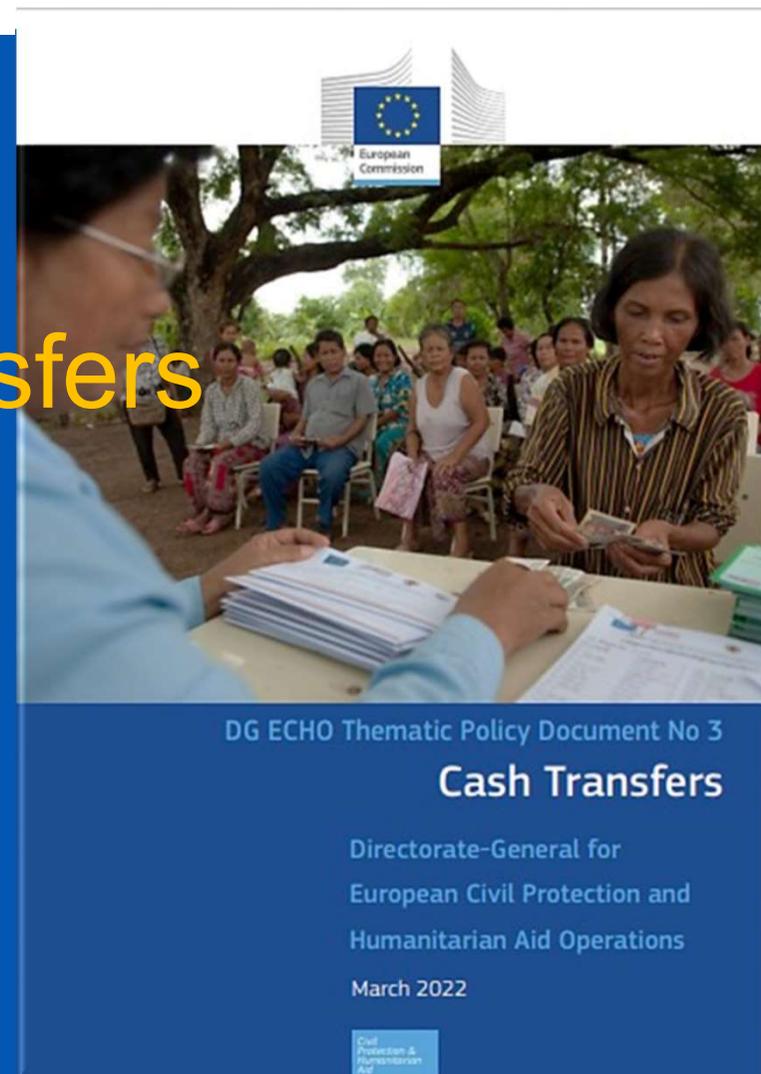




DG ECHO Thematic Policy Document No 3 Cash Transfers

Global technical launch, 13th April '22



Objectives of the session

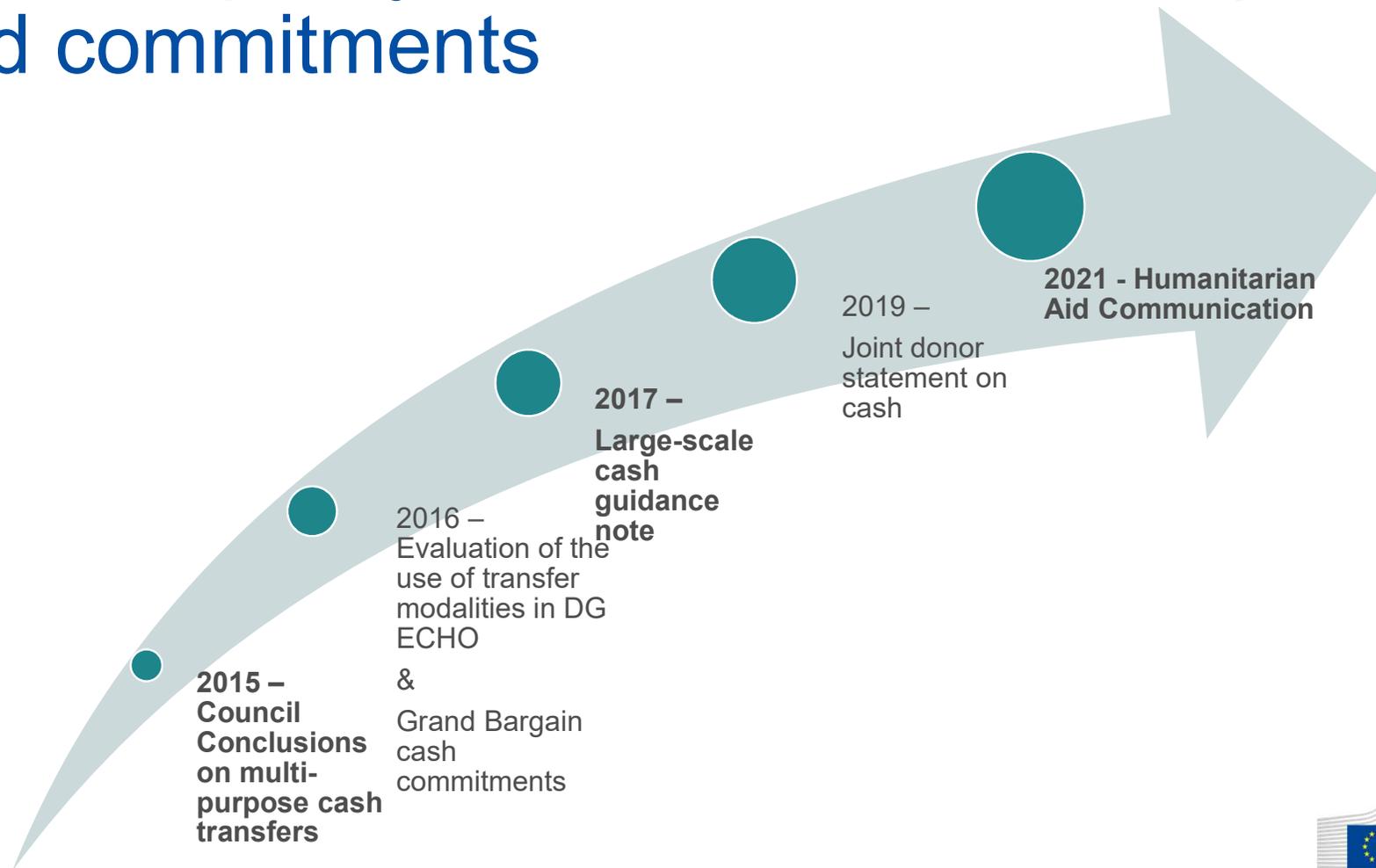
- Highlight key elements of the policy – emphasising what's new
- Equip a wide cash audience on how to use and apply the policy in practice.
- Explore some of the policy topics with inputs from ECHO partners
 - Topic 1.2 – Linking cash & Social Protection
 - Topic 3.1 – Enabling sector outcomes through a Basic Needs Approach
 - Topic 3.3 – Timeliness
 - Topic 4.1 – Harmonised cash operations
 - Topic 4.4 – Interoperability of databases and registries
 - Topic 6.3 – Third Party monitoring & independent MEAL
- Solicit questions and discussion on the policy

Agenda

- Introduction/overview of the policy (20 mins)
- Focus in on specific topics, supported by examples from our partners (40 mins)
- Q&A (25 mins)
- Wrap-up (5 mins)

Quiz time

How the policy build on other ECHO policies and commitments



Overview of the policy

Targets DG ECHO humanitarian partners and staff as main audience

Applies to all cash programmes

Aligns with Joint Donor Statement on humanitarian cash transfers

Sets out DG ECHO's expectations for quality cash assistance

Considers multi-purpose cash for basic needs

Applies to MPC and cash/vouchers for specific sectoral outcomes



What is new?

- A more **comprehensive document**
- Focus on **cash over vouchers**
- Linkages between **cash and social protection**
- Multiple avenues for **innovation** (digitalisation, market support, group cash transfers)
- **Interoperability and data protection**
- Linkages with other **humanitarian reforms** and policy developments

Overview of outcomes

Operationalises the H-P-D Nexus

- 1.1 Sequencing projects
- 1.2 Linking humanitarian cash with social protection systems, including shock-responsiveness

Targets the most vulnerable

- 2.1 Risk-informed approach
- 2.2 Assessments/ response analysis/ modality selection
- 2.3 Safe inclusion of the most vulnerable

Adequate, equitable and timely

- 3.1 Enhancing sector outcomes through a Basic Needs Approach
- 3.2 Adequate and equitable transfers
- 3.3 Preparedness

Provides value for money

- 4.1 Harmonised cash operations
- 4.2 Operational models
- 4.3 Digitalisation and data protection
- 4.4 Interoperability of databases and registries
- 4.5 Measuring cost-efficiency and effectiveness

Accountable

- 5.1 Accountability
- 5.2 Group cash transfers
- 5.3 Financial risk and compliance

Measurable

- 6.1 Tracking cash and vouchers
- 6.2 Common MEAL frameworks
- 6.3 Third party monitoring and independent MEAL
- 6.4 Market monitoring (including of inflation, currency depreciation and exchange rates)

How to apply the policy



DG ECHO expectations



What does this mean?



Key considerations for partners



How this relates to other topics



What resources are available

Cross-cutting themes:

- Centrality of protection, gender, and risk informed approaches
- Disaster preparedness
- Linkages between humanitarian cash and social protection
- Greening
- Localisation

Annexes

Annex 1. Large-scale cash transfers Annex 3. Enhancing sectoral outcomes through cash and voucher assistance

Overview of the guidance

The Large-scale Cash Guidance (DG ECHO's funding guidelines) considers to be any cash 10 million and above¹⁸.

The Guidance complements the Thematic Policy and shows how it applies to cash programmes, all the while the Cash Thematic Policy large-scale cash.

The Guidance is underpinned by enhanced effectiveness, transparency and accountability. It recognises the engagement of different actors and promotes a coherent programming approach. It aims to maximise harmonisation across the humanitarian programme cycle, in line with the Statement on Humanitarian

The specific considerations provided in the Guidance are: see cash-efficiency (including in-kind), DG ECHO Cash Thematic Policy. Comprehensive guidance on the effectiveness of a cash programme and is therefore not

Applicability of the guidance

The Guidance is relevant to all cash programmes that are funded by DG ECHO.

This annex presents the guidance, as a complementary policy document to contribute to sectoral policy document DG ECHO beneficiary choice and

Annex 2. Glossary of key terms

This glossary of key terms used in the guidance may be implemented by one agency or by more than one agency. It comes from three principal forms of guidance: the Thematic Policy and CALP's glossary.

Anticipatory action. Action of a crisis – either before or during a crisis – that aims to prevent or reduce the impact of the crisis.

Cash for work. Payment for undertaking work interventions at the community level. Work programmes include home-based work.

Cash plus. Complementary modalities or activities that may be implemented alongside cash transfers. Examples include in-kind support, such as vouchers, or B

Cash transfers. The form of money – either cash – to recipients (individuals or communities). Cash transfers are unrestricted in terms of modalities, kind of assistance. This can be used to

Conditional transfers. Transfers that require beneficiaries to meet certain conditions (e.g. attend nutrition screening, receive assistance – the fulfilled before the

Annex 4. Total Cost to Transfer Ratio (TCR) guidance for cash programmes

Introduction

This document provides guidance on how to estimate the cost-efficiency of cash programmes using the Total Cost to Transfer Ratio (TCR) approach. It applies in the following situations:

- When cash is the exclusive modality;
- When cash is used in complementarity with other modalities.

This annex focuses on cash transfers. As highlighted in section 4.5 Measuring cost-efficiency and effectiveness, the TCR is a tool that can be used for cash transfers and in-kind as well. In comparable contexts, the TCR is useful to compare cost-efficiency between the three transfer modalities.

For all actions including cash transfers, TCR is an important analysis metric, systematically assessed by DG ECHO during the assessment of project proposals. DG ECHO is especially

$$TCR \text{ of the ACTION} = \frac{\text{Total net transfer value of cash}}{\text{Total cost of the Action including indirect costs}}$$

For cash assistance, the solution to this formula is the number of Cents received by beneficiaries for each EURO spent on the Action / Result budget. TCR can be expressed as a percentage (e.g. 85%), as a ratio (e.g. 85:15), or in decimals (e.g. 0.85).

TCR measures the cost efficiency of the action/ result, not of a single beneficiary transfer.

The **Net Transfer Value** to beneficiaries is simply the total amount that is transferred directly to individuals/HH – i.e. the money they get

concerned about maximising cost-efficiency, but not to the extent whereby the overall effectiveness is compromised.

DG ECHO expects partners to use the Total Cost to Transfer Ratio (TCR) as the standard methodology for measuring the cost-efficiency of all actions including a cash transfer.

The TCR calculation

The **Total Cost to Transfer Ratio (TCR)** is a standard way of measuring cost-efficiency, defined as the proportion of the value of net transfers received by beneficiaries to the total programme cost.

TCR provides an analysis of cost per output. It estimates the cost of the delivery of cash assistance and can help identify how contextual or programmatic features drive the cost per output¹⁹. The formula, which can be applied to all modalities, is the following:

$$TCR \text{ of the ACTION} = \frac{\text{Total net transfer value of cash}}{\text{Total cost of the Action including indirect costs}}$$

For cash assistance, this excludes all other costs associated with the delivery of the cash assistance (e.g., bank fees/mobile phone charges), the programme direct costs associated with the project (from assessments to MEAL), support direct costs, as well as indirect costs. It also excludes other goods/equipment handed over to the beneficiaries not directly contributing to the purpose of the assistance²⁰, and the costs that are associated to the implementation of the conditionalities and would not be necessary if the assistance was unconditional²¹.

Total cost refers to the total cost of the action, not

Checklist for appraising cash projects and results

Checklist questions	Reference to policy topics
Transfer modalities and budget	
<i>This information should be reflected in the single form and/or the budget.</i>	
<ul style="list-style-type: none"> • Has 'multi-purpose cash transfers' been selected as a standalone sector where relevant? • Are cash and vouchers disaggregated in the proposal and budget? • Are TVs and associated costs included and disaggregated? • For large-scale programmes (≥ EUR 10m), have other transparency requirements been met? • Is the budget sufficiently detailed and transparent to calculate TCTR (by result when relevant)? • Has the TCTR calculation been accurately done (for programmes above the defined threshold)? • Is the TCTR appropriate considering the size of programme, and is it justified against context and programmatic features? • For large-scale programmes (≥ EUR 10m), is the TCTR at least 85%? • Is the TCTR ratio set at proposal stage maintained throughout the action, including in the event of modification requests? 	<p>6.1. Tracking cash and vouchers</p> <p>4.5. Measuring cost-efficiency and effectiveness</p>
Humanitarian organisation in the area	
<ul style="list-style-type: none"> • Has the organisation described its experience with cash in the area? • Has the intervention been presented within a BNA (as part of the wider response)? • If relevant, has the agency demonstrated the required capacity to facilitate GCTs, in particular on financial risk and compliance? 	<p>2.2. Assessments, response analysis and modality selection</p> <p>3.1. Enabling sector outcomes through a basic needs approach</p> <p>5.2. Group cash transfers</p>
Needs assessment and risks analysis	
<ul style="list-style-type: none"> • Has a multi-hazard risk and vulnerability assessment been conducted (including gender-age and protection considerations)? 	<p>2.1. Risk-informed approach</p> <p>2.3. Safe inclusion of the most vulnerable</p>

- Designed to mirror the single form and be used for proposal review and monitoring
- Some mandatory requirements (in bold)
- References relevant sections of the policy
- Sections:
 - Transfer modalities and budget
 - Humanitarian organisation in the area
 - Needs assessment and risks analysis
 - Response analysis
 - Data protection
 - Beneficiaries
 - Gender and age marker
 - Logic of intervention
 - Preparedness
 - Monitoring & Evaluation
 - Implementation
 - Field coordination

Exploring the policy content

Topic 1.2. Linking humanitarian cash with social protection systems, including shock-responsiveness

Operationalises the H-P-D Nexus

1.1 Sequencing projects

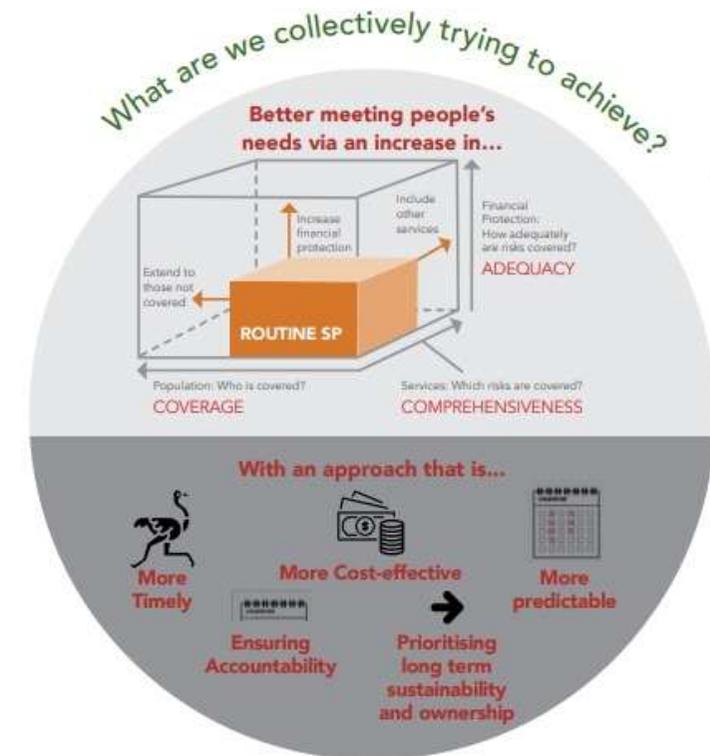
1.2 Linking humanitarian cash with social protection systems, including shock-responsiveness

Why?

- Strengthen resilience/reduce impact of shocks
- Facilitate scaling up of systems

How?

- Pilot design and operational features to facilitate the transition of the programme or caseload into an SP system
- Link with existing SP systems at different points in the delivery chain
- Contribute to the adaptation of shock-responsive SP systems and programmes





Topic 3.1. Enabling sector outcomes through a basic needs approach

- **The basic needs approach (BNA)**, seeks to address people's multiple needs in a coordinated and demand-driven way
- DG ECHO **prioritises MPC to meet basic needs** complemented by sector-specific assistance and timely referrals
- Measure collective outcomes of the BNA

Topic 3.1. Enabling sector outcomes through a basic needs approach

Adequate, equitable and timely

3.1. Enhancing sector outcomes through a Basic Needs Approach

3.2. Adequate and equitable transfers

3.3. Preparedness

Annex 3. Enhancing sectoral outcomes through cash and voucher assistance

This annex presents DG ECHO's internal positioning on the use of cash and vouchers for sectoral outcomes, as a complement to DG ECHO internal policies and external evidence and guidance. The core policy document contains a summary section (under topic 3.1) on how cash and vouchers can be used to contribute to sectoral outcomes, while this document provides more detail. As highlighted in the core policy document DG ECHO takes a strong policy stance on cash versus vouchers, from the perspective of beneficiary choice and dignity, as well as that of cost-efficiency and effectiveness.

Table 1. DG ECHO's policy position on cash and vouchers for sectoral outcomes

Protection	<p>There are two different entry points for the use of cash to achieve protection outcomes.</p> <ol style="list-style-type: none"> 1. Designing, implementing and monitoring MPC so that it can contribute to reducing protection risks and mitigating protection-related negative coping strategies. This requires a comprehensive risk analysis and a holistic understanding of the intersection between socioeconomic vulnerabilities and protection risks. Potential protection outcomes should be systematically monitored and the design of MPC adapted on the basis of contextual findings. 2. Use of cash in protection programming must have a clear protection outcome and will not be supported unless embedded within legal assistance, case management or accompaniment, and within a wider comprehensive and/or integrated protection response.
Health	<ul style="list-style-type: none"> • There is consensus that essential health services during a humanitarian crisis should be provided free of charge at the point of delivery. • The optimal response option for reducing direct health costs is first to explore health provider payment mechanisms that will reduce the application of user fees, and/or in-kind support in cases where the quality of services is suboptimal (although recognising that DG ECHO's mandate is not for long-term system building). • DG ECHO will therefore only fund cash or vouchers for residual health expenditures that cannot be further reduced by supply-side interventions. These expenditures may include indirect costs linked to access to health services (e.g. transport or accommodation costs) and direct costs (e.g. charges for consultations, diagnostic tests and/or medicines, or for preventive commodities such as bed nets), recognising again that these should optimally be provided through support to the supply side and/or through cost-/risk-sharing mechanisms. • Any cash and voucher assistance for specific health needs should be guided by its ability to address an identified (financial or utilisation) barrier to access services from qualified providers that meet international/humanitarian health standards, including on quality of care, and by how these will be monitored. • MPC can be considered as a last resort to address unmet needs that remain after implementing other types of support that are deemed necessary and appropriate to provide access to quality healthcare.

- The achievement of specific sectoral outcomes will depend on whether other basic needs are being met
- **Restriction:** DG ECHO prioritises cash over vouchers
- **Conditionality:** should always be fully justified
- **Cash for Work:** Not funded to meet basic needs objectives

Topic 3.3. Timeliness

Adequate, equitable
and timely

3.1 Enhancing sector
outcomes through
a Basic Needs
Approach

3.2 Adequate and
equitable transfers

3.3 Preparedness

Box 6. Preparedness for linking humanitarian cash and social protection systems

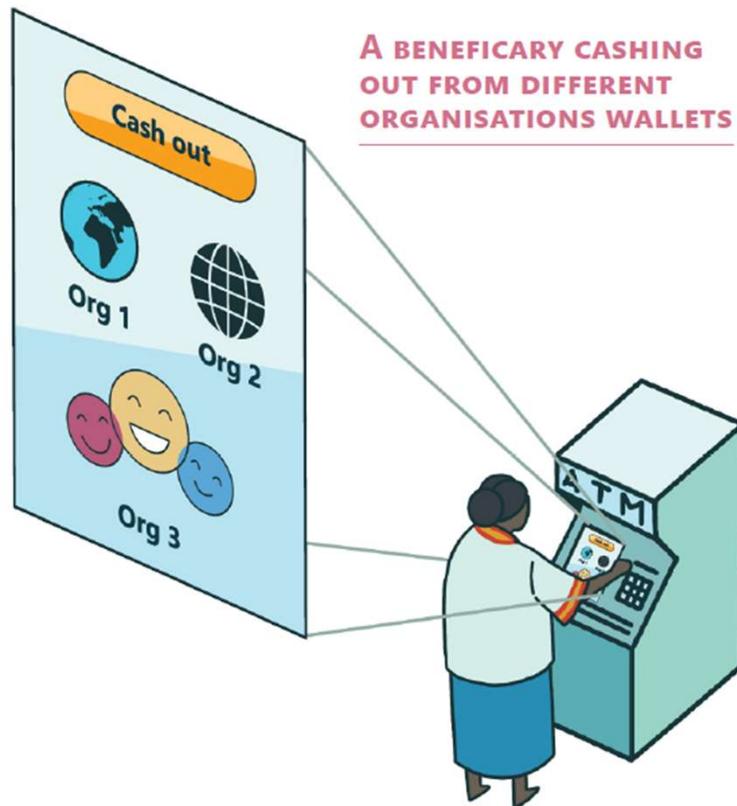
Cash preparedness should also involve mapping the elements of existing social protection programmes that can be used and/or linked with humanitarian cash assistance. The analysis of these programmes should assess their readiness to respond to shocks through cash assistance and identify points for convergence. Cash preparedness can contribute to SRSP by improving the comprehensiveness, coverage and adequacy of existing cash-based social safety nets. Areas of potential linkages as part of cash preparedness include identifying opportunities for using common or interoperable registries of vulnerable households, pre-agreements on beneficiary selection criteria and required documentation (particularly for households not currently enrolled in safety nets); and building the interoperability of systems to facilitate rapid payments, whilst ensuring data protection requirements.

- DG ECHO expects partners to invest in **contextual, organisational & programmatic** preparedness for the use of cash
- Active coordination through the CWG
- Preparedness as an enabler of timely response:
 - Emergency/rapid response mechanisms
 - Crisis Modifiers
 - Anticipatory action

Topic 4.1. Harmonised cash operations

Provides value
for money

- 4.1 Harmonised cash operations
- 4.2 Operational models
- 4.3 Digitalisation and data protection
- 4.4 Interoperability of databases and registries
- 4.5 Measuring cost-efficiency and effectiveness



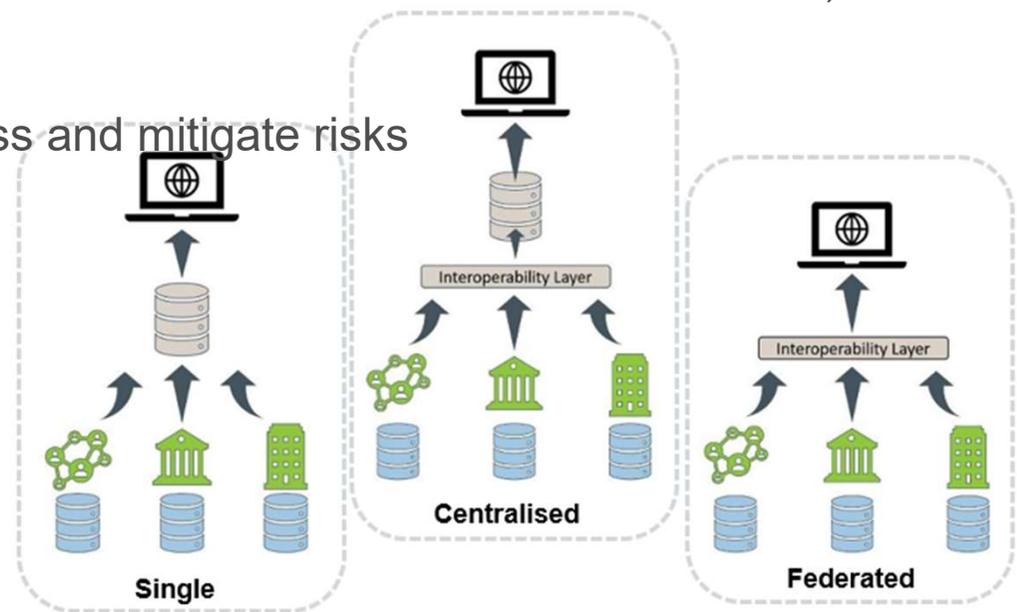
- Harmonisation drives efficiency and effectiveness
- Common programming approach = streamlined systems → reduced fragmentation and simplicity for beneficiaries
- Collaboration for mapping, assessment and contracting of FSPs
- Digital do no harm
- Common payment platforms

Topic 4.4. Interoperability of databases and registries

Provides value for money

- 4.1 Harmonised cash operations
- 4.2 Operational models
- 4.3 Digitalisation and data protection
- 4.4 Interoperability of databases and registries
- 4.5 Measuring cost-efficiency and effectiveness

- Responsible sharing of data → maximise efficiency and effectiveness of humanitarian action
- Facilitate optimal levels of data sharing, through integrated or interoperable registries
- Develop non-proprietary interoperable databases as a common service, based on joint standards
- Biometric data collection: assess and mitigate risks



Topic 6.3. Third-party monitoring & independent MEAL

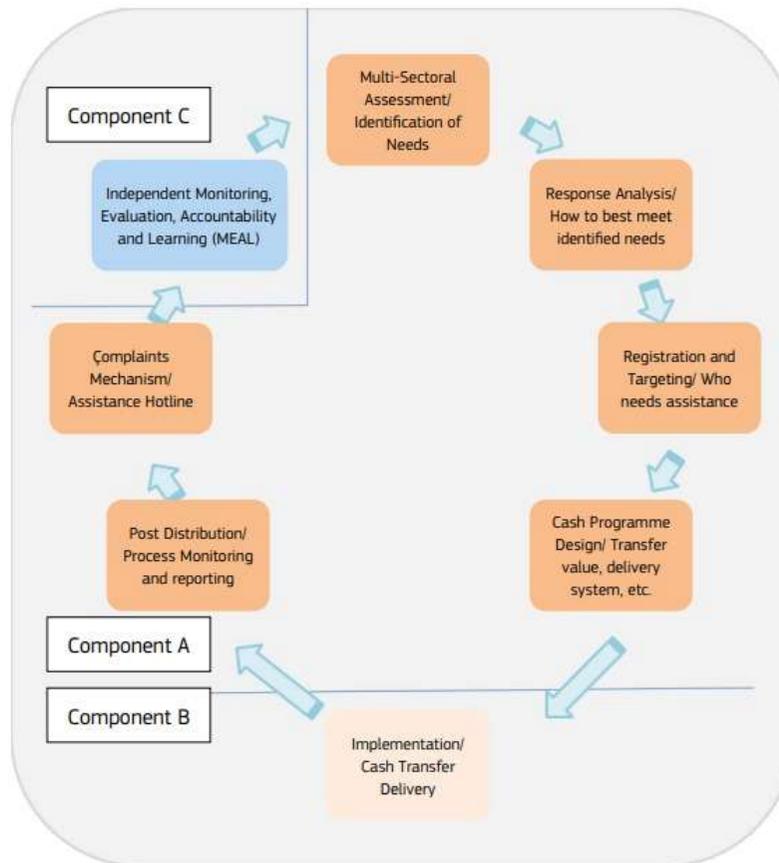
Measurable

6.1 [Tracking cash and vouchers](#)

6.2 [Common MEAL frameworks](#)

6.3 [Third party monitoring and independent MEAL](#)

6.4 [Market monitoring \(including of inflation, currency depreciation and exchange rates\)](#)



- Independent MEAL as a foundation for accountability. Large-scale cash → contracted separately. Smaller programmes → one partner conduct on behalf of others
- TPM as a way of collecting independent data on beneficiary perceptions and preferences
- Evaluations – based on common outcome indicators and VFM methodologies

Q&A

As an existing (or potential) ECHO partner, what support do you think you will require from ECHO to implement the policy?

What are you most glad to see in the new policy?

What, if anything, are you concerned about?

Wrap-up and next steps



Thank you!