small surpluses of crops in order to meet basic needs. Even if food aid is purchased in-country, small farmers neighbouring the affected area may have no access to this market. Large grain traders may make a profit from humanitarian agencies, but local farmers can see their prices fall.
- **Delays in delivery**. The **logistical difficulties** in delivering many tonnes of aid to large populations has often resulted in delays in it arriving. Everyone is familiar with 'pipeline' problems with food aid, and very many seed distributions have been made after farmers have already had to plant their crops. Cash can be made **available more quickly**, and allows people to **time their own purchases** as they need.
- **Multiplier effect**. Money is the lifeblood of an economy. Putting money into an economy which is depressed or 'anaemic' is like a transfusion, and can **stimulate** new strength. The money circulates: whatever one person earns, they spend by paying it to someone else. The **total impact** on the local economy can be many times the volume of money actually put into circulation. This is called the 'multiplier effect', and has been well known to economists for many decades. Putting goods into an economy does not produce this impact, if these goods were all purchased far away, in capital cities or outside the country.

Box 4. Potential advantages of giving aid through cash

Choice	Cash lets people choose their own priorities.
Self-respect	Cash gives people more responsibility for their own lives
Effectiveness	Where humanitarian needs are created by loss of income, and not the lack of availability of goods, cash addresses the problem directly.
Cost-effectiveness	Cash is usually the cheapest option.
Speed	Cash is logistically simpler, and can be made available more quickly
Trade	Cash promotes the local market, rather than undermining it
Economic recovery	A cash injection stimulates all kinds of economic activity
Flexibility	Cash needs never go away, because not all individual needs can be met in-kind.

Cash is not the magic answer, and will not always be appropriate. There are many situations where it is better to bring in goods rather than to give people money. Each situation needs **careful assessment and analysis**. But the choice does matter. Where money is the most appropriate response, the advantages can be significant.

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2.2.2 Pros and Cons of cash-based interventions: the theory

Each kind of programme will have advantages and disadvantages when compared to other possible programmes. In order to decide whether or not a CBI is appropriate, you have to be aware of the potential pros and cons of each kind of intervention. Then, according to the situation and your objectives, you can decide on the benefits and risks involved, and how these can be managed.

Many of the perceived advantages and disadvantages of cash can be grouped around three main issues:

a) It gives people choice.

b) 'The market' has the role of making goods and services available.

c) It can more easily be 'diverted'

a) **Giving choice**. Choice can be seen as a positive thing in itself. It gives people the ability to make decisions about their own lives, and one of the dehumanising features of emergencies is that victims often lose this. Choice can also be positive because it leads to **better outcomes** (people get what they need most). Cash also opens up far **more possibilities** than in-kind aid. People can spend money on food, shelter, health care, to repay debts, on paying local people to weed their fields, on a very wide range of assets, on 'working capital' for running a small business – or they can reserve some money to set against future costs and needs. People can also divide up the money and spend a little in a number of different ways.

   On the other hand, the power to choose can also be **badly used**. Only one person in a household receives the money and with it the power to choose. They may have the best interests of other members of the household at heart – or they may spend the money for their own benefit, ignoring the needs of their children. They may also spend the money on ways which are in themselves anti-social – on alcohol or prostitution, for example, which may only create more problems of violence, AIDS, and marital conflict (although as will be seen in the next section, cash misuses tend to remain limited). Nevertheless, in-kind aid is also sold and misused, but it is argued that it is more likely for cash to be diverted.

   Opinions either way on these questions often stem less from evidence than from a person's attitude to human nature. It may therefore be hard to have a factual discussion about what is most likely, or to ever change people's opinions – without very strong evidence!

b) **Market issues**. 'The market' is really only the name for all the processes that go on when people exchange money and goods or services among themselves. If they are given cash, they have to **use 'the market'** to get what they need. When agencies give goods in-kind, it is the agencies who go to the market, but usually far away from where the emergency is happening. Both kinds of interventions have an impact on markets. Where goods are being given directly which people would otherwise buy, traders are losing the opportunity to sell. If in-kind distributions are given on a large scale, this may make it uneconomical for traders to be in business at all, so in-kind aid tends to **prevent trade from developing**. This may delay economic recovery even after the direct impact of the emergency is over, since it may make it hard for people to buy things they need. Giving cash will tend to **encourage traders to expand their businesses**, since there will be more customers looking to buy goods. Once traders are coming into an area, there may be stimulus for trade in other goods, with people able both to buy and sell more kinds of goods.

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However, if the market is **not functioning well**, people may not get good value from the money they receive. The goods they want may simply **not be available**, or the **quality** of the goods may be poor. A few traders may enjoy a **monopoly** and they may simply put up prices when they know people have more money. **Prices** can also be pushed up if there is higher demand for low supply. These higher prices will affect everyone, not just those who received a grant, so the CBI may have a negative impact on many people in the area (especially non-beneficiaries and people who are not selling items). This **fear of inflation** is often raised in opposition to CBIs. It should be remembered that low prices can also just mean that no-one has any money! Local farmers may be in chronic poverty because the prices paid for their produce are so low. All kinds of interventions can have an impact on the market. Distributing food, for example, may lower food prices, which may cause hardship to those trying to produce food to sell.

In theory, if goods can **move easily** into the programme area, and traders are **competing** for the extra business, then the effect on prices of a CBI **should be low**. More money will be spent on buying more things, not on buying the same things at higher prices. However, if it is **difficult for more goods to move in** (either because the area is isolated, or because few traders are prepared to bring in more goods because of insecurity, etc.), then there may be a situation of more money chasing the same goods. This will probably lead to price increases, if the amount of money relative to the local economy, is significant.

Box 5. Cash and voucher food assistance programme in Indonesia

Save the Children (SC) assessed the food security situation in post-tsunami Aceh and found that food was available on the markets at stable prices, but that households could not access it due to lack of cash. It therefore implemented a pilot project, to test cash-based food assistance, targeting 4,825 households in a three-month programme to substitute WFP food rations.

Three scenarios were considered:

1. A voucher programme, which would have limited the type of items provided.
2. A cash grant programme, which was felt unacceptable as it could be diverted to other expenses.
3. A cash and voucher scheme, to combine flexibility and ensure food intake.

The cash and voucher scheme (third one) was chosen. Recipients were given monthly commodity vouchers for fixed amounts of rice, sugar and oil for each household member, to be exchanged at pre-determined local shops, with a cash supplement of USD 5.26 per person. Participating traders signed contracts specifying prices, responsibilities and payment timetables.

Impacts:

- Beneficiaries appreciated that the voucher ration was fixed (in quantity and quality) over the three months of the programme, whereas WFP rations varied each month (different items, different quantities). Distributions were considered quicker and more efficient by beneficiaries.
- Consumption of fresh fruit, fish, egg or meat increased due to the cash component.
- Some families spent cash on education (food or transportation needs).
- The cash supplement allowed for the need to pay for transporting the food bought with vouchers.

Source: Cole (2006)

c) **Diversion**. Many also believe that CBIs have another 'set' of disadvantages which stem from the fact that cash is so useful! Cash can be used anywhere, not only in a project area; it is easy to hide and move large quantities; it is useful for everyone; and, unlike goods, there is no limit to how much is useful. There is a fear that this makes cash much **more prone to diversion at every stage**. Men will use their power to take control of the cash from women; there will be more attempts by those who are not eligible to receive the grant to get themselves on lists, worsening corruption; and there will be more temptation by all – the

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beneficiary community, staff and outsiders – to steal money, including even the possibility of armed robbery at distributions or on cash in transit.

One of the theoretical advantages of **vouchers**, which makes many agencies interested in using them, is that they are like **a 'compromise' between cash and in-kind aid**. Although they do not have all the advantages of cash, they are believed to have fewer of the disadvantages. Table 5 summarises some of the theoretical advantages and disadvantages of helping people by giving them goods, vouchers or cash. Section 3 will look in more detail about how to assess which of the three options is most appropriate.

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Table 5. Main theoretical advantages and disadvantages of cash, vouchers and in-kind aid

Issue	Cash	Vouchers	In-kind aid
Choice and flexibility	Choice: people can decide which items and services to buy, and when they want to spend.	May give degree of freedom of choice.	Choice only community wide, at needs assessment. Some may fear choice brings temptation to unwise spending.
	High flexibility. cash be spent on a wide range of goods/services.	Some flexibility. Many items not easy to give via vouchers.	Low flexibility. Many required services cannot easily be given in-kind.
Empowerment and dignity	Empowerment: people made more responsible for their own recovery.	Intermediate	No 'agency'
	People may feel more dignity. If grant is targeted, may be less stigmatised.	Unknown, may vary widely	Unknown, may vary widely
Cost-efficiency	Cost-efficiency for recipients? In-kind aid may entail transportation costs for recipients. Avoids losses when in-kind aid is sold at low prices.	As for cash. Easier to organise local markets ('fairs').	Where markets are far, may be easier for recipients, as the costs of bringing goods is borne by agency. Potentially high costs, if goods sold for cash.
	Cost-efficiency for agencies. CBIs have lower logistic costs and are faster.	Agency has costs of redemption, no advantages of bulk purchase by agency. If fairs need organising, high costs.	High costs of procurement and transportation, but if local prices are high, agency may purchase more cheaply in bulk.
Economy and trade	'Multiplier effects': money spent in local economy promotes business and production, and spreads income widely.	Usually limited to formal sector.	No multiplier effect.
	Promotes trade and local business.	Supports 'positive' local economy for targeted goods/services	May undermine local market
	Lack of availability of goods not solved (e.g. stock, inputs)	Cannot be run if there are availability problems, unless these can be tackled	Overcomes problems of supply
	Potential to cause inflation	Potential inflation is controllable	Potential to cause deflation
Security	Highest security risk	Low security risk	Low security risk
"Control of aid"	Loss of control may not be supported by donors, Government and/or agencies.	Easily accepted by all actors	Easily accepted by all actors
	Most prone to theft/corruption	Limited theft/corruption of vouchers. Approval of redeeming outlets may attract corruption	Low theft or corruption at distribution point (although possible on quantities) High potential corruption in large contracts for suppliers.
	Prone to 'anti-social use' (alcohol, prostitution, etc.)	Low diversion to anti-social purposes	Low diversion to anti-social purposes
	Allows consumption expenditure (positive or negative?) or investment with potential longer term impact	Agencies choose if aid is for consumption or investment	Agencies choose if aid is for consumption or investment.
	May be harder to target women, since cash is more attractive	Women can be recipients, aid can be chosen by women	Women can be recipients, aid can be chosen by women

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2.2.3 Pros and Cons of cash-based interventions: the evidence so far

Whether or not these theoretical advantages and disadvantages of cash transfers are realised will depend on **any specific context**. Some evidence is beginning to emerge about which of these fears are real and which not, but not enough is yet known. Perhaps understandably, agencies implementing relief programmes rarely feel that such research is their main priority in an emergency context.

The following section looks at some of the above mentioned pros and cons, drawing on the field experiences of different agencies. The overriding conclusion, it will be seen, is that each experience is context specific and cannot be generalised.

2.2.3.1 Cash transfers and inflation

Experience has shown that despite the fears, CBIs have usually had **little impact on local market prices**, although some cases of inflation have been noted[8].

Following the tsunami, the **Sri Lankan Government** gave restricted cash grants for rebuilding to all those who had lost houses. The supply of building material was not adequate to meet demand, and with so many people trying to spend the grants in a short time, prices of some materials rose by several times. It is quite likely, though, that prices would have risen even had these grants not be made. In a safety net programme managed by DFID in the 1990s in **Zambia**, food price inflation linked to the cash transfers was found, but only in **three very poor districts**.

An ACF CFW programme in Somalia in 2004 appeared not to have any impact on local prices during the period of the project. Similarly, the different CFW programmes implemented in post-tsunami Aceh are not reported to have had an inflationary impact on food prices. In some cases, prices have increased in the first days of the programme before returning to normal levels afterwards.

Overall, inflation is expected to be **more likely** if the cash inflow is **large compared to the usual size of the economy**. This may well be the reason for the inflation in the poorest Districts in the Zambia case above. However, in one of the poorest pastoralist areas in Kenya, where almost all trade was by barter, an Oxfam CFW programme found very limited inflation, and only linked to sales on credit extended to CFW participants who had not yet been paid.

Inflation which is **not linked to the CBI** can also affect a programme area, and this also needs to be taken into account (see section 3.1.2). Nationwide inflation affected an Oxfam cash transfer programme in Malawi, **reducing** recipients' **purchasing power**, and undermining the impacts of the programme. Sometimes this is **predictable** and the programme can take it into account. Many prices normally fluctuate from season to season: food may be several times higher in price just before harvest compared to the month immediately afterwards. These changes are to some extent predictable, though the size and timing of seasonal price rises will vary from year to year.

2.2.3.2 Fears of cash misuse

Almost all reported experiences in cash-based interventions stress that the cash distributed was **not misused**, in contexts that have varied from a herder programme in Mongolia, a cash and

[8] Sources: Peppiatt et al. (2001), Harvey and Savage (2006), Mattinen and Ogden (2006), Doocy et al. (2006), Adams and Harvey (2006)

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voucher programme in Indonesia, cash interventions in Ethiopia and other experiences mentioned in this section[9].

Food is often the **first priority** for spending, followed by clothing, education and health, social spending (charity, debt repayment) and investment in income generating activities or productive assets.

There is as yet no good evidence on how the use of the money will vary **according to who is given the money**. In the Red Cross rehabilitation programme in Guatemala and Nicaragua (see box 2), diversion did not appear. Cash here had been given to women – but is this why the money was well spent? There is one case where the **identity of recipients** has proved crucial. In DDR programmes, cash misuse and diversion have been found in programmes where **cash transfers were given to child ex-combatants**. Cash has been spent on 'anti-social uses' or stolen by former commanders of the children.

Box 6. What counts as diversion ?

Save the Children (UK) wanted to help people meet food needs in Indonesia, and gave cash and vouchers with the objective of enabling people to buy locally available food products. However, they found that some of the money was 'diverted' and was not spent on food as they had hoped. But most of the cash 'diverted' went instead on education-related spending. The organisation's objectives were not fully met – but the recipients' objectives were!

While misuses and diversion are rarely reported, it should also be underlined that **monitoring cash uses is a difficult task** as recipients are incited in giving the "expected" answers, since it is in their interest that cash transfers continue. As a result thorough monitoring would require interviewing different household members, suppliers and even bar tenders. This would be time-consuming and not easily implemented in practice (see section 3.3.1 for further details on monitoring).

Box 7. Nutritional impact of cash transfers

Some cash-based interventions have been intended as alternatives to food aid, and a discussion continues as to whether the nutritional objectives often inherent in food aid can properly be met through cash. If it is true that people have other needs besides food, does that not then imply that if we want to make sure children don't suffer from malnutrition, we should give their families food? Finding hard evidence about the impact of cash transfers on nutrition is still hard to come by. There are usually no baseline data, interventions can be quite short term, and malnutrition has so many causes other than the quantity of food in the house.

Some work has been done looking at the contribution of the cash transfer to households' calorie needs, the number of meals eaten per day or the household dietary diversity score (see annex 6). Not surprisingly, these have shown that cash can make a contribution to food intake. One study found that cash was used to buy nearly half the average household's calorie needs; another showed that the dietary diversity score was higher for beneficiaries than non-beneficiaries (see annex 6). However, without a comparison with an equivalent population receiving food directly it is impossible to say to what extent the money was spent if the objective was solely to maintain nutritional status.

In practice, how much a cash grant contributes to nutrition may well depend on many other factors – people's other needs, what other assistance they are getting, the health and sanitation status, and, importantly, the size of the grant.

The impact of cash transfers on nutrition as such has been documented mainly in the case of social cash transfer while in the other cases, monitoring looked at the dietary diversity (see annex 6) or the food intake in the household.

[9] Sources: Cole (2006), Adams and Kebede (2005), Willibald (2006), Peppiatt et al. (2001), MartinDietz et al. (2004)

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In the case of conditional social cash transfer in Latin America, the impact on child nutrition was positive (these programmes are often associated with sensitisation on childcare good practices). Other programmes (food and cash transfer in Malawi, Oxfam's cash transfer in Zambia) have found a positive impact of the programme on the household dietary diversity as well as on the food intake (number of meals). The expenditure on health allowed by the cash transfer can also have a impact on nutrition.

On the other side, if the objective of the programme is nutrition as such, it may be important to consider **what the market 'offers'** to meet this objective (quality of goods, diversity, etc) and to balance this with the added value of a direct distribution of enriched food (note that such direct distribution can also complement a cash grant, while people can further be sensitised on the importance of a balance diet).

2.2.3.3 Gender issues

Questions are often raised whether cash or in-kind transfers are better for helping women (and children). There are arguments raised that in societies where men 'traditionally' control money and where women are responsible for managing food, then giving cash will help men whereas food given in-kind would help women. In some cases more women have expressed a preference for in-kind aid, whilst more men preferred cash transfers (e.g. in Zimbabwe's drought relief programmes of the mid-1980s), though this is never absolute. There seems to be **little evidence** that distributing cash has **fostered gender inequity**[10]. There are so many factors involved in how spending decisions get made and who takes on which responsibility, that broad generalisations are likely to be unhelpful.

Food aid is now often distributed **to women** on behalf of their households. There is probably great variation in the extent to which individual women can control it, and prevent the men who wish to sell it. Cash too can be targeted to women or men, or to whoever is the 'household head'. This will depend partly on whether the grant in question is a 'maintenance' grant (to meet living costs) or a larger investment grant for livelihood rehabilitation. Arguments can be raised in favour of both options. The 'standard' wisdom remains that giving maintenance grants to women is the best way to ensure that more money is spent on family welfare.

An opposite argument is where men's neglect of their families' welfare is prevalent, there are economic causes: behaviour has been a response to men losing the ability to care for families in a traditional way (e.g. when livestock holdings have fallen, or from displacement or landlessness). Constantly by-passing men may reinforce their 'emasculation' and bring more social problems, rather than encouraging them to take on responsibility by supporting them in their ability to do so.

There is **little direct evidence** yet from CBIs to support either view. It is unlikely that either argument is always true, which underlines yet again the message that in each circumstance a project has to work on the basis of **economic, cultural and social understanding** of the specific situation in which it is working. There is no alternative to asking men and women in each proposed project site about the likely reactions to targeting men or women, and monitoring closely afterwards. Some projects seem to have succeeded by combining aid to men and women: box 2 above illustrated a project where men were targeted with agricultural inputs and women with a cash grant (of lower value), intended for food.

[10] Sources: Willibald (2006), Peppiatt *et al.* (2001)

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Investment grants for reconstructing houses or rebuilding livelihoods have tended to go to household heads (usually men) or to men as owners of the main assets which have been lost (fishing boats, livestock). Although this could be argued to be reinstituting a male dominated control of productive assets, it is hardly fair to expect a CBI programme to transform gender relations of economic power in a society.

Box 8. CBIs and demobilisation

Gender discrimination has been found with cash grants given for demobilisation, especially where the condition for receiving cash was handing over a weapon. Girls with armed groups often did not have weapons to hand in. Also, the stigma attached to a girl who had been with armed groups meant that many tried to avoid official demobilisation procedures and went home independently – missing out on any support for reintegration. However, these problems do not relate to the cash grants themselves, but rather to a lack of gender awareness about demobilisation and the recognition of women and girls attached to armed groups as 'soldiers'.

One way to ensure greater control of the wives over cash allowance was to involve them in the signature of the demobilisation or reintegration contract (Somalia, Sudan).

Source: Willibald (2006)

Two other areas of concern have been raised regarding gender consideration and cash grants.

a) Targeting of **labour-based programmes** raises issues of its own: should the money go to women – or does this mean that women's work burden has been increased and they are being forced to take more responsibility for their household's economy? There is little literature on the subject, but the principles are discussed below (see section 3.2.3.2)

b) **Protection issues** are increasingly entering the language of humanitarian response. Agencies are now having to consider the wider impact of any of their interventions. Regarding CBIs, the fear is that handing out money may lead to **increased violence** against women. If women are given the money, this could cause domestic violence as the men fight the women to take control of the money. If men are given the money, some may spend the money in ways which result in violence to women – e.g. by increased drunkenness, prostitution involving minors, etc. There is **no obvious answer** to this problem. Every development programme that increases incomes has to grapple with these protection issues. There is little reason to argue that the solution is maintaining people in poverty, since often the main threat to the protection of rights is the lack of income to meet basic needs. However, the fears can be taken seriously. Discussions should be held with women on how best to manage the problems, where they exist (they may, for example, suggest using vouchers rather than cash). Some individual abuses of money are bound to take place, but where the agency has taken care to minimise these, they are surely the responsibility of the individuals concerned, and not of the project itself.

One important contribution, however small, which every CBI could make is to increase the documented evidence on the impact of CBI on gender relations in different societies. Hopefully, a future manual will have a gender section based on experience and not on theory!

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Box 9. Cash for relief: the right response in the right situation (Ethiopia, 2003)

Cash for relief was used during the 2003 famine in Ethiopia by four NGOs with funding from USAID /OFDA. Because it was a new intervention for OFDA, an external evaluation was conducted afterwards of the for programmes, which seemed surprised at just how effective a simple solution to problem can be. The various fears of inflation, misuse of cash, diversion of money, or gender imbalance did not happen. The executive summary[11] reads as follows.

"Key findings: The cash for relief intervention is one of the most powerful and elegant relief techniques available. Used […] under the right conditions which include

a) local availability of food
b) proximity to markets and
c) adequate transport infrastructure,

the intervention has a strong multiplier effect. It saves lives, it gives people dignity, it empowers women and it maintains and helps rebuilds households […] The distribution of cash is 40% more cost effective for donors and NGOs than the traditional distribution of imported grain [...].The evaluation found no substantive problems with any of the implementation programs."

The key phrase? - "…***under the right conditions***…" !

KEY POINTS on "Assessing the appropriateness of cash-based interventions"

- **Why cash?**
  - ➔ Because livelihood insecurity in emergency situations is often due to people's **inability to access food and other items** (due to lack of money), rather than due to unavailability of the items.
  - ➔ Because beneficiaries can have **very different priorities** (food, health, rehabilitation) and they know what is best for themselves and will use the cash accordingly.
  - ➔ Because cash helps people to **take responsibility** for their own recovery.
  - ➔ Because it is often the most **effective** and **cost-effective** way of delivering assistance.
- **Pros of CBI in theory**: ▪ Flexibility ▪ Empowerment ▪ Dignity ▪ Cost-efficiency ▪ Multiplier effects ▪ Support to local trade
- **Cons of CBI in theory**: ▪ Anti-social use ▪ Reluctance of donors and others to support ▪ Prone to diversion ▪ Security risks ▪ Inflationary risks ▪ Risk of gender bias.
- **And in PRACTICE?** No definite answers as it depends on the context and the design of the intervention.

[11] R Brandsetter (2004): *Evaluation of OFDA cash for relief intervention in Ethiopia.*

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2.3 Restricted and conditional grants

The simplest way to restrict the spending of a grant is to make the **payment in vouchers**. However, this may not always be practicable, in particular where the purpose of the grant is not the purchase of a single item, but a complex set of spending. Building a house, for example, may require buying many kinds of building material from many different sources, paying labour, etc. Setting up a poultry business requires buying the hens, but also constructing shelter for them, paying veterinary bills, buying feed, etc. It is not practicable to organise this through vouchers.

Some organisations have nevertheless made spending cash grants either restricted to certain investments or conditional on other behaviour. Conditional grants are almost always associated with social safety nets. They are outside the scope of this manual, but there is some discussion in annex 1, and references on the subject are included in the bibliography.

The difficulty with restricted grants is **enforcing the restrictions**. Every recipient's spending would have to be monitored in some way, and ways found to take action should the restrictions not be respected. In practice, the only way to achieve this has been by making the grant in **several payments**, with each payment conditional on proof that the previous payment was properly spent. For example, money to purchase the livestock is only given when the shelter has been constructed. The disadvantage of this system remains the **administrative complexity** required, if the number of recipients is large (see also table 16 below). There is also, inevitably, a danger of temptation to 'cheating' the control systems, potentially turning a relationship of partnership into one of opposing interests ("us vs. them").

The optimal balance of control and choice will have to be found in each case. The best solutions are likely to be **very different in different circumstances**. Where possible, trusting people to spend money wisely is the most advisable course. Where there are good reasons to suspect this would not be the case, individual solutions can be found. This can involve measures such as peer control or making some of the aid in kind or in vouchers, with only some in cash.

2.4 Should people have to work for their grant?

The idea of simply 'giving people cash' can arouse a strong emotional reaction within the humanitarian world, as discussed above (see section 2.2.1). However, many of the fears of people being given cash ('they will waste it, drink it, have it stolen') disappear when the idea of paying people to work is raised. Many of the dangers which were perceived to be attached to free cash grants should apply equally to cash-as-wages – the misuse of the money, the dangers of theft and robbery. This illustrates how much of the arguments between labour-based or free cash grants is really a moral one: do people have a right to be looked after when disaster strikes? or is working for your money more 'moral' than being given things for free? Another issue which can be raised on labour-based interventions is the legitimacy of the implementing organisation to monitor what people are doing with the wage they receive for the work done.

This manual does not attempt to take a position on these moral arguments. They are brought up here because they can hide beneath the surface of a discussion, rather than be addressed explicitly. This section looks only at the **logical or practical arguments** which would make one more appropriate than the other. Moral arguments are legitimate and relevant, but lie beyond the scope of this manual.

Free grants can be **quicker to organise** than labour-based projects, which demand a process of negotiation and consultation, and usually some logistical work in procuring tools or materials.

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Note that the arguments on labour-based programmes or free grants is unrelated to whether people receive vouchers or cash. In all cases in this section, labour-based also refers to vouchers for work, and 'free grants' includes both cash and vouchers.

Free grants are therefore to be preferred as a **short term measure** in the **initial phases** of humanitarian response. This is only because of the ability to implement free grants more speedily: it is not related to moral arguments that labour-based project is more suited to a 'recovery' phase. Even where a crisis remains protracted, labour-based interventions may be considered before any recovery is in sight (see below).

The main **advantages** of labour-based programmes are as follows:

1. People can **achieve useful work** in such programmes. Public utilities and infrastructure can be built or rehabilitated, fields can be cleared which will be of benefit to a larger community than those who were actually working.

2. Because receiving money is tied to physical presence at a work site, **registration difficulties can be lower**. It is possible to run labour-based programmes even where there are no population lists of affected persons, although in such cases specific targeting would be difficult. There is usually significant control among those who have worked to prevent 'free-riders', double registration is not possible, and other forms of cheating are more limited. It is usually easier to work with communities on targeting issues, since the perception of something being given freely is less prevalent.

There are also significant **disadvantages** to making people work for a grant:

1. The main one is that people are rarely idle, and in times of crisis, they are **usually busy** trying to cope. A labour-based project takes people **away from other activities**[12], both economic (looking for other ways to earn money, investing in preparing their fields) and non-economic activities (such as looking after children and the home). Community infrastructure is not a 'free' secondary benefit from a labour-based scheme: it replaces the work which people might have done in their own fields or own homes, and therefore always comes at a cost. One study[13] found that IDPs who were engaged on a voucher-for-work programme were delayed by at least a month in rebuilding their houses and returning home from an IDP camp (entirely of their own free will). On the other hand, there are cases where people are forced to be idle, especially where there has been displacement due to insecurity. This idleness may itself be causing significant social problems. In such cases, occupying people constructively would clearly have a positive benefit. As always, each situation must be judged on its merits.

2. Labour-based activities **cannot reached all types of households** especially those who do not have labour power (e.g. sick persons, woman-headed households). If these households are among your target population, this should be accounted for.

3. Another disadvantage to an agency in running labour-based intervention is that it is always **more expensive**. It is not possible to run such a programme where the only costs are paying wages. Work projects need to be arranged; work needs to be **supervised**; **tools** may need to be bought; material often has to be supplied; and skilled labour may also be necessary. These all have costs, which mean that only a certain percentage of the budget goes to the people who are the targeted beneficiaries. This percentage can fall below 50%, depending on

[12] In economic terms, there is an 'opportunity cost' to people in participating, which is having to give up what they would have done otherwise. The 'net benefit' which they receive is therefore less than the pay they receive.
[13] Simon Levine (2006)

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the choice of project. An agency can ensure that it remains much higher than this, by limiting the kinds of work projects it will accept. It is unlikely that (unskilled) wage costs can be much above 80% of a total budget.

4. A fourth disadvantage is **scale**. It is hard to manage labour-based interventions for more than a few thousand people, and extremely difficult even for a large UN organisation to run such schemes for more than a few tens of thousands. Yet these same organisations are capable of giving free distributions or grants to hundreds of thousands of people. There may be times where the scale of a humanitarian crisis means that running labour-based programmes is simply not a realistic way of delivering necessary assistance.

5. Wages from labour-based schemes are necessarily limited by the need to **maintain a realistic**, even if generous, **wage**. Where the objective of a CBI is to enable reconstruction of a home or of a livelihood, the size of the grant may make it impossible to achieve via the labour-based intervention. Although wages do not have to be restricted to the local rates (see 3.1.3.5), there are clear limitations on how much can reasonably be paid. Pastoralists who have lost all their livestock, or fishermen who have lost boats, may need a recovery grant worth several hundred dollars if they are to have any hope of recovering a sustainable livelihood. In most poor countries, where local rural wages are below USD 1/day, this would not be possible through CFW.

Table 6 summarises the main advantages and disadvantages of each programme. Although in some cases there may be clear reasons to favour one kind of programming over another, there is no reason why the two have to be mutually exclusive. Free grants and labour-based interventions can be combined in some situations.

Table 6. A comparison of the advantages of free grants compared to labour-based grants

FREE GRANTS (cash or voucher)	LABOUR-BASED
Advantages	
Quick to organise and set up	Doesn't need population registers, doesn't have to be inclusive of all affected
Doesn't compete with other activities	Useful community infrastructure (if not for free)
Doesn't exclude those without labour power	Fraud / cheating more difficult
Cheaper, nearly all budget for actual transfer payments	May have greater acceptance by politicians, donors, other agencies, less hostility
Easier to run on a huge scale	Allows both women and men to receive
Does not increase women's work burden	Gives people useful occupation in situations of enforced idleness
Relatively large investment grants are possible	
Acceptable that people's human rights are provided for when they are victims of disaster ?	*Acceptable that people should work for what they get?*
Disadvantages	
Only one entitlement holder per HH	Potentially excludes most vulnerable / Not all the households can be reached by such activity
Needs population registers	Higher costs
Higher risk of fraud	Competes with own activities, may delays recovery

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FREE GRANTS (cash or voucher)	LABOUR-BASED
	(need careful seasonal planning)
May be regarded with hostility by politicians, donors, other agencies	May increase the costs for beneficiaries (direct and opportunity cost)
	Size of transfer limited by need to maintain a 'reasonable' wage

2.5 Conditions for CBI implementation

In principle, cash-based interventions can be relevant and efficient answers to crisis and/or humanitarian situations, and to early recovery. They can be used to meet different objectives, so it is important to be clear what objectives you have, and then to see whether or not CBIs are the best way of meeting them. There are some risks in certain situations, which mean that CBIs **may not always be appropriate**. A proper needs assessment and feasibility analysis must be done beforehand, to see whether or not the appropriate conditions are met. (Section 3.1 looks at what to assess and how.) CBI can be programmed as **alternatives** to in-kind support, or as **complementary programmes**. This module focuses on short- to medium-term programming, but long-term cash grants can also be used to address chronic poverty (through 'social cash transfers').

Table 7 summarises different CBI options and the **conditions for their implementation** (this table highlights critical issues which will be further developed in section 3). The distinction of the three modes in separate boxes is done to facilitate the understanding of the underlying principles for programming. Once this is done, **innovative and 'hybrid' ways** of helping people through cash and/or vouchers and/or in-kind can be, and urgently need to be, developed.

Table 7. The appropriate conditions for implementation of different CBIs

CASH	VOUCHER	IN-KIND
Market and economic issues		
Market is functioning, or would work with increased demand	Market is functioning, or can be made to work, if demand guaranteed	Lack of availability of goods, or scarcity/hoarding causing high prices
Necessary goods/services are available	Security fears for cash	Markets not working and cannot be made to work
People have lost income, which is a main cause of problems	Desire to limit spending options* makes it worth restricting choice	Desire to limit spending options* makes it worth restricting choice and undermining markets
Strong informal economy options		Conditions for alternatives do not apply: in-kind as "last resort"
Need for rapid reaction	Time to arrange supply, or supply already in place	Time to arrange supply, or supply already in place
Depressed local economy, lack of cash in economy		
Low risk of excessive inflation	If high inflation, commodity vouchers	High inflation
Social and cultural issues		
People have very diverse needs	Uniform needs of beneficiaries	Uniform needs of beneficiaries

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CASH	VOUCHER	IN-KIND
	which are well known, and can be met	which are well known, and can be met
People have almost no other sources of income	Beneficiaries have other sources of cash to meet other needs**	Beneficiaries have other sources of cash to meet other needs**
Issues of practicality: favouring factors		
Functioning banking system	A number of traders selling all the goods necessary	Logistics can be organised
Trustworthy systems (social, political)	Local supply can be easily organised (traders or fairs)	Accessibility for heavy lorries
Appropriate level of security (depending on distribution mechanisms)		

* For whatever reason: humanitarian objective, political priority of donor, fear of misuse, etc.

** Alternatively, vouchers can be given in conjunction with cash grant

Conditions could also be drawn up for **credit programmes.** Loans can be given either in cash or, where there is a desire to restrict people's use of loans, in-kind (e.g. as livestock). Although this manual does not deal with credit programmes, mention can be made of the situations in which they would be most appropriate, because they can also serve as an alternative to the CBIs discussed here.

Table 8. The appropriate conditions for implementation of credit programmes

CREDITS (in cash or in kind)
Needs are not humanitarian
People can meet basic needs, but cannot afford to save for investment
Existing strong savings and credit orgs (otherwise, in-kind repayments)
Possible investments can support repayments with low failure risk
Collateral or social solidarity to guarantee repayment
People can afford risk of taking loan
Large grant but cannot give to all
Desire to make people repay*
Security allows investment
Issues of practicality: favouring factors
Culture of repayments
Functioning legal system, and agency prepared to enforce repayment
Reasonable security

** whether on moral grounds, to avoid dependency, because benefit is given selectively, etc.*

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3 CASH-BASED INTERVENTIONS IN PRACTICE

The following section deals with the implementation of cash-based interventions, following the project cycle management (PCM)[14]. In annex 19, you will find an example of a planning of an intervention. In annex 31 you will find check lists on main steps to be implemented in a cash-based intervention (cash grant, voucher, labour-based intervention).

3.1 Setting up cash-based interventions

3.1.1 From assessment to design

In an area where food security is at risk, whether or not the situation would normally be described as an 'emergency', a preliminary **needs assessment** should be conducted. You should not be undertaking a specific needs analysis for CBIs, of course, since you cannot decide what programme will be best until after you have carried out your assessment! General needs assessments are beyond the scope of this manual, the following discussion will highlight some key issues to look at to help you determine whether CBI could be a relevant option. For more detail, refer to ACF food security module on assessments.

The assessment should tell whether the **main cause of food or income insecurity** comes from a l**ack of availability** of basic items (i.e. they are just not there) or from a **lack of access** to these items (i.e. they are there, but some people cannot get them**)**.

Main causes of food insecurity

Availability failure:

a) For example, drought has wiped out food production, and there are no traders bringing food in from areas with good production.

b) If the problem is only local, then it may be possible to solve the problem with CBI, if it is possible to make sure that traders will bring food into the area once there is money.

c) If the problem is widespread, then the problem is best met by making more food available through in-kind aid. Giving people money won't help them buy what is not there.

d) If food is being hoarded by traders waiting for a higher price, then a CBI may only serve to push up the price still further. Bringing more food in may help bring the price down. This could be done by bringing in food directly (for sale or for free distribution), or by working with other traders using commodity vouchers.

Access failure:

a) If people can't afford food because prices have gone too high, then in-kind aid may be appropriate. If the price rise is seasonal, then in-kind aid should stop if food prices come down at harvest. This could be combined with measures to reduce prices (e.g. repairing bridges on roads into the area, providing national price information, depending on the analysis as to why prices are high.)

b) People may fail to afford goods because of a loss in income and/or wealth, in which case a CBI can be a relevant option (see chart below).

c) If one community cannot get access to the market for whatever reason (security, ethnic exclusion, etc.), then giving them money might not help the situation. In-kind aid may be a short term measure: establishing new market networks may be a longer term solution.

[14] Refer to ACF Pre-departure training (PAD) manual for more details and to annex 2 for the PCM

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A full situation analysis is needed before a decision can be made about what intervention to choose. If a CBI looks promising, then whether this will be most appropriate and feasible will depend on many other factors, such as

You need to **consult widely** with other actors in the food security and humanitarian world, to see what their plans are, both for the short term and the long term. Local Government should be consulted before any programmes are designed. However, since these are standard ways of working for all projects, not only CBI, they will not be dwelt on in this manual.

The following figure summarises the main steps in the **decision process** leading (or not) to a CBI. This is a **simplified decision tree**. Additional information on security, the social situation, the banking infrastructure, people's cultural attitudes, gender considerations, the labour market and the labour calendar, etc. will be crucial in making the final decision.

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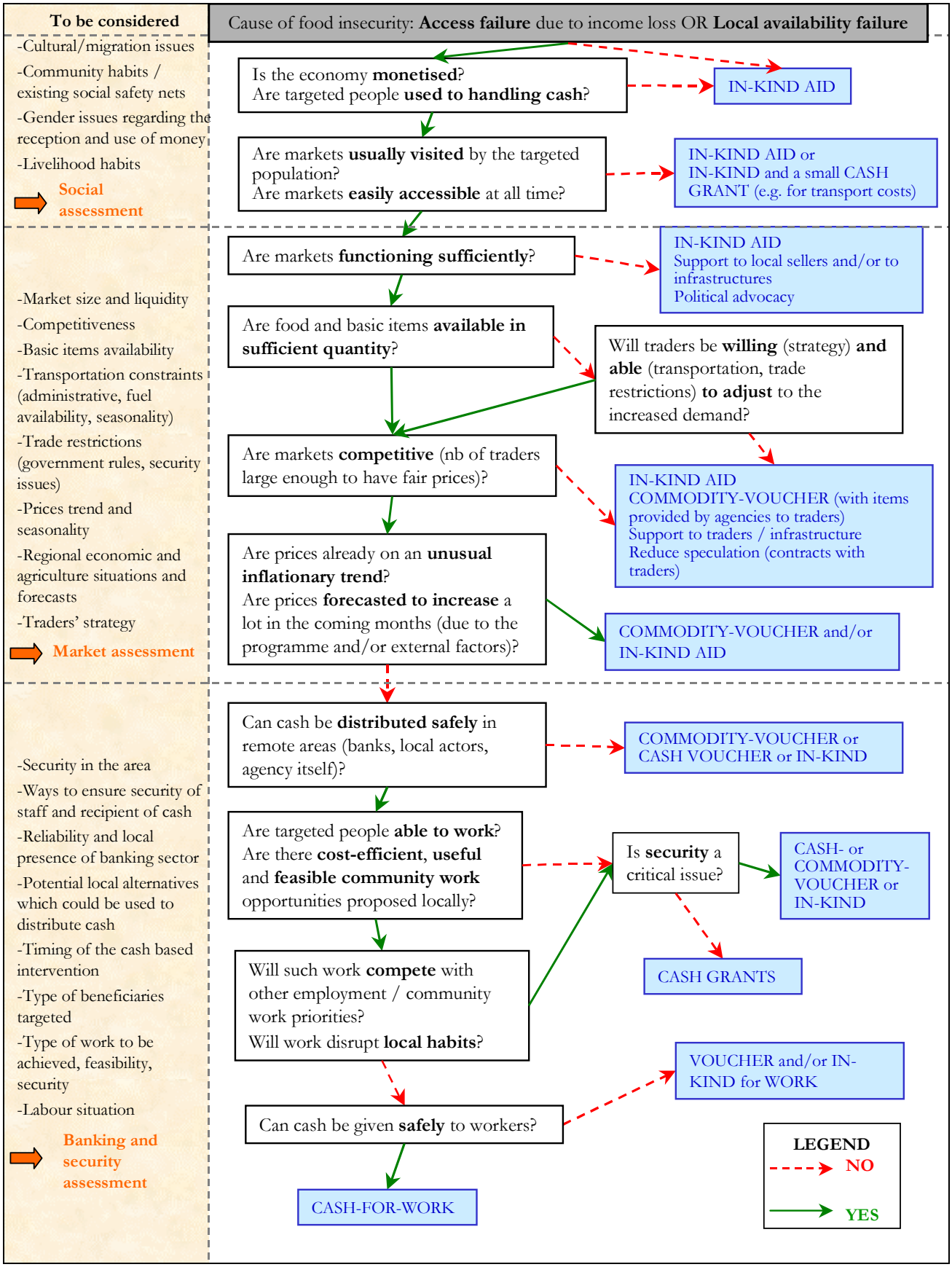

Figure 1. Which CBI to implement: a decision tree

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This decision process will then help construct the **logical framework analysis** (LFA) of the project, which will then be referred to during the whole project (see annex 4 for an example of LFA). The LFA includes the following:

- The main **activities** which will be implemented within the specific cash-based intervention which has been opted for.
- The **expected results** the CBI project is supposed to reach in implementing these activities.
- The **specific** and **principal objectives** of the project, which are aimed at by the expected results (they state the purpose of the project, the target population and the area where the project will take place).

Both expected results and specific objective(s) are associated with **Objectively Verifiable Indicators (OVIs)** and the means that will be used to verify them during the project (**sources of verification**). These OVIs have to be taken into account at all time. They need to be included in priority in the monitoring process (see 3.3.1) since they are the indicators the agency is accountable for (but other indicators will be included as well).

The figure on the following page gives an **example** of the decision process for an imaginary programme which aims at livelihood support in Mongolia. Note that in this case, all the steps mentioned in the decision tree above have led to the cash grant option. However, considering very low market accessibility in winter, the payment will be made in one or two instalments instead of every month during winter time (which implies a bigger amount of money at once, which also meets the livelihood support objective).

On the opposite, if the stated objective had been to help herders buy livestock, Livestock-voucher could have been distributed instead, in order to make sure that most recipients would indeed use the grant to purchase animals (case where the donor and/or the agency want to **restrict how aid can be used**).

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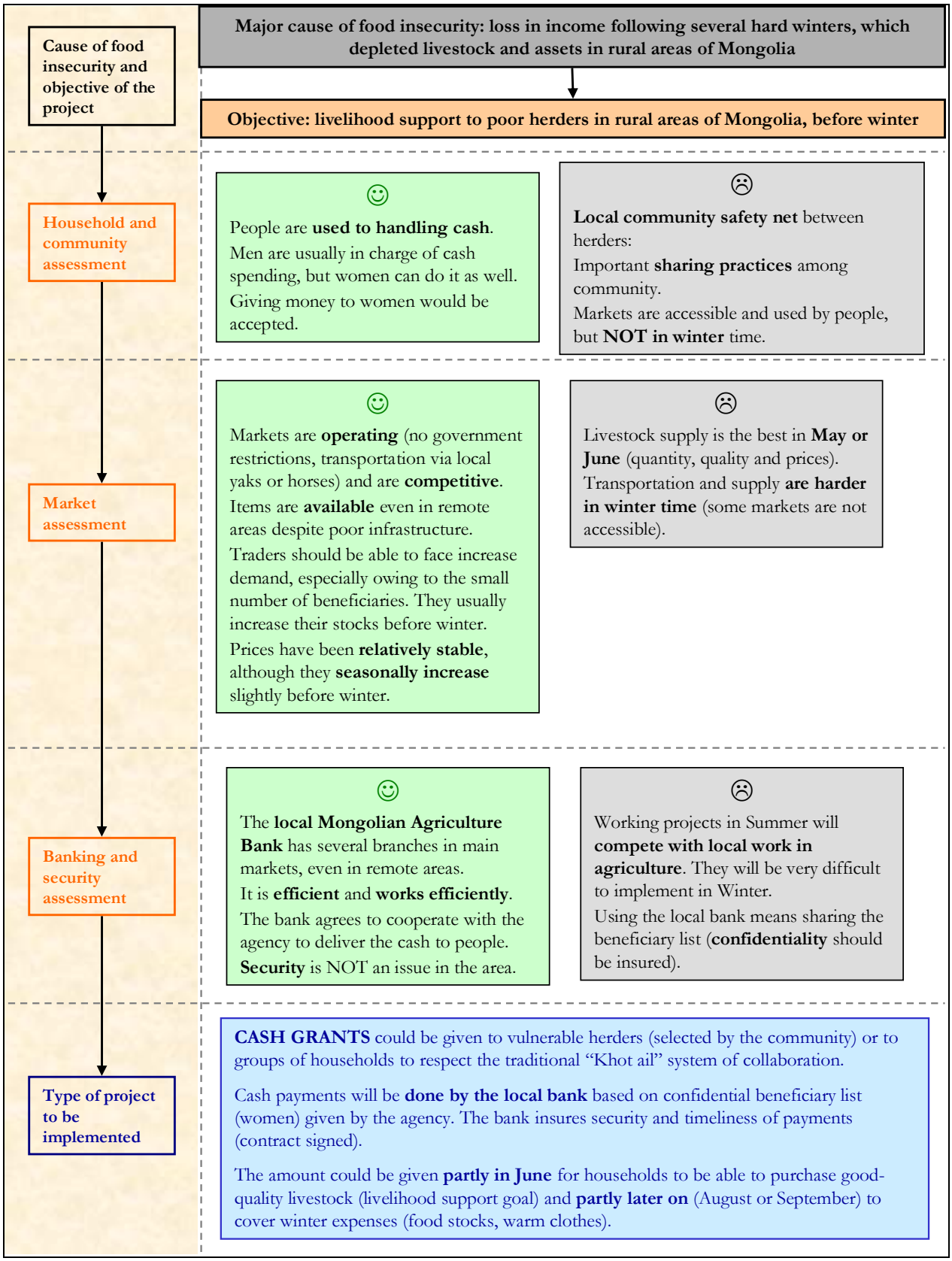

Source: some elements have been derived from MartinDietz *et al.*, 2004.

Figure 2. Deciding which type of CBI to implement: an example from Mongolia

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KEY POINTS on **"From assessment to design"**

This phase of the set-up should address the following issues:

- **What is the main cause of food insecurity?** It should be defined whether the cause of food insecurity is due to :
  - **Lack of availability** / 'supply failure' : at national or regional level, in which case in-kind aid will be preferable OR a supply failure at local level only, when CBI can be considered.
  - **Lack of access** / 'demand failure': due to high inflation, in which case in-kind aid might be more appropriate OR caused by lack of money, where CBI could be implemented.
- **Which type of CBI if any?** At this stage, it should be decided whether **CBI is a relevant** option and if this is the case, which type of CBI will be more appropriate. This will depend on the context (cultural issues, market, banking and security situations) as well as on the objectives of the project.
- **Building the LFA:** The **Logical Framework Analysis (LFA)** of the CBI will be completed at this stage, gathering: the activities of the CBI project which aim at the expected results which are supposed to meet the specific and general objectives of the programme. **Objectively Verifiable Indicators (OVIs)** and their sources of verification will be set up, to tell whether the expected results and specific objective of the project have been met.

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3.1.2 Further assessments

Once the situation has been assessed and analysed, and some kind of CBI has been deemed a potential answer to (part of) the acknowledged needs, further assessments will be required. They will help clarify the details of the intervention.

3.1.2.1 Community and household situation assessment

Designing an effective CBI is not simply about calculating how much money people need and giving it to them! All aspects of design – whether a CBI is appropriate, which kind of CBI, the amount to give, conditions or restrictions, who to give to, when to give, how to give – all depend upon a good understanding of the socio-economic situation. That is why there are no simple blue-prints of good programmes which can be copied in all countries.

From a **cultural standpoin**t, it is important to make sure that the population is **used to dealing with money**, is handling it on a regular basis and that this means of exchange will be accepted on the market by traders.

When discussing the **gender issue**, it should be considered who usually handles money in the household and whether it will create problems if women (or men) receive the cash grant (e.g. tensions will arise in the household as men will want to take the money, women have little power on cash expenses, etc). Where this may be problem, programme design needs to take this into consideration. It may be possible for 'sensitisation' to accompany the programme and to prevent difficulties, but it is usually more advisable to accept the advice of women, in particular, about the modalities of implementation in order to avoid problems.

It should further be assessed how the community itself **supports its own dependant households and poor**. All societies have some sort of social welfare. How does this work? Which items are considered 'sharable' and which are private? Does sharing bring reciprocal benefits? Are some groups excluded from sharing? This can vary widely even within one country. For instance, in Aceh (a place at the time in secessionist conflict), many supporters of the GAM combatants shared all benefits community-wide (food aid, government support and even World Bank funding for ex-combatants). In some conflict areas, the practice of widespread sharing may not be entirely voluntary, but coerced by armed groups controlling the area. This too needs to be understood before deciding on a cash intervention. Box 10 gives the perspectives of three very different programmes on how CBIs can affect social sharing practices.

Box 10. Sharing practices and cash transfers

Cash transfers are sometimes felt to be dangerous because they **undermine local practices** of sharing and mutual support. Others favour them because they feel they will strengthen community support, by enabling people to give more easily. Contrasting experiences suggest that there are different cultural attitudes towards cash and sharing, and there may be no substitute for detailed understanding in each individual case.

In one NGO's cash transfer programmes in Malawi and Zambia, cash distributed was **seldom shared**. However, the food bought with the money was shared as normal with friends, relatives and other needy households, and so social support overall was similar to areas receiving food in-kind.

Another NGO found that its cash transfers in Ethiopia were **not shared, whereas food aid always had been**. In a sense, cash recipients were therefore 'better off' than those receiving food in-kind. The key question was targeting. Were the more needy previously sharing with less needy non-targeted households, undermining targeting? Or was the sharing a way of the community ensuring that the most

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needy could benefit from aid if they had been excluded from the programme? A second question is more complex. What are the benefits to sharing food aid with others? Does a household lose something by not having food to share, e.g. a possibility of future support from others? Sociological understanding of the community dynamics and attitude to sharing and to cash are important to understand. In chronic emergencies and in chronic poverty, these are areas which are worth investing time in studying.

In SDC's cash programme implemented for herders Mongolia, a question about social support systems was raised in an evaluation. Would the cash transfers threaten the links of recipients with the **existing social safety net system** ("*khot ail*")? Would they be excluded from it in the future, because they had benefited from individually targeted aid? No-one was sure. It was recommended that a better understanding of such linkages should be sought before designing future interventions.

Sources: Harvey and Savage (2006), Adams and Kebede (2005), MartinDietz *et al*. (2004)

Pastoralist societies usually have very strong practices of sharing aid. This has been seen by agencies as undermining their attempts to target the most needy. However, where this is the practice, it may have to be accepted. It is possibly not worth investing time in a refined targeting process, to decide who is 'in' and who is 'out', but better to **work instead with the society** on ways in which they can share, but still ensuring that those whose minimum needs are most at risk are properly looked after.

The main points related to cultural issues in the community, that should be checked before deciding whether to implement cash or non-cash interventions, are listed in table 9.

Table 9. Assessing community habits through household surveys and interviews

General issue	Questions	Sources of information
Global situation & Community characteristics	▪ How do people judge the current situation? ▪ What is the social differentiation in the community (e.g. social classes, ethnic groups, decision process, religion, gender)? ▪ Proportion of needy households? ▪ Current or previous humanitarian support received? ▪ Main coping strategies and their importance? ▪ Sharing practices and/or traditional relief system? ▪ Are community works usually carried out[15]? ▪ How are community works organised (who participates, are people paid)?	▪ Gender-based and/or general focus group discussions ▪ Key informants ▪ Data collection from other agencies ▪ Special focus group discussions with persons involved in community works
Use of cash	▪ Are people used to dealing with cash? ▪ Are they familiar with bank accounts, ATM cards? ▪ Is cash used on a regular basis? ▪ Do people feel safe/comfortable with receiving cash? ▪ Are banks or other local alternatives reliable and trusted by the community?	▪ Gender-based and/or general focus group discussions ▪ Household questionnaire ▪ Key informants ▪ Data collection from other agencies / local banks or alternatives.
Market access	▪ How far are the markets which are commonly used? ▪ How often do people go there? ▪ Are there transport costs for carrying items to/from the market? ▪ Does everyone have access to the market all the time? ▪ Are items always available in sufficient quantities? Are	▪ Gender-based and/or general focus group discussions ▪ Household questionnaire ▪ Key informants

[15] Questions related to community work are relevant especially when considering labour-based schemes (e.g. cash-for-work).

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General issue	Questions	Sources of information
	basic goods available? ▪ What it the community's perception of price trends?	
Gender issues	▪ Who usually handles cash at home? ▪ Who decides how to spend the household's income? ▪ Are women used to working/being paid for work? ▪ Do they have other ways of earning their own money? ▪ What control do women have over money which they themselves receive?	▪ Gender-based focus group discussions

Note: the sources of verifications are indicative: you are not supposed to use all of them each time

An example of focus group discussions can be found in annex 9.

This community assessment will not yet be enough to decide whether CBIs are appropriate for meeting the agency's objectives. This must be **complemented with a market assessment**.

3.1.2.2 Market assessment

If you choose to give cash or vouchers instead of items, then you are assuming that the market will make the goods that people need available, and at a reasonable price. In order to see if this is a reasonable assumption, you have to undertake a market survey. The market survey is necessary to:

- See whether or not a **CBI is appropriate** and if so, **which kind** (cash, vouchers etc.)
- Determine the **size of any grant**. When you calculate how much help people will need to meet the objectives of the programme (meet their food needs, rebuild houses, etc.), you have to consider how much this will cost in the future, after you have given people money. You will need some idea of what is likely to happen to **prices** when all that money is being spent in the market. You will need to build in a **plan for monitoring prices** and for adapting your programme if prices change in a way you had not expected.
- Help you know **when to run your programme**. Supplies of many goods are **seasonal**, and prices can change greatly: it is best for people to be given money for these goods when they are available and cheap. If your grant is intended to cover other needs, then bear in mind how any cash is likely to be used at different times of the year (see 3.1.3.3 below).

In addition you need to understand:

- **What goods** people will be able to buy if they are given cash or vouchers
- What **quality** or choice they will have
- **How much** things are likely to cost
- **Supply flows** (where from, who)
- **Cultural habits** that can impact the market

Many people shy away from anything called a 'market survey' because they feel that they do not have the specialist skills required. They may even feel that they would not be able to understand a report if an economist undertook the survey for them! This attitude is unwarranted and dangerous.

- It is unwarranted, because, although there is an important role for specialist skills in this area, many programme staff with a little guidance can find out a great deal that will be useful. We all use markets every day, and they are **not impossible to understand**.

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- It is dangerous, if it results in people ignoring the problem altogether, rather than **calling in specialist help** or asking for guidance. Some understanding of what is going on will be better than pretending the issues don't exist!

The bibliography gives some references which will help. The ODI 'Issue paper 1: Analysing markets' is a very good place to start – it is short and simple to read, and requires no technical background.

- **Table 10. Understanding markets according to programmes' needs**

Programme's objectives	Market to be understood in priority
Are you trying to help people meet their basic food needs?	You need to understand the market for foodstuffs.
Are you trying to help people rebuild their livelihoods by investing in productive assets?	You need to understand how people can buy these.
Are you promoting livelihood investment?	You need to understand what income this investment might bring in. Keep in mind that current prices may not be a good guide in this case, if prices are likely to change when many CBI beneficiaries all try and sell the same goods at the same time (if everyone in the village buys a sewing machine, they won't make much money from sewing each other's clothes).
Are you thinking about cash for a specific purpose such as shelter – either temporary for the short term or for longer term reconstruction?	You need to focus on the market for building materials, and don't need to worry about the price of food.
Are you considering a labour-based intervention	You also need to think about the labour market, but this is dealt with separately in section 3.1.3

Remember that you may not find out everything you needed to know in an initial assessment. It is important to monitor how markets develop as any programme is implemented, to see if any assumptions need to be changed. This will enable you to adjust your programme as the situation develops.

If you have decided to run a voucher programme, you will have to go back and do a little more work, because you may have to choose a list of traders who will accept vouchers and who are responsible for making a list of goods available. This is dealt with separately in section 3.2.2 below.

Market surveys – what do you need to know?

- **Are there any convenient markets?**

Were there ever convenient markets for people in the area for the items you are interested in? How much would it **cost** people to get to the market – and back with their goods? You have to consider this cost when deciding how much money to give people.

- **Is the market operating?**

After a crisis, markets may have ceased working altogether. However, markets often **recover quickly** – since all the people concerned need to start earning their livelihoods, they will do everything possible to find a way to start trading again. If you can't buy the items that people need, then a CBI is not appropriate immediately– but it is important to keep monitoring what is happening and to review the situation a few weeks later. Talk to traders about why goods are not available. If it is only because they do not think there would be a market for their goods, then a CBI may help the market recover. Ask the traders where they purchase from, and how long it takes them to get goods on sale. Moreover, the CBI could include a **support to local business infrastructures** and/or **small business holders** in order to fasten the supply-side recovery.

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- **Is the market competitive?**

Are there several traders who compete with each other? It may help to find out if **prices before the emergency were reasonable**, compared to prices outside the area – taking into account any costs of transport. Would more traders be prepared to start operating in the area if they knew there would be a CBI? You may need to call on the help of someone outside the programme area who can talk to traders in places which normally supply your programme area. It will not be hard to find out where this is.

- **Are the items you are interested in available in the market in sufficient quantities?**

If not, is it likely that they could become available easily? Traders are unlikely to bring goods into an area if they think people can't afford to buy them. Are prices reasonable? And is the quality of the goods acceptable? You have to think about the likely size of demand after people receive cash. Will the market be able to cope? A trader can help you translate numbers into lorry-loads of goods and can tell you if this number is normal or not. If you want to substitute food aid, calculate the tonnes of food the population will need using 600g food per person per day. How long would it take them to get goods to the area and on sale?

- **Is the market well linked to larger markets outside the area?**

Can the market easily be reached by suppliers and purchasers and how are trade flows organised? This may be affected by the road infrastructure, security, government restrictions and how transportation is organised. in some areas, there will be important seasonal factors – roads may not be passable all the year round.

- **What are price trends?**

You can often find a lot of data on **seasonal price trends** from local Government departments or other agencies who collect monthly prices, though sadly it is rare for these to be analysed. Simply putting these data into a spreadsheet and drawing graphs for each year may reveal a lot. Check how the recent price changes compare to prices in the same months in other years. Find out what predictions people are making about future price trends – this will be crucial in deciding how much money people need to receive to achieve your objectives.

- **What is forecasted for the coming year?**

In asking all these questions, you are interested **in the future** – how will the market be when people receive their money. The past and present will help predict the future, but also ask informed people about any probable changes. Your predictions probably won't be totally correct. It is therefore important to write down what your assumptions were, so you can check them in monitoring during the programme. You need to build flexibility into your programme for when things don't turn out as planned. They rarely do…

The actual questions which relate to the previous issues and may be considered in a market survey are developed in the following table.

Table 11. Assessing market: issues to consider

General issue	Questions	Sources of verification
Operating market	▪ Changes which have occurred in this market recently (if any)? ▪ Usual working days and hours? ▪ Number of markets (urban / rural)? ▪ Is the market operating all year/day long? ▪ Rank of the market (main, secondary)? ▪ Expected changes to come?	▪ Focus group discussions ▪ Data collection at administration level (if available) ▪ Key informants
Competitiveness	▪ Number of traders usually operating in the market? ▪ Variations in this number seasonally / recently? ▪ Law/regulation/cultural habit restricting competition in the market?	▪ Focus group discussion with traders ▪ Data collection (FAO, administrations, other NGOs) ▪ Physical counting

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General issue	Questions	Sources of verification
		▪ Key informants
Availability	▪ Are basic items available all the time? ▪ Are basic items in sufficient quantity to meet demand at all time? ▪ Has availability been an issue recently? ▪ How did traders/purchasers react?	▪ FGD with traders ▪ Data collection (FAO, WFP, NGOs) ▪ Physical verifications ▪ Key informants
Accessibility / market integration	▪ Is the market easily reached by suppliers and purchasers, at all time? ▪ Transportation conditions (infrastructures, gas prices, security)? ▪ What is the cost of supplying this market? ▪ Are there any trade restrictions imposed by the government/other group(s)? ▪ Change in accessibility recently?	▪ FGD with traders ▪ Trader/storekeeper individual questionnaire ▪ Interviews with carriers, the administration ▪ Key informants
Prices	▪ Evolution of prices of basic items for the past five years? ▪ Evolution of minimum wage rate? ▪ Prices of gas and transportation? ▪ Seasonality? ▪ Recent inflation trends and reasons? ▪ Price fixing by the government?	▪ Price follow-up (market monitoring, data collection from administration and other agencies) ▪ FGD with traders ▪ Individual interviews
Market size	▪ Number of customers each day/week? ▪ Average amount traded per week/day (for each trader and overall in the market)? ▪ Number of casual workers employed each market day?	▪ Individual interviews with different traders ▪ Data collection (administration, FAO, other agencies)
Reactivity	▪ How do traders react to fluctuations in the number of customers? ▪ Are they able to meet increased demand? In how much time? ▪ Warehousing facilities? ▪ How far is the main supply market?	▪ Individual interviews with traders ▪ FGDs with traders.

Examples of individual and FGD questionnaires to organise with traders can be found in annexes 10 and 11. Note that regular price collection is an essential part of a market survey.

Try and talk to as **wide a range of people** as time allows during market survey – large and small traders, buyers and sellers, trade unions, other organisations, other well informed people such as any senior bank officials etc. Traders, like everyone else, may have their own agenda and their own reason for wanting to talk to you.

You need to decide how to balance **individual meetings** and **small group discussions**: in general, there is probably little to be gained by group meetings of larger traders, and individual interviews are usually much easier to arrange. It may be easier to have an informal discussion with several smaller market traders at an open market. In fact, trying to restrict the discussion to just one trader would be more difficult. You are unlikely to be told **any commercial secrets**, and in most cultures it is just as unlikely that they will tell you the real price at which they buy goods. If you want to know profit margins, you will need to ask the prices at the markets where they buy!

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Traders clearly could have a **very large stake** in any possible CBI. It is not wrong for them to make a profit out of any programme – when an objective is 'to support the local economy', it means helping local businesses to make profits. You do need to reflect on what you are told, just as impartially as when the victims of an emergency give you a long list of things which they say they need, or when local leaders give you long lists of beneficiary names. Do not assume that anyone can actually deliver on what they tell you, unless they have signed a binding contract with penalty clauses. There is no substitute for using your best judgement and common sense, and that means not undertaking the study on your own if you don't know the market and the local culture very well.

Box 11. Cash transfers and market issues

During the Kenyan drought of 1984, Government restrictions prevented traders from accessing and supplying affected areas. The expected movements of food from surplus areas could not happen. Cash transfers in these affected areas would not have helped make food available in time and at a reasonable price.

In Malawi in 2005, markets did not adequately respond to rising demand created by cash transfers made by WFP. This was because food supply normally came into the area from Mozambique – which was also affected by the same crop failure. Prices for staple food kept increasing, depressing the purchasing power of the cash grant, as neither a switch to food aid, or an increase in the value of the cash grant had been considered.

Following a volcanic eruption in DR Congo in 2003, lava blocked the main routes into the city of Goma from the food producing areas. Price rises were feared and food distributions were made. However, an NGO organised the opening up of the roads almost immediately. Within 2 weeks of the eruption, supply of food was back to normal, and prices had fallen below normal because of lack of demand and the free food being distributed (causing hardship to local farmers). CBIs were then recommended and cash-for-work was successfully implemented. A local market developed in recycled building material from items rescued from the lava, which could have provided cheaper alternatives than imported material, and would have provided income for many more people. Cash grants for reconstruction were therefore recommended as an alternative to giving out building kits, but no donor funding was available.

Sources: Drèze and Sen, Keen in Peppiatt *et al.* (2001); Mwale (2006); Levine and Chastre (2002)

Once you understand how you will use the information, collecting it becomes much easier. Figure 1 in section 3.1.1 illustrated how information can be used in a decision tree.

The previous inputs for market assessments give a **static picture** of what a market actually is. It should be kept in mind that all the above-mentioned factors are **dynamically inter-related**, as can be seen in the following chart, which links together the **market environment**, the **market value chain** and the **market services** available locally ("Mapping the market" as described in the box below).

Mapping the market

- The **market environment** relates to all the factors which are surrounding traders in the market and will either fix, impair or impact its functioning (it may be critical if for instance specific groups are preponderant in some sectors of the market).
- The **market value chain** indicates how much value is added to a product each time it moves to another step in the chain (until it reaches the consumer). In the following chart, it is rather a **simple market chain** which emphasizes **linkages between the different actors**. If one or several of these links are damaged or not functioning properly (e.g. primary producers cannot reach local markets or traders, because the roads have been cut by an earthquake), it may explain why the market is facing shortages and/or inflation.
- The **market services** consider what is in place to **support the business environment**, from credit facilities to information on prices or transportation possibilities.

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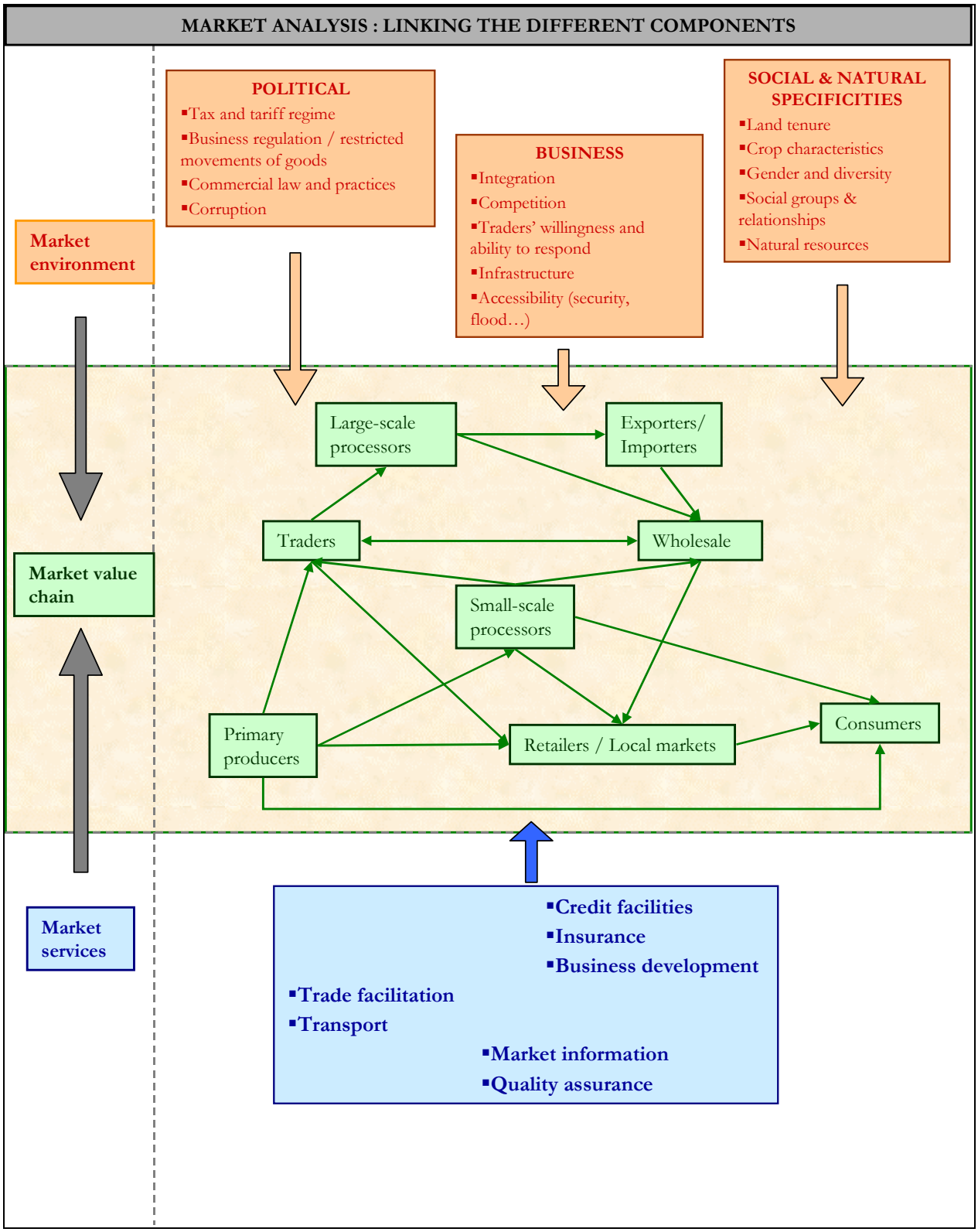

Sources : Albu and Griffith, 2005 and Oxfam, 2005.

Figure 3. Mapping the market

Such mapping gives **only a partial understanding** of the market. Following questions, relating to the **socio-cultural environment where the market operates**, will further need to be answered (especially if an external shock has taken place):

- How did retailers / traders react to the shock?

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- What is the proportion of traders still in activity? Are they large or small businesses?
- Which strategies have these remaining traders used to overcome the crisis?
- What is the strategy of the traders (to leave the area, to try and come back, to restart their business, when)?
- What is the range of goods that is still traded / available in the market?
- Are customers coming back to the market?

Moreover, markets tend to **recover fairly quickly** after external shocks and such **adaptability** should be factored in and the **analysis updated** depending on these changes in the context.

The market map presented above includes all the markets' components and should be simplified depending on the main local supply channels. Another useful way to consider the market in a broad and more geographical approach is to look at the **different supply routes / trade flows** of the main staple food into the area and to consider for each of these routes, the **risks** which can threaten their usual and normal functioning.

In annex 30, you fill find a market mapping analysis of Aceh Jaya district after the tsunami. It presents how the above chart was used in the case of a **post-disaster evaluation** that was conducted by ACF in Aceh in 2005, following the tsunami.

Finally, remember that even if markets are not functioning optimally, there may be solutions to either support them and/or overcome the problems.

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Over-coming market related issues

- If people are **not used to handling cash**, you have to decide whether it is still possible to bring cash into the area. This may be of long term benefit to them. Cash- for-work was run successfully by Oxfam in Turkana, Kenya, in a pastoralist area where almost all transactions were normally carried out by barter. However, because people did understand how cash worked and what the normal prices were for the goods they were bartering, they were very happy to work for money. **Ask local people** what they think. If they are not comfortable with the idea of money, then you should either use vouchers or in-kind aid.
- If markets are **not easily accessible** or are expensive to reach, then you have a choice. You could **add the cost** of reaching the market to the grant; you could help arrange special local markets, e.g. the seed fairs which have now become common[16] (see section 3.2.2); or you could give in-kind aid.
- If you find that there is simply **not enough capacity** in the local market to meet the needs, then you will need to support availability, either by making the goods available directly (in-kind aid) or by **tackling the problem** which is restricting the capacity of the market. This could be repairing roads, leasing lorries to rent out to traders, providing a working advance to traders and guaranteed contracts, etc. (this last measure would need caution, and would only be applicable where you have trust in the legal system for enforcing contracts). There are also other possible solutions which are a hybrid of in-kind aid and CBIs (see box 26 below on how ACF tried to use the local trading system in Somalia to link with food aid). More **direct interventions** (e.g. subsidised sales) to support markets are also possible, but these are more specialised and are not developed further in this manual.
- If you think that a **few traders will simply profit** from a CBI by increasing prices, then you may need to give in-kind aid or to use **commodity vouchers**. You can then negotiate a price in advance with the traders at which you will redeem the vouchers.
- If you think **prices are going to rise** because of the overall economic situation and not because of profiteering by traders, then you could still use cash, but make sure you have built in a **contingency** for increasing the value of the grant with inflation (this may make your budget more difficult, especially if you are budgeting in local currency: you will need support from your finance staff on the budget). Another alternative is to use in-kind aid, either from the outset, or making a **switch from cash to in-kind aid** if inflation reaches a certain threshold.

3.1.2.3 Security of beneficiaries

Once eligible beneficiaries have been identified and registered, the two major concerns are the correct identification of recipients and security. Most agencies or sub-contractors have taken **special security measures** for the cash distributions. Although the security of recipients after the distribution is not the legal responsibility of the agency, every effort should be made to **reduce their risks**. This is also where **local authorities** should be involved and their specific role explained and understood as they may help ensure a smooth process and reduce security risks (during distribution and after it).

- Large one-off payments should be avoided, where keeping or carrying a lot of money can be risky. If the objective is to support investment in assets or housing, a relatively large amount of cash is needed. This may have to be done through bank accounts. Where this is impossible, it may be necessary to consider in-kind distributions instead.
- Distribution points should **not be too far** from recipients' houses, especially if roads can be unsafe.
- Cash transfers may have to be avoided altogether if there is a **high risk of extortion** (e.g. from warlords or local authorities) or of robbery.

[16] Although vouchers and fairs are commonly associated with seeds, there is no reason to restrict their use. Save the Children (UK) has successfully used vouchers and fairs for helping people get access to school books and scholastic material in Mozambique.

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However, risks need to be balanced with benefits. In-kind distributions, especially food, may also be subject to extortion and robbery. Beneficiaries can be asked to make decisions about their own risk management – how do they assess the risks and do they think it's worth it?

Box 12. Cash-based interventions and security

In a CFW implemented by Oxfam in 2001 in northern Uganda, where a civil war had caused massive displacement, some beneficiaries spent money as quickly as possible, often on livestock, to avoid keeping cash with them.

Monitoring of a UN-OCHA cash grant programme to drought affected households in Somalia, found no reports of insecurity linked to the distribution of cash, either for grant recipients or the remittance agents. No special security arrangements were needed for the transport of cash to distribution points, and cash transfers did not contribute to the "war economy". Rather, the greatest problem mentioned was the level of misinformation and rumours.

Source: Harvey (2005), UNOCHA (2004).

The following table lists the main questions that should be considered regarding the security issues. Some may be redundant with the questions asked in the paragraph related to community and household survey, but are repeated here as a matter of clarity.

Table 12. Security issues for CBI

What do you need to know when considering cash and security?
▪ What would people prefer: cash, in-kind aid or a combination? ▪ Are people comfortable with receiving cash and carrying it with them? ▪ Are people likely to face pressure from local "authorities"/warlords to hand out some of / all the cash received? ▪ What is the maximum amount people would feel comfortable with? ▪ What would be local solutions to ensure maximum security for cash distributions?

The security issue will be further addressed later on, but remember that you should **always refer to the logistic department** about security as they are here to support you and guide you on the issue.

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KEY POINTS on "Further assessments"

- **Household and community assessment**: The following should be checked in focus group discussions, informal meetings and individual surveys: ▪ Community habits on cash uses ▪ Perceptions toward cash ▪ Community work practices ▪ Sharing practices ▪ Market accessibility ▪ Share of needy households.
- **Market assessment**:

  Should evaluate the markets' ability to react to the CBI and/or need for specific support:

  ▪ Availability ▪ Supply constraints ▪ Current market status and forecast ▪ Reactivity

  ▪ Market size.

  The **market environment** (social, political, environmental), the market **services** (transport, credit and insurance facilities), the **linkages** between all market actors and the supply flows to the area of intervention should be assessed and well-understood.

  This will be done through :

  ➔ Meetings with key market informants as well as individual traders (small and larger ones).
  ➔ Visits inside wholesale markets and stocks.
  ➔ Data gathering (from surveys, administration, other agencies, previous data collection).
- **Security**

  ➔ Assess security issues for recipients of cash transfers and for implementing staff.
  ➔ Take security measures accordingly with the support of logistic department.

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3.1.3 Opting for cash: preparing the intervention

Once assessments have been completed and are supporting the CBI option, further issues will need to be dealt with before the actual implementation of the activity**.**

3.1.3.1 Targeting and beneficiary selection

Targeting is one of the most difficult part in all types of humanitarian projects[17]. In principle, targeting is no different for CBIs than for any other aid programme. In practice, it can be more difficult to apply the targeting criteria in CBIs, because cash is of interest and value to everyone. More people who are not eligible may be trying harder to get on lists. Targeting can never be perfect, and there may be pressure to feel that errors (either inclusion or exclusion) are somehow more serious with cash than for in-kind aid, or that it is more unfair to restrict cash to beneficiaries only in one area. This is unfair. **Targeting is just as important for CBIs as for any other kind of programme – but no more important**.

In many humanitarian situations, it may not be worth targeting at all, if the costs of finding out who 'really' needs help exceed the savings which could be made ('costs' may be non-economic, e.g. social conflict). A universal cash grant is as valid as a general food distribution to populations who cannot meet their needs. However, this does not avoid the well-known difficulties related to obtaining accurate and reliable beneficiary lists: fictitious names, the collusion of local leaders, corruption in demanding payment to register people, people pretending to be IDPs simply to receive aid, etc. There are no easy answers to these problems, which affect all humanitarian programmes.

Box 13. Community-based targeting

Whenever possible, involving communities in the targeting and selection process may help the programme be better accepted and understood.

The list of beneficiaries can be established via community-based targeting through:

- Established community leaders (the risk being that elite capture occurs and poorest or minority group are excluded).
- Committees specially elected by the communities (time consuming)
- Triangulation method where lists are done by different groups (e.g. elders, women, men, minority, etc) in the community and then compiled.

Note however that such targeting will work better where:

- Communities are cohesive and well-defined
- Large wealth differentials exist within the community
- Wealth groups are not equally affected by food insecurity

It can also be interesting to involve local NGOs in the targeting process as it may help have a comprehensive and thorough understanding of vulnerability criteria.

Examples: Oxfam used community-based targeting, asking villages to come-up with lists of beneficiaries based on vulnerability criteria. Villages were warned that if they gave 'unreasonable' lists, they would only have **one chance to change it**. If the list was still unrealistic after the second attempt, the village would not be considered in the programme. It turned out that only a couple of villages were not included in the scheme.

In Indonesia, ACF implemented a cash-for-work scheme to rehabilitate agricultural fields. Villages were

[17] For more details on the issue, please refer to the Food distribution module.

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aware of the total number of beneficiaries that could be included in the scheme in each village. However, in one area, people preferred to **include more people** in the scheme (and receive a lower wage per person) rather than having to select some members out of the others.

Source: BRC (2007), ACF (2007)

At this stage you should only be worried about defining targeting criteria exactly, not establishing them. The basis for targeting criteria must have been chosen earlier when you were deciding on the objectives of the programme as a result of the needs assessment. For example, if you found that many children are going hungry, and this is what you want to tackle, then your target group is children (or households with children) who do not have enough to eat. That was already defined. Now you need to work out exactly how to apply that – families with children and with small fields? families with many children? families with children who all eat only once a day?

Table 13 lists important issues related to the targeting and selection processes.

Table 13. Targeting and selecting beneficiaries: important issues

For CASH-BASED and IN-KIND interventions	
Who should be targeted	If the objective of a grant is to meet minimum needs, it is usual to target households. Where the grant is for the restoration or promotion of livelihoods, individuals may be targeted (e.g. 'all fishermen' or 'all fishermen who lost boats'.) It may be easier to reach individuals through existing associations. There is a likelihood that not everyone from the targeted category will belong to any such association. This may be acceptable for a livelihood promotion programme but not for a life-saving intervention.
Objective-oriented criteria	There should be a clear link between the targeting criteria and the objectives. This is true for all programmes, not just CBIs. A good understanding of the causes of problems is needed for this. If the objective is to ensure that everyone has sufficient food, then targeting either a food or cash grant by nutrition criteria only makes sense if you are sure that a lack of food in the household is the main cause of malnutrition. This should not be assumed It is sometimes necessary for practical reasons not to exclude people who are not properly eligible for the programme. Maximum 'quotas' for beneficiaries should not mean that eligible people are therefore left out.
Locally accepted criteria	The criteria should be **relevant** for the local population and correspond to their own assessment of vulnerability. It is important that the criteria are understood in the same way whichever language people are using.
Clear and verifiable criteria	Criteria should not be too complicated, for people to understand them easily and for implementing staff to be able to verify them quickly and without too much intrusion. Equally they criteria should not be **vague**. Trying to target 'vulnerable' households doesn't really mean much, unless you specify what event they are vulnerable to, and how vulnerable. Use of such vague words allows a community to target anyone, which means you may not have matched the best intervention for the difficulties that different households have. In any case, humanitarian programmes usually target people who are already in a certain difficulty, rather than people who are vulnerable to falling into difficulty.
Non-contradictory or competing criteria	If there are several criteria, it is important that they do not contradict each other (see box 14). This can happen in particular with **labour-based programmes**, where a poverty criterion (the objective) may not match with an ability to undertake the work demanded.
Community	Community involvement in selection process may increase transparency and reduce complaints to the implementing agency, though 'communities' are groups

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involvement	with competing interests and are rarely truly democratic. **Triangulation** may reduce the power of elites to capture the process.
Quotas ?	Opinions are divided on quotas, which are sometimes used in social transfers (e.g. 'the poorest 10% of households') or other targeting process. They do not allow for the fact that needs will vary from place to place, and will result in arbitrary cut-off points. On the other hand, they are simple to apply, and prevent every community insisting that more of their members are really in need of assistance. It is only fair to people that if a quota is used, it should be based on **empirical evidence**, some **official data** and objective reasoning. Quotas are more likely to work when there is a **relatively homogeneous** situation (between villages, districts, communities, etc).
Fairness, transparency and monitoring of selection[18]	Selection should be made as transparent as possible, with **announcement** about the purpose of the project and its timing, to make sure that everybody in the community can participate in the selection process. The agency remains involved in the selection process at all time, and verifies the lists of beneficiaries to make sure that: ▪ Registered beneficiaries meet the criteria. ▪ Eligible people have not been excluded. ▪ The information on the lists is accurate. The lists of beneficiaries should be validated publicly and any change agreed to by the whole community. Final lists can be displayed in public.
Gender	Should the recipient be the household head or always a woman? Opinions are divided. It is important, though, that you have thought about this, have a reason for your choice – and monitor to make sure you were right! See 2.2.3
For LABOUR-BASED interventions	
Self-targeting ?	It is often said that labour based programmes are self-targeting, if the wage-rate is set just **below the minimum rate**, since only people in real need of money will apply. However, this may not be true, where people cannot easily find daily labour opportunities, and they are **under-employed** in their current activity. Moreover if setting the wage rate below the normal daily rate may imply that objectives are not met (people cannot buy what they are expected to). In such case, make sure to find other ways to either increase the wage (if it does not distort the local economy) or complement it.
Skilled or unskilled labour	Depending on the type of activity that is planned in the labour scheme, skilled labour might be needed. Skilled workers should be paid according to their skills and not treated as 'beneficiaries' of a CBI. Work should be chosen that maximises the amount of unskilled labour used.
Work ability	If the labour-based activity requires **physical work**, some groups of the community may be excluded from the project (e.g. woman-headed households, older or chronically-ill people). This may be crucial if the CFW programme is designed to help all people meet their minimum needs. Either non-physical labour can be organised for these people (e.g. cooking food for those involved in physical work) or they could be given a free cash-grant instead of CFW. Most communities accept the idea that certain people deserve help without having to work.

[18] Please refer to the ACF food security module on Food Aid, chapter III "Registration of beneficiaries" for further details.

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Gender	Should the organisation try and ensure that women are included in CFW projects to receive the money, or does this increase their work burden and responsibilities and lead to neglect of their children? See section 3.2

There will always be **difficulties with targeting**, just as there are for all other projects. Box 14 illustrates some targeting difficulties which arose during a food-and-cash-transfer programme in Malawi.

Box 14. Targeting difficulties in a food and cash transfer programme in Malawi

Following a bad agriculture season combined with insufficient imports of maize, poor households in Malawi were facing low food stocks and increasing food prices. Support was considered necessary to help food insecure households meet their food needs until the next harvest. The agency opted to give a combination of cash and food.

Targeting and beneficiary selection were community-based, using a **triangulation method**: three groups each drew up a list of potential beneficiaries, according to agreed criteria. These were: (a) households affected by the current food insecurity, (b) "vulnerable families" and (c) households already part of the NGO's livelihood projects. Those on the lists of all three groups were automatically included as beneficiaries, who were 10% of the total number of households in each area.

The following issues were raised by the evaluators of the project concerning targeting:

- Some needy households were excluded because the area quota was already full.
- Chiefs of villages felt entitled to be on the lists
- The number who met at least one of the three targeting criteria was large, but they had not been put in order of priority. The criteria had little overlap, since they mixed chronic poverty ('vulnerable') criteria with those related to emergency relief (bad harvest in that year). Those participating in the agency's livelihood projects felt more entitled to be included than others. These contradicting criteria fostered some frustrations and misunderstanding among community members.

It should be noted that none of these difficulties with targeting were related to the use of cash rather than in-kind aid.

Source: Devereux *et al.* (2006)

3.1.3.2 How to make the payments?

Perhaps you have decided that cash would be the most useful and appropriate thing to give people. But is it possible? How are you going to physically manage the process of getting the cash into people's hands? The main options can be:

1. Direct transfer to bank accounts
2. Mobile banking
3. Contracting payments out to an intermediary
4. Direct distribution by the NGO

However, transferring money is a **very innovative field**: make sure to check how people get cash locally (e.g. how they receive **remittances** from relatives in larger cities or other countries) as it will give you some information on how you could do as well. For instance in a social cash transfer programme in Zambia, **pay point systems** were set up via schools or health centres. Similarly cash transfer through **mobile phone** start developing as well (see table 14 below).

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Table 14. Delivery mechanisms: issues to consider

What do you need to know when opting for a specific delivery mechanism?
▪ How are people usually getting their cash from? ▪ How are remittances retrieved? ▪ Are people familiar with using bank accounts, ATMs, other local delivery mechanisms? ▪ Are the various delivery mechanisms accessible, even in remote areas? ▪ Distance to the 'pay point' for recipients? ▪ Are the various delivery mechanisms trusted? Are they reliable (corruption/fraud risks/timeliness)? ▪ Will the delivery mechanism have the financial capacity to make the payment (amount and time)? ▪ Which delivery mechanism is the most secure (for the agency and the beneficiaries)? ▪ How long will it take to make to set up disbursement arrangements? ▪ Price/costs and cost-efficiency of various delivery mechanisms?

1. Direct bank transfer

The simplest option is direct transfer to bank accounts, where there is a **well-functioning banking system** in the programme area, with many local branches.

The Iranian Government gave cash grants to earthquake victims in the same way as the Sri Lankan Government gave them to tsunami victims, by making them all open bank accounts and simply transferring money to their accounts on a regular basis. In Sri Lanka, the transfers worked well in most areas but were more problematic in areas affected by the conflict

This makes your administration and control systems very simple, makes fraud and theft much less likely and **reduces** the **security risk** posed by having distributions of large amounts of cash at one time. It is also **convenient and safe for recipients** who can take whatever money they want whenever they want it, and can leave the rest safely in the bank. In some countries, operating a bank account has relatively high monthly **charges** (or they may refuse to open an account for small amounts). It may be possible to negotiate with a bank, since you will introducing thousands of new customers, and they may only benefit from limited services (e.g. ATM card, but no cheque book or other services). The costs of running a bank account may need to be considered in setting the size of the grant, or to be paid directly by the programme. In some countries, post offices have banking services which may reach closer to people (in Somalia, ACF was able to use an active 'informal' banking system, which is well used to handling remittances, and is trusted by people).

Direct bank transfers will be the best solution, whether for single payments or regular payments, as long as people **can reach banks relatively easily**. A programme may have to help people in the process of opening accounts and showing them how to use them. People may express some reluctance to dealing with banks if they are unfamiliar with them, but learning how to operate a bank account is in itself an **empowering process**. Some people, e.g. the elderly, may be able to nominate others to operate the bank accounts on their behalf. Since you are effectively passing on the costs of distributing money to the recipients themselves, you may need to include in the grant a sum to cover an 'average' cost of transport to banks. It is still likely to be much cheaper than undertaking the distribution in any other way. You will need to have discussions with the local banks about their capacity to handle the extra workload – they may have to make hundreds of payments each day from a single branch.

Box 15. When bank transfer can also fail

In the social cash transfer implemented in Zambia, the bank was completely overworked, it lost some of their other customers and made the beneficiaries of the programme wait for hours in the bank before receiving the payment.

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Despite working through a bank there were still a number of incorrect transfers to the individual beneficiary accounts and it was difficult for the district social welfare office to monitor and keep track of all the movements.

Sources: GTZ, MCDSS (2007)

Bank transfers are **not totally risk free**. The bank usually takes responsibility for the honesty of its own systems, but you need to be careful about how people identify themselves at the bank. If you are handing out ATM cards or other ID cards, then this is where you need to be most careful. It is simpler if people have national ID cards, but these may have been lost in the emergency. The bank headquarters in the capital will probably have experiences of something similar and should be able to advise you.

2. *Mobile banking*

If it is not possible for people to reach banks, in many places the banks can go out to the people. Some banks have mobile ATM machines, which driven around in remote areas, for anyone to access their money on scheduled days. The banks would take responsibility for security of their operations. These services need to be paid for, since the banks will only provide services if they can make a profit. However, the NGO can concentrate on the programming side of operations and leave the security and logistics to those who specialise in the field. If these services are available, they are likely to be worth the cost (note that mobile ATM can be set up in specific cars, **without being linked to a bank**, see box below).

There are some disadvantages compared to using bank branches, since people can only get access to their money **on certain days**, but each person is free to take whatever money they want from their account when they want it (if it is linked to a bank account). Access to the money itself is probably via ATM card or some other ID card. Fingerprinting is increasingly a realistic and cheap option for regular payments, though a lot of work to set up.

The programme may need to help people **feel comfortable using ATM cards** especially where literacy is low. People may choose to trust relatives or friends with their cards: this would be at their own risk, and not at the risk of the programme, though clearly if many of the most vulnerable were being cheated then some other system would be more appropriate. Make sure you consider the risks to people in walking home from a distribution with cash in their pockets. Ask them if this is something they are willing to accept. Some of them will have experience in receiving money, and will probably have ideas about how to minimise any risks.

Box 16. Mobile ATM and smart card

Mobile ATM is a system where recipients are provided with a card which can be used to withdraw a specified amount of cash from the ATM vehicle. It requires road access and specifically secure and technically appropriate vehicles (they need to carry the ATM machine). On the 'payment day', beneficiaries come to the car, insert their card in the machine and can also have to press their finger on a device recognising fingerprint or enter a pin code (for extra control). If the system is not linked to a bank, recipients without a bank account can benefit.

Smart cards are cards which store and record the type and value of assistance per recipient. Information included in them can be very simple (e.g. name, age, size of household, amount of entitlement). Biometric data (e.g. fingerprint) can be registered, converted into templates and stored in the chip of the card for on-site identification. This can allow personal assistance (since the information on the card as well as the amount given will vary from one person to the next). Advantages are that recipients without a bank account can benefit, fraud is reduced and if the card is lost, the money can still be retrieved.

It is interesting to note that in some areas, fingerprint recognition was made harder by the fact that people's hands were worn-out by physical work.

Sources: BRC (2007)

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Commercial or State banks can help advise about what is possible. Once you have decided what programme to run and once the beneficiary lists are finalised, you will need **extensive interaction** with proposed recipients to see whether or not they will be able to manage these systems. But caution: if you begin discussions about cash transfers before finalising beneficiary lists, you may find a sudden increase in the population needing assistance!

3. *Contracting out payments- using an intermediary*

If banking services are not possible, it may be necessary for people to be given cash in their hand, but this does not need to be undertaken by the NGO. There are often commercial companies who specialise in making such payments. These are local variants of organisations similar to e.g. Western Union. In Somalia, for example, such a system of "Xawalaad" is wide spread. The NGO would be responsible for giving the list of names to the company and for providing recipients with an agreed ID, where national ID cards are not possible. In some cases, local traders can also be subcontracted for the payments.

In this case, **recipients have no bank accounts**. They simply receive their grant in cash at each distribution (i.e. **lower flexibility** since they cannot chose the time and amount they want to withdraw). The intermediary would probably sub-contract out the transport and security to another company, but this is their responsibility. Again, there are **costs** involved in such arrangements which need to be studied. If the costs for each delivery are high, for example, it may make sense to make fewer, larger payments. However, the less the NGO has to worry about the logistics and security of carrying cash and handing it out, the more it can concentrate on food security issues or meeting humanitarian needs.

The risks to recipients are the same as for mobile banking, and need to be considered.

4. *Direct distribution by the NGO*

If all else fails, then the NGO may have to undertake the task itself of distributing money to people. The **logistics** of such an operation need **careful planning**, starting from the system of getting money to a field office. It is essential to think about **security**. You may find that even in a humanitarian situation some normal commercial businesses carry on. If the State is building roads or schools, then how do they (or their contractors) pay the workers? Ask them for their assessment of risk and how to manage it. A central dilemma is that whilst risk can be reduced by having no one know in advance about when payments will be made, many recipients may be away if they have not been told that their money is coming! More details about how to organise a distribution day are given in section 3.2 below.

As table 15 illustrates, various ways can be found to transfer cash, even in remote areas, using local existing solutions.

Table 15. Different methods of disbursement used in cash transfer interventions

Implementing agency	Country / Date	Event	No. of beneficiaries	Methods of cash transfer
USAID, consultancy firm	Mozambique 2000	Floods	106,280 households	Cheques cashed by tellers of a commercial bank at distribution sites. Protection by a local security firm.
Iranian Red Crescent and Government	Iran 2004	Earthquake	32,000 households	Payments into bank accounts opened for all registered in the programme.
Horn Relief,	Somalia	Acute food	13,830	Lists of registered families given to

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Implementing agency	Country / Date	Event	No. of beneficiaries	Methods of cash transfer
Norwegian People's Aid	2003	insecurity	households	remittance companies, who made payments, reimbursed by the NGOs after verification.
SDC and UNHCR	Russia 2000-02	Hosting displaced people from Chechnya	11,000 households	Funds transferred directly from Switzerland to the Ingush postal bank system. Post offices told host families when to collect money*
SDC	Mongolia 2003	Food insecurity of herders	2,348 households	Collaboration with the Mongolian Agriculture Bank for the disbursement of cash (Brought banking closer to herders, introduced new customers.)
ACF	Somalia 2004-05	Lack of cash income	4,029 households	1st phase: ACF distributed cash directly. Announcement made 24 hours in advance. Armed guards present. 2nd phase: vouchers distributed by ACF, cashed at local businesses. Businesses, repaid by ACF after verification, were responsible for any loss.
Oxfam	Malawi 2005-2006	Food insecurity	6,000 households	Oxfam distributed the cash (following the model used by the government to pay its rural workers) , and paid policemen to accompany the distributions and provide security.
Oxfam	Zambia 2005-2006	Food insecurity	13,500 households	Contract with a commercial bank, which sub-contracted a security company to transport pre-packaged envelopes to distribution sites. Envelopes handed out by two bank tellers and Oxfam staff.
MCDSS / GTZ	Zambia 2003-2007	Social cash transfer	11,300 households	Pay point system in schools or health centres. The pay points are operated by manager (government employees) who collect money from the bank at the capital district every month (each pay point has its bank account).
* In the second year, fraudulent attempts to be registered on beneficiary lists disrupted the programme. Sources: Harvey (2005); Harvey and Savage (2006); Mattinen and Ogden (2006); MartinDietz *et al*. (2004); MCDSS/GTZ (2007)				

3.1.3.3 Timing of the intervention

The timing of a cash-based intervention will have a critical impact on the **way beneficiaries will use the cash**. It is linked both to the objectives of the programme and the context in which it implemented.

- Giving out cash just after an emergency, when markets have not yet started to recover from the shock may be inappropriate.

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- **Seasons have a major impact**: Distributing cash at harvest time can be a way to allow households to spend their money on livelihood enhancing assets. If money is given during the growing season, it is more likely to be spent on food. Transferring cash at the start of the agricultural season may provide people with the necessary money to buy agricultural inputs (seeds, tools or fertilisers) to prepare for the next season.
- Labour-based projects may **compete with seasonal or community works** if implemented at the same time.

It is crucial to consider:

- **What** are households supposed to spend the cash on?
- What is the impact of **seasons** on **spending patterns**?
- What is the impact of **seasons** on **working/ activity patterns** as well as **sources of income**?
- What are households' most **pressing needs** depending on the **time of the year**?

Box 17. Linking the timing of CBI with the objectives

Different projects have found it necessary to time their cash grants in very different ways, according to their objectives.

In Oxfam's Malawi and Zambia programmes, cash was considered an alternative to food aid and was meant to cover beneficiaries' basic needs. Hence cash transfers started at during the hunger period and ended at harvest time.

In the cash-for-herder programme in Mongolia, the objective was to provide the poorest households with enough cash to face the costs of preparations for the winter season. The situation was not an emergency and hunger was not an issue. While money was in fact distributed in October, just before winter, it was seen that May or June would have been a better time. Livestock is cheaper during those months, and more time would have been given to gather fodder for the winter.

Although one would think that cash intended for food is best given in the hunger period, this was not the opinion of beneficiaries of WFP's cash transfers in Malawi. They considered that cash transfers done just after the harvest were more beneficial, so they could take advantage of much lower prices and stock up with far more food.

Sources: Harvey and Savage (2006); MartinDietz *et al*. (2004), Mwale (2006)

3.1.3.4 Setting the size of the entitlement

The size of any grant will depend on the objectives of the programme. Two questions need to be answered, whatever the purpose of the grant. How much money is needed to meet the objectives? and should the grant be the same for all households?

1. *What size grant is needed to meet objectives ?*

The basic logic in setting a grant, whether in vouchers or cash, is fairly simple. Whether the grant is for meeting living expenses or for investment for livelihood recovery, the following questions need to be answered to give the grant size.

a) **Planned uses**. What do you want people to be able to do with the grant? What they actually will do with the grant is their decision, but it is for you to decide **what they could do**. You need to quantify this fairly precisely – 'meet their needs' or 'invest in a business' isn't really helpful enough. More helpful, for example are: meet all of their food needs for 6 months

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with a diet of good quality and send two children to school; build a two bed-room house; buy a new fishing boat; buy 20 goats.

This targeted spending level should **not be arbitrary**. Twenty goats could be chosen, for example, because that has been shown to be a minimum sustainable herd or can produce enough annual income to meet a household's food gap. It would be reasonable for a grant to cover all a household's food needs if you have good reason to believe that many households have no way of finding any of their own food. You may want to include extra money for running a business until income comes in (e.g. for feeding the goats and constructing a shelter). If people have no other source of livelihood, you may also need to cover some of their living costs until the assets bring in income. E.g. it can take up to eighteen months for the offspring of donated goats to be large enough to sell in the market. If they have no other income in this time, people may have to sell the adult female to meet living costs.

b) **Expected cost**. How much would this cost? The difficulty here is in predicting how much it will **cost in the future**, when many people have been given grants (see section 3.1.2). Costs associated with the purchase, such as transport, need to be included. No prediction can be perfect, but there are plenty of ways of building contingencies into the programme.

c) **Self-sufficiency**. How much of this sum are you expecting people to **provide for themselves**? The grant could, for example, cover half the cost of the fishing boat, or the whole cost. You need reasonably good information about what people can afford to do for themselves, but remember they have other needs as well. On the other hand, they may also have other sources of support, including from other humanitarian agencies or the government.

d) **Unexpected uses.** How much of the grant can you reasonably expect people to spend in the way you intend? There will be two sources of 'unexpected uses':

- First, households have their **own pressing needs** such as school fees or health costs, and it will be almost impossible not to use some of the money if these occur between receiving the grant and buying what was intended (and this is the reason why they are given cash).
- Second, if households have been in poverty for some time, the temptation to spend something on 'luxury' goods (e.g. meat) will be strong. In some countries, it is inevitable that some money will be spent on alcoholic drink.

Box 18. Calculating the size of a grant: simple mathematics

Simple sums are enough to calculate a CBI grant – but only if you have all the information you need!

Let us take a hypothetical programme which has the objective of enabling crisis affected households to buy a healthy diet and to send three children to primary school with a monthly cash grant.

Annual school costs, including transport, school books and contributions to the school cost 10 euro per child, which comes to an average of 2.5 euro a month for three children. A healthy diet of grain, pulses and fish for five people costs, let us say, 24 euro a month[19]. However, we anticipate price rises in food of 25% during the year, so we allow for 30 euro. The total 'basket' is 32.5 euro a month.

An assessment showed that it would be unreasonable to expect people to cover any of this cost

[19] You will need to know how to count calories to calculate the cost of a diet! This can be easily done with NutCalc or Nut Val. If in doubt, assume 600g of food per person per day if the diet is principally grain and pulses. Count one gram of oil as three grams of grain/pulse and don't count fish or vegetables at all. You should find it easy to find someone who can help. Or you can simply ask a nutritionist or the head quarter advisor to give you a hand with NutCalc or NutVal!

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themselves, as their income earning capacity over the next 6 months would only be enough to cover household needs, such as soap, clothing, etc., and healthcare. From group discussions and interviews, it was estimated that those few people who had remittances from relatives spent around 20% of the money they received on 'non-essential' items. So, 80% of the grant has to be enough to meet the food and education costs.

Now you have a simple calculation. The necessary grant is 32.5 euro x 100% ÷ 80% = 40.60 euro/month for a household of two adults and three children.

2. *Should the grant be fixed or variable?*

Grant for basic needs. For grants intended to help households meet their on-going basic needs, you have to decide whether to give the **same grant to all households** (fixed or flat grant) or to give a **larger grant to households with more members** (variable grant). Table 17 looks at this in more detail.

It is obviously **simpler** to give a **fixed grant** regardless of household size, but more equitable to give more money to households with more people. A decision has to be taken about what is possible. This may depend, for example, on what lists of needy or affected population already exist and how reliable they are. In some cases, it may be necessary to start with a flat grant, moving on to a graduated grant once this is possible. There may be attempts by some recipients to maximise their entitlements, so for example with a flat household grant, larger households may 'split' to claim two allowances. Moreover, having a grant dependent on household size may be challenging in environment with great fluctuations in household members.

Although there may be some opposition to a flat grant on the grounds that it does not reflect real needs, it should be remembered that even giving a grant by household size does **not fully equate to real needs** – small children require far less food than adults, and women require less than men, but a standard food ration or cash sum for each person is always acceptable. Some households are more able to provide for themselves than others, but grants and rations are never adjusted on an individual basis, because this would be unworkable. So, all assistance is a compromise between considerations of **fairness** and considerations of **practicality**.

The size of the grant should always be based on what a household actually needs to be given, after taking into consideration **what they can provide for themselves**. It is better to adjust the grant to the size of household where possible. However, if it is only possible to give a flat grant to all households, then it is necessary to ensure that larger households will not suffer unacceptably, e.g. by making the grant sufficiently large, at least for most households.

Box 19. Size of the cash entitlement: compromising on household sizes

In the Malawi food and cash transfer programme described above, the cash amount varied depending on the household size. Households were classified as either "small" (1-3 members), "medium" (4-6 members) or "large" (7 members and more), and they received payments of 350 MK/month, 1,400 MK/month and 2,450 MK/month respectively.

The evaluators contended that ideally, cash transfer should have been adapted to each household size to really meet each household's needs. However, such flexibility had been considered too complex and impractical in a situation requiring rapid answers. The agency had also feared that it may have created incentives for households to 'adjust' the number of their members (e.g. 'borrowing' children and others from outside).

The evaluators also felt that instead of using the household's size, it would have been more relevant to calculate the number of 'adult equivalents' in the household, children counting as half an adult, since children consume less food than adults. A disaster-affected household with three adults and one child requires more food than a family with one adult and four young children.

Do you agree with the evaluators?

Source: Devereux *et al*. (2006)

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Grant for livelihood recovery. If the grant is for livelihood recovery rather than for meeting immediate basic needs, you have to decide whether or not to give a standard grant to all targeted households. Different policies have been used.

One approach is that a grant should be set specifically to **replace assets lost during a crisis**, and not to give people a better living standard than they had before. It is argued: since it is not possible to give sufficient cash to everyone to end poverty in one programme, a livelihood recovery should restrict itself to that – recovery of what people had.

Others prefer to tailor a grant towards a **specific investment plan**, agreed with the agency. In this way, it is argued, every household is able to meet a minimum agreed investment goal, without running short of cash, but money is spent most efficiently on investment, since there is no 'spare' grant for consumption or other needs. However, this approach has a high administrative cost, and can also lead to a business-plan being distorted. People may try and inflate the cost of the investment necessary if that way they feel they will get more money, or may feel that honesty and self-help are penalised. Project staff may try and cut a plan unreasonably to the point where it is not viable in order to save money. Either way, the relationship which is created between project and grant recipients can be one of mistrust, and of opposing interests (trying to keep grants down vs. trying to force them up).

Finally, in whichever case, the grant can **vary depending on inflation**, in which case, budget constraints should be accounted for (see tables below).

Table 16. What do you need to know to set the value of cash transfers?

Type of CBI	Questions	To be accounted for in the answers
Cash grant to meet basic needs	▪ Is the cash grant supposed to meet food needs (alternative to food aid) and/or other basic needs? ▪ Is the cash grant supposed to cover all or part of these needs? ▪ What will be the cost of such support? ▪ What will be the impact on the local economy (inflation, competition)?	▪ Are households getting support through other agencies and which one? ▪ What are people's alternative sources of income / food? ▪ Will the cash grant be the same for all household or dependent on HH size? ▪ Will the cash grant be fixed or inflation-linked? ▪ What are the items usually consumed/purchased by a vulnerable household? ▪ Price trends and availability of these items? ▪ What is the size of the local economy compared to that of the cash transfer?
Cash grant for livelihoods recovery	▪ What is the support needed to help people (re)start their/an occupation? ▪ Should cash grants be variable (depending on individual business plans) or similar for all beneficiaries? ▪ What would be the cost of such support (be it a flat-rate grant or a variable one)?	▪ What were the previous occupations of the targeted households (if any)? ▪ Are basic needs of targeted households already met or not? ▪ Are these HH receiving parallel support from other agencies? ▪ What is the level of debt among targeted households (as cash transfer is likely to be partly spent on debt recovery)? ▪ Should payments be one-off or staged ones?

Source: Adams and Harvey (2006).

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Table 17. Advantages and disadvantages of fixed or variable direct payments

Decision about the value	STRENGTHS	WEAKNESSES
The grant is the same for every household	**Equitability** – the amount people receive is not linked to pre-crisis livelihoods **Inclusivity** – flat-rate grants may be less likely to exclude groups such as labourers and the economically inactive, who might also benefit from a lump-sum cash transfer for non-business needs **Simplicity** – reducing the administrative and implementation burden **Transparency** – providing the same amount to everyone removes a potential corruption risk, as staff do not have decision-making power over how much assistance people will receive	Some households may receive more or less than they need to meet basic needs or for the particular business that they are planning.
The grant varies with inflation	Recipients' purchasing power will not change from one payment to the other (if inflation picks up) Programme's objectives are more likely to be met	Maybe difficult to understand for recipients (need comprehensive sensitization) Budgets will have to fluctuate accordingly which may not be feasible.
The value is set according to what people plan to buy, but with a ceiling	Each household is assisted according to the value they have lost (retroactive insurance) Linking grants to business plans may make it easier to provide complementary support to households in developing small-scale enterprises	Administratively complex. Not likely to be quick: requires a lengthy process of application, approval and disbursement Perpetuates inequalities and may disadvantage those who have lost incomes, rather than assets (e.g. labourers)

Source: Adams and Harvey (Issue paper 5, 2006)

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3. *Should the grant be paid in one or several instalments ?*

You may want to consider whether you will give all the entitlement **at once** or in **several instalments** (in which case you will have to decide how often they should be made).

Your decision should first be based on **security** considerations (is it safe to distribute cash often) and then on **the objectives** of your programme:

- If the CBI is to meet **basic needs**, cash will be needed very **frequently** (especially if households do not have other sources of income): you may opt for regular payments of small amounts (e.g. every two days).
- If the CBI is for **livelihood support**, people will need larger cash amounts at the same time for **investment purposes**: you may prefer spaced out larger payments.
- If the CBI is restricted (e.g. rebuilding the houses): you will give the cash amount in **several instalments** after the construction progress has been verified.

3.1.3.5 How much and how to pay for labour?

In labour-based programmes, many agencies choose to pay what ever is a **'normal' daily wage** for unskilled labour in the local context. This simplifies programming and will ensure that the 'local wage rate is not distorted'. However, will it ensure that the programme's objectives are met? And are local wage rates at an appropriate level, or is it quite legitimate to want to distort them?

Calculations for daily wage rates can, in fact, be a little more complicated than for free grants because participants are **giving up their labour**. Their time has a value – there are other things they could do with it, which have to be considered in calculating what the benefit of the programme is. For example, if someone is working 5 days a week on a CFW project, but he could have been working for a local landlord at the same wage rate, then the actual benefit of the project to him is zero (this is the reason why it is often argued that the wage rate should be set just below the market rate, so that 'only' people who have no other options will be candidate).

Box 20. How much cash to give? ACF cash-for-work experience in Somalia

Even if your calculations are fine, people may not use the money as was intended by the project. This may not matter – people may have alternative plans and one of the reasons for giving cash is precisely to allow people to choose for themselves. However, people may have to divert the money, because other considerations had been overlooked.

In the CFW programme implemented by ACF in Somalia in 2003-4, the wage was calculated to enable restocking. During the first and second phases of the programme, people received enough money to buy two goats, and in the third phase to buy three goats.

Monitoring showed however that people used the received money for debt repayments in priority. Purchases of livestock were only second priority when payments were received at harvest time, or third priority, after debt repayment and food purchases, when payments were received during the hungry period.

The project could have taken into consideration two factors.

- The timing of cash payments is critical in spending patterns. People will invest less at certain times of year, e.g. either when they have other needs, or because prices are seasonally too high.
- The wage level did not consider either debt repayment or meeting basic needs.

As a result, people were helped to survive over the project period, but may not have been in a position of economic independence at the end, as had been intended.

Source: Mattinen and Ogden (2006)

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In order to calculate a necessary wage rate, it is necessary to make the same calculations as above (box 18) to see how much money people need, according to the objectives of the project. Then it is necessary to know how much people are able to earn without the project. If they cannot earn enough, this could be because:

a) The **daily wage rate is too low** or

b) It is **not possible to find enough days of paid work**, either because there is no work or because people are too busy with other needs to work more than one or two days a week.

You need to understand how people will be spending their time during the proposed project (this is likely to change for seasonal reasons). How many days in a week can they afford to spend doing hired labour if this takes them away from their other occupations? How much can they earn in this time? How hard is it for them to find work?

Where the local rate would be enough for them to meet the objectives, if only they could find sufficient work, then the project should pay the **local labour rate**. The benefit of the project is simply that it offers work which was not there. This is a common situation. Many labour based projects meet their objectives and help people by offering them no more than the normal local labour rates. However, you may need to pay higher than the local labour rate or **find alternative solutions**[20] if you see that the local wage rate is too low to allow people to:

- Carry out their own activities – farming, building houses, etc.
- Meet their ongoing basic needs and
- (Where appropriate) to save for recovering their livelihood.

Box 21. Setting wage rates: a hypothetical calculation

Consider a hypothetical programme to help fishing-people recover following displacement caused by conflict. People lost assets, but are now returning home.

The objective of the programme is that households should be able to buy themselves a new fishing boat and nets before the next fishing season in 4 months time. The cost of the boat and nets is euro 250. Households also need € 32.50 a month for basic needs, after considering likely inflation (see example above). Only households with two able-bodied adults will be considered, as only they have the labour for fishing boats. (Other household profiles may need separate treatment, or may simply be given the same grant, but these are separate issues.)

Households will be busy reconstructing their houses and digging their fields over the next four months. Men will spend three days a week building and women will spend 3 days a week in the fields. Households have no other sources of aid to help them meet living costs, and have no stocks of food. The daily labour rate is €1.00/day. If men and women both worked 3 days a week on paid labour, they would earn only €24/month. Making them both work four days a week prejudices their future resettlement.

The project daily rate therefore needs to be €32.50 ÷ (3 days/week x 2 persons x 4 weeks) = €1.35/day just to allow them to meet their living needs. If we also want them to be able to invest €250 in four months time, we need to add 250 euro divided by the number of working days. This total 3 days/week x 2 persons x 4 weeks/month x 4 months = 96 days. 250 euro divided by the 96 days is €2.60/day, making a total daily rate of €3.95.

It is probably acceptable to distort the labour market by offering €1.35/day or 35% above normal rates, but offering 4 times the daily rate may not be possible. In that case, the project needs to rethink its strategy.

- it could pay €1.35/day and give the investment sum as a grant or as a loan;
- it could try and assist people over a longer period;

[20] Combine cash and voucher, give additional in-kind aid, give a larger payment at the end for the work output, which will not be a wage in itself

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- it could be more modest in its goals, e.g. helping people have a small canoe in the first year, at a cost of €50. This would require a wage rate of €50 ÷ 96 = €0.52 + €1.35, making a total daily rate of €1.87.

(This is only possible if it is known that earnings from the canoe are sufficient to keep a family, and to save €200 over a reasonable period)

Since these wage rates are extremely attractive to people, it may be necessary to limit people to a maximum of three days on the project per week, but to allow both husbands and wives to participate. It would be necessary to look at the impact on the local economy of offering almost twice the local wage rate. (In general, this would tend to push up local rates, which would favour those who have to work for a living and would be less favourable to those who hire labour.)

Other solutions are also possible, and any decision will have advantages and disadvantages. This example is only intended to show the kinds of consideration and the kinds of calculations that can be used to ensure that project objectives can be met.

In most labour based programmes, people are actually paid for the **amount of work** they do, and not for the time they spend at work. This makes it far easier to manage, and is often the standard way in which all local labour 'contracts' are organised. There will usually be existing **work norms** for many types of labour on how much work should be considered a 'unit' of labour, equivalent to a day's work. Note that in many rural areas, a 'day's work' is not supposed to be a full day, but only around 4-5 hours, allowing time for people to undertake other activities. This needs to be considered in setting the labour rate and work norms.

Local Government departments may be able to give information on how they calculate their own contracts – how many metres of road, or digging how many cubic metres, counts as a day's work. Even where the project is paying above the normal market rate, it is best to follow local labour norms as much as possible.

How to organise payments in labour-based interventions?

- Payments can be **output-based**
  - A unit of work is agreed as a **day's work**. People are free to leave once they have completed their work. In some programmes, workers are allowed to work harder and longer hours to earn two units in a day, in other programmes it is limited to one per day.
  - Usually, pay is **weekly**, according to the number of days/units completed.
  - The **attendance sheets** will ensure that each worker is paid according to the work he has actually done.
  - Occasionally, it may be easier to agree a sum for a single completed piece of work. In that case the number of days spent working is not relevant, and payment is at the end of the task. The task should not take too long, or a part-payment may be necessary after one week.
  - If individual payments to each worker are not feasible, the cash can be given to the **supervisor** who will then be in charge of paying the workers of his group. Workers need to be well informed about how much they are supposed to receive, when, and who will distribute the cash to them. The process should be well monitored.
- Payments can be **daily-based**
  - Daily rates, rather than piece-rates, may be more useful, especially for jobs which do not have a quantifiable output. If it is administratively possible to make daily payments, this can be considered, and would often be appreciated, but this can probably not be sustained for more than a few days, unless the project is small scale.
  - The attendance sheets will be the basis to calculate how much each worker will receive on the payment date. They need to be reliable.
- Payments can be **group-based**
  - Instead of monitoring each individual, a group of people is given **a task** to achieve together.

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This simplifies administration and supervision.

- Each work group maintains its own discipline and keeps its attendance records. This gives them a certain **flexibility** in the case of an emergency, as they can cover for one another – if they so wish.
- Group work is the norm in many **agricultural communities**. Often people have established farming groups to which they already belong. If you can use people's own existing groups as the basis for work, this makes life easier for them and you, and reinforces a sense of normality in work, even during a crisis.

NB: in all cases, payments can be made either in cash or in vouchers.

3.1.3.6 Setting up monitoring systems - baseline

Monitoring is the process by which an agency finds out what is really happening on the ground with its work. It can take many forms, and these are discussed below in section 3.3. In most cases, monitoring needs **a baseline**, a quantitative picture of the situation before the intervention, in order to be able to make **comparisons**.

- **Baseline database** is created just before / **at the beginning** of the project. It gathers key information of the situation before the project starts. It is crucial for monitoring and evaluating the project's evolution, impact and relevance.
- The key indicators monitored in the baseline database have to be related **to the objectively verifiable indicators** (OVIs) of the LFA (see 3.1.1) and to the other key indicators you have defined for your programme (should not be too many of them).
- Depending on time constraints, data on both **beneficiaries** and **non-beneficiaries** should be included in the baseline database.

An NGO implementing a CBI will be accountable for its results. There are two reasons why it is essential that an NGO knows what the impact of its work is: a) for accountability and b) for management.

a) Money is given to the project in order to **meet the objectives** which the NGO has set, and which it has promised to deliver. Any project has to be able to show **what it achieved** with the money it received, whether these were an NGO's own funds or donor funds.

b) Every project design rests on many **assumptions** about how people will react to an intervention, what change will be brought about, how people will use new resources, etc. It is inevitable that some of these assumptions will prove not to be totally correct. A project can either plough on blindly, without trying to find out what is helping to achieve objectives and what is not; or it can take time to learn. This learning may feed into **modifications** of the project design, of the way it is implemented – or may be used to help inform the organisation for the next time a similar project is undertaken.

For example, a cash-for-food programme may have the objective of reducing child malnutrition. It is obviously impossible to know whether or not the project is having any impact at all on child malnutrition unless you know what the rates of malnutrition were like before the programme started. The log frame will indicate **which parameters** will be monitored (e.g. under-five malnutrition) and will also say what indicators will be used and how they will be measured (OVIs). These are also the parameters which you need to measure before starting the programme. A great deal of thought is necessary **to choose indicators** which will tell you what you need to know in a reliable way, and which will be easy and cheap to measure.

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Baseline data collection – What indicators to choose?

- **Objectively verifiable indicators (OVIs)** will be included in priority (some of them may be mentioned hereafter).
- **General household information**: may explain the differences between families and can include:
  - **Family size** and number of children / dependent persons
  - **Head of household** (woman or man)
  - **Income sources** and their ranking (can be used as a proxy to evaluate the relevance of the programme)
  - Basic **economic data** (asset ownership, debt)
- **Coping strategies**
  - Use of coping strategies and their ranking[21].
  - **Money borrowing** (the most-often used coping strategy) and related indebtedness can be surveyed as such (since cash will also be used for debt repayment).
- **Nutrition data:** is interesting if the cash transfer project comes as **an alternative to food aid** and/or has a nutritional objective The following can be gathered:
  - **Number of meals** per day
  - The **household dietary diversity index** (past-day food intake listed by food groups, see annex 5.6 for calculation details). This index is a **proxy for households' food security** since a poor dietary diversity is in most cases associated with low-income, vulnerable families and food habits.
  - The **quality of the food intake** (which can be derived from the previous index by checking which food group has been consumed in priority).
- **Market data**
  - **Prices** and **availability** of key basic items (staple food, hygiene items, fuel, labour, transportation).
  - Main supply flows (where from / who)
  - Number of traders/sellers
  - Diversity / availability of items sold on the market

An example of questionnaire that can be used for the baseline data collection can be found in annex 7 and the associated database can also be found in annex 8 (Sphinx and Excel versions). These remain examples and should be **adapted to the specific contexts** in which the intervention is implemented and **to the objective of the project**.

3.1.3.7 Contingency plan/exit strategies

Most cash-based interventions implemented by ACF will be **short- or medium-term programmes** in volatile environments. This implies that they should be flexible and able to adapt to potentially **fast changing situations** (inflation in particular). Sometimes it may even be recommended to switch from CBI to in-kind distributions. They should also anticipate what will happen **after the programme**, and take this into account in the project design. This includes ensuring that people can meet their basic needs once any grant is ended, and ensuring the maintenance of any public works completed (roads, water points, etc.).

[21] A more elaborate coping strategies index has been used in some evaluations of CBI and is described in further details in the documents attached to this module ("Calculating the coping strategy index).

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Phasing out help to chronically poor groups is difficult. Sometimes it may be possible to **include them in longer-term livelihood programmes**, though they may be the very households which can benefit least from these programmes, because they lack active labour. In some countries, it may be possible to ensure they are included in governmental safety net/social welfare schemes. Often it is simply assumed that they will be looked after by their 'communities' once they are able to do so. It may be possible to link longer term livelihood support to some form of social contract, whereby the 'community' indeed ensures that all such households are indeed supported. All these need planning at an early stage.

Table 18. Flexibility in CBI and phasing-out strategies

Flexibility	To meet the objective of the CBI, it is important that the value of the grant remains as predicted in the project design. **Inflation-linked** cash transfers can be a way to meet this goal. a. Set up a basket of goods which recipients should be able to buy (either basic needs, or for investment, according to the objectives). b. Define a maximum acceptable price for the basket (the threshold), beyond which the grant will have to increase. c. Monitor prices of these items on a regular basis. d. If prices increase above the threshold, the cash transfer should be increased in line with inflation. The budget should be able to allow such flexibility. e. Ensure that linking the grant to inflation does not itself bring more inflation – if traders know the agency will simply increase the grant each time they put up prices. This may require checking prices outside the project area, to distinguish between inflation-caused-by-the-grant and inflation-in-the-national-economy. f. If prices move too high, especially if inflation is high only in the project area, it may be considered to switch to in-kind aid, either fully or in part. This may also be necessary if problems with the supply of the items in the market arises. Flexibility must be catered for in the budget and in the logistical set up to allow this.
Phasing out	Assess the long term support needs and economic opportunities of the chronically poor who are part of your programme. Identify options: Government safety nets; livelihood programmes; local community support. Discuss with relevant actors and make arrangements as early as possible. For labour based programmes, appropriate maintenance of the work done is necessary, and should usually be the responsibility of local Government or of the communities themselves. This needs agreement before starting work.

3.1.3.8 Budgeting the intervention

Once the project has been designed, it needs to be budgeted. This manual cannot give a blue-print for a project budget, since circumstances will vary so widely. The **actual cash distributed should be the largest item**, together with any extra costs for redeeming vouchers, but it is necessary to make sure that the following have also been considered, and where necessary, sufficient provision has been made.

- **Cash distribution**: Where possible, it is preferable to contract out the actual counting-out and distribution of cash, and this must be paid for. If not, it may be necessary to budget for security and insurance.

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- **Logistics**: Transport, especially if the area of intervention is scattered (cars for distribution and monitoring team, trucks in case of heavy loads, bikes for registrars/monitors, etc). Where several vehicles are needed, but only for a short period or for individual days, renting may be a better option than purchasing more vehicles. Communication (handsets, satellite phones, radio) should be available for security (and to ease the distribution process). Storage facilities should be planned if needed, as well as various tools and equipment required by labour-based projects.
- **Human resources**: Staff costs should be well evaluated (see below). Training costs may also be needed.
- **Labour based projects**: These have many costs apart from the actual costs of the labour. Depending on the work undertaken, it may be necessary to purchase tools, material, and to pay for skilled labour and technical supervision. These costs can even be more than the actual labour cost.
- **Other activities**: Will the project need to organise fairs to make goods available? Will any other support to the supply side be necessary? Will there be any parallel activities to complement the CBI - such as business training? This needs to be considered in advance and budgeted for.
- **Exit strategies / Contingency plan**: These should be included in the budget. If it may be necessary to switch from cash aid to in-kind aid in certain circumstances (e.g. inflation), this needs to be costed and provision made accordingly (making it clear which costs would be substituted if the contingency were to occur).
- **Monitoring, evaluation**: The needs for good monitoring have been seen. Setting up a baseline can also take time, and this should be budgeted for. Costs will include staff time and transport, and may also include printing costs for survey forms, etc. Because CBI are still relatively new, an external final evaluation may be useful or may be requested by a donor. A financial audit may also be requested.
- **Technical support**: If technical support will be needed for setting up or running the programme, this should be provided for. Whether the support comes from within the organisation or from external consultants, it comes at a cost and this can be covered by the project donor. Although a few days external support may seem expensive, it is rarely more than few percent of a project budget. If it adds a lot of impact to the project, it can be good value.
- **Others**: Stationery and printing may represent an important budget item, for printed cards and vouchers.

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KEY POINTS on "Preparing the intervention"

- **Targeting**:
  - The choice of target groups stems from the objectives. In some cases the whole of an affected population can be targeted.
  - Should be based on clear, verifiable and non-contradictory criteria.
  - **Community involvement** should be prioritised.
  - Setting up strict quotas before the selection process should be based on evidence, data and be accepted by the population.
  - The registration process and validation of lists of beneficiaries should be **transparent**, monitored by the NGO and publicly validated (refer to the Food Distribution module for more information).
- **Opting for a delivery mechanism:**
  - Evaluate the local banking network and any relevant **locally used alternatives**.
  - Check whether the banking network or local alternatives are: ▪ Secure ▪ Accepted / trusted by the population ▪ Reliable ▪ Cost-efficient ▪ Convenient (distance, timing, etc).
  - Make sure the total amount of cash needed can be available in time and will not disrupt the system.
- **Timing of the intervention**:
  - The period when money is distributed will condition the spending pattern of beneficiaries.
  - Should account for: ▪ The CBI's objectives ▪ Season ▪ Price pattern ▪ Market seasonality ▪ Seasonal or community work.
- **Size of the entitlement, scale of the intervention**
  - The amount of cash distributed should be enough to **meet all the objectives** of the programme.
  - The total amount of cash injected into the local economy by the CBI should not be too large compared to its size (to avoid inflation).
- **Baseline information**: Should be gathered at the very beginning of the project on beneficiaries and non-beneficiaries, covering **households** (economic situation, income sources & their rank, coping mechanisms, nutrition) and **local markets** (prices and availability of key items, supply flows, number of traders and usual business activity).
- **Exit strategies**:
  - Plan phasing out of the project at the beginning of it.
  - Prepare for unexpected events - flexibility in cash transfers and/or potential switch to alternative type of aid.
- **Budget**: make sure to budget for:
  - Logistic equipment (vehicles, communication means, warehousing, visibility, stationeries).
  - Human resources (implementation, follow-up and monitoring).
  - Training and capacity building, where necessary.
  - Contingency plan: inflation-linked cash payments or switch to in-kind alternative.

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3.2 Implementing cash-based interventions

3.2.1 Getting started – practical issues

3.2.1.1 Communication and sensitisation

Communication and sensitisation are **highly important** at all times and especially at the beginning of the project. Misunderstandings will inevitably arise, and can cause conflict and mistrust, so it is important to try hard to minimise these. All concerned should have the **same understanding** about exactly what you are going to do – why, who, what, how and when.

Inform all **authorities and other partners** on the plans for potential cash-based interventions. Have good written records: where agreements were made at meetings, write a short summary of what was agreed and send it to all those at the meeting, if relevant in your working context. Unless anyone replies correcting what you wrote, this can properly be taken as confirmation that all parties have agreed to it. Keep copies of all the documents you send, in case complaints are raised, and where possible copying several addressees on each document to prevent people claiming they have not received documents.

Project design should be based on research about the potential **recipients views**, although this may have been done in a way which did not mention the proposed programme specifically in order to avoid creating expectations. Once the programme is designed and approved, inform the targeted communities early enough to adapt to their suggestions and recommendations.

The community and beneficiaries should be **aware at all times of all the elements** of the programme (purposes, selection criteria, size of the grant, progress and next steps).

Each implementing party (ACF, the beneficiaries, the wider community, local Government, traders) must have a **clear understanding of its duties and rights**, and the obligations of everyone else. It is often possible to give much of the responsibility to others, particularly for labour based programmes. If the work undertaken is normally the responsibility of Government (roads, water supply, schools, etc.), local Government may be made responsible for selecting the work done, for the technical supervision of work, for providing machinery for heavy work and for administering work norms. If the work is for the community (rehabilitation of fields, clearing etc), the community can take a large responsibility for organising the work.

Box 22 gives the example of ACF experience in Somalia (where there was no Government), and where a "Community Action Plan" was implemented.

Box 22. ACF participatory approach in Somalia

A CFW programme involving rehabilitation of water catchments was set up in the Wajid area in 2004-5 in order to increase household income to enable restocking, and to improve access to water.

A **Community Action Plan** (CAP) was then set up with each community to ensure a common understanding of responsibilities, as described below.

Responsibilities	Who
Identification of assets to be rehabilitated	Community
Organisation of work	Community and ACF
Provision, maintenance and use of tools	ACF
Monitoring of work progress	Community and ACF

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Payments (upon completion of work)	ACF and external sub-contractor
Sustainable management of rehabilitated asset	ACF (training, tools) and Community
Expected amount of work /person/day	Community
Expected number of working days to complete the task (timelines)	Community

"The CAP instilled a sense of community ownership and responsibility with regard to project activities" and was the contract between ACF and the community, used in case of disputes.

Source: Mattinen and Ogden (2006).

In many cases, the persons from the community who are asked to participate in the set-up and follow-up of the project, but who are not beneficiaries themselves, will try and **request some compensation** for their involvement. This issue should be discussed and clarified from the beginning between the agency and the community. Should their contribution be voluntary and seen as a community contribution to the project, or is it fair that individuals work should be paid for? Make sure that whatever decision is reached on the issue is acknowledged and understood by all from the beginning.

Make sure that the community-based approach is **balanced** (i.e. that all groups are represented), to prevent elite-capture of the process. Remember that merely being present at, or invited to, a public meeting does not always mean the ability to participate in a process. You need to think about the **barriers to real participation**:

- Who can attend meetings? (where are they held? when? how is the information sent out?)
- Who is able to speak at such meetings?
- Who speaks first? Is it possible for anyone to contradict such people in public?
- Whose voices are heard? Who records 'agreement'?

The ways in which **women are often marginalised** in public 'democratic' community processes has been much written about, but similar processes often work against the poor, minorities, those of low social standing, the young, etc. You may need to design quite different processes in order to ensure a real 'community' decision, e.g. by involving such 'marginalised' groups in designing the process of participation. If possible, have agency staff **visit the households** or at least plan for random physical verification of the persons participating and let communities know that such cross-checking will take place. Make sure you know what you are looking for, and try and make the check as objective as possible.

Ensure a **proper training** of the food security staff, who will be in charge of spreading the message, answering questions and helping select, monitor and support beneficiaries. It is important that translation of all documents is accurate, reflect the actual purpose of the project and that the latter are well understood (and reproduced) by the team.

Sensitisation and communication

- All local authorities, key actors and the local population should be informed at all times about the programme, its purpose(s), its process, its schedule and any modification to it.
- Allow time for **balanced community-based approach** and cross-checking of the information given.
- Make sure that each "party" in the project (beneficiaries, community and ACF) is aware of its **duties and rights**. A Community Action Plan can clarify responsibilities of each party.
- Community members participating in the project but who are NOT beneficiaries (authorities, leaders) may ask to be paid for their involvement (usually voluntary): make sure to have a clear and acknowledged policy on the issue.

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- **Sensitise** communities and especially beneficiaries on:
  - ✓ The **project's purposes**, implementation process and **duration**.
  - ✓ The **selection process** (community-based, selection criteria, monitoring of beneficiary lists, public validation).
  - ✓ The **entitlement**: what, how much and why this amount, how it should be used and when.
  - ✓ **Potential cash uses** (balanced food intake, asset creation, etc) depending on project's objective.
  - ✓ The **progress** of the project, what the next steps will be at each stage, and any changes which are made, if any (e.g. distribution dates, monitoring, duration).
- To make sure the information is reaching **as many people as possible**, sensitisation should be repeated many times: during the selection phase, when beneficiary lists are validated, before and during the distribution itself and informally during field visits or other surveys.
- Make sure that ACF staff is **well trained** on the messages to be relayed to the population and that everybody is **saying the same thing** (you may want to prepare a list of answers for frequently asked questions). **Accurate translation** of programme's documents needs to be ensured.

3.2.1.2 Logistics and administration

An important part of implementing cash-based interventions will be related to logistic and administration issues, which are critical for smooth running of the project. **Constant communication** must take place between the person in charge of implementing the project (e.g. the food security officer) and those in charge of **logistics** (security, transportation, equipment, etc) and **administration** (contracts, payments, contingency plan, etc). This will be especially critical if the agency has to undertake the actual distribution itself, but they remain important even where this is contracted out.

3.2.1.3 Transportation and communication means

It should be known in advance what type of vehicles are needed for the project, and when they are needed. Since the agency may not have enough vehicles, it will have to make sure they can be rented for the planned dates. All **communication means** need to be purchased and installed in good time. It may be easy to buy mobile phones or satellite phones, but HF and VHF radios may take longer to deliver and fit.

All the activities and logistical needs of the programme should be planned in a work plan together with the persons in charge of administration and logistics. This should be updated on a regular basis (see annex 19).

3.2.1.4 Identification of beneficiaries

Once beneficiaries have been selected and the lists of beneficiaries have been set-up, monitored and publicly validated, a system is needed for people to **identify themselves as beneficiaries** of the CBI. Where payments are made directly to bank accounts, the **bank will usually take responsibility for its own systems of control** in allowing people to access their bank accounts[22].

[22] There may or may not be some financial costs to the agency, but this will have been discussed in negotiations leading to the choice of payment system and of bank (see 3.1.2.3 above).

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Alternatives need to be found when banks are not used. In principle, CBI do not face any different issues to those involved in **any other distribution process**, e.g. food aid or seeds and tools distributions. There are several options:

- If national ID cards are available, these should be used.
- Beneficiaries may already have ID cards issued from another programme, e.g. from UNHCR, issued by the Government or from WFP, if they are receiving food aid. It may be simpler to use these existing cards as identification, in cases where the whole population is receiving a grant, or where card numbers can be used to match payment lists.
- In other cases, a unique programme ID card may be the best solution. Temporary tokens can be given before real distribution cards are issued, even if this may increase the risk of fraud.
- In other cases, the community has been trusted to ensure the distribution to the right people. This may be harder in the case of cash, since public scrutiny is more difficult.

Where payments are contracted out, this decision will be taken together with the organisation making the payments. Technology is increasingly allowing **more sophisticated checks**, e.g. digital photos printed on cards and computer fingerprint identification of each beneficiary at payment. Each programme will have to consider what makes most sense in their particular context, depending upon the scale of the programme, the duration, the size of the grants, whether or not payments are regular, the degree of local social cohesion, the trustworthiness of local leaders, the organisation making the actual payments, etc. Consult widely before assuming that a printed ID card from the agency is automatically the correct solution.

If you are issuing your own ID cards, you need to take all possible measures to **prevent forgery** or other types of cheating (although these may never be fully prevented). It is best to have the cards printed outside the programme area, and even in some cases outside the country, by companies specialised in security ID cards. You could ask organisations which use such cards (banks, airports, etc.) where they print their cards and which companies are reputable. When the volume is high, the costs of printing cards (< €1) are usually small in relation to the size of the grant. Even where it seems cheaper to print your own cards, you should consider the workload and responsibilities. Time spent on designing cards, printing and ensuring security is time away from food security work.

If this is not possible, you may have to print your own cards. If you design your own cards on computer, make sure your computer security is very good. If there are not good passwords on your computer, you may want to ensure that the design is not kept on the hard drive, but on removable storage devices such as CD kept in the safe. Where internet connection is good, you could keep the file in a web-based email in-box, so that access is restricted to those with the password. Ensure temporary files are deleted after using the design. Your IT staff should be able to help you with security.

Note that there have usually been fewer problems in labour-based interventions. Cheating there tends to be related to inflating the amount of work done, rather than mis-identification of people. People who have had to work for their money will usually be a control on the process.

Cards should include a **serial number**, the name of the beneficiary and the location. If relevant for the project, the number of people in the household or other information can also be included. If several payments are to be made, check-boxes can be included on the card and punched at each payment to prevent people from claiming twice on the same day.

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TIPS for beneficiary card design

- Having **different colours** of card for each area may be useful.
- If other agencies have also distributed cards, do not use the same colour/shape to avoid confusion.
- Laminate cards, to prevent changes being made and to keep the card in good condition.
- **Include a logo** on the card. (This aids rapid identification and also makes it harder to forge.) Don't forget the logo of the donor.
- If similar names are common, include other characteristics on the card as well (e.g. names and age or name and father's name).
- If several people can receive the cash or to plan for people who cannot come to get their cash, you can include **two names** (or a deputy name) on the card (this may also minimize instances of fraud).
- Photographs can be included, if feasible and culturally accepted. Printing digital photos is relatively simple and cheap, though the work involved in taking many photos may be high. In practice a photo may not be effective at preventing fraud, since it is hard to distinguish faces clearly enough. It does, though, act as a strong deterrent against impersonation.
- Make sure you use a serial number that is practical in your context. You may want to include a letter indicating the village or the camp sector, followed by the beneficiary number.

An example of beneficiary card can be found in annex 15 and is presented below.

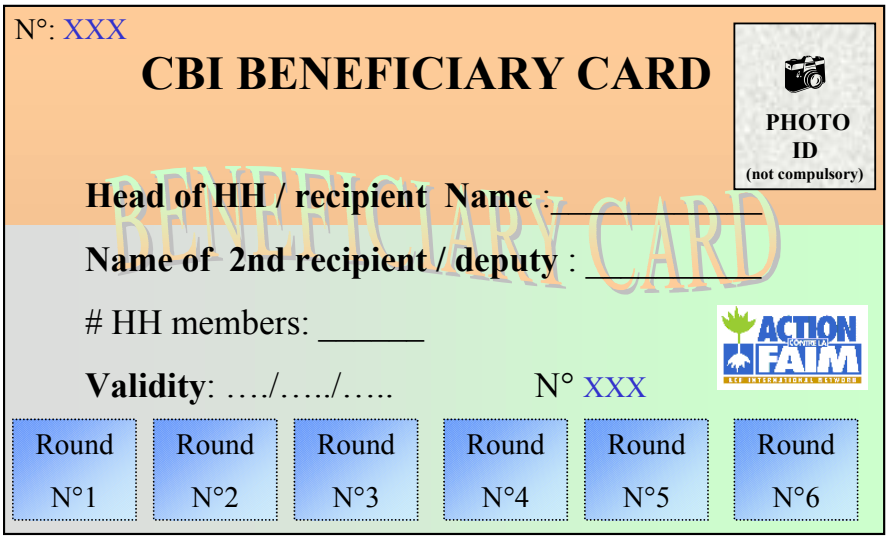

Figure 5. An example of a beneficiary ID card

Information on beneficiary lists should correspond exactly to that on the cards. They should also include one or two other characteristics of the household (age, name of husband/wife/father) that can be asked to the recipients at the time of distribution, for cross-checking and verification. A sample card distribution list can be found in annex 17.

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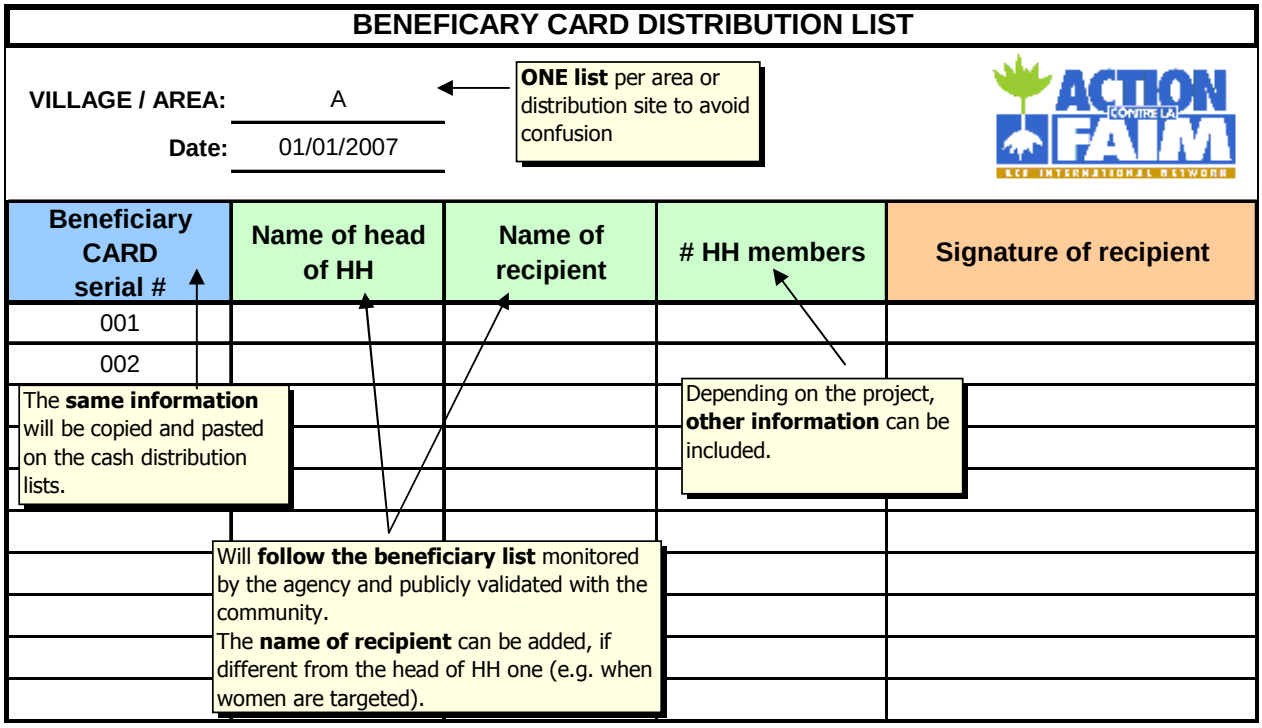

Figure 6. Card distribution list, an example

The cards can be given either to the man or the woman heading the household, as discussed above. As some recipients may not be able to read, it is important to explain well what is written on the card, and how it should be used and safely kept.

3.2.1.5 Delivery mechanism

The different ways of actually making the payments have been discussed above (chapter 3.1.3.2). This section only looks at the practical process of implementation.

Whatever method is chosen, the **agency rules on accounting** and **making payments** must be followed, with the appropriate forms filled in and the authorising signatures necessary. Make sure the **accounting staff are consulted well in advance about the appropriate procedures**.

1. *Payment by bank transfer*

This is the simplest mechanism. A bank has to be chosen which is most convenient to the recipients, which can provide the necessary service and which offers the best service for the lowest charges. In many cases, there will be only one possible bank. It is possible to use different banks in different locations. Negotiations need to be held and a **contract** drawn up regarding the contractual obligations of each side. **Specialist help** with contractual discussions, including from **a lawyer,** should always be called in before signing any contract. A validation from the logistic coordinator and the go-ahead of the head of mission should be ensured before the final contract is signed.

Although the bank is in charge of the transfers, the agency should make sure to do the following:

- For people who do not have a bank account: clearly explained that they will be **helped** for opening and running it.

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- Sensitise beneficiaries on **the use of bank accounts** before the project starts. Consider how to deal with cases of people who cannot go to the bank themselves.
- Communicate on **how much** they are entitled to receive, to avoid anyone thinking they have been cheated.
- Make sure that the funds are transferred to the paying bank **on time**, taking into consideration any delays between making the actual transfer and money being credited. Funds may need to be requested from the agency's foreign currency accounts in good time.
- Check that money is transferred to the recipients on time.
- Inform people **when they can withdraw** their money and how much was actually credited.
- Make sure there is a **system for dealing with any difficulties**, errors or complaints.
- Make sure the contract with the bank includes:
  - **Terms of payment** from the agency to the bank (time, conditions, etc)
  - Any **charges** that the bank will make for managing the accounts (to the agency and/or the recipients)
  - **Financial responsibility** in the case of errors or fraud
  - **Identification** of beneficiaries: how the bank will do it.
  - **Timing** and **amounts** of cash transfers.

2. *Payment by intermediary*

Contractual agreements with any intermediary will have to cover *additional* areas, such as:

- Responsibility for **security**
- Responsible for ensuring the **correct identification** of beneficiaries.
- Who will pay if any mistakes are made, or in the event of theft of cash[23] in transit or during payments
- When and how the intermediary will be paid by the agency.
- Size of the commission

Some **advance payment** will almost certainly be demanded, but where possible, final payment should only be made after all the grants have been paid out and the agency has **verified the process** (although the money for grants –or part of it- may have to be paid in advance, the intermediary's own commission should be payable on satisfactory completion of the work).

Whether the payments are from mobile banking or as cash payments by intermediaries, agency staff should **attend these distributions** as much as possible (depending on security). They need to see how beneficiaries are treated, to verify that they are all receiving the expected amount of cash, and to deal with any difficulties or complaints that arise.

3. *Payment by the agency itself*[24]

The organisation of the payments should be made carefully, with the objectives of making the process as fast as possible, checking carefully the names and the amount of money given, and maximising security of both the beneficiaries and the NGO staff. Before the payments take

[23] An intermediary could be used for making voucher payments, but this is less likely, since the agency has some control over the redemption of vouchers and therefore the security risk is so much less.
[24] Refer to the Food distribution module for further details on the direct distribution process.

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place, people need to be informed about how it will be organised. Nevertheless, the **information should be given last minute**, to avoid any security risks.

Arrangements must already have been made for **cases where people fail to appear to receive their payments**. If the notice period given for pay-day is short, these cases will certainly occur. A decision must also have been made about whether or not a card holder can delegate another person to appear for them, e.g. if they are sick (the deputy name can be included on the card). This may slightly increase the risk of cards being stolen, but the alternative is that people may miss much needed payments. It is essential that these decisions have been transmitted to all concerned. This will avoid having to decide on payment day how to handle these inevitable problems.

TIPS for making payments of cash or vouchers

- **Location**: Distribution site(s) should be identified beforehand with the agreement of the community leaders. The site should not be located too close to usually crowded places (market, school, bars). Inside school classrooms may be a good location, as it is sheltered from the weather, and entry into the room can be controlled. Schools are usually in accessible locations, but quiet, and provide adequate outside waiting area.
- You may want to **rope off an area**, if there is no convenient building from which to make payments. Plastic tables and chairs can easily be transported to the site. The **community** can be asked to provide poles for the rope. If rain is possible, and there is no covered site, plastic sheeting could be installed on the distribution day to protect people distributing cash.
- If beneficiary numbers are large, a **waiting area** can be set up where only card-holders can enter.
- If cash payments are of **different amounts** from one household to the other (e.g. depending on household size or number of days worked), this has to be **explained** again to beneficiaries to ensure they all know how much to expect and why. This can be done while people are queuing.
- Two or more payment posts can be set up to speed up the process. This needs to be planned in advance, with separate beneficiary lists prepared for each payment officer, and each recipient only appearing on one list. (This can be by sex of cardholder, by working group, by card number, by village of origin, by amount of cash granted etc.). People should be helped to find the queue by ACF staff.
- Cash or vouchers can be **sealed in envelopes** prepared before the distribution, with each beneficiary's name and card number clearly on the outside. This is much quicker and easier than the time consuming process of counting out money for each beneficiary at the time of payment. It also reduces the risk of theft during payment, as the process of counting money into envelopes can be much more easily controlled and supervised. However if this cannot be done, make sure to have **enough small denomination notes** for the payment.
- Ensure all recipients know they must count the money and **raise any problems before leaving** the payment area. Staff should be on hand to help them with this.
- Agency staff should be in charge of checking cards; orienting people; sensitization, checking the beneficiary lists and making the actual payments. There should also be someone on hand to deal with problems and complaints, so ensure there are enough staff present at each payment site.
- The community should provide **witnesses** at distribution points. At least one person should witness each person making payments.
- **Community leaders** will be asked to **ensure the security** in and around the distribution site.

As regards the payment itself, the following procedures should be followed:

- At the payment, the **payment list** will be handled by ACF staff. The list must include the serial number of the card, the name of the card holder, whichever characteristics of card-holders are being used or checked (e.g. household size) and the amount they are

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supposed to receive. This should be printed on the distribution lists in advance in order to save time. A sample distribution list can be found in annex 17

- After checking the card's serial number and verifying that the information on the card corresponds to that on the list, the beneficiary will be asked to **sign** (or thumb-print) the list, they will receive the money in an envelope, check the amount received and the card will be punched. If this is the last payment, the cards may be retained by the agency. The recipient will then leave the payment area.
- Decisions will already have been made regarding **people who fail to appear** or who send others to claim their money. Since these rules must have been widely publicised, they should simply be followed. They can always be reviewed afterwards in the light of experience and amended as necessary, but it is best if this is done calmly, away from the pressure of would-be recipients.
- At the end, payments lists which have been signed (thumb-printed) by the beneficiaries should also be signed by the community witnesses.

CASH DISTRIBUTION LIST - XX ROUND

VILLAGE / AREA: A

Date: 01/01/2007

ONE list per area or distribution site to avoid confusion

Beneficiary CARD serial #	Name of recipient	# HH members	Cash received (in going currency)	Signature of recipient
001				
002				
003				
004				

Should follow the **SAME order** as in the beneficiary list (and card distribution lists).

Depending on the project, **other information** can be included (e.g. if the cash payment depends on the number of adults in the HH, this can be included in the list).

The amount of cash to be distributed should be **computerised / written beforehand** as much as possible (especially if cash grant varies from one recipient to the other)

Figure 7. An example of a cash distribution list

The process and organisation will have to be **adapted to each situation**. In principle, the organisation will be nearly the same as for any other distribution. For instance, if the number of people receiving cash is small, it may not be necessary to have a waiting area. Similarly if security or crowd movements are not an issue, people can just be lined up in front of distribution tables respecting a security perimeter[25]. An chart of suggested **organisation for distribution site** can be found in annex 26.

[25] See above-cited Food Distribution Module for more information on distribution process.

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3.2.1.6 Security

Security is always a concern and especially when cash is at stake. **Local ACF security rules** should be followed at all time and the **persons in charge of security and logistic** issues should be involved in any planned distribution. They will be the ones to check for security, make necessary contacts on the specific day and give approval for the payments to go ahead.

Security considerations will vary greatly according to the situation, so no clear rules will be given here. The following general points may be helpful:

- If the community has been **well informed** about the programme, it should reduce complaints, threats and potentially dangerous behaviour on the payment day.
- Reduce the number of persons who have all the details of the process (senior staff involved and the expatriates or senior staff in charge of logistic and administration).
- Make sure that **proper insurance** has been taken to cover for any loss or theft during transportation / distribution.
- **Involve the community** in ensuring security (make sure they understand what will be the consequences of a security incident – i.e. most probably the end of the programme).
- Distributions should not take place on regular dates at the same location and with the same staff to prevent an easily planned robbery.
- If possible, the itinerary taken by the ACF car should be different each time and should be disclosed to the driver only upon departure.
- The date and place of distribution should be announced at the last minute (24 hours before the distribution or a little more depending on security and settlement situation).
- Distribution sites should be **installed on the very day** of the distribution (do not spend the previous day on the distribution site).
- The ACF car should as usual be parked close to the distribution point, ready to leave quickly if needed.
- Make sure that the distribution point is **well located** so that people can go home relatively quickly and during daylight.

3.2.1.7 Human resources

Sufficient ACF staff should be hired to implement, follow-up and monitor the programme.

The following team organisation is given as an example and should be adapted depending on the type of programme and the number of beneficiaries supported. The hierarchy is however based on ACF standards and the recruitment process and design of job descriptions should be discussed beforehand with the **ACF administrator** (to abide by ACF and national rules).

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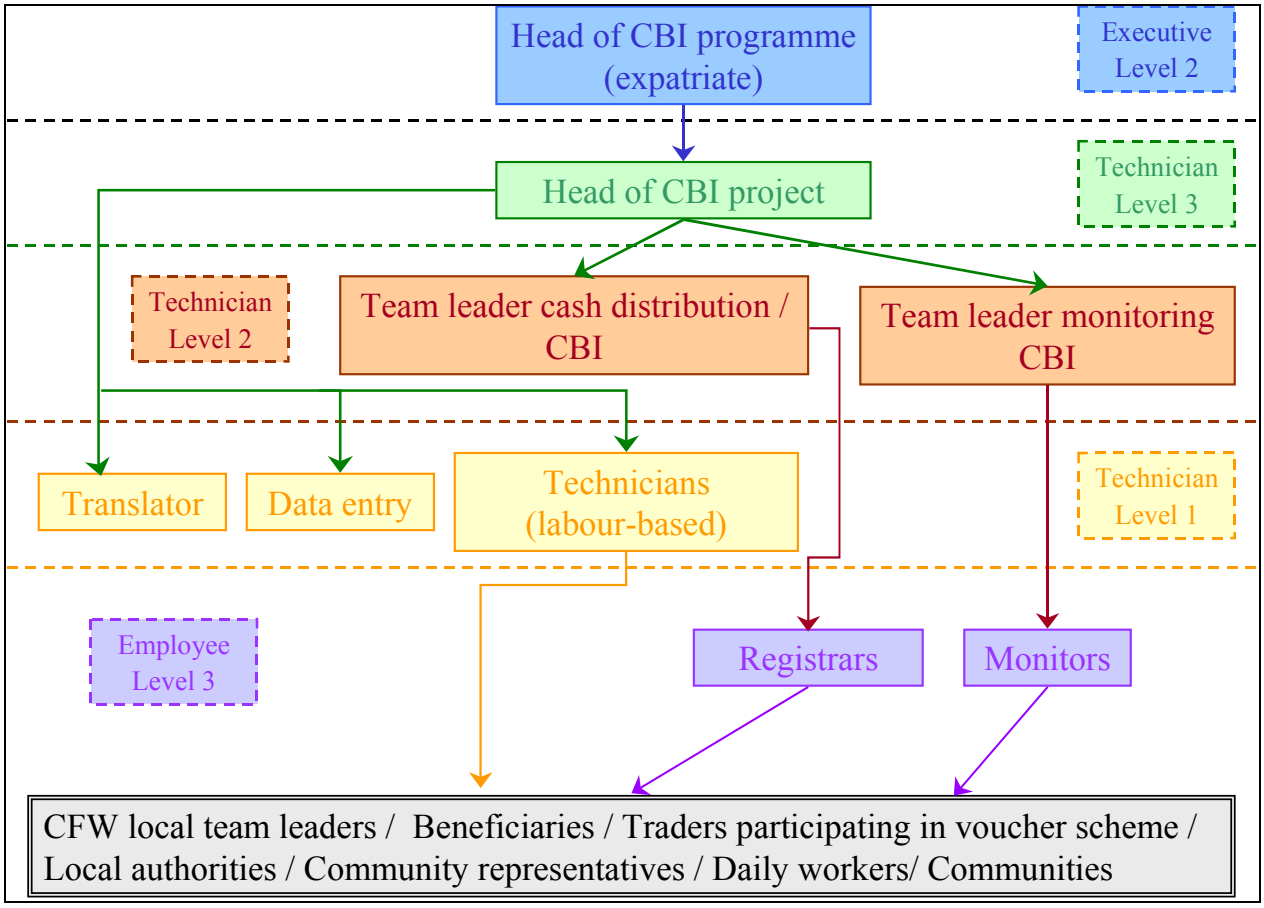

Figure 8. Organisation chart for the food security team in CBI

The project head must ensure that there are regular meetings between the team leaders in charge of cash distribution and monitoring. The two persons must liaise closely, and must chare information from their registrars and monitors.

A quick description of each national position mentioned in the previous chart can be found in the annex 13. Official job descriptions can also be found in annex 14 and these should be adapted to local format (to be seen with the local administrator). The exact size and composition of the team will differ, according to the design of the programme and its objectives.

3.2.1.8 Contingency planning

If cash transfers need to be **linked to inflation**, market prices need be monitored. Price information must be gathered early enough to leave time for a decision on adjusting the grant, and then to leave time for the administrative and financial staff to organise enough money (see **table 18** in 3.1.3.6 above).

Any changes need to be **explained extensively** so that recipients are not led to believe cash transfers will keep increasing each time.

If a **switch to in-kind aid** has been planned in case of inflation or shortages, appropriate logistics should also be considered beforehand to ensure a quick switch to this 'plan B'. This will involve collecting regular information about warehousing options in the area; truck availability; and making contacts with providers for supply needs, including WFP, the FAO or others. Remember that the situation can change rapidly, so this information all needs updating regularly, even if in-kind distributions never need to take place.

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KEY POINTS on "General issues for all CBI"

- **Sensitisation and communication**
  - Local authorities and the population as a whole should be aware of the programme and its objectives. Community approach should be balanced.
  - The beneficiary population should be **informed at all times** about the programme set-up, process, evolution and changes in schedule if any.
  - **Entitlement**: beneficiaries should be fully aware of how much/what they are entitled to receive, how and when they can use it, how it will be monitored.
  - All the stakeholders (community, beneficiaries, traders, agency) should be aware of their duties and rights (a Community Action Plan may be set up).
  - ACF staff should be **well-trained** and sensitised on the messages to relay to the community. Everybody should convey the same message.
  - All project documents should be **accurately translated**.
- **Planning the programme's needs:** all the logistic and financial means needed for the programme as well as the activities that will take place should be planned and updated in a work plan. Any contingency plan should be accounted for at that time as well (accurate and timely price monitoring, logistic needs).
- **Identification**: beneficiaries can be identified with personal cards
- **Distribution process**. It can be done:
  - Preferably through the **local bank** system (with well designed contracts).
  - Through **trusted intermediaries** (with well designed contracts)
  - If no other alternative, directly **by the NGO**, in which case logistic and security should be ensured to make the process quick and safe.

  NB: If the distribution is done by a subcontractor, ACF should monitor the process, make sure payments are accurate and timely and sensitise/inform beneficiaries on when and how they can get their entitlement.
- **Security measures:**
  - Community is aware of what is distributed, to whom and why. Community ensures security.
  - Irregular payment dates.
  - Different itineraries used each time.
  - Late announcement of distribution time and date.

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3.2.2 Voucher interventions

Section 2.2.1 discussed the advantages and disadvantages of giving aid through vouchers, and the conditions in which this would be appropriate. This is summarised again in the table below:

Vouchers are **preferred** when:

1. There are **reasons to fear robbery** while transporting or distributing cash, or
2. The agency or donor wants to **restrict how aid can be used**, or
3. Market supply can only be guaranteed if traders know there is **a certain demand** (i.e. they know exactly which goods will be needed and the quantities) , or
4. Local supply (including from the informal sector) can be organised **if demand is guaranteed**.

And are appropriate in **conditions** where:

a) Recipients have all **prioritised the same needs** (within the range of the vouchers' flexibility), which have been correctly identified, and

b) Recipients have **other sources of cash** with which to meet their other needs or vouchers are given in parallel with cash aid, and

c) **Supply** of goods of adequate quality, quantity and price, **is guaranteed** either independently or assisted by the project.

- At least one of conditions 1, 2, 3 or 4 must apply.
- All of the conditions a, b and c must also apply.

The advantages of vouchers must be judged to outweigh the negative sides of voucher interventions:

- Voucher interventions require **more time, human resources and administrative work** than direct cash grant. This means that a smaller part of the funds available are being given to beneficiaries.
- Voucher interventions **restrict choice**, either in what people can spend the aid on or where from. In principle, this may make vouchers less 'efficient' at bringing benefit, if people had good reasons to want to make alternative choices.
- Voucher interventions may give **less support to the informal local economy**, if the vouchers can only be spent with larger traders in the formal economy.

Box 23. Voucher feasibility study, ACF example in North Caucasus

After being involved in food distributions in the south mountainous districts of Chechnya for a few years and following an assessment showing that the most vulnerable households were still struggling to meet their basic needs due to lack of income but not to a lack of availability, cash based intervention was considered to replace the food distributions.

A **voucher scheme** was considered more feasible than alternative cash-based interventions (no community work opportunities for a labour-based intervention; absence of banks in the area, corruption and insecurity related to direct transfers of cash for cash-grant schemes).

Two surveys have been led in order to define the willingness and the interests of both beneficiaries and traders in the implementation of a voucher program to replace the ACF food distribution. The main objectives of the surveys were to:

- Identify and to clarify the preferences of the beneficiaries.

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- Identify the interests of local traders in cash voucher system.
- Assess the feasibility of voucher program considering trade and administrational issues.

The study concluded that a voucher scheme would **NOT be an appropriate solution** based on the following:

- Beneficiaries preferences for food or voucher distribution were highly correlated to their accurate understanding of what a voucher system actually is (32% said they did not know what the disadvantage of a voucher scheme could be) and to their fear of seeing a direct support from ACF ends. What the beneficiaries would like to exchange the voucher for are the items already included in the food ration, while going to specific local shops would imply longer transportation for beneficiaries living in remote areas (compared to the food distribution points).
- Among the 12 traders interviewed, 11 said they would be ready to participate in the scheme. The majority of them would prefer to deal with a voucher that represents a fixed value with a free choice in terms of type and quantities of items (easier to face demand and manage stocks). Traders said they would be able to meet demand and would organise trips to purchase the requested commodities if they do not have them in stock (implying an extra trip to the market for beneficiaries, which may be difficult for those living in remote areas, especially during the winter season).
- Due to security issues, ACF would not be able to pay traders in cash and would need to work through bank transfers. However, traders are reluctant to do so because it may imply they would have to pay bribes and taxes. Most traders cannot provide the legal paper allowing their activity and a fortiori are not able to certify the quality of the commodities that they would exchange for the vouchers. The item most demanded by beneficiaries (flour) is not available in the monitored shops and can only be found on market days (twice a week). Finally, corruption and tensions in the area may lead to unpredictable impact on the markets (e.g. closure of shops for a month).

Lessons learnt

- When already benefiting from an ACF programme, people will be reluctant to say they prefer something else (for fear of loosing every support).
- If the new scheme proposed (here the voucher programme) is not well understood, people will not favour it (need for thorough sensitisation before).
- In areas where settlements are very scattered and/or where market access is far or difficult, people may be likely to prefer direct support (especially if distribution points are closer to their places of living).
- Requirements asked to traders in the voucher scheme may not be feasible.

3.2.2.1 Cash or commodity voucher?

There are different ways of giving vouchers, and you need to decide which one is best in your situation.

A voucher can have a **simple money value.** It may be restricted to a single commodity or service (e.g. "€1 worth of maize flour") or it could be spent on a range of goods or services ("€1 worth of food", or "€1 worth of any agricultural inputs"). It is spent in the same way as cash, in that the price of any goods is decided in the normal market ways.

A voucher could also have a **commodity value** (e.g. "1 kg of maize flour", "1 hand-hoe", "Milling for 1 Kg of grain"). In such cases, the voucher will be valid only for one kind of commodity or service, since the price of different commodities or services will not be the same.

Where you want to restrict choice, you can give either vouchers denominated both in money or in commodities. However, where you want to allow **more flexibility**, you can use a voucher with a **monetary value**. The reasons for possibly wishing to restrict choice have been discussed above. However, do not forget that no voucher system can prevent recipients from diverting some of the value of the aid to their own purposes. Vouchers will always have a resale value (at a 'discounted' value, i.e. below the face value of the commodities), either in the general

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population or because some traders will accept the voucher at a discounted value for buying other goods.

Even where the actual goods purchased can be controlled (e.g. in seed fairs), the use of these goods cannot be – some of the 'seeds' purchased may be used for food or resold. This **cannot be fully controlled**, and there may be little reason to spend too much time in trying to control it. This will be less of an issue where the reason for preferring vouchers was one of security, rather than any ideological reason for wishing to restrict people's choices. It is still important to understand how vouchers are used, even if you wish to allow it. Where they are regularly being 'diverted' to another real need, you may want to revisit the decision to use vouchers, or to advocate for a complementary programme to help people meet those other needs.

Table 19. Reasons underlying the choice of cash or commodity voucher

CASH voucher	COMMODITY voucher
➢ To give greater flexibility to recipients, within the limits chosen by the programme (e.g. food, agricultural investment, education material, etc.)	➢ Where the private sector is being used as a vehicle for distributing aid[26] - the agency supplies the traders with certain items and gives the beneficiaries commodity vouchers corresponding to these items.
➢ To allow normal market processes to determine prices, to allow recipients to bargain for cheaper prices or choose better quality.	➢ Traders cannot charge more for goods, so where inflation or market competitiveness is a concern, it ensures the value to recipients is guaranteed.

It is possible to change from one kind of voucher to another, e.g. if inflation becomes a concern, there may be a switch from a cash-valued voucher to a commodity denominated voucher.

3.2.2.2 Validity period of vouchers

Whichever kind of voucher is chosen, there will be a **limited period of validity** during which the voucher can be exchanged. There are no rules for how long this has to be. It must give adequate time for recipients **to make their purchases**, which may involve travel to the nearest commercial centre. If the vouchers are for purchasing basic food items, then a period of one month may be sufficient. If the vouchers are for agricultural inputs, then a longer period may be required, since purchases will be made in accordance with seasons. Where vouchers are paid for work, recipients may wish to save them up to buy something larger rather than make several small purchases after each pay-day. If there are security concerns or an increased need to control the use of the voucher (e.g. because of a perceived risk of diversion), the validity period can be reduced. These kinds of questions should be discussed with the beneficiary communities and traders in the process of designing the details of the project.

There is **no great advantage to making the traders wait** until the end of the validity period before they can redeem the vouchers, as long as care is taken to **cancel all the vouchers** as soon as they are redeemed (paid for), e.g. by punching a hole through them, and by being as careful in keeping and accounting for cancelled vouchers as for cash. Traders must be informed how vouchers will be cancelled and that they should not accept such vouchers.

In the case of fairs (see below), vouchers are only valid for the day of the fair itself.

[26] A very specific case however

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3.2.2.3 Fair or existing local shops?

If the market is **functioning adequately**, and **goods are available** through the private sector (or through State owned retail outlets), it should be fairly simple for the vouchers to be used alongside cash in these stores. Most traders should be happy to accept the vouchers, if they trust the redemption system and if payment is swift, since by accepting vouchers they will increase the amount of trade they will have. Traders make a profit on their sales, and so have a simple interest in selling more! Accepting vouchers should not bring them significant added inconvenience.

Where a ready market through established formal traders does not exist for the goods which you want to make available, or where you want to open up the market to small informal 'traders', you may have **to 'organise the market' yourself**. These markets are often known as **'fairs'** and have become common for seeds (see CRS references in bibliography), but they have also been used for livestock and even for educational material for schools.

Organising special fairs is **an extra work-load**, and may not bring any sustainable benefit in building up permanent local trade. It should only be done when it brings significant advantages. There are two main reasons for organising special fairs.

a) When the best suppliers of material are **many local people selling small surpluses** (e.g. of seeds or livestock), rather than large traders. Local people may be able to sell at much lower prices, or sell goods (varieties, breeds) which local people prefer. This will keep most of the cash used to redeem vouchers in the local economy, and in the hands of relatively non-wealthy people. Using only registered traders would exclude these non-formal traders from the market, and may mean that the majority of the value (and profits) of the business went outside the programme area, and even to larger companies in capital cities.

b) When **no local market exists for the goods** which the programme is targeting, but traders will come to an area for a specific day if they are guaranteed a market opportunity.

Table 20. Using vouchers in fairs or via existing local shops

FAIR	**+**	▪ In areas where settlement is scattered, fairs can be a way to gather people in one place. This makes marketing easier for traders and makes the administration easier for the agency. ▪ Fairs are opportunities for an exchange of ideas, and enhance practice-sharing as well as greater diversity of choices. ▪ Fairs foster competition by bringing together many competing traders, including non-formal 'traders'. ▪ Monitoring of quality and prices of the items sold as well as of traders' behaviour is easier for the implementing agency. ▪ ☺ Traders are paid for the vouchers at the end of the day: this reduces risks to all sides.
	-	▪ The organising agency will need to plan more logistic needs to set up a fair site and organise monitoring/controls on the fair day. ▪ If people are coming from far-away places, it may be expensive/difficult to carry the items back home, especially if quantities purchased are heavy.
LOCAL SHOPS	**+**	▪ Voucher-holders have greater flexibility in when they want to make purchases ▪ Remote areas can be served by contracting individual traders. ▪ Will support and strengthen an already existing market system. ▪ Much less work for the agency and others involved in organising fairs.

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	-	▪ Benefits of trade restricted to existing formal sector ▪ High percentage of the money injected by programme may flow outside the local economy.

3.2.2.4 Voucher scheme through local shops

1. Selecting traders

Since the voucher is meant to restrict how people can use the aid given, it is obviously not possible to allow anyone simply to present a voucher and have it redeemed for cash. A **number of traders will be selected** who are trusted to accept the vouchers only for the purposes intended.

There is no reason to **unnecessarily restrict the number of traders** who can redeem the vouchers with the agency. Note that there may be special cases where the agency has to supply the goods directly to the traders, rather than relying on the normal market. This case is considered separately below (see box 26). For legal reasons, it may be necessary to **restrict contracts to traders** who have the required trading licences, who are registered for tax or who fulfil some other local requirements. Where a reasonably wide range of goods can be bought with the vouchers (e.g. any food items), it may also be simple administratively to restrict the number of traders to those offering a reasonably wide selection of goods. The agency could also choose to exclude any traders who do not meet other necessary conditions, e.g. hygiene, quality of goods and cleanliness of storage.

Box 24. Selecting traders: some issues

Selecting traders may not be an easy task for the following reasons:

- You may want to include small-scale traders but they do not have the financial/storage capacity.
- Small-scale traders may not even apply because they believe they are too small to qualify.
- Traders may be wary of the voucher process.
- Traders may not see the advantages of the programme for them.
- Some of the selected traders may not be trusted by the voucher-holders.

The following suggestions may help answer some of these issues:

- Try to give small-denomination voucher so that even small-scale traders can be included.
- Set-up regular repayment times for the vouchers (so that traders do not have to wait for too long before getting cash back)
- Make sure that the call for tenders is well broadcasted and understood and reaches 'all' traders (everybody can apply)
- Explain the voucher process extensively
- If security allows, give the approximate number of vouchers which will be distributed (so that traders can evaluate their potential benefit).
- Try to involve the community (and the traders) in the selection process (for greater acceptance and social control).
- The shops should be located at a reasonable distance from the community settlements/ the households.

The commercial advantages of being registered with the voucher programme may be considerable, especially where the volume of voucher trade will be high relative to the local economy. Those participating will benefit, but equally, any traders excluded could lose a lot of business. A process of selecting only certain traders for participation could therefore be a **potential area for corruption**. It is also important to include both **larger and smaller**

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business, where this is possible, in order to avoid distorting the market. Since the idea is that the traders together have to meet the demand, there should be no reason to insist upon a minimum trading or storage capacity of any one trader. Since recipients should be given **a number of vouchers of small value**, they can shop as usual in a variety of stores for different items. There is thus little reason to limit participation to stores with a large range of choice. Nevertheless, if you need close tracking of the vouchers (e.g. due to perceived risk of diversion), limiting the number of traders can be useful.

Traders may choose not to accept vouchers, but they would have few reasons for doing this and so limiting their trade. Where vouchers are being used in a 'normal' trading system, the vouchers should **not involve any significant change** in the way traders do business. Traders normally have to anticipate demand, take a risk in buying goods before they are paid for them, pay for the transport and storage of their goods, accept the risks of spoilage or theft of goods in storage, and accept any risks in the actual retail process, including money being stolen from the store after the sale is made. There is no reason why this should be different with vouchers. the only difference is that a trader cannot take the voucher directly to the bank, but must redeem it with the implementing agency, either for cash or (preferably) for a bank transfer. It is important, especially for smaller traders who have limited working capital, that there should be **as little delay as possible in redeeming the vouchers**. It may not be administratively possible to organise this every day for all traders, but there is no reason to wait until all vouchers have been redeemed.

Traders may well ask for **an extra commission** for accepting vouchers. In principle, since accepting the vouchers is in their commercial interests and brings no extra costs, there is little justification for this. If it is possible to get the interest of a few traders in accepting vouchers, their competitors will probably face commercial pressure to follow suit. However, traders are aware that agencies frequently do not take a commercial perspective and may expect their demands to be met. In an extreme case, traders may try and form a cartel to refuse vouchers without an extra commission. The agency will then have a difficult choice: pay a limited commission; use cash (or in-kind aid) rather than vouchers; work with traders from outside the area who may be tempted by a captive market. But make sure you consider the negative effects this may have on the local markets as well as in terms of acceptance from the local community.

Criteria which have been used in different programmes are presented in box 25.

Box 25. Criteria used for traders selection in different voucher programmes

❶ In Zimbabwe, Oxfam distributed food vouchers in the food deficit time from December 2004 to February 2005. The following criteria were used for traders selection:

The **shop** should be:

- Clean with no rodents.
- Well built for food storage and protection from rain and rodents.
- Well stocked.
- Well kept (surrounding/compound).

In addition, the **trader** should:

- Be able to read and write.
- Have good record keeping skills.
- Have good relations with community members.
- Have the capacity to stock food.
- Be a honest person!
- Be located at a reasonable distance from the community settlements/ the households.

❷ In 2002, the ICRC implemented an urban voucher programme in the West Bank. The traders

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contracted for the programme met the following criteria:

- Possession of a trading licence.
- Own a retail outlet which had the capacity to sell a range of household items.
- Present references from the Ministry of Supply.
- Financial capacity to accept bank transfers.

❸ In 2006, Save the Children implemented a cash and food voucher programme in **Banda Aceh** (Indonesia). Participating vendor criteria were the following:

- Are enthusiastic.
- Stock and sell rice, oil and sugar (the three items included in the food vouchers).
- Have adequate storage.
- Have adequate security.
- Have or will open a bank account.
- Have an official business license.
- Have a business relationship with reliable suppliers.

The evaluator of the programme however highlighted that although these criteria helped meeting the programme's needs, some vendors were deterred from applying because **they feared they would not meet the criteria**.

Sources: Oxfam (2006) ; ICRC (2003); Cole (2006).

2. *Contract with traders*

Once participating traders have been selected, a contract should be signed with each of them and kept by each involved party. Such an agency-trader contract should include the following:

- **Reimbursement process** (conditions and payment timetables).
- **Commission** that may be paid by the agency, if any.
- **Tasks/ responsibilities** of each partner (supply, storage, distribution, reimbursement, verifying validity of vouchers).
- **Sanctions** if contract is not respected or where there is dishonesty**.**
- For commodity voucher, it also needs to include **the price at which each commodity will be sold** to voucher-holders and at which traders will be repaid (to achieve the desired quantity of items that beneficiaries should receive).
- The **quality** of the items sold (if this may be an issue with commodity vouchers).

As with all contracts, it is a good idea to **get specialist advice** before signing any contract (lawyer, logistics and/or administration).

A decision needs to be taken about the **responsibility for verifying the validity of vouchers.** This should be the responsibility of a trader, just as they are responsible for making sure the money they are paid is genuine. However, money is always difficult to forge and all traders are familiar with it and how to check it. Discussions could be held with traders to discuss how this problem can be minimised. One way is for the trader to insist on seeing an ID (national ID card, agency beneficiary card, etc.) for each voucher, which is then checked off against lists given to all the traders indicating the ID of each recipient according to voucher serial number. This would be more time consuming for traders. Use of a national ID card may prevent recipients from getting help with their shopping, even where they were infirm, if they did not feel confident in giving the card to someone else: an agency beneficiary ID card would be more easily entrusted to a relative or friend. Local solutions to these problems should be found: in

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most cases, if the redemption period is relatively short, and the design of vouchers changes with each payment, the risks of forgery should be low.

It is possible to maintain a control of vouchers by using an **encashment list**. In this system, each trader receives an 'encashment list', which is a list of all the voucher numbers with the corresponding names of the voucher holders (an example of such encashment list is presented below as well as in annex 17). Each time a voucher is redeemed, it is checked off on the list. This process is however time consuming, may not be understood by traders and may even be a security risk for traders in some specific contexts (traders may be asked to show the list and give a percentage accordingly).

An example of the MoU signed between ACF and the selected traders in the voucher for seed programme in Indonesia can be found in annex 27**.**

3. Sensitisation with traders and voucher recipients

Sensitisation on the process and use of the voucher should be conducted at least three times before the actual voucher-use: ❶ when the project is first presented to the population, ❷ when lists are validated and ❸ when the voucher is distributed to the beneficiaries. Make sure to have **sample vouchers** which they can see and handle. Depending on the size of groups, organising role play may be helpful in making the process easier to understand. Always leave enough time for people to ask questions.

The information conveyed includes:

- **How much** is each voucher worth?
- **Which items** can be purchased with the vouchers?
- How much of each item can be purchased? What price will goods be sold at?
- In **which market or shops** can the vouchers be spent?
- **How to use the voucher** when buying goods? (If the voucher has more than one part, which part should be kept by the beneficiary, which one given to the trader?
- For how long can the voucher be exchanged (**validity period**)?

Meetings are also needed **with traders** to make sure that they understand the system: what people can buy with the vouchers, how to handle the vouchers and how reimbursement will work. Apart from the above, traders will also need to know how and when they will be reimbursed.

Finally, ensure that your staff convey the **same information** and has a **set of answers to frequently asked questions** which will be raised.

Make sure that traders/retailers **pass the information on** how voucher should be exchanged to all their employees.

Once traders have been selected and have signed their contract, further sensitisation should be done to make sure all the steps of the process have been accepted and traders have understood their tasks and roles. It is a good idea to visit as many participating shops as possible from time to time during the programme to check that there are no problems with the voucher use.

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4. *Voucher distribution*

The process of identifying beneficiaries and organising the actual payment of vouchers will follow the **same procedures as for paying cash** (see section 3.2.1). Because recipients won't be familiar with the vouchers, and since they present less of a risk for theft or robbery, it may be preferred not to seal the vouchers in envelopes, but to hand them over and to count them with each recipient. Payment lists will include the voucher number which each person has received. These will be pre-printed on the forms. Any **unused or stolen vouchers should immediately be cancelled** following the distribution, and the concerned people informed. The accounting of the vouchers – and the reconciliation of vouchers printed, distributed, cancelled and remaining – should be made after each distribution day with as much care as for cash.

It is possible to track the use of vouchers using **encashment lists**. However, this may **not be possible in a large scale programme**, where there could be several thousand recipients, each receiving several vouchers. It would require a list of hundreds of pages of voucher numbers. Internal controls for accounting for voucher distribution, and constant consolidation of the total vouchers printed, distributed and remaining in the safe will be the most important control mechanisms. Serial numbers will be crucial in this follow up.

It is also possible to control the vouchers by having the **name** of each recipient written on the voucher. Further follow up can be done by having each voucher with a **perforated stub**. This can be signed by the recipient and remains in the voucher book. Each project will have to decide **what degree of follow up they think will be necessary**. It is not advisable to bring in a system with many controls if there is no intention to use them: this only creates work and confusion and is extremely time consuming – keep it to the essentials. The work involved in follow-up needs to be considered, as well as the need and benefits of doing so. Cash and in-kind distributions rarely have such elaborate checks, so it is questionable to what extent they are necessary for vouchers – except where there is reason to believe that they may be necessary to control theft and fraud.

VOUCHER DISTRIBUTION LIST - XX ROUND

VILLAGE / AREA: A

Date: 01/01/2007

ONE list per village or area only.

Voucher serial #	Trader code (if needed)	Name of head of HH / Name of voucher holder	# HH members	Signature
001	A1	Amata Prosper		
002	A1	Anouri Félicien		
003	A2	Arboka Nadia		
004	A3	Bambou Justine		

The **voucher serial number** will be computerised by ACF before the distribution. The SAME serial number are reported on the vouchers which will be distributed in the area.

The **trader code** (ONLY if a predefined ration is distributed to traders and if beneficiaries have to go to specific shopd, as planned in Somalia) will be **given by ACF** as soon as the participant retailers are known.

The **name of the head of household** or the **name of the voucher holder** (if women are targeted and not head of HH) will be written by hand on the distribution day (or computerised before by alphabetical order).

The **family size** (or other relevant information) will also be filled in by ACF **on the distribution day**.

The **beneficiary signs (thumb-prints)** the distribution list once s/he receives the voucher.

The **voucher slub** (part 1) is signed as well.

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Figure 9. Voucher distribution list: an example

5. *The voucher design*

The type of voucher that will be distributed should not be too complicated (so that its use is easily understood), but at the same time prevent people from easily forging it.

- It must be **translated** in the local language.
- The tracking system will be the **serial number** of the voucher: each number is different, even if vouchers are distributed in different areas.
- An example of a voucher is presented below. It is a three-part voucher, with the third part allowing for **extra control if needed** (when risks of cheating are high). This third part is not necessary but is presented here to ensure the completeness of information.
- As in the case of beneficiary cards, you should use **different colours** and an agency **logo** to aid easy recognition and to minimize cheating and false vouchers.
- For illiterate people, **symbols** can be used to help people identify the value of each voucher. In some countries, there may already be a local practice associating certain symbols with cash values. If so, these can also be printed on the voucher so that people can recognise them easily (for an example see box 31 below). In the case of commodity vouchers, a picture of the commodity (see example below) together with a representation of the quantity would also be helpful.

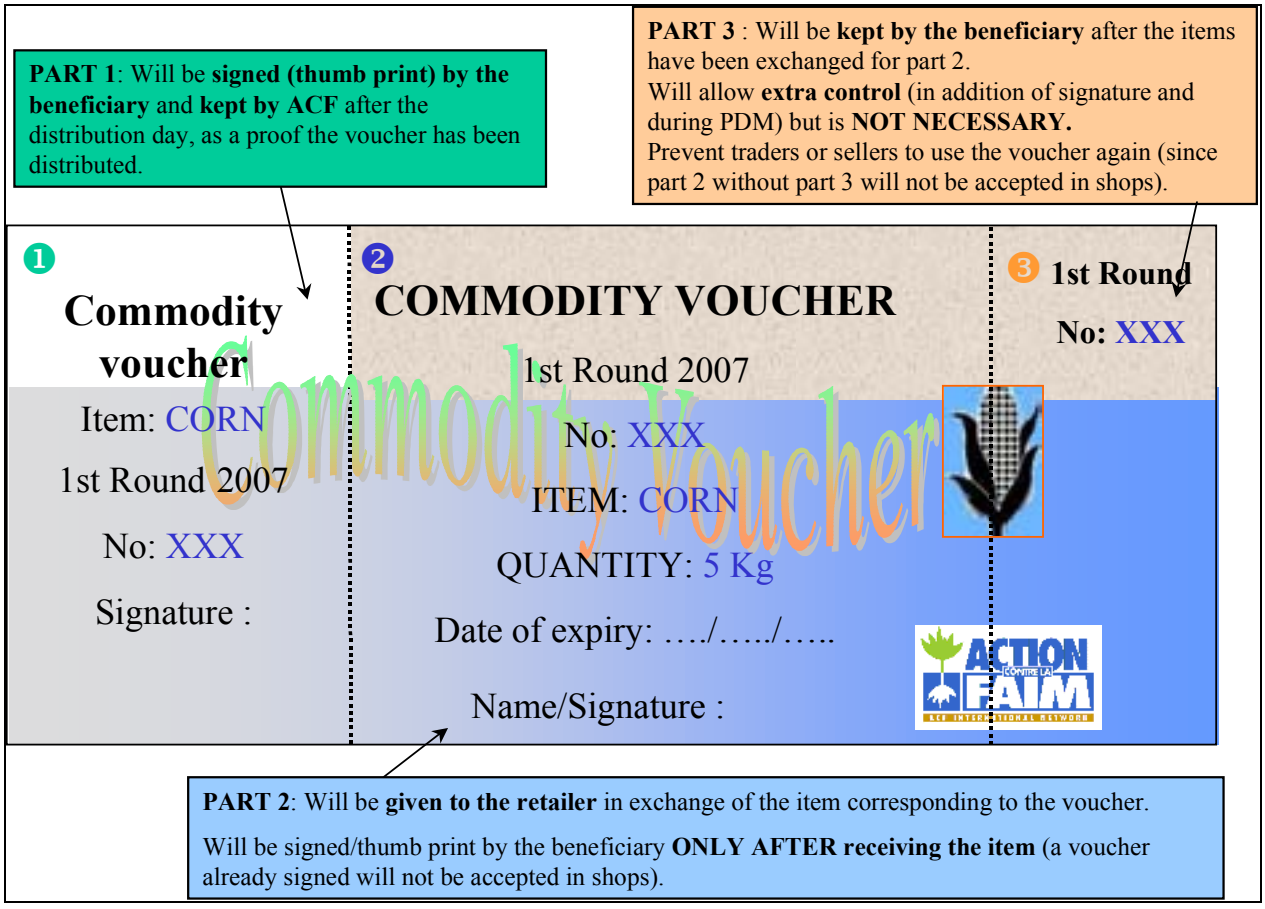

Figure 10. Voucher design: an example for a commodity voucher

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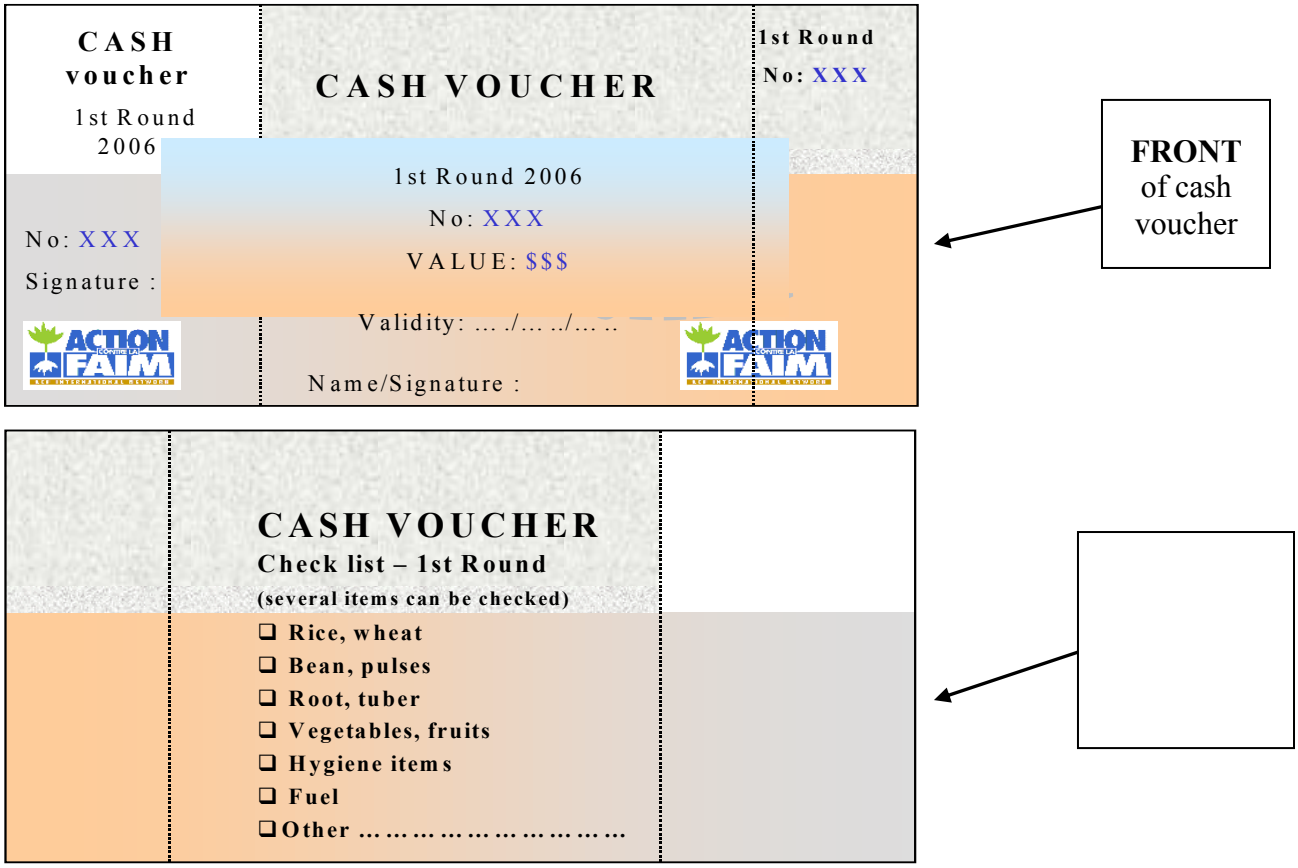

Figure 10. Cash-voucher design: an example

The above example shows an **additional form of monitoring** which can take place, where the trader is asked to check which goods were purchased on the **back voucher.** This is not necessary, but could be used **in small-scale projects** to confirm any information given by recipients in 'post-distribution monitoring'. Before printing these on the back of vouchers, you need to assess whether or not you are likely to undertake this level of monitoring (depending on the size of the programme, traders' literacy, expected level of monitoring, etc). You may decide to limit yourself to sampling, where traders are asked to **fill in a form for just one day** noting down which commodities were bought with vouchers. Reading information off a single sheet is less time consuming than passing through thousands of vouchers.

As discussed above, recipients should receive **several vouchers** of different denominations to give them **greater flexibility** and allow people to buy different goods in different stores or on different days. Multiple vouchers will however be more time-consuming in the internal control systems, will require more paperwork and will cost more in printing.

Printing the vouchers is a critical and time-consuming part of the process and should be done early enough to make sure vouchers are ready for the distribution day. Printing should be done by a printing company, preferably **outside the programme area**. Using ACF printers is NOT recommended since copying the vouchers will be very easy and risks of fraud higher. ACF will pass the voucher design and numbers to the printing company, making sure that the contract clearly stipulates that no extra vouchers should be printed.

TIPS on voucher design

- **Prevent forging and cheating**:
  - The voucher **serial number** is the tracking system (NEVER use the same number, even if vouchers are distributed in different areas).

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- Use different colours, e.g. for different payment rounds, payment areas or values.
- You can use a **voucher stub** for extra control.

- **Ease of use**:
  - The voucher must be **translated**.
  - Locally used signs or drawing should be included, and different values should be easily recognised.
  - The **validity** of the voucher should be clearly stamped on the vouchers.
- **Distributing several vouchers of different values**:
  - Gives more flexibility for purchasers…
  - …but brings more work and costs for the agency.
- **Printing the voucher**:
  - Should be done **in good time** for payment
  - Should be done by a professional and reputable printing company **outside the area**.

6. The process of spending the vouchers

Once the vouchers have been distribute, people have with them part 2, with the stub remaining with the paying agency. They have also been informed on the **validity of the voucher**, which will be stamped on the voucher on (or the day before) the distribution day. It is better not pre-printed on the voucher, since unexpected situations may delay the distribution.

In the following days or weeks, beneficiaries should have understood they have to go to the participating shops, if they want to use their vouchers. Make sure they are aware that the voucher will be lost when the validity period is over.

Recipients spend the voucher as they would cash, for the item or items allowed by the voucher. In the case of a commodity voucher, they will receive an equal quantity wherever they shop, and can only compare the quality of items. With a cash-valued voucher, they are free to **shop around** to try and find the cheapest items, and can also **bargain with traders** just as they would do with cash. Once they have made their choice, the following process takes place.

- **Step 1**: ***Getting items***. The voucher-holder asks for the items she/he is entitled to (commodity voucher) or shops up to the voucher amount (cash voucher).
- **Step 2** ***Checking the voucher***. The shopkeeper verifies that the voucher serial number corresponds to a serial number on his/her list, that the name of the beneficiary is right and that the voucher is still valid.:
- **Step 3**: ***Signing encashment list***. **If this control is needed**, the retailer fills in the encashment list (see below) with the date and signature of the voucher holder.

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VOUCHER ENCASHMENT - RECEPTION OF ITEMS

VILLAGE / AREA: A

Trader / Retailer: A1

Round: 01

Voucher serial #	Trader code (if needed)	Name of head of HH / Name of voucher holder	Date of encashment	Signature
001	A1	Amata Prosper		
002	A1	Anouri Félicien		
003				

This part will be filled in **by ACF, BEFORE giving the list to the trader / retailer**.

Figures and names should **correspond EXACTLY** to the information on the **distribution list**.

As mentioned in figure 8 above, the trader code is needed ONLY if vouchers have been assigned to specific shops.

These two columns will be filled in **by the TRADER/ RETAILER,** when the voucher-holder comes to get his/her items.

The **signed encashment lists** and their associated **signed vouchers** (part 2) will be the only way for the retailer to be repaid by the agency.

Figure 11. An example of encashment list for voucher scheme through local shops

- **Step 4:** The retailer keeps the voucher.
- **Step 5**. The beneficiary takes his/her purchases and goes home. The retailer keeps the voucher in a safe place.
- **Step 6: *Getting repaid***. At the agreed interval, each shopkeeper hands over to ACF the encashment list duly signed by each beneficiary and the corresponding vouchers.
- **Step 7**: ***Getting repaid***. After verification that the list and the vouchers correspond, ACF pays the retailer according to the agreement (preferably by direct credit to the bank).

This process as described is a 'standard' way of using vouchers, but there is no reason not to be **infinitely creative** in accordance with the local situation, the objectives of the project, and what is possible. Box 26 illustrates a specific case where vouchers were used as **a way of distributing food aid**, with a quite different role ascribed to traders.

Box 26. Voucher scheme with food distributed to local traders

In 2006, ACF decided to organise a food distribution to 13,000 drought affected families in the Wajid region in Somalia. Since food was not available in the region and traders could not access adequate quantities, in-kind assistance was called for rather than a normal CBI. However, to minimise the negative impact of food aid on the local commercial structures, and to ease the movement of food in a highly insecure and unstructured environment, a hybrid project of 'food-aid-by vouchers' was created, using local traders as distributing agents. The project was set up as follows.

a. ACF would supply local traders in central locations with food items received from WFP and from purchases in Kenya.
b. ACF would distribute vouchers to the food distribution beneficiaries.
c. The food given by ACF was dispatched by the traders to their local retailers, following their usual business and transportation methods.
d. The beneficiaries would go to the selected local retailers to exchange their vouchers for the food

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supplied by ACF.

e. ACF would redeem the vouchers, paying the traders not for the food they had supplied, but for the transport and distribution services.

(Unfortunately, the project was never implemented, as WFP withdrew its support.)

3.2.2.5 Voucher scheme, through fairs

Vouchers and fairs grew out of the experience of Catholic Relief Services (CRS), which set out to research whether or not **seed distributions were always necessary** in humanitarian emergencies. Their research was primarily agricultural, and not focused on 'CBI': they were concerned with finding out what farmers knew about the quality of seeds, how they selected seeds and chose what to plant, and what supply was locally available. The conclusions were that:

- Locally available seed is preferred by many farmers to the so-called 'improved' seeds brought in by companies (and humanitarian agencies).
- Farmers know what they are doing.
- Frequently, even in the middle of conflicts, **there is enough seed** around in the local economy, it's just that some people don't have any.

The recommendation was simple: get local people **to make available their surpluses**, let those who need come and choose, and help them buy the seeds by giving them all vouchers to exchange at the 'fair'. The story is important because it shows that organising seed fairs did not come out of theoretical designs for 'CBI': it was a remarkably simple, but very effective, way of solving the actual problem people were facing based on an analysis of what was actually happening on the ground.

The concept has now been widely adopted. The FAO now considers it as one of their standard responses, and more recently, fairs have been used for **a wider range of goods**. The guidelines which follow should be read in the spirit in which voucher fairs were created. Experience has taught some good practical lessons which don't need to be reinvented by everyone, but there is no necessary blue print. If you understand on what the principles are based, you can **adapt them at will to your own circumstances**. There's quite a lot of organisational work involved in running successful fairs, and a great deal of common sense is needed – but it is really not 'rocket science'. People have been organising fairs for centuries.

Many practical documents from the seed fair in Uganda can be found in annex 28: refer to them for concrete examples and templates to be adapted to your own situation.

The seed fair experience in Uganda has been described in the **Food security Newsletter #10**, May 2007.

Much of the implementation of fairs-and-vouchers projects are just as for any other voucher programme, or indeed any other CBI. The difference is that instead of using the local existing trading system for people to turn their vouchers into goods, it is necessary **to organise a special 'market'**. Very often, these markets have been dedicated solely for the trade in vouchers, but in fact there is no reason why this has to be the case. If you find that the market for seeds of local varieties, for example, is not well developed, there is no reason to think that this will only be a problem for the people to whom you give vouchers.

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Organising a seed fair could be **of great benefit to the whole population**, and it may be possible to allow trade to take place there in **both vouchers and cash**. This will depend upon whether or not there are enough people selling seeds in sufficient quantity, and it will be looked at below. The important perspective to hold from the beginning though, is that you are doing two things:

- You are helping people with **vouchers.**
- You are helping facilitate **a market system**.

You don't need to think of it as 'your' market or a 'project fair', even if the trade at the market is restricted entirely to spending in vouchers. If people think of it as 'their' market there is even a chance that such markets will become more regular, and you will have used a 'relief' intervention to set up a sustainable system which will bring a rich development harvest. It is fine to let the local people **follow their ways of organising markets**, although there are a few principles that you have to follow to make it easier for you to administer the vouchers at the fair.

Box 27. Different ways of using vouchers and fairs.

The 'standard' seed fair as pioneered by CRS is open to adaptation in many ways, according to the needs of people. GOAL has been innovative in using fairs in different ways.

In Ethiopia, GOAL expanded the seed fairs by including other livelihood items, such as tools and animals.

In Niger, GOAL found that men were more oriented towards long-term family investment, while women were responsible for meeting immediate family needs. Humanitarian needs included both immediate consumption needs and agricultural inputs. So, fairs were organised where both vouchers and cash were used. The men were given a voucher worth USD 80 and women a cash grant worth USD 20 that could be used at the fair or in any other shop.

Source: Merry Fitzpatrick (2006).

1. *The principles to follow in organising voucher fairs*

- There must be **enough supply** of the goods at the fair.
  - This needs to be assessed before designing the project. If availability is a problem, then a fair might not be the best solution.
  - It also needs to be ensured by advertising and/or searching out possible traders during the organisation of the fair.
- Everyone, buyers and sellers, must understand very well **how the vouchers will work**.
- Make sure the fair is **well publicised**.
- Make sure the fair is **well organised** on the day itself – plenty of space for everyone, etc.
- Make sure you have the **approval of the authorities** for the fair.
- Follow the normal procedures for **distributing vouchers**, which can be done at the fair itself.
- Follow the normal procedures in redeeming, controlling and accounting for all the vouchers.
- And that's it!

2. *Checking for and organising supply*

Fairs are not always possible, if there is **no availability of the goods** you are trying to help people access. A preliminary assessment in project design phase may have suggested this would not be a problem, but you may have to change the design later, either because a more detailed assessment shows that supply was not in fact enough, or because the situation has changed since

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the first assessment. Since you are the one giving out the seed vouchers, you know exactly **how much seed is the minimum necessary** to allow everyone to make purchases.

Remember though that some seed may be rejected by buyers because it is of **low quality**, or not the variety they like. You also will not know exactly which kinds of seeds people will buy in which quantities, but a few discussions with farmers should give you a good idea. Since farmers of different economic or social status often plant different crops and in different quantities, you have to make sure you speak to people from the same 'category' as the ones who are receiving vouchers. Make sure **the supply is more than the likely demand** for **each major crop** independently, and not just as an overall figure.

Sometimes, you can run fairs in some areas and not in others. Remember that the objective of the project is never to organise fairs. The objective is help ensure that everyone has seeds, or school books, or food, or whatever other goods you want to make available. Fairs are only one way of achieving this, so don't worry if you have to change the plan. Box 28 shows how a programme was made flexible at more than one stage.

Box 28. Organising seed fairs: ACF experience in Zimbabwe[27]

The objectives of the programme in Zimbabwe was to provide 20,000 beneficiaries with seeds, and it was decided to consider seed fairs as a way of achieving this.

Step ❶: The most food insecure Wards in the programme area were identified through data collected together with the FAO, other agencies (Oxfam, Care) and the local authorities. 20 Wards were identified, in which about 45% of the population was estimated to be in need of support to face the next agricultural season. Since this was less than the targeted umber of beneficiaries, the number of targeted Wards was increased to 24.

Step ❷: Seed security assessments were conducted in all the targeted Wards, in order to evaluate the type of seeds available, their quantities and the possibility to meet fair needs. Notices about the fair were posted in strategic places, asking potential seed sellers to give information about the quantity of seeds they would be able to sell. A second round of sensitisation was carried out, because not enough sellers had come forward. After the second round, there was still only an assurance of seed to meet 16% of the estimated seed needs of 20,000 people. This indicated that there was a problem of seed availability in the area. The number of seed fairs was therefore decreased from 24 to just 2, in the Wards where the seed availability was high. The other 22 Wards were covered by direct seed distributions instead.

3. Selecting sellers for the fair

One of the purposes of organising a fair is to **gather all local available** (but often **informal**) **supply** in one place at the same time. Fairs have mostly been organised with seed and other agriculture-related items, which are often sold by many small informal sellers. Because these potential sellers are small-size and informal, **advertising and communicating about the fair** will be a critical part if enough sellers are to come to the fair. However, if you are organising a fair for agricultural implements, school material or building material for housing reconstruction, then you may need more contact with formal traders and from stockists from outside the project area. You can be as flexible as you like: the objective is simply to make sure that there will be enough supply of what people actually want, and that, where appropriate, as much as possible can come from local people who might not normally see themselves as 'traders' at all.

It is possible to have a fair where sellers simply turn up without registering in advance, but there are advantages in **having people register**:

- It helps you know how much **supply of goods** will be at the fair.

[27] An evaluation of the ACF programme in Zimbabwe has been completed mid-2007.

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- It helps you to know **how many traders**, and so how much **space** you will need.
- Sellers will have **made a commitment** (if only to themselves) that they will attend, so it will make it more likely that they will arrive.
- If you are lucky enough to have more traders than there is space for, you can avoid confusion on fair day.

These are the only reasons for having a 'registration', so there is no reason to exclude sellers who simply turn up on the day if you find that possible and convenient. If you do welcome last-minute sellers, then make sure your advertising tells them so, otherwise they may not turn up if they haven't registered.

The registration need not be complex. It's simply a list of people, what quantities they promise to bring and how to contact them. You may choose to give them some kind of form or 'ticket' if you think space will be limited at the fair.

Sensitisation and communication

- To be done via all locally used communication means (radio, newspapers, administrative notice). Two weeks is probably a minimum time for advertising.
- Use all likely gathering places (administration, schools, religious places, markets, hospitals, meeting places etc).
- Where necessary, be proactive in inviting people you know could be good suppliers.
- Publicise all the relevant information: the purpose of the fair, how it will work, who can participate, where can sellers can collect more information, and how to register for the fair.
- Conditions for sellers' participation
- Potential sellers should be able to attend the fair day.
- Potential participants should sell items that are relevant for the fair (e.g. should not bring clothes if it is a seed fair).
- Selected sellers should be able to transport their items to the site.

You may also want to sign an **informal agreement with sellers**, in which case the registration is a good time to do this. It can also be done on fair day. A full contract is probably not necessary, and if you have informal 'traders' with low literacy, they may not feel comfortable with a contract. An agreement will be particularly useful with any traders who are invited form **outside the area** to make sure everyone has **agreed to the fairs procedures**, for example:

- If market **dues** are levied by local authorities, who will be responsible for these.
- If there are any other trading laws, that the sellers will abide by these.
- Transport costs are with the seller.
- There is **no guarantee** that any individual seller will be able to sell their goods – it is for voucher holders to choose.
- The agency does guarantee the **volume of business** for the fair **as a whole** (the value of the vouchers).
- Whether or not **non-voucher holders** will be invited who are allowed to pay in cash .
- **When** the agency promises to **pay the sellers** for the vouchers – probably the same day or, if the fair is to last until the evening of for other administrative reasons, the following day or later on.
- **How** sellers will be **repaid** (probably in cash, or by direct bank credit for larger traders).
- If there are maximum prices which are allowed.
- **Responsibilities** in case of voucher theft or loss (usually, responsibility rests with the person who lost them).

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- **Sanctions** in case of breaking any rules or cheating in any way (e.g. with 'light' measures).
- If you see there were any other issues which needed clarification with sellers, then these may also be included.

Box 29. CRS experience in Zimbabwe: making sure that everyone knows how the fair will work

The process of sensitization for seed sellers started at community meetings with farmers who had seed to sell, local stockists and traders. Follow-up visits were made to the individual traders where fact sheets were given: the voucher system was described, the seed fair date and venue were given, and the amount of seed needs as assessed. It was made clear there would be no help for transportation.

The pricing was set for maize on the day of the fair. The price included the cost of transportation with an adjustment for the individual voucher values. The price was negotiated with the sellers by a team of CRS, CTDT, and the local committee. The other prices were set based upon the current price of grain with a 25% premium but again taking into account the voucher values that was already set. The price set was to be the maximum price.

Farmers and sellers could still negotiate for a lower price or more likely a greater amount of seed for the vouchers because the set price was the upper limit. A workshop was held in Harare with seed companies to mobilize their local stockist and/or to organize to come with seed themselves.

The sellers felt that there was not sufficient seed available in the commercial sector to meet the demand and the price was an issue. CRS/CTDT explained it was not possible to change the price but the cost of transport could be factored in to the price on the day of the fair ".

Source: CRS (2004).

4. Getting official approval for the fair

The extent to which you work in partnership with local authorities will vary from situation to situation. These decisions need to be taken for all programmes, not just CBIs, and so are not the subject of this manual.

However, even where you work largely independently of the local authorities, you do need to comply with all the local rules relating to holding markets. This may involve any of the following.

- Traders may have to pay market dues, though you may succeed in persuading the authorities to waive these. (It is probably best if the agency pays dues for all the sellers, especially if many of the sellers are not normally traders)
- Check whether sellers also need an **official trading licence**. You should be able to get this condition waived, if it exists, where most sellers will only be selling at this one fair and are not normally traders. However, make sure you do not encourage sellers to break the law or get in a position where they may have to pay fines.
- The rules may oblige you to have **official inspectors for quality control**, e.g. for animal health or even for seed quality (there may be costs associated with the presence of the veterinarian).
- Suppliers may have to have **licences to transport their goods** (especially in the case of livestock). There may be regulations about quarantine in moving animals or even plant material from place to place.

Remember that a seed fair or livestock fair is potentially a very **effective way of spreading diseases and pests**. Seeds can carry diseases, and may also contain seeds of dangerous weeds, such as *striga*. Make sure you get some very good technical advice about whether or not this is likely to be a problem in your area, and how best this can be managed.

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5. *Setting prices*

There are different approaches to setting prices at the fairs. It may be possible simply to **leave this to the market**, and let buyers and sellers agree their own prices. In theory, if there are enough sellers, **competition** will ensure prices are **realistic and fair**. Because people are spending vouchers, not cash, which they have to use that day, there may be a tendency for prices to be slightly higher than in other markets – though where there are no regular markets for items like local seed, a comparison may be hard to find. In any case, this may not be significant or a problem.

You may want to ensure that prices will be 'fair' and that sellers will get the quantity of goods at the fair that you were expecting. You could agree **a maximum price for each kind of good sold** (this is more complicated for livestock, since it depends upon size, age, condition, etc.). Traders would be free to sell for less than this if they wished, to attract more customers. The only way to fix these prices is **in consultation** with those who wish to sell – and with those who wish to buy! If either side doesn't think the prices are reasonable, then they will simply not turn up at the fair or will not buy what is considered too expensive. These discussions should be able to get everyone to agree on which kinds of things should be sold at the same price, and which can be old at different prices. For example, if formal traders are coming with 'improved' varieties of seeds, or if people are selling 'improved' breeds of animals, then these may need to have a different (higher) selling price.

You could also work off **a 'benchmark' price**, which can be negotiated downwards or can be raised slightly if quality is particularly good. There may not need to be a formal 'ceiling' if everyone agrees to what is fair in advance, where there is a reasonable level of trust. Discussions with buyers and sellers should be able to fix these prices without too many problems.

Prices are often quoted in **terms of weight**, but may actually be measured by volume (a half litre mug is often believed to be equivalent to 0.5 kg, though it is actually short for most seeds). Informal 'traders' will not have authenticated scales, but if any sellers are using weighing scales, then they should be checked. It is best to agree on a practice which everyone feels is fair.

6. *Sensitising beneficiaries and sellers*

As in the voucher scheme through individual traders, sensitisation on the fair process and voucher use needs to be repeated (especially since the process is often new to most of the participants).

Sensitisation on the process and use of the voucher should be conducted at least three times before the actual fair day: ❶ when the project is first presented to the population, ❷ when beneficiary lists are validated and ❸ just before the beginning of the fair.

Using **sample vouchers** and organising a **role play** imitating the fair organisation and set up will make the process easier to understand for the beneficiaries and sellers. Always leave enough time for people to ask questions.

The information conveyed includes:

- **How to use** the voucher? which part should be kept by the beneficiary, which one given to the trader?
- How to **select the sellers** / the items? How to **negotiate** prices (if appropriate)?
- How to check for the **quantities** bought?
- What is the **value** of the voucher(s)?
- **Which items** can be purchased with the vouchers?

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- How traders will be **reimbursed**?

The following box gives an example of the **sensitisation and beneficiary selection** processes in a seed fair implemented by CRS and CTDT in Zimbabwe. This example is divided in three parts and will be followed in the rest of the chapter.

Box 30. CRS experience in Zimbabwe

Following drought and political problems in the country, CRS decided to implement a programme aiming at restoring and strengthening agricultural activities, via improved farmers' access to seeds. The seed voucher and fair process was chosen and implemented in partnership with a local NGO.

Part 1: sensitisation and beneficiary selection

"The process started in each district with a visit to the Development Agents (DA), Agricultural Research and Extension (AREX) officer in the district, and the Rural District Councils.

The seed vouchers and fair approach was explained.

The program was described and the objectives given.

The criteria for targeting beneficiaries were given.

In each ward, one to two community meetings were organized. Prior to this meeting, the plans for the seed voucher and fair (SV&F) program were discussed with the local leadership.

The community meetings included the local ward councillor, the traditional leaders, and the men/women of the community. The meetings served to sensitize the community to the SV&F approach and to initiate organization of the event. CTDT/CRS introduced the approach, described the program and the objectives.

The fact sheets were made available, example vouchers were presented and the use of the vouchers described. Price estimates were made for seeds compared with the price locally used for the grain. The farmers who would be seed sellers were mobilized. The seed fair venue and dates were also set.

A second visit was made where the seed fair committees (Agricultural Recovery Committees) were established and the beneficiary list made".

Source: CRS (2004).

7. Voucher design

This has been discussed fully in section 3.2.2.4 above. Since vouchers can be distributed and redeemed on the same day, there is less chance of any problems, as long as security of the vouchers was good between printing and distribution. If it is not distributed and redeemed on the same day, similar recommendations as in the individual traders case apply. In most cases, the vouchers can be quite simple, see annex 28 for example from Uganda.

8. Voucher distribution

The process of distributing vouchers is the same, whether they are to be spent in a fair or in local shops. However, it may be most convenient to distribute the vouchers on the day of the fair at the fair site. Make sure you have allowed enough time for this. This will reduce or eliminate a 'secondary market' in vouchers, with beneficiaries selling their vouchers to others. If you wish to prevent this, you could instead distribute vouchers on a day before the fair, but verify also that each entrant to the market has a **beneficiary ID**. You may also decide not to worry about people selling their vouchers, since they will instead receive cash which they can spend on other needs.

9. Organising the fair

You have to decide **how much you want to control the whole process**. You do need to make sure that the voucher holders can buy their goods. If the fair is open to all, they may face

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competition from others who have cash to buy, and so they may leave empty handed (in this case, you may want that people with vouchers enter first and after a while non-voucher holders).

Some way of enclosing the area and restricting access, but without going to too much trouble, is therefore necessary. Local people, including the beneficiaries, will be able to advise you on how best to do this. If supply is good, and once the voucher holders have made their purchases, it may be possible to open up the fair to anyone else who is interested in buying.

Make sure the area is **big enough** for the number of people. If people are too many, some will have to wait until others have left before entering. This may mean that all the best quality seed is sold before they can enter.

Laying out the area **in advance** is necessary, and again, this can best be done by local people, including those who will be selling. They should leave plenty of space for people to walk around the different 'stalls'. Tables or real 'stalls' will probably not be necessary, and sellers will bring their own mats, sacks, etc.

Some people have tried to monitor each seller, by **weighing the seeds** which they brought for sale, and weighing the balance at the end of the day before redeeming the vouchers. This would not normally be worth the trouble, especially since the causes of discrepancies may not be possible to prove. In principle, weighing could pick up the following problems: sellers buying vouchers at a discount rather than making sales; cheating on the measure; selling at too high a price, which includes simply cheating the voucher holders about the value of the vouchers. Simple **presence at the site** of a few staff to check that everyone is happy should be sufficient. It is always worth remembering that fairs happen all the time all over the world! As long as the voucher holders can buy what they want at a reasonable price, that is all that matters.

On the fair day, the steps can be as follows:

- **Step 1**: ***Quality check and sellers registration***. What kinds of check you make on quality will depend on the situation. To some extent, buyers will make their own quality decisions, as long as there is enough on sale to allow them to reject poor merchandise. However, you could certainly refuse to admit people whose goods are below an acceptable standard. Have some technical expertise on hand, so that it is clear this is being done on objective grounds.

  Registered retailers can then **sign a retailer presence list.** Make sure the lists can easily cope with retailers who would like to participate in the fair at the last minute.

- **Step 2**: ***Sensitisation and installation***. Explain to the retailers once again how the process works and direct them to their 'stall' site.

- **Step 3**: ***Beneficiary registration***. Their names are checked on the beneficiary list, beneficiary or ID cards are checked, and they are given their vouchers, after signing the voucher distribution list.

- **Step 4**: ***The market***. Each voucher-holder goes around the fair and purchases what they want. They pay in vouchers.

- **Step 5**: ***Leaving the fair***. If you want to make sure that no unused vouchers are taken away, then you could have a voucher with part retained by the recipient. These would have to be presented by each person leaving the fair, and any unused vouchers reclaimed. This may not be worth the trouble, especially if there are a large number of voucher holders.

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- **Step 6**: ***Getting repaid***. When the retailer has sold all their items and/or at the end of the fair day, they bring **the vouchers** they have received and are given money in exchange (or a receipt for later-on payment), after verification of the vouchers' authenticity.

The following box continues the story of **ACF's experience in Zimbabwe**. The first two steps were described in box 28.

Box 31. Running the fair in practice: ACF in Zimbabwe.

Step ❸: **Beneficiaries selection, sensitisation** and **training**. The community was fully involved in the selection of beneficiaries and the organisation of the seed fair itself. Beneficiaries were taught about the process of the fair, and also about other agricultural issues. An agricultural training manual was also shared with communities.

Step ❹: **Voucher design**. The design, printing and preparation of vouchers were done by ACF. The French Embassy and ACF logo were included on the voucher. To avoid people being constrained by high denomination vouchers, each beneficiary was to receive 14 vouchers (for a total of ZWD 5,050). The symbols that communities locally use for numbers was added on the voucher to make sure illiterate people would be able to distinguish vouchers of different value (e.g. chicken for ZWD 100 and onion for ZWD 50).

This process was acknowledged as very difficult, both time and labour consuming and should be avoided in future similar project.

Step ❺: **Price monitoring**. All participants were asked to do their own market surveys prior to the fair, so a market-based price that could be used as a basis for bargaining could be agreed jointly by beneficiaries, seed sellers and ACF.

Step ❻: **Final sensitisation and price agreement**. This was done on the day before the seed fair itself, because of Zimbabwe's high inflation, with prices changing very quickly. This included:

a. Registration of all seed sellers and a last round of communication about the fair.
b. Joint decision about a basis fair price for the different type of seeds (see step 5).
c. Rehearsal of the fair day, using examples of vouchers and following all the steps in the process (registration, check-in, bargaining, buying, getting repaid).

Step ❼: **The fair day**. The Ministry of agriculture was present for seed quality verification and ICRISAT monitored the fair[28]. ACF staff were also monitoring the process at all time and bringing support or advice if needed. On-site monitoring was conducted with sellers and beneficiaries (organisation, site location, sensitisation, quality of seeds, satisfaction).

a. Pre-fair meeting was organised where the whole process is explained again and beneficiary lists are reviewed by the community for inclusion or exclusion errors.
b. Sellers who have passed the quality control registered in the fair. The type and quantity of seeds they are bringing is registered at that time. Their stall sites were allocated.
c. Beneficiaries enter the fair area. The vouchers were distributed, according to the normal procedures of voucher distribution. Each person received 14 vouchers.
d. When sellers had no seed left or at the end of the fair; sellers had their vouchers redeemed against cash by ACF.

Box 32. Organising seed fairs: maintaining flexibility until the end!

ACF's seed fairs programme in Zimbabwe had been flexible from the beginning, as seen in box 28. Flexibility was required until the end, in order to help match supply and demand on fair day itself, as the two very different experiences illustrate.

Fair 1. 52 sellers came to the fair. By 11 am, all legume seeds had been sold and by 2 pm, all seeds had been sold. Some beneficiaries still had unspent vouchers. Sellers at a nearby market were asked to join

[28] Their report of the fair is included in annex 5.24

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the fair, and ACF had to agree to provide for transportation. A seed company was also contacted and was able to bring hybrid maize seed very promptly.

Fair 2. 186 sellers responded to the invitation to the fair. Due to the large number of sellers, the fair finished late and payment could not be completed on the same day. All the necessary information was gathered, and those who were still holding vouchers were asked to come the following morning for repayment by ACF.

Even though the fairs had enough seed, they weren't always the crops people wanted or the right kind of seed. Many beneficiaries couldn't get what they wanted at the fairs, so ACF decided to supplement the fair with an in-kind distribution of the preferred kind of maize (non-hybrid) and groundnut seeds.

Box 33. Organising seed fairs: ACF experience in Zimbabwe (cont.)

The following issues have been raised by the ACF personnel who implemented the programme in Zimbabwe.

- Community involvement took place from the very beginning of the programme onwards and helped in the programme being well accepted by the population. Many parts of the seed fair organisation were in fact implemented by the community itself: the set-up of the fair site (following ACF plans), loading and off-loading, security (ensured by the community neighbourhood police). Groups of community "volunteers" further helped in the training process and during the fair day. Finally, after three hours, the fair was also opened to everyone and the exchange of seeds could continue with cash (out of ACF responsibility).
- Measurement. Seed sellers were asked to bring local measuring tools for them to be calibrated before the seed fair. However, cheating on quantities sold could not be 100% avoided.
- Fair size and organisation. Allocating a specific stall to each seller enabled a more ordered display and selling of seeds. Discussing prices the day before with all participants allowed fair prices to be mostly below market prices. However, the large number of beneficiaries compared to the size of the fair site prevented everybody being in the area at the same time, meaning that the first ones entering the site got better quality seeds.
- Seed availability and type. 'Will there be enough seed?' is a critical question, but so is the quality of the seed, and whether it is the kind people want to buy. People should not be forced into buying seeds they don't want, just to use up their vouchers.
- Logistic constraints. Implementation was impaired by a lack of transport in a programme area several hundred kilometres wide. Although there was much attention to collecting data, the lack of a computer prevented data entry and analysis. This could have been foreseen, and less data collected – without losing the quality of information gathered.

Annex 32 summarises tips on fair organisation.

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KEY POINTS on "Voucher intervention"

- **Cash or commodity voucher**: vouchers can be redeemed against specific item(s) (commodity voucher) or against anything the beneficiaries choose in the shop (cash voucher). The choice will be made depending on the context and the programme's objectives.
- **Fair or existing shops**: the voucher scheme can be organised through local shops or through fairs where selected traders and voucher-holders gather in a one-day event.
- **Voucher design:** the main tracking system is the voucher serial number. Vouchers have to be translated into the local language. To ensure an efficient tracking system, it can include three parts (part 1 signed and kept by ACF, part 2 signed and given to the trader and part 3 kept by the beneficiary. Part 3 allows for extra control, but can be omitted).
- **Trader selection**:
  - Large sensitisation on the process should take place to involve as many traders/sellers as possible (critical in one-day fairs to ensure sufficient availability).
  - Traders who wish to participate should meet certain criteria, but only those which are really necessary .
  - A contract/memorandum of understanding should be signed or agreed on in advance.
- **Sensitisation**: all participants – voucher-holders, traders, sellers - should be fully aware of :
  - How vouchers should be used.
  - Their value
  - What they can be redeemed for
  - Where they can be cashed or exchanged.
  - The voucher's validity.

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3.2.3 Labour-based interventions

The reasons for choosing labour-based interventions (cash- or voucher-for-work) rather than giving free grants were discussed in section 2.4.

Casual work versus labour-based scheme:

A **casual employee** is someone in a job that is **short-term**, **irregular** and **uncertain**. S/he is hired to **do a certain job**.

The person working in a labour-based scheme (which is short-term and irregular as casual employment is) has been selected following some **pre-established vulnerability criteria**, in order to meet the **objective** of the project (often to support the worker's food security). S/he is hired to do a job but also to **get some support** through it.

Whether the work is paid in vouchers or in cash is unrelated to the way in which a labour-based programme is designed and implemented. Any references to cash-for-work (CFW) in this section should therefore be understood to **include vouchers-for-work** or 'VFW').

In most cases, CFW projects are planned with **two objectives**:

- Giving the **workers** some **income**.
- **Achieving some work** which is beneficial to the community or the local economy.

Sometimes these two objectives will go together well, but not always. In that case, it may be necessary to choose: what is the **main objective** of the programme? If you find that getting a task done is the most important, and you would like to use the opportunity to employ as much labour as possible, that is fine. In fact, it would be better if all infrastructure programmes considered how they could maximise their impact in terms of job-creation and putting income into the hands of those who need it. However, we will not consider these programmes here as CBIs. Here we are concerned with programmes where the primary motive is to **give people income through work** (nevertheless, many of the same issues will be relevant to both kinds of programme). It is nevertheless common for a project to have two objectives.

Box 34. What is the real objective? Facing the dilemma in Haiti.

Following Hurricane Jeanne in 2004, most of the salt works of the Anse Rouge district in Haiti were destroyed, with a negative impact on the local economy. ACF set up a project with the twin objectives of "improving households' food security by rehabilitating production means in salt works destroyed by Hurricane Jeanne". However, phrasing this as a single objective ('achieving something by doing something else') made it more difficult to choose between what turned out to be competing objectives.

This objective was to be met with a CFW project.

1) In 2005, ACF created producers' committees, who chose the salt works to benefit from the rehabilitation and, following criteria set up by ACF, the people who would participate in the CFW activity. Since ACF was paying these workers, and not the salt works owners, no-one had an incentive in doing a fast and good quality job. None of the rehabilitation was completed on time. Some owners even complained that their salt works had been damaged by poor rehabilitation work.
2) In 2006, ACF decided instead to target the owners of the salt works. A grant was given to the owner, who was responsible for hiring and supervising the rehabilitation work. Their selection of workers did not follow 'vulnerability' criteria, as used in 2005, but was based on who they thought would work well. This compromised the objective of the project, which was to support the most food insecure households with the CFW.

In neither case were the twin objectives properly met. ACF should have made a choice between a CFW project, to give work to those who most needed the income, or an infrastructure rehabilitation programme

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through cash grants to salt works owners, with no direct benefit to the poorest.

In another CFW project in Haiti, a compromise between two objectives was eventually found. The programme was rehabilitating drainage channels in an urban area. The first group of workers selected according to poverty criteria, was not able to fulfil the work objective A second working group was then chosen, still taking into consideration poverty criteria but also ability to work, in order to achieve the output objectives. In practice, for example, the number of women was restricted to 30%.

3.2.3.1 Choosing the work to be done

Once a labour-based project has been selected as a relevant activity, it is critical to identify **what will be implemented**. Where possible, this is best done in a **participatory way** with the 'community'. It should be remembered, tough, that 'the community' rarely has a single priority, and some people are better than others at getting their priorities taken as being those of the 'community'. **Local authorities** should also be consulted about the choice of work project, since they are usually responsible for all public infrastructure in their area. They will probably already have identified 'priority' projects. Care should be taken to fit in, where possible, with these priorities, but without unknowingly undertaking work which was scheduled to be done, and already funded, through Government channels. In particular, projects which work on health or education facilities should have the involvement of the relevant Departments or Ministries. In some places, there may be fears that local Government will overly 'politicise' any CFW projects, e.g. favouring areas where they have more support, or favouring one ethnic group over another[29]. It is always necessary to be aware of these possibilities, and in such cases, to adapt any guidelines given here accordingly.

Where **new structures** are being built, particular care should be taken regarding **land laws**, though this is unfortunately very rare with humanitarian agencies. Land law is different in each country, and so no guidance can be offered here. In some countries, land is owned by the State, and people have few, if any, legal rights over the land they regard as 'theirs'. On the contrary, in some cases, rural people are entitled to full compensation of the value of their land if it is taken for the construction of public utilities – just as would be normal in any urban area. If water points are constructed on private land, it is also necessary to have a legal guarantee that the water will be freely available to all, and cannot be fenced off. Make sure to **consult a lawyer specialised** in land law, or an NGO active in the area of land rights, before you begin.

There is a natural tendency to think of all CFW as being about **physical work** and creating infrastructure. This is partly because this is the easiest way of employing many hundreds of people at once. This tendency will almost certainly be followed if you ask communities or local authorities for potential CFW projects, because this is what everyone has always done. If the primary goal may be to pay people (but make them work for it) there is no reason to be **as creative as you want about what you call 'work'**. This is especially important if you want to make sure you include **people who cannot do hard physical work**. Many of the people affected by crisis may have skills that can be used: there is no reason to treat them all as unskilled labourers, except for the practical reason that this is the easiest work to organise and supervise on a large scale. You can pay people for: cooking meals for those engaged in physical work; looking after the children of those doing physical work – or looking after any children in a 'crèche'; being adult literacy teachers; helping school children with homework after school; working in HIV/AIDS education or helping implement home based care; sensitising people

[29] 'Community committees' can, of course, behave in exactly the same way.

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about business planning for their CFW incomes… the list is endless[30]. Many of these will be relatively minor, and may be harder to monitor, but if it provides income for people who need it most, it may justify itself. Sometimes, there will be a danger of **setting a precedent** that **certain kind of work attracts payment, when it had been a community (voluntary) responsibility**. That is why **each situation has to decide for itself** what is appropriate under a CFW project.

Once you have a list of potential projects, you have to choose between them. The preferences of the community or local authorities may be an important criterion, but not the only one. Bearing in mind the objectives, you also need to look at which projects will ensure the maximum amount of money going for the people whom you are targeting.

- **Skilled labour**: Many construction projects also require some skilled labour. It is not right that this should be paid at a normal CFW wage. Market rates for skilled labour will generally be much higher. Providing skilled labour opportunities is a 'good thing' to do– but in a limited budget, this will reduce the number of targeted beneficiaries. It is probably not possible to ignore the need for some skilled work, but you may need to select projects which **maximise the amount of unskilled labour**.
- **Non-wage costs**: As discussed in section 2.4, all CFW have costs apart from the money spent on wages. These can be over half the total budget for projects such as building schools or teachers' houses.
- **Monitoring and administration costs**: The more money you need to spend on driving round to check up on projects, the less you can spend on wages. It is better to choose projects which you can supervise more easily.

Selecting labour-based interventions

- **Needs**: ask the different villages or populations in the intervention zone what would be their **most pressing needs** that can be answered with a labour-based intervention (organised by the community itself). Consult widely – e.g. you can also go to schools and ask the opinions of children (if you have staff with the right skills). **Local authorities** can also help identify needs which match the priorities of local Government and their service delivery. If the primary objective of CFW is work creation, there is no reason to be limited in identifying projects. You can add to anything the community says with your own suggestions – though these would need confirmation from the communities (and possibly local authorities) first.
- **Prioritising proposed works:** The objective of CFW is **employment creation**: this needs to be constantly restated! Some identified projects may be less suitable for CFW because they would employ fewer people, or because the non-wage costs (e.g. construction material) would be higher. Final selection of the work to be done cannot therefore simply follow the communities' priorities without taking into consideration these other factors. Ideally, you want programmes which can absorb very large amounts of labour, which respond to the communities needs, which are easily accessible and are all close together (for ease of monitoring) and which only involve unskilled labour and no other costs. In practice, you will have to compromise, so keep in mind your primary objectives.
- **Organisation:** the villages/areas should be able to:
  - Estimate **how many workers** will be needed and how much time the project will last.
  - Give their needs in **tools/equipment**.
  - Explain what they will do with the rubbish and other side productions of the labour-based activities.

[30] You may also be able to arrange contracts for groups of crisis-affected people for other kind of work, especially if you are able to lend people the tools – making desks for schools, sewing school uniforms, high quality crafts, etc. This kind of support could be much more widely applied, but it is not really 'CFW' and so is not included here.

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- **Targeting:** Workers list should be validated publicly. The number of workers will depend on the size of the village/area.
    - In small areas, every working-able person could participate in the activity.
    - If this is not feasible, the rule of "one member per household" can be set up.
    - If the number is still too large, vulnerability criteria should be followed.
- **Technical support:** Many projects will require **technical supervision** of some sort. This is often an area where local authorities can be involved, since they are often responsible for infrastructure in their area and will probably be responsible for maintenance afterwards. Even where they lack funding for construction, they should have technical staff who are able to oversee the work technically. This can remove a responsibility from ACF and also promote a positive relationship of collaboration with the State/Government. The extent to which this is possible will, of course, vary from country to country.
- **Salaries:** Community leaders often (rightly!) try and gain **as much as possible for their people**. They may try and push for higher wages, for the employment of more people and for the job to take more days than you would want. Rather than create a relationship of opposing interests, it is usually better to have some objective standards to refer to. Local authorities often have **standard rates and standard measures of a day's work**. Local communities will nearly always have standard units of labour with a fairly standard price which may be adaptable to your project. A big dilemma – whether or not to 'distort' the local labour market? It is better to be objective about how much you have to pay. Once a wage rate has been accepted, it should be **agreed in writing** by the community and all workers.

3.2.3.2 Targeting: choosing the workers

In general, CFW is usually considered **easier to target than free cash grants**. Since people have to work for their money (or vouchers), there should be less attempt by ineligible people to force themselves onto lists. It is often mentioned that CFW is **'self-targeting'** if the wage rate is set just below market rate. This may not work out in practice, for two reasons:

- There is often a shortage of opportunities to work, even at minimum rates
- A very low wage rate may be too low to meet the objectives of the programme.

This may often mean that more people will want to work on the scheme than you can find work for. Although 'making the community responsible' sounds like a good way of solving this problem, the reality may be more challenging. This will be particularly true **in urban areas**, where there is often less sense of 'community' and a greater population makes it harder to employ all those who want – or need – the work. The following experience is indeed from an urban setting – but the issues which arose can also be present, if less obvious, in rural areas.

Box 35. Working with community committees: ACF experience in Haiti

ACF's urban cash-for-work project to clean drainage channels in Haiti was discussed in box 34.

The selection of the beneficiaries was done through local neighbourhood committees. They put together lists based on the vulnerability criteria defined with ACF, and on the number of places set by ACF. The idea was that by working with these committees ❶ the activity would be well accepted by the community, ❷ the selection process would be fair and transparent and ❸ there would be monitoring of the work process during implementation.

However, ACF met a number of problems:

- The number of people who wanted to be included in the CFW scheme was much higher than the one that could be hired, leading to tense and potentially violent selection processes.
- The start of work was then blocked by people complaining about 'ineligible' people being included in the project (e.g. people giving false addresses). Many people also tried to be included after lists had been validated and work had already started.

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- Many committees were unable to deal with the pressures they were put under, and were not always the appropriate representatives of the population of the neighbourhood.
- The same CFW scheme was implemented in two areas, but at different times. Workers from the first area tried to be selected for the second one.
- Some committee leaders were corrupt, and tried to use the committee for their own interests - both political and financial.
- Many committee members demanded payment for their work, though it had been agreed that this would be voluntary.
- Complaining (about payment, working hours, etc.) was the "normal" mode of expression of workers as a group, even after everyone had individually agreed with decisions. The committees were often part of the problem, not the solution.

There are no easy answers to the difficulties encountered in the Haiti project. 'Community committees' are often necessary, but nearly always have their **own agendas**, especially where the overall population in the area is poor or crisis affected, and so everyone has some pressure to benefit from whatever aid is being planned. The only advice that can be offered is to be smart!

In practice, some aspects of targeting CFW can be just as difficult as for any other CBI or aid distribution. There are even additional problems in that the **most needy may be excluded** if they cannot physically work: certainly household with less labour can benefit less. Where CFW is much easier is in **avoiding some kinds of cheating**. Workers who have had to earn their money will (usually) not allow others to claim money for nothing. This pressure makes it very difficult for people who do not exist to be paid, though they can make up a significant percentage of the registers for free aid! People cannot be registered twice (although two members from the same family may both be included, even if this is not supposed to happen.) Impersonation is also much less likely to occur. This usually means that once the lists are complete and accepted, the main difficulties with targeting have been dealt with.

The best way to solve targeting problems is to **target as widely as possible** – in other words, to do as much as possible to employ more people. CFW can be quite easy to implement if you target whole populations, rather than trying to find the 'most vulnerable'. Finding suitable work should rarely, if ever, be the limiting factor – there are always places to plant trees, when all else fails! This is fine, as long as this is clearly understood to be an emergency CFW project and not a forestry or environmental project. Planning should start with the maximum number of people you think you can employ, and then find work, rather than starting from the number of jobs you can find. It may sometimes be possible to work in collaboration with other agencies so that each agency can target more widely over a smaller geographical area.

3.2.3.3 Planning

Once the areas of intervention have been selected, activities should be scheduled and organised in **a work plan** (see annex 19). It needs to include information on:

- Which projects will take place – where, when and what.
- How many workers will be working in each location, for how many days.
- An indicative payment schedule, including amounts to be distributed.
- Schedule of tools, storage, equipment needed
- Monitoring schedule, including transport needs

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3.2.3.4 Logistics and safety issues

Upon deciding where labour-based activities will be implemented, **logistical means** should be considered: transportation to work places should be feasible (road status, security, vehicles availability) and not too time-consuming, especially if there are many areas of intervention.

Once the type of work has been identified, the **required equipment** to enforce it properly should be **listed** (tools, spare parts, building materials, machines, working clothes), **ordered** and **purchased with the logistic department** (planning of supply and estimated delays should be accounted for together with the persons in charge of logistic issues). This should be done relatively quickly in order **not to delay the start of the labour-based activities** and for communities not to lose confidence in ACF.

Similarly, if new items are needed or if the stock has to be refilled, this should be planned ahead to take **supply delays** into account.

If the equipment is to be kept on the working sites, **storing** should be organised there.

Box 36. CFW implementation in Afghanistan

Assessments by ACF in Sang Charak, Afghanistan in 2002 found that most roads were highly damaged, constraining accessibility. ACF started road rehabilitation through CFW.

The most difficult issues found in the planning process were:

- Planning was not commonly used in the area, in the detailed way required by ACF.
- Workers' attendance was unpredictable, due to their parallel activities (bazaar, agriculture).
- Workers were often physically unfit for the work, since they had been selected among the most 'vulnerable'.
- Technically the work was difficult through CFW. Road were generally in an extremely bad state, the soil composition was unfavourable, etc.

There were also logistical difficulties.

- Large notes could not be used for the payments, so large volumes of cash had to be transported on payment days.
- Dynamite used in the work was not easily supplied (any supplier needed to be "clean", stocks were unclear, markets were inaccessible).
- De-mining had to be organised.

Workers' safety should be ensured at all time, and safety rules set up for the purpose (e.g. dangerous machines-if any- should only be used by the persons trained for it and/or already experienced). A **first-aid kit** should be available on each working site. If an hospital or medical agency are present in the area, they can be asked to collaborate and help the workers in case of a serious incident. If work is implemented in a remote area, a nurse could accompany the monitoring team.

Box 37. Workers' safety in CFW.

An evaluation of the urban CFW in Haiti (see boxes above) found that 23% of workers claimed to have experienced health problems during their dredging of the canal. Although these problems may not have been related to the work at the canal itself, ACF decided that hygiene kits would be distributed to workers to mitigate any health risks of the work.

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3.2.3.5 Training

Training will rarely be significant part of a CFW project if the objective is to get work done, although a short training at the beginning of the work will probably be useful. However if the project's goal is to find ways to pay people, then attending training seems attractive as a way of giving income and also leaving useful skills behind. Pure payment for training is becoming more widespread, both through sizeable 'allowances' for attending short training and longer term payment for training, especially where food, rather than cash, is the transfer. However, this can have a **longer term negative impact**, as in some countries, more and more people are refusing to be trained unless the receive payment and allowances.

Training may well be an **important component of maintenance** which should be built into all infrastructure development work. However, maintenance is not only about training. Maintenance fails because people don't do the work necessary, but only rarely because they don't know how to do it. More important are **socio-cultural and organisational issues** related to **responsibility, management and funding**. These need discussing and solving at the outset.

3.2.3.6 Work organisation

Since the persons selected for work may be unskilled, it is important to make sure that they will be able to do the work required. Don't assume that everyone will know how to do it. A **simple demonstration** may be enough, but sometimes a short training will be required.

The role of group organisation has already been discussed.

Box 38. ACF cash-for-work experience in Aceh (Indonesia)

Following the tsunami that devastated the area, ACF set up short-term CFW (April to end-June 2005, with each CFW activity lasting up to 20 days) mainly aimed at cleaning agricultural lands, irrigation channels or other facilities depending on the community's expressed needs.

Workers were divided in three groups: unskilled, skilled and team leaders and were receiving the following salary:

Category	Total amount (in RP/pers/day)
Unskilled workers	35,000
Skilled workers	45,000
Team leaders	55,000

ACF agreed on this scale with all the other agencies doing cash-for-work activities in the area, to avoid competition.

Note that as an organisational policy, ACF promotes projects with a maximum amount of unskilled labour.

If skilled workers are not in sufficient number in the area, ACF may have to provide a larger number of ACF staff to supervise and monitor the work progress. It may also have to lower technical requirements of labour-based activities and/or to have those parts done by professionals (who may then not fall in the "vulnerable" category).

Organisation of work should take the following points into account:

Work organisation

Adapt to local rules / habits AND humanitarian principles

- The labour-based scheme should abide by **all national laws** (land laws in particular) and/or administrative rules (to be checked carefully beforehand with the person in charge of human

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resources issues).

- Working days and hours should account for **cultural and religious habits** as well as climatic conditions (prayer break, national holidays, work not possible at certain time of the day/year). If work is needed on holidays, the reason should be well explained to workers and they should agree on it.

Humanitarian standards also have to be respected at all times even if they are not part of national laws (no child-work, gender equity, no exploitation of workers, etc)

- **Contracting workers**: a memorandum of understanding or **contract** should be agreed on or signed between ACF and each workers before starting the activity, including:
- Clearly defined **objectives** (to minimize free-rider attitude and low productivity).
- **Payment process** if objectives are reached: how, how much and when (rough timetable or can be linked to work completion).
- **Working rules** and sanctions if these rules are not met.
- Conditions when the contract can be broken.
- Which **equipment** is given to them, how they should maintain it and which part will be kept at the end of the project

NB: all this should be validated by the **ACF administrator** to make sure they are following ACF rules and national laws.

Work organisation

- Make sure to plan for a –short- **training / demonstration** at the beginning of the work activity.
- Fix the **total number of days** that each worker can work during the whole project, in order to allow as many people as possible to benefit from the project and to prevent people from being diverted from their usual activity.
- If workers are not easily found (migration, no interest), you could consider rehiring workers who worked in a previous labour-based scheme. More importantly, you should rethink why you're doing CFW !!
- Make sure to plan work (timing and working hours especially) according to the **physical conditions of the beneficiaries** or the **other activities** they may have in parallel.
- Have a 'plan B' ready in case people **finish work more quickly** than expected (but still expect to be paid for the full time).
- **Safety of workers** should be ensured (and necessary equipment planned accordingly).

Work monitoring and supervision

- Workers should be organised in **small groups** to ease monitoring and supervision, each group being managed by a supervisor (up to 25 persons per supervisor). The supervisor is chosen among the community itself and will be the referent person for ACF staff.
- The **supervisor** will be in charge of monitoring work progress and workers' attendance. The attendance sheets will then be used by the ACF staff to calculate the cash amount that each worker is supposed to get (an example of such attendance sheet can be found in annex 17).
- Since the supervisor may be bribed and/or collude with the workers to cheat on the attendance / names, **monitoring** and –unannounced- visits by ACF staff can detect and deter such behaviours. When a problem is noticed, an incident report is filed and if it occurs twice, work in the area may be suspended or definitively stopped.

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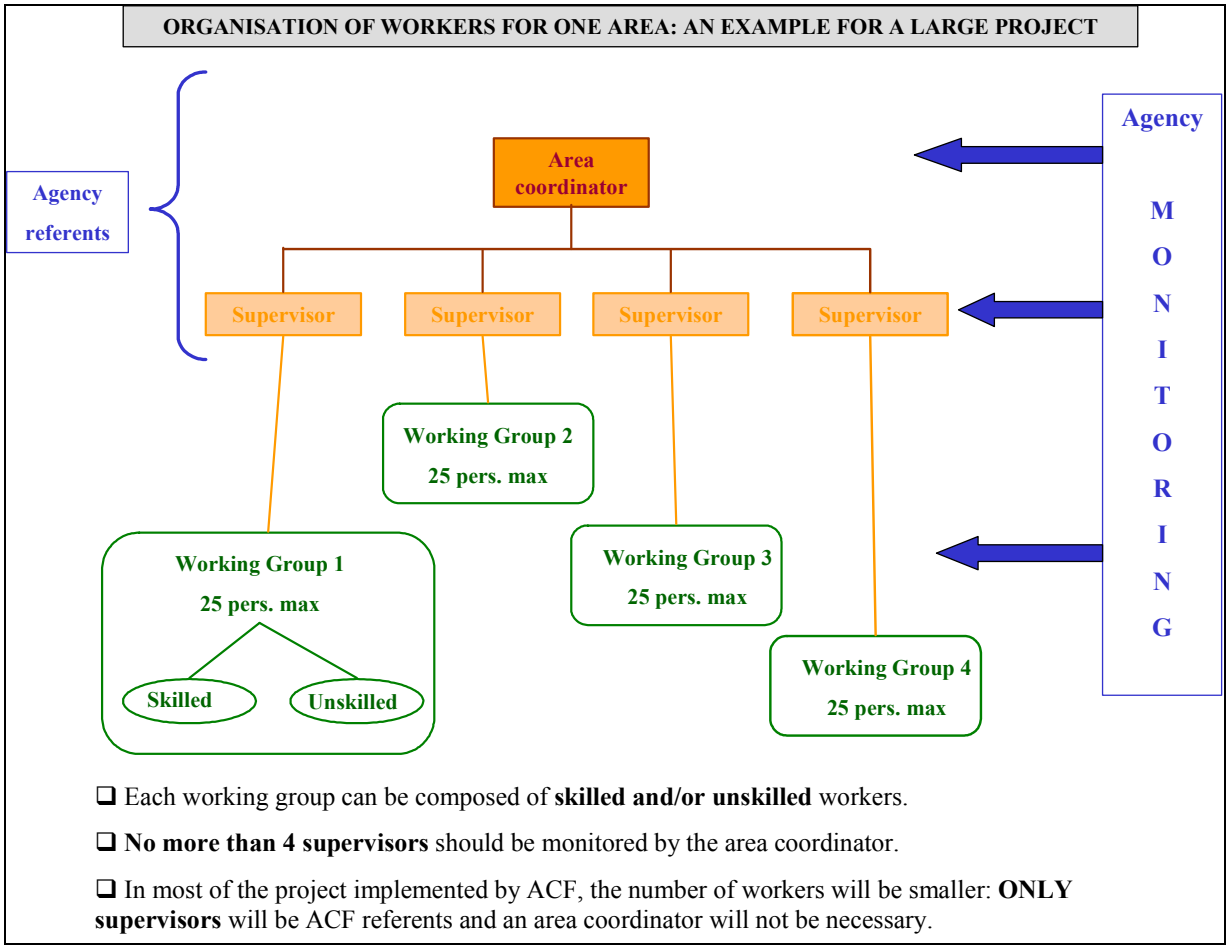

Figure 12. Organisation of workers in a large labour-based project: an example

Sometimes the most appropriate sounding solution turns out to be less ideal than had been hoped. The idea of contracting out the organisation of CFW to people who are specialised in this – local contractors – is appealing, it supports the local economy and removes an administrative burden form the agency leaving it free to concentrate on food security. This may be a good approach in some place, but experience was not always favourable.

Box 39. CFW with local subcontractors: ACF experience in Afghanistan

A CFW project in Kabul was intended to provide vulnerable people with a regular income, and also improve water access. By Afghan law, the work had to be implemented through official local subcontractors. They agreed on the principle of hiring labour from ACF lists, drawn up on humanitarian criteria. However, in practice this did not go smoothly, as the sub-contractors had a 'business' perspective and naturally prioritised achieving the work quickly rather than giving people income.

- They wanted to work with the same people for the whole period of the project, rather than rotating workers to reach more beneficiaries.
- They refused to hire some people from the list because of their poor physical conditions.
- One subcontractor paid a lower wage than another, leading to resignations.

Further difficulties were experienced because of problems with both the project design and implementation. Kabul had a reasonable market for unskilled labour, which in some ways offered better opportunities than the CFW project.

- Work was irregular, and workers were informed only 2 days in advance on the days they would work the following week. As a result, many resigned, preferring to go to 'worker stations', where they were more likely to find longer-term work opportunities.
- During monitoring, all the workers felt that the work was simply too few days to be of real benefit to them, and the income did not allow for any new expenditure.

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- There was a delay between the selection of workers and starting work, during which some found another job. They simply sent someone else, not corresponding to the selection criteria, to replace them in the CFW project.
- Some were physically incapable of doing the work, and "voluntarily" dropped out.

3.2.3.7 Payment process

Once the wage rate itself is decided, the next question is **how often to pay people**.

After a crisis, the need for cash may be very acute and **daily payments** could be useful for workers. However daily payments are complicated and time consuming, and would place too high an administrative burden on most CFW projects. As always, a **compromise** between what people need and what you can do has to be found. If people's humanitarian needs are so pressing following a crisis that they cannot wait a few days for their money, then CFW alone is probably not enough as a humanitarian response. In practice, since CFW takes some time to set up, there should have been other aid mechanisms already in place – whether in-kind, free service delivery, of free cash grants.

Weekly payments should normally be acceptable to most people, though this would need confirming. Giving an **advance payment** on the first week is theoretically possible, but would also add to the administrative burden and the community would have to take responsibility for making sure this was repaid, even if the specific recipients did not show up for work. In general, though a manual for world-wide use cannot give rules for each individual situation, advances should be avoided.

Where payments are not only intended to help people meet ongoing consumption needs, but also to **enable them to invest**, it may be useful to pay a part of the wages each week, and to **retain a part so that people receive a significant sum as a final payment** –enough to buy livestock, contribute towards building a house, etc. This would depend upon **agreement with the workers** and their communities. One successful practice has been to make the final, large payment **into an account at a local savings and credit organisation**. This meets three goals: it gives people a sizeable sum for investment; it reduces the dangers of making the larger payments in cash; and it helps people create a relationship with a reputable organisation offering financial services.

Although people may have fears about robbery when transporting money for making payments, in most situations this risk is quite low. Even in emergency situations, private contractors may be conducting business involving paying and receiving cash. Although often they are not in the same 'circle' as the humanitarian agencies, they can be a good source of information about risks and how to avoid them. Where **risk is a serious issue**, payment can be made in **vouchers**, provided this was discussed and agreed from the start. In urban areas, and in some middle-income countries, it may be possible to pay people directly to bank accounts.

TIPS for payment process:

- Make sure the supervisors of work groups have filled in **attendance sheets** and that the work has been checked before pay-day. This enables payments to be made very quickly, following payment lists which have already been agreed.
- Many of the **guidelines for paying free cash grants apply** equally to CFW wages.
- Count the money into envelopes in the security of the office. Write on the outside of the envelope the worker's name, the number of days they are being paid for and the total amount. This will also speed up payment.
- Where security is an issue, you may have to **avoid routine and predictability** in carrying and

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distributing cash payments.

- Make sure to have sufficient **small denomination notes**, since workers are likely not to have change if large denomination notes are given to them.
- Agree in advance what to do if a worker is not there in person to collect wages (this is more likely where you are not regular with your pay-day, for security reasons). In most cases, a group leader or someone else in the community can be trusted with the money, but this needs the prior agreement of all.

Annex 17 gives an example of a paying sheet for a labour-based intervention where weekly payments are organised. It should be adapted to the type of labour-based intervention as well as the payment procedure (whether output-based, daily-based or group-based, see above).

3.2.3.8 Ending labour-based projects

Labour-based interventions are in most cases **short-term**, except when they are part of safety net programmes, as in Ethiopia. Although people are aware of this, expect some pressure to continue with the programme (if you are really helping people, they won't want to see it end). The project staff may also want to see the project continue if their alternative is redundancy. You can always find a justification for continuing a CFW project, as unemployment and under-employment are going to be a reality for millions of people for many, many years.

Make sure you knew what **the objectives of the programme were**, and what the criteria were in deciding the scale of the programme when it was set up. If these have been reached and the situation has improved, then maintain the decision to close. There should only be a need to reassess closure and possibly look for funds to continue **if the situation has changed,** e.g. the crisis has got worse. If the scale of the programme was only limited by funds that were then available, then additional funding may well be usefully put to increasing CFW projects.

TIPS for ending labour-based interventions:

- Plan for **exit strategies** at the beginning of your intervention (e.g. **assessment** to evaluate how the situation has evolved and what should be done after the labour-based scheme).
- Ensure **proper communication / sensitization** with the communities from the beginning of the programme onwards (on the fact that it is a short-term project, on the objectives, on the planned end).
- Try to match the end of the labour-based intervention with the **start of alternative seasonal activities**.
- **Decrease the number of working hours** / days to smooth the end of the programme.
- Plan for a **larger instalment** at the end of the work.
- Make sure that the community has **appropriated the work's output** and know how to maintain it (and can do it).

In many projects, work is **rotated around a larger number of people,** so many workers may have ended their participation before the project closes. In many areas where CFW will be run, people are used to labour opportunities which come and go. It is important that people are kept aware when the project will close, and that this is a final decision. They will then feel free to leave the project when other work opportunities come along. Since their labour year is often seasonal, new work opportunities do arise, and it is likely that this was taken into consideration in designing the project and when it should end. This is one way in which project closure should be built into the design from the outset. The idea of withholding a percentage of the

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wages to make a more sizeable final payment has already been discussed. Project closure also involves handing over any infrastructure to those taking responsibility for management and maintenance. In a few cases, a longer term project relationship with the communities involved may develop, but this will probably not be the norm for humanitarian CBIs.

KEY POINTS on "Labour-based interventions"

- **Selecting labour-based projects**:
  - A community-based process is helpful
  - Work with local authorities, where possible
  - Develop a community action plan, covering work needs, timing, organisation of the work
  - Have clear targeting criteria, but be as wide as possible
  - Agree on working hours, work norms, payment. Follow existing norms (e.g. local authorities) where possible, if this helps meet objectives.
- **Planning and logistics**
  - Develop shared work plan with logistics and administration. Coordinate the planned work projects, with the logistic and transport needs, the administration responsibilities and finances. Plan everything well in advance.
  - Don't underestimate need for good accounting!
  - Purchases of needed equipment should be planned, ordered and made in time for the start of the project.
  - Safety of workers should be ensured at all time
- **Work organisation**
  - Respect all national laws and administrative rules.
  - Adapt to local habits and climatic conditions.
  - Sign agreements with groups of workers, stating working rules and hours of work, objectives, sanctions and payment conditions.
  - Adapt working hours and planning to workers' physical condition.
  - Have supervisors from the community to supervise and monitor the work process.
  - Ensure a manageable size of working group (up to 25 persons).
  - Monitor the process closely and on a regular basis.
- **Training**
  - For workers at the beginning of the work process.
  - For the maintenance of the work output after its completion.
  - For the organisation and funding of this maintenance once the agency leaves the area.
- **Payment process**:
  - Salary should be set depending on the objectives of the programme. Where possible in the light of the objectives, follow local rates for minimum wage or casual labour, but find alternatives where this is too low.
  - Payment can be output-based, daily-based or work-based (see 3.1.3.5)

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3.3 *Monitoring / evaluation of cash-based interventions*

3.3.1 Monitoring

Monitoring[31] is the **regular**, **systematic** and **purposeful** observation and reporting of all the activities taking place in a project or programme.

- It verifies whether the project activities are happening **according to planning** and **objectives** (looking at the OVIs) and whether means are used in a correct and efficient manner.
- The reporting part of monitoring enables the gathered information to be used in making decisions for **improving project performance** and in giving feedbacks to the donors, implementers and beneficiaries of the project.

Monitoring is simply the practice of keeping a constant eye on what is going on, rather than giving a treatment and assuming that everything is going fine. Though the phrase is rather opaque, it does give four useful leads to good monitoring.

Regular	Monitoring happens periodically, not haphazardly. It should be **scheduled**, and made part of people's normal responsibilities and workload. Some things get looked at every week or month, other things get checked after each distribution.
Systematic	Monitoring has to **have a plan**. You may hear useful things if you talk to people at random, but you won't know what it really means unless you think carefully about who you want to talk to, and what you want to know from each person. You may want to make sure you speak to both men and women, or young and old, or beneficiaries and non-beneficiaries, people who live near shops and people who live far away. Think about the best, simplest and most reliable source for each necessary piece of information. There are no simple 'rules', except to have thought about what you need and to be systematic about it.
Purposeful	Monitoring takes place for a purpose, not just to fill in forms. Don't collect information that you won't use: that's not monitoring, it's just data collection, and you should be too busy for that. The chain of thinking goes as follows: a) What decisions will I need to make? b) What information will inform those decisions? c) How can I get that information? d) What systems do I need, to ensure that the information is used properly? You will potentially use the information to take hundreds of decisions. Is the programme **still relevant**? Is the grant the right size? Is inflation too high? Should we switch to in-kind aid? Are we missing out needy people? Have we managed the security risks well? Do traders understand the vouchers? Are people being cheated? Do we have enough transport to meet the needs of next months CFW,

[31] The "Handbook of Monitoring" by P. Bartle available on: http://www.scn.org/ip/cds/cmp/hemon.htm#SBegin

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	etc?
Reporting	Information isn't useful unless it gets into the hands (or minds) of the people who will use it to take decisions. You need to have a **good system of sharing information and understanding**. Asking people to fill in monthly reports may serve this purpose – but if people are not good at writing and it takes them too long, they miss out the important bits, or you don't have time to read the reports, then you're not monitoring. In some circumstances you need to look at alternatives: a weekly meeting or just regular informal chats in the car travelling to the field. The information and the process should still be recorded, if only for broader lesson learning for other projects. Remember not to make yourself the sole 'information-hub' of monitoring. Other people may need to make decisions based on this information as well, and you won't have time to pass on all the information to everyone yourself. The people collecting the information should be sharing it with others too – e.g. with the logistics and administration staff, other food security projects, etc.

Of course, one of the uses of monitoring information is to account to donors. This is important, but should not be made the ultimate goal. Donors want information in reports to ensure that you are collecting it and using it, not because they need it.

3.3.1.1 What should be monitored?

The time to start thinking about what to monitor is in the programme **design phase**. Think then about the management decisions that will be needed and what decision-makers will need to know. Some of these areas will be included in the LFA as indicators – the famous **OVIs** (and this is the reason why they should be chosen very carefully). Inevitably, as the project develops, you will discover new information needs, so the LFA cannot be your only monitoring guide. Don't have too many, don't choose any which will take up all your time to measure, and don't measure them if you won't use the information. The LFA is part of a contract, it's what you promise to your donors. Only promise information if you seriously intend to deliver.

There are no simple rules about what you need to monitor. If there were, this manual could have a standard list of indicators in the annex to be used in all CBIs across the world! In the following paragraphs, there are some **suggestions**. These are based on analysis of the kinds of decisions that have to be made and on some of the areas which have been found to be useful in other projects. They may not cover all of your needs, and they may well include areas which you don't need to monitor. They are intended only to give guidance and help you think **creatively about your own information needs**. Remember that your aim is to check whether:

- The programme has **achieved its objectives**.
- The programme **is still relevant** (you should have defined proxy indicator, e.g. sources of income, use of the cash, coping strategies and their rank, to measure this)

Equally, there are no rules about how to monitor. Some people prefer the extensive use of questionnaires, others prefer more qualitative, less structured interviewing. If you need to quantify information, then you may need to use formal surveys. These are complex, and you need to be sure that you know how you will analyse the data before you start collecting it. This means knowing exactly which tests you are going to run on which variables and what that will

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tell you. If you are not sure, consult an **expert in quantitative research** before you design your questionnaire[32]. There is little point in wasting so much time on filling in questionnaires and entering them on to a database if they don't answer your questions exactly or if the results won't be valid because of sampling errors. Your questionnaires should always **be short** – if they take more than about 20 minutes, you will probably find that there is more data collected than can possibly be analysed meaningfully without huge samples!

Alternatively, you can stick to **qualitative monitoring**. Even if you also use questionnaires, this should always be the basis of your monitoring: it will tell you what things actually mean, and it will give you the information quickly. Surveys can be used to verify and quantify more precisely the things you pick up in qualitative interviewing. Qualitative research can be done both in **individual 'interviews'** (e.g. with key informants) and in **group discussions** (the advantages of each are discussed in other places and are not the subject of this manual). Informal occasions to talk to people should also be taken advantage of.

It is useful to think about monitoring at four different levels[33]:

1. Project activities and processes.
2. Household level impacts.
3. Broad economic and market impacts of the programme.
4. Wider food security and livelihoods situation monitoring.

3.3.1.2 Monitoring activities and processes

Monitoring activities is the basis of any **day-to-day project management**. It includes making sure that work-plans are being adhered to, that budgets are being spent properly and that the quality of the activities is adequate. Organising a voucher distribution involves a chain of many steps before actually handing out vouchers – have all the necessary steps taken place?

You also want to know from the beneficiries **about the process of the programme**, e.g. how the distribution was organised, including the things that the agency was not itself responsible for. This monitoring can point out any small problems can be dealt with quickly, through minor changes to the way you run the programme.

Box 41. What might you want to know about the process of a voucher programme?

- Did the shopkeepers supply products of an appropriate quality and price without any dishonest practice?
- Was the process transparent? Did everyone understand the value of vouchers, and the products they could buy?
- Was targeting effective? Were the people you wanted to reach missed for any reason?
- Were there any risks to people's safety because of handling vouchers?

Adapted from Oxfam (2005)

This day-to-day follow-up is all the more relevant for the processes which ACF does not control, e.g. the exchange of vouchers with traders or the local organisation of labour in CFW. Informal, but unannounced, visits to different areas of intervention are useful, especially if they can be made in a non-threatening way.

[32] For more information and details about survey methodology, please refer to the ACF guide *Outils statistiques pour des enquêtes de terrain de qualité*.
[33] As presented in Oxfam's handbook "Cash Transfer Programming in Emergencies".

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3.3.1.3 Monitoring the impact at household and community level

Since the objectives of the project are usually about helping people improve their livelihood in some way, this is the most important section for understanding if the project is 'working'. Just because people are receiving things, does not necessarily mean that your objectives are being met (refer to annex 20 for an example of household PDM questionnaire).

This monitoring is similar to the **normal 'post-distribution monitoring' (PDM)** that takes place after each cycle of distribution in all aid programmes. The interviews are usually done fairly soon after each distribution or payment, so that people remember how they used the grant. However, households make decisions about spending in the light of all their different income sources. What is important is, looking at all the income sources they had together, what changed as a result of having a new source of cash, the CBI:

- With regard to their expenditure ?
- With regard to the other income generating activities and/or coping mechanisms they had to use?

If it is possible to also **rank these sources of income**, it should help you evaluate the **relevance** of the programme and whether it has changed from the baseline situation and during the programme. For instance if the cash grant comes first in the income sources at the beginning of the programme, and comes third in the following survey, it may indicate that the situation has improved and that the household is less dependent on the grant (the same reasoning can be conducted with coping strategies).

Box 42. What might you want to know about the household impact of a cash grant programme?

What exactly you want to know will depend on the programme's objectives. Some of the areas of interest may be the following:

- How did people use the money? Was it in ways in which you had intended?
- To what extent did this depend upon whether a man or woman received the money?
- Can the household rank its main sources of income? Where does the CBI fit in?
- How much of the money went on consumption? On investment? How much has been given out as social support to others?
- Which members of the family benefited? – e.g. did the money go on feeding children in particular? or on education? did it empower women?
- How difficult was it for people to make their purchases, e.g. were there transport costs?
- Were the goods they wanted available? Were the goods of the quality they wanted?
- If people have invested money, has it been successful? (This may not be apparent early on.)
- Was the grant appropriate for people's needs? Have they still had to engage in 'distress' strategies or are they now able to cope (was it due to the CBI or not)?
- Who had control over spending decisions at household level? (gender)

The answers to the above questions are unlikely to be the same for all households. So:

- What differences existed between different 'kinds' of households?
- Why were some households able to benefit more than others from the grant?

Annexes 5 and 6 look at two changes which can be measured, by looking at the household diet and the coping mechanisms used.

In theory, monitoring and evaluation do not try and compare what happened after the project with what it was like before since things would have changed anyway. The comparison is

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between what happened with the project and 'what would have happened if there had been no project'. This hypothetical situation can often be seen directly by **looking at non-beneficiaries**, or at what was happening **outside the programme area**. Sometimes, you have to 'create' the hypothetical situation, by looking at life before the project and 'adding on' any changes which you have reason to believe would have happened anyway. This is not an exact science but may help you understand the situation, as long as you are thinking about what changes mean and which ones are more likely to be due to the CBI.

TIPS for post-distribution monitoring (household and FGD)[34]:

- Organise a **"test" for the PDM questionnaire** before doing it at a larger scale, to check whether questions are well understood (by the monitoring team and the population) and relevant for the programme.
- Test the analysis of the questionnaire as well, to make sure only relevant information is collected (think how and for what the information collected will be used).
- Ensure key issues are **cross-checked** through different sources (household questionnaires, key informants and focus group discussions for instance).
- **Focus group discussions** should be organised with beneficiary and non-beneficiaries (as in the household monitoring case when possible) and try to be representative of the community (i.e. include leaders but also poorer people, men and women, different ages, different vocational groups, etc).
- Discussions with **key informants** will bring valuable information.
- To gather different and less biased information, **gender-based groups** could answer the questions separately (if culturally accepted).
- For the interview (be it an individual or a group one), the surveyor should try to isolate her/himself with the person(s), to prevent loudmouths from interfering in the discussions and influencing answers.
- The group of people interviewed should not be too large (15 persons maximum) so that discussion can be conducted efficiently. They can be asked to talk about **the average household** and not themselves in order to have more open and honest answers.
- At least 2 persons from the monitoring team should attend the FGD: one leading it and one taking note (potentially a third person can be a translator, if needed).
- The monitoring team should be aware of the **monitoring methodology** and be thoroughly **trained** on the questionnaire: how to ask questions, how to fill it in, how to cross-check the information collected.

In the case of a **labour based project**, then it is also necessary to know about the impact which the extra work had. There is no complete set of questions, but the areas which you would want to understand would be:

- Which other income generating activities did they have to abandon because of CFW? Was it worth it?
- What would they have earned otherwise?
- Which other activities got neglected?
- What would they normally have been doing at that time of the year, and how did it change?

[34] Please refer to the ACF guide « Outils statistiques pour des enquêtes de terrain de qualité » for further details and information on sampling and survey methodology, as well as to the other ACF food security Modules.

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- What would the long term impact be, for example, if they spent less time in their own fields?
- Who in the household worked in CFW?
- Who spent the money?
- How did the labour demand on other members of the household change as a result of one member participating in CFW?

Answering these questions will help you define whether the CFW has to be changed or not and in which way. Potential changes include:

- Reducing the time people can work on the project.
- Restricting the project to a certain number of participants per household.
- Changing the targeting criteria, e.g. including or excluding women.
- Abandoning CFW in favour of a free grant – either in general or for targeted households.
- Expanding CFW.
- Changing the wage rate.
- Delaying implementation until after a particular season.

Household questionnaires will not bring all the answers to your questions so you should complement them with **monitoring at the community level** .

Informal visits and discussions with different persons from the community (key informants, government employees, etc) outside of any formal survey can bring interesting information and potentially more honest remarks about the project.

Focus group discussions should be organised in parallel to cross-check the information collected through individual questionnaires on the impacts of the programme. However, if pressed with time and resources (which is often the case), it is also possible to get some information through focus group and/or key informants and other information through household questionnaire. This does not allow for as scrupulous a crosschecking but speeds up the process and allows for a vast data collection. A FGD questionnaire is included in annex 23.

The **same issues as in the household monitoring** can thus be addressed, with an emphasis on those which can be **touchy when answered individually** but might be treated differently in a group dynamic, especially if focus group discussions are gender-based (gender issues and cash misuses among others). Moreover, when people talk about a third person (and not themselves) they tend to speak more openly and honestly.

Box 43. Typical subjects for a discussion with a group of beneficiaries

Being systematic about monitoring does not mean each interview can only touch one area. A single group discussion with a group of CBI beneficiaries could include all of the following topics. It is important in analysis to bring together the information on the same subject from all the different sources, rather than keeping each interview or discussion report separately.

Targeting

- ✓ Do people know how the beneficiaries were selected?
- ✓ What do they think of the targeting criteria? Of the selection process?
- ✓ Was anyone present here involved in the selection process?
- ✓ Perception of the programme's coverage (households left out or included inappropriately)?

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Perception of the programme

- ✓ What do they think of the programme (especially, was cash distribution a relevant option)?
- ✓ Comparison with other programmes previously or currently implemented?
- ✓ Impact of the programme at the community levels (positive and negative)?
- ✓ Potential improvements / recommendations of the community?

Sharing practices

- ✓ How did the programme fit in local sharing practices in times of needs or pre-existing community credit mechanisms?
- ✓ Did the community do something to compensate for the gaps in the programme's coverage (if any)?

Cash uses and gender issues

- ✓ Do they feel cash was used in an appropriate way?
- ✓ Who decided how to spend the money in the household?
- ✓ If women received money, was it culturally acceptable?
- ✓ Were women able to keep the money and decide how to spend it themselves?

Impacts of the activities

- ✓ What are the impacts of the programme's activities on the community (output of labour-based scheme, impact of voucher programme on traders)?
- ✓ How are they accepted and used?
- ✓ Does the community feel cash/voucher distribution put pressure on the local market? In which way?
- ✓ Were quantities, quality and prices of basic items influenced by the project?

3.3.1.4 Broad economic impacts of the programme (market monitoring)

The **role of the market in CBIs is crucial** – this is how people actually get hold of their goods. it is therefore crucial to know what is going on there. Equally, the CBI itself will have an impact on the market – indeed, that is almost certainly one of the reasons why a CBI was chosen. CBIs can have both positive and negative impacts on markets. These need to be well understood, because otherwise, there may be risk that objectives will not be met – meaning people will not be helped as they had a right to be.

Here there will always be good baseline information, because this was necessary in order to design a CBI from the outset. it will be important to know about:

1. Prices
2. Availability of items
3. Demand for goods
4. Overall volume of trade

1. Prices

Price monitoring is very straightforward. First, find out if anyone is already doing price monitoring. If so, there is no need to repeat the work, as long as they are covering the prices you need. If not, it would be easier to ask them to add one price rather than to repeat the whole exercise yourselves.

If you need to monitor prices yourselves, decide **which commodities** you want to track and in which markets. It is not necessary to try and follow **too many prices**. You need to know the prices of the main goods people are expected to buy. If, for example, this is building materials or

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livestock, then food prices might not be very important to you. Many food items tend to move together, and are substitutes for each other, so there should be no need to monitor the prices of four or five different grains.

Unless the project area is very large, one central market and up to three or four markets outside any main town should be sufficient. If there are important special markets, e.g. for livestock, then these could be included.

Use a **simple form to collect the price** of each item every fortnight or every month (where inflation is a particular worry, as in Zimbabwe in 2005-7, you may want to monitor more often). Since many goods are not sold by weight, have the monitor write down the prices per unit, and weigh the unit, rather than calculating and writing down the price per Kg. If food is sold in 'heaps' then a few can be sampled. If prices vary from stall to stall, then a maximum and minimum can be added. Data should all be entered into a spreadsheet. Get someone who is computer literate to set up simple formulae for reading across different markets and different weeks, in order to give a consolidated picture of price movements and to draw graphs automatically.

Remember **why you need the information**.

- You need to know the **average price of the basket of goods** that people are supposed to be able to buy, and whether or not the grant is still adequate. Otherwise, you may have to increase the grant.
- You need to know whether or not **the grant is itself causing inflation** (compared to non-programme areas) in which case you may need to rethink the programme strategy.
- In a labour based programme, you may also want to monitor the **price of a day's labour**, to see the wider impact of the project on the local economy.

TIPS for price collection:

- Prices should be gathered from **different parts** of the market or **from different markets** (if the market is large or if several markets exist in the area).
- Prices can be collected **each week** in case of extreme volatility. In general **market volatility is NOT an issue** and prices can be collected **once a month** only.
- Commodity facing a **price cap** (maximum price) **/regulation** by the administration or the government should be identified as such and their prices monitored (if relevant) and potential changes in regulation checked for.
- Collect prices for the **same list of items** in each market survey (optimally using similar items as those included in data collected by the FAO or statistics agency). This will allow to compare data from one month to the other and is all the more relevant **if the cash transfer is linked to inflation** (i.e. if the cash amount given is upgraded when prices increase).
- For each commodity monitored, use the **cheapest variety** (which is also the one that vulnerable households are more likely to purchase). If this variety is not available, take the price of another one (more expansive) and comment on the shortage.
- For the main basic items, their **availability** can be checked alongside prices: it can be mentioned in the survey using a **predefined scale** (e.g. "0" for shortage, "1" for small quantities, "2" for medium availability, "3" for normal times and "4" for oversupply).

An example of price monitoring can be found in annex 12.

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2. *Availability*

If goods are not available in sufficient quantities, then a CBI may not help solve the access problem. In theory, increased money in people's pockets (increased 'effective demand') should lead to **more supply coming in** (change in supply flows). But did it? Supply is harder to quantify exactly, but it is usually easy to find out from traders whether supply is high or low (or in between) and whether it is increasing or decreasing (i.e. get some **trends**). Were traders able to meet their customers' demands? If not, what were the bottlenecks, and where were they? Is it because traders didn't feel it worth bringing in new goods or because they couldn't get them in for some reason?

Find out about the **quality of goods** too. The buyers may be the best ones to comment on this. If new goods come on to the market, this may be because of the CBI. This needs checking by asking about non-project areas. Traders, especially the ones bringing goods in to the area, often know a lot about markets outside the area and should have no reason not to want to chat to you. Supply of many goods is **seasonal**, so make sure you know how to interpret any changes. Simply ask traders whether the changes are normal for the time of year.

3. *Demand*

Demand is expected to **rise with a CBI** – but again, this assumption needs verifying, since the logic of the programme strategy rests on it. Traders are best placed to tell you about changes in demand. Are customers coming in with new requests? Which items are they buying in greater quantities? Again, traders will know how to analyse this in terms of what is normal for each season.

4. *Overall volume of trade*

A hoped for wider benefit of a CBI is a **general increase in trade**, not specifically related to purchases made with grants or vouchers. This is harder to study well without technical expertise, but general observations may be helpful. Have new traders moved in to the area? New shops opened? If so – have a chat and ask them what made them open a new business. What are the long term perspectives of traders, new and old?

Table 21. Monitoring the impact of the project on market(s)

GENERAL ISSUE	QUESTIONS
Supply	▪ Were traders always able to answer demand *? ▪ Have trader ever refused customers because of shortages*? ▪ If YES, why were they in short supply (transport problems, shortages at regional level, government restrictions, higher demand than usual)? ▪ Were these shortages "normal" at that time of the year? ▪ For which items did these shortages occur?
Demand	▪ How did the number of customers change? Quantify if possible (trend is enough). ▪ How did their level of activity change*? Quantify if possible (trend is enough). ▪ What were the items for which demand unusually increased/decreased (if any)? ▪ Could they give the reasons for these changes (if any)?
Prices	▪ How would traders qualify the current price situation?

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GENERAL ISSUE	QUESTIONS
	▪ Did they increase the selling prices of certain of their items more than usual*? ▪ If YES, why and for which items did such inflation take place?
Competition	▪ How did the number of traders in the market evolve* (quantify and compare figures with baseline data)? ▪ What impact did it have on the market (prices, tensions, activity)? ▪ Will the traders that moved in (if any) remain in the market or will they quit at the end of the project (traders' strategy)?
Impact of the project	▪ Perception of programme's impact on their business? ▪ Recommendations if any?
** The monitoring/recall period can be the past two weeks or the past month or 'since the start of CBI', depending on context.*	

3.3.1.5 Wider food security and livelihoods situation monitoring

This means keeping an eye on **the bigger picture**, not just the part of the picture which affects the CBI directly or which the CBI can affect. Make sure that you are not duplicating monitoring that is already taking place, e.g. through food security surveillance.

You need to know **how food security in the area is changing and why**. If new constraints are developing, it is important to understand these. This enables you to be flexible about your programming, and to begin thinking about alternatives or complements to CBI, either to run in parallel with the CBI or when it has finished. Even if ACF will not be running any more food security programmes, this does not mean turning a blind eye to people's food security. The agency's responsibility is not to run good projects but to make a meaningful change in people's lives. This can be done through good projects – but also through **alerting others** to what is going on and advocating for changes in policies or programmes by others.

3.3.2 Evaluation

Evaluation is still a process shrouded in much mystery. There are no simple formulae for giving a score to a project or for saying 'if it worked'. There is nothing more to evaluation than a systematic attempt to answer certain questions about a project. It is never possible to answer all the possible questions one could have about a project, and it is natural that different evaluators will try and answer different questions. When commissioning evaluations, different organisations will also ask their evaluators to answer different questions. Asking 'did the project CBI help people invest in livestock?' may give a different view of a project from an evaluation which asks 'how did the project address the inequalities in gender relations among the affected population?' or 'was the management structure the correct one for maximising cost-effectiveness?' None of these three questions is a 'right' or 'wrong' question for evaluation. It all depends upon what you want to know, and that will depend upon why you are conducting the evaluation.

There is nevertheless an **emerging consensus about some questions** which evaluations of humanitarian response should usefully focus on, in order to maximise the shared learning across organisations. This shared learning is designed in turn to ensure that **humanitarian response**

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can keep improving. Seven 'criteria' by which a humanitarian project can be assessed have been drawn up[35] and these have been increasingly adopted in evaluation practice.

The seven DAC criteria for evaluations

Relevance/ Appropriateness	Is the project is in line with local needs and priorities (as well as donor policy)? Appropriateness is the tailoring of humanitarian activities to local needs, increasing ownership, accountability and cost-effectiveness accordingly.
Connectedness	The need to ensure that activities of a short-term emergency nature are carried out in a context that takes longer-term and interconnected problems into account.
Coherence	The need to assess security, developmental, trade and military policies as well as humanitarian policies, to ensure that there is consistency and, in particular, that all policies take into account humanitarian and human-rights considerations.
Coverage	The need to reach major population groups facing life-threatening suffering wherever they are.
Efficiency	Efficiency measures the outputs –qualitative and quantitative – achieved as a result of inputs. This generally requires comparing alternative approaches to achieving an output, to see whether the most efficient approach has been used.
Effectiveness	Effectiveness measures the extent to which an activity achieves its purpose, or whether this can be expected to happen on the basis of the outputs. Implicit within the criterion of effectiveness is timeliness.
Impact	Impact looks at the wider effects of the project – social, economic, technical, environmental – on individuals, gender- and age-groups, communities and institutions. Impacts can be intended and unintended, positive and negative, macro (sector) and micro (household).

This manual does not attempt to give a comprehensive overview of evaluation, only effectiveness and cost effectiveness will be discussed in further detail. There are already specialist manuals which exist on this subject (see bibliography). These criteria, though, should be borne in mind by practitioners. This is not so much because this will be the measure by which performance will later be judged – but rather because the reason the criteria have gained wide acceptance is because they do seem to **capture usefully most of the dimensions of what a good humanitarian project should aspire to**. They should be used, therefore, in project design and in project monitoring.

The following box gives an example of the **general recommendations** ("value judgement") given at the end of the evaluation of the pilot cash and voucher programme implemented by Save the Children in Indonesia**.**

Box 44. Evaluation of Save the Children's voucher and cash transfer programme in Indonesia: recommendations

In the voucher and cash transfer scheme implemented by Save the Children in 2006 and detailed in Box 5, the following recommendations were done in the evaluation of the programme:

- An **exit strategy** should be defined, with potential links to other programs (livelihood, health,

[35] by the Development Assistance Committee (the principal body through which the OECD study issues related to cooperation with developing countries). They are commonly known as the 'DAC criteria'.

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education).

- **Monitoring and evaluation should be enhanced** (baselines for comparison, capacity building, monitor nutritional intake, impact on traders).
- Ensure a **proper knowledge** of the programme and **accurate translation** of all documents related to it.
- **Targeting smaller businesses** in future programmes can foster greater capacity-building in local markets.

Source: Cole (2006)

Another example of evaluation's format and methodology is presented in the evaluation of Oxfam's voucher-for-work programmes in Niger and Mali and can be found in annex 24.

3.3.2.1 Effectiveness

Monitoring and/or evaluating effectiveness of CBI, will consider whether and how the programme **has met its initial objectives**. Following points could be dealt with to assess the effectiveness of a project:

- Did the targeted households **receive the cash**?
- Were the beneficiary households **meeting the programme's criteria**?
- Were the households **able to purchase** what they wanted or what they were expected to with the cash/voucher received? **How** was the cash/voucher **used**?
- Was cash considered a **relevant option** by the households, in terms of impacts on their food security as well as their safety?
- Did the CBI have the **expected impacts** on the households' food security? Did it make **a real difference** (in itself and compared to other potential interventions)?
- What were **the impacts of the CBI on the community** as a whole (work output in the case of CFW activities, effects on local economy)?
- Was the planned **schedule** of activities respected and if not, why and what were the consequences for the CBI?
- What were the reasons for any **deviation from planned activities**? What were their effects? How could this be improved in future similar interventions?

As can be seen, many of the issues will already be looked at in the PDM or group discussions carried out during the monitoring period. Other issues related to the timing of the activity are more related to the agency than to the project itself.

The following box gives an example of an evaluation of a cash-for-work programme conducted by ACF in Afghanistan. Although it does not illustrate the application of DAC criteria as such, it is presented here as a summary example of an evaluation.

Box 45. Road impact evaluation in Afghanistan in 2003

The cash-for-work programme carried out by ACF in 2002-03 aimed at rehabilitating main trade road track between two cities.

The evaluation conducted on the programme looked at:

1. The beneficiary selection.
2. The impacts of cash injection on the beneficiary households.

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3. The impacts of the road on the local economy.

Main findings were:

1. The beneficiary profile met the selection criteria (small land holding, limited livestock, less diversified diet). Almost half the workers participated in the programme for more than the maximum number of working days allowed (26 days).
2. Impacts of cash injection:
   - The cash was used for food (59%), debt reimbursement (34%) and clothes (7%).
   - Some mortgaged land was recovered or part-payments made.
   - The cash transfer did not support restocking, but allowed food crops to be kept for the winter.
   - Consumption patterns did not change after the cash transfer.
   - Social categorisation of vulnerable workers changed positively (from poorest to poorer or from poorer to medium) however temporarily.
3. Impacts of the road rehabilitation:
   - Direct impacts: cars are used more often and their number increased, transportation time and costs have been reduced and frequency of movements increased (40%).
   - Indirect impacts: prices decreased, more fresh food available, greater number of shops (40 additional), increased plans of humanitarian aid in the area (access facilitated), plans to create small markets alongside the road.

Overall the programme can be qualified as effective (most goals have been met). The road rehabilitation had longer term impacts than the cash injection on households. Only a very small part of de-capitalisation has actually been recovered (through impacts on mortgage or lower indebtedness). This may indicate that the scale of the cash grant (the wage rate paid and/or the duration of the programme – just 26 days work) was simply too small, and it was unrealistic to expect to make significant lasting changes for people, given their initial economic situation.

Sources: ACF (2003)

3.3.2.2 Cost effectiveness

The efficiency and effectiveness concepts are often used in economics and are summarised by P. Drucker in the following sentence: "**efficiency is about doing things right and effectiveness is about doing the right thing**".

Cost-effectiveness combines efficiency and effectiveness and is the **most-efficient way to reach the set goals**.

In the case of cash based interventions, cost effectiveness considers whether the activities implemented have been relevant (see above) at **minimum costs** or could have been done differently (other type of intervention, other organisation) for the same-or better- results but at **fewer costs**.

This might be done through monitoring and especially the **evaluation** of the programme (as presented above). Following points could be dealt with to assess the cost-effectiveness of a project:

- Did the CBI meet the **expected goals** (see above)?
- Considering the effectiveness of the CBI, how does it **compare** with **other potential interventions** (cost-wise)?
- Was the **financial viability** of the CBI adequately appraised?
- Were **budgets used appropriately** / as intended / in accordance with the original narrative and budget?
- What systems of financial and logistical **monitoring / control** were in place?

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- Comment on the quality of **day-to-day management**: personnel, information, resources etc.
- What systems were in place to ensure that inputs provided were of the **highest quality** possible and were **acceptable to beneficiaries**?

Theory has it that cash based interventions would be **more cost-effective** than in-kind distributions alternatives, as they imply **less logistics** (tendering, transportation, quality controls or warehousing).

Verifying this affirmation requires a **comparison** between the implementing costs of a cash-based intervention and those of **an in-kind alternative bearing similar outcomes**. This is however difficult as these interventions are often implemented at different scale, in various areas and by different agencies.

The following box presents an attempt at comparing costs of in kind distribution (food aid) with those of cash-transfer.

Box 46. Cost-effectiveness: comparing cash-transfer and food-aid distribution

The costs of cash transfers are compared with those of food aid distributions, in the projects undertaken by Save the Children in Ethiopia.

Three evaluations were done, comparing the cost for the implementing agency of delivering assistance in the form of **cash**, **locally purchased food** and **imported food**.

In all three evaluations, they found that cash transfers were estimated to be:

- Between **39% and 46% cheaper** than **imported food.**
- Between **6% and 7% cheaper** than **locally purchased food.**

Implementing costs included: personnel costs, capacity support, monitoring and evaluation and all the logistic costs (transport, loading, quality controls, warehousing).

It was further found that while food relief assistance bears higher **logistic costs**, cash transfers require more **financial monitoring** and **accountability**.

Sources: Adams and Kebede (2005)

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KEY POINTS on "Monitoring and evaluation"

- **Monitoring**: A critical part of all interventions and of CBI in particular. It is the responsibility of the project manager to manage, but senior management in general should be following its progress (food security coordinator and technical support from Paris)
  - ➔ It simply means finding out what is going on with the project in a regular, systematic way that is useful for management (i.e. is the programme relevant).
  - ➔ It needs to be well organised, well planned – and kept manageable. It should not be done in a rush at report writing time!
  - ➔ It can be purely qualitative or both qualitative and quantitative – but never quantitative alone.
  - ➔ It should cover: ▪ The activities and the process of the project ▪ The impact at household level ▪ Market developments ▪ Keep an eye on wider food security issues.
  - ➔ It is not about how they spent the project money, but about the difference the project made. This means looking at all their expenditure and also at what they had to do to get other income. Were they coping or in distress?
  - ➔ Both beneficiaries and non-beneficiaries should be spoken to.
  - ➔ The community: will give a global appreciation on: impact of the project, cash uses and gender issues, cultural habits, targeting and coverage, relevance of programme (comparison with other programmes if any), safety and security.
- **Evaluation**: will often be conducted by an external person, to bring a fresh perspective to the project. It can try and answer many different questions about a project, but the seven DAC criteria are now often used for humanitarian programmes.

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4 CONCLUSION

This manual had a very practical purpose and is meant to support programme managers in implementing cash-based interventions. The tools proposed above are neither definite nor the single ones and should be adapted to each context and project.

Due to the relatively new interest that such interventions are raising, make sure to record your experience as extensively as possible, to buttress ACF's experience on the issue and to enrich and enhance this manual.

Good luck!

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5 ANNEXES

1. More on social cash transfers

The following table sums up some of the social cash transfers that have been implemented in different developing countries.

Social cash transfer schemes in different countries

Country	Start. Date	Coverage (approx.)	Benefit	Type of transfer
Brazil Bolsa Escola-Bolsa Familia	2001	8 million households	USD 5-15 per family	CCT[36]: scholarship for children attending school
Mexico Programa Oportunidades-Progresa	1997	5 million households	a- USD 15 per month per family b- From USD 10 to USD 63 depending on the grade	CCT: a- Nutritional support and basic health package b- Education grants + cash or in-kind support for school supplies
Colombia Familias en Acción	2001	400,000 families	a- USD 20 per family for children under 7 years old (regardless of the number of children) b- USD 6 per child in elementary school and USD 12 per child in secondary school	CCT: a- Nutritional grant for families with children under 7 years old. b- Educational grant for families with children between 7 and 18 years old.
Honduras Programa de Asignación Familiar	1990	411,000 families	a- USD 3 per child (up to 3) per family. b- USD 3 per month for children under 3 years old, disabled children up to 12 years old and pregnant women. c- USD 3 for people over 60 years old, in extreme poverty.	CCT: a- School grants, b- Infant maternal grants, c- Elderly grants and educational materials.
Jamaica Programme of Advancement through Health and Education (PATH)	2002	220,000 persons	USD 6.2 in 2002 and USD 9 in 2004.	CCT: Educational grants for nutrition, pregnancy, disabled, poverty and the elderly
Turkey Social Fund	2002	1,050,000 persons	a- USD 9.5 per month for the first child, USD 8 per month for the second and USD 6.4 for third one and others. b- USD 8 per month per child for children between 0 and 6 years old.	CCT: a- Educational grants b- Health grants
Botswana	1980	142,000	a- USD 27 per month per	UCT[37]:

[36] Conditional Cash Transfers (CCT) are often linked to school attendance and participation to medical controls like: growth check-up, nutrition, immunization and prevention. Health, hygiene and nutrition education programs are often supposed to be attended as well.

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Country	Start. Date	Coverage (approx.)	Benefit	Type of transfer
	1996	persons	person b- USD 49 per month c- USD 1.8 per month per person	a- Old age pension b- Orphan's allowance c- Destitute Person's Policy
Mozambique National Institute for Social Action (INAS)	1997	NA	USD 3-6 per household per month, depending on household's size.	UCT: Cash transfer for households in absolute poverty
Namibia	1992	96,767 elderly persons 3,967 families in the child-oriented grants	a- USD 30 per month per person b- USD 25 per month c- USD 30 for one child, USD 45.7 for two and USD 61 afterwards. d- From USD 30 for families with one child to USD 122 for those with seven children.	UCT: a- Old age pension b- Disability grant c- Child maintenance grant d- Foster Parent grant
Sources: Save the Children UK, Helpage and IDS (2005), WB (2003), Handa and Davis (2006)				

The following table sums up the main potential advantages and drawbacks of social cash transfers (those that are similar to cash transfers in general, like the multiplier effect on the local economy, have not been repeated here).

On potential advantages and disadvantages of social cash transfers

Potential advantages of social cash transfers	Potential disadvantages of social cash transfers
Protection of livelihood: people are less likely to sell their assets and/or their harvest at low prices to meet their food needs. A small part of the transfer can be saved and/or invested in productive assets.	**Dependency:** it is often assumed that social cash transfer will lead beneficiaries to be dependent on these transfers and not seek work any longer. However, in most cases, people supported through these programmes are already dependent. Moreover, the size of the transfers are rarely enough to meet all consumption needs. The important issue here is targeting and monitoring in order to allow people to qualify out of the programme if they manage to improve their status.
Improve food intake: the quantity and the quality of food consumed are increased and the food intake is stabilised.	
Better caring practices: since less time has to be allocated to begging and/or doing petty jobs to earn money, children are better attended.	
Impact on children: more income in the household may translate in larger amount of food for children and more money spent on education. Importance of investing in the education and health of the next generation to break through the intergenerational poverty cycle at some point in time.	**Cheating on number of children**: in child-oriented schemes, the risk of people taking in more children to benefit from higher payments has been raised (although dependent on the programme's design).
Improve social status: the social cash transfer can bring greater recognition from society and	**Greater target for thieves**: some elderly benefiting from pension programmes may become easy

[37] Unconditional Cash Transfers (UCT) are made if the person meets the criteria and is registered in the programme, but without any condition attached to the payment.

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Potential advantages of social cash transfers	Potential disadvantages of social cash transfers
autonomy to the recipients. **Alleviate burden on community/household:** people in extreme poverty status are often relying on their already impoverished community and/or relatives for support. Social cash transfers can help reduce this pressure.	targets for thieves, especially at payment day. **Crowding out of informal support systems**: people receiving social cash transfers can be seen as not needy any longer and may not be assisted in the same way by communities (although the cash transfer is rarely enough to cover all needs).
Sources: GTZ, 2005 and Save the Children UK, Helpage and IDS, 2005	

Box below describes more extensively the **Zambian example** of social cash transfers managed by GTZ and the Government.

GTZ experience of social cash transfer in Zambia

GTZ combines two characteristics in defining extreme poverty in Zambia: food energy (calorie) consumption and the dependency ratio (the number of people active in a household compared to the number of dependants). People in critical poverty consume less than 1400 Kcal/day (one meal per day). Households with a low dependency ratio may be poor because of temporary factors, but those with a high dependency ratio (few people active with many dependants) are structurally poor. They are considered 'non-viable households', as they cannot be part of self-help programs or labour-based interventions. Research suggested that 10% of all households were critically poor and also labour-constrained and urgently required social welfare interventions. Transfers in cash were preferred because they offered greater flexibility and could be spent according to each recipient's priorities.

The selection process was made at village level through existing networks of voluntary committees, which were supportive of the programme. The selection was validated at district level, and was found to work well, with criteria being respected. In some villages, the 10% quota was considered too low for the actual number of households meeting the criteria. US$6 for households was given to households without children and US$8 for those with children (the average price of a 50 kg sack of maize). Payments were made at bank accounts for recipients living within 15 Km of the district centre, and at designated pay points for those further away. Reliability and timeliness of payments have been good, although it took several months for the pay points to be functioning. The long distance to the bank or to pay points was a difficulty, especially for the old or infirm.

Impacts:

- Money was spent on basic items, investment in seeds and/or livestock, in basic school requirements.
- Beneficiaries with accounts have made savings, others have used traditional rotating systems of lending to make investments
- School attendance has been to seen to be improved.

Recommendations:

- Targeting should be transparent and participatory.
- Transfer should be regular and reliable.

Financial Sustainability: if the scheme were extended to all the 200,000 Zambian households both critically and structurally poor, the annual costs would be US$33 million. This is 5.6% of the annual foreign aid inflow in the country, or 0.36% of the Zambian GDP.

NOTE: updated information can be found in the Executive summary and the Manual of Operations on www.socialcashtransfers-zambia.org.

Source: Schubert (2005)

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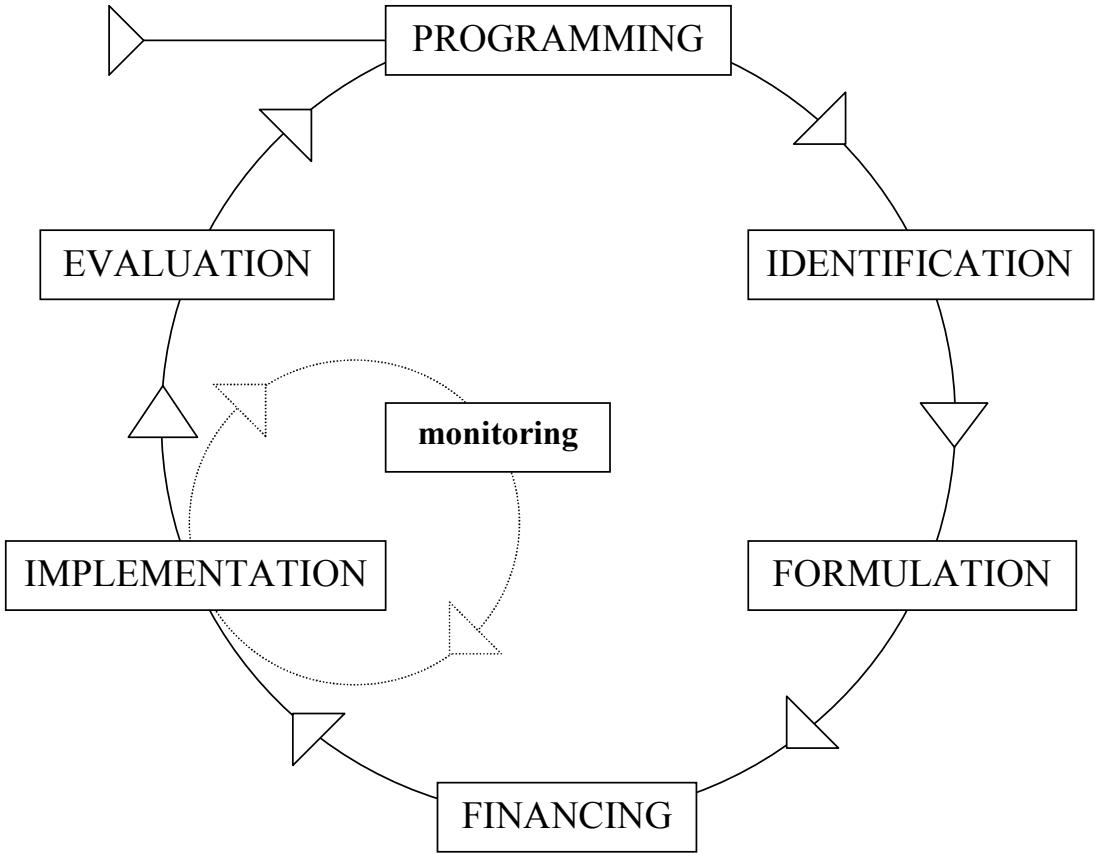
2. The project cycle management



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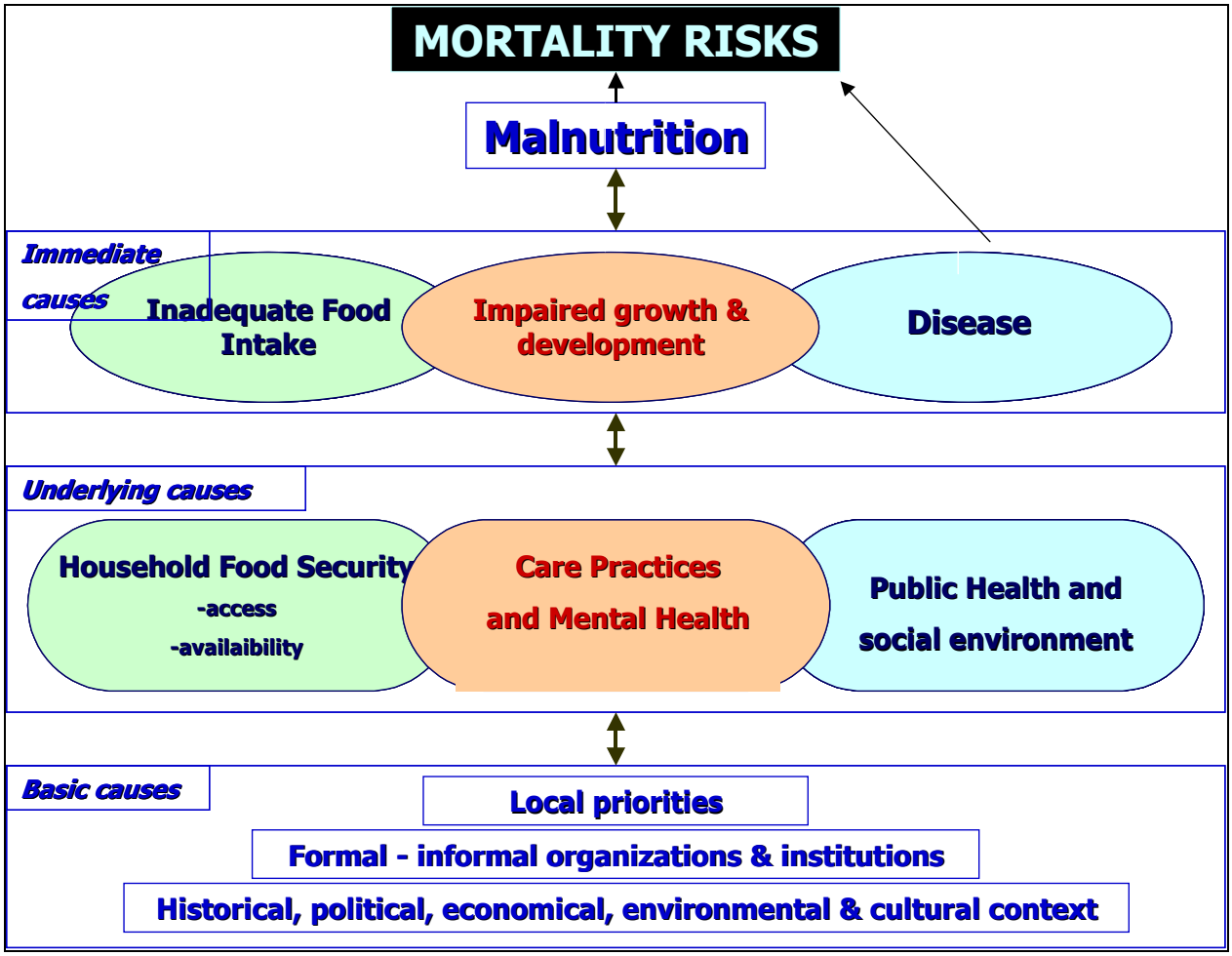
3. The nutritional causal analysis



4. Logical Framework: an example

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SINGLE FORM – LOGICAL FRAMEWORK MATRIX - AN EXAMPLE for CASH-BASED INTERVENTION

Partner: ACTION CONTRE LA FAIM

Implementation period: 15/08/12 - 14/08/13

Grant Agreement:

Amount requested: XXXX Euros

Country :

Date of this logical framework: 14/05/12

	Intervention Logic	*Objectively verifiable indicators*	*Sources of verification*	*Risks and Assumptions*
Principal Objective	**To participate in improving food security of the most vulnerable population.**			
Specific Objective	**To ensure an economic income, promote restocking and improve the diversity of food sources and intake of the vulnerable households in Zogland area [*through cash and voucher transfer mechanisms**].**	**Indicator 1** : At least 60% of households benefit from an extra source of income (higher purchasing power, debt repayment) **Indicator 2:** 80% of households own more livestock. **Indicator 3** : 90% of households cultivate at least one extra crop variety than before the programme. **Indicator 4** : The dietary diversity and quality of at least 85% households' food consumption has improved.	**Source 1** : ACF food security baseline database on beneficiaries and non-beneficiaries households in Wajid area. **Source 2** : ACF post-distribution / post-fair monitoring. **Source 3**: Idem source 2 **Source 4** : Idem source 1.	Access of monitoring and supervision teams to the project's locations.
Expected results	**1 : 4,029 vulnerable households benefit from an extra source of income [*through their participation in cash-for-work schemes**].**	**Indicator 1** : 4,029 households receives cash assistance via their member involved in cash-for-work activities. **Indicator 2**:	**Source 1** : ACF registration and distribution records. **Source 2**: ACF baseline database	No hyper- or unexpected inflation impairs market exchanges.

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		At least 60% of the households are able to repay part of their debts. **Indicator 3**: 85% of the households have a higher and more diverse food intake than before the programme.	ACF post-distribution monitoring. **Source 3**: Idem source 2	Market supply is not constrained by unpredictable events.
	2 : 3,500 vulnerable families have access to more agricultural assets (seeds and livestock) and improve their production capacity [*through the organisation of local seed and animal fairs].	**Indicator 1** : 7 agricultural fairs organised within seeding season. **Indicator 2**:3,500 farmers receive vouchers to access at least three different types of crop.**Indicator 3**:3,500 farmers receive vouchers to purchase at least one livestock.**Indicator 4**:90% of farmers are able to grow at least one extra crop.*Note: The number of indicators needs not be too large, you should pick the most relevant ones that measure your expected result most accurately.*	**Source 1** :ACF registration and distribution records.**Source 2**:Internal activity report and fairs monitoring.**Source 3**:Idem source 2.**Source 4**:ACF baseline database.ACF post-fair monitoring.	No adverse climatic factors constrain agricultural production.No outbreak of epidemic disease constrains livestock availability.
	3 : The wider community of the targeted area benefit from better market access [*road rehabilitation through cash-for-work].	**Indicator 1** : 50 Km of roads are rehabilitated. **Indicator 2**: The number of traders on market days is higher than before the road rehabilitation. **Indicator 3**: People have access to larger quantities and varieties of items.	**Source 1**: Internal activity report and CFW projects monitoring. **Source 2**: ACF baseline database. ACF post-CFW monitoring and market survey. **Source 3**: ACF post-CFW monitoring and market survey. Feedbacks from focus group discussions and key informants.	Community work activity is not delayed by climatic change. Trade activities in the area are not restricted by new government laws.

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		MEANS	***COSTS***	
Activities	**For all expected results**: - Collect baseline data. - Community-based selection of beneficiaries. - Monitoring. **For expected result 1:** - Community-based identification of the CFW projects. - Cash-for-work activities (road and water catchment rehabilitation). **For expected result 2:** - Inform and sensitise local seed and livestock sellers about fairs. - Organise seed and livestock fairs.	**Personnel:** 1 Food security / Agronomist expatriate 1 Log/admin expatriate 1 distribution team 1 assessment team **Cash & vouchers**: CFW payments Seed and livestock vouchers CFW tools and equipment **Transport**: 4 cars 20 days of truck renting **Office and running costs**	Refer to budget.	
	**Text in brackets may not be specified in the final LFA. It is given here as a matter of clarity*			***Pre-conditions*** Access to most vulnerable areas ensured. Stable security environment for staff and beneficiaries

Please refer to "Annex 5.4_LFA example_0607" for an Excel version.

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5. Calculating the Coping Strategy Index score

The **Coping Strategy Index** (CSI) combines information on **the severity and frequency of coping mechanisms** used by households in food insecure situations (when either food or money to buy it are not enough to meet all consumption needs**).**

The higher the score of the CSI is for a household, the more frequently has this household been forced to use destructive coping strategies and the higher its food insecurity is. However, there is no CSI threshold above which a household could be classified as food insecure (since it is context-specific), it can rather be used as baseline measurement of food insecurity and/or comparison between groups.

The consumption-related coping strategies usually used by households can be broken down the following main categories:

- **Dietary change** (eating less preferred but less expensive food, decreasing food diversity…)
- **Rationing strategies** (giving more to children, skipping meals, decreasing food intake…)
- **Increasing short-term food access** (borrowing, gifts, consumption of seed stocks, wild food, begging, food aid…)
- **Decreasing number of people to feed** (sending people to other households for eating…)
- **Selling** / exchanging assets for food or basic needs
- **Migration / repatriation** of some household members

The last two categories may not be included in the CSI calculation as they are not "immediate and short term alteration of consumption patterns", but rather "longer term and less reversible strategies" (Tango International, Inc., 2003).

However, depending on contexts, these coping strategies might be relevant as they are commonly used by the population and indicate an already critical level of food insecurity (in areas close to frontiers, when other coping strategies have already been used, when displacement has occurred…). If the CSI score is followed at different periods of the programme, these types of strategies could also be an indicator of a worsening situation if they start being used (as they are usually last-resort coping mechanisms) or of an improving one if the population stops using them.

Identifying coping strategies and ranking them

Ideally, **focus group discussions** (FGDs) should be done locally to determine **a set of coping strategies relevant for the households of the area of intervention**. They should be done in different places, with a representative panel of households (middle, poor and very poor, women-headed and men-headed, chronically ill, orphans…) and are supposed to answer the following question: **"what do you do when you are lacking food and do not have money to buy some?"**.

Once the main coping mechanisms have been identifies, the FGDs should also lead to a ranking of each of these strategies according to their severity on a scale of 1 to 4. The final severity weighting factors that will be used for each strategy are then an average of all the answers given over all FGDs.

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Example: Calculating the severity weighting indicators

5 FGDs have been conducted in five different villages spread throughout the area of intervention. Fourteen strategies were identified and it was asked to each group to rank them according to their severity (1=less severe to 4= most severe). The following table give an example of the calculation of the severity weighting factor for two of these strategies:

Ranking given by the 5 FGDs	FGD 1	FGD 2	FGD 3	FGD 4	FGD 5	Severity weighting factor = (SUM FGDi $_{(i=1 \text{ to } 5)}$)/5 = average on all FGDs
Rely on less expensive food	1.5	2	1	1.5	1	1.4
Migration of some members	3.5	4	3	4	3.5	3.6

Thus, the strategy "Rely on less expensive food" will then be associated with the severity weighting factor 1.4 in following household survey, while the strategy "migration of some members of the household" will have a higher severity weighting factor of 3.6. These factors are attributed to coping strategies and will not vary from one household to the next in the final calculation of the CSI score.

If the survey zone is very large, the average severity factors can be calculated **for each identified sub-zone of the area** and used for the households interviewed, depending on their sub-zone of origin. This can be relevant if FGDs done in the sub-zones show significant different ways in ranking the various coping strategies (which may come from very different activities, cultural habits, production means…).

Frequency of coping strategies used

The coping strategies which have been defined in the FGDs are then included in a household questionnaire (see for instance the household questionnaire in another annex of this manual), in which each household is asked how often he has used each strategy in the past week or the past couple of weeks. Each answer is given a frequency weight, which corresponds to the mid-point of each time-range, as can be seen in the example given in the following box.

Example: Frequency weighting indicator

In the household questionnaire, the person is asked to evaluate how many times he/she has been using the strategy in the past week or the past fourteen days. Depending on the answer, the frequency weight is given as follows:

Description	All the time	Pretty often	Once in a while	Hardly at all	Never
Nb of days over past 2 weeks (Range)	13-14 days	6-12 days	2-5 days	1 day	0 day
Frequency weight for 2 weeks	13.5	9	3.5	1	0
Nb of days over past week (Range)	7 days	3-6 days	1-2 days	Less than 1 day	0 day
Frequency weight for 1 week	7	4.5	1.5	0.5	0

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Each time, the frequency is the middle of the time range. It allows some flexibility in the answer of the person. Two weeks may be a long time for the person to remember precisely what she/he may have been using as coping strategies. At the same time, fifteen days allow for more strategies to be implemented.

Calculating the final CSI score for each household

Finally, to calculate the CSI score for each household, the frequency weight given by the household for each strategy should be multiplied by the severity weighting factor determined previously. The products for each of these strategies are added to give the overall household CSI score. The following box gives an example of this calculation for a limited number of strategies.

Example of CSI score calculation for two imaginary households

	Frequency given (nb days / week)		**Frequency weight (1)**		**Severity weight (2)** (predermined in FGDs)	**Frequency (1) * Severity (2) weights**	
Strategy	**Family 1**	**Family 2**	**Family 1**	**Family 2**		**Family 1**	**Family 2**
Rely on less preferred food	7	7	7	7	1.4	9.8	9.8
Limit portion size	6	4	4.5	4.5	2.5	11.25	11.25
Harvest immature crop	3	1	4.5	1.5	3.5	15.75	5.25
Migration of family members	1	0	1.5	0	3.6	5.4	0
					Overall CSI Score	**42.2**	**26.3**

As can be seen from the imaginary example taken above, a higher CSI score (here family 1) indicates that the household is relying more often on coping mechanisms considered more severe / destructive (here harvesting immature crops or migration of family members). A higher CSI score also indicates a greater vulnerability since using the more destructive coping strategies more often also entails more difficulties to go back to a "normal" situation.

Ranking used in other studies

If time does not allow for conducting FGDs in order to establish the different coping strategies and their severity weight factors, those identified in other studies can be used, provided they are coming from countries where similar situations are at stake. Two examples are given below:

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Example 1: Consumption strategies and their severity weighting factors in Zambia

Consumption strategies	Severity weighting factor
Rely on less preferred food/ less expensive food	2.00
Rely more on piecework	2.00
Restrict consumption of unproductive members in favour of productive ones	2.25
Increase reliance of sales of wild and natural products	2.25
Rely more on wild food / hunting	2.50
Borrow food / Rely on help from friends or relatives	2.75
Restrict consumption by adults so children can eat	2.75
Reduce the number of meals eaten in a day	2.75
Purchase food on credit	3.25
Send family members to eat elsewhere	3.25
Limit portion size at mealtime	3.25
Harvest immature crop	3.50
Send family members to beg	3.50
Rely on food aid	3.75
Skip entire day without eating	4.00

Source: C-SAFE Zambia Baseline Survey Report, TANGO International, Inc., 2003

These same severity weighting factors have thus been used by S. Devereux *et al* (2006) in their evaluation of Concern Worldwide's food and cash transfer programme in Malawi. However, they used only twelve strategies out of the fifteen listed above.

Example 2: Consumption coping strategies and their severity weighting factors in Tanzania

Consumption Coping strategies	Severity weighting factor
Sell high value/preferred foods to purchase larger quantities of less expensive foods	1.50
Limit portion size at mealtimes	1.80
Exchange labour for food (food for work)	1.90

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Purchase food on credit	2.40
Reduce number of meals eaten in a day	2.40
Borrow food or money (which will be repaid) from neighbours, friends, relatives	2.50
Restrict consumption of adults in order for small children to eat	2.90
Send household members to beg	3.25
Sell household assets or the NFI's the household owns	3.25
Send household members to eat elsewhere	3.45
Engage in prostitution or theft of food (illegal activities)	3.55
Skip entire day without eating	3.70
Have some members of the family migrate elsewhere or repatriate	3.80

Source: G. Collins, The CSI Baseline Survey: WFP Assisted Refugees in Western Tanzania, 2004

These two examples are interesting because they have been implemented in different types of setting (rural population in Zambia, refugees in Tanzania).

They also show that despite relatively similar consumption coping strategies, the severity weighting factor associated to them are varying from one community to another (although not in a critical way). The refugee population tends to rank its coping strategies with lower severity weight than the rural population in Zambia, which underlines that a population which has gone through the trauma of migration will tend to consider coping strategies are more "normal" than another non-displaced population would do.

Finally, these two examples highlight different choices in the coping strategies selected: while in Zambia, it has been decided to exclude longer-term and less reversible strategies (like asset selling or migration), the latter have been included in the CSI calculations in the Tanzanian case. This choice depends on what the survey wants to grasp: whether short-term consumption coping strategies or longer-term, often more livelihood-destructive ones. This also explains why the first example was conducted on a one-week recall period, while the second example considered the use of coping strategies over two weeks.

Examples of CSI scores

Some of the figures found in the two studies mentioned above and that of S. Devereux *et al*., are given below as examples of CSI scores. They prove that as such (without comparison), these data do not mean a lot.

In the analysis of refugees in Western Tanzania, the estimated mean CSI score for refugees from the Democratic Republic of Congo was 41, while it was 60 for the refugees from Burundi (53.02 for the whole refugee population). The study further highlights that refugees from Burundi may have higher level of food insecurity due to their lower access to the market. The study also shows that households whose head of household has no or primary education have a higher mean CSI score (56) than those headed by persons with secondary or higher education (43).

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In the Zambia Baseline Survey Report, the average CSI score is 80.6 for all households, while households with chronically-ill members have a higher score (85.0). On the opposite asset-rich households expectedly have lower CSI score (71.4), while asset-very-poor families are above the average (82.1).

In Malawi, the CSI score for female-headed beneficiary households decreased from 63.7 in December 2005 to 37.3 in April 2006. On the opposite, this score for female-headed non-beneficiary households increased from 60.0 in January 2006 to 64.5 in March 2006, before decreasing to 49.4 in April 2006. This shows that the food and cash transfer prevented beneficiary households from too frequently using destructive coping strategies, which non-beneficiary could not do in such an extent.

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6. Calculating the Household Dietary Diversity Score

The **household dietary diversity score** (HDDS) is a 'proxy indicator' of the food security status of the household interviewed. In itself, eating many different foods isn't the same thing as having plenty of food, so it's not a direct indicator, but it has been shown many times that more food secure people have a more diversified diet than poor people. This has important consequences for birth weight, malnutrition, and health, so the measure is also important in itself. It is a good indicator because it is simple to measure. If you had to measure diet quality directly, you would have to calculate how much of each kind of food people ate to analyse the quantity of different nutrients. Dietary diversity is a rapid way of getting the same picture.

The HDDS counts how many different food groups have been consumed by the household over a given period of time. This information is easy to gather, and more useful than looking only at the number of different foods items consumed (which may all belong to the same food group).

Although there are **no absolute thresholds** in dietary diversity, several studies have shown that consuming less than four food groups per day, on average, is a sign of "low or very low dietary diversity". This is often associated with high poverty and malnutrition rates (WFP in S. Devereux *et al*, 2006).

Twelve main food groups are used to calculate the HDDS.

1	Cereals	7	Fish and seafood
2	Roots and tubers	8	Pulses/legumes/nuts
3	Vegetables	9	Milk and milk products
4	Fruits	10	Oil/fats
5	Meat, poultry	11	Sugar/honey
6	Eggs	12	Miscellaneous

Calculating the HDDS

Information is gathered at the household level, through an individual questionnaire (see household questionnaire in **annexes 7** and **20**).

The person in charge of preparing food for the household is asked to list all the types of food that have been eaten the previous day from morning till the evening by any one member of the family. A score of 1 is given for each food group that was consumed, otherwise a score of 0 is given. The previous day should be a "normal" or usual eating day, and not a feast or fasting day. This method is used to make sure the person remembers reliably all the food groups consumed. If the person does not remember, e.g. if the person interviewed did not prepare the food, then the interview should not be counted.

The person interviewed should only mention food consumed by the household as a whole. For instance, if the father went to the market and ate some meat there, the food group should not be included.

The HDDS is simply the sum of all the scores, and can range from 0 (nothing eaten at all) to 12. The higher the variable, the more diverse the food intake of the household. An HDDS indicator can be given for the sample population interviewed, by calculating the average of each household's score.

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An example of HDDS calculation

The following table gives an example of HDDS calculation for ten households.

	Food group	HH1	HH2	HH3	HH4	HH5	HH6	HH7	HH8	HH9	HH10
1	**Cereals**	1	1	1	1	1	1	0	1	0	0
2	**Root and tubers**	1	1	0	1	1	0	1	0	1	1
3	**Vegetables**	0	0	0	0	0	0	0	0	0	0
4	**Fruits**	0	0	0	1	0	0	0	1	0	0
5	**Meat, poultry**	0	0	0	0	0	0	0	0	1	0
6	**Eggs**	0	0	0	0	1	0	0	0	0	0
7	**Fish and seafood**	0	0	0	0	0	0	0	0	0	0
8	**Pulses/legumes/nuts**	1	1	1	1	1	1	1	1	0	1
9	**Milk and milk products**	0	0	0	0	0	0	0	0	0	0
10	**Oil/fats**	0	1	0	1	0	0	0	1	1	1
11	**Sugar/honey**	0	0	0	1	0	0	0	0	0	0
12	**Miscellaneous**	0	0	0	0	1	1	0	0	1	0
	Household Dietary Diversity Score	**3**	**4**	**2**	**6**	**5**	**3**	**2**	**4**	**4**	**3**
	HDDS indicator = average of household scores	**= (3+4+2+6+5+3+2+4+4+3) / 10 = 3.6**									

The calculation treats all food groups equally. The HDDS gives an idea of diversity, but not necessarily of the exact quality of the food intake at household level. However, at population level, diversity correlates well with dietary quality.

Using HDDS in practice

The following example is from an evaluation of a food-and-cash transfer (FACT) programme. The programme started in January 2006 and stopped in March 2006.

Evolution of dietary diversity scores during FACT programme in Malawi

Household	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06
Male-headed beneficiaries	2.15	2.06	2.28	3.14	3.39
Female-headed beneficiaries	2.02	2.06	1.85	3.23	3.21
Male-headed non-beneficiaries	2.14	1.64	1.61	2.46	3.05
Female-headed non-beneficiaries	1.92	1.56	1.45	2.17	2.63

Source: S. Devereux *et al*, 2006

The table makes clear the importance of the comparison with non-beneficiaries. Seasonal factors mean that dietary quality drops in January and February, just before the harvest, rising in March and again in April as more food is available. The beneficiaries' HDDS did not increase in January or (averaging male and female headed households) in February, but this was not a sign of project failure. The programme prevented dietary quality from deteriorating. Once food was a little more available in March, the beneficiaries' scores increased by more than for non-

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beneficiaries. Nonetheless, household dietary diversity remained low for all groups surveyed, with HDDS indicators always below 3.4.

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7. Household baseline questionnaire

HOUSEHOLD BASELINE QUESTIONNAIRE
FOOD SECURITY PROGRAMME
BASE :…… COUNTRY: ……

*This survey aims at giving a picture of **the vulnerability** of **beneficiaries** and **non-beneficiaries** at the beginning of the programme (and be able to monitor changes over the course of it).*

*Questions are indicative and should be adapted to the programme: the questionnaire should in particular include the **objectively verifiable indicators** (OVIs) specified in the programme's LFA in order to have a starting point for comparison.*

Make sure the questionnaire is not too long and includes only information you will be using afterwards (collecting too much information will be time-consuming for a small value-added).

The right-hand side column has been included for data-entry purposes, but is not compulsory.

*A **database** (in excel and sphinx version) corresponding to this questionnaire are available. Please refer to it in annex 8 for more details.*

1. Name of surveyor

2. Date of survey

GENERAL HOUSEHOLD INFORMATION

This section should help gather general information on the household. Since data are gathered on beneficiaries and non-beneficiaries, they can help compare the two groups.

3. Questionnaire number

_____

The response must be between 1 and 1000.

4. Where does the person interviewed live?

If the sample of people interviewed is followed throughout the programme, make sure to keep the name and address of the person interviewed. However, since this method is often more complicated in emergency or post-emergency situations, the question about the name of the person has not been included here.

5. Is the person benefiting / Will the person benefit from the ACF cash programme?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

6. Is the household male- or female-headed?

◯ 1. Female-headed ◯ 2. Male-headed ◯ 3. Other

If an adult is running the household, precise whether it is a woman or a man. If the household is not managed by an adult, precise it in "other" as orphan-headed household.

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7. If 'Other', please specify:

8. How old is the person in charge of the household?

◯ 1. Less than 16 ◯ 2. Between 16 and 20
◯ 3. Between 21 and 30 ◯ 4. Between 31 and 40
◯ 5. Between 41 and 60 ◯ 6. Above 60

These age ranges are indicative: they should be adapted depending on the context in the area of intervention.

9-12. How many people are living in your household (under the same roof, eating the same meals)?

Total HH size	_____
Number of children under working age	_____
Number of dependent members (non-working, disabled, elder, etc)	_____
Number of working able people	_____

13-17. Can you give some information on the assets you/your household owns?

Size of land owned	_____	Transportation means (bicycle, animal carriage...)	_____
Size of land cultivated	_____	Other assets	_____
Size of herd	_____		

*Depending on the programme, you may want to make the list **more specific** (e.g. specify which types of animals are owned, if the programme aims at restocking). You may also want to ask something about **the income** of the family if your programme aims at increasing people's income.*

18. If 'other', please specify.

The question is only appropriate if 1 <= Other asset

19. What is/are the main activity(ies) of your household?

1. Agriculture	6. Casual labour
2. Cattle trader	7. Civil servant: Employee
3. Trader/Shopkeeper	8. Driver / Carrier
4. Handicraft	9. Petty trading
5. Casual labour in agriculture	10. Other

|__|__|__|__|__|__|__|__|__|__|

Answers should be ranked from the most important activity to the occasional one. It may help compare activities between beneficiaries and non-beneficiaries. It may also be a way to check whether a cash-for-work activity would compete with the household's usual activities.

20. If 'other', please specify

COPING MECHANISMS

This section considers the proxy of "coping mechanisms" to evaluate the food security status of households and its potential evolution.

21. Can you tell what are currently the main coping mechanisms used by your household?

1. Ask children to work for cash	9. Reduce number of meals per day
2. Begging by some members of HH	10. Rely on less expensive but less preferred food
3. Borrow food/Receive gift or assistance	11. Rely on petty trading/casual labour for food
4. Gather unusual amount of wild food	12. Sell HH assets
5. Buy food on credit	13. Send HH members to eat elsewhere
6. Harvest immature crop	14. Skip entire day (no meal)
7. Limit portion size	15. Other
8. Migration of family members	

|__|__|__|__|__|__|__|__|__|__|__|__|__|__|__|

Only rank the coping strategies which are used by the HH, from the mostly used to the uncommon one.

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22. If 'other', please specify.

23-37. Can you give the number of days during which you have used this coping strategy in the past two weeks (14 days)?

Ask children to work for cash.	_____	Reduce number of meals per day	_____
Begging by some HH members	_____	Rely on less expensive and less preferred food	_____
Borrow food	_____	Rely on petty trading	_____
Gather unusal amount of wild food	_____	Sell household assets	_____
Buy food on credit	_____	Send HH members to eat elsewhere	_____
Harvest immature crop	_____	Skip entire day (no meal)	_____
Limit portion size	_____	Other	_____
Migration of family members	_____		

This information is interesting if you want to calculate the coping strategy index (see annex 5). If this index is not of interest for you, you can keep question 21 only.

38. During the past month, did you or some members of your family borrow money?

○ 1. Yes ○ 2. No ○ 3. Does not know

39. If YES, can you tell what the money was used for?

1. Food purchases	2. Health expenses	3. Basic needs	4. Agricultural needs
5. Livestock	6. Does not know	7. Other	

|__|__|__|__|__|__|__|

If several purchases have been made with the money borrowed, please rank them from the most to the less important one.

40. If 'other', please specify

The question is only appropriate if Use money borrowed = "Other"

FOOD CONSUMPTION

This section considers the food intake of the household: it should allow for a comparison between beneficiaries and non-beneficiaries as well as for a follow-up of the evolution of this food security indicator.

41-42. Currently, how many meals are eaten per day by the following members of your household?
1 : None, 2 : One, 3 : Two, 4 : Three, 5 : More than three, 6 : Does not know

	1	2	3	4	5	6
By adult members	○	○	○	○	○	○
By children	○	○	○	○	○	○

43. Can you check the following food group, when one of its components has been eaten <u>at least once</u> in the previous day?

○ 1. Cereals	○ 5. Meat/poultry	○ 9. Milk and milk products
○ 2. Roots and tubers	○ 6. Eggs	○ 10. Oil/fats
○ 3. Vegetables	○ 7. Fish and seafood	○ 11. Sugar/ honey
○ 4. Fruits	○ 8. Pulses/legumes/nuts	○ 12. Miscellanous

More than one response can be selected.
This question is interesting to calculate the dietary diversity score (see annex 6).

Please refer to the attached document "<u>Annex 5.7_HH baseline questionnaire_0607</u>" for a Word version.

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8. Household baseline database

Please refer to the attached document "Annex 5.8_HH baseline_database_0607".

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9. *Focus group discussion: community assessment*

FOCUS GROUP DISCUSSION GUIDELINES – BASELINE DATA
FOOD SECURITY PROGRAMME
BASE :…… COUNTRY: ……

*These are **guidelines** for focus-group discussion (FGD) to be conducted **before** the implementation of the programme. Questions should be **adapted** to the context.*

*The purpose is to know whether a **cash-based intervention** could be a **relevant option** and to gather **baseline information** to which comparisons can be done afterwards.*

*It should help **cross-check** the information given in individual interviews and through discussions with the local authorities, other NGOs and the ACF staff.*

*The group should be as **representative** of the local community as possible (men and women, different age, wealth and activity groups).*

*The group should **not be too large** (up to 15 persons) to be able to lead the discussion efficiently.*

*If socially accepted, **gender-based groups** could also be organised.*

*Make sure to explain thoroughly **the purpose of the interview** and how it will be used by the agency, in order to have accurate and unbiased answers (as much as possible)*

Name (s) of surveyor(s)

Date of FGD

Name of village / FGD location

Estimated population in village

Nb Households		Nb of people	

Number of people attending the FGD

Precise type of FGD, if appropriate (gender-based, community representatives only, other).

GENERAL PERCEPTION / SITUATION

This section should help gather general information on the situation in the area and how people are coping with it.

How could the group qualify the current situation in their community?

According to them, what are the main coping mechanisms usually (and currently) used by households in the community?

Here, explain what "coping mechanisms" are and let them discuss and come up with their own answers (try not to influence their suggestions).

Could you rank these coping mechanisms from 1=less severe to 4=most severe?

This should be done once the coping strategies have been defined (previous question).This will be especially useful if you want to calculate the coping strategy index (see annex 5). You may not ask it if you do not want to calculate this index.

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COMMUNITY CHARACTERISTICS

This section gathers information on how the community is organised and usually deals with its challenges.

What is the community organisation?
Hierarchy, political organisation, ethnic groups, roles, etc. Ask it onlyif you do not have the information yet (e.g. new area, new programme).

How does the community deal with needy/very poor households? Can they estimate the share of very vulnerable households in their community?

Here the common sharing practices and/or traditional relief system should be evaluated.

Are community work usually organised and how?

Give details on when the community work is organised, who is participating, whether it is done for free or not. This could especially help in the case of CFW activity.

Did / Does the community receive humanitarian support and which one?

Give details on when, what support was or is given and from which organisation.

What is their evaluation of this previous / current humanitarian support? Their recommendations for a coming one?

Their recommendations should be gathered here as well as their potential suggestions on what their most pressing needs are.

USE OF CASH

This section evaluates whether cash is a common means of exchange in the community and whether it would be accepted by people.

How are people usually exchanging in the area/ is cash commonly used?

Where do people get cash from? What are local means to get cash?

Try to know which are the local means / intermediaries for cash transfers, loans, etc.

Are people familiar with bank account, saving account, ATM machines? If they are not familiar, but know these devices, would they be ready to use them?

Are these facilities well-spread and commonly used?

How would they qualify the various means to get cash?

Here the reliability of banks (or any other means to get cash) is checked for.

Do people keep cash at home? Do people feel safe carrying or keeping cash with them?

MARKET ACCESS & MARKET APPRECIATION

This section estimates whether market places are commonly used and how far they are for people of the community. If the population is really scattered, this information will be better gathered through individual interviews and field visits (to estimate transportation time).

Where do the people of the area get their basic items from?

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If they are going to the market(s), how far are they (for markets most commonly visited)?

Here, try to get estimates in local measures (walking time or any local transportation means). If the population is scattered, it can be interesting to have a range of time from the closest to the longest one (if people can estimate it).

How often (e.g. number of times per week) are people usually going to the markets (if they do)?

How much does it cost to go to and come back from the markets?

Here again, a range of costs should be given if there are important differences. Give estimates using local transportation means.

How much does it cost to carry items from the market?

Are markets always accessible to the people of the area?

Here precise when and why it is not the case.

Are items always available in sufficient quantity?

Here precise when and why it is not the case.

How do people react to the inaccessibility or the lack of items?

How do people gauge the current price level/trend?

GENDER ISSUES

This section addresses the gender issue and may be better tackled in gender-based focus group discussions.

Are women used to work for paid job and/or receiving a cash payment in the area?

Who is usually handling cash at home?

Who decides how to spend the household's income?

How would the community react if women were given cash for the household?

Please *refer to the attached document "Annex 5.9_FGD_baseline_questionnaire_0607" for a Word version.*

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10. Market survey: trader questionnaire

TRADER BASELINE QUESTIONNAIRE
FOOD SECURITY PROGRAMME
BASE :…… COUNTRY: ……

*This survey gathers information on the market from **the trader's point of view** and perceptions.*

*It is a way not only to **assess the market situation** but also to get **baseline data** to which comparisons will be made during the monitoring phase.*

If time is missing to interview traders individually, try to get the answers you are interested in via discussions with small groups of traders, key informants, etc.

This questionnaire aims at highlighting the main issues to consider when assessing the market situation. As such it is too long and detailed. Since all the questions may not be relevant to your programme / your area of intervention, they should be adapted accordingly.

*The right-hand side column has been included for **data entry** purposes and is not compulsory.*

Questionnaire number _____
Name of surveyor

Date of survey

TRADER INFORMATION AND TYPE OF BUSINESS

This section gives the trader's contact information and type of business. It will not be relevant if you cannot do individual interviews and opt for group discussions.

What is the name of the trader?

What is the address of the trader?

If the trader has a phone, what is the phone number?

What type of business is it?

◯ 1. Food seller	◯ 4. Vegetable/fruit seller	◯ 7. NFI trader
◯ 2. Multistore	◯ 5. Cattle trader	◯ 8. Carrier
◯ 3. Restaurant/café	◯ 6. Handicraft	◯ 9. Other

Change the list depending on local context.

If 'Other', please specify:

Where does the trader fit in the market chain?

◯ 1. Processor	◯ 2. Carrier	◯ 3. Wholesaler
◯ 4. Retailer	◯ 5. Primary producer	◯ 6. Other

If 'Other', please specify:

Since how long has the trader been doing this activity?

_____

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The experience should be given in number of YEARS. Use decimal numbers if the trader has been working for less than a year.

Is the business regular or not?

◯ 1. Regular ◯ 2. Seasonal ◯ 3. Temporary ◯ 4. Occasional ◯ 5. Other

If 'Other', please specify:

DEMAND SITUATION

This section looks at the demand side of the market, from the trader's point of view.

Number of customers that the person roughly has in a day or a week?

Per day _____ Per week _____

Is this number of customers varying a lot?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

If YES, precise what are these variations due to?

◯ 1. Season ◯ 2. Salary payment ◯ 5. Other
◯ 3. NGO intervention ◯ 4. Migration

The list should be adapted depending on the context of intervention.

If 'Other', please specify:

If the number of customers varies a lot, precise when (season/period of year or month) it is smaller?

If the number of customers varies a lot, precise when (season/period of year or month) it is larger?

How does the trader address these fluctuations?

◯ 1. Storage facilities
◯ 2. Reduced supply
◯ 3. Shorter working hours
◯ 4. Lower number of casual workers
◯ 5. Other

If 'Other', please specify:

Which type of customers do you have?

◯ 1. Retailers
◯ 2. Local people
◯ 3. People from surrounding areas (up to 10 Km)
◯ 4. People from farther areas (up to 50 km)
◯ 5. NGOs
◯ 6. Government/Administration
◯ 7. Other

Here again, figures are indicative and should be adapted to the situation.

If 'Other', please specify:

What is the usual amount traded per day/week or month?

Earning per day? _____ Earning per week? _____ Earning per month? _____

The question may be difficult to answer especially if the business activity is very irregular. The idea is more to have an evaluation of the business size rather than an exact value. The evaluation should be done for a "normal" day or week. Several estimates can be given per season in case of large variations.

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Is the trader changing A LOT the price(s) of the item(s) sold during the year?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

How would the seller qualify the current business situation for her/his activity?

◯ 1. As usual ◯ 2. Better than usual ◯ 3. Worse than usual ◯ 4. Other

If 'Other', please specify:

Could the trader meet higher demand if he was facing it?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

If YES, explain how you would adapt to this change.

_____

The question is only appropriate if Q31 Adaptability = "Yes"

How long would the trader need to adapt to higher demand?

_____

SUPPLY SITUATION

This section considers the supply situation from the trader's point of view.

Where does the trader get supply from?

◯ 1. Own production
◯ 2. Wholesaler in same market
◯ 3. Several wholesalers in the same market
◯ 4. Purchase outside the market
◯ 5. Pays for a carrier to bring the items
◯ 6. Other

More than one response can be selected.

If 'Other', please specify:

If the trader gets her/his supplies outside the market, precise where?

_____

The main place(s) where the trader goes for supply should be listed here (main city, capital, neighbourhood countries).

How often does the trader generally get supply?

◯ 1. Several times a week
◯ 2. Once a week
◯ 3. Twice a month
◯ 4. Three times a month
◯ 5. Once a month
◯ 6. Every two months
◯ 7. Every three months
◯ 8. Less than every three months
◯ 9. Other

Here again, this is in general: if this is very irregular, consider asking the same question for the different periods of activity.

If 'Other', please specify:

How much does transportation cost for each round of supply?

_____

Do you have problems getting the items you usually sell?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

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What are the problems you are facing related to?

- ◯ 1. Lack of transportation means
- ◯ 2. Lack of infrastructure (roads in particular)
- ◯ 3. High transport costs
- ◯ 4. Shortage
- ◯ 5. Government restrictions
- ◯ 6. Other

More than one response can be selected. The answers (if more than one) could also be ranked from the most to the less critical one.

If 'Other', please specify:

If the trader face supply problems, precise <u>when</u>

- ◯ 1. All the time
- ◯ 2. Only in season ...
- ◯ 3. Since the beginning of the crisis
- ◯ 4. Other

More than one response can be selected. The question is only appropriate if Q40 = "Yes"

If 'Other', please specify:

Do <u>supply prices</u> of the products you sell tend to increase at certain times in the year?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

If YES, please precise when?

_____

A list can be added depending on the situation. The question is only appropriate if Q45 = "Yes"

If YES, please explain how the trader faces this.

_____

A list can be added depending on the situation (increase selling prices, buy fewer quantities,etc). The question is only appropriate if Q45 = "Yes"

STORAGE ISSUE

This section considers the storage habits and possibilities of the trader.

Does the trader store part of the products s/he sells?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

If the trader buys items in bulk, where are the items kept?

- ◯ 1. In the same store
- ◯ 2. In a different individual warehouse
- ◯ 3. In a collective warehouse
- ◯ 4. Other

If 'Other', please specify:

For how long does the trader usually store the items?

- ◯ 1. Less than a week
- ◯ 2. Between 1 and 2 weeks
- ◯ 3. Between 2 weeks and 1 month
- ◯ 4. Between 1 and 2 months
- ◯ 5. More than 2 months
- ◯ 6. Other

If 'Other', please specify:

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Does the trader experience storage problems?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

If YES, precise what types of problems?

◯ 1. Animals ◯ 2. Thieves ◯ 3. Humidity
◯ 4. Cost ◯ 5. Too far ◯ 6. Other

More than one response can be selected.
The question is only appropriate if Storage problems = "Yes"

If 'Other', please specify:

MARKET INFORMATION

This section considers whether market information is relayed to traders and if so, to which extent.

Does the trader receive any market information?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

If YES, what type of information does the trader get?

◯ 1. On prices ◯ 3. On trade/business laws ◯ 5. Other
◯ 2. On business issues ◯ 4. On transportation

More than one response can be selected.
The question is only appropriate if Market information = "Yes"

If 'Other', please specify:

Who is giving out this market information?

_____

A list, relevant to the context, can be included.

How is the market information passed around?

◯ 1. Newspaper ◯ 3. Meeting ◯ 5. Other
◯ 2. Special business letter ◯ 4. Informal talks

More than one response can be selected.

If 'Other', please specify:

PRICE FORMATION

This section considers the issue of price formation and where the trader is located compared to it.

How does the trader set the price of his item(s)?

◯ 1. Fixed by government ◯ 4. Depending on supply costs
◯ 2. Fixed by traders' associations ◯ 5. Depending on demand
◯ 3. Follow competitors' prices ◯ 6. Other

More than one response can be selected.

If 'Other', please specify:

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Is there a relationship between prices in different areas at given times?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

If YES, please explain:

The question is only appropriate if Prices in different areas = "Yes"

Would the trader say that price competition exist

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

INSTITUTIONAL AND LEGAL FRAMEWORK

This section looks at the legal framework in which traders have to do business.

Is the trader member of a (trade) association?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

Does the trader face market regulations?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

If YES, precise what are these regulations?

_____

A list could be included here as well (opening hours; price regulation; forbidden products...).

What impact do these regulations have on the trader's business?

◯ 1. None ◯ 2. Limited ◯ 3. Medium
◯ 4. Important ◯ 5. Critical ◯ 6. Other

If 'other', please specify

_____

MARKET STRUCTURE

This section aims at assessing the competition level in the given market, as it is evaluated by the trader.

According to the trader, how many traders are doing a similar business as her/his in the market?

_____

How would the trader qualify <u>competition in this market</u>?

◯ 1. None ◯ 2. Limited ◯ 3. Average ◯ 4. Important ◯ 5. Too much

Could <u>NEW traders</u> currently enter the market?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

If NO, explain why.

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CREDIT AVAILABILITY

This section assesses the trader's ability to access credit at reasonable cost.

Is the trader getting credit from time to time?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

If YES, from which creditor?

◯ 1. Other traders ◯ 2. Money lender ◯ 5. Other
◯ 3. Relatives ◯ 4. Credit institution

More than one response can be selected.
The question is only appropriate if Credit = "Yes"

If 'Other', please specify:

What is the rate of interest that you usually have to face when you get a credit?

Please refer to the attached document "Annex 5.10_Trader baseline questionnaire_0607" for a Word version

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11. Market survey : focus group discussion

FOCUS GROUP DISCUSSION GUIDELINES – MARKET ASSESSMENT
FOOD SECURITY PROGRAMME
BASE :…… COUNTRY: ……

*These are **guidelines** for focus-group discussion (FGD) to be conducted **before** the implementation of the programme. Questions should be **adapted** to the context.*

*It should give a **general view** of the market situation.*

*It will allow to **cross-check** the information given by individual interviews with traders and by discussions with key informants, the local authorities, other NGOs and the ACF staff.*

*The group should be as **representative** of the local market as possible (large and small traders, wholesalers and retailers, various activities).*

*The group should **not be too large** (up to 15 persons) to be able to lead the discussion efficiently.*

*Make sure to explain thoroughly **the purpose of the interview** and how it will be used by the agency, in order to have accurate and unbiased answers (as much as possible).*

Name(s) of surveyor(s)

Date of FGD

Name of village / FGD location

Estimated population in location

Nb Households		Nb of people	

Number of people attending the FGD
If possible, it may be interested to know which types of traders were attending (e.g. large or small traders, wholesalers or retailers).

MARKET OPERATION

This section addresses the issue of how well the market is operating in the area where the cash-based intervention is planned.

Is the market operating <u>as usual</u> (same number of traders, same quantity/quality of items, etc), and if this is not the case, explain why?

Is the market considered a main one, a secondary one? Which <u>other types</u> of markets is this market in relation with (rural, urban, main, secondary)?

What are the market days /the business hours?

Is the market operating <u>all year long</u>? Are there some seasons/times when it is not operating or accessible? How people react to this?
If the market is not always accessible or operating, explain when, why and how purchasers/traders react to this situation.

Are there any reasons to believe the <u>situation will change</u> in the coming months? If yes, why?

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COMPETITION

This section evaluates whether the market is competitive or not. Moreover, getting the number of traders present in the market before the start of the CBI can be used as baseline data to be compared to the post-distribution monitoring (to check the impact of the project on the market).

What is approximately the number of traders usually working at the market?

Business type	Nb of large shops	Nb of small/medium shops
Staple food / Basic items		
Vegetable / Fruit sellers		
Restaurants / Café / Tea shops		
Cattle traders		
Clothes / Shoe sellers		
Handicraft : ……..		
Others: …….		

The table above is given as an indication: it can be interesting to get the number of traders depending on the activity and to divide between small and large traders. E.g. if the market is dominated by 2 large traders, this may indicate an oligopoly situation which has negative impact on prices.

Have these numbers varied meaningfully recently? Are these changes (if any) usual?

Try to get estimates and trend of the change (e.g. number of cattle traders decreased by 20%) and the reason(s) of any change.

Are there any regulations, laws or cultural habits restricting competition in the market? Precise which one and for which activity.

Is it difficult to open a business in the market? What are the administrative requirements to do so (if any)?
Check for business regulation and to which extent it is enforced.

AVAILABILITY

This section considers the supply side to check whether it may be an issue in the market (which will have an impact if cash is distributed to beneficiaries).

Is this market facing shortages or very low supply on a regular basis? If this is the case, for which items and at which time of the year?

Assess market seasonality.

Have basic items abnormally been in shortage recently? If so, which items?

What are the reasons for such supply shortages?

The question is also linked to the price section below. Check for government restriction, bad agricultural production, impaired trade flows, seasonality, etc.

What is the reaction of purchasers to these shortages? Of traders?

ACCESSIBILITY / MARKET INTEGRATION

This section considers how easily the market is reached and what could impair "normal" supply flows.

Is the market easily reached by purchasers and suppliers at all time? If not, precise when and why.

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Where do local traders get their supply from?

Assess the origin of basic items (supply routes): local, regional, national and international.

How is supply transported to the market? Is it always feasible? Is it regular? If not, when and why?

Check for means of transportation, regularity and conditions of infrastructures.
NB: Transportation issues are critical ones in market access and can be assessed separately (by going specifically to large carriers/taxi stations, etc).

Has transportation been problematic recently? Precise.

Check for transportation costs, fuel prices, government restrictions, road insecurity.

How are prices affected by any change in transportation?

How do traders react to problems in transportation?

Reduce quantities supplied, increase prices, stockpile items, etc.

PRICES

This section is only meant to gauge traders' perception of market prices. A more detailed price monitoring should be conducted in parallel (with historic data as much as possible).

How would traders qualify current prices at the market? Is it "normal" or not?

Check for acknowledged inflation, government regulation, abnormal situation, seasonality.

If the situation is not normal, why?

Check whether it is due to government regulations, shortages, insecurity, monopoly.

How does this impact business? How do traders react to the situation?

Do traders have to abide by price changes? Do they have less customers / a lower activity.

Are changes expected in the coming months?

REACTIVITY / TRADERS STRATEGY

This section evaluates how and to which extent traders would be able to react to increased demand in the market.

How do traders usually react when the number of customers varies during the year?

How fast can additional supply be brought in if demand increases? At which cost?

Will all traders be willing to get extra supply or not? Explain.

Will traders have sufficient financial and storage capacities to get extra supply? Explain.

Please refer to the attached document "Annex 5.11_FGD_market_questionnaire_0607" for a Word version.

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12. Market survey: price monitoring

Please refer to the attached Excel document "Annex 5.12_Market survey price monitoring_0607".

13. Quick job descriptions of national positions in CBI team

Head of CBI project: S/he is assisting the head of programme (usually a food security or food aid officer expatriate) in managing the cash-based intervention in its totality. S/he should follow-up the overall project's implementation, make sure that deadlines and planning are respected and that the rest of the team understands the project and does its job accordingly. S/he represents the Head of programme when dealing with authorities. S/he reports on the activities of the project on a regular basis.

Team leader of CBI: S/he is in charge of coordinating and organising all the activities related to the cash-based intervention: sensitisation, registration, monitoring of beneficiary lists, distribution, implementation (labour-based schemes) and follow-up. S/he manages a team of registrars/community workers and supervises the work of casual workers if any. S/he makes sure the objectives of the project are well understood and explained to the local population. S/he reports to the Head of CBI project on a regular basis.

Team leader of CBI monitoring: S/he is in a similar situation as the Team leader of CBI, but is managing a team of monitors in charge of all the monitoring/evaluation tasks, from baseline information collection to post-distribution monitoring, market assessment and any other survey felt relevant for the project. This team could also help in the project implementation/follow-up when needed (distributions for instance). S/he does the first part of the analysis of the data collected, together with the Head of CBI project. S/he could also be in charge of the data entry if the project cannot hire one (see below).

Translator: This position may be useful to translate documents in the local language: project document, posters, public announcement, questionnaires, explanatory notes…If the project is not large enough for such a position, someone from the rest of team could do the translation part. However thorough cross-checking (re-translate in original idiom) of all documents should be done to prevent confusion and misunderstanding. The translator may also be shared between food security and other programmes in the location.

Data entry: As in the translator case, the size of the project may not allow for a full-time data entry person. The position **could however be split between different projects on the base** (the CBI and the nutrition projects for instance). S/he will be in charge of entering all the data gathered on the field and may start processing them. S/he reports to the Head of CBI project but should also interact extensively with the Team leader of CBI monitoring and its team in charge of gathering the data.

Technicians: They might be relevant in **labour-based schemes including technical requirements** which cannot be met by the local population (no skilled workers, high technical nature). They/S/he will be in charge of supervising the work of the local population and will report to the Head of CBI project, but should also be in close contact with the registrars and the Team leader of CBI.

Registrars : They are in charge of sensitising the population, registering people on the lists, explaining the process, implementing the distribution and following-up the activities done. For

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this purpose they should be properly trained on the purposes of the project and its implementation process. They work under the supervision of the Team leader of CBI, to whom they are reporting daily. In case of doubt, they should first ask the Team leader before acting or giving answers.

Monitors: They are responsible of gathering all the data required by the project's monitoring. They will need to fill in many questionnaires and hence be fully trained on survey methodology (how to ask questions, how to cross-check answers, which person to interview, etc). Their contact with the population should be patient and gentle but firm. They report daily to the Team leader of CBI monitoring who manages them.

14. Food security staff in CBI: job descriptions

Please refer to the zipped file "Annex 5.14_FS staff CBI_jobdesc_0607".

15. Beneficiary card

Please refer to the attached powerpoint document "Annex 5.15_Beneficiary card design_0607".

16. Voucher format

Please refer to the attached powerpoint document "Annex 5.16_Voucher design_0607"

17. Attendance, distribution and encashment lists

Please refer to the attached document "Annex 5.17_Distribution lists_examples_0607".

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18. CRS experience in seed voucher and fairs

The CRS experience in seed voucher and fairs

CRS has been implementing seed voucher and fairs since 2000. It highlights the following advantages of seed fairs compared to direct seed distributions.

- Seed fairs present a means by which beneficiaries access agriculture inputs that are locally available, of their preference, and meet their immediate needs.
- Seed quality is left to the judgment of farmers.
- They are an open and transparent process.
- Local crop production is supported.
- They provide a more equitable distribution of resources.
- They can be planned and implemented in a short period of time.
- Communities are actively involved in the planning and implementation.
- They serve the needs of large numbers of farm families experiencing difficulty accessing seed.
- They can be adapted to the level of seed insecurity.

In 2004, the experiences of seed voucher and fair programmes supervised by CRS in 16 countries were reviewed. These programmes were implemented in conflict (5 cases), drought (13 cases) or flood (2 cases) situations.

The number of beneficiaries by country varied from 146 to 50,000 and the average number of participants per seed fair was 734 (from 146 to 2,438). However, CRS also mentions that organising fairs with more than 500 participants poses significant organisational challenges and risks.

The value of the voucher ranged from USD 2.55 (West India) to USD 34 (Lesotho and Eritrea).

The number of seed sellers attending the fairs ranged from 6 (Madagascar) to 3,319 (Eritrea). 71% of the total number of traders who attended the fairs in the countries reviewed were local traders. The rest were farmers, selling seeds.

To better match supply and demand, CRS suggests appropriate seed pricing practice. In 11 countries, the price was set by negotiations or based on market analysis, while in 3 countries, it was set by seed sellers on the fair day, during normal market operation. 2 countries used both methods. In 14 countries, both beneficiaries and sellers said they were happy with the prices at which items were traded for at the fair.

Source: CRS, 2004.

19. Example of work plan

WORK PLAN : AN EXAMPLE FOR CBI INTERVENTIONS

Months	October				November				
Weeks	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**	**5**
Preparation of evaluation									
Evaluation of humanitarian situation									
Report writting									
Security evaluation in XXX									
Strategy of interventions									
Proposal writting									
Set up of XXX base									
Food Security : Cash-based interventions									

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Cash transfer									
Recruitment of FS team									
Market assessment + baseline data collection									
Selection of intervention sites / locations									
Selection of beneficiaries									
Beneficiary lists set up and monitored									
Validation of beneficiary lists by Community									
Baseline data collection (on HH & community) + data entry									
Beneficiary card distribution+sensitisation on cash uses									
Cash distribution									
Post distribution monitoring + FGD									
Market monitoring									
Reporting									
Cash for work									
Recruitment of FS team									
Selection of intervention sites / locations									
Decision on type of CFW (by the community) + equipment needed									
Order and purchase of equipment									
Selection of beneficiaries									
Beneficiary lists set up and monitored									
Validation of beneficiary lists by Community									
Baseline data collection + data entry									
Beneficiary card distribution									
Distribution of equipment at work places									
Training of beneficiaries before & for maintenance (if needed)									
Start of work									
Expected end of work									
Number of workers									
Monitoring of work progress (e.g. 2 days per week in each location)									
Cash distribution (indicative)									
Post distribution monitoring + FGD									
Market monitoring									
Reporting									
Voucher (through individual traders)									
Recruitment of FS team									
Selection of intervention sites / locations									
Market assessment + baseline data collection									
Sensitisation and selection of traders									
Contracts signed with traders									
Selection of beneficiaries									
Beneficiary lists set up and monitored									
Validation of beneficiary lists by Community									
Baseline data collection + data entry									
Beneficiary card distribution									
Voucher design & printing									
Sensitisation and training of beneficiaries and traders									
Voucher distribution									
Post distribution monitoring + FGD (voucher)									
Market monitoring									
Reporting									
Voucher (fairs)									

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Recruitment of FS team									
Selection of intervention sites / locations									
Market assessment + baseline data collection									
Seed (other agric. Item) security assessment									
Sensitisation and selection of traders									
Selection of beneficiaries									
Beneficiary lists set up and monitored									
Validation of beneficiary lists by Community									
Baseline data collection + data entry									
Beneficiary card distribution									
Voucher design & printing									
Sensitisation and training of beneficiaries and traders									
Fair day + on-site monitoring									
Post distribution monitoring + FGD (fair)									
Market monitoring									
Reporting									

Logistic needs									
Car									
Pick-up									
Truck									
Distribution material (chairs, rope, table)									
Communication means (handset, thuraya, phone)									
Storage facility									
Computer									

Administrative needs									
FS staff									
Casual workers									
Amount of cash needed (estimation)									

Please refer to the attached document "Annex 5.19_Work plan_example_0607" for a more detailed Excel version.

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20. Example of household post-distribution monitoring

HH POST DISTRIBUTION MONITORING QUESTIONNAIRE
FOOD SECURITY PROGRAMME
BASE :…… COUNTRY: ……

*This post distribution monitoring considers whether cash/voucher were **well received** by beneficiaries, **how they were used** and how the beneficiary households **compare with non-beneficiary ones**.*
*Questions relevant for beneficiaries AND non-beneficiaries are **written in BLUE**, those relevant only for beneficiaries are in black.*
*Remember that the questionnaire should **not be too long**: the example below should be shortened and adapted to your programme and the questions you want to answer. The **OVIs** and the indicators already measured **in the baseline data** (if any) should be included in the questionnaire in priority.*

1. Questionnaire number

_____

The response must be between 1 and 1000.

2. Name of surveyor

3. Date of survey

General household information

This section should help gather general information on the household. Since data are gathered on beneficiaries and non-beneficiaries, they can help compare the two groups.
If the same sample of persons is interviewed each time, these questions do not need to be repeated (use a household code for instance).
As an ice-breaker, you can always start by asking the person's name, even if you do not keep it in your records.

4. Where does the person interviewed live?
If the same sample of households is followed throughout the programme, families can be given a code through which their names, address and other personal information can be retrieved.

5. Is the person benefiting from the ACF cash programme?
◯ 1. Yes ◯ 2. No ◯ 3. Does not know

6. If the household is a beneficiary of the programme, how many people have been registered?
The response must be between 1 and 20.
The question is only appropriate if Beneficiary status = "Yes"

7. How many hours have been worked for the programme?
Question relevant if the programme is a cash-for-work activity

8. Is the household male- or female-headed?
◯ 1. Female-headed ◯ 2. Male-headed ◯ 3. Other
If an adult is running the household, precise whether it is a woman or a man. If the household is not managed by an adult, precise it in "other" as orphan-headed household.

9. If 'Other', please specify:

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10. How old is the person in charge of the household?

◯ 1. Less than 16 ◯ 2. Between 16 and 20 ◯ 3. Between 21 and 30

◯ 4. Between 31 and 40 ◯ 5. Between 41 and 60 ◯ 6. Above 60

These age ranges are indicative: they should be modified depending on age pyramid and cultural habits in the area of intervention.

11-13. How many people are living in your household (under the same roof, eating the same meals)?

Total HH size	
Number of adults	
Number of dependent members (non-working children, disabled, the elderly, etc.)	

14. What is/are the main activity(ies) of your household?

1. Agriculture	6. Casual labour
2. Cattle trader	7. Civil servant: Employee
3. Trader/Shopkeeper	8. Driver / Carrier
4. Handicraft	9. Petty trading
5. Casual labour in agriculture	10. Other

|__|__|__|__|__|__|__|__|__|__|__|

Answers should be ranked from the most important activity (time-wise and income-wise) to the occasional one. It may help compare activities between beneficiaries and non-beneficiaries. Especially relevant in labour-based activities to check for potential overlap.

15. If 'other', please specify

The question is only appropriate if Activity = "Other".

Reception of entitlement

This section checks whether the beneficiary household has indeed received the planned amount of cash/voucher and who benefited from it. It is relevant for beneficiary households only.

16. If the household is a beneficiary one, when was the cash/the voucher received?

____/____/_____

The response must be between 01/01/2007 and 01/01/2012. The person may not remember the date but can give a day which should be translated by the monitor.
The question is only appropriate if Beneficiary status = "Yes".

17. How much did the household receive in this last payment?

_____

Question relevant for cash transfers and cash voucher distribution (the amount the voucher was worth in quantity or amount should be given here).

18. What were the items the commodity voucher could be redeemed against?

◯ 1. Rice ◯ 2. Wheat ◯ 3. Maize ◯ 4. Oil

◯ 5. Beans ◯ 6. Pulses ◯ 7. Other ◯ 8. Does not know

This question is relevant in the case of a commodity voucher scheme. The list of items should be adapted to the culturally consumed food/items.

19. If 'Other', please specify:

20. Who collected the money/the voucher in the household?

◯ 1. Husband ◯ 2. Wife ◯ 3. Child ◯ 4. Other relative

◯ 5. Friends/ Neighbour ◯ 6. Nobody ◯ 7. Other

More than one response can be selected.
The question is only appropriate if Beneficiary status = "Yes".

21. If 'Other', please specify:

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22. How did the person go to the distribution point?

◯ 1. On foot	◯ 3. Bicycle	◯ 5. Animal
◯ 2. Motor vehicle (taxi, bike...)	◯ 4. Animal cart	◯ 6. Other

The question is only appropriate if Beneficiary status = "Yes".

23. If 'Other', please specify:

24-29. How much time did the person need to reach the distribution point (depending on the transportation means cited above)?

On foot?		By bicycle		By animal	
By motored vehicle		By animal cart		With another mean	

30. If the person had to pay for transport, how much was it?

The response must be between 0 and 10000. Use local currency.
The question is only appropriate if Transportation means # "On foot".

31. According to you, who benefited most from the cash / the voucher received?

1. Whole family	2. Children	3. Father	4. Mother
5. Parents	6. Relatives	7. Does not know	8. Other

|__|__|__|__|__|__|__|__|

Rank the answers from the person(s) who benefited most to those who benefited less.
The idea is to check how the beneficiary evaluate the impact of the programme on his/her household.

32. Can you explain why?

Cash/voucher uses and income information

This section tries to define how beneficiaries used their cash / the voucher received as well as their global income situation and evolution.

33. In the past month / 15 days, what was the household income spent on?

1. Cereals	2. Tuber/roots	3. Pulses	4. Oil
5. Sugar	6. Hygiene items	7. Fuel	8. Clothes
9. Livestock	10. agricultural items	11. Other	

|__|__|__|__|__|__|__|__|__|__|__|

The list should be adapted to the local spending habits and basic needs.
Rank the items from the most to the least important one (in terms of budget share).

34. Was this spending pattern similar to that of the last few months?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

35. If the spending pattern was different from the previous period, explain why.

The question is only appropriate if Spending pattern = "No".
The question is left open, but the idea here is to see whether people associate the change with the CBI or not (or not only).

36. Which items did you get with the cash / the voucher received?

◯ 1. Cerals	◯ 6. Hygiene items
◯ 2. Tuber	◯ 7. Fuel
◯ 3. Pulses	◯ 8. Livestock
◯ 4. Oil	◯ 9. Agriculture related items
◯ 5. Luxury	◯ 10. Other

Here again, the list should be adapted to the context.

37. If 'Other', please specify:

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38-47. How much did you spend on each of the items bought with the cash or the voucher received?

On cereals		On hygiene items	
On tuber		On fuel	
On Pulses		On livestock	
On oil		On agriculture related items	
On luxury		On other	

48. Which were the items got with the commodity voucher?

◯ 1. Item 1 ◯ 2. Item 2 ◯ 3. Item 3 ◯ 4. Item 4 ◯ 5. Other

The list depends on the items that were supposed to be exchanged. The "other" characteristic is here to track the possibility of "misuse" in the voucher.

49. If 'Other', please specify:

50-54. How much of each of the above-cited items have you been able to exchange for your voucher?

Of item 1?		Of item 4?	
Of item 2?		Of item "other"?	
Of item 3?			

55. Did the beneficiary household share with other non-beneficiary household?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

56. If sharing occurred, why did the household involve in it?

◯ 1. Cultural habit ◯ 3. Forced to do so

◯ 2. Other non-beneficiary HH also in needs ◯ 4. Other

More than one response can be selected.
The question is only appropriate if Sharing = "Yes".

57. If 'Other', please specify:

58. If sharing took place, what did the household share with others?

◯ 1. Cash ◯ 2. Bought items ◯ 3. Cooked food ◯ 4. Other

More than one response can be selected.
The question is only appropriate if Sharing = "Yes".

59. If 'Other', please specify:

60. Did the non-beneficiary household benefit from sharing done by beneficiary households?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

The question is only appropriate if Beneficiary status = "No".

61. Total income spent in past period at stake (one month, 15 days)?

The amount should be estimated in local currency. If the recall period is too long, the amount might not be estimated accurately.

62. Share of cash/voucher transfer in this total income?

Should be given in percentage if the person can evaluate it (proportional piling).

63. Can the person list the different sources of income in the household and rank them?

1. Casual labour 2. Regular work 3. Remittances 4. Gift 5. CBI 6. Other

|__|__|__|__|__|__|

Income sources should be ranked from the most important to the least important one (only rank the ones that the person mentions).

64. If 'Other', please specify:

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65. How did this total income compare to the previous month/15 days?

◯ 1. Higher ◯ 2. Similar ◯ 3. Lower ◯ 4. Does not know

Market-related information

This section aims at assessing what was the market situation faced by households when purchasing their products and also to see whether the CBI had any impact on the market, from the household's point of view.
Although it may not be mentioned as such, the idea is to check for potential changes since the beginning of the programme.

66. Were the household always able to purchase the items looked for (or inscribed on the voucher)?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

67. If not, can you explain why?

◯ 1. Not available that day
◯ 2. Global shortage
◯ 3. The shopkeepers refuse to sell
◯ 4. Too expensive
◯ 5. Does not know
◯ 6. Other

More than one response can be selected.
The question is only appropriate if Items availability = "No".

68. If 'Other', please specify:

Please refer to the attached document "Annex 5.20_HH PDM questionnaire_0607" for a Word version.

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21. *Example of on-site monitoring (for fair)*

ON SITE MONITORING DURING FAIR – GUIDELINES
FOOD SECURITY PROGRAMME
BASE :…… COUNTRY: ……

*These are guidelines for **on-site monitoring** to be conducted during the cash-based intervention (usually during fair).*
*Questions should **be adapted to the context**.*
*The purpose is to gather **on the spot** information on how people (beneficiaries and sellers) are evaluating the fair's principles and organisation (prices, quality of items proposed, organisation, distance to fair, etc).*
Because sellers at the fair are often small and unofficial, they will not be easily found after the fair, hence on-site monitoring can allow to gather their opinion as well.
Both sellers and beneficiaries' evaluation forms have been included here, but they could be separated to ease survey process (some monitors do sellers' forms and others do beneficiaries' ones).

Name (s) of surveyor(s)

Date of Fair

Name of fair location

SELLERS' EVALUATION FORM

This section evaluates the seller's characteristics and how s/he is gauging the fair's organisation and achievements. This survey should not impair the selling process and can be done when the seller is waiting for being repaid or when nobody is getting items from her/his supply.

Seller is :

○ 1. Female ○ 2. Male

How would the seller qualify her/himself?

○ 1. Farmer
○ 2. Part-time seed/grain trader
○ 3. Full-time seed/grain trader
○ 4. Local store owner
○ 5. Stockist
○ 6. Seed Company Representative
○ 7. Other ……

For <u>how long</u> have you been selling seeds/grains/other items?

Nb of years	_____	First time	

Estimated <u>quantities and prices</u> of seeds / items sold at the fair?

CROP / ITEM	Variety	Quantity (in Kg/local measure)	Range of price

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What were the sources of the seed / the items brought at the fair?

◯ 1. Own production ◯ 2. Local farmers ◯ 3. Farmers in other locations
◯ 4. Local traders ◯ 5. Stockist ◯ 6. Seed Company
◯ 7. Markets in larger town ◯ 8.Other ……

Questions on seed / items' <u>quality</u> (cleaning and storage conditions before the fair)?

Will depend on whether the seed quality was among the requested conditions for the fair or not.

How would you <u>qualify the prices</u> at the fair?

◯ 1. Very good ◯ 2. Adequate and fair ◯ 3. Poor

Who decided about the <u>selling price</u>?

◯ 1. Agency ◯ 2. Sellers and agency ◯ 3. Sellers, beneficiary and agency
◯ 4. Seller ◯ 5. Negotiation ◯ 6.Other ……

<u>How far</u> did you have to travel to come to the fair?

Nb of Km	_____
Nb of hour(s)	_____

How did you <u>transport</u> your seeds/items to the fair site?

◯ 1. On foot ◯ 2. Own transportation ◯ 3. Rented transportation means
◯ 4. Local transportation ◯ 5. Other ……

<u>How much</u> did it cost you?

Going currency	_____

How would you qualify the process of using/redeeming voucher?

◯ 1. Easy ◯ 2. Relatively easy ◯ 3. Difficult

If it was <u>difficult</u>, please explain

The aim is to see whether sellers understood the voucher process easily and got sufficient information on the issue.

What is your <u>appreciation</u> of the fair?

◯ 1. Very satisfied ◯ 2. Satisfied ◯ 3. Unsatisfied ◯ 4. Very unsatisfied

If very unsatisfied or unsatisfied, please explain

Would you attend <u>another fair</u> if it were organised again?

If the answer is NO, please explain why.

Suggestions, remarks

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BENEFICIARIES' EVALUATION FORM

This section evaluates the beneficiary's status and appreciation of the fair organisation and benefits s/he could get from it.

Beneficiary is:

◯ 1. Female ◯ 2. Male

Is the person the head of household?

◯ 1. Yes ◯ 2. No

Age of head of household

Age	_____

Status of head of household?

◯ 1. Married ◯ 2. Widow
◯ 3. Wodower ◯ 4. Single
◯ 5. Other …….

Estimated quantities and prices of seeds / items bought at the fair?

CROP / ITEM	Variety	Quantity (in Kg/local measure)	Price	Quality (opinion)

Quality: very good, good, average, poor, very poor

Were you satisfied with the range of crops available at the fair?

◯ 1. Yes ◯ 2. No

Were there adequate quantities of the seed variety you wanted?

◯ 1. Yes ◯ 2. No

Were there any crops or varieties that you wanted but did not find at the fair?

◯ 1. Yes ◯ 2. No
If NO, go to question 28

If YES, please specify?

CROP / ITEM	Variety

The prices at the fair were:

◯ 1. Fixed ◯ 2. Negotiable

How would you qualify prices at the fair?

◯ 1. Very good (low) ◯ 2. Adequate and fair ◯ 3. High

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How far did you have to travel to come to the fair?

Nb of Km	_____	Nb of hour(s)	_____

Was the distance to the fair?

◯ 1. Too far ◯ 2. Not a problem ◯ 3. Other ……

What do you think about the timing of the fair compared to the planting season?

◯ 1. Too late ◯ 2. On time
◯ 3. Too early ◯ 4. Other ……...

How would you qualify the process of using voucher?

◯ 1. Easy ◯ 2. Relatively easy ◯ 3. Difficult

If it was difficult, please explain

The goal is to see whether people understood easily how to use vouchers and if they receive enough information about it.

What is your appreciation of the fair?

◯ 1. Very satisfied ◯ 2. Satisfied ◯ 3. Unsatisfied ◯ 4. Very unsatisfied

If very unsatisfied or unsatisfied, please explain

Would you attend another fair if it were organised again?

If the answer is NO, please explain why.

Suggestions, remarks

Please refer to the attached document "Annex 5.21_On site monitoring_questionnaire_0607" for a Word version.

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22. *Example of market post-distribution monitoring*

MARKET PDM QUESTIONNAIRE
FOOD SECURITY PROGRAMME
BASE :…… COUNTRY: ……

*This survey gathers information on the market, following the cash-based intervention. The objective is to check the **impact of the CBI on the market** (traders, supply, demand, prices).*
*It includes issues that can be addressed through **individual interviews** with traders**, group discussions** with different traders as well as physical counting or observations at market places.*
*Some information should be compared to the data gathered in the **baseline database**.*
*As for all the other annexes of this manual, the questions and check lists proposed are indicative and should be **adapted to your programme and context** as well as to what you want to check in priority.*

1. Questionnaire number
The repoonse must be between 1 and 1000.

2. Name of surveyor

3. Date of survey

SUPPLY SITUATION

This section gives information on the availability issue and how traders evaluate it.

4. Was/were the trader(s) always able to meet the demand he/they faced in quantity and/or quality since the beginning of the CBI?
◯ 1. Yes, always ◯ 2. Not always ◯ 3. No, Never ◯ 4. Does not know

This question is valid for all types of CBIs, even commodity vouchers.

5. If traders were unable to meet demand, what was the main supply problem?
◯ 1. Quantity ◯ 2. Quality ◯ 3. Both ◯ 4. Does not know ◯ 5. Other

The question is only appropriate if Answer demand # "Yes, always"

6. If 'Other', please specify:

7. Have the traders ever refuse customers because of shortages?
◯ 1. Yes, often ◯ 2. Yes, but rarely ◯ 3. Never ◯ 4. Does not know

8. If the traders could not meet demand, why?
◯ 1. Higher demand than usual ◯ 3. Shortages at regional level ◯ 5. Problems in storage
◯ 2. Transport problems ◯ 4. Government restrictions ◯ 6. Other

The list should be adapted to the context and programme.

9. If 'Other', please specify:

10. Do you usually face these "shortages" at that time of the year?
◯ 1. Yes ◯ 2. No ◯ 3. Does not know

11. If No, please specify:
The question is only appropriate if Shortages type = "No"

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DEMAND SITUATION

This section looks at the demand side of the market, from the traders' point of view. The objective is to compare with the baseline data if available and to check the potential impact of the programme on demand.

12. How would the traders evaluate the number of customers in the market/in their shops since the beginning of the CBI?

◯ 1. As usual ◯ 2. Higher than usual ◯ 3. Lower than usual ◯ 4. Does not know

13. If the number of customers has changed, can you explain why?

◯ 1. Usual at that time of the year/the month ◯ 3. Linked to economic situation in the area

◯ 2. Linked to ACF programme ◯ 4. Other

Adjust to your programme and area of intervention. This question can also be an open one, without suggestions.

14. If 'Other', please specify:

15. Did traders notice any changes in customers' requests since the beginning of the CBI?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

16. If YES, can you specify what these new requests were?

The question is only appropriate if Customer request = "Yes"

17. What were the items mostly bought by customers?

You can add a list if demand in your area of intervention is easily known.

18. Are these mostly requested items the ones usually bought?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

19. Can you explain why these new requests arose?

PRICE SITUATION

This section deals with traders' appreciation of the price situation. It can complement the price monitoring done separately. In the case of commodity voucher programmes, it can be a way to check whether the price given to traders is "fair".

20. How would traders qualify the current price situation?

◯ 1. As usual ◯ 2. Inflationary trend ◯ 3. Deflationary trend ◯ 4. Does not know ◯ 5. Other

21. If "Other" please specify:

22. Have traders modify (increase) their prices more than usual since the beginning of the CBI?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

23. If YES, why did they do so?

◯ 1. Higher supply costs ◯ 2. Higher demand ◯ 3. Because of ACF programme ◯ 4. Other

The list is indicative: adapt it to your programme and context.

24. If 'Other', please specify:

25. If traders increased prices, for which items in particular?

The question is only appropriate if Increase prices = "Yes"

26. Have traders apply higher prices to customers with cash vouchers than to the others?

◯ 1. Yes ◯ 2. No ◯ 3. Does not know

This question applies to programme where cash vouchers are distributed to people.

27. If YES, why did they do so?

The question is only appropriate if High price for cash voucher = "Yes"

28. How do traders evaluate the prices set-up by the agency for commodity vouchers?

◯ 1. Fair ◯ 2. Higher than market rates ◯ 3. Lower than market rates ◯ 4. Does not know

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This is relevant for programmes where commodity voucher are given. This question may be asked to participant AND non-participant traders to have a balanced feedback.

COMPETITION

This section looks at the potential impacts of the CBI on the market as a whole.

29. How did the number of traders in the market change since the beginning of the CBI?

◯ 1. Remained the same ◯ 2. Increased ◯ 3. Decreased ◯ 4. Does not know

30. If the number of traders increased, can you explain why?

◯ 1. Because of the CBI ◯ 3. New demand ◯ 2. New transport opportunities ◯ 4. Other

Adapt the list to your programme and context. The question can also be left without suggestions, the idea being to check whether the changes are associated-at least partly- with the CBI or not.

31. If 'Other', please specify:

32. If the number of traders increased, can you specify which type of business they are doing?

◯ 1. Food sellers ◯ 3. Restaurant ◯ 5. Construction

◯ 2. Transportation ◯ 4. Services (e.g. hair dresser) ◯ 6. Other

The list is indicative and should be adapted. The monitor should rank the answers from the types of businesses that have increased most to those which number has only slightly changed.

33. If 'Other', please specify:

34. What is the strategy of these new traders?

◯ 1. They will leave at the end of the programme ◯ 3. Does not know

◯ 2. They will stay after the programme ◯ 4. Other

35. If 'Other', please specify:

36. How did the quantity of items available in the market evolve compared to before the CBI?

◯ 1. It increased ◯ 2. It decreased ◯ 3. It remained the same ◯ 4. Does not know

37. How did the quality of items available in the market evolve compared to before the CBI?

◯ 1. It increased ◯ 2. It decreased ◯ 3. It remained the same ◯ 4. Does not know

38. If the quality or quantity of items in the market has changed, explain why

◯ 1. Because of the CBI ◯ 5. Better transportation

◯ 2. Higher demand ◯ 6. Bumper harvest

◯ 3. Seasonal increase/decrease ◯ 7. End of conflict

◯ 4. New traders came in ◯ 8. Other

More than one response can be selected.
The question is only appropriate if Quantity change? = "It increased" or Quantity change? = "It decreased" or Quality change? = "It increased" or Quality change? = "It decreased"

39. If 'Other', please specify:

FEEDBACK ON PROGRAMME

This section assesses the traders' appreciation of the CBI.

40. How do the traders evaluate the impact of the CBI on their business ?

◯ 1. No impact ◯ 2. Positive impact ◯ 3. Negative impact ◯ 4. Does not know

41. Please explain?

42. In the case of voucher programme, how had traders understood the process?

◯ 1. Very well ◯ 2. Well ◯ 3. Not fully ◯ 4. Not at all ◯ 5. Does not know

43. If the process has not been well understood, explain what information was missing.

The question is only appropriate if Voucher process understanding # "Very well"

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44. In the case of voucher programme, how do traders evaluate the re-payment process?

◯ 1. Good ◯ 2. Average ◯ 3. Bad ◯ 4. Does not know

45. If the voucher payment was not good, explain why.

◯ 1. Late payment

◯ 2. Amount not enough

◯ 3. Payment did not correspond to the number of vouchers

◯ 4. Nobody came to exchange voucher

◯ 5. Other

More than one response can be selected.
The question is only appropriate if Voucher payment process # "Good"

46. If 'Other', please specify:

47. Traders' perception of the CBI, comments?

Please refer to the attached document "Annex 5.22_Market PDM_questionnaire_0607" for a Word version.

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23. *Guidelines for post-distribution focus group discussion*

FOCUS GROUP DISCUSSION GUIDELINES – PDM
FOOD SECURITY PROGRAMME
BASE :…… COUNTRY: ……

*These are **guidelines** for focus-group discussion (FGD) to be conducted **after** the cash-based intervention has been implemented and cash/voucher have been distributed. Questions should be **adapted** to the context.*
*The purpose is to know whether the **cash-based intervention** has had the expected outcomes, how people gauge it and how the cash/voucher received was actually used.*
*It should help **cross-check** the information given in individual interviews and by daily monitoring and field visits.*
*The group should be as **representative** of the local community as possible (men and women, different age, wealth and activity groups, **beneficiaries and non-beneficiaries** of the programme).*
*The group should **not be too large** (up to 15 persons) to be able to lead the discussion efficiently.*
*If socially accepted, **gender-based groups** could also be organised.*
*Make sure to explain thoroughly **the purpose of the interview** and how it will be used by the agency, in order to have accurate and unbiased answers (as much as possible)*

Name (s) of surveyor(s)

Date of FGD

Name of village / FGD location

Number of people attending the FGD

Non-beneficiaries		Beneficiaries		TOTAL	

Precise <u>type of FGD</u>, if appropriate (gender-based, community representatives only, other).

PERCEPTION OF THE PROGRAMME

This section evaluates how people from the community (non-beneficiaries and beneficiaries) feel about the programme and what they would recommend for future interventions.

What do they think about the programme? Was the cash-based intervention a relevant option?

Do they feel they had sufficient information about the programme? Explain.
This should check for sensitisation and communication about the programme (purposes, process, length).

What do they think about the programme's implementation?
Sensitisation, communication, selection of beneficiaries and traders, implementation of CFW, cash/voucher distribution (location, timing).

Can they <u>compare</u> this programme to another that has been implemented recently in their community by the same or another agency?

What were the <u>negative sides</u> of the programme?
General question which may be cross-checked in the rest of the FGD.

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What could have been improved? Recommendations for future interventions?

TARGETING AND COVERAGE

This section considers whether the community feels the right people were included in the programme and that not too many households were left out.

Do people know how and why the beneficiaries of the programme were selected? Who was excluded and why?
If people say they know how selection took place, they should give a brief explanation.

If people mention selection criteria in previous questions, what were they and what do they think about them?
Were criteria fair, adequate and appropriate?

What do they think of the selection process?
Assess fairness and relevance of the process according to them.

Who was involved in the selection process?
General and specific question: if some people of the group have participated in the process, how many of them.

Do they feel that the people included in the programme deserve it?
Checking for inclusion errors. Should explain why and to what extent if they disagree.

Do they feel that some people/ households were left out while they should have been included?
Checking for exclusion errors. Explain why and to what extent exclusion errors have occurred.

Was it against local practices that only a few households were included while most were excluded from the programme?

How did the community react to any "gaps" in the programme's coverage?
This checks for any sharing practices and unofficial redistribution of aid.

How did the programme fit in pre-existing traditional sharing practices / support system (if any)?

CASH USES

This section evaluates whether cash distributions were well accepted by the community and how the cash was used. For these questions, gender-based focus group discussions may bring different answers.

How does the community gauge the fact that cash was distributed?
Cross-checking with question 6. Explain the reasons for positive / negative evaluation.

Do they feel the cash distributed was used in a relevant manner? Explain why or why not.

Do they know what the cash was mainly used for?

If women received the cash transfer, how was it perceived by the community?

Were women able to keep the cash received?

Who took the decision about how to spend the cash?
Questions 24-26 are gender-related and answers may be more freely given in gender-based FGD.

Was any safety incident reported after the cash distribution? Explain
Would include beneficiaries threaten or stolen because of the cash transfer.

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IMPACTS / EFFECTS OF THE PROGRAMME

This section considers how the community evaluates the outcomes of the programme at a community level (as opposed to the household level monitored in individual interviews).

What are the impacts / effects of the programme at the community level?
Can be positive (e.g. the outcome of a CFW project) or negative (e.g. tensions created between non-beneficiaries and beneficiaries).

How are the outcomes of a CBI evaluated, accepted and used?
More specific for CFW activities where community work was involved.

What were the effects of the CBI on the market according to them?

What were the effects of the CBI in terms of social relationships within the community?
Check for any tensions that may have occurred or usual social bonds that may have been impaired. Positive aspects like better recognition from society can be at stake.

Please refer to the attached document "Annex 5.23_FGD_PDM_questionnaire_0607" for a Word version.

24. Cash-for-work evaluation: format and methodology

This is a document taken from the evaluation of **Oxfam**'s voucher-for-work experience in Mali and Niger (see reference below).

Please refer to the attached document "Annex 5.24_ Oxfam_CFW evaluation format and methodology_1105".

25. ICRISAT field visit in ACF seed fair in Zimbabwe: report

Please refer to the attached document "Annex 5.25_ACF_Zimbabwe_ICRISAT report seed fair visit_1106".

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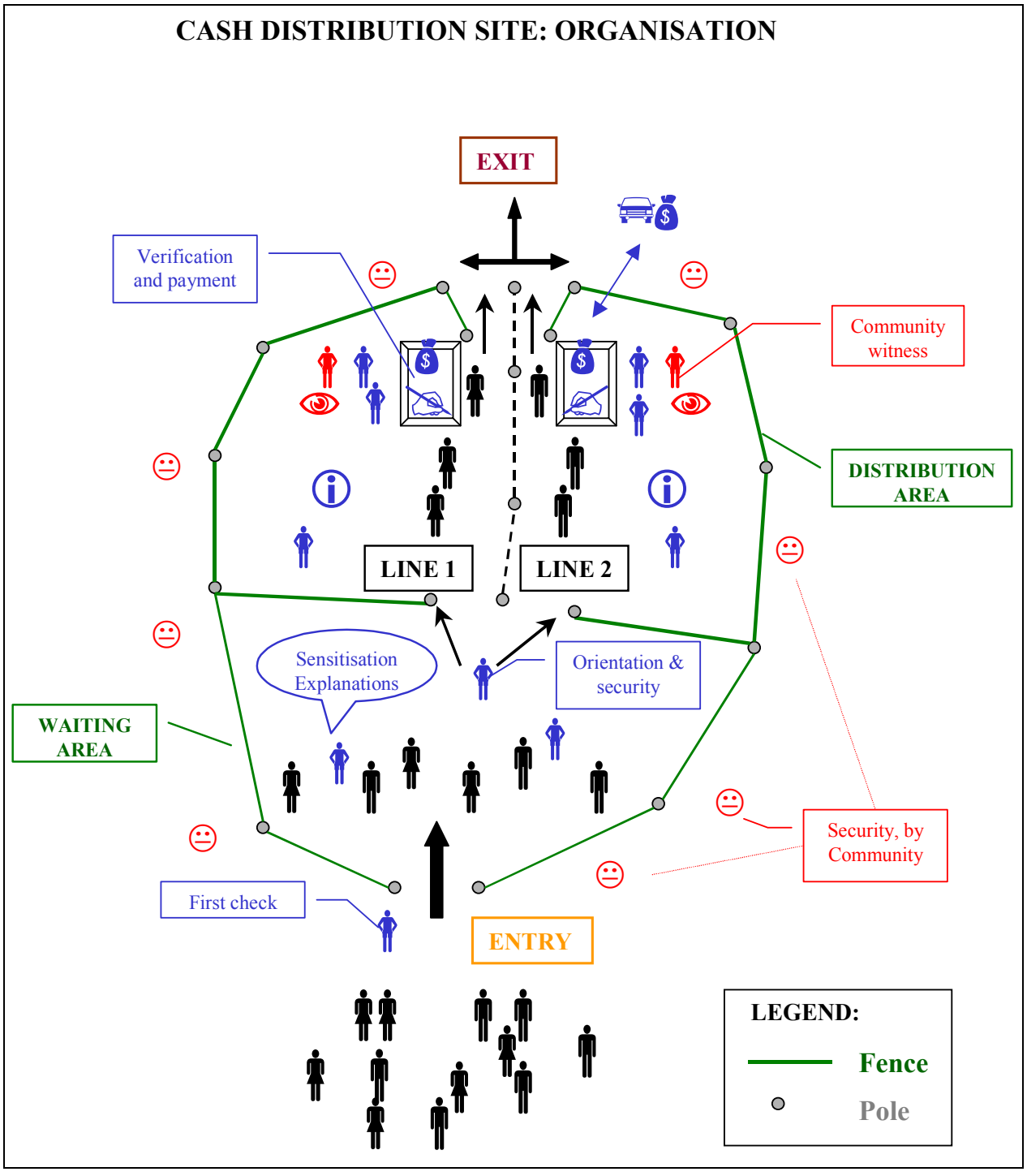
26. *Cash distribution site : suggested organisation*



Distribution site: suggested organisation

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27. Documents from the field: ACF experience in Indonesia

Please refer to the folder: Annex 5.27 ACF_Seed voucher_Indonesia_0407.

28. Documents from the field: ACF experience in Uganda

Please refer to the folder: Annex 5.28 ACF_Seed fair_Uganda_0607

29. Documents from the field: Oxfam experience

Please refer to the folder: Annex 5.29 Oxfam_CBI experiences

30. Documents from the field: ACF post-tsunami market mapping in Aceh Jaya

The chart presented in the main text could be used in the case of a **post-disaster evaluation** that was conducted by ACF in Aceh in 2005, following the tsunami that devastated the area and focuses on the **district of Aceh Yaya** (Western part) which was the **most affected area**.

- **Infrastructures**
  - ✓ Road transportation to main markets and in general was really difficult because the coastal road had been destroyed. Transportation prices increased.
  - ✓ Main market places had been destroyed thus impairing market functioning.
  - ✓ Canals (for rice irrigation) and rivers had been obstructed but were not totally destroyed.
  - ✓ Sea supply was reduced due to destruction of boats and fear of going back to the sea.
- **Markets**
  - ✓ Accessibility was much impaired (infrastructure destroyed and high transport costs).
  - ✓ Lack of product diversity, especially in isolated area.
  - ✓ Retailers had to face a decrease in the number of customers because of migration (population fled to inland areas), death and decrease in purchasing power.
  - ✓ Prices increased because of supply shortages.
  - ✓ The origin of some products changed.
- **Livelihoods**
  - ✓ The fishing activity was impaired, implying reduced employment opportunities and loss in alternative sources of income.
  - ✓ Rice fields were destroyed or covered with sediments.
  - ✓ Seeds, tools and fertilisers were not accessible to farmers.
  - ✓ Local production had still not been able to restart.

The previous findings could then be organised in a map.

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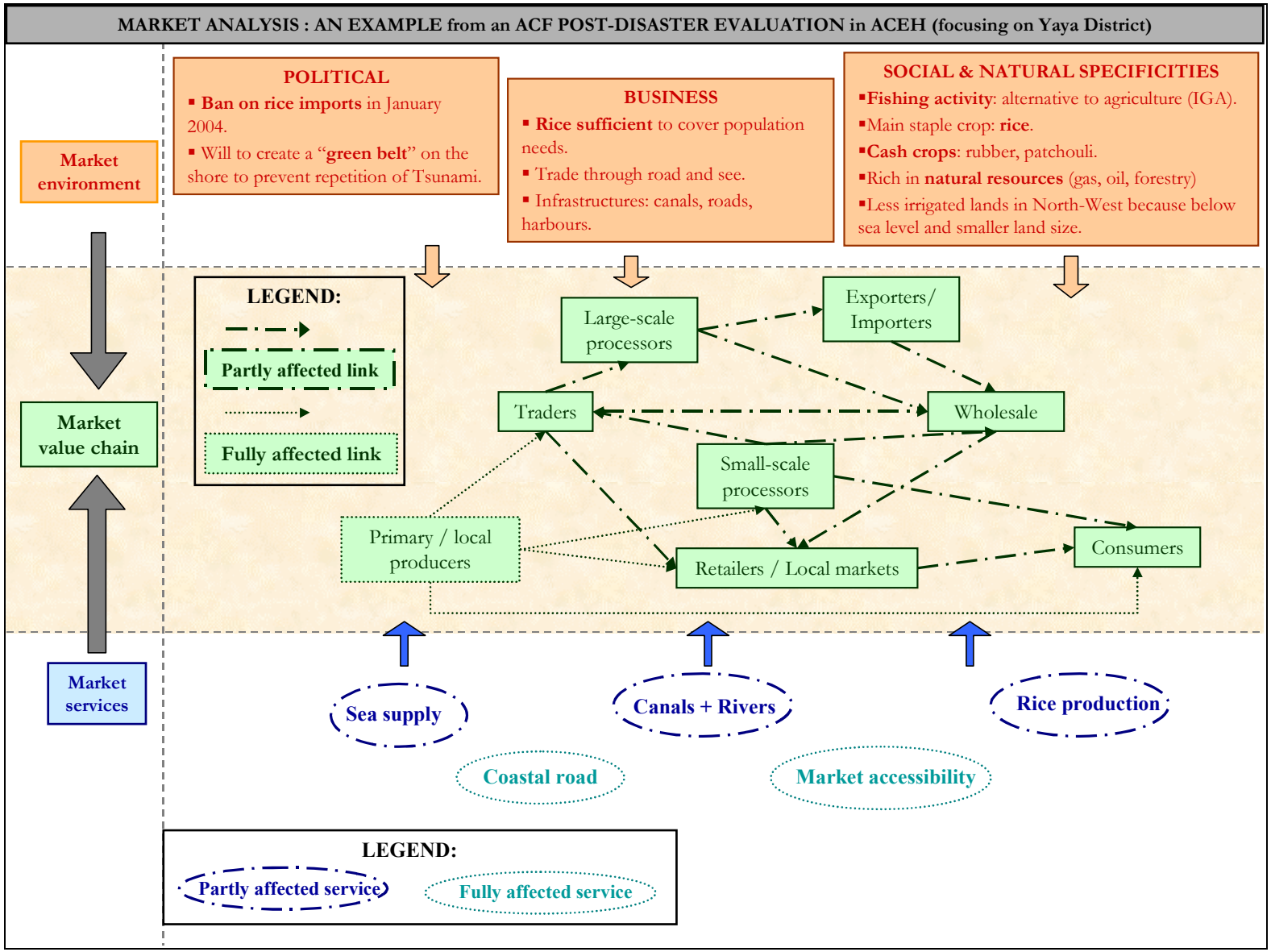

Mapping the market: an example from an evaluation in Aceh, Indonesia

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31. Checklist for organising CBI (cash grant, voucher, labour-based intervention)

KEY STEPS IN IMPLEMENTING CBIs: CASH GRANTS

Stage 1: design

1. Situation and needs analysis
2. Decide programme objectives and strategy
3. Further assessments on community habits, market, banking and security.
4. Decide on the type of CBI to be implemented.
5. Detailed design of project
    a. Targeting: type of targeting, gender considerations
    b. Timing
    c. Size of transfer
    d. Operating modalities – delivery mechanisms
    e. Monitoring systems
    f. Exit strategies
6. Recruit ACF food security staff. Train as necessary.

Stage 2: preparation

7. Where targeted at populations affected by specific crises (e.g. refugees, IDPs), collect population figures
8. Sensitisation round 1: inform 'communities'
9. Complete baseline information already collected during initial assessments (on market, community, households).
10. Sensitisation round 2: explanation of beneficiary selection and process of intervention.
11. Beneficiary selection (community-based, if appropriate) + baseline
12. Verify beneficiary lists.
13. Design and print beneficiary cards
14. Public validation of beneficiary lists, distribution of cards.
15. Sensitisation round 3: explanation on the entitlement (how much, how to use it, where, when, etc) and on the distribution process.

Stage 3: distribution

16. Cash distribution
17. Monitoring (ongoing) : economic and social situation and markets
18. Post-distribution monitoring to verify entitlements received properly and assess cash uses.
19. Repeat stages 16, 17, 18 as planned
20. Ending the CBI.

Stage 4: wrapping up

21. Evaluation, audit, as necessary
22. Write up lessons learned for sharing with ACF internationally!

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KEY STEPS IN IMPLEMENTING CBIs: VOUCHER intervention

Stage 1 : design

Please refer to the **CASH GRANT box** above.

Stage 2: preparation

7. Where targeted at populations affected by specific crises (e.g. refugees, IDPs), collect population figures
8. Sensitisation round 1: inform 'communities' and traders about the intervention.
9. Complete baseline information already collected during initial assessments (on market, community, households).
10. Get authority approval (especially for fair organisation)
11. Sensitisation round 2: explanation of beneficiary selection and process of intervention.
12. Beneficiary selection (community-based, if appropriate) + baseline.
13. Select traders participating in the scheme + contract / MoU.
14. Verify beneficiary lists.
15. Design and print beneficiary cards and vouchers.
16. Public validation of beneficiary lists, distribution of cards.
17. Sensitisation round 3: explanation on the vouchers (how much, how to use it, where, when, etc) and on the distribution process.

Stage 3: distribution

18. Voucher distribution or fair day
19. Monitoring (ongoing) : economic and social situation, process and markets
20. Post-distribution monitoring to verify entitlements received properly.
21. Ending the CBI.

Stage 4: wrapping up

22. Evaluation, audit, as necessary
23. Write up lessons learned for sharing with ACF internationally!

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KEY STEPS IN IMPLEMENTING CBIs: LABOUR-BASED intervention

Stage 1: design

Please refer to the **CASH GRANT box** above.

Stage 2: preparation

7. Where targeted at populations affected by specific crises (e.g. refugees, IDPs), collect population figures
8. Sensitisation round 1: inform 'communities' and traders about the intervention.
9. Complete baseline information already collected during initial assessments (on market, community, households).
10. Selection of work activities. Quantify needs for equipment and material and other costs
11. Finalise technical plans for work, arrange technical supervision
12. Organise future hand-over of responsibility for maintenance
13. Draw up detailed work-plan for work projects.
14. Order and purchase of equipment and material.
15. Sensitisation round 2: explanation of beneficiary selection and process of intervention.
16. Beneficiary selection (community-based, if appropriate.)
17. Verify beneficiary lists, if necessary.
18. Public validation of beneficiary lists, if necessary
19. Sensitisation round 3: explanation on the work norms, payments etc. (If pay is vouchers, extra explanations needed.)

Stage 3: execution of work projects

20. Monitor work progress
21. Weekly payments of wages, or as appropriate
22. Post-distribution monitoring to verify wages received properly. Assess use of money.
23. Monitoring (ongoing) : economic and social situation, markets
24. Organise hand-over. Train for maintenance, if necessary.
25. Hand-over of responsibility for infrastructure (if any)
26. Ending the CBI.

Stage 4: wrapping up

27. Evaluation, audit, as necessary
28. Write up lessons learned for sharing with ACF internationally!

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32. Tips for fair organisation

TIPS for fair organisation

- Make sure the **authorities approve** of the process since organising a market may have to meet certain administrative laws/rules and market taxes may be applicable. This is particularly true if you open up the market to cash sales and non voucher holders.
- The **quality of the items** brought in by retailers should be checked before the entrance, to make sure voucher-holder will not have to buy items of very low quality. Poor quality merchandise could be excluded.
- Make sure **enough items** will be brought in to cover for all the vouchers. If it's first-come first-served, with others getting no, or only poor quality, goods, there will be a lot of bad feeling. If this happens any way, make sure to have an alternative to propose to voucher-holders who could not be 'served' (e.g. organise a smaller fair later on or invite them to another fair, if any).
- The **measuring tools** used by sellers should be calibrated, or the agency should provide standardised measuring tools (by volume).
- The **price set-up** can follow different patterns: prices can be:
    b. Fixed before the fair according to market assessment.
    c. Fixed by sellers during the fair day (normal market process).
    d. Fixed beforehand by negotiations between the agency and the sellers.
    e. A maximum price can be negotiated beforehand by the agency, the retailers and the beneficiary communities. Individual prices can then be negotiated during the fair .
- Include **local community members** to help on the fair day, to help smooth any potential problems.
- ACF staff should **monitor the process** (on-site monitoring questionnaire can be filled, see example in the annex 21). They should make sure things are going smoothly, and offer any help – either technical or about the process of the fair itself. If voucher holders have to rely on sellers to help them understand the value of the vouchers, expect some to cheat them!
- If the fair is supposed to last until late in the evening, or for any other administrative reasons, retailers may have to be repaid **after the end of the fair** (timing and process should be stated in the agreement/ MoU): make sure that traders know **what they need in order to be repaid** (e.g. a receipt with the number of vouchers they gave back to the agency at the end of the fair).

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Type of CBI_Editor_Title_Author_Date.

Example: CT_HPG_Cash&vouchers emergencies_Harvey_0205.pdf

This refers to the following article: Harvey, P. (2005) *Cash and Vouchers in Emergencies*, Discussion Paper, ODI Humanitarian Policy Group, London: Overseas Development Institute

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MCDSS/GTZ website on social cash transfer scheme: includes very useful information which are relevant for any types of CBI (including baseline and evaluation questionnaires, database, evaluation reports and training manual) <http://www.socialcashtransfers-zambia.org/index.html>

Swiss Development Cooperation website on cash transfer projects: includes a very useful 'cash toolbox' <www.sdc-cashprojects.ch>

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Humanitarian Information Centres and Partners <http://humanitarianinfo.org/>

UNDP International Poverty Center has a website on cash transfers and social protection with interesting information and links <http://www.undp-povertycentre.org/cct.htm>

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