MARKET-BASED FOOD ASSISTANCE IN GUATEMALA: A SYSTEMATIZATION OF EXPERIENCES
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Acronyms

ACCION Access to Training, Food, and Interventions to Better Nutrition Project – ACTION
ACH Action Against Hunger (Acción Contra el Hambre)
CARITAS Catholic social ministry
COCODE Community Development Committee (Comité Comunitaria de Desarrollo)
COCOSAN Community Food Security and Nutrition Committee (Comité Comunitario de Seguridad Alimentaria y Nutrición)
COMUSAN Municipal Food Security and Nutrition Committee (Comité Municipal de Seguridad Alimentaria y Nutrición)
CRS Catholic Relief Services
DPI Personal identification document
ECHO European Civil Protection and Humanitarian Aid Operations
FAO Food and Agriculture Organization
FFP Food for Peace
IFRC International Federation of the Red Cross
MAGA Ministry of Agriculture, Livestock, and Food (Ministerio de Agricultura, Ganadería y Alimentación)
MIDES Ministry of Social Development (Ministerio de Desarrollo Social)
PAISANO Program of Integrated Actions for Food Security and Nutrition in the West (Programa de Acciones Integradas de Seguridad Alimentaria y Nutricional del Occidente)
PCI Project Concern International
PIN Personal identification number
PL Public law
RUTF Ready to use therapeutic food
SEGAMIL Food Security Focused on the First Thousand Days Project (Proyecto de Seguridad Alimentaria Enfocada en los Primeros Mil Días)
UNICEF United Nations Children’s Fund
USAID United States Agency for International Development
WFP World Food Program
Executive Summary

In April 2017, at the request of the United States Agency for International Development’s (USAID) Office of Food for Peace (FFP) in Guatemala, Catholic Relief Services (CRS) and Project Concern International (PCI) designed a process to gather and synthesize the experiences of food assistance implementers in Guatemala. The main purpose of this systematization was to draw out a simple framework to guide the selection of modalities for future projects, while documenting various recommendations for the design of food assistance projects.

II. Context, History, and Purpose

The European Union and its office of European Operations for Civil Protection and Humanitarian Assistance (ECHO), USAID/FFP and other donors have a long history of food assistance in Guatemala and all have responded to the food crisis in recent years with emergency support. In 2017, ECHO gave €2.1 million to the food crisis in Guatemala,\(^1\) and USAID/FFP donated $30.1 million to food assistance programs.\(^2\)

The provision of food assistance, generally used to respond to emergencies, in Guatemala occurs in an environment of serious gaps in human and economic development. Guatemala has a persistent rate of chronic malnutrition of 70% in indigenous communities and around 50% nationally, the worst in Latin America.\(^3\) This reality influences the explicit and implicit goals of food assistance projects, from responding to emergencies, to combating malnutrition; from promoting development objectives, to providing social assistance.

Food assistance is an intervention that influences the economic life of both the individuals who receive it, and their communities, municipalities and the entire nation. The modality with which it is distributed can determine certain impacts on the market for food, the local economy and family dynamics, and can also influence the administrative efficiency of the project, the acceptance by and the empowerment of the participants, and any sustained behavior change. The main modalities used at the global level for the delivery of food assistance are delivery in-kind, the use of vouchers or coupons, and direct cash transfers.

III. Modalities

For projects that offer market-based food assistance—mainly vouchers and cash transfers—there are two primary points of efficiency in theory. First, local markets provide the best products at the best prices for the target population. Second, interventions that give "buying power" to beneficiaries can help maximize the "utility" of the benefit for those who receive it. With the freedom to select the combination of products that gives them the greatest individual benefit, each individual or family can take full advantage of each dollar or quetzal delivered. In practice in Guatemala, these efficiency benefits are partially affected by some inefficiencies in the markets.

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\(^3\) Ibid.
Inefficiencies in the rural market and the long history of imported food deliveries before the use of
market-based modalities by many implementers attracted designers and implementers towards
adopting variations in the implementation of modalities. For example, the use of vouchers observed in
two different projects in Guatemala had the character of a delivery of locally purchased food rather than
a modality based on the market in which the participant had purchasing power. With cash, the project’s
control over purchases in theory is zero. However, in Guatemala, projects incorporate different
philosophies, from freedom to influence and finally to control, and they use different strategies to
influence (or not) how beneficiaries use their cash, including organizing transfer days and special
markets, reviewing shopping lists, and monitoring purchases at the market and later at home. For many
implementers and donors, ensuring the proper use of money is so important that a single case of a
beneficiary making a "bad" use of the money is perceived as a serious weakness of the project, even
though the imposition of control greatly increases administrative costs. The philosophy of the free
market has not been fully integrated into the design of many food assistance projects, even with the use
of cash transfers.

Within humanitarian and development technical literature, there is a broad offering of methodologies,
guides, tools and frameworks to organize the design process and key decision making in the selection of
interventions. "Response Analysis" is a strategy to determine the most appropriate elements for a
humanitarian assistance intervention in response to an emergency. The International Federation of the
Red Cross’s (IFRC) "Decision Matrix Template" is a way to intentionally consider several factors that
favor one or the other modality for delivering food assistance before selecting the modality. As part of
the systematization, this matrix was adapted to be used in Guatemala, in the Modality Selection Tool in
Annex B. Observations and lessons learned for each main factor were documented to facilitate the
contextualized analysis for future projects in the country, and were summarized in a Selection of
Modalities Summary Table in Annex A.

a. Suitability to objectives (effectiveness criterion)
Food assistance in Guatemala is used to promote various objectives, such as recovery after emergencies,
combating malnutrition, and encouraging participation in development activities. A needs analysis is the
necessary first step and designers should refer to the technical literature for appropriate uses of food
assistance. In general, imported food creates an obstacle to use because it does not match the common
and preferred diet. In many cases, several modalities are suited to promoting the objectives of the
project with little difference in the result.

b. Beneficiary Preference
There was a consensus among beneficiaries of a preference for cash and the use and purchasing
freedoms they receive as a result.

c. Cost
Experts in Guatemala agree that cash transfers carry the lowest administrative cost, but there is no clear
consensus on the relative cost between the other forms of vouchers, local purchase or importation of
food. Field teams clearly perceive the efficiency of cash transfers compared to vouchers, but the
benefits of data access and the ability to restrict purchases are appreciated by project managers.
d. Risks
Field technicians commented that risks with local vouchers and purchases are few and have minor impacts, compared with imported foods, as all risks of food handling are transferred to suppliers. Other risks of manipulation or errors have been mitigated with technology.

e. Markets
In Guatemala, markets are generally well integrated from the municipal to the regional levels. If a crisis has not directly affected the merchants, their facilities, or the access roads, the municipal market can meet the needs of the project and beneficiaries, and the preferred modality to maintain stability in the market is cash.

f. Timeliness
Which modality can be implemented in less time will depend on the preparedness of the implementer. In theory, the distribution of cash should be the simplest, but in Guatemala, both the negotiation of an umbrella agreement and the registration of beneficiaries depend on the internal processes of financial institutions and have taken much longer than expected.

g. Institutional capacity
As with the factor of timeliness, the preparation of the organization depends on each implementer. This factor will be important to consider for quick responses to rapid onset emergencies.

h. Funding / Donor
The United States government, the European Union, and the network of United Nations agencies have internal dynamics and policies that influence their preferences for modalities, though they have been progressing towards greater use of cash. Monitoring and accountability policies can also influence the selection and design of modalities.

i. Government policies
The Guatemalan government projects a collaborative and flexible attitude toward donors and implementers and demonstrates an appreciation for recent changes in food assistance.

j. Infrastructure and services
The conditions in Guatemala are suitable for any modality, but as long as the private sector supply chain of products is intact to the municipalities, it will be more efficient to take advantage of it, focusing the purchase of food in the municipalities, instead of duplicating it with a new food distribution network from a central point.

k. Secondary impacts
In Guatemala, the choice between a direct local purchase, the use of a voucher, or the delivery of cash determines which part of the national or local market feels the increase in demand. Apart from impacts on the market, secondary impacts on resilience/sustainability and gender should also be considered.

Under normal conditions in Guatemala, municipal markets have the capacity to meet the needs of surrounding communities while buyers have money to spend. In many emergencies and during
development projects, the problem is not the lack of food, it is the lack of money to buy food.\textsuperscript{4} It was observed in several projects that cash is well-received by beneficiaries and easier to administer for implementers. The clear preference expressed by the participants and project staff for greater freedom of purchase and greater simplicity in distribution is a good grounded instinct around how to maximize the utility of the benefit delivered. Cash transfers lower administrative costs and allow the beneficiary to select what he or she needs most. This follows the principle that each beneficiary knows better than the designers or implementers of the project his or her particular needs at any given moment. It recognizes that the diversity and complexity of each family makes it impossible for a project to predict and customize the perfect food basket for each one. In addition, it allows the project to take advantage of secondary impacts in the most relevant local markets to the same target beneficiaries—small-scale producers. \textit{And so, the main recommendation from this systematization is to use cash whenever the conditions will allow.}

There are necessary pre-conditions for cash transfers to be feasible and adequate. Especially after a sudden emergency, it is important to recognize that there may be radical changes in local conditions in affected municipalities and communities. When an implementer is considering giving food assistance in Guatemala, they can use the tool "Preconditions for the use of cash as the main modality of food assistance in Guatemala" in Annex B to make a determination as to whether there are extraordinary barriers or risks to the use of cash.\textsuperscript{5}

\textbf{IV. Design Decisions}

Modality selection is one decision among many that implementers must make in the design of emergency and development projects. The systematization also observed the integration of different design elements in the projects visited and studied, and presents observations on conditionality, benefit restriction, communication for behavior change, benefit amount, supplier selection, and use of technology in food assistance projects.

\textbf{V. Change Processes}

Experimentation in Guatemala with new modalities for the delivery of food assistance is part of a transition at various levels, within donors and implementers, by participants and actors in the market. Adaptations to the theoretical modalities, when seen as transitional, are useful in smoothing out the impact of change, not only for project personnel, but for the participants and market actors as they have their first experience with a new modality of food assistance. Radical changes can create new problems of reputation and public reaction, staff errors and participant mistakes from inexperience, or failure to detect vulnerabilities in new systems or unwanted side effects in the whirlwind of lots of simultaneous changes.


\textsuperscript{5} This tool has been aligned with the "Is cash feasible checklist?" from IFRC available here: \url{http://rcmcash.org/toolkit/}, Module 3 Response Analysis, document 1.2.1.
VI. Summary of Recommendations

Through this systematization, the researcher has tried to summarize some principal recommendations for the selection and design of modalities, inspired by the experience and knowledge of implementers in Guatemala, and supported by good practices at the global level, to guide future project designers.

- Do a new response analysis before starting a new emergency project to ensure that the proposed interventions respond appropriately to current needs. (page 27)
- Do a cost analysis to compare two or more possible modalities during project design to support the selection of modalities and the justification of the design. (page 31)
- Use cash whenever conditions allow. (page 41)
- Continue the transition to greater freedom of choice for participants, using behavior change communications to achieve goals related to the use of cash. (page 48)
- Do not allow the risks of intra-family theft, perceived to be higher in the delivery of cash, to carry more weight in modality selection than the benefits of cash to women. (page 25)
- Incorporate experimental research into project design, integrating several variations of modalities applied to comparative groups to study both the efficiency and effectiveness of the variations and the assumptions around selected beneficiaries’ priority needs. (page 24)
- Plan a continuous process of transition, progressive retraining of personnel, and reconsideration of design elements that can move the project, little by little, towards a more complete use of the benefits of the selected modality and the full integration of the same with the market. (page 53)
- Remember that modality selection is one among many design decisions and external factors that will influence the success, efficiency, and secondary impacts of the project. (page 43)

Food assistance is a tool to respond to crises and the challenges of poverty that must always be integrated both with the local market and with other humanitarian efforts. For example, there is more room to expand the acceptable use of cash beyond food and towards a definition of cash as a multi-use benefit and a versatile response to various needs. And even more important is a better integration with the continuous long-term local development process. Every food assistance project has the obligation to protect opportunities and progress towards development, in solidarity with community organizing and self-support efforts, and redefine the vulnerable beneficiary as producer, worker, and creator of his and her own recovery, resilience and progress.
I. Methodology of the Systematization

In April 2017, at the request of the United States Agency for International Development’s (USAID) Office of Food for Peace (FFP) in Guatemala, Catholic Relief Services (CRS) and Project Concern International (PCI) designed a process to gather and synthesize the experiences of food assistance implementers in Guatemala. The main purpose of this systematization was to draw out a simple framework to guide the selection of modalities for future projects, while documenting various recommendations for the design of food assistance projects in Guatemala. The impetus for this study were the growing understanding in Guatemala of the importance of integrating food assistance interventions with the local and national markets, and the rapid transition from several large projects to modalities of direct cash transfer and voucher systems from modalities of imported food and deliveries in-kind.

The systematization tried to answer the following questions:

- How varied are the goals, objectives and impacts of the different market-based food assistance modalities in Guatemala?
- Which factors, criteria and priorities influence the selection of market-based modalities by project implementers in Guatemala?
- What patterns and tendencies can be observed in the lessons learned, challenges faced and recommendations shared during the implementation of market-based food assistance modalities?
- With the information available, what can we say about the administrative and cost efficiency of each food assistance modality in Guatemala?

An international researcher was hired to guide the systematization and document the results. The process began with exploratory interviews by an international fellow and the Learning and Knowledge Management Coordinator from CRS Guatemala, and a workshop in July 2017 in Guatemala City for both international and governmental food assistance implementers. In addition to opening the conversation and lines of communication between implementers, the workshop led to a first participatory exploration of key criteria and priorities for the design of food assistance projects.

In September, the researcher spent two weeks touring various projects in the western and eastern regions of the country to observe activities and to interview beneficiaries, representatives of local governments and project staff at various levels. At the end of the trip, the researcher facilitated a technical meeting in Guatemala City to return to the topic of modality selection with the different implementers, probing their perspectives on possible tools to guide the design of food assistance projects.

Figure 1: Projects studied and observed

<table>
<thead>
<tr>
<th>Implementer</th>
<th>Project Name</th>
<th>Scale/Coverage/Duration</th>
<th>Donor</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCI</td>
<td>ACCION: Access to Training, Food, and Interventions to Better Nutrition Project – ACTION</td>
<td>2,777 to 5,200 families in Huehuetenango from 2016 to 2018</td>
<td>USAID</td>
</tr>
<tr>
<td>Organization</td>
<td>Description</td>
<td>Participating Communities and Years</td>
<td>Funding</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
<td>------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>CRS</td>
<td>Superamos: Response to the Food Security Crisis</td>
<td>5,000 families in Chiquimula, Zacapa and Jalapa from 2016 to 2018</td>
<td>USAID</td>
</tr>
<tr>
<td>WFP</td>
<td>Protracted Relief and Recovery Operation</td>
<td>20,672 families in El Quiché, Chiquimula and Jalapa in 2017, also active in previous years</td>
<td>USAID, governments of Germany and Canada</td>
</tr>
<tr>
<td>ACH</td>
<td>Response to the food crisis in the most vulnerable communities of Guatemala affected by recurrent droughts and the strengthening of institutional capacity for prevention and care at the local and national levels</td>
<td>2,000 families in Huehuetenango, Quiché and Chiquimula in 2017 and 2018</td>
<td>ECHO</td>
</tr>
<tr>
<td>Save the Children, PCI</td>
<td>PAISANO: Program of Integrated Actions for Food Security and Nutrition in the West</td>
<td>26,500 families in Quetzaltenango, Quiché and Huehuetenango from 2012 to 2018</td>
<td>USAID</td>
</tr>
<tr>
<td>CRS</td>
<td>Segamil: Food Security Focused on the First Thousand Days Project</td>
<td>23,500 families in San Marcos and Totonicapán from 2012 to 2018</td>
<td>USAID</td>
</tr>
<tr>
<td>MIDES</td>
<td>Conditional Cash Transfer Intervention of the Social Program “Mi Bolsa Segura” (My Secure Bag)</td>
<td>22,863 families in 16 municipalities of the department of Guatemala in 2017</td>
<td>Government of Guatemala</td>
</tr>
</tbody>
</table>

The researcher complemented the direct observation of projects and interviews in Guatemala with interviews with international experts and a review of the sector’s practical literature. Proposals for modality selection tools received feedback from a focus group of CRS, PCI and Save the Children managers. The systematization did not evaluate the observed projects, nor did it collect primary representative data at scale of the results of the different modalities. The recommendations of this report depend on the reflections of key actors and national and international experts and the analysis and synthesis of secondary information by the researcher. The opinions expressed, as well as any errors, are solely those of the author.

The systematization was concluded with a validation workshop and final presentation event in February 2018 in Guatemala City. The final version of the adapted tool for Guatemala and the summary of this report were presented to the group of participants in the systematization for its validation and then to a wide audience within the food assistance and humanitarian sector.6

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II. History, Context and Purpose

A. History and context for food assistance in Guatemala

Guatemala has a long history of receiving food assistance from international donors, mainly from the US government, which turns out to be an important reminder for the current analysis. Beginning in 1959, shipments of food from the United States appropriated under Public Law (PL) 480 reached 10,700 tons in 1970 and 7,200 tons in 1975. In February 1976, Guatemala suffered an earthquake that took 24,000 lives and left 1.2 million homeless. Although the main need at that time was for building materials, and although that year’s national harvest had been plentiful, under pressure from farmers and US agencies involved in the programs, the United States tripled its food shipments. The arrival of 41,700 tons of food between 1976 and 1977 caused a drop in local grain prices that devastated the rural economy (and mainly indigenous communities) just when income was most needed for reconstruction. Many indigenous communities adapted to this new dynamic by supporting leaders who could get more donations, thus weakening community organizing and self-support efforts. The Government of Guatemala reacted with bans on the importation of whole grains, and in two years, the importation of donated food (then processed products) returned to its pre-earthquake levels.7 Many fear that the damage done to community dynamics by the careless way food was delivered in the past have left traces of dependence that influence the relationship between communities and external social organizations to this day.

Other actors, small and large, also leave their mark on the sector. The World Food Program (WFP) began working in Guatemala in 1974 and is closely aligned with the United Nations and the Government of Guatemala for the design of their food assistance interventions.8 In the last three years, it has executed a country budget of an average of $5.6 million per year, but has also executed a portion of a regional drought response program that totals $27 million per year.9 The European Union and its office of European Civil Protection and Humanitarian Assistance Operations (ECHO) have supported humanitarian responses in Central America and Mexico since 1994, dedicating €2.1 million to the food crisis in Guatemala in 2017.10 In 2017, USAID/FFP dedicated $30.1 million to food assistance programs in Guatemala.11

The provision of food assistance, generally used to respond to emergencies, in Guatemala occurs in an environment of serious gaps in human and economic development. Guatemala has a persistent rate of chronic malnutrition of 70% in indigenous communities and 46.5% nationally, the worst in Latin America. Guatemala’s multicultural society is also among the most unequal. According to WFP: “while two thirds of the overall population live on less than US$2 per day, poverty affects indigenous people

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disproportionately: 80 percent of them experience deprivation in multiple aspects of their lives, including food security, nutrition, health and education." 12

The problems addressed by food assistance interventions are not short lived. It is inevitable that humanitarian emergency response projects in Guatemala become part of the development process of the participating communities and touch deeply-rooted food and nutritional habits. In the words of José Alberto Aguirre Lucero, Superamos Project Coordinator for CARITAS Jalapa: "These humanitarian responses to emergencies occur in a context that needs development programming for food security and nutrition. Chronic malnutrition is much more than an emergency issue." This increases the importance of comprehensive and integrated project design and the relevance of factors such as incentives for the local market, influence on behavior change, empowerment, sustainability, and capacity development in making key design decisions.

B. Goals and uses of food assistance

1. In emergencies

In Guatemala and throughout the world, the primary explicit use of food assistance is to respond to the basic needs of the population affected by an emergency. Guatemala is cited by WFP as one of the 10 countries most vulnerable to natural disasters and climate change.13 Although Guatemala is vulnerable to several sudden threats, such as hurricanes, floods and earthquakes, in recent years the most serious emergency has been one of slow onset. Prolonged mid-season dry spells (canículas) during the last four years have left rural families without corn and beans for their own consumption, turning a common situation of seasonal hunger into a persistent food security crisis. This food emergency is the result of natural forces and climate change and other persistent causes of chronic malnutrition in Guatemala. The design of a project that responds to slow onset emergencies, such as droughts, must account for these different causes and contributions to the crisis. It should also recognize that the advancing crisis does not affect local infrastructure and gives time to market actors to adjust to the economic shock of local production without drastically affecting the market. Observed within this systematization, WFP’s emergency response, CRS’s Superamos, and PCI’s Access to Training, Food, and Interventions to Better Nutrition Project (ACCION) have set goals to alleviate the hunger caused by the prolonged canícula.

2. To fight malnutrition

Chronic malnutrition in Guatemala is a development problem of high national priority. The root causes are complex, 14 but pressure from the national government and the international community to demonstrate measurable improvement pushes projects to directly influence access to and use of nutritious foods. The use of food assistance projects to reduce malnutrition is intended not only to ensure access to the minimum daily calories, but also a nutritional balance of energy, protein, fat and micronutrients. In addition, it seeks a lasting behavior change in family nutrition and in-home hygiene

13 Ibid.
and sanitation to avoid diseases that are primary aggravating factors for malnutrition. These additional goals require other complementary strategies aside from simple access to food. CRS’s Food Security Focused on the First Thousand Days Project (SEGAMIL) and Save the Children and PCI’s Program of Integrated Actions for Food Security and Nutrition in the West (PAISANO) had as main goals to reduce chronic malnutrition with integrated interventions over the medium term.

It is important to note that, in Guatemala, most emergency projects are operating in environments and with populations in which chronic malnutrition is a fundamental problem. It is not possible to design a humanitarian response without also considering how the project can contribute to diminishing the chronic malnutrition of the affected populations, even if only through treating the acute malnutrition that contributes, over time, to chronic malnutrition rates. However, emergency food assistance can offer only a small contribution to this deeply rooted problem. This was evident in all the emergency projects observed in this systematization.

3. In development – “the lure”

In Guatemala, the use of food assistance to cope with chronic malnutrition has opened the door to including food assistance in development projects. In these projects, food assistance acts as a "lure" hooking in participants to other aspects of the project. Generally, these projects aim to reduce chronic malnutrition, but their intervention points include deeper root causes aside from the lack of access to food: poverty, low agricultural productivity, minimal farmer association, lack of access to drinking water and basic sanitation and weak access and connection to the health and education systems. While direct food assistance always improves access to food in the short term, this benefit is conditioned on the participation of the target population in activities to improve family nutrition and community development in the medium and long term. In these projects, the design must balance the double goal of giving access to nutritious foods and encouraging participation by the target population. Projects observed or studied for this systematization that included elements of development in their designs included SEGAMIL, PAISANO, and WFP’s Cash for Work projects that are integrated with the project "Reduction of the vulnerability of small producers through mechanisms of risk transfer and social protection" implemented by the Food and Agriculture Organization of the United Nations (FAO).

4. Social Assistance

The Government of Guatemala holds the mandate to ensure the minimum welfare of its citizens, and for the poorest, food assistance can be an important social safety net. Two entities have the official responsibility to provide food assistance to the most vulnerable citizens: the Ministry of Social Development (MIDES) and the Ministry of Agriculture, Livestock, and Food (MAGA). Different programs seek to provide support, with and without conditions, depending on other complementary goals sought, apart from improving access to food. Although the hope is that support for vulnerable families will allow them to get out of their situation of food insecurity, social assistance projects generally recognize that some cases will be long lasting and that families that manage to improve their situation will be replaced by others that fall on tough times.
III. Modalities

Food assistance is an intervention that influences the economic life of both the individuals who receive it, and their communities, municipalities and the entire nation. The modality with which it is distributed can determine certain impacts on the market for food, the local economy and family dynamics, and can also influence the administrative efficiency of the project, the acceptance by and the empowerment of the participants, and any sustained behavior change. In this systematization, many variations were also observed within the main modalities that are important to consider in the selection of the modality and the design of the entire project.

A. Las principales modalidades

The main modalities used at the global level for the delivery of food assistance are delivery in-kind, the use of vouchers or coupons, and direct cash transfers. For this systematization we will divide delivery in-kind into two different modalities—food imports and local purchase. In Guatemala, it turns out that the difference is not simply one of origin of the product, but also a difference of the products themselves and how they are measured and packaged, which makes the experience for the participants quite different. The main elements of each modality are described in the following table.

*Figure 2: Principal modalities, their definitions and characteristics*

<table>
<thead>
<tr>
<th>Modality</th>
<th>Definition</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-kind - imported</td>
<td>Delivery of a ration of food that has been imported into Guatemala.</td>
<td>• Defined products, not typical of Guatemalan cuisine&lt;br&gt;• Defined quantities--not flexible&lt;br&gt;• Wholesale purchase or donation can lower price&lt;br&gt;• Requires costly transport, storage, packaging and distribution operations&lt;br&gt;• At scale it can harm domestic producers</td>
</tr>
<tr>
<td>In-kind – local purchase</td>
<td>Delivery of a ration of food purchased within Guatemala</td>
<td>• Products defined, pre-measured, recognized and accepted by the beneficiaries&lt;br&gt;• Defined quantities--not flexible.&lt;br&gt;• Wholesale purchase can lower costs&lt;br&gt;• Requires costly transport and distribution operations&lt;br&gt;• Supports large formal national producers and industries</td>
</tr>
<tr>
<td>Vouchers/ Coupons</td>
<td>Extension of the right to receive a maximum monetary value or quantity of food supplied by designated suppliers, generally using electronic cards, access codes, and/or physical coupons.</td>
<td>• Direct information on usage, with computer systems&lt;br&gt;• Wide possibilities of opening or restricting options of products and quantities&lt;br&gt;• Suppliers responsible for responding to demand&lt;br&gt;• Limited to formal merchants&lt;br&gt;• High administrative costs&lt;br&gt;• Requires beneficiaries to travel to urban centers</td>
</tr>
<tr>
<td>Cash</td>
<td>Transfer of an amount of cash for use by the beneficiary to purchase food in the open market.</td>
<td>• Complete freedom for the beneficiary to use at his/her discretion&lt;br&gt;• Easy to administer&lt;br&gt;• Can support informal vendors&lt;br&gt;• Limitations on documenting the usage of the benefit&lt;br&gt;• Requires participants to travel to urban centers (with current financial system)</td>
</tr>
</tbody>
</table>
1. Theory and practice of the market in Guatemala

At a global level, integrating market considerations in the design of food assistance arose from concern about the impact on local and national producers of large imports of grains donated from abroad. These imports suppressed prices, harming producers who in many cases were the same people who needed help and discouraging the production of basic grains, creating a vicious circle of need. Although donors and implementers have developed tools to measure and mitigate the impact on the local and national market of these imports (the Bellmon Analysis of USAID being the most recognized), the initial concern opened many more questions. The question now is not only how to avoid damaging the local market, but also how food assistance can leverage the market and even boost its dynamism and growth for recovery and sustainable development.

For projects that offer market-based food assistance—and here we mainly refer to vouchers or coupons and cash transfers—there are two main points of efficiency in theory. First, local markets provide the best products at the best prices for the target population. The merchants have the experience over time and, at least collectively, the scale to supply all the demanded products to the local population. The "invisible hand" of competition in the market helps the quantities, qualities, and prices of products respond to local demand naturally. Second, interventions that give "buying power" to beneficiaries can help maximize the "utility" of the benefit for those who receive it. With the freedom to select the combination of products that gives them the greatest individual benefit, each individual or family takes full advantage of each dollar or quetzal delivered.

In practice in Guatemala, these points of efficiency are partially affected by some inefficiencies in the markets. Some examples seen during the systematization include:

- The need to organize group transportation from communities to markets (due to limited or irregular public transportation) limits the time available for each buyer to make their purchase and requires them to complete the purchase at a single moment for the entire month. This creates an imbalance between buyer and seller in which buyers have greater urgency to buy than sellers have to sell.
- Municipal vendors have more information on prices and the flow of demand compared to the information that buyers in the communities have about all potential sellers and their products and prices. This inequality of information creates an advantage for sellers.
- Many municipalities have small markets that create ample opportunities for local monopolies, cartels and pricing. The local monopoly power of Banrural in several municipalities gives little power of negotiation to small clients to demand a fast service that fulfills their need to save time for purchases after finishing the withdrawal process in the bank.

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15 Banrural is not a national monopoly and even at the municipal level, when it is the only financial institution of its kind, it is generally not a perfect monopoly for other financial alternatives. However, it can exhibit common monopolistic behaviors in environments with little competitive pressure, such as a lack of agility to respond to the needs of its clients.
Because of these inefficiencies in Guatemala's rural municipal markets, many designers, project managers, and even municipal governments have decided not to leave it to the market to ensure fair prices and adequate quantities and qualities of product.

Another field of recent economic studies is behavioral economics, that is, the psychology of decision making. This lens placed on the economy finds that the decisions of the actors in a market are not necessarily rational or follow the theoretical rules of the economy that define how they should maximize their "utility" or welfare. Simply put, buyers and sellers do not always act in their own best interests—this is what economists refer to as "irrational" decision-making. There is growing evidence showing that these "irrational" decisions are common and predictably shared in large groups united by culture or simple humanity. In this systematization, examples of "irrational" decision-making by actors in the market were also observed.

- In rural communities in Guatemala, people have a strong custom of sweetening coffee and other drinks and foods, which encourages an excessive purchase of sugar. This product does not offer nutritional value and does not contribute to well-being.
- Sellers with centrally located stores and large storage facilities that could attract more buyers, prefer defined quotas of buyer-participants from the projects. Because of a history of inefficiencies in the market, many formal sellers are more comfortable negotiating with large intermediaries (in this case, with project managers) instead of working directly with buyers in a free market, despite the potential to gain more business due to their competitive advantages.
- A buyer can easily be convinced to buy from a certain seller at the suggestion of friends or community leaders, although the seller does not offer the best combination of price, quality, service, etc. that the person would generally appreciate. Buying from a certain seller usually becomes habitual and the buyer stops reevaluating the options after establishing his habit.

Economists and psychologists continue to study how to influence decision-making to help actors take better advantage of their assets and benefits, and food assistance projects in Guatemala have also tested several techniques to achieve the same. At the same time, projects can unconsciously encourage decisions that are contrary to well-being. For example, a project that puts pressure on its beneficiaries to spend all the cash received on food before returning to their communities could be discouraging the purchase of basic grains at more comfortable prices, or fresh vegetables and fruits, in their communities. This risk highlights the importance of thinking beforehand about economic incentives and human and cultural trends from the point of view of market actors—both buyers and sellers.

2. Variations within the modalities
Inefficiencies in the rural market and the long history of imported food deliveries before the use of market-based modalities by many implementers influenced designers and implementers to create variations in the implementation of modalities.
Market-based Food Assistance in Guatemala: A systematization of experiences

a) Freedom and control, and who moves the market’s “invisible hand”

Vouchers

With the delivery of vouchers or cash, the greatest benefit to the beneficiary, relative to in-kind food delivery, is the freedom to select his or her purchases. By design, vouchers limit purchasing to specific formal stores—those that have agreed to redeem vouchers—and can be configured to prohibit their use for unwanted things, such as alcohol, tobacco, and even candy and junk food. However, the use of vouchers observed in two different projects in Guatemala had the character of a local food delivery rather than that of a market-based modality in which the participant had purchasing power.

Figure 3: Vouchers in theory and in practice in Guatemala

<table>
<thead>
<tr>
<th>Place of purchase/ redemption</th>
<th>Theoretical design: Commercial stores–mimic the experience of buying with your own money; Open choice among several competing stores.</th>
<th>Observed practice: Warehouse/spacious room designated for voucher redemption—separated from regular clients; merchant assigned by group.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time of purchase/ redemption</td>
<td>Free, at the discretion of the beneficiary/buyer, during normal store hours</td>
<td>Scheduled by community, with set date and time, beneficiaries lined up or given numbers to organize redemption process</td>
</tr>
<tr>
<td>Choice in purchasing</td>
<td>All products available at participating stores, or few prohibitions (eg, alcohol, tobacco), or restrictions on broad categories (eg, food and hygiene products)</td>
<td>Standard basket of products and standard quantities per family, plus a limited list of 4-6 additional products selected by the beneficiary, with direct supervision of project personnel.</td>
</tr>
<tr>
<td>Presence of project staff during purchase/ redemption</td>
<td>Little or none. Sporadic visits to stores and intermittent monitoring with beneficiaries in their homes</td>
<td>Registration of beneficiaries, organizing lines, supervising/helping to finalize shopping lists, giving training during waiting times, beneficiary surveys and monitoring.</td>
</tr>
<tr>
<td>Participation of other actors in purchase/ redemption</td>
<td>None—individual transactions between beneficiary and merchant.</td>
<td>Presence of municipal authorities (use of municipal hall), traffic police for security, role of facilitator and supervisor for the Community Development Committees (COCODE), private transporters</td>
</tr>
</tbody>
</table>

These variations had their advantages for the beneficiaries in simplifying the process, thinking about their physical comfort, and supporting them in coordinating transportation to their communities. But by structuring the process so much, the advantages for the beneficiaries of a market-based modality practically disappeared. The beneficiary no longer has the buyer's "agency" or autonomy: he or she cannot maximize his or her benefit by selecting the products that give him or her the greatest utility, and he or she cannot select one store instead of another to execute his or her influence on the "invisible hand" of the market, ensuring price competition and the availability of the right assortment of products at the right quality. Undoubtedly, the implementers benefited from the local market in being able to identify municipal suppliers and entrust them with distribution work, but the implementer becomes the economic actor—the buyer—and not the beneficiary.
The organization of vouchers redemption in this way has its logic and justification founded in the previous food distribution experiences of all the actors involved. Implementers and donors are used to deciding the selection of products in the ration based on an average nutritional calculation and organizing "event" style project interventions to facilitate monitoring and take advantage of the time with the beneficiaries for training. Formal suppliers get used to negotiating detailed contracts with large agencies, with delivery dates and defined products and quantities. Even the beneficiaries get used to participating in organized events and following the instructions of the authorities in charge. And on a practical note, the transportation of many communities to the municipal center must be specially organized in the absence of regularly scheduled public transport, so it is inefficient for beneficiaries from one community to not come in a group. Changing this organized event structure and defined ration—a structure of control instead of freedom—would require a significant change in the entire design of the project. This includes when and how to share behavior change messages, what indicators to measure and when to measure them, how to support beneficiaries to be astute buyers, and how to monitor vendor behavior. The use by MIDES of special debit cards to distribute social assistance in the department of Guatemala is an example of the use of vouchers in a less structured way. Beneficiaries can go to any certified store at any time after value is transferred to their special debit card to purchase the quantities they prefer from 10 approved products. Other alternatives are observed in projects using cash transfers, but even with cash, the practice may be different from the theory.

**Cash**

With cash, the project theoretically exerts no control over purchasing. However, how free purchasing actually is with a cash transfer depends on several design elements of the project. In Guatemala, projects incorporate different philosophies and adopt different strategies to influence, or not, how beneficiaries use their cash.
When the cash is complementary to a voucher, the message to the beneficiaries tends to be that it is to cover transport costs and for fresh foods that are not part of the baskets available with the vouchers. The researcher didn’t observe any other directions being given before the cash was withdrawn, and the monitoring of the use of this cash happen up to two weeks later with a telephone survey of only a sample of beneficiaries. Although there are clear preferences communicated by the project for the use of money, the fact that beneficiaries self-reported other uses during monitoring suggests that there is little pressure to follow those preferences.

**Figure 4: Graphic of Variations within Modalities along a Scale of Control and Cost**

| Cash without messages or instructions | Cash with messages, general guidelines | Cash with organizing a special (optional) market | Cash with prior approval of shopping lists; Vouchers with few restrictions | Cash with monitoring of purchases based on approved lists; Vouchers with lists of allowed products | Vouchers for fixed baskets; in-kind food deliveries |

But when the project uses only cash transfers, the strategies observed can exercise a level of social control over the use of the money to similar effect as with restricted vouchers. By instructing the beneficiaries to come to the bank on a certain day, the project retains the same platform of an "event" to promote messages on the correct way to use the money, review shopping lists, monitor purchases directly, and even organize special markets.

For many implementers and donors, the philosophy of food delivery has not changed even with the change to the cash modality. The expectation on implementers to ensure the proper use of money is so strong that a single case of cash being used "badly" is perceived as a serious fault, even though the imposition of control greatly increases the administrative cost of the project. The philosophy of the free market for buyers and sellers has not been fully integrated into the design of food assistance projects, even with the use of cash transfers.

The international literature on the use of cash in emergency and development projects may be equally indecisive. It promotes the advantages for the beneficiary of the freedom of purchase and the good of empowering him or her as a buyer with cash; and then talks about how the project can use the cash to

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16 So strong is the issue that FAO and UNICEF have created a publication for the media to calm fears about the use of cash. [http://www.fao.org/resources/infographics/infographics-details/es/c/461730/](http://www.fao.org/resources/infographics/infographics-details/es/c/461730/).
**SHOPPING LISTS**

One strategy observed in Save/PCI and WFP projects is the use of shopping lists. WFP does not have a particular format, but Save/PCI has created a format that divides the list into nutritional categories of energy and strength (carbohydrates and fats), protection (micronutrients), and growth (proteins). Heads of household are asked to write a shopping list, calculating the prices and quantities of each food to estimate the total purchase that will be made with the benefit to be received. In that way they can apply what they have learned about balanced nutrition and practice communicating with their partners to agree on the use of the benefit. It is an ingenious but simple strategy to promote change in nutritional and gender behavior.

But there is tension around the purpose of these lists as in both projects the lists are reviewed and approved before the cash transfer is delivered. PCI field staff do this review directly at the bank, while for WFP, COCODE representatives put their stamp of approval on each list before the trip to the bank. This makes the approval of the list a condition for the benefit, and although it is not explicitly stated, it indicates the restriction of the use of the benefit to only what the project or the COCODE will approve.

In both projects the control does not end there. Project staff or community volunteers come to beneficiaries' homes later to review their purchases—a task requested by the project. This intrusion is uncomfortable for both parties. A Guide Mother from the WFP project expressed concern while describing how she verified purchases: "I do not know if some families did not feel good about it." Even though they got used to it in the end—they justified it as just another requirement to participate in the project—it is important to question whether this level of control is necessary considering the risk to interpersonal relationships between neighbors and with the project.

achieve nutritional goals, housing, and recovery of livelihoods, among others. The Sphere Project defines minimum standards of calories, proteins, fat, water, hygiene, etc. for the humanitarian response which implies verifying that the investment of the project is achieving a specific use of any benefit
delivered.17 By defining these minimum standards and promising certain results in key indicators, it creates the incentive for the implementer to control the use of money to achieve them. The alternative is to trust that the design of the project correctly identified the priority needs for the selected beneficiaries, and thus be able to depend on the independent criteria of the beneficiaries to use the money in such a way that the standards are met, and the results of the project are achieved. Despite international evidence of the ability of cash to achieve these goals,18 as few studies have been done on these hypotheses in Guatemala,19 the temptation is to control.

Recommendation: Incorporate experimental research into project design, integrating several variations of modalities applied to comparative groups to study both the efficiency and effectiveness of the variations and the assumptions around selected beneficiaries’ priority needs.

b) Gender and machismo

The machista culture in Guatemala creates a family dynamic that influences how families use food assistance, depending on the modality used to deliver it. In rural communities of Guatemala, in general:

- Women are in charge of feeding the family and know the family’s food needs. They oversee their home corn and bean production and any other crops the family produces for their own consumption and sometimes for some local sale. They are in charge of buying food for the family, although this is usually a small purchase, thanks to their home production.
- Men are in charge of offering their labor to earn money. They manage their own income and may or may not give a share to their partner to support family expenses. They migrate as necessary to find day labor.

As a result, almost all projects work more with women and consider them more reliable in making effective use of food assistance benefits. With in-kind food delivery and vouchers, the forced limitation of the benefit to food is consistent with the traditional role of women, leaving them free to collect the benefit without any novelty.

However, with cash transfers for the purchase of food, both traditional roles are present. Men would generally receive external money, while women would buy food. When the money is not paid for labor and the purchase of food can be much higher (compensating for lost harvests), it creates the need to

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18 The Cash Learning Partnership (CALP) has summarized the evidence in favor of the use of cash in emergencies on a visual website: http://power-of-financial-aid.org/, with specific sites that delve into various topics, including evidence on the effectiveness of cash in creating improvements in social indicators and the low occurrence of the use of cash for “social ills”.
19 In 2017, CRS compared three groups of beneficiaries within the Superamos project: group A received restricted vouchers and cash, group B received unrestricted vouchers and cash, and group C received only cash. No difference in dietary diversity was detected at the end of the project between the three groups, and it was determined that the three levels of purchase control had managed to improve family food security adequately. “Investigación Formativa Interna Sobre Uso de Vales y Efectivo Proyecto Superamos CRS,” Asociación de Desarrollo Organizacional Comunitario (ADOC), 2017.
renegotiate the roles and reach new agreements between partners. All cash projects identified as risk that the man would take the transfer for his own personal use, leaving the family without the benefit—a form of “intra-family theft”. It is quite clear that this risk is perceived in Guatemala only for cash transfers.  

The transfer of larger amounts of cash to women could change the power dynamic between partners, opening space for positive changes in gender relations—which can be supported by the project—or new imbalances or harm. Although there are many opinions on the risks and opportunities of gender with cash transfers, there is an evidence gap in Guatemala that should be highlighted for future research. No modality, however, is free of complications due to the culture of machismo and traditional gender roles, so no modality should not be considered a solution to this cross-cutting issue.

However, several gender risk mitigation strategies were observed within project designs. The lowest cost solution was to always assign the withdrawal of the funds to women, “prohibit” the male partners from accompanying their wives to the municipal town on cash transfer days, and encourage the full expenditure of the entire amount in food before returning to the community that same day. Another similar solution included close supervision and support by various community, municipal and project stakeholders, sensitized to the risk of "intra-family theft", throughout the process of withdrawing funds and purchasing in the municipal town. Other projects decided to address the issue directly, working on gender issues with couples and signing agreements with both partners on the use and control of money for the good of the whole family. And the upside remains that the management of more cash by women can create secondary impacts such as strengthening capacities and opening opportunities for new positive gender dynamics.

**Recommendation:** Do not allow the risks of intra-family theft, perceived to be higher in the delivery of cash, to carry more weight in modality selection than the benefits of cash to women.

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20 International literature, however, recognizes the risk of "intra-family theft" in any modality, considering that food is also an asset of value, and that problems of alcoholism and addiction, which are common causes of theft and domestic violence, are serious enough as to make irrelevant the form that the benefit takes. Berg, Michelle, Hanna Mattinen, y Gina Pattugalan, “Examining Protection and Gender in Cash and Voucher Transfers: Case Studies of the World Food Programme (WFP) and the Office of the United Nations High Commissioner for Refugees (UNHCR) Assistance,” WFP and UNHCR, Sep. 2013, [https://www.wfp.org/aid-professionals/blog/blog/do-cash-and-voucher-transfers-promote-better-protective-outcomes](https://www.wfp.org/aid-professionals/blog/blog/do-cash-and-voucher-transfers-promote-better-protective-outcomes).
3. **Mixed Modalities**

Some projects managed a combination of modalities in order to take advantage of the benefits of each. The combination observed directly was the use of vouchers with cash. Through the vouchers, the projects ensured a basic food basket and a detailed and exact monitoring of the portion of the basket selected by the beneficiary of a limited list of products. Around 70% of the benefit value, then, was controlled and monitored directly by the project. The cash supplement was delivered with the message that it was to cover the transportation costs of the community to the municipal town, and for fresh food that could be purchased more easily in the open market and within the community. The monitoring of the use of this cash was done during the two weeks after distribution, usually by telephone. Since the amount of cash was minimal, it was not thought to attract the attention of male partners and the project felt that the women could successfully negotiate to maintain control over that money.

The main cost to the projects of handling two modalities simultaneously was the extra effort in administration and personnel. The mixed modality required extra personnel for the management of the two systems and support to organizing the events in the municipal towns on delivery days, when the beneficiaries had to go through two processes—one in the bank and one with the voucher exchange vendor. It also resulted in a long day for the beneficiaries, particularly if they had other purchases or errands to do with their cash transfer. Applying multiple modalities to each beneficiary added another option on the scale of freedom-influence-control, and for staff and beneficiaries it seemed to reach an intermediate point or acceptable compromise. Certainly, the use of mixed modalities can help in the transition for beneficiaries, implementers and donors towards more freedom.

**B. Selection of Modalities**

From a retrospective documentation and analysis of food assistance modalities, the systematization now turns toward the future to propose tools for the selection of one (or a combination of several) modalities for new project designs. In humanitarian and development literature, there is a broad offering of methodologies, guides, tools and frameworks to organize the design process and key decision making in the selection of interventions. This systematization will present three tools to support designers of food assistance projects in Guatemala:

1. a general framework to situate the selection of food assistance modalities within the project design in general, with references to comprehensive guidelines and tools
2. a decision matrix to organize and analyze the relative advantages and disadvantages of the main modalities through factors or criteria, and
3. a quick checklist to determine the feasibility and preparation of actors for the most market-integrated modalities.

Although it is possible to use the three complete tools in the design process of a project, they are also presented from the most comprehensive to the fastest and most summarized. In this way, the researcher recommends that the organization use the tool that best balances the time it can devote to the analysis with the complexity of analysis that it wants to do and document before the selection of a modality.
1. Response Analysis

"Response Analysis" is a strategy to determine the most appropriate elements for an intervention to respond to an emergency with humanitarian assistance. Different institutions have developed guides and tools to perform response analysis. A theoretical framework that can be useful to visualize the complete process was developed by Maxwell, Parker and Stobaugh (next page). They visualize the response analysis as the link between the situation analysis and the programmatic design. That is, how to consider several intervention options in an orderly manner, while also considering the need to adjust for several cross-cutting factors.

**Recommendation: Do a new response analysis before starting a new emergency project to ensure that the proposed interventions respond appropriately to current needs.**

Guides that may be useful for response analysis

- IFRC: “Cash in Emergencies Toolkit”, available in Spanish and English, one of its five modules is dedicated to response analysis. 
  English: [http://rcmcash.org/toolkit/](http://rcmcash.org/toolkit/)
  Spanish: [http://rcmcash.org/es/caja-de-herramientas/](http://rcmcash.org/es/caja-de-herramientas/)
- Mercy Corps has a toolkit for cash transfer programs with a chapter on project design that includes guidelines for analysis and a decision tree: Available in English: [https://www.mercycorps.org/sites/default/files/CTP1MethodologyGuide.pdf](https://www.mercycorps.org/sites/default/files/CTP1MethodologyGuide.pdf)
- The Price Monitoring, Analysis and Response Kit prepared in conjunction with CARE, Catholic Relief Services (CRS) and many actors that are part of the humanitarian community, with the support of USAID’s Technical and Operational Performance Support (TOPS) and the collaboration of LRP Learning Alliance, is available in English and Spanish: [https://efom.crs.org/efpm/emergency-field-programming-manual/market-based/mbrrr-key-documents/](https://efom.crs.org/efpm/emergency-field-programming-manual/market-based/mbrrr-key-documents/)

The guides provide a starting point for any country and situation. To be able to cover so many possibilities, they must include several factors and for a given country or circumstance, some may seem like common sense. In an emergency, it may seem redundant to use a tool that includes so many questions that are not so related to the emergency, or do not represent a change of situation that has resulted from the emergency. However, going through a structured process of response analysis certainly helps identify the most promising interventions and justify the project to its counterparts.
Figure 5: Response analysis framework


Market-based Food Assistance in Guatemala: A systematization of experiences
2. Decision Matrix

As part of the development of a specific tool to guide the design of food assistance projects in Guatemala, a group of Guatemalan experts tested IFRC’s "Decision Matrix Template", applying it to hypothetical emergency situations. This matrix format asks the project design team to analyze a dozen factors or criteria that can influence the successful use of each of the main modalities of food assistance, rating each one on its importance given the current situation. Second, each modality is rated by the extent to which it will likely support a positive result across each factor or criterion. The matrix, done in Excel, calculates a sum of each modality’s rating, weighted by the importance of each criterion, and thus suggests which modalities will be more apt to have positive results across all the criteria, according to their importance for the project.

Although there was consensus that this tool could not make a modality determination if used alone, there was also an appreciation of how it guided design teams to intentionally consider varied factors that favor one modality or another for delivering food assistance before selecting the modality. As part of the systematization, the matrix was adapted to be used in Guatemala, and observations and lessons learned for each main factor were documented to facilitate the contextualized analysis for future projects in the country.

Over the following pages, the main observations for each criterion considered in the Selection Matrix are presented. The Selection Matrix itself is included in Annex B: Tool for the Selection of Modalities. A Modality Selection Summary Table is presented in Annex A to give a quick view of these observations and the influence of the criteria on each modality.

a) Suitability to objectives (effectiveness criterion)

Food assistance in Guatemala is used to promote different objectives such as recovery after emergencies, the fight against malnutrition, and to encourage participation in development activities. Considered a priority criterion, there is little indication that a preferential modality can be determined for the effectiveness of meeting objectives without knowing the specific objectives. That is, it is difficult to give a general recommendation for a modality that would be most suitable for all the objectives in Guatemala.

The only exception noted is that food imported from abroad does not promote the effectiveness of projects in Guatemala because it creates an obstacle to the use of food as it is not matched to the most common and preferred diet. Two specific exceptions are ready-to-use therapeutic feeding (RUTF) and pre-positioned foods near a rapid onset emergency that survive in good condition, especially if the warehouses and stocks of private providers were affected by the emergency.

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21 The use of a weighted average to calculate the score does not give sufficient weight to basic feasibility factors (eg. access of the target population to functional markets, especially in cases of sudden emergencies that cut off land transport routes) that could completely eliminate certain modalities from consideration, at least in the short term.

22 Donors, however, note that it is sometimes necessary to select the second best option because the use of imported foods gives some benefit in the country of origin.
That said, there is enough literature on technically appropriate interventions for the diverse needs and different objectives to be achieved. 23 It is important for design teams to know the evidence and proven good practices from other implementers and in other countries. Thus, they can consider all the modalities, although they do not have their own experience with their effectiveness, and rate highest the most technically appropriate modality. Every design process should start with a needs and root causes analysis to ensure that the proposed objectives are demand-driven for the target population. In many cases, several modalities are appropriate to promote the objective of the project with little difference in the result, making the criterion of suitability to objectives of immense importance, but of minimal differentiation.

b) Beneficiary preference

The beneficiaries expressed, both directly and through field staff, a consistent appreciation for cash transfers and the choices it gave them. In one case in which community volunteers for the PAISANO development project received food assistance in return for their work on the project, this preference was expressed more as a right. Project staff shared that after the project changed from in-kind food deliveries to cash transfers, they asked the volunteers to make shopping lists before receiving their cash—just like the direct beneficiaries of the project who received assistance. The volunteers argued, though, that they had the right to use their benefit as they wanted. That is, their preference for the freedom given by cash was so strong that they did not want to allow the project to impose any more restrictions (even though they had accepted food baskets for years).

The beneficiaries who received a combination of vouchers and cash24 appreciated the opportunity to choose between some products with vouchers, but also asked to buy other products not included in the basket or current list or a larger quantity of a product that was restricted (in particular eggs). These comments indicated a

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24 CRS’s SEGAMIL Project uses only vouchers, but the researcher was not able to directly observe this project or talk with its beneficiaries or field staff.
preference for the greater flexibility and freedom that cash gives in the first place, and unrestricted vouchers as a second option.

The field staff also found that at the beginning of the project, before starting with the delivery of cash or vouchers, some beneficiaries expressed skepticism towards these modalities. Previously the delivery of food in-kind had been the only modality used in many communities. That beneficiaries prefer what they already know is a common pattern and not unexpected. However, after experiencing cash or voucher deliveries, beneficiaries quickly changed their preference towards them. Having already experienced the autonomy and freedom of cash (or the better products delivered with the vouchers), it is unlikely that they will return to request imported food or more restricted food baskets.

c) Cost

Despite a strong desire for a concrete analysis to determine any fundamental differences in the cost of each modality for Guatemala, the answer to the question "which modality is more cost-efficient?" remains stuck between "that depends" and "there is no definitive evidence." The main limitation to a retrospective analysis is the lack of comparative groups, followed by the lack of detailed data organized in the manner necessary for this type of analysis. Achieving the statistical rigor needed to generalize the results of retrospective cost studies requires the expertise of technical experts. This does not mean that implementers cannot draw lessons about the cost of administering the modalities in a retrospective analysis, but they must be very careful to distinguish between costs related to the modality, costs related to all the other design elements, costs nuances of the structure of the organization, and costs particular to the unique context of the project. It is important not to attribute cost differences to the modalities themselves until the effect of all the other differential aspects of the comparative projects or groups have been discarded.

However, it is within the reach of the implementers to do a prospective analysis to support modality selection and justification of the project to donors and counterparts. With this type of analysis, the budgets of two or more modalities are constructed for the same intervention, thus allowing a comparison of cost options before selecting the modality. A simple and adaptable format is found in Annex C.

Recommendation: Do a cost analysis to compare two or more possible modalities during project design to support the selection of modalities and the justification of the design.

Other researchers have done larger studies focused on the question of cost, and we can take advantage of their learnings. USAID/FFP recently presented a review of its market-based assistance projects and researchers reported that:
• Vouchers and coupons are more expensive to administer than cash transfers
• Local and regional purchases of basic grains are less expensive than international imports, but the costs of processed foods depend on the product and country (Lentz, Pasarelli, and Barret 2013)
• Local and regional purchases are 35% cheaper than imports by Title II plus the cost of transportation (USAID, 2014)25

An evaluation of ECHO’s food assistance for 2011-2014 found similar trends:
• In comparable contexts, cash transfers are more efficient than in-kind food deliveries or vouchers, apart from some large-scale cases when the wholesale purchase at the international level proved more efficient.
• The administrative cost of using vouchers is considerably greater than the administrative cost of cash transfers.
• It is not possible to capture the costs of the modalities that are external to the project, for example, the direct costs paid by the beneficiaries.
• Other factors, apart from the modality, may have more influence on efficiency, including the scale of the project, the size of the benefit, the mechanism of the transfer, and the context, whether rural or urban.26

An informal survey of experts’ perspectives in Guatemala found that they agree that cash transfers carry the lowest administrative cost, but there was no clear consensus on the relative costs across the other modalities of vouchers, local purchase or imported food. Field teams clearly perceive the efficiency of cash transfers compared to vouchers, but the added benefits of access to data on purchases and the ability to control purchase options are appreciated by project managers. Depending on the project’s requirements, the cost of implementing another control and monitoring system could cancel any savings gained from the use of direct cash transfers instead of vouchers.

And after analyzing the basic costs of delivering the benefit, it is important to note that that the most economical or efficient modality may not be the most cost-effective. A simple cost analysis does not incorporate the other side of the equation—the value, tangible and intangible, of the benefit received by the beneficiary, the community, the local economy, etc. A cost-benefit or cost-effectiveness analysis is the only way to capture the value received from the investment in each modality, but due to the

complexity of this type of analysis and the lack of data, doing so would require a special research investment with the risk of not producing a definitive or widely generalizable result.27

d) Risks
Field technicians with previous experience in the distribution of imported foods described many risks connected to that modality including delay, loss, conflict and manipulation. At the same time, they commented that the risks with vouchers and local purchases are minimal and few, and that all risks attached to food handling are transferred to suppliers. Other risks of manipulation or errors have been mitigated with the technology now available for the operation of vouchers, with or without an internet connection.

Depending on the project, the freedom to use cash can create other risks if the project considers certain uses unacceptable. The main risk mentioned is the use of cash for vices or consumption that does not contribute to nutrition, health or family production—this is the risk for cash that is equivalent to the risk of reselling food delivered in-kind. Related to the same is the risk of intrafamily theft, which is considered by the implementers in Guatemala a greater risk with cash transfers, but that the international literature considers a mitigatable risk regardless of the modality. 28 All the projects observed have developed ways of mitigating both the risk of unacceptable use (according to the project) of the benefit as well as the theft by family members. At the same time, it is important to recognize that within in-kind food delivery projects the risk remains of delivering a basket of products that does not respond to the needs of the beneficiaries.

e) Market
The state of the market is one of the most important factors to study before selecting the modality. In Guatemala, markets are generally well integrated from the municipal to regional levels with Mexico, Honduras and El Salvador. If the crisis has not directly affected the merchants, their facilities, their capital, or the local access roads, the municipal market can quite reliably meet the needs of the beneficiaries of the project. With a functional market, the preferred modality is cash.

Although it has not been tested in Guatemala, in cases where the emergency has directly affected the capacity of merchants, destroying their facilities, damaging or eliminating their products, liquidating their capital or cutting off their access to credit, food assistance can also be directed towards the merchants. Transfers to cash or voucher providers to replenish their provisions, or even in-kind deliveries of commodities to vendors can help the market recover and meet the needs of project beneficiaries (who can also receive cash or vouchers to buy from the same providers). These strategies

take the integration of food assistance with the market one step further, and seek to create a direct bridge to recovery and strengthening of the market that benefits vulnerable populations.29

However, it is important to consider the market failures that exist in Guatemala in addition to the distrust that may exist between merchant and buyer. The projects must consider the scale of their intervention relative to an average day of commerce in the municipality (in particular when distribution days are set) and monitor market prices that impact not only the beneficiaries, but all local buyers.

It is also important to consider that many communities are far from the municipal capitals, and the quality of the markets closest to these communities can be much lower. If the modality requires an interaction of the beneficiary directly with the market and/or the bank, this usually implies a trip to the municipal capital. The cost of the trip to the municipal town, which the beneficiaries must pay to receive a benefit, must be considered in the modality decision and the amount to be transferred.

\[f\] \textbf{Timeliness}\n
The implementer's preparation will determine the modality that can organized in less time. In theory, the distribution of cash should be the simplest, and therefore the fastest, but in Guatemala that has not been the experience to date. Several implementers reported that both the negotiation of the umbrella agreement and the registration of beneficiaries with Banrural took much longer than expected, delaying their projects. The correction of incorrect or inconsistent names is also left to the mercy of a financial institution with strict rules and systems that are being modernized, but still do not enable projects to make direct changes. Being prepared prior to an emergency with a pre-negotiated umbrella agreement with a financial institution is key to being able to initiate a cash transfer project quickly.

Starting up a voucher system usually requires some extra steps compared to initiating cash transfers, and the level of preparation that is completed before the clock starts running depends on the organization. Given that the strong preference today is to use technology tools—in Guatemala the experience is with RedRose—there are several preparatory steps that must be taken before starting distribution. These include printing and distributing electronic cards to beneficiaries and distributing and

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training providers in the use of cell phone service points with special readers for electronic cards and mini-printers. With a voucher system, not only is there a beneficiary selection process, but also a supplier selection process. Although not impossible, it is unlikely that an implementer could have a list of preselected providers in all municipalities nationwide in preparation for any sudden emergency. So, time for supplier selection must be built into the startup plan for any new voucher program.

PCI made local purchases for an in-kind food distribution while organizing a voucher system in its emergency project, showing that, in that case, local purchase was the fastest option. How quickly an implementer can make and deliver a local purchase will depend on the purchasing processes of the implementer and the ability of suppliers to move product to delivery points. WFP keeps food warehouses stocked in the country, and in the case of a sudden emergency when assistance is needed in a matter of days, it may be that the use of these pre-positioned foods is most appropriate in the short term.

Both the importance of rapid mobilization and the relative speed of each modality will depend on the situation and the implementer.

g) Institutional capacity

As with timeliness, the capacity of the institution will depend on the implementer. In Guatemala, key implementers have already gained experience in in-kind delivery and cash transfer. Those who have implemented vouchers invested a lot of effort in the installation and learning of modern technological and operational systems, which can be a key factor in comparing the efficiency of vouchers to local purchase for in-kind delivery. This factor will be important to consider for quick responses to sudden emergencies, but with a little more time for the preparation and training prior to an intervention, it should not be a major factor for modality selection.

h) Funding / Donor

Like the implementers, donors analyze the particular factors of each new situation, so it is difficult to give a general impression of donor preferences in Guatemala. However, the main donors for food assistance in Guatemala are still USAID, ECHO, and donors that give through the United Nations and its designated agency, WFP, and each one has internal dynamics that influence their preferences. ECHO has been guided since 2010 by its Humanitarian Food Assistance Policy, through which it has expanded the use of cash and vouchers to more than 50% of its food assistance. They also declare a strong

30 WFP is an implementer in Guatemala that has a wider latitude, because of its affiliation with the United Nations and the special channel that this creates for donations from governments, to create its own policies and technical strategies independently from its donors. For example, the government of the United States considers WFP a "private international organization" (PIO) which implies a very different style of project agreement and with less influence for the donor agency on the funds compared to cooperative agreements that USAID generally signs with non-governmental organizations, or "private voluntary organizations" (PVO). The same WFP has gone through a transition to cash, starting in the first decade of 2000, and ultimately distributing 25% of its assistance in cash in 2016, with the expectation that this proportion will increase. (http://www1.wfp.org/food-assistance).

preference for local or regional purchase, when the distribution of food in-kind is the most appropriate modality.32

For the first time in its Food for Peace Strategy 2016-2025, USAID formally incorporated the use of assistance based on cash budgets, thanks to the new Agricultural Law of 2014 that released several prior limitations to the use of alternatives to in-kind delivery of American food. In addition, in 2016 the Global Food Security Law affirmatively authorized the use of cash for food security humanitarian responses and development programs, thus giving a clear mandate to USAID to support these programs.33 These policy changes are relatively recent and there is uncertainty about future policies. The president's budget proposal would eliminate the two largest programs of imported American food assistance, the Public Law (PL) 480 Title II and the McGovern-Dole program, while the recommendation of the two committees of the Congress is to expand them.34 While the political debate continues, the technical team of the United States Department of Agriculture (USDA), which administers the McGovern-Dole program, has recommended supporting small local suppliers in Guatemala through local purchase for distribution in-kind (to schools), within a call for proposals that favors the importation of food.35 With such a complex internal policy, only specific requests for proposals and notices of funding opportunities can determine the modalities that will be financed for a given program.

Other donor policies, particularly monitoring and accountability policies, can also influence the selection and design of modalities. Expectations of control or detailed monitoring requirements encourage

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greater supervision and control over the use of benefits, and even make the use of vouchers more attractive than cash because of the advantages offered for monitoring.

i) Government policies

The Government of Guatemala does not have an official policy around food assistance. The specific laws that affect food assistance modalities do not do so intentionally, but rather do so indirectly. Examples include tax laws and the broad informal market that cannot participate in voucher projects without putting the implementer at risk of sanctions, and the legal and banking framework that uses DPI’s to facilitate banking transactions, despite the coverage limitations of this document, particularly in indigenous communities and with minors.

The Secretary of Food Security and Nutrition (SESAN) has the role of guiding the policy and participation of the government in food assistance projects. The administration of German González Díaz projected a collaborative and flexible attitude towards donors and implementers and demonstrated an appreciation for recent changes in the implementation of food assistance.

The government of Guatemala is also a provider of social assistance and implementer of food assistance projects through the Ministry of Social Development (MIDES) and the Ministry of Agriculture, Livestock and Food (MAGA). The delivery of food baskets by the government has the reputation of being a channel for political manipulation. With the goal of improving transparency and combating corruption, MIDES has initiated the use of vouchers and deliveries of conditional cash transfers in some of its projects. The consistent use of DPI’s and the incorporation of the banking system as a reliable intermediary is seen as adding another level of data verification. However, MAGA, with the broader mandate to provide food assistance to all departments (except the department of Guatemala), continues with in-kind food deliveries.

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INTERVIEW WITH THE SECRETARY OF SESAN

In an interview with the researcher, the then Secretary of SESAN, German González Díaz, expressed a progressive perspective towards food assistance. He expressed his opinion that food assistance is useful only in response to emergences, seeing as more valuable in development programs and to address the problem of chronic malnutrition those strategies that focus on resilience and household productivity. He considers the importation and distribution of food to be unsustainable and inefficient, and he was interested in the use of vouchers and cash. He noted that the new modalities bring a measure of dignity back to people, giving them choices and providing access to local foods that fit their customs and tastes. At the same time, he was interested in the possibility, particularly through vouchers, of influencing the purchase of more nutritious foods, thus helping to teach habits that can, in the long term, support the reduction of chronic malnutrition. He expressed the common concern of misuse of cash in some cases, especially when alcoholism is present, and the possibility that the use of cash transfers by the government could be politicized. However, he acknowledged amongst his favorites some projects that exclusively use cash transfers. He said that the only requirement that SESAN asks of the implementers is to be fair and transparent in their selection of beneficiaries, but he admitted his desire for more measurement of the lasting changes in communities after food assistance interventions. Apart from demonstrating this with taking time to participate in this systematization, the previous Secretary affirmed again his desire to work together with the communities and implementers to improve food security.

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36 German González Díaz was replaced as Secretary of the SESAN by Juan Carlos Carías Estrada in January 2018.

37 http://web.maga.gob.gt/visan/departamento-de-asistencia-alimentaria/
The researcher observed that local governments accepted all modalities and, in some cases, cooperated in facilitating the link to the markets for beneficiaries receiving cash.

\[\textit{j) Infrastructure and services}\]

The necessary infrastructure for food assistance programs will depend on the modality.

\textit{Figure 6: Necessary infrastructure and services according to modality}

<table>
<thead>
<tr>
<th></th>
<th>Imported Food</th>
<th>Locally Purchased Food</th>
<th>Vouchers</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>\textit{Main roads (to the municipal town)}</td>
<td>Affects transportation costs for food</td>
<td>May determine availability of local food for purchase or transport of centrally purchased food</td>
<td>Affects staff mobilization to delivery voucher cards and vendor technology</td>
<td>Affects the good functioning of banks and markets at the municipal level</td>
</tr>
<tr>
<td>\textit{Secondary roads (to communities)}</td>
<td>Affects transportation costs for food</td>
<td>Affects transportation costs for food</td>
<td>Affects ability of beneficiaries to reach the municipal town</td>
<td>Affects ability of beneficiaries to reach the municipal town</td>
</tr>
<tr>
<td>\textit{Public markets and general commerce}</td>
<td>Not applicable</td>
<td>Only helpful if the sellers are formalized</td>
<td>Not applicable</td>
<td>Need to be functional and stable</td>
</tr>
<tr>
<td>\textit{Formal suppliers}</td>
<td>Not applicable</td>
<td>Necessary for direct purchase</td>
<td>Necessary to negotiate redemption points</td>
<td></td>
</tr>
<tr>
<td>\textit{Banks and financial services providers}</td>
<td>Not applicable</td>
<td>Only necessary for the payment of suppliers and transporter</td>
<td>Only necessary for the payment of suppliers</td>
<td>Necessary for safe cash distribution</td>
</tr>
<tr>
<td>\textit{Electrical power}</td>
<td>Not applicable</td>
<td>Can affect supplier capacity</td>
<td>Can affect supplier capacity, voucher technology must be charged</td>
<td>Affects the good functioning of banks and markets</td>
</tr>
<tr>
<td>\textit{Cell phone signal voice/messages}</td>
<td>Important for community coordination</td>
<td>Important for community coordination</td>
<td>Important for coordination with beneficiary groups</td>
<td>Important for coordination with beneficiary groups</td>
</tr>
<tr>
<td>\textit{Cellular data signal}</td>
<td>Helps with transfer of monitoring data</td>
<td>Helps with transfer of monitoring data</td>
<td>Important to facilitate transfer of redemption data</td>
<td>Not applicable</td>
</tr>
<tr>
<td>\textit{Internet connection}</td>
<td>Not necessary outside headquarters operations</td>
<td>Not necessary outside headquarters operations</td>
<td>Not necessary outside headquarters operations</td>
<td>Affects the operation of banks</td>
</tr>
<tr>
<td>\textit{Safe and hygienic warehouses}</td>
<td>Necessary at the community level, at intermediate distribution points, and at the point of entry</td>
<td>Necessary at the community level, and depending on the place of purchase, an intermediate point</td>
<td>Not applicable (responsibility of suppliers)</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>
In the case of development projects and slow onset emergencies that do not have an immediate impact on infrastructure and services, it is generally safe to estimate that conditions are suitable for any modality. There are small variations in the cellular signal, the general conditions of the roads, the size and complexity of the market at the municipal level, and the diversity (or not) of financial services. In this case, it is wise to utilize the infrastructure and services available to avoid duplication and take advantage of the economies of scale of existing actors to lower costs. That is, as long as the private sector supply chain is reaching the municipalities, it will be more efficient to leverage it, focusing the nexus of food purchasing at the municipal level, instead of duplicating the supply chain with a new food distribution process from a central point.

\textbf{Bringing the Market to Communities}

The biggest disadvantage for the beneficiaries of the voucher and cash modalities in Guatemala at this moment is the need for beneficiaries to travel from their communities to receive their benefits. The custom with in kind food deliveries was to transport the food to the community and distribute it there. Now the nexus of delivery has focused on the municipal town, where there is at least one branch of a financial institution, there are formal suppliers that can participate in a voucher system, and there is a public market. The communities can be located three hours away by car, and usually the COCODEs have to organize special transportation for the beneficiaries on distribution days.

Will there be better alternatives in the future? Banrural’s "rural agent" network sounds promising for cash distributions, but they do not currently have the daily capacity for the amounts being transferred, among other barriers. New mobile transfer companies suffer the same or worse weaknesses, and still carry a much higher rate per transfer. The markets in the communities are also highly variable and can limit purchase options for the beneficiaries (many of whom would go down to the closest urban center at least once a month anyway to shop). In the village of Marimba, Camotán, coordination with the community grain bank has allowed the beneficiaries of WFP cash assistance to buy reliable basic grains at competitive market prices from within their community. Although it has not been implemented, it would be interesting to try voucher redemption at the community level. Since at least one minimum purchase would be guaranteed, would it be possible to convince a supplier to transport their product to a community for a monthly tent sale?

\textit{k) Secondary impacts}

One of the main arguments against food imports for humanitarian and development interventions is that their secondary impact on the local market can be harmful. Although this can be mitigated, the next argument is always whether an opportunity to boost the local market is being missed by not buying from within it.
In Guatemala, the choice between a direct local purchase, the use of a voucher, and the delivery of cash determines which part of the local market feels the positive secondary impact of an increase in demand. In direct local purchase and with vouchers, only formal suppliers are eligible for contracts so that implementers avoid sanctions by the tax authorities. Large-scale suppliers are generally favored with direct purchase (because of their ability to offer lower prices for large quantities) and medium-sized suppliers are favored with vouchers for their facilities at the municipal level and their ability to provide the necessary quantities of products in each locality. Although the beneficiaries can always buy from the formal suppliers, cash transfers give them the freedom to buy in the general markets made up of mostly informal traders. Thus, cash creates positive secondary impacts for small informal merchants. For some projects, this is an indirect but important impact that can benefit the goals of the same project. It was observed, for example, that beneficiaries of a WFP project who were starting to market eggs or produce from their gardens found customers among the beneficiaries of a food assistance project that provided cash transfers.

### 3. Limitations of the Decision Matrix

Using a matrix to consolidate information about different criteria before making a decision can simplify a complex situation, but with its simplicity, it necessarily ignores extreme cases, and cannot replace common sense. Some weaknesses in this matrix (common in every matrix) are important to remember:

- The prioritization of "one, two or three" is a huge simplification, and it is possible that some criteria have no importance in a given situation ("zero") and that others are so important that the others may become inconsequential. For example, if the donor insists on funding only cash transfers, the fact that the organization has a low capacity in that area will not counterbalance the influence of the donor and will make unimportant the criteria of risks, costs, gender, timeliness, etc. The analysis of the rest of the criteria will certainly contribute to the design of mitigation strategies for any negative impacts of cash transfers, but it no longer influences the decision itself.

- The content of the analysis presented here as an example represents the environment of slow onset emergency projects and development programs observed during the time of this systematization, in mid-2017. It will have a gradual expiration date with the change in technology, actors in the financial market, rural economy in Guatemala, migration and

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**INSPIRING ENTREPRENEURS**

When Save the Children and PCI’s PAISANO project changed its modality from imported food to cash, the participants in the community of Tzisbij, Jacaltenango saw an opportunity. Already organized into a savings group by the Empowered Women program, they decided to pool their transfers to negotiate weekly purchases of fruits and vegetables. Each participating family had to commit to buy a specific basket of produce each week, and the "sale" prices were set at the municipal market level. The group, then, would negotiate with wholesalers to deliver the bulk purchase directly to the community at a wholesale "purchase" price. The members of the savings group who put forward the capital for the weekly purchase have earned 500 quetzals per month, while the participants receive fresh food delivered to their community at prices they would pay at the municipal market, without spending time and money on transportation. This first group inspired several more and now advises new groups on how to negotiate with wholesalers.
urbanization. It is also nothing more than a point of reference and cannot describe the specific situation of any future project—that will be the work of the next project’s design team.

- The matrix and preliminary analysis do not touch the case of sudden emergencies, which can render irrelevant both the content offered as an example, and the matrix itself. For these cases, a simple tool has been developed to determine if conditions exist after a sudden emergency for the use of more market-based modalities. As the generic analysis shows that there are many benefits for Guatemala in the use of cash transfers, it is rational to use this as a starting point, but cash depends on the proper functioning of local markets to be feasible.

4. Cash with adequate conditions

Under normal conditions in Guatemala, municipal markets have the capacity to meet the needs of surrounding communities while buyers have money to spend. In many emergencies and during development projects, the problem is not the lack of food, it is the lack of money to buy food. It was observed in several projects that cash is well-received by beneficiaries and easier to administer for implementers. The clear preference expressed by the participants and project staff for greater freedom of purchase and greater simplicity in distribution is a good grounded instinct around how to maximize the utility of the benefit delivered. Cash transfers lower administrative costs and allow the beneficiary to select what he or she needs most. This follows the principle that each beneficiary knows better than the designers or implementers of the project his or her particular needs at any given moment. It recognizes that the diversity and complexity of each family makes it impossible for a project to predict and customize the perfect food basket for each one. In addition, it allows the project to take advantage of secondary impacts in the most relevant local markets to the same target beneficiaries—small-scale producers. And so, the main recommendation from this systematization is to use cash whenever the conditions will allow.

Recommendation: Use cash whenever conditions allow.

Although the municipal markets have their deficiencies, the disadvantages of the other modalities are sufficiently consistent and predictable that it is not always necessary to reconsider them for each case. The vouchers, even with few restrictions, limit purchases to the formal sector in Guatemala, leaving out small suppliers that can expand options much further at low costs. Modern voucher systems are more complex and expensive to administer than cash. The practical experience of using vouchers in rural Guatemala demonstrates other limitations in municipal markets with few suppliers, where voucher systems can easily be molded into systems to deliver food baskets instead of an open voucher program. The clearest advantage of a voucher system for projects is the built-in monitoring system for

39 En los municipios del Departamento de Guatemala, MIDES ha logrado el uso de un vale (tarjeta de débito acompañado por boletos físicos en cada tienda) sin la organización de eventos para su uso, y con la libertad de seleccionar entre varias tiendas de alimentos. El número de tiendas en cada municipio todavía es limitado, pero MIDES tiene planes de ampliar la lista de...
purchases, however, a careful review of the use of purchasing information can suggest suitable alternatives.

In-kind food delivery brings with it a burdensome and expensive transport, storage and distribution operation, which increases the incentive to simplify the basket of foods delivered, limiting the number of products and creating a standard basket based on a calculation of the average nutritional need. It is very complicated to adapt to the particular needs of each family in even the most basic of ways, such as the number of family members, and other elements of age, gender, health problems, nutritional status, availability of complementary foods at home or at school, tastes, hygiene needs, allergies, etc. must all be ignored. In Guatemala, most experiences with in-kind food delivery have been with imported foods, which involve even more operational demands such as customs procedures, measurement and packaging. Staff of the projects visited had endless stories of how tedious it was to measure and pack warehouses full of sacks and barrels of food that ultimately didn’t match local food culture. Although it may be difficult to reject food donated from outside the country, most participants in this systematization preferred alternatives to importing food from abroad.

The most prominent exceptions are:

- the first weeks after a sudden emergency that destroys the ability of the national market to provide food even to those who have cash to spend; y
- therapeutic food that, in the case of Guatemala, would only be used as part of an individual intensive care plan provided by local health services.

There are also necessary pre-conditions for cash transfers to be feasible and adequate. Especially after a sudden emergency, it is important to recognize that there may be radical changes in local conditions in affected municipalities and communities. In Guatemala, the most important questions to determine the basic feasibility of cash transfers are:

- Are municipal markets and stores operating? Are prices relatively stable?
- Are municipal financial services branches operating? Is there a way to get cash to beneficiaries?
- Are the roads open for participants to get into the municipal town, and is transportation available?
- Do the participants have enough protection in the municipal town, and to reach their communities, to handle cash and/or their purchases?

If the answer to any of these questions is "no," the project should consider in-kind food deliveries, possibly at the community level, as conditions improve. If the answer is "partially" the project can consider an appropriate mix of modalities according to the specific conditions of each location.

It is also necessary to consider the preparedness of different actors so that cash transfers are used in time and fulfill the project's objectives. Although there are ways to mitigate the lack of preparedness, it is also possible that the effort and time required to do so is untenable or jeopardizes the success of the

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tiendas certificadas para asegurar una competición de mercado sano. MIDES limita la compra a 10 productos básicos, pero el beneficiario decide la cantidad de cada producto.
project. That is why it is important to answer a few key preparedness questions before deciding on the use of cash transfers:

- Are the main products needed by participants being sold at the municipal level? Do vendors have the ability to increase their supply to meet the new demand that the project will cause without increasing their prices?
- Do participants have experience with handling the amount of cash to be provided?
- Do participants view the inconvenience of coming to the municipal center to receive assistance as minimal?
- Do participants or their delegates have DPI’s (and/or other required documents) to be able to withdraw cash from financial services providers?
- Does the implementer have a pre-established agreement with a financial service provider to make the transfers?
- Does the donor accept the level of monitoring of the use of the benefit that will be possible with cash transfers?

When an implementer is considering giving food assistance in Guatemala, they can use the tool "Preconditions for the use of cash as the main modality of food assistance in Guatemala," part of the Modalities Selection Tool in Annex B to make a determination as to whether there are extraordinary barriers or risks to the use of cash.40

IV. Design Decisions

Modality selection is one decision among many that implementers must make in the design of emergency and development projects. The systematization also observed the how a number of other design elements were integrated into the projects that were visited and studied, and will present observations on conditionality, benefit restriction, communication for behavioral change, benefit amount, supplier selection, and the use of technology in food assistance projects.

Recommendation: Remember that modality selection is one among many design decisions and external factors that will influence the success, efficiency, and secondary impacts of the project.

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40 This tool has been aligned with the "Is cash feasible checklist?" from IFRC available here: http://rcmcash.org/toolkit/, Module 3 Response Analysis, document 1.2.1.
A. Conditionality

In Guatemala there is a strong preference for linking food assistance certain conditionalities, but there are significant differences across projects in the purpose, type, weight, and importance of compliance with the different conditions imposed.

**Definition: Conditionality**

*Imposition of tasks that must be fulfilled by a beneficiary before receiving a direct assistance benefit.*

For most implementers, conditionality is considered as a way of giving dignity to beneficiaries—having them earn their benefit with some action of their own, rather than simply receiving. It is also common to use conditionality to promote a change in behavior, using the benefit as an incentive. In other cultures, conditionality is interpreted as a way to punish or draw attention to those who are vulnerable, and thus possibly diminish their dignity, but in Guatemala there is an opposite consensus. It was possible to observe this phenomenon in a WFP emergency project that imposed strict conditions of completed a set number of hours of community work, household-level productive projects, and training to receive a cash benefit. The participants proudly shared their projects and learning, while of course expressing gratitude for the cash assistance.\(^41\) Although conditions that requires such a substantial investment of time from the beneficiaries are not so common in Guatemala, almost all the projects observed had applied conditions receiving food assistance. Monitoring, documenting and managing benefits based on compliance with conditions is a challenge (and an expense) for any project, and the emphasis on confirming compliance seems to depend on the level of perceived noncompliance and the importance of compliance to achieving the goals of the project. There is a cost also to the beneficiary of taking on new tasks, and it becomes important to ensure that the beneficiary is not overburdened, especially because the tasks usually falls to women.

1. Training

Undoubtedly, the most common conditionality in food assistance projects is participation in nutrition, health and hygiene training. It is so common that many implementers do not consider it as a condition, although they do require participation in order to receive the benefit. It has been proven that conditioning the benefit on participation in project sessions is the simplest and most reliable way to ensure attendance in these sessions, and thus ensure that participants hear key behavior change messages.\(^42\) Within this structure of community sessions, a platform is also created for other conditions that may encourage the use of the benefit for the purposes of the project, such as the preparation of

\(^{41}\) It is impossible during a quick observation tour to know how the actors in a project feel, especially those who are more marginalized and with much to lose if they say something “wrong”. To learn more about the experiences of project participants with conditionality, a much more focused study is required, with focus groups and private interviews with enough time to gain trust and openness.

\(^{42}\) CRS's Superamos project, documented that participation in training sessions increased from 66% to 99% after the first round of transfers when some did not receive their benefits and thus all participants internalized that participation is a condition to receive their voucher and cash transfer.
shopping lists before delivery day and the signing of agreements by couples/heads of household and the project to promote certain behaviors to improve nutrition and family health. A COCODE president noted that thanks to the WFP nutrition sessions in his community, "you wake up to how to pay attention to food." These methods of guiding the use of cash through mandatory training sessions are flexible alternatives to restricting purchases through vouchers or in-kind deliveries. They can also complement the restrictions to make them more effective. In several voucher exchange events in Huehuetenango, the mothers expressed their satisfaction with the project’s efforts to introduce new recipes for *inacaparina*, a nationally produced fortified flour included in the fixed basket that wasn’t very well-known before the project. Adding these trainings extends the impact of the project to family feeding and partner relationships beyond the project.

Development projects can extend conditionality to participation in several core project activities, shifting importance away from the food assistance itself, using it more like an incentive to encourage participation.

2. **Interactions with the health center (and education system)**

For projects focused on nutrition, avoiding diseases in vulnerable children—diarrhea being a major cause of acute malnutrition—is an important complement to food assistance. Some projects have incorporated certain conditions related to children’s healthcare into their design, such as complying with the Ministry of Health’s schedule of vaccines and participating in weight and height measurements every month (either by the project staff or by the local health worker). Difficulties encountered with this strategy include the inconsistent provision of public health services and the internal conflict over when to cut benefits to a family when the lack of attention to children’s health increases their vulnerability and thus their need for the project.

Although they were not directly observed in this systematization, it is important to note that both private implementers and the Guatemalan government have used food and cash transfers conditioned on children’s attendance at regular health center appointments (especially for vaccination) and school registration at scale. As an independent intervention at scale, the main challenge is to document compliance with the conditions and administer the benefits based on this monitoring—effectively cutting benefits when there is no compliance.

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**Hygiene and Vegetables**

In Sector 3 of La Hamaca, San Idelfonso de Ixtahuacán, Matilde M. participated in PCI’s ACCION project as a Mother in Action. During a voucher redemption event in the municipal hall, she shared that the most striking part of the project for her is seeing how the people of her community are cleaning up their homes and yards, collecting garbage and washing their hands after learning through the project about diseases that are transmitted by dirt in the home. She also proudly talked about the radish harvest they had already had in their community garden, and that they were expecting many other vegetables thanks to the seeds and the instructions provided by the project’s technicians. For her, the training integrated into the project did not feel like a condition, but rather an opportunity to create lasting changes. When asked if families will continue with their new habits after the project ends, her response was clear and almost incredulous of the question: "Whenever it is for the good of their children, mothers will do what is necessary."
3. Work

In Guatemala, the provision of food assistance in exchange for work is common and used in both development and humanitarian projects. These projects can direct the food assistance/incentive towards the target population directly, as is more common with physical work in community projects, reactivation of rural livelihoods and protection of soil and water in agricultural land. Or projects can use food assistance as a simple incentive to compensate the work of volunteers and/or community leaders who are not necessarily part of the most vulnerable population. This was observed in development projects and responds to a need to maintain the dedication of qualified people to do more complex voluntary work for a much longer time, compared to emergency projects. Although in-kind food assistance conditioned on work has been provided in the past, all current projects with work conditions are delivering cash.

Despite the additional administrative burden of applying conditionality to food assistance, almost all implementers found it important to take advantage of beneficiaries' interest in receiving assistance to gain their participation in other activities that supported the project's objectives. And all affirm that giving something to receive something (especially when work efforts also give a direct benefit) offers a more dignified role to the beneficiaries in the project, turning them into "participants." This perspective can be heard directly from the participants.

"The project has been the motivation for us women to work. Sometimes we do not know where to start, but the project guides us." – Participant WFP project, Plan de Jocote, Chiquimula

In cases of slow-onset emergencies when livelihoods are most affected, offering food assistance in exchange for voluntary work can be welcomed by communities as a paid work opportunity. All the implementers felt comfortable giving exemptions to the conditions for special cases, and thus resolve any situation in which the condition would prevent the benefit of the project from reaching a family in need. They also recognize that, especially for men, there may be job opportunities for wages, and to avoid simply replacing this source of income, they create flexibility in the project's workdays to encourage it to be extra work. It is not surprising in an environment of poverty and chronic malnutrition that the delivery of food assistance is simply part of an integrated project with complementary interventions. Linking these interventions through conditionality has become a standard element of design.
B. Restrictions

One of the main characteristics that differentiate modalities is their level of restriction or freedom given to the beneficiary around how to use the monetary value of the assistance. However, within each modality there is a wide variety of ways to restrict or free up the use of the benefit.

**Definition: Restriction**

*An explicit limitation of the beneficiary's choices for the use of their direct assistance benefit.*

It is not necessary to have direct control over the use of the benefit to apply a restriction. And although it would be unusual, it is possible to have direct control without applying a restriction—this would be the case of delivering food in-kind and communicating to the beneficiaries that they are free to sell the food if they prefer the money.

Applying a restriction begins with an expectation or desired usage of the benefit, becomes a restriction when it is communicated as a rule, and is strengthened when direct control or sanctions are applied to enforce it. The projects must decide if they are going to apply any restriction, and with what force they will impose it.

**Figure 7: Restrictions, controls and sanctions observed**

<table>
<thead>
<tr>
<th>Restrictions Observed</th>
<th>Controls and Sanctions Observed</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Buy only food</td>
<td>• With vouchers, authorize the supplier to redeem a fixed basket per beneficiary</td>
</tr>
<tr>
<td>• Buy from a limited list of foods</td>
<td>• With vouchers, control the products and/or quantities allowed with the supplier, but with options</td>
</tr>
<tr>
<td>• Buy a specific basket of food</td>
<td>• Hand out an approved list of purchases (or several) with the benefit</td>
</tr>
<tr>
<td>• Do not spend the benefit on alcohol or tobacco</td>
<td>• Sign an agreement with the beneficiary and/or partner</td>
</tr>
<tr>
<td>• Buy a variety of foods with a healthy nutritional balance</td>
<td>• Review and approve a shopping list before delivering the benefit</td>
</tr>
<tr>
<td>• Do not give cash to a husband or partner</td>
<td>• Review purchases made after delivering the benefit</td>
</tr>
<tr>
<td></td>
<td>• Organize a special market and direct beneficiaries there</td>
</tr>
<tr>
<td></td>
<td>• Supervise purchasing within the market</td>
</tr>
<tr>
<td></td>
<td>• Mobilize the COCODE or another community authority to monitor compliance with the restrictions</td>
</tr>
<tr>
<td></td>
<td>• Threaten to take the project away from the beneficiary or the community</td>
</tr>
</tbody>
</table>

Each of the projects observed implemented various restrictions, controls and sanctions to enforce them. In some cases, the controls and sanctions did not necessarily come from the design of the project but had arisen from the participation of counterparts, particularly the municipal government and the COCODEs. For projects, this means that simply communicating a restriction can result in controls and sanctions that are out of the project’s hands. It is important to consider negative impacts on the social
fabric when using social pressure or threatening to cancel a benefit. That is, imposing a restriction with sanctions or social or community monitoring can create conflict and insecurity for the beneficiaries or project staff. Making early decisions about how the project wants to address these issues and communicating clearly with all partners is very important to ensure that the beneficiaries' experience corresponds to the design of the project and avoids conflict.

It is also important to remember that the application of restrictions, especially with controls and strong sanctions, can harm the collaborative relationship between the project and the beneficiary. Even if the beneficiaries do not complain about the restrictions and understand their usefulness, the restrictions reinforce the power imbalance. This must be taken into consideration if the project seeks to empower beneficiaries to be protagonists in their own recovery or development. Allowing and respecting beneficiaries' agency and autonomy in utilizing their benefits can be a way to create a collaborative environment for other complementary project activities.

In theory, if the project responds to a beneficiary’s real high-priority need for food, and the beneficiaries are selected based on this specific need, then their intrinsic motivation will be to use their benefit for what the project also wants—food that will improve your family nutrition. Thus, restrictions can become redundant.

The researcher now offers a broader recommendation to continue the transition to greater freedom of choice for project participants. When meeting the objectives of the project requires a change in behavior on the part of the participants, the recommendation is to use communication strategies instead of control.

Recommendation: Continue the transition to greater freedom of choice for participants, using behavior change communications to achieve goals related to the use of cash.

The freedom of choice, in market-based projects, is considered the best way to maximize the benefit for each family that participates. In addition, participants selected to receive food assistance are going through stages of recovery and individual development that require them to strengthen their own decision-making skills, adapting to new circumstances and often seeking new livelihoods. That strengthening and empowerment must be prioritized in the design of assistance projects. Participants interviewed favored the elements of the projects that gave them options and freedom to choose. Support structures (purchase guides, recipe demonstrations) and communication that pushes participants towards certain uses of cash (nutrition and hygiene talks) create a constructive relationship between the implementer and the participants and have the potential to create more lasting habits.

Another philosophy to adopt in looking to extract the benefits of freedom from the cash modality while pursuing specific goals in terms of nutrition or child growth, is to see the situation of malnutrition or hunger during an emergency as caused by several factors, each one needing a different intervention.
Poverty or loss of livelihood—lack of money or income—is the contributing factor to malnutrition or occasional hunger that a cash transfer or voucher seeks to lessen. Financial, purchasing and consumption behaviors are contributing factors to malnutrition and hunger that require other interventions that get to the root of these behaviors. In this way, each family can be helped to improve their money management and prioritization of nutritious food, and at the same time personalize their monetary benefit to their family’s most pressing needs.

C. Behavior change communications

Food assistance projects in Guatemala all integrate some component of nutrition education almost by necessity. The problem of chronic malnutrition in Guatemala goes beyond specific emergencies, and it is thought that a lack of knowledge, awareness and nutritional habits contributes to the persistence of malnutrition in rural areas.

Among the activities most appreciated by the beneficiaries are recipe demonstrations. Many were encouraged to share about how they had learned new ways to prepare meals. They appreciated being able to make changes in their cooking that helped their children enjoy their food more. The lessons on home hygiene also had an impact and were mentioned by the participants. There is a wide range of experiences around the world to inspire innovative ideas as well. The incorporation of behavior change communication activities will depend on the objectives of the project and should be considered a tool to influence the use of monetary benefits—a preferred alternative to restrictions.

D. Benefit amount

Although the systematization did not do a specific review of methods for determining the amount of a direct benefit, some considerations were shared by staff of the projects visited. There was a notable difference between the rationale for the benefit in emergencies and development that completely changes the calculation. In emergencies, the logic of the calculation is to bridge the gap between the family’s nutritional need and the available food (or income). A nutritional gap in calories, protein and fat can be converted into a hypothetical food basket and monetized using local market prices. But for development projects, the purpose of many direct benefits is to encourage or recognize the participation or volunteering of time of people contributing to the project. Then the calculation must consider the time and commitment that the volunteer is asked for, especially relative to others in the project (and other nearby projects). The goal is to serve as an incentive/token of appreciation to encourage volunteer work or participation, but also remain symbolic (it is not a salary).

In the transition from food delivery to vouchers or cash, the nexus of activity was transferred from the community to municipal towns, and that implied a new transportation expense for participants. The field staff considered it very important to incorporate this new expense into the amount of the benefit,

and appreciated that this effort had been made, although it was not always achieved. An additional complication was handling, in some projects, the contribution that had been required of participants to cover the transportation of food to their communities. At least one project was faced with the discordant scenario of requiring a contribution (a symbol, according to the design of the project, of the participant's commitment to the project), although the participants were now directly covering the cost of transporting the food purchased with their benefit in the municipal town to their communities and homes. The project lowered the amount of the contribution and raised the amount of the benefit to try to compensate, but for the staff, the contribution had lost its logic. Certainly, the shift to cash and vouchers deserves a reconsideration of the request for a monetary contribution to participate in the project, and the exploration of other ways to gain and confirm the commitment of participants to the project.

E. Banks and local suppliers

Cash transfers

In Guatemala, the only financial services provider with coverage in all municipalities is Banrural, which gives it a strong competitive advantage if the implementer does not want to negotiate with more than one provider. However, implementers noted advantages and disadvantages of working with Banrural.

Figure 8: Benefits and Disadvantages with Banrural

<table>
<thead>
<tr>
<th>Benefits with Banrural</th>
<th>Disadvantages with Banrural</th>
</tr>
</thead>
<tbody>
<tr>
<td>• National coverage</td>
<td>• Slow to negotiate umbrella agreements at the central level</td>
</tr>
<tr>
<td>• Reputation of trust for beneficiaries, implementers and donors</td>
<td>• Inefficient process for registration of new beneficiaries and correction of errors creates delays</td>
</tr>
<tr>
<td>• Experience with large projects—several transfer methods available</td>
<td>• Special attention for beneficiaries offered only on specific dates and/or limited to one cashier, less flexible</td>
</tr>
<tr>
<td>• Organizes special attention for beneficiaries on certain dates</td>
<td>• Despite the existence of Rural Agents, real access to transfers at scale outside the municipal capitals has not been achieved; No other provider has achieved this service in real life either.</td>
</tr>
<tr>
<td>• Fee per transfer is reasonable.</td>
<td></td>
</tr>
</tbody>
</table>

New mobile money providers—Tigo Money being the only notable one in Guatemala—lack the infrastructure for users to take out their cash transfers at scale, and to date they have transfer costs far above the formal banking system. As there is still no acceptance of mobile money by commercial traders within the market to pay for purchases directly, mobile money is still not a viable option for a rural social project in Guatemala.

It is tempting to think about the possibility of creating access to the financial system for beneficiaries through a cash transfer project. For some beneficiaries, entering the bank to collect their transfers may

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44 ACH in Guatemala did decide to work with two different banks and found that the options and services offered by G&T Bank in Chiquimula were much better than Banrural’s, so they chose to work with G&T Continental Bank where it has a presence and with Banrural where they are the only option.
be their first experience with a formal bank. Certainly, this can help them to not be afraid to approach bank staff in the future when they need to open a bank account. But from experience, and indeed it is the expectation of most food assistance projects, the utility of the bank is to execute the transfer only, not to hold the transfer as savings or offer credit to the beneficiaries. WFP found that by the third day after a transfer, 99% of the money had been withdrawn by the beneficiaries. Banrural confirmed that this is the most common scenario with cash transfers in social projects. If a project decides to open beneficiary bank accounts to make transfers to the beneficiaries, it seems that the form that these accounts take depends entirely on the negotiation with Banrural at the central level. Items to be negotiated include:

- Minimum balance or transactions to keep account open
- Maintenance costs, with or without minimum balance
- Interest on savings
- Documents needed to open the account and make transactions
- Use and costs of passbook, debit card and/or PIN to make withdrawals

Banrural has expressed a desire to consolidate the methods used for social transfers into a single direct transfer without a beneficiary account. For them, the direct transfers avoid the management of many "special accounts" with little savings, and the simplification would allow them to focus the training of branch staff, but that would require coordination and agreement between the implementers. Failing that, the implementers can share their achievements in their negotiations with Banrural in order to unite their demands and balance the current monopolistic advantage.

**Vouchers**

The selection of local providers within a voucher system is a critical decision in creating a market and a positive shopping experience for the participants. In the observed projects, convincing the providers to participate in a post-payment system was difficult enough so as to celebrate when a provider accepted. In subsequent rounds, however, with previous positive experiences and clear revenue and profit earned, more suppliers showed interest, and thus more options became available to the project. Decisions about suppliers are directly linked to restrictions on eligible products and fulfilment of defined baskets. With

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greater restrictions on product and especially the definition of a fixed basket, it is necessary to ensure that each supplier can supply the demand for the fixed basket and the products assigned. With greater restriction of redemption dates (and few providers), each provider must have the space to receive many participants on the given dates and during defined hours. These controls are easier to handle with medium and large suppliers, and any control that requires the presence of project personnel during voucher redemption encourages the project to select a minimum number of suppliers in each municipality.

If projects loosen restrictions on vouchers, this may create more opportunities to experiment with more extensive voucher systems that give participants a shopping experience closer to real life. In this case, the incentive would be to accept the largest number of potential suppliers with minimum requirements—legal registration and capacity to accept VAT exemption, for example—to recreate a competitive environment among them. The project, then, would encourage the beneficiaries to decide which store or stores they want to visit to make their purchases on the day that suits them.46 MIDES is working towards expanding the number of certified providers for their social assistance program in the department of Guatemala.

F. Technology
The use of technology is now a minimum expectation for efficient data collection and management of both administration and monitoring. The challenge is to identify only the necessary information to collect and the meaningful frequencies in which to collect it. Projects with volumes of data in storage that haven’t been analyzed could be losing time and energy in unnecessary data collection. The security of participants' data is also a rarely discussed topic, but with the use of DPIs and the possibility of sharing lists among implementers, including the Government of Guatemala, it becomes an issue of confidentiality and technological security.

V. Change processes
Experimentation in Guatemala with new modalities for the delivery of food assistance is part of a transition at various levels, within donors and implementers, by participants and actors in the market. This process of experimentation and transition is also happening at a global level, and we now see the cultivation of new collective knowledge on how to alleviate food crises with efficiency while protecting (and even promoting) the recovery of the normal food system.

For donors, adapting to new modalities involves considering evidence and promoting the options with the greatest possibility of success, as well as negotiating for the funds, free of conditions, that are necessary to have the freedom to change, within the politics of their countries of origin. This reality—of decisions about funding for food assistance being partially disconnected from technical analysis—is important to remember when considering points of leverage or influence and strategies for change.

46 To minimize the cost of transportation, the COCODEs could always support with coordinating collective transportation for one or two days that suit the participants best. The project could activate the vouchers of different communities during different weeks of the month to avoid an avalanche of purchasing in any single moment.
Fortunately, major donors have made a significant change in the last decade to support market-based modalities for food assistance.

For the implementers, the change from in-kind food delivery to deliveries of locally purchased food, vouchers and cash has required a change in technical knowledge about economics and social assistance and a retraining of field personnel. The experience shared by many field technicians was that of a lot of change with little time to assimilate. The observation that many projects created various restrictions to duplicate the effect of in-kind delivery (or, in other words, ensure that participants only used their money or voucher for the food that would have been delivered to them directly), is probably a result of project staff not assimilating the technical elements and the fundamental logic of the new market-based modality. Adaptations to the theoretical modalities, when seen as transitional, are useful in smoothing out the impact of change, not only for project personnel, but for the participants and market actors as they have their first experience with a new modality of food assistance. In addition, other interested people who observe these new projects—local government, community groups, the media—will go through a transition in their understanding of how families with food insecurity should be helped. Radical changes can create new problems of reputation and public reaction, staff errors and participant mistakes from inexperience, or failure to detect vulnerabilities in new systems or unwanted side effects in the whirlwind of lots of simultaneous changes.

Recommendation: Plan a continuous process of transition, progressive retraining of personnel, and reconsideration of design elements that can move the project, little by little, towards a more complete use of the benefits of the selected modality and the full integration of the same with the market.

The environment where these projects are carried out also undergoes change, and new projects can promote more propitious environments for market-based interventions, although they must recognize their limitations. The markets in Guatemala, although relatively integrated at the country level, remain small in rural areas. Roads in poor condition and subject to closure due to protests continue to be barriers to greater trade integration, limiting many rural beneficiaries to one to two monthly visits to commercial centers with greater market competition. Trade regulation is also minimal, giving opportunity to unscrupulous sellers to take advantage of vulnerable buyers. These realities, among other factors, have encouraged a low risk tolerance among traders and buyers, and a persistent attraction of both sides an intermediary entity (often in these projects, the implementer or the municipal government) that can negotiate standard prices, impose quality control, and guarantee the number of buyers, instead of releasing an open competition for customers (or an open market with many sellers). However, sellers and buyers negotiate small-scale trade daily in Guatemala, and with some support, both sellers and participants/buyers can feel more comfortable with a project that is based on the free exchange of cash or vouchers for products within the existing market. Projects can expand their vendor networks, incorporating more competing vendors into their voucher systems or
Market-based Food Assistance in Guatemala: A systematization of experiences

using a quality seal system to encourage beneficiaries of cash transfers to buy from a broad group of vendors that have been endorsed by the project. Taking steps to move away from a long list of requirements for a vendor to participate in the project, to a list of suggestions to improve vendor offerings to participants, will pass more power to participant-buyers to reward or punish sellers (as they would in a free market) for their customer service, assortment of products, quality and honesty in their transactions.

Participants also must go through a process of change to better take advantage of market-based food assistance. Participants may face fears about their own ability to handle a benefit that gives them more freedom, or their ability to work with a larger amount of cash than usual and with little practice with that level of mathematics. The observed projects incorporated many teaching elements to empower the participants to be intelligent and informed buyers: financial education, including numeracy for budgeting and counting change; new nutrition and infant growth messages to guide their diet; and communication strategies for couples, such as creating shopping lists. Projects that incorporate new freedoms in purchasing can expand their training complement to support participants in their transition to independent buyers.

VI. Summary of Recommendations

Guatemala is a country where emergencies occur amid development challenges and persistent social vulnerabilities that have blocked the way out of chronic malnutrition for an entire population of rural and indigenous Guatemalans. Food assistance has been used for more than 60 years to try to protect the most vulnerable in times of crisis and from the desperation of poverty. This long history has revealed many lessons about the usefulness of food assistance and how to maximize the benefit of donations and investments for food security and nutrition. In recent years, the growing experimentation with new market-based modalities for delivering food assistance has provided a new chapter of lessons and possibilities for future progress. Through this systematization, the researcher has tried to summarize some principal recommendations for the selection and design of modalities, inspired by the experience and knowledge of implementers in Guatemala, and supported by good practices at the global level, to guide future project designers.

- Do a new response analysis before starting a new emergency project to ensure that the proposed interventions respond appropriately to current needs. (page 27)
- Do a cost analysis to compare two or more possible modalities during project design to support the selection of modalities and the justification of the design. (page 31)
- Use cash whenever conditions allow. (page 41)

47 WFP found that some women had no experience with 100 quetzal bills and lost money when sellers would give them the wrong change. They asked Banrural not to give more than 50 quetzal bills to avoid this problem.
48 Technicians from the PAISANO project, which changed its modality to cash after more than five years of in kind food accompanied by nutrition training, commented that this turned out to be an unexpected case of years of preparation for an eventual transition to a modality with a lot of more freedom. Even so, the project decided to impose a system for reviewing shopping lists, still distrusting that the beneficiaries were prepared for independent decision-making, or that project staff were prepared to release control.
• Continue the transition to greater freedom of choice for participants, using behavior change communications to achieve goals related to the use of cash. (page 48)

• Do not allow the risks of intra-family theft, perceived to be higher in the delivery of cash, to carry more weight in modality selection than the benefits of cash to women. (page 25)

• Incorporate experimental research into project design, integrating several variations of modalities applied to comparative groups to study both the efficiency and effectiveness of the variations and the assumptions around selected beneficiaries’ priority needs. (page 24)

• Plan a continuous process of transition, progressive retraining of personnel, and reconsideration of design elements that can move the project, little by little, towards a more complete use of the benefits of the selected modality and the full integration of the same with the market. (page 53)

• Remember that modality selection is one among many design decisions and external factors that will influence the success, efficiency, and secondary impacts of the project. (page 43)

Food assistance is a tool to respond to crises and the challenges of poverty that must always be integrated both with the local market and with other humanitarian efforts. For example, there is more room to expand the acceptable use of cash beyond food and towards a definition of cash as a multi-use benefit and a versatile response to various needs. And even more important is a better integration with the continuous long-term local development process. Every food assistance project has the obligation to protect opportunities and progress towards development, in solidarity with community organizing and self-support efforts, and redefine the vulnerable beneficiary as producer, worker, and creator of his and her own recovery, resilience and progress.

VII. Annexes

Annex A: Summary Table of Modality Selection

Annex B: Modality Selection Tool

Annex C: Example of Cost Analysis by Modality