Annex C: Philippines Case Study

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1 Introduction

This Philippines case study is part of DFID research on the Value for Money (VfM) of cash, voucher and in-kind transfers, which will lead to the development of DFID guidance. Its purpose is to identify evidence on the VfM of different transfers (cash, vouchers and in-kind) provided in response to Super Typhoon Haiyan. The goal is to add to the evidence base on cash transfers and also inform the development of guidance on VfM analysis, based on the types and level of data available in the context of a sudden-onset disaster.

In-country research took place 11-20 August 2013 in Manila and Leyte. Twenty-three people, primarily from international aid agencies, were interviewed in Philippines. Consultation with recipients of assistance was not planned, but the researcher joined in a donor's monitoring trip, which included in-depth discussions with two beneficiaries who had received cash and food assistance. A request for data from the Philippines was also sent via the Cash Learning Partnership (CaLP) electronic discussion forum and through requests to individuals at headquarters. Monitoring and cost data was provided by aid agencies. Data on the types of cash responses and number of beneficiaries benefiting from them comes from a 'who what where' (3W) list compiled by the OCHA Cash Coordinator. The 3W list is based on self reporting from aid agencies and excludes aid agencies who choose not to report, and it had gaps in information where aid agencies have not provided data for all categories (e.g. number of beneficiaries). These factors should be considered as limitations for the data and analysis presented in this report.

Following this introduction, Section 2 provides an overview of the context and response. Section 3 discusses the evidence on the VfM of different transfers. Section 4 identifies conclusions, entry-points for maximising VfM and issues for developing VfM guidance.

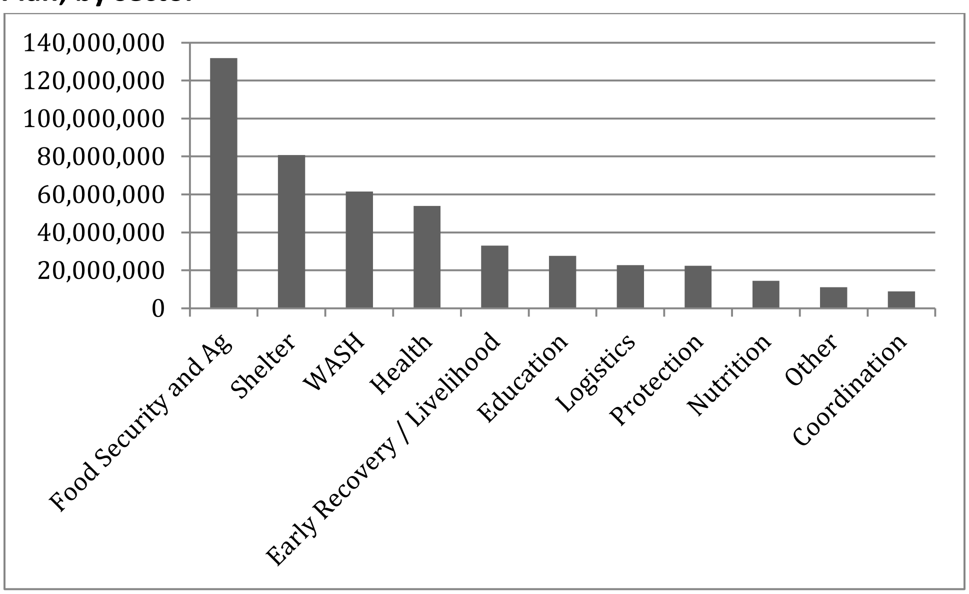
2 Context

2.1 Emergency Response in Philippines

The Philippines was hit by Super Typhoon Haiyan (known in Philippines as Yolanda) on 8 November 2013. On 14 November an IASC system-wide Level 3 Emergency response to Typhoon Haiyan was declared. The storm's impact was spread across nine provinces, with the islands of Leyte and Samar among the most affected. Approximately 90% of Tacloban City, the capital of Leyte, was destroyed and the areas hit faced severe damage to homes, infrastructure and livelihoods. It is the deadliest storm in Philippines history with a death toll of more than 6,000 and more than 4m people displaced.

Humanitarian operations were launched amid severe logistical constraints resulting from the destruction. The government of the Philippines welcomed the humanitarian actions of international humanitarian agencies and donors. Funding to the Typhoon Haiyan Strategic Response Plan totaled $468m. The largest portion of the Strategic Response plan went to food security, followed by shelter, WASH and health (see Figure 1).

Figure 1: International Humanitarian Funding ($USD) to Haiyan Strategic Response Plan; by sector



Numerous factors make the Philippines a logical context for cash transfer programming. It is a middle income country with well developed markets, financial systems and mobile phone services. While markets recovered after Haiyan with relative speed, the pattern of the destruction meant that recovery occurred faster in western areas (and some areas were more isolated to begin with), thus the appropriateness of cash responses differed for affected areas and over time.

The Government of the Philippines is favourable to using cash transfers as a disaster response and social protection tool. The government has a conditional cash transfer programme – Pantawid Pamilyang Pilipino Program (4Ps) – that provides cash grants to poor households if they comply with a set of conditions related to their children's wellbeing.[1] In previous disasters aid agencies and the government have implemented cash for work. Unconditional cash transfers have been used at a smaller scale, such as Oxfam in response to Typhoon Ketsana (2009) and ACF in response to tropical storms (2011/12).

Mechanisms to deliver cash transfers in the Philippines are in place and widespread, primarily due to the importance of remittances. In 2013, the Philippines received $22.8 billion in cash remittances, making it the third largest global recipient of remittances after India and China.[2] Remittances make up nearly 10% of Philippines GDP. In addition to the thousands of remittance agent branches, aid agencies had previously worked through banks to provide emergency cash transfers. Landbank manages the payment system for the government's 4P programme, providing cash payments to 2m people via LandBank's cash card; the others receive payments through Philpost, MLHuillier and various rural banks.[3]

In anticipation of cash responses, several aid agencies deployed personnel with expertise on cash transfer programming, including the World Food Programme (WFP), UNICEF, International Organisation for Migration (IOM), Action Contre la Faim (ACF), Save the Children, Mercy Corps, Oxfam and the Red Cross. The UN Officer for the Coordination of Humanitarian Affairs (OCHA) put in place an emergency Cash Coordinator on 24 November in an effort to strengthen coordination amongst agencies and sectors using cash responses. Unlike other settings like Somalia and Lebanon, cash transfers were not a controversial tool for aid agencies, donors or the government.

[1] http://pantawid.dswd.gov.ph/
[2] Worldbank.org
[3] Smith, G. (2013) Electronic Transfers Scoping Study and Preparedness Plan. ACF Philippines.

The sudden onset disaster response posed enormous challenges for humanitarians to plan and implement responses. Aid agencies did not have adequate facilities for living and working in the hardest areas; they faced logistical hurdles for even basic tasks. Donors required proposals with little lead time. Assessments and strategies began in tandem and quick decisions had to be made based on imperfect information. As the responses moved away from addressing the urgent priorities in the immediate aftermath (e.g. from emergency shelter towards repair and transitional solutions, from in-kind to cash), the time and space for analysis has increased. WFP and multisector cluster assessments in November and December 2013 provided information on markets to inform decision-making.[4]

2.2 Types of Transfers

Aid agencies predominantly have provided in-kind aid, cash transfers and 'hybrid' transfers that of both cash and in-kind assistance. In-kind vastly dominated the early stage of the response when the focus was on rapidly reaching people with essential items amidst severe destruction. As the situation and markets stabilised, numerous aid agencies started or transitioned at least a portion of their in-kind assistance to cash assistance. Some aid agencies combined cash with in-kind assistance in the shelter sector. Only five voucher interventions were identified; the reasons for the lack of voucher programmes are discussed below.

Table 1: Overview of Transfer Modalities Used in Response to Haiyan

Type of cash response	Objectives / sectors	Examples of actors	Intervention examples
In-kind transfers	Basic needs, shelter, food security, shelter, livelihoods	Red Cross, WFP	Food aid, emergency shelter (tents and tarpaulin)
Cash transfers (unconditional)	Basic needs, shelter, food security, shelter, livelihoods	Red Cross, WFP, UNICEEF	Cash grants to cover basic needs
Cash transfers (conditional)	Shelter, livelihoods	Save the Children, CRS, WFP	Cash for home repair and reconstruction
Cash for work	Livelihoods, recovery	UNDP, ILO, DSWD,	Debris clearing, tree removal
Hybrid transfers (cash + in kind)	Shelter, food security	IOM, WFP	Cash and in-kind shelter materials

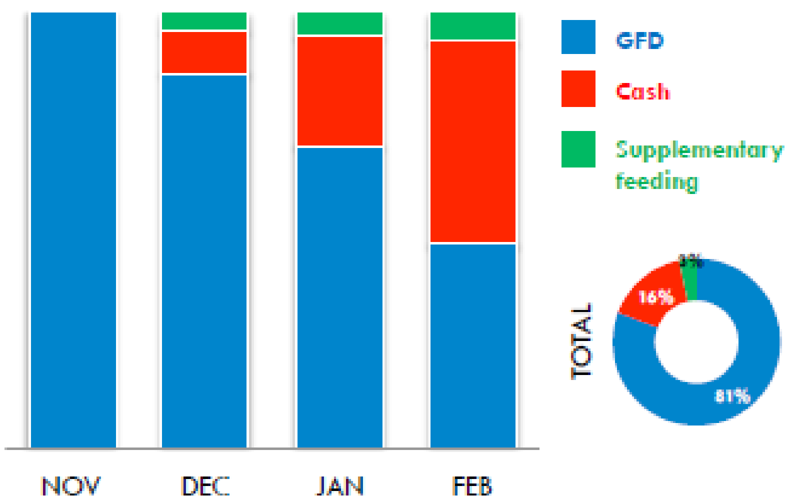
[4] WFP (2013) WFP Rapid Market Assessment, Super Typhoon Haiyan (Yolanda) 10 NOV – 10 DEC 2013; Multi-Cluster Needs Assessment Philippines Typhoon Haiyan (MIRA II). December 2013.

Vouchers	Food security/ nutrition, shelter	ACF, Save the Children, RAFI, IRC, CRS[5]	Fresh food vouchers from ACF

2.2.1 In-kind transfers

In-kind aid mainly took the form of emergency shelter / tents, food aid and non-food items like household goods and clothing. In November 2013 alone WFP reached 2.4 million people with 4,400 MT of rice and high-energy biscuits.[6] Figure 2 shows a breakdown of WFP food assistance through cash and food rations from November 2013 to February 2014. By May 2014, more than 571,000 households had received tarpaulins or tents, 500,000 households received household items like blankets and mats and 126,000 were provided with roofing materials.[7] Challenges for in-kind assistance included getting imported goods through ports and transporting relief items into the affected areas where infrastructure had been severely damaged.

Figure 2: WFP Food Assistance (November 2013 – February 2014)



Source: Monitoring results from EMOP 200631 (WFP 2014a)

2.2.2 Cash transfers

The first organisation to launch unconditional cash programming was the Taiwanese Buddhist international NGO Tzu Chi, which began unconditional cash transfers on 24

[5] Oxfam was beginning a commodity voucher programme in the WASH sector.
[6] WFP (2014a) Monitoring results from EMOP 200631: Assistance to the people affected by Super Typhoon Haiyan
[7] Shelter Cluster (2014) Shelter Cluster National Report 26 May 2014

November – about two weeks after the typhoon struck.[8] Other aid agencies began cash programming in December and January (other agencies focused more on recovery and rebuilding started later). An August 2014 'who what where' document compiling the cash transfer activities had a total 30 aid agencies assisting 1.16m beneficiaries. The real figure of those assisted by cash is likely higher – the column for beneficiary numbers was not completed for all aid agencies. The list was meant to provide a snapshot of on-going interventions rather than a tally over time.

Three types of cash interventions have been implemented – unconditional cash transfers, conditional cash transfers and cash for work.[9] *Unconditional transfers* primarily have been provided to meet basic needs (food, clothing, etc). Transfers typically ranged from 2000-5000 pesos ($44 - $110) per household; those provided by Tzu Chi were higher at 8000-12000 pesos ($178 - $267). Most were one-off transfers.

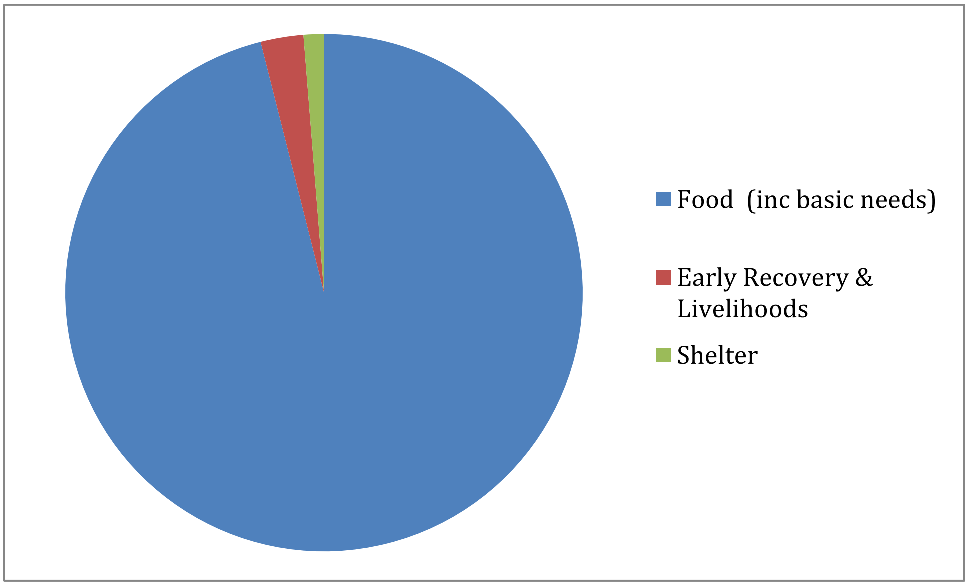
As responses have shifted towards recovery, there are more examples of transfers being provided monthly for multiple months. UNICEF for example is working through the DSWD and an NGO partner to provide monthly cash transfers of $100 monthly for six months to households to cover immediate needs and to contribute to the development outcomes of poor households. Mercy Corps provided 25,000 households $90 each for three months via mobile phones. Most unconditional transfers were provided for food / basic needs; the rest were programmed to support livelihoods and shelter (See Figure 3). The shelter cluster reported that aid agencies provided small shelter grants to 26,972 households that were mainly unconditional; aid agencies had reached or planned to reach more than 93,000 households with conditional or unconditional grants for shelter as of May 2014.[10]

[8] Tzu Chi USA (2013) Tzu Chi Cash-for-Work Participation in Philippines to Surpass 200,000. Press release. http://www.us.tzuchi.org/

[9] Cash for work is sometimes described as a conditional transfer because work must be completed before the cash is received. This report uses 'conditional transfer' to refer to other types programmes where recipients need to meet conditions in order to receive

[10] Shelter Cluster, 2014

Figure 3: Sectors for unconditional cash transfers[11]



Conditional transfers require either that the recipient undertake certain actions before receiving the transfer or spend an initial cash grant in a certain way that is verified by the aid agency before the next installment is provided. For the post-Haiyan interventions it was mainly the latter scenario. Agencies have provided conditional transfers in two sectors – shelter and livelihoods / food security. Respectively these sectors have accounted for 59% and 41% of conditional cash activities.[12] For shelter programmes, grants of up to 30,000 pesos ($667) have been provided. As of May 2014 agencies had assisted or planned to assist over 50,000 households with conditional cash transfers for shelter.[13] Food security and livelihoods support has included grants to fishermen for boat repair and other forms of asset recovery.

Cash for work activities were implemented to support livelihoods and recovery. Government and ILO-supported CFW began on 16 November 2013.[14] ILO, UNDP, IOM and the government DOLE as well as several NGOs implemented cash for work. Work activities included debris clearing, road repair, tree removal, de-silting and small community projects. Daily wage rates of $6 were agreed upon with the government based on the minimum wage. Tzu Chi paid nearly double this rate, with the justification that people needed more money to support their own recovery and needs.

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[11] Based on an August 2014 3W Cash document spreadsheet from the OCHA Cash Coordinator. Shelter estimates taken Shelter Cluster (2014). As that document does not separate out hybrid transfers (cash + in-kind), this figure likely includes those beneficiaries for shelter.

[12] August 2014 3W Cash document

[13] Shelter cluster, 2014

[14] Kehoe, K. (2013) Emergency cash-for-work scheme begins in typhoon-hit Philippines. Thomson Reuters Foundation. 19 Nov 2013

2.2.3 Hybrid transfers

This report uses the term 'hybrid transfer' to refer to a transfer that combines cash and in-kind assistance. The main use of hybrid transfers was in the shelter sector. Aid agencies drew from multiple activities to support repair and rebuilding of homes – the distribution of materials, the distribution of money and the provision of training. As of May 2014, 26,972 households had received a small cash transfer for shelter (i.e. less than $20), most of which was provided unconditionally, and often combined other shelter components like materials. The logic is that adding a cash transfer enables households to pay for labour and other supplies, which might otherwise be a barrier to repair and reconstruction.

2.2.4 Vouchers

Compared to cash and in-kind responses, very few voucher programmes were implemented in the response to Haiyan. An Emergency Market Mapping Analysis (EMMA) exercise recommended vouchers as one approach to provide households access to CGI sheeting; some aid agencies also considered vouchers to increase access to food. Why weren't they used more? Aid agencies perceived voucher systems as heavier and taking longer to establish than giving people money, and timeliness was an important driver for decision-making. Cash transfers, rather than vouchers, had been a more common approach in previous responses in the Philippines (even if only used at relatively small scale) and agencies knew that cash could be easily delivered via remittance agents, banks and microfinance institutions, whereas new voucher systems would need to be created. Thus vouchers were not used by actors who might use them in other contexts, such as WFP.

The aid agencies that used vouchers were IRC, ACF, CRS, RAFI and Save the Children. RAFI and IRC provided vouchers in the shelter sector; Save the Children and ACF provided food vouchers; CRS used vouchers for seeds. As the response moved to recovery, Oxfam planned to use a commodity voucher in its WASH programming.

2.3 Actors supporting Cash, Vouchers and Hybrid Programmes

The types of actors involved in cash-based programmes can be divided into four main categories – UN agencies, the Red Cross, NGOs and the government. UN agencies supporting cash transfers include WFP, UNICEF, IOM and ILO (for cash for work). UN agencies have worked through NGOs and also government agencies, including the Department of Social Welfare and Development (DSWD) and the DOLE in the case of cash for work. Amongst UN agencies, the largest provider of unconditional transfers was the WFP. In addition to working through NGO partners, WFP gave $3m to the DSWD to 'top up' the 4Ps transfer with $30 for households affected by Haiyan (more than 500,000 people benefited).

The International Red Cross and Red Crescent movement assisted more than 90,000 households in seven provinces with unconditional transfers as of June 2014 (29,000 through the ICRC and 61,000 through the International Federation, Philippines Red Cross, Swiss Red Cross and German Red Cross – nearly one-third of whom were reached in December 2013). The speed and scale of the cash transfer programming was facilitated by preparedness measures, supported by the IFRC, to build the Philippine Red Cross' (PRC) institutional framework, capacities and leadership commitment for cash transfer programming. The PRC previously had experience of distributing unconditional cash grants in small-scale pilots in 2013. Cash Standard Operated Procedures had been drafted and pre-agreements were in place with two remittance companies for cash delivery.[15]

Numerous international NGOs (some of whom worked with national NGOs) provided cash transfers.[16] They received funding through their own appeals, UN agencies and bilateral financing from international donors like DFID, USAID and ECHO. They ranged from larger NGOs with significant experience in cash transfer programming in the Philippines and globally (e.g. Oxfam, ACF, Save the Children) to smaller NGOs newer to cash transfer programming.

While Tzu Chi is an international NGO, it did not partake in the systems through which international humanitarian aid is planned and coordinated (e.g. international appeals, and coordination mechanisms like the cluster system). Tzu Chi operated more independently. Its actions, which were prompt and large-scale (reaching more than 50,000 families with grants by January 2014[17]), were well received by local authorities and communities, though their decision to pay twice the minimum wage in their cash for work programmes caused some criticism by government agencies and other aid actors working in this sector whose beneficiaries reportedly asked for higher rates.

[15] IFRC (2014a) Case Study of the Unconditional Cash Transfers component of the Typhoon Haiyan (Yolanda) Response, Philippines

[16] These include CARE, Christian Aid, CRS, GOAL, HelpAge, IRC, IRD, Lutheran World Relief, Mercy Corps, Oxfam, PLAN, Save the Children, Solidarités International and World Vision.

[17] http://reliefweb.int/organization/tzu-chi

3 Evidence on Value for Money

Value for money refers to the optimal use of resources to achieve intended outcomes. DFID guidance identifies three levels of VfM analysis – economy, efficiency and effectiveness (known as the 3Es). Economy relates to the price at which inputs are purchased. Efficiency relates to how well inputs are converted to the output of interest, which are the transfers delivered to beneficiaries. Cost-efficiency analysis spans both economy and efficiency, focusing on the relationship between the costs of a programme and the value of the transfers delivered to beneficiaries. Effectiveness relates to how well outputs are converted to outcomes and impacts. Cost-effectiveness analysis measures the cost of achieving intended programme outcomes and impacts, and can compare the costs of alternative ways of producing the same or similar benefits.[18]

3.1 Data on Cost and Effectiveness

Analysing value for money requires deciphering information on what interventions cost and what they achieve. Information on cost cannot be pulled from budgets alone, which do not provide details such as the transfer value, number of beneficiaries and tend to cover multiple humanitarian activities (the costs of which are not fully disaggregated). Aid agencies have to compile and disaggregate this information. More than thirty individuals from a wide range of UN, NGO and donor agencies were asked in interviews and emails if cost data could be provided (e.g. cost per beneficiary, operational costs, transfer value). They were also asked if they had cost data or analysis that compared different transfers – either because they had delivered both types of transfers in the humanitarian response or because they had costed different potential approaches. A query was sent via the Cash Learning Partnership electronic discussion group (an online forum with hundreds of people involved in cash transfer programme).

Aid agencies consulted were transparent about their programmes' successes and challenges and perceptions on the efficiencies of different approaches. However, only five aid agencies provided cost data on their cash transfer programming and three of them did not have comparisons with in-kind aid. The low response rate appears to because:

- Getting this data requires going 'back into the books' and undertaking analysis at a time when most interventions were winding down; these numbers were not available at a manager's fingertips;

[18] White et al., 2013

- Coordination bodies that collate together information on programming (i.e. OCHA, clusters) do not include cost data;
- For those that implemented cash transfers, they did so because many factors were favourable to undertaking cash programming and other forms of assistance were thought to be less appropriate; there would be little point in doing a cost analysis of a modality that was not considered appropriate;
- Similar to the above point, most agencies implicitly or explicitly rejected the potential to programme vouchers because of the time and resources that would be required to establish a voucher programme and because of capacity issues with local shops;
- Budgets combine all of the activities of an aid agency, and donors did not require analysis from partners on operational costs compared to the total programme cost for specific types of transfers (e.g. the cost to deliver $1 of cash) or evidence on the efficiency of their approach compared to alternative approaches;
- There are few incentives to analyse and share cost data for research purposes, given that this requires time and potentially approval from senior managers.

Data on effectiveness comes from aid agency monitoring data and from the only two published evaluations available at the time the research was conducted. In early 2014, the Disasters Emergency Committee (DEC) undertook a review of the DEC-funded interventions and the IFRC commissioned a real time evaluation. An IASC interagency evaluation was underway in August / September 2014. As humanitarian interventions wind down more evaluations will become available, increasing the amount of evidence on the effectiveness and impact of different humanitarian interventions. However, evaluation and research in humanitarian contexts show that it can be very difficult to obtain accurate, comparable cost data.[19] The odds that substantially more cost data will become available through these exercises are relatively slim.

3.2 Economy

Economy considers the costs of input – how much aid actors pay to hire staff, rent trucks, deliver a cash transfer, etc. For cash and voucher programming agencies expressed the largest cost (aside from the transfer itself) was staff time. For food aid, logistics and staff time were perceived as the most significant costs (aside from the purchase of food). The fee to a cash transfer agent (post office, bank, remittance agent) was a small percentage (<1-3%) of the transfer. Information sharing between agencies on the rates charged by money transfer agents has helped agencies secure favourable

[19] See for example Hallam, A. (1998) Evaluating Humanitarian Assistance Programmes in Complex Emergencies. Good Practice Review 7.

rates in the past. Save the Children had negotiated a reduced rate with a remittance firm; ACF learned from this and benefited from the same rate.[20] At the time of this research no documentation had been circulated on the rates that different agencies were paying with different companies, which may be a missed opportunity for negotiation.

While not reviewed in detail for this study, the cost of banking in the Philippines is high. Several international banks did waive remittance fees for a certain period of time, including Western Union, Wells Fargo, Xpress Money, Noor Islamic Bank, Luminus, BDO, PNB, Metrobank, RCBC, the BMO Bank of Montreal and the Royal Bank of Scotland. Advocacy with Filipino banks to reduce in-country financial fees – regardless of what type of programme the funding supports – could result in savings.

For in-kind aid, its full cost depends on how and where it is procured. WFP obtains it food from different sources, including food donated by donors and by purchasing food with donated money. For WFP, procuring rice locally was $199.50 (27%) cheaper per metric ton compared to rice donated by the USA, once all costs (e.g. transport) were considered. While the rice from the USA was cheaper per ton, the high overseas shipping cost made it more expensive overall (see Table 2). Because rice from overseas took time to arrive, WFP borrowed food from the government in the meantime, which it paid back through the donated rice. Local rice supply after the earthquake would have prevented WFP from procuring all of its rice locally. However, regional procurement presumably would have reduced the transport costs incurred through shipping rice from the USA. The inefficiency of using donated food is linked to USA aid policy.

Table 2: Average cost of WFP rice – local procurement v. USA[21]

	Dec-13 and May-14
LOCALLY PROCURED RICE	
Purchase cost (USD/MT)	$496.00
Ocean/ Overland / MT	$69.00
LTSH / mt	$180.00
Total WFP cost per MT	**$745.00**
RICE DONATED BY THE USA	
Purchase cost (USD/MT)	$496.00
Ocean/ Overland / MT	$268.50
LTSH / mt	$180.00
Total WFP cost per MT	**$944.50**

[20] Smith, 2014
[21] WFP Philippines, pers. comm.

A Red Cross emergency shelter intervention provided households with ten sheets of corrugated iron (CGI) and a grant of 10,000 pesos. The justification to import the sheets was that the same quality of roofing material was not available locally and sourcing it early from the region would avoid delays. A savings of about US$45 per household was achieved from importing CGIs compared to purchasing locally. The materials were procured from Malaysia and cost $10.45 per CGI sheet including transport to the port in the Philippines. The cost of transporting each CGI sheet to the distribution area was $1.10. At the same time the price of CGI sheets in the local market was approximately $16 per unit.[22] Cash or vouchers to purchase local materials would have been 39% more costly.

The importing of relief goods though affected ports, which were operating at substantially reduced capacity even months after the Typhoon. Unscheduled deliveries of relief material at the port in Tacloban caused commercial shipments to wait at the berthing site until the relief material has been offloaded, thus affecting commercial activities.[23] Given that the efficiency and effectiveness of cash transfers depends on the cost and availability of goods in local markets, avoiding unplanned shipments of relief supplies and investing in port infrastructure – advocated by a market assessment done by Oxfam and others[24] – could have indirectly supported cash transfers through supporting commercial activities (or at least not hindering them).

3.3 Efficiency

3.3.1 Types of transfers

Cash v. in-kind

The general perception of aid agencies consulted was that cash transfers were more efficient than in-kind food aid. The logic was that the costs of transporting and storing food aid were significant and that more staff time was required for food compared to cash interventions. Some interviewees noted there was anecdotal evidence of resale of certain food items (e.g. canned goods) on a small scale, but overall little information was available on this issue.

[22] Jonathan Brass, pers. comm.

[23] Oxfam (2014) Emergency Market Mapping and Analysis. (EMMA) Corrugated Galvanised Iron (CGI) Sheets Market System. Eastern Samar Province, Philippines

[24] Ibid

Only one example was provided by an aid agency that directly compared the cost of cash transfers and in-kind aid. In Capiz province in Panay, CARE provided 500 beneficiaries with cash and 4,591 with food aid. When all costs were considered (including the transfer), it cost $1.09 to provide a dollar through cash transfers and $1.21 per dollar of food aid.[25] However, the retail price of food in the local markets frequented by beneficiaries was 10% more expensive than the price that the aid agency paid wholesale (e.g. $11 to buy a $10 food ration). The overall efficiency of the cash transfer and the in-kind rations to increase access to food is nearly equal – food aid was 2% more efficient. This cash v. food efficiency comparison does not reflect that beneficiaries purchased items other than food or may have preferred different types of food.

The above finding cannot be used to make any general statements on the efficiency of cash compared to food aid, for several reasons – the timing of the food and cash programmes were different, Panay is not indicative of other areas in the Philippines, and it is only a single example. WFP was approached to provide comparative data on cash and food aid, which would have been more representative given their large reach. However, comparative cost data on distribution costs is not available because the food aid was distributed through the government and WFP is not aware of the full costs that the government incurred. Rather WFP paid the government a certain amount to support the delivery of both cash and food. Had the food distributions also been implemented through NGO partners, WFO would know how much it cost each partner and would have been able to do generate this analysis compared to partner's costs associated with cash transfers. As shown in Table 2, the analysis would have also been influenced by whether the comparison was made with locally procured rice or rice donated by the USA, which was more expensive.

The CARE example is useful to understand the main costs of the cash programme compared to the food one. Cash required less staff time and lower transport / delivery costs compared to food aid. Food aid entailed more transport costs and staff time but incurred savings through bulk purchasing. Table 3 shows analysis from the CARE programme on the economy, efficiency and effectiveness of cash compared to food transfers.

Table 3: Value for Money of food v. cash transfers (from CARE's local partner)

Criteria	Food	Cash

[25] A CARE partner delivered both cash and food transfers at different stages of the response. The food distribution was implemented for 4500 households between November and January, the cash transfer was distributed to 500 households in February 2014

Economy Purchase inputs of the appropriate quality and price	Multiple suppliers were utilised to procure food in markets in Roxas City, Pontevedra and Iloilo City – purchasing food at wholesale prices	MFI charged $0.67 (3.9%) per transfer Their competitors did not offer this service at the village (Barangay) level
Efficiency Conversion of inputs into outputs	Food distributions require several days of preparation It cost $1.21 to provide each dollar of food aid (including the cost of the ration)	Cash transfers require several hours of preparation to distribute the following day It cost $1.09 to provide each dollar cash transfer assistance (including the cost of the transfer) Food 10% more expensive on local market compared to wholesale price paid by aid agency to procure food
Effectiveness Achievement of desired outcomes	Quality of products was controlled People did not need to travel to the market Cash from food aid purchases went to five medium sized suppliers	All households purchased more varied food packages than the one distributed; small amount of the cash used to buy medicine, baby formula and household items Local traders happy about switch to cash; it was perceived as supporting the local economy and local businesses recovery; cash spread across various retailers

CARE undertook analysis on the efficiency of using cash transfers to support livelihoods. It concluded that its approach of distributing cash was vastly more efficient than in-kind aid would have been. Distributing the main items purchased by recipients would have necessitated procuring 20 different items in order to support the income-generating activities identified by their beneficiaries.[26] Staff costs for this would have totaled about £40,000. Nearly one-third of beneficiaries changed their originally planned activity, meaning that an in-kind approach would have faced efficiency losses if people sold those inputs at a loss to pursue other activities or effectiveness problems if people were not able to pursue the types of activities for which they were best suited. The delivery of cash assistance began one week after targeting whereas procurement as per CARE's internal procedures would have taken four to six weeks.

More data would be needed to determine if cash is usually more efficient, less efficient or similar to food aid as a way of increasing access to food. However, it would be difficult to imagine that using in-kind aid to replicate diverse cash expenditure patterns (e.g. by providing food, shelter materials, livelihood inputs and non-food items at once)

[26] Provided by Rachid Boumnijel, Livelihoods and Food Security Advisor, Haiyan Response

would be less costly than cash. The results of an efficiency comparison therefore depend on the type of comparison (whether looking at cash to replicate in-kind or vice versa) and the objective (whether it is narrowly looking at a specific sector or more broadly at basic needs). If cash transfers are a more efficient and effective approach – either to increase access to food or as a multisector transfer – a question is whether more in-kind assistance should have been replaced with cash transfers and whether this transition should have started sooner.

A WFP market assessment from Nov to December 2013 found that markets in Panay and Bantayan were ready for cash injections and that more limited injections could be done in Tacloban, Ormoc and Baybay.[27] A December 2013 multi-cluster assessment (MIRA II) found that markets were rapidly recovering across the affected areas and were in some cases fully functional, though supply bottlenecks and high / volatile prices remained an issue in certain – particularly eastern – areas.[28] Tzu Chi had begun cash transfers within two weeks of the disaster with (reportedly) positive results. These all suggest there was more scope for more aid agencies to provide cash – including as a complement to in-kind aid where there were concerns about market capacity.

Vouchers

No cost data was obtained for voucher programmes. In all instances vouchers appear to have been used because the aid agency wanted to direct purchases to specific types and qualities of items – shelter materials, seeds, fresh foods and WASH inputs. A key informant familiar with the IRC shelter voucher programme felt that it was timelier than in-kind assistance would have been. However agency staff familiar with voucher programmes indicated that vouchers would have been less efficient because they required more staff time and more variables to prepare and implement (organising shops, designing and printing voucher, reconciliation / payment processes).

3.3.2 Delivery mechanisms

Aid agencies worked through different agents to transfer money. Remittance agents like pawn shops were a popular choice because they are numerous, have low fees and beneficiaries are usually familiar with them. Other transfer agents were banks, microfinance institutions and the Philippines post office (Philpost). Aid agencies indicated that the accessibility of beneficiaries to cash collection points and the capacity of institutions to provide the cash transfers were primary considerations. Only Mercy Corps, which focuses on financial inclusion, opted to use mobile phones to provide

[27] WFP (2013) WFP Rapid Market Assessment, Super Typhoon Haiyan (Yolanda) 10 NOV – 10 DEC 2013.

[28] Multi-Cluster Needs Assessment Philippines Typhoon Haiyan (MIRA II) December 2013 (2013).

transfers. That intervention began in mid-2014 as opposed to the immediate aftermath of the disaster. It builds on previous work with mobile transfers and is geared to increasing access to financial services in the long-term and through mobile phones and financial training.

Given that they used different delivery agents in different areas, agencies did not pay uniform transfer rates. Most fell in the range of 25-60 pesos ($0.56 - $1.30) per transfer (1-3%). There are several money transfer agents (pawn shops, banks, post office) and the rates charged by different transfer agents are not uniform. Some charge a flat fee for transfer that does not change regardless of the amount transferred. Others charge a fee for a particular range of money whereby the fee increases for the next tier); for example 25 PHP ($0.56) (to transfer 1-4999 PHP) or 50 PHP ($1.12) for up to 50,000 PHP. Some NGOs worked through multiple agents because the most suitable agent in one programming area was not necessarily the best in another. The fees charged by different agents can vary substantially in percentage terms, but remain a small cost of the overall programme.

For mobile transfers, Mercy Corps partners with BanKo – the Philippines' first mobile-phone based bank. The account opening and transfer fees amount to 2% of the money transferred (approximately half is for opening accounts). In the future the costs would be reduced if the accounts were already in place. While there is no limit on the number of transfers that can be made to mobile phones in a day, the capacity for large scale programming is dependent on the number of agents where recipients can retrieve the money and the capacity of each agent. BanKO works with larger pawn shops that can disburse more than $10,000 daily, while smaller retail stores and pharmacies than are tied up with BanKO have substantially less (i.e. 10%) capacity. BanKO has made an effort to sign up more agents so larger targets can be met on a per day basis. As mobile banking capacity expands, so will opportunities for aid agencies and the government to use these platforms for transferring cash. For now working with the nascent system requires substantial time and engagement, and the transfer fees fall in the high range compared to those of other money transfer agents.

WFP implemented some of its own cash transfer programming directly. In order to reach large numbers of households in different areas, it worked with the telecommunications company Smart e-Money Inc. Smart e-money charged a fixed price per transfer (55 pesos – 1%) and arranged for the delivery of transfers through different agents. This arrangement offers opportunities for other aid agencies – to save them from establishing multiple contracts with separate delivery agents, particularly those working in multiple areas.

3.3.3 Partnerships and implementing agencies

Donors and UN agencies can increase the efficiency of their responses (cash or in-kind) by working through partners who have less operational costs. The best placed actors to compare the costs of delivering assistance through different NGO partners are donors, WFP and UNICEF.

Table 4 shows the costs of three different ways that WFP implemented cash transfers – through NGOs (two examples), the DSWD and by directly providing cash transfers via Smart e-money – a telecommunications company that arranged the delivery of cash transfers through various agents. At first glance it would appear that NGOs were the least efficient approach, however this may or may not be the case. NGO partners managed all aspects of the cash transfer programmes, including targeting, implementation and monitoring. For Smart e-money, the below table only includes the transfer fee paid by WFP and does not include the costs that WFP incurred for direct implementation, such as targeting and monitoring. For the DSWD, it was a very efficient arrangement for WFP since the administrative support to DSWD was only 1% of the total programme cost; however WFP faced some delays in reports because DSWD's capacity and systems are not geared to providing prompt monitoring and reconciliation data. Also, there are almost certainly other costs that the DSWD absorbed.

Table 4: Costs of different WFP cash implementation arrangements

	NGO 1 (2014)	NGO 2 (2014)	DSWD (2013/14)	WFP / Smart (2014)
Cash Delivery	$9,155	$153,743	$56,295	$46,578
Management and Administration	$36,561	$20,955	$38,945	
Overhead 7%	$3,200	$12,229		
Total Cooperating Partner's Costs	$48,916	$186,927	$95,240	$46,578
Duration (months)	2	2	4	2
Number of HHs	4,000	67,000	102,618	37,000
Cost per HH/Month	$6.11	$1.39	$0.23	$0.63
Transfer per HH / month	$60.00	$12.09	$14.88	$60.00
Total cash delivered	$480,000	$1,620,000	$6,106,816	$4,439,711
Total cost	$528,916	$1,806,927	$6,202,056	$4,486,289
% operational cost	9.2%	10.3%	1.5%	1.0%
Cost per dollar transferred	$1.10	$1.12	$1.02	$1.01

For WFP international NGO partners that implemented cash transfer programmes, the cost per agency for each $1 transferred was between $1.10 - $1.17. The difference between the least and most ‘costly’ agencies was only 6%, which could be accounted for by differences in their operational contexts rather than one agency being more efficient than another. Comparisons on the operational costs of different partners were not available from major donors. Such information would be requisite for efficiency comparisons across partners, though differences could be explained by variables such as complementary programming (e.g. training) and context variations (e.g. remote v. urban areas).

WFP and UNICEF both worked through the DSWD for a portion of their cash transfer programming and international NGOs for the rest. UNICEF’s 6-month cash transfer programme – implemented through the DSWD in one area and an international NGO in the other – was beginning when this research was conducted. UNICEF is providing funding to DSWD for operational costs (e.g. computers) to encourage their effectiveness and monitoring. The operational costs were estimated to be 16% for the international NGO and 13% for the DSWD. As shown in the above table, WFP gave the DSWD a much smaller percentage in order to cover the provision of cash transfers and rice to 500,000. Unlike NGOs, the government has substantial systems in place to manage large programmes, and thus does not necessarily require donors and aid agencies to pay for all the costs associated with the programme.

The government's systems present an opportunity to increase efficiency, given the reach of the government and the social protection systems in place. However, it depends on how donors or UN agencies pay the government to implement the programme compared to an NGO, and the extent to which donors and UN agencies must use their own resources or invest in government capacity to get the types of data that they need for accountability and monitoring purposes. WFP drew from its own monitoring capacity to follow the results of its assistance provided through the DSWD.

Costs are incurred when donors fund UN agencies to contract international NGOs rather than when donors contract NGOs directly (another layer of operational cost is added if international NGOs sub-contract local partners). Donors work through UN agencies because UN agencies have the capacity to support and strategise assistance at a larger scale than a single NGO, unless NGOs are using a consortia approach. The alternative is that the donor manage multiple, smaller grants to NGOs. UN agencies have their own direct and indirect support costs to cover all of the costs associated with their overheads and planning, managing and monitoring assistance. WFP's direct and indirect support costs, for example, totaled 25.5% of the budget in the revised EMOP budget (no distinction was provided for these costs for cash compared to food aid).[29] These arrangements hold true regardless of the type of transfer provided. Donors could by-pass these costs by funding the government directly, though this raises issues related to monitoring, government capacity and targeting discussed below.

3.3.4 Coordination

An element of efficiency is whether there is duplication of interventions, for example multiple agencies providing the same beneficiaries with cash transfers for different purposes. The issue of overlapping cash programmes was not observed but the study was not in a position to verify given the large geographic scope of the humanitarian response. There were two main ways that beneficiaries might be reached twice with cash. The first is if they received cash via Tzu Chi, which did not coordinate with other aid agencies about which households they were reaching. Second beneficiaries could have received cash for food / basic needs and also as part of a shelter intervention (26,000 households had received / would receive cash for shelter as of May 2014).

[29] WFP (2014c) Budget Revision 2 to Emergency Operation 200631.

Given that shelter programmes using cash transfers and ones designed to meet basic needs have different timelines and targeting criteria, even if beneficiaries receive cash through both types of interventions, this is not a duplication per se.

Agencies coordinated and delineated their operational areas through clusters and sub-regional cash working groups. Cash working groups were set up in region, and that OCHA put in place a cash coordinator position – a first. Funding a cash coordinator sitting in OCHA was a low-cost strategy in an effort to minimise duplication and harmonise certain programme design features like transfer values. A danger of separating out cash for its own coordination though is that it can become detached from sector coordination.

Given the large amount of cash programming and novelty of the cash coordinator role, inevitably there have been challenges. Two different coordinators have been in place with different approaches and skill sets; some agencies were not aware that there was a cash coordinator. Overall though having someone with an overview of all the cash programming in country appears to have been valuable in establishing a picture of cash responses and a channel for communication with the government and businesses on humanitarian cash programming. Given the geographic spread of the responses across multiple islands and provinces, the priority focus of cash working groups was on basic operational coordination issues (e.g. 3Ws, transfer values). Tallying the amount of money distributed would have been insightful for understanding the volume of programming and extent of cash injections. More investment in coordination would be needed to take this role further and use it to formulate strategies and bring together lessons and evidence. A study is being conducted in 2015 to examine the coordination of cash in Philippines.

3.3.5 Conditions

In Philippines, conditional grants were used in the shelter sector for rebuilding houses, whereby recipients had to complete certain building milestones in order to receive the next payments. No data was located on the time and resources that aid agencies spend to enforce and verify conditions, and time spent does appear to vary between aid agencies. Common sense indicates that interventions with conditions are less efficient than those without them, because of the time required to verify that they are met. However, if conditions lead to better outcomes, for example by ensuring construction of high quality shelters, then they may provide better VfM. A review or learning exercise would be useful to tease out the role of conditions and examine how agencies are using them (for example, for housing reconstruction, putting people into groups whereby all have to meet milestones v. verifying conditions individually). For now we are left mainly with the theories of change.

3.3.6 Scale

Cash transfers were used at a larger scale than in any previous number of responses in Philippines, in terms of the number of aid agencies providing cash and the number of people reached (including more than 60,000 households reached by the IFRC, 100,000 by WFP via the DSWD, 26,000 by Oxfam[30]). Cash transfer programming was not as large in scale as in-kind food aid – owing both to destruction in immediate aftermath of the typhoon and because agencies were less experienced in cash transfer programming. While cash transfers were well accepted as an appropriate approach, a small number of aid agencies did pilots. Examples include piloting owner driven reconstruction (whereby cash and training is provided for shelter) and testing different delivery mechanisms. These small-scale interventions require more intensive resources.

3.3.7 Preparedness

Some agencies were able to reach more people (and more quickly) than others, given their reach and also their experience and capacity for cash transfer programming. Preparedness measures by the IFRC were key in implementing the Red Cross's biggest cash transfer response in Philippines to date (see Box 1). This research came across an example where an aid agency newer to cash transfer programming simply did not have capacity and experience to reach as households nearly as quickly as another agency funded by the same donor. A more efficient approach would have been to concentrate the funding with the aid agency that had the established capacity.

[30] Oxfam reached more than 67,000 households with cash assistance by Feb 2014, of which 26,000 received unconditional cash transfers and the rest participated in cash for work. Ngwenya, D. (2014) Monitoring Cash Transfer Programs. Lessons from Oxfam's Haiyan Response Program. Powerpoint presentation.

Box 1: IFRC – Investing in cash transfer programming preparedness[31]

The IFRC used funding from ECHO and Danish Red Cross to pilot an intensive capacity building and preparedness approach for cash transfer programming in four National Societies – including the Philippines. The IFRC worked with the four pilot countries between May 2012 and December 2013 to enable the National Societies to use cash transfer programming at scale. The initiative was supported by a full-time technical expert (costing about $270,000 for two years).

The National Societies identified key areas of preparedness: standard operating procedures (SOPs), systems and guidelines, human resource capacity development, contingency planning and preparedness, operational tools and action, as well as communication and coordination. Work plans were created and the IFRC then provided global and intermittent country level technical support as well as a start up budget of $20,000 (less was spent in the Philippines because the Haiyan response began). Activities included developing cash transfer programming SOPs and guidelines, appointing a cash focal point, participating in trainings and developing a cash transfer preparedness plan. Four technical visits took place from staff and consultants (costing approximately $30,000).

The Red Cross was able to implement its largest response to date in Philippines, reaching 50,000 households with unconditional cash grants within four months of the operation. This was strongly supported by the preparedness measures, as well support from experienced IFRC staff and pre-existing agreements with multiple service providers.

A lesson from the experience is that capacity building is not simply a question of investing money; it requires time and technical support. The actual direct preparedness costs can be relatively cost efficient but will not be institutionalised and therefore sustainable unless there is dedicated and continuous technical support available (face to face and remote) – the IFRC found this to be particularly true for its investments in cash preparedness.

[31] IFRC (2014b) Philippine Red Cross - Cash transfer preparedness pilot. Fact Sheet; Emma Delo, pers. comm.

3.3.8 Cash for work

Cash for work interventions raise specific issues for value for money. For efficiency they cost more to implement than other types of cash interventions because of the level of management and oversight required, as well as the purchasing of equipment (e.g. tools, safety equipment). The ILO paid and encouraged aid agencies to pay into social security and purchase health insurance for workers. This increased costs and caused delays. Arguably it was not an appropriate priority in the aftermath of a sudden onset disaster.

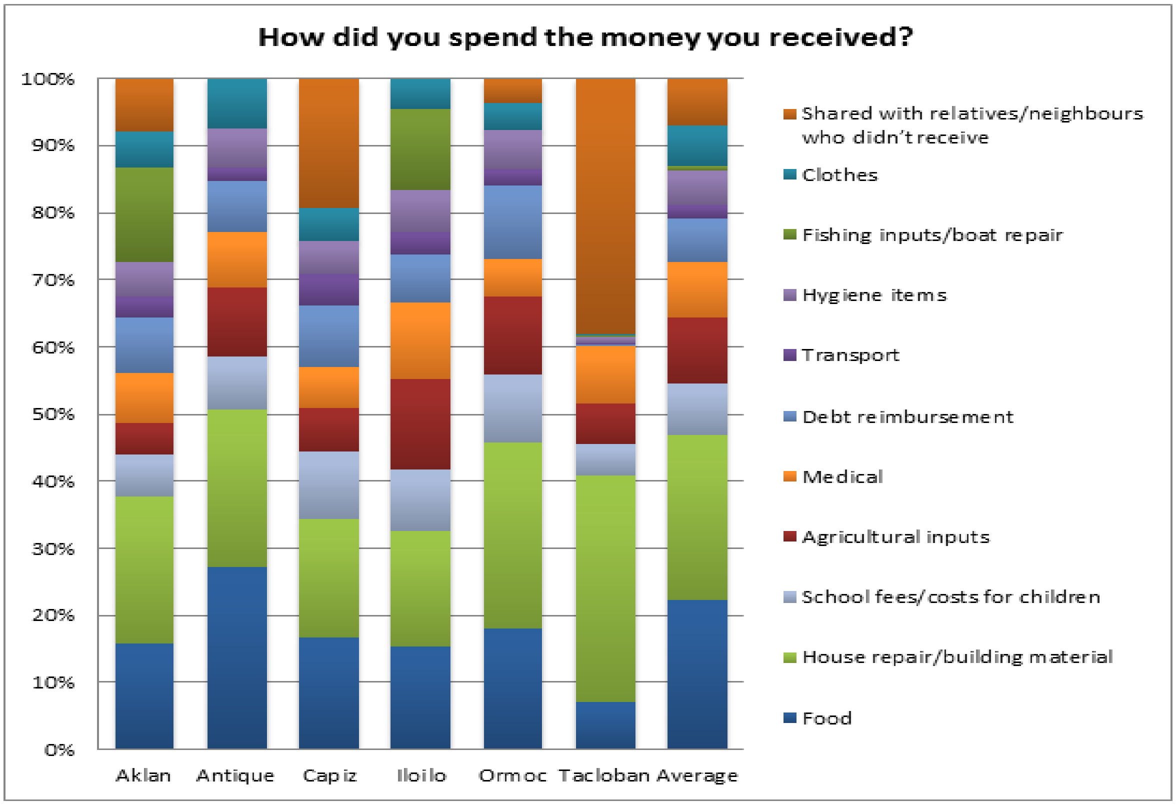
On the other hand, the benefits of cash for work interventions can be two-fold – income support and benefits resulting from the work project (e.g. increased access through rubble clearing and road repair; access to social protection mechanisms). The second type of benefits is not easily quantified. There are many examples of appropriate work interventions, including ones that made linkages across sectors (e.g. linking debris-clearing to shelter). However there were also complaints about less meaningful cash for work activities, such as weeding grass from the side of the road. Where the work is insignificant and the project is meant solely to increase income, the more efficient approach is to provide cash unconditionally.

3.4 Effectiveness

3.4.1 Cash utilisation

Looking at cash grants for food and basic needs, the evidence shows that cash was used for diverse goods and services that span the sectors by which humanitarian aid is organised. Figure 3 shows expenditure patterns from IFRC cash assistance in Aklan, Antique, Capiz, Iloilo, Ormoc and Tacloban. House repair and building material were the largest category of spending followed closely by food. Other uses were agricultural inputs, medical inputs, school fees, sharing, debt repayment, clothing, hygiene, fish inputs and transport. The flexibility of cash for these purposes could not be replicated by in-kind assistance.

Figure 3: Expenditure patterns for IFRC unconditional transfers



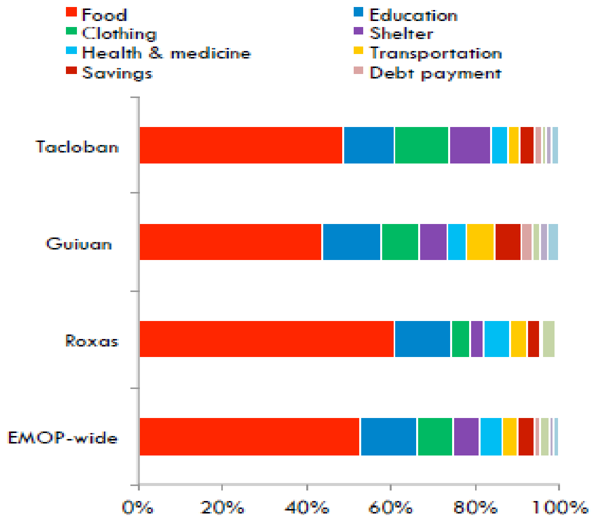
Source: IFRC, 2014a

Unconditional transfers intended to meet needs in a specific sector (i.e. food, shelter) were not confined to that sector. As Figure 4 shows, cash transfers supported by WFP for food needs were spent on other household needs as well. WFP monitoring indicated that 53% of the cash transfers was spent on food, 13% on education and 7% on shelter items.[32] Similarly, unconditional shelter grants were not necessarily spent on shelter materials and labour.[33] One agency found that their unconditional cash transfers intended to support shelter in fact had been spent primarily on food and had not achieved much for home repair and reconstruction. While the spending of the transfer was not in line with the aid agency's intended objective, the ability of the beneficiaries to allocate the transfer to their own priorities was more effective from the standpoint of the beneficiary needs. Cash could also support the shelter process even if not spent directly on shelter input – if households' ability to meet other needs (such as food) enables them to focus on repair and reconstruction.

Figure 4: Reported use of WFP cash transfers

[32] WFP, 2014a

[33] Shelter Cluster, 2014



The expenditures demonstrate that the cash grants were, by default, multisector. Assistance for food and basic needs included expenditures for shelter, and unconditional grants added to shelter assistance were spent on other things like food.

3.4.2 Food consumption outcome indicators

WFP monitored indicators of household food consumption. The first EMOP monitoring report included this information only for food aid beneficiaries – a missed opportunity for comparative analysis with cash transfers, even if changes could not be attributed to the type of transfer. The EMOP monitoring found that household dietary diversity scores (HDDS) improved between January and February across all regions. The number of households with a high HDDS increased by 6 percentage points and those with a low HDDS decreased by four percentage points.[34] Food aid is only one factor that could have contributed to these changes. People's consumption patterns could be changing for other reasons (accessing assistance from friends and family, goods becoming more available in markets, increased remittances, etc.). Because the monitoring report did not include data on food consumption outcome indicators for cash recipients, it is not possible to speculate on whether cash or food was more likely to contribute to diet diversity.

3.4.3 Shelter

A variety of different transfers were used in shelter responses – unconditional cash, conditional cash, in-kind shelter kits and hybrid (in-kind shelter kits + unconditional

[34] WFP, 2014a

cash). Large cash grants for reconstruction involved substantial sensitisation and training on construction techniques, materials, etc. and most were conditioned on households constructing a certain way - agencies took steps to mitigate the risk that cash could lead to poor construction techniques. Smaller, unconditional grants were also provided as part of a shelter approach that included a shelter kit or in-kind assistance. IOM's previous experience in Pakistan suggests that the inclusion of an unconditional transfer can be useful in enabling the shelter process (by enabling households to pay for costs such as labour) and also supporting livelihoods. A review of shelter programming would be essential analyse the effectiveness of different approaches, including whether unconditional cash was used to pay for labour or simply to meet other needs (thus transforming the shelter intervention into a multisectoral one). Such a review could examine how market analysis on the availability, cost and quality of materials informed programme decision-making.

3.4.4 Preference

Monitoring data and aid agency feedback both suggest a preference for cash over in-kind aid. Only 9% of WFP cash beneficiaries would have preferred in-kind (the monitoring report did not provide data on this response from food beneficiaries, and the type of assistance can influence preference).[35] Preference is not fixed and depends amongst other factors on whether markets are functioning, goods are available and the effort required for different transfers. IFRC found that affected households expressed a preference to receive relief items immediately after the disaster and cash grants when the market was functioning.[36]

Preference is also influenced by how the intervention is designed, such as the quality of the in-kind assistance and the distance required to collect cash and food. One of the beneficiaries consulted for this study indicated that she preferred the food because the rice was distributed in their Barangay, whereas retrieving the cash required taking a (potentially unsafe) motorcycle transport a few miles to the transfer agent. Another beneficiary who had received both food and cash indicated that she would have preferred lower quality, less expensive rice than the type that had been distributed, on the logic that she would have gotten more or used the remaining money to purchase vegetables.

Among beneficiaries of a CRS cash-for-shelter pilot, 94% preferred to receive cash or a combination of cash and materials to rebuild their shelter. However, amongst

[35] WFP, 2014a
[36] IFRC, 2014a

beneficiaries for whom the agency had built the homes, only half preferred to receive cash or a combination of cash and materials. The rest preferred to have their house built owing to concerns about budgeting the money or about the amount of time needed to purchase the materials themselves. An evaluation of DEC assistance found that some beneficiaries would have preferred cash to enable them to begin repairing and rebuilding homes as soon as markets were functioning, rather than waiting for the aid agency to distribute materials.[37]

3.4.5 Economic impact

Potential positive effects of interventions on local economies are not being monitored. Basic evidence on how much money is being injected would require tallying all of the cash responses. In the future this could be done through OCHA or clusters. More detailed evidence on economic impacts could be generated by research on the multiplier effects of cash interventions and analysis on the types of businesses that are benefiting (e.g. size, sector), or by roughly calculating based on the marginal propensity to consume. Food merchants and retailers of building materials in affected areas were undoubtedly benefiting, given data on how cash transfers were used.

3.4.6 Fraud

Aid agencies perceived that cash transfers were relatively straight forward to monitor for fraud risks, owing to having well established payment systems with verifiable paper trails and working with delivery agents who were open to having staff present at distribution days to address any problems. However it was beyond the scope of this review to dig into corruption challenges.

3.5 Equity

A fourth 'e' – equity – has been sometimes been considered in VfM analysis related to the importance of reaching different groups of people.[38] For humanitarian assistance, the concern is reaching those in the greatest need. The use of 4Ps programme to deliver and target humanitarian cash transfers, while efficient, undermined this principle because it disadvantaged non-4P households, who were no less likely to have been affected by the massive disaster. One aid agency indicated that they did a basic 'check'

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[37] Sanderson, D. and Z. D. Willison, with contributions from R. Boyo, A. Devonport, A. Javier, N. Moyer and C. Tremblay (2014) Philippines Typhoon Haiyan Response Review. DEC and Humanitarian Coalition

[38] Jackson, P. (2012) Value for money and international development: Deconstructing myths to promote a more constructive discussion. OECD Development Co-operation Directorate.

to see if beneficiaries identified through a community-based targeting approach were also 4P beneficiaries. The agency reported that there was only a 20% overlap in that instance. While both UNICEF and WFP are also working through NGO partners and not exclusively targeting 4P beneficiaries, the use of 4P lists overall is problematic for beneficiary exclusion – a point raised by many aid agencies and the DSWD. Working with and through existing social assistance mechanisms creates potential efficiency gains (as agencies do not need to do their own targeting) but has implications for inclusion and exclusion and potentially creates the need for a verification exercise.

4 Conclusion

The provision of cash transfers by numerous agencies in response to the impacts of Typhoon Haiyan collectively constitutes the largest scale use of cash in the Southeast Asia region to date. Cash programming began less than three weeks after the typhoon and it appears to be the quickest and largest cash response to a sudden onset disaster, with the exception of government responses (i.e. Pakistan and China). Cash transfers were used for food / basic needs objectives and to support shelter solutions – as were in-kind approaches – offering huge potential for comparative learning.

Not enough data though was found to draw conclusions on the efficiency of cash and in-kind approaches. However it is evident that the efficiency and VfM of different transfers depends on the objectives. Where cash transfers did clearly offer greater VfM was in meeting a variety of basic needs – beneficiaries used the cash to purchase diverse goods and services that would have been impractical for aid agencies to replicate. Given the speed and extent of market recovery in many affected areas, more cash feasibly could have been provided.

Given the wealth of experience, why is there so little data? For effectiveness, the fact that this case study was conducted only nine months after the disaster meant that few evaluations had been conducted. Thus monitoring data, most of which is internal to agencies, was the main source of data on expenditure patterns, preference and outcomes. More data will become available as more evaluations are conducted. The lack of analysis to date is a missed opportunity given the possibilities for comparison and learning – about different types of partners (UN, NGO, Red Cross, government), conditions (conditional, unconditional), and transfers (cash, in-kind, hybrid, vouchers).

For cost data, this is mainly because aid agencies did little analysis on the costs of alternative approaches. The lack of cost analysis, both *ex ante* and *ex post*, can be somewhat explained by the speed of the response and because the choice of transfers was made based on general criteria of appropriateness such as the functioning of markets. However, more analysis on the cost of different transfers should have informed decisions on responses (amidst other factors like markets, risks, etc.), particularly once the acute phase of the response was winding down. Aid agencies and donors need cost analysis to contribute to their decision-making and to make the case for cash where appropriate. This case study demonstrated that this data is not easily obtained after-the-fact – donors need to ask partners for cost data on different transfers at the beginning of their engagement.

4.1 Opportunities for maximising Value for Money

An important question is whether there were opportunities to improve VfM in the Haiyan response and lessons for future responses. When considering VfM as it relates to cash, voucher and in-kind transfers, there are three main ways that VfM could be maximised:

- Switching from less efficient to more efficient transfers
- Maintaining the same transfer, but improving efficiency within a single programme
- Switching from less efficient to more efficient approaches at the intervention / response level
- Increasing impact and effectiveness

Switching from less efficient transfers to more efficient transfers. *It is not possible to prove whether cash, vouchers or in-kind aid was more efficient for providing access to food and shelter. However, logically cash (where appropriate) was more efficient than in-kind aid at meeting a variety of basic needs given the costs that aid agencies would incur to recreate similarly tailored assistance through in-kind approaches*. A specific review, evaluation or learning exercise on shelter responses would be needed to make judgments on the efficiency and effectiveness of different approaches.

Certain aid agencies had measures to implement large cash transfer programmes from the early days of the response while others did not. While VfM gains can made by switching transfers 'midstream', it is important to support preparedness and ensure that the capacity and willingness to undertake cash transfers is present from the beginning – so that they can be used if and when they are appropriate.

Maintaining the same transfer, but improving efficiency within a single programme. There is margin for making savings by negotiating lower fees with money transfer agents. However, these fees are a small driver of costs. For example, a savings of 20 pesos per transfer for transferring $100 to 100,000 households (totaling $1m) would save about $45,000. While not a large savings, systematic documentation of rates and collective negotiation are an avenue for making small economy gains.

Switching from less efficient to more efficient approaches at the intervention level (e.g. consolidation of programmes and delivery platforms). *While aid agencies were using different platforms and remittance agents, combining them or working through a single agency would not be realistic given the capacity of individual financial agents and geographic spread of affected areas and distribution points*. However, *there is an opportunity is for aid agencies to come together to work with larger delivery agents* like

Smart e-money and BanKO (depending on how BanKO develops), which then have networks of agents where cash can be retrieved. If standard reporting formats, protocols and contracts are developed, this will save time for individual agencies to negotiate these arrangements. It could lead to better coordination through shared data on which households are being reached. Mobile banking may merit more investment because it is a platform that could handle a sudden increase in transactions, along with potential future benefits related to financial inclusion (however the capacity of beneficiaries to cash in mobile money will be limited by the number of agents where they could perform this transaction, and account opening fees would reduce efficiency unless these were reduced / negotiated).

Again, given the geographic spread of interventions over multiple provinces and islands, there are fewer opportunities to consolidate different cash transfer programmes compared to a context like Lebanon (where there are many agencies providing cash and vouchers for different purposes in a relatively small geographical area). *Donors should concentrate their funding on aid agencies that demonstrate the capacity to do cash quickly and at scale*, as opposed to ones that are still finding their way on this approach.

The largest potential for savings is by donors directly funding the DSWD, but this has implications for impartiality, coverage and monitoring that would need to be addressed. Investing in the DSWD's capacity to register non-4P beneficiaries and to deliver cash transfers would be essential – or parallel interventions or targeting activities would need to be planned for. While the DSWD performed a vital role in the Haiyan response, its systems and programmes are not designed for disaster response, for sharing data with aid agencies, for targeting households outside of safety net programmes or for generating prompt reports on results. These issues could be addressed through investing in disaster preparedness measures.

Improving effectiveness and impact. A more detailed review of interventions would be necessary to determine avenues for improving effectiveness. For shelter, if the addition of small unconditional grant to shelter kits / materials does increase the ability of households to repair and build and / or enable household to meet other needs, a strong argument could be made about replicating this approach more widely.

4.2 Issues for Developing VfM Guidance

- The levels of analysis that is feasible will change in different stages of a sudden onset response. It is unreasonable to expect detailed cost analysis at the beginning when the priority is on saving lives and meeting acute needs; however, basic cost calculations should be done and assumptions monitored.

- While detailed VfM analysis would not be appropriate on 'day 1' of a response, agencies begin planning their next phases in the early stages of the response. Guidance to incorporate VfM and cost-effectiveness analysis is lacking.
- Donors need to ask agencies for cost data from beginning that can be used for basic analysis on efficiency and VfM, rather than expecting for this to be readily available after a response
- Monitoring data should be shared by and amongst aid agencies (for example through coordination structures) for the purposes of learning, accountability and decision-making. Otherwise the 'evidence' will mainly take the form of publically available monitoring reports and evaluations showing up 6 months to 1.5 years after a response through evaluations (or never at all).

Annex: People consulted

	Name	Organisation
1	Jo Philpott	DFID
2	Sallee Gregory	DFID
3	David Sevcik	ECHO
4	Devrig Velly	ECHO
5	Betty Kweyu	UNICEF
6	Maulid Warfa	UNICEF
7	Maria Moita	IOM
8	Manuel Moniz Pereira	IOM
9	Demos Militante	ACF Spain
10	Rachid Boumnijel	CARE
11	Ruth Honculada-Georget	ILO
12	Fe Kagahastian	OCHA
13	Jutta Neitzel	WFP
14	Ralph Ofuyo	WFP
15	Erynn Carter	Mercy Corps
16	Vaidehi Krishnan	Mercy Corps
17	Jon Kurtz	Mercy Corps (USA)
18	Arnel Limpiada	Oxfam
19	Michael Sabejon	HelpAge
20	Thomas Howells	Save the Children
21	Mykiel Patcho	Save the Children
22	Jose Estuar	Save the Children
23	Holly Fuller	CRS
24	Ted Bonpin	ChristianAid
25	Gregory Matthews	IRC (USA)

Consulted via email

26	Sheila Thornton	American Red Cross
27	Elizabeth Tromans	CRS
28	Jonathan Brass	IFRC
29	Claire Holman	IFRC
30	Megan McGlinchy	CRS
31	Sara Murray	Mercy Corps
32	Gabriel Smith	Development Pathways