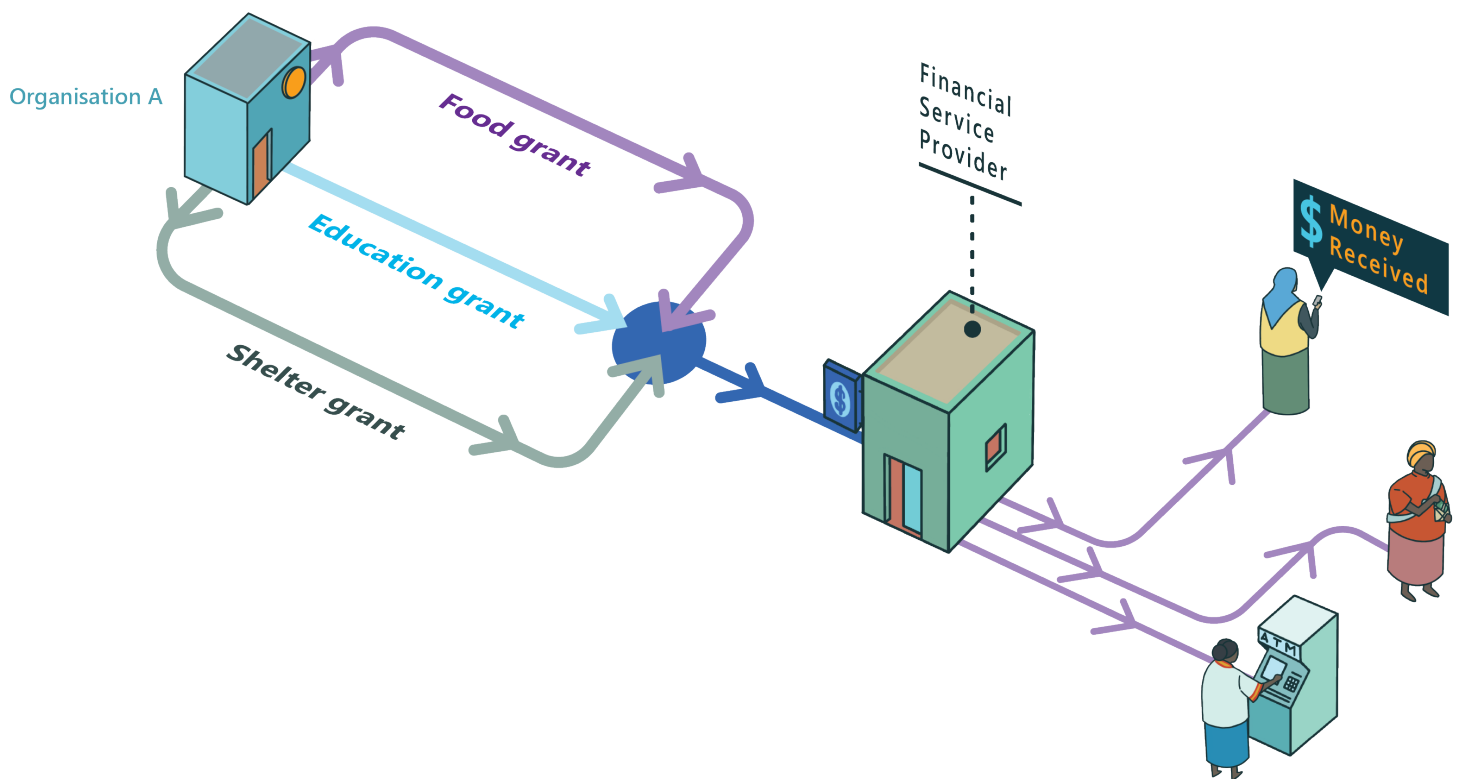


CASH ASSISTANCE

How design influences value for money



How To Note - October 2020

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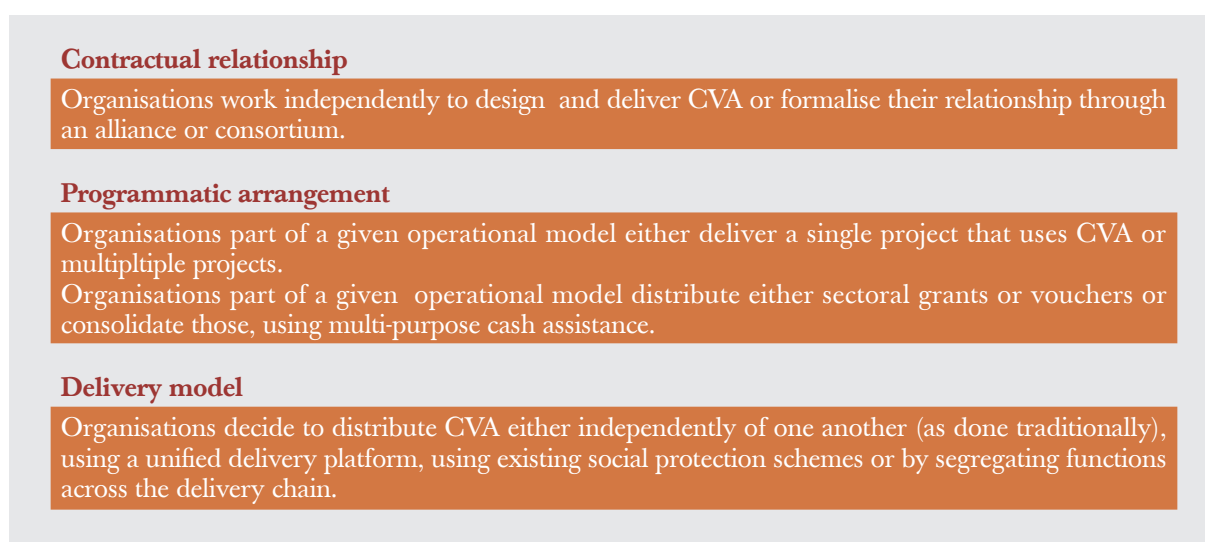
Introduction

This ‘how to note’ is for programme managers and practitioners who design projects and programmes using cash and voucher assistance (CVA). It offers guidance on the key value-for-money (VfM) considerations when making critical design decisions related to the operational models for CVA delivery.¹ The value-for-money framework underlying this analysis is the one established by FCDO/ National Audit Office. The framework encompasses four principles – economy, efficiency, effectiveness and equity – and is known as the 4Es framework², with the added consideration of sustainability.³

For the purposes of this document, an operational model refers to the structure through which one or several agencies work jointly to deliver CVA. The combination of three features – the contractual relationship, programmatic arrangement and delivery model (Figure 1) – defines how an operational model is governed and administered, and how it delivers CVA.

Together, different operational models form the whole of cash response system. This is not a palpable structure, but rather an evolving ecosystem in which humanitarian actors, using a variety of operational models, design and distribute CVA to crisis-affected households. Within a whole of cash response system, the different operational models tend to coordinate their actions using a cash working group, when one exists.⁴

Figure 1: The main design features of an operational model



The guidance in this ‘how to note’ is summarised from the evidence presented in the accompanying research report, Cash assistance: how

¹ Value for money is one of many other decision-making criteria that should inform the choice of operational model; such other criteria are, however, beyond the scope of this note.

² Or sometimes as the ‘3Es’ framework, with ‘Equity’ considered separately along with sustainability. FCDO, ‘FCDO’s Approach to Value for money’ (London: FCDO, 2011); FCDO, ‘VfM Guidance: The 4th E – Equity’ (FCDO, July 2017, unpublished).

³ As suggested by ICAI – Independent Commission for Aid Impact. FCDO’s Approach to Value for Money in Programme and Portfolio Management. London: ICAI, 2018.

⁴ In addition to cash working groups, other forms of coordination include steering groups and governance structures for common platforms, humanitarian country teams, etc

design influences value for money (hereinafter the ‘Research Report’).⁵ The research draws on extensive literature review and primary data collection at global level and from Colombia, Jordan, Kenya and Turkey.



What are the studied key design decisions?

- › Unified delivery platform
- › Existing social safety nets
- › Consolidation

Both this ‘how to note’ and the accompanying Research Report present analysis on the influence that three design-related decisions have on the value for money of cash assistance. These decisions are:

- (1) the use of a unified delivery platform;
- (2) linking with social safety nets; and
- (3) grants consolidation.

The influence of design decisions on CVA value for money is still at a proof-of-concept phase and so the guidance in this ‘how to note’ should not be read as definite and assertive, rather true until proven otherwise.

The three design-related decisions studied pertain to the different features of an operational model. The decision to use a unified delivery platform or existing social safety nets will inform the delivery model, while the decision to consolidate grants refers to a programmatic arrangement (Figure 1). These are non-mutually exclusive decisions that can be considered concomitantly within a single operational model or across multiple operational models.

In a given operational model, at the design stage, there will always be difficult decisions to make in terms of what additional investments are worthwhile to ensure equity, sustainability and, to a certain degree, effectiveness (vis-à-vis efficiently and economically delivering assistance to many). As a result, it is likely value for money of cash assistance will be best achieved at the whole of cash response system level, which, in most contexts will imply that cash is delivered via a combination of operational models.

This note summarises the key drivers that influence economy, efficiency, effectiveness, equity and sustainability as measures of value for money. It highlights trade-offs between these drivers and discusses each in more detail alongside relevant design questions for decision-makers to consider. Throughout, the note comments on which findings are context specific and which may be more generalisable.

The drivers discussed were identified at the inception stage of the research, based on existing literature on value for money and operational models. As such, the list does not claim to be exhaustive. The scope of this ‘how to note’ is intentionally limited to the assessment of drivers linked to operational models; it does not investigate the appropriateness of the initial decision to use CVA as a delivery modality.

⁵ Hélène Juillard et al., [Cash assistance: how design influences value for money](#), (Paris: Key Aid Consulting, 2020).

1



Summary of drivers

Figure 2 summarises the key drivers of each of the 4Es and sustainability. The research found that some of the drivers had a greater influence than others on the value for money of cash assistance. This is shown in Figure 2 by the size of each cell, which is proportional to the influence that each given driver has.⁶ The primary drivers – that is, those that were most frequently cited as important – are in the larger cells.

Figure 2: Key drivers of 4Es and sustainability based on the Research Report



⁶ Proportion is based on informants and end-users perception as qualitatively interpreted by the authors. This repartition is valid across the four case studies but is still to be tested in other contexts.

Two of the drivers are multi-layered and are therefore nested: delivery costs are driven by governance related costs, information management systems costs and transfer fees, which are in turn driven by scale; scale is driven by the size of each individual grant and the total financial volume channelled by a programme.

Some drivers cut across multiple 'Es'. For example, timeliness is a driver of both efficiency and effectiveness. Other drivers are, however, specific to one criterion and the pursuit of a given driver – and by extension a given value for money criterion – may lead to trade-offs. For example, aiming to achieve scale will lead to better economy and efficiency but it may risk compromising agility. These trade-offs are discussed in this 'how to note'.

This note reviews each of these drivers in turn and explores how they are influenced by certain design choices. Throughout, this note aims to help decision-makers ask the relevant questions and collect the necessary information to select the most appropriate programme design choices to maximise value for money in a given context.

2



**Trade-offs between
value for money criteria**

At the design stage of a project or programme, there will always be difficult decisions to make in terms of what additional investments are worthwhile. For instance, how broad can a programme feasibly be to ensure equity, sustainability while delivering assistance efficiently and economically to many people?



The debate on how best to deliver CVA should move beyond a focus on how to achieve scale, towards ensuring quality as well.

This ‘how to note’ and accompanying Research Report do not deny these trade-offs exist but make the case that the debate on how best to deliver CVA should move beyond a focus on how to achieve scale, towards ensuring quality as well. That is, the discussion needs to look not only at the efficiency and economy of operational models but also instead acknowledge the importance of, and then demonstrate in action, effectiveness, equity and sustainability.

At the same time, this research also argues for a shift in perspective, from an organisation-centric approach to value for money analysis to one that is user-centred. This would require organisations to rely less on assumptions and to actively collect data on end-users’ preferences, the costs they incur and their perceptions of a given delivery model’s effectiveness.

There is no linear or simple answer when it comes to managing trade-offs between value for money criteria. Decisions should be reached by weighing all the evidence and contributory factors to value for money criteria against the backdrop of the local context (including how different operational models interact with one another). However, when pursuing certain design-related decisions, some generalisations can be made when it comes to trade-offs.

First, there are clear benefits to pursuing scale effects, as may be achieved by using a unified delivery platform or by linking with an existing social safety net. Such benefits include potentially lower transfer fees, distribution costs and, ultimately, a better cost–transfer ratio. But the efficiency and economy gains that result from scale must be balanced against the risks of increased rigidity, which may compromise equity, aspects of effectiveness and targeting and registration efficiency. The accuracy of targeting is also influenced by the chosen methodology. The use of proxy means testing, more frequent within large-scale, established programmes tends to negatively influence accuracy⁷ and therefore efficiency.

Second, collaborative efforts, such as setting up a unified delivery platform or linking with a society safety net programme, can take time. This may reduce efficiency in the short run but will ultimately increase the timeliness of recurring CVA distributions, and as such have a

⁷ “The PMT is inherently inaccurate, especially at low levels of coverage, and it relatively arbitrarily selects beneficiaries” from Kidd S. & Al 2011 Targeting the Poorest: An assessment of the proxy means test methodology. AusAID.

positive influence on effectiveness. Collaborative efforts will only be worthwhile in the case of recurring payments when governance systems are agile enough to accommodate effective ways of working and data sharing. Some current collaborative models (such as the CCD for instance) are working on creating more standardised ways of working and interoperability which could make the roll out of these platforms much easier in the future.

Third, using social safety nets, which have broad geographical coverage, can improve economy by reducing cash-out costs for end users and can also improve efficiency through the use of pre-determined targeting. Linking with social safety nets may also support sustainability and national capacity. However, these benefits need to be weighed against the fact that in certain contexts, distribution of emergency cash assistance may be slower and the process of determining transfer value may cause delays. In these situations, efficiency may then be undermined. Difficulties in aligning the transfer value with emergency needs can also reduce effectiveness.

Finally, consolidation of cash grants has clear economy and efficiency advantages in terms of lower distribution and end-user costs, and clear effectiveness benefits through better meeting households' needs. There is anecdotal evidence of potential context-specific trade-offs in terms of efficiency and speed, as it may take longer to agree on the transfer value. There may also be political barriers, with governments being hesitant about the increased visibility of a relatively large transfer, and this can in turn compromise effectiveness.

3

Key drivers influencing **ECONOMY when making programme design-related decisions**

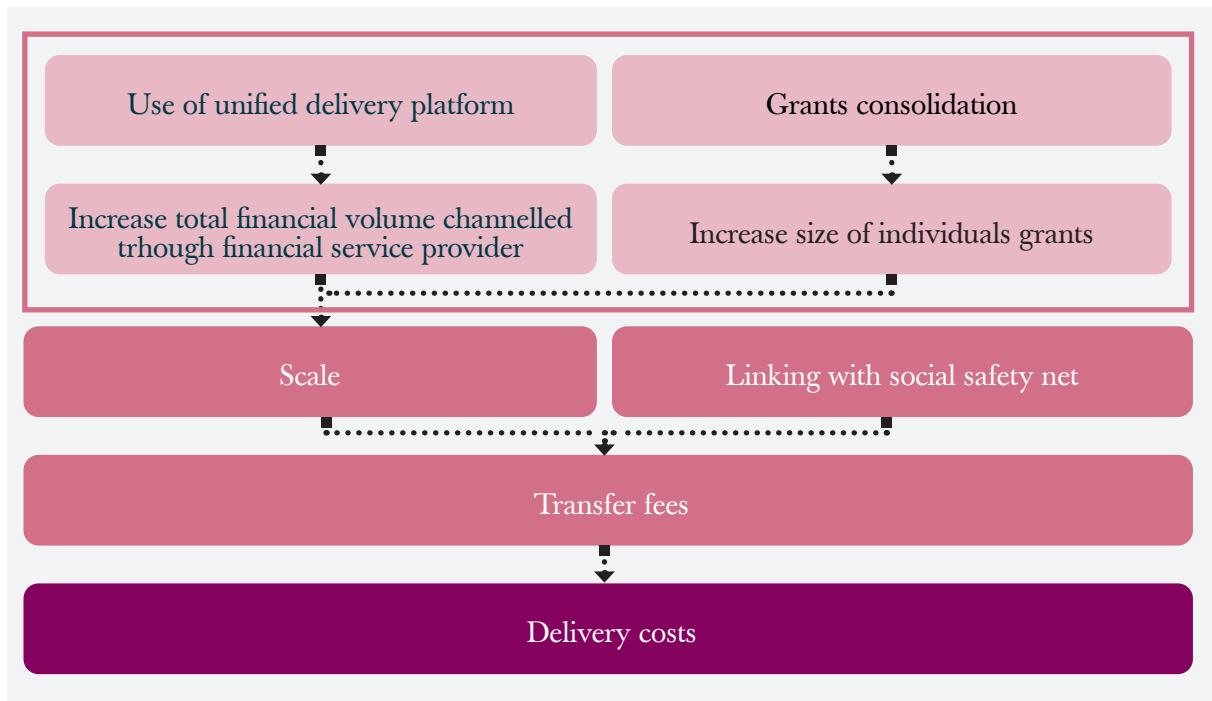
This 'how to note' discusses the delivery costs and cash out costs as the primary drivers of cash assistance economy.

1

Delivery costs

Figure 3 illustrates the main factors that influence delivery costs.

Figure 3: Factors that influence delivery costs



The key determinant of delivery costs is transfer fees, which are in turn strongly determined by the effects of scale. Scale is the overriding factor driving delivery costs. Scale enables the buyers of the financial services (humanitarian organisations) to exercise buyer power – that is, greater negotiating ability to reduce fees. The bigger the scale of the programme and financial volume to be channelled, the greater the buyer power humanitarian organisations can exert to negotiate reduced prices with financial service providers (FSPs). However, this is only applicable if, in a given context, there are multiple FSPs in a position to successfully deliver CVA.

“

The key determinant of delivery costs is transfer fees. Scale is the overriding factor driving delivery costs.

The **use of a unified delivery platform** typically leads to one FSP transferring a higher volume of cash from multiple organisations. This greater scale and buying power can lead to lower transfer fees, and thus lower the delivery cost. But the use of a unified delivery platform can also force organisations to create an extra layer of information management, which may increase delivery costs. Systems-related investments will only be worth this extra cost in the case of recurring distributions. Unified delivery platforms can also adopt different governance systems, which will incur different costs.

Moreover, the larger the size of the individual grants to be delivered, the more likely that transfer fees will be reduced. This is why **grant consolidation** may have positive effects on transfer fees (and in turn delivery costs). In this instance, the higher the share of fixed transfer fees per transaction, the more positive the influence of grant consolidation on delivery costs will be. Box 1 illustrates this with a simple example.

Box1: Example of the effect on grant consolidation on delivery costs

If, per transfer, an FSP charges a flat fee of 3.00 GBP plus 2% of the transfer amount, then to transfer three sectoral grants of 100.00 GBP each, it will cost 15.00 GBP –
 (3 x 3.00 GBP = 9.00 GBP) + (0.02 x 300 = 6.00 GBP) = 15.00 GBP

With the case of three sectoral grants, transfer fees are equivalent of 5%

To transfer one consolidated grant of 300.00 GBP, using the same FSP, it will cost 9.00 GBP –
 (1 x 3.00 GBP = 3.00 GBP) + (0.02 x 300 GBP = 6.00 GBP) = 9.00 GBP

With the case of the consolidated grant, the transfer fees are equivalent to 3%

In terms of linking emergency CVA to social safety net, the research found that the delivery costs depend on:

- The social safety net's contractual terms with the FSP;
- The maturity of the social safety net and its delivery systems – e.g. costs tend to decrease once systems are more mature and the original research and development costs have been absorbed;
- The FSP landscape and level of development (and how this evolves over time).

It may be profitable for a programme to use an alternative FSP in a parallel system to the social safety net, as organisations may be able to negotiate better terms and conditions for delivery costs. This depends on the situation in the country in which the programme is being implemented.

Questions to consider at design stage



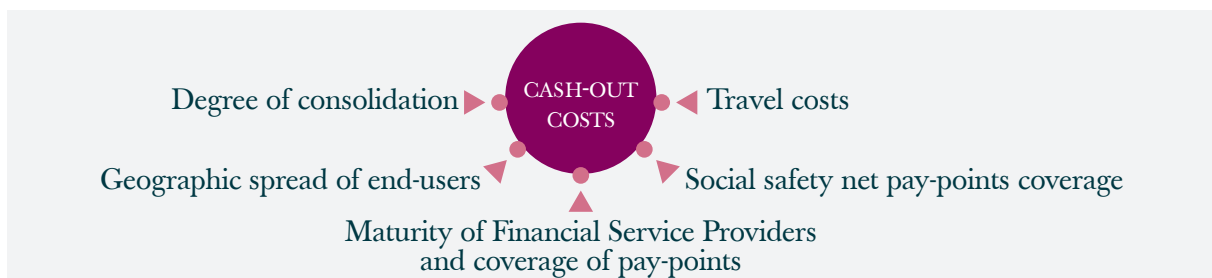
- Does your programme, on its own, have a sufficient scale to give you meaningful buyer power?
- Will the set-up of a unified delivery platform provide sufficient scale to give you and other platform users meaningful buyer power?
- Is your programme duration long enough to be worth the systems-related investments and set-up costs of a unified delivery platform?
- How can the unified delivery platform governance structure be light enough not to require heavy resources to function?
- Is the FSP market mature, thus allowing competition and lower rates?
- Are the FSP costs structure conducive of grant consolidation (i.e. high share of fixed transfer fees per transaction)?
- Are the contractual terms between the social safety net and the FSP favourable?

2

End-user cash out costs

Cash-out costs are defined by the travel time (transport and opportunity costs)⁸ incurred by the end-users in order to receive the transfer. This is dependent on several factors, including the number transactions that the user has to make and their proximity to pay-points. Some pay-points also have a fee for cashing out, which adds to the overall cost. Figure 4 summarises the key factors that influence the cost of cash outs for end-users.

Figure 4: Drivers of cash-out costs



The more developed an FSP and the greater the coverage it has, the less end-users have to travel to access the cash assistance. The Research Report suggests that using a unified delivery platform can harmonise cash delivery and payment instruments across programmes. This can in turn reduce cash-out costs for end-users, assuming that, across the organisations using the unified delivery platform, there is a significant overlap of programme end-users and that organisations use the platform to align their payment date.



If organisations using a unified delivery platform align their payment date to their end users, it can reduce cash-out costs for them.

Programmes that ‘piggyback’ on a social safety net but use another payment mechanism can either positively or negatively influence the end-user costs, depending on the respective service coverage, charges and capacities. Often, costs are reduced because social safety nets have good coverage.

The Research Report found that the consolidation of cash reduces cash-out costs in the form of fees and travel time because it reduced the frequency of transactions.

Questions to consider at design stage

- Does the geographical coverage of the FSP used by the unified delivery platform or the social safety net correspond to the living areas of your programme’s end-users?
- Do other organisations using the unified delivery platform target the same end-users as your programme?
- Are you able to align disbursement dates with those of other programmes using the same unified delivery platform?
- Is consolidation likely to lower the frequency of delivery?
- Does accessing the assistance provided by your programme involve significant end-user costs (including fees and travel time)? If so, would consolidation save end-users costs and time?



⁸ Income-generating opportunities forgone during the time spent accessing the CVA.

4

Key drivers influencing **EFFICIENCY** when making programme design-related decisions

This 'how to note' discusses the cost-transfer ratio, the timeliness of distribution and the accuracy of targeting as the primary drivers of cash assistance efficiency.

1

Cost-transfer ratios

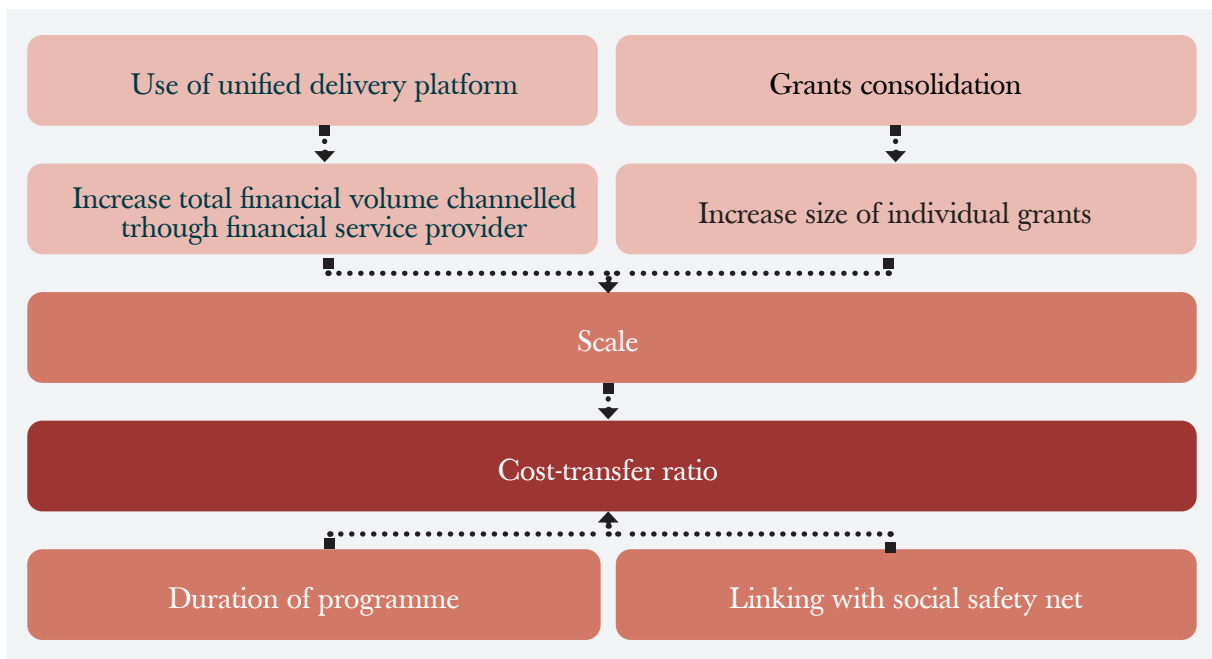


Cost-transfer ratios should be used with caution as data may not be comparable.

The cost-transfer ratio is one of the prime determinants used to demonstrate efficiency of a given operational model. Cost-transfer ratios are broader than just delivery costs, as they include direct and indirect costs.⁹ Research found that cost-transfer ratios should be used with caution; indirect costs are less accessible or poorly recorded, which leads to an issue with the comparability of the data obtained, as different programmes include and exclude different indirect costs in their calculations.

Figure 5 summarises the design-related decisions that drive cost-transfer ratios.

Figure 5: Drivers of cost-transfer ratios



Cost-transfer ratios are influenced by the scale of the programme, its duration and the length of time the chosen FSP has been operating in a given context.

The studied design-related decisions are aimed at increasing scale, which in turn contributes to a better cost-transfer ratio. Scale is often achieved by streamlining. When linking with a social safety net, this happens through using pre-existing systems, rather than setting up parallel ones. In the case of a unified delivery platform, it is the combination of payment processes across programmes, and in the case of consolidation, it is the merger of several grants into one.

⁹ Indirect costs are those not directly accountable to the programme; they are costs of resources that are also used for regular non-programme activities or that are shared between programmes. This includes staff costs at different levels according to their respective full payroll costs multiplied by the approximate proportion of time that they spend on programme administration, along with any non-staff indirect government costs (vehicles, offices, utilities etc.) on a similar pro-rata basis based on departmental budget outturn. Philip White, Anthony Hodges and Matthew Greenslade, *Guidance on Measuring and Maximising Value for Money in Social Transfer Programmes – Second Edition*, (London: FCDO, 2013), 82.



Longer-term programmes tend to be more cost-efficient because the fixed costs are spread over longer time frames.

Programme **duration** also influences cost–transfer ratio. As the bulk of costs are usually incurred in the initial set up phase, longer-term programmes tend to be more cost-efficient because the fixed costs are spread over longer time frames. Similarly, if organisations decide to use a unified delivery platform that is already operating, this can positively influence cost-transfer ratio provided the platform’s charges only the variable cost without passing on the sunk costs (already recouped from the platform’s own operations).

Finally, choosing an FSP that has already been operating in the selected programme area for an extended period of time can reduce the cost–transfer ratio. This is because the FSP will be less likely to try to recover investment and set-up costs and can therefore charge lower rates. As a result, linking up with social safety nets and using their FSPs can reduce the cost–transfer ratio. To what extent will depend on the scale of assistance, how developed financial services are and how much fixed costs are shared with existing government CVA programmes. However, using social safety net delivery systems may limit the opportunity to change service provider, thus reducing flexibility and potentially compromising efficiency.

Questions to consider at design stage



- *Is your programme likely to be long term, so fixed costs can be spread out more?*
- *Is the social safety net and/or unified delivery platform in your context likely to pass on fixed (sunk) delivery costs, or only the variable costs of its platform?*

Note: Questions related to delivery costs are discussed in Section 3.1 and are not repeated here.

2

Timeliness of delivery

Timeliness of delivery refers to set-up time and distribution time.

Timeliness of delivery refers to both set-up time and distribution time. Set-up time is the time between the start of a unified delivery platform or linking with the social safety net and the first cash instalment. Distribution time is the time between the execution of the payment cycle and the first CVA redemption.

Setting up a large-scale delivery model takes time, irrespective of the design and whether it is through a social safety net or a unified delivery platform.

This is because collaboration can be a lengthy process. However, this initial time investment is offset later by savings in distribution time, especially through recurrent delivery or when organisations join an existing system. These trade-offs need to be considered consciously in decision-making, bearing in mind the programme's duration and pre-existence – or not – of a unified delivery platform.

In certain contexts, there may be barriers associated with using social safety nets that will increase the set-up time. These might include incompatible design features, inflexible and bureaucratic processes, limited capacities of national systems and institution or lack of political will.

Set-up time is only partially influenced by the consolidation of grants. The main way in which consolidation can reduce set-up time is by allowing organisations to avoid multiple negotiations on transfer values for sectoral grants.

Questions to consider at design stage

- *Is the use of a consolidated grant likely to significantly reduce negotiation times for the transfer value as opposed to sector-specific grants?*
- *effort to set up a collaborative delivery mechanism)?*
- *Is there commonality in the design of the social safety net and your programme in terms of modalities and operational processes?*

The Research Report suggests that distribution time can be reduced by delivering through existing social safety net institutions and systems, provided these have the following critical features:

- Sufficient maturity and robustness in terms of data management and fund transfer systems;
- Clear standard operating procedures;
- Capacity to expand processes as needed;
- Good coverage of payment agents.

Using a unified delivery platform can drastically increase the distribution time, and especially the redemption time for end-users should the card or SIM gets lost, as without an alternative payment instrument to use, they will need to wait for a replacement. However, this is not an inherent feature of the operational model and could be overcome with good planning.



The trust created via organisations collaborating within a unified delivery platform appears to be a strong driver of efficiency.

When the organisation managing the unified delivery platform is relied upon to initiate or validate payments, it can risk increasing the distribution time by creating additional layers of communication. Beyond the distribution time, the trust created via organisations collaborating within a unified delivery platform appears to be a strong driver of efficiency. This is also illustrated by multipartite data sharing agreements that organisations using the same unified delivery platform tend to sign.

Questions to consider at design stage



- *Is the social safety net in your context mature, with the capacity to expand processes as needed and good systems in place?*
- *Does the social safety net have a track record for delivering the assistance on time?*
- *Does the unified delivery platform require time-consuming collaboration between members that in turn increases distribution times?*
- *Does the organisation managing the unified delivery platform have the capacity and willingness to include your programme?*
- *Are there any data sharing agreements between members of the unified delivery platform to facilitate the alignment process?*

3

Accuracy of targeting

The accuracy of targeting does not and should not depend primarily on the operational model chosen, but rather on programme design and identified vulnerabilities.

However, collaborating to deliver CVA may lead organisations working through a unified delivery platform or using a social safety net to align targeting criteria and methods.

To date, most large-scale CVA delivery models studied for the purposes of this research¹⁰ have enhanced the scale and speed of targeting using proxy means testing.¹¹

This represents a major trade-off in terms of the efficiency of targeting, especially from an end-user standpoint. First, poverty targeting may present difficulties in contexts where poverty rates are high and relatively uniform across crisis-affected groups. These difficulties range from the accuracy of the targeting and subsequent risks of inclusion and exclusion errors, to the drawbacks in terms of downward accountability. For example, as a result of their complexity, proxy means testing formulas are difficult to explain to crisis-affected households, who are left without understanding why they are entitled or not to assistance. Second, poverty may not always be the right proxy for humanitarian needs. Third, the proxy means testing tends to lead to scale-related rigidities and difficulties in correcting errors.

No targeting method will be error free, and implementation is the single most important determinant of targeting success¹². For larger CVA programmes, flexibility and reactivity of correcting targeting errors will require more resources.

Questions to consider at design stage

- *Does the social safety net targeting method appear to be flexible and relevant? And if not, can you use a parallel one while still using social safety net delivery model?*
- *What is the level of trade-off your programme is willing to accept between speed and accuracy of targeting when using a poverty-targeted approach?*
- *What are the corrective measures (e.g. effective complaint and feedback mechanisms) you can put in place to correct exclusion and inclusion errors while delivering at scale?*
- *How well can you communicate to end-users the targeting method you have used to deliver CVA at scale?*

¹⁰ In Kenya, Lebanon and Jordan, but not in Turkey.

¹¹ Proxy means testing is a methodology that estimates household income by associating indicators or ‘proxies’ with household expenditure or consumption. It uses multivariate regression to correlate certain proxies, such as assets and household characteristics, with poverty and income (Stephen Kidd and Emily Wylde, Targeting the Poorest: An Assessment of the Proxy Means Test Methodology, (AusAID, 2011)). Poverty targeting methods are not unique to social safety nets and have also been used in standalone emergency programme.

¹² Sabates-Wheeler & Al. (2015) Targeting Social Transfer Programmes: Comparing Design and Implementation Errors Across Alternative Mechanisms. Journal of International Development.

5

Key drivers influencing **EFFECTIVENESS when making programme design-related decisions**

This 'how to note' discusses the ability of the grants to meet needs, capacity to scale up or down, satisfaction of end-users with the communication received, social impact of transfers and the grant impact on the market as the primary drivers of the cash assistance effectiveness.

1

Ability of the grant to meet end-user's needs

The ability of the grant to meet the priority needs of the end-users is first and foremost determined by the transfer value and delivery timeliness.¹³

In line with existing evidence, the Research Report found that consolidation of CVAs has a positive impact on end-users' ability to meet their basic needs. Consolidated grants allow end-users to adapt what they buy depending on the seasonality and to make their own choices more optimally than with sector-specific grants. A single large grant also helps with household cash flow, spending and certainty.

In some contexts, linking with social safety nets can complicate the process of defining the value of cash transfers according to emergency needs.

The use of a unified delivery platform should not influence the transfer value but may indirectly negatively impact on users' ability to draw down on the full grant. In some instances, due to the rigidity of scale, the unified delivery platform's cash-out process may prevent organisations using the platform to retroactively disburse grants to end-users who are not at the time of payment in a possession of a functioning card.¹⁴ Card replacement may take time, up to two months in one of the case study countries. This can negatively affect a household's ability to cover their needs.

Questions to consider at design stage

- ▶ *Is your local context and social safety net fraught with regulatory and political barriers towards defining the transfer value?*
- ▶ *Can you influence the transfer value via advocacy and communication efforts?*
- ▶ *Is the use of a unified delivery platform likely to prevent you from disbursing grants to end-users who are not at the time of payment in possession of a functioning card?*

¹³ Timeliness is discussed in Section 4.2 and is therefore not repeated here.

¹⁴ For example, because the card is lost or damaged.

2 Capacity to scale up or down

Scale positively influences the capacity of the programmes to reach new end-users. If delivery systems can accommodate 100,000 end-users, they can easily accommodate 110,000 – which is why using a unified delivery platform or social safety net can increase the capacity to deliver to new end-users.

The capacity to deliver to new end-users (and, similarly, to stop delivering) requires the capacity and flexibility to target and register new end-users. The use of a unified delivery platform or a social safety net may have a negative effect on the capacity to deliver to new end-users if there is a risk of rigidity in the targeting and registration as a result of scale.

Questions to consider at design stage



- ▶ *Is the unified delivery platform or social safety net likely to be agile enough for conducting targeting and registering on time and accommodating other programmatic differences?*

3

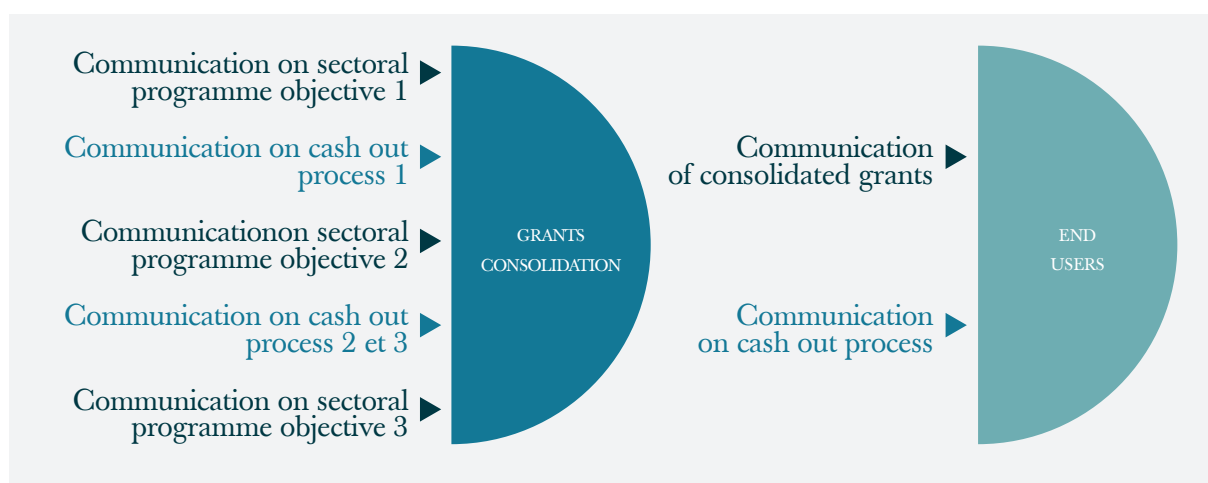
Communication with end-users

It is widely acknowledged that clear and accessible communication and feedback mechanisms contribute to improved accountability and effectiveness of emergency programming.¹⁵

When it comes to CVA delivery, the purpose of communication generally is to explain programme objectives – that is, how it is suggested CVA is used – and the cash out process – how and when end-users withdraw CVA.

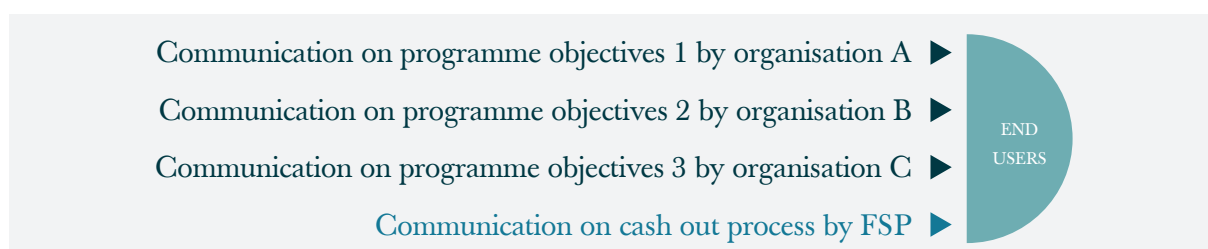
The consolidation of cash grants tends to simplify and streamline communication, as end-users need only interact with the communications channels for a single programme rather than for many (Figure 6). For end-users, this can increase communication effectiveness.

Figure 6: Possible communication channel when consolidating grants



The use of a unified delivery platform does not automatically lead to mainstreamed and better communication. In fact, it can have the opposite effect by diluting responsibilities across the FSP and organisations using the platform. There are some potential gains if programmes align their deliveries and coordinate their communications with end-users. However, no organisations using unified delivery platform studied for this research have fully implemented this.

Figure 7: Possible communication channels when using a unified delivery platform



¹⁵ As per the commitments set out in the Core Humanitarian Standard on Quality and Accountability (No. 4: People affected by crisis know their rights and entitlements, have access to information and participate in decisions that affect them; No. 5: People affected by crisis have access to safe and responsive mechanisms to handle complaints).

The Research Report did not find strong evidence that linking to the social safety net influences the ease of communication, as often organisations using social safety nets have decided to use parallel communication mechanisms. It is therefore important to understand what communication policies a social safety net has in place in order to make context-specific judgements about whether to use them.

Questions to consider at design stage



- *If using a unified delivery platform, will the FSP handle end-user communications about payment?*
- *How are the organisations using the unified delivery platform coordinating their communication efforts?*
- *Will it be the same organisation communicating about other aspects of the programme beyond delivery?*
- *How many SMS/phone calls/communication meetings are end-users likely to receive? How does this compare with traditional delivery methods?*
- *Does the social safety net have good communications on targeting approach, payment schedules, registration process, etc.?*

4

Social impact of transfers for end-users¹⁶

In line with existing evidence, the research found that consolidation of CVA had a positive effect on eradicating some intra-household tensions. This is due to a reduction in financial pressure and stress, and in some contexts more equitable decision-making power between men and women in the family.

When linking with a social safety net, local contextual factors may lead to some tensions between end-users (e.g. refugee groups) and those not receiving CVA (e.g. host communities). Local contextual factors, such as levels of poverty and the existence of pre-existing tensions, and other targeting-related factors, such as the complexity of the targeting process and community perceptions on fairness, can exacerbate tensions.

Questions to consider at design stage

- ▶ *Is the population universally poor? Is there a history of previous social tensions?*
- ▶ *Are there inaccuracies in targeting and perceptions of unfairness?*
- ▶ *Are there likely to be negative perceptions from host communities towards end-user communities?*
- ▶ *Does your programme target refugees with social safety net assistance, which may cause tensions with the host communities?*

¹⁶ This was not examined for the unified delivery platform as it was assumed that there would be no impact.

5

Consolidated grant's impact on the market

The primary determinant of the grants' effect on markets is not the design choices, but rather the overall volume of cash distributed, be it through sectoral or multipurpose transfers. The Research Report found that the consolidation of transfers increases the likelihood of larger amounts of money being spent at once. This may incur higher risks of market distortion in areas where markets are poorly integrated. However, markets tend to be dynamic and resilient and so able to cope with demand.

6

Key drivers influencing EQUITY when making programme design-related decisions

This 'how to note' discusses the gender gap in the ability of cashing out the grant, barriers to access for certain end-users and geographical coverage as the primary drivers of the cash assistance equity.

1

Gender gap

Potential challenges in cashing out are directly linked to financial literacy, as opposed to gendered differences in the ability of men and

Challenges in cashing out are directly linked to financial literacy, as opposed to gendered differences.

women end-users to cash out their CVA. Financial literacy is driven by literacy and numeracy rates as well as familiarity of end-users with a given payment mechanism.

“

In contexts where there is a gender gap in terms of financial literacy, particular attention should be paid to the subsequent potential gender gap in the capacity to cash out grants. This is especially the case when using a unified delivery platform, as to date they have used only digital payment instruments, which end-users may be less familiar with.

The research found no evidence that linking with social safety nets positively or negatively influenced the proportion of men who reported struggling to cash out the grant versus the proportion of women who reported similar challenges.

Questions to consider at design stage

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- ▶ *Is there a financial literacy gap between men and women in the area of CVA delivery in your context?*
- ▶ *Does the unified delivery platform use digital and/or unfamiliar delivery mechanisms?*
- ▶ *Does the social safety net use relatively complex and/or unfamiliar delivery mechanisms? If so, would a parallel system significantly alleviate gender gaps by using a delivery mechanism with which the entire population is more familiar?*

2

Barriers to access for certain groups

End-users (and ‘vulnerable’ groups within them) can face various barriers in accessing CVA. Some of these barriers can be mitigated, while others may be inevitable. There are trade-offs between the processes and systems that ultimately contribute to the speedy delivery of assistance for the majority of people in need, and the capacity to overcome barriers for certain specific groups.

The use of unified delivery platforms can reduce access barriers, as end-users only have to navigate a single payment process.



Because unified delivery platforms have primarily used digital payment systems, there is a risk that they will create barriers for groups that may be less familiar with these instruments or are financially illiterate,

as discussed in the previous section. However, if accompanied by strong outreach, communication and capacity-building efforts, the use of a unified delivery platform can in fact help to mitigate these access barriers. This is because end-users would only have to be familiar with one payment mechanism for the multitude of programmes delivered via the unified delivery platform. This is also the case for consolidation, as it similarly means that end-users only have to navigate a single payment process.

With regards to social safety nets, the main barriers that end-users faced are during the registration and enrolment stages, as government requirements can often make these processes more bureaucratic and more complex to navigate. Less financially literate end-users (e.g. older and younger people), refugees and those located in remote areas often struggle in obtaining the documentation required to use and operate the payment mechanism necessary to cash out the assistance delivered via social safety nets.

Questions to consider at design stage

- ✦ *Is the scale of your programme, chosen delivery mechanism or composition of end-user groups likely to lead to inclusion barriers?*
- ✦ *Is your delivery model flexible enough to allow you to include mitigating measures at the design and planning stages to counteract inclusion and access barriers?*
- ✦ *What proportion of your end-user group is facing barriers? If it is a relatively low proportion, with the majority efficiently accommodated, is the trade-off worth pursuing?*
- ✦ *Are your end-users particularly hard to reach, resulting in difficulties in accessing enrolment and registration documents?*



3

Geographical coverage

The geographical location of the population vis-à-vis the coverage of the pay-points is the primary determinant of geographical equity. This is in turn determined by the breadth of FSPs delivering CVA and the individual coverage of each of those FSPs.

Geographical equity influences economy, as the more equitable the geographical coverage, the lower the travel costs.

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Geographical equity also influences economy, as the more equitable the geographical coverage, the lower the travel costs that end-users have to incur to access CVA.

The Research Report suggests that the pre-crisis geographical area of a social safety net's operation and its system capacity in the worst-affected areas are factors that can influence the geographical equity of an emergency response delivered through social safety net systems. Humanitarian organisations may need to set up parallel systems when they intervene in areas that are significantly vulnerable to the effects of the crisis but which the social safety net does not currently cover.

So far, the use of a unified delivery platform has led to the use of a single delivery mechanism, a single FSP and a single payment instrument. Unless there is inter operability of cash out points across FSP, it limits the overall pay points' coverage to the coverage of the unique FSP chosen by the platform. Organisations de facto transfer their capacity to ensure geographical equity to a single private sector actor, but in theory a unified delivery platform could rely on multiple FSP.

Questions to consider at design stage

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- *When using a delivery model that relies on a single FSP, how equitable is the spread of the FSP's pay-points vis-à-vis your end-users' geographical locations?*
- *When using a unified delivery platform, is there scope to work with more than one FSP to increase geographical coverage?*
- *To what degree will your programme require extra coverage for areas that do not overlap with the social safety net?*

7

Key drivers influencing SUSTAINABILITY when making programme design-related decisions

This 'how to note' discusses the continued use of the payment instrument, building systems and government capacity as well as linking emergency CVA with long-term social safety net schemes as the primary drivers of the cash assistance sustainability.

Continued use of the payment instrument was considered across all three of the programme-design decisions studied. The remaining drivers were only considered for social safety nets on the basis that other types of operational models do not aim to build systems and government capacity.

1

Sustained use of the payment instrument

Irrespective of programme duration and use of social safety nets, the sustained use of the payment instrument (and potential subsequent financial inclusion of the end-users') does not sporadically arise as an

Non transactional pre paid ATM cards are economical and efficient but cannot be used beyond the programme duration.

unintended outcome. Where it is an ambition of a programme using CVA, achieving it will require dedicated attention, effort and resources.

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The use of a unified delivery platform does not pertain to the use of a given payment instrument; in theory, a unified delivery could host multiple instruments from which end-users could choose based on their access and preference. Nonetheless, in practice, most of the unified delivery platforms studied have decided to use pre-paid ATM cards. This means that the accounts opened for end-users are not individual and do not serve any other purpose than the withdrawal of the organisation's CVA assistance. End-users do not use the delivery payment instrument after the disbursement, as their cards are not transactional. These cards are economical and efficient, but compromise effectiveness and sustainability.

The consolidation of grants tends to have no influence on the sustained use of a payment instrument after the programme ends, because consolidation has no influence over the type of payment instrument used.

Questions to consider at design stage

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- *Can the chosen payment instrument be used beyond the scope of your programme? For example, are cards transactional? Are accounts opened for individual end-users and do they offer more than just withdrawals?*
- *Do you have time and resources to dedicate to sustaining the use of the payment instrument?*

2

Developing capacity of national systems

Programmes linking with social safety nets have the potential to develop national capacity and national systems if sufficient time and resources are invested. The conditions required for this to occur include long-term programme time frames and multi-year funding cycles, high levels of host government engagement in the programme and a certain degree of linkage with the social safety net.

The manner of linking influences the potential for system strengthening. In cases where the programme is only peripherally

Developing capacity does not happen as an unintended outcome. It requires specific time and resources.

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linked to the national social safety net, the transfer of the programme's ownership, and hence its sustainability, is uncertain. If the linkage is more central and integral, with a specific programme focus on technical assistance and system building, it is likely to lead to capacity building and sustainability. Developing capacity does not happen as an unintended outcome but is more likely to occur if specific resources are dedicated to it.

An important added benefit of linking with social safety nets, though not studied during the research, may also be capacity development of international actors. Safety nets can be deeply rooted in local social structures and there is scope to develop the capacity of the international system to work in a given context. Capacity development can therefore be a two way process.

Questions to consider at design stage

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- Does your programme have the time and resources to dedicate to capacity building and systems development?
- Are programme time frames and funding cycles conducive to providing this type of support?
- Are the host government sufficiently engaged in your programme?
- How is your programme linked to the national social safety net (i.e. peripherally or integrally linked)?

3

Linking emergency CVA end-users with long-term social safety net schemes

The potential for linking emergency CVA with social safety nets doesn't suggest that emergency CVA end-users are automatically integrated into the government's long-term social protection scheme (and this is not necessarily an objective in the first place). Rather it depends on the government's financing and political will, capacity, as well as contextual factors. These factors might include the nature of the crisis and the target group (i.e. do they fit the criteria for long-term social protection support), and the manner of linking with the social safety net system.

If a programme mirrors the design of the social safety net (as opposed to 'piggybacking' onto the system but operating separately) it may be more likely to lead to the integration of end-users into the government's long-term social protection scheme. This has been the case in Turkey.

Questions to consider at design stage

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- Does your programme have the time and resources to dedicate to capacity building and systems development?
 - Is long-term integration of your programme end-users into the national system an objective?
 - To what extent do your programme's end-users fit the criteria for long-term social protection support?
 - To what extent is your programme integrated with the social safety net? Does it mirror the design of the social safety net closely, or does it feature partial integration with separate components?
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Conclusion

This ‘how to note’ aims to support design decisions related to choosing an operational model for the delivery of CVA. It discusses key evidence, drawn from the main Research Report, and highlights key questions that decision-makers should consider during the response analysis and design stage. Answers to the questions set out in this note should always be context specific.

Decision-makers should use the key questions in conjunction with the key conclusions of the Research Report, namely:

- ✎ Economy of scale can be expected, but it may not be sufficient to achieve quality. Organisations need to ensure that cost savings, efficiency and economy are not the sole driver of operational models and their design.
 - ✎ End-users’ perceptions of CVA value for money can be different from humanitarians’. Architects of operational models should base their decisions on intentional collection of end-users’ preferences and needs.
 - ✎ Single model will not necessarily achieve VFM but depending on context a number of models may be needed. Trade-offs will also always be needed. Value for money is likely to be best achieved through a combination of models – that is, through the whole of cash response system.
 - ✎ Programme design should acknowledge the strengths of local organisations and their potential to play a pivotal role in the whole of cash response system.
 - ✎ The whole of cash response system should be designed on the basis of a tailored context specific and collaborative response analysis.
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CASH ASSISTANCE
How design influences Value for Money