



THE CASH LEARNING PARTNERSHIP

VOUCHERS

A QUICK DELIVERY GUIDE FOR CASH
TRANSFER PROGRAMMING IN
EMERGENCIES

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VOUCHERS:

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QUICK DELIVERY GUIDE: VOUCHERS IN EMERGENCIES

NECESSARY PRECONDITIONS

- ✓ There must be a large enough number of local traders so that they are easy to access, there is no overcrowding, and the risk of monopolistic behaviour is minimised.
- ✓ The shops must be easily accessible and safe to access, particularly for vulnerable groups.
- ✓ The shops must carry the range of goods needed. Alternatively, the goods can be brought in quickly and easily. Similarly, service providers (e.g., millers or animal health workers) must be available to provide the services required as part of the programme.
- ✓ Local traders must be able to cope with the volume of increased trade and potential cashflow needs.
- ✓ Local traders must be willing to participate in the programme on agreed terms and conditions. E.g., Quality standards and/or price, requirements for accountability materials, or presence of staff and volunteers for monitoring.
- ✓ Local traders must be reliable and continue to function through the emergency.
- ✓ A secure and reliable way of paying the traders must be available.

- ✓ Vouchers are acceptable to local authorities, communities and other stakeholders.
- ✓ No official identification is needed.

DESCRIPTION OF THE PAYMENT METHOD

A voucher is a paper, token or electronic card that can be exchanged for a set quantity or value of goods or services. Vouchers are typically **cash vouchers** that are denominated as a cash value (e.g. \$15), or **commodity vouchers** that are denominated as commodities or services (e.g. 5 kg maize; milling of 5kg of maize). They are redeemable with pre-selected shops or service provider. Alternatively, a fair (e.g., seed or livestock fair) could be organised. Vouchers have been used to improve access to food, seeds, livestock and other non-food items.

The agency or company that issued the vouchers takes the vouchers handed back by the traders in exchange for an agreed sum of money. The vouchers may be valid for several months, or only on a particular market day”.

In the event of inflation, the risk is transferred from the organisation to the trader/service provider whereas the organisation bears the risk of inflation in commodity vouchers. In high-inflation environment or where there is risk of sudden price rise, a voucher for a fixed quantity of

commodity may have an advantage over one for fixed cash value.

Features of Vouchers

Elements of the Payment Process	Features of Vouchers
Creation of database	A paper-based or electronic database can be used. If fast set-up is required, then a paper-based database can be used. However, this makes it more difficult to check for duplication.
Method of identification and authentication	Beneficiaries do not need official identification (such as a national identity card) to receive a voucher. However, some form of identification should be used to ensure that beneficiaries meet the targeting criteria and are not duplicate beneficiaries (double registration). Beneficiaries could be checked against a database (e.g., household list by village administration) or be identified by a community leader. If required, there could be authentication at the shop could be using an NGO identity card or identification by a community leader. Vouchers must also be authenticated as being genuine by checking the serial number or other means.
Currency	Voucher
Point of Payment (PoP)	Vouchers are distributed at a pre-organised voucher distribution point. E.g., a village, a camp, a remittance office or a bank branch.

	<p>The vouchers are then redeemable at a shop, service provider or fair.</p>
Reporting and reconciliations	<p>Easy reporting and reconciliation if an electronic database (such as Excel) is used. Shops/service providers are provided with register where they will record the redemption of the vouchers. Data collected may be on type of commodity purchased and price. Only a minimum amount of information should be recorded to minimise administrative burden. Information from the paper registers will then be entered in database and reconciled against trader invoice documents.</p>
Promotion, training, communication, customer support	<p>A brief session is required with beneficiaries to explain what the voucher is for, what its value is, how to use the voucher and the location of the shops branch. Printed copies of the names and addresses of shops / services should be made available. If appropriate, shops / service providers have signs or banners for easy identification. If there are an agreed prices or quality standards</p>

ADVANTAGES AND DISADVANTAGES

	ADVANTAGES	DISADVANTAGES
Timing, preparedness and partnerships	<p>Vouchers can be reasonably fast to get up and running in an emergency if there are vouchers printed and there are in-principle agreements with local traders already in place. Vouchers can be faster than procurement processes.</p>	<p>If there is no pre-existing agreements or vouchers printed, vouchers are likely to take more set-up time than cash or cheques (cash or order).</p> <p>If beneficiaries and traders are unfamiliar with vouchers, they may be hesitant to participate, requiring timely negotiation.</p>
Scale, flexibility and resilience	<p>Can be operated on a large-scale. Payment levels or commodities can be varied as new vouchers are printed. Able to continue providing goods and services as long as shops and service providers are functioning. Commodity vouchers will guarantee the beneficiaries still receive the required amount of goods if there are price fluctuations.</p>	<p>Scale is limited by the number of traders willing to participate in the programme.</p> <p>Unlike phone banking or ATM cards, vouchers need to be distributed for each instalment.</p>

Costs	Often a low-cost payment method, as no equipment is required and there are no charges (such as bank charges).	If repeated payments are required, there is the cost (time and money) of repeated distributions of vouchers. Staff or volunteers are required to monitor the shops. Can be administratively burdensome.
Vulnerable groups	No literacy or numeracy is required for using a voucher. No official form of identification is needed, therefore less likely to exclude groups such as children, women and elderly. PoPs and shops can be close to the beneficiaries, ensuring that women, elderly, and chronically ill are more likely to be able to receive payment unassisted.	Sometimes beneficiaries can have trouble understanding the voucher system.
Urban versus rural	PoPs can be set up in either urban or rural settings. Both urban and rural shops can be included in the programme.	There is more likely to be a good range of shops in urban centres.
Others	Can tie aid to certain	Less choice for

<p>commodities so as to promote behaviours (e.g., fresh food consumption) or objectives (e.g., shelter)</p> <p>Less risky than transporting cash or goods.</p> <p>It is relatively easy to track what vouchers were used for, by whom, where, and when they were exchanged.</p>	<p>beneficiaries compared to cash. Beneficiaries may have other priorities (such as repaying debt) that are difficult to have vouchers for.</p> <p>Risk of forgery of vouchers.</p> <p>Risk of organisations becoming very comfortable in the use of Vouchers as compared to other cash transfer modalities</p>
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QUICK TIPS

- Voucher based response can be used to meet emergency needs as long as what is needed is available through local markets.
- Conduct a quick assessment of the local shops to understand their capacity to scale up. E.g., How many customers do they typically serve each day? How much is the turnover for a normal week? How much stock is there normally and what is the range? What is the capacity for scaling up? Where are the goods from and what is the lead-time for stocking up on goods?
- If appropriate, build trust with traders through engaging with them through local staff or partners who have good reputations.

- If appropriate, consider start-up capital for traders, particularly if they have been affected by the disaster. This will allow them to rebuild their shops and re-stock if necessary.
- Ensure that relationships with local traders are maintained. Several tips on how to work with the local traders:
 - Hold an information session with traders to clarify terms and conditions. If necessary, provide training on any requirements (e.g., filling in registers and the forms that need to be filled in to facilitate fast payment).
 - Agree on how frequently the traders will be paid. Frequent payments will help traders with their cashflow. Make arrangements with traders to ensure their timely payment. E.g., If they have to be paid by crossed cheque, they might want to set up a bank account in the same bank so that there is faster cheque clearance times.
 - Agree on the quality expected of the goods and services. Agree on the price of goods and services for commodity vouchers. If appropriate, agree on price ranges or ceilings for cash vouchers.
 - Clearly outline the penalties for poor quality goods and services, opportunistic profiteering, or claiming forged vouchers. This may include exclusion from the programme.
 - Sign a contract with a trader that includes information on agreed terms and conditions.

- Stagger the distributions over several days so that shops and/or service providers do not get overwhelmed.
- If necessary, provide staff and volunteers at the shop to help with crowd control.
 - If necessary, arrange extra 'temporary shops', at points nearer to the beneficiaries.
- Serial numbers should be printed on the voucher to avoid misappropriation or falsification. Alternatively, a voucher could have a more sophisticated electronic security tag. Vouchers should be printed on good quality paper and should include information such as period of validity, the value, the list of commodities, the name of the shop/shops etc. Colour code the vouchers to help illiterate people use them. Vouchers must be kept in a secure location, preferably in a safe or a locked box.
- Set up appropriate accountability mechanisms. This may include:
 - Have community representatives or volunteers monitor the quality and price of goods and services at the shops / service providers, and report any problems.
 - Hold regular feedback meetings between local traders and community representatives to discuss any problems with quality of goods, etc.
 - Have phone hotlines or feedback boxes.
- Work closely with finance team to ensure that local traders are paid in a timely manner, so as to minimise the drop-out rate of traders participating.

- Use a voucher tracking system that is not too administratively burdensome. Only procedures that are needed should be put in place; only information that is required should be collected. Some traders may have limited or no literacy, and requiring traders to fill in detailed registers may be a barrier to participation. Appropriately resource the tracking system with staff (e.g., finance and data entry staff) and other resources (e.g., computers).
- If appropriate, link vouchers with one pre-determined shop/service provider to help with tracking and monitoring. However, allowing beneficiaries to choose their shop / service provider can promote competition and improve quality.
- Consider using commodity vouchers rather than cash vouchers if prices are volatile.
- In some countries, authorisation is required from the local authority or government to use vouchers. Check if this authorisation is needed as part of preparedness plans.
- Although direct cash transfers are avoided through use of vouchers, basic security conditions must exist and security risks properly mitigated to avoid endangering the lives and safety of staff and project beneficiaries.
- The type of voucher to be selected depends on the severity of the situation, what the project aims to achieve, and whether or not assistance is provided by other agencies. Relief voucher and voucher for work are often combined.

EXAMPLES OF THIS PAYMENT METHOD BEING USED

- Action Against Hunger / ACF International used fresh food vouchers to contribute to the reduction of severe malnutrition in children under five in Garissa district, Kenya (including Dadaab refugee camps). The programme provided 52,900 households with malnourished children with vouchers for fresh vegetables and fruits, milk and eggs, available on the local market.
- Oxfam GB distributed cash vouchers to 14,000 beneficiary households in the first phase of the 2010 Pakistan flood response in the province of Khyber Pakhtunkhwa. There were approximately 25 traders. The programme took one week to set up with a few traders at first. New traders joined the programme once they saw the programme in action, and their confidence was built.
- The Oxfam / WFP food voucher programme in Gaza had 2,350 households in urban centres. Four weekly cash vouchers were provided to the beneficiaries for each month. As an objective of the programme was to improve nutritional status, the spending on the voucher was restricted to food, namely cheese, milk, yoghurt, lebanee, vegetable oil, rice, pulses and flour.

ALTERNATIVES TO THIS PAYMENT METHOD

Direct cash or cheques.

RESOURCES AND FURTHER READING

CaLP (2010) *Delivering Money: Cash Transfer Mechanisms in Emergencies*

Harvey, P. and Bailey, S (2011) *Good Practice Review 11: Cash Transfer Programming in Emergencies*, (ODI/CaLP).

ICRC/IFRC (2007) *Guidelines for Cash Transfer Programming* (ICRC/IFRC), Section A.7

Sphere Project (2011) *Humanitarian Charter and Minimum Standards in Humanitarian Response*

The CaLP is the Cash Learning Partnership of Oxfam GB, Save the Children, the British Red Cross, Action Against Hunger / ACF International and the Norwegian Refugee Council.



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NB: This is a living document and we are always eager to hear your ideas, comments and feedback on how we could make it better.

For more information, or to provide feedback, please contact: info@cashlearning.org.

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