



CASH TRANSFER PROGRAMMING

toolkit

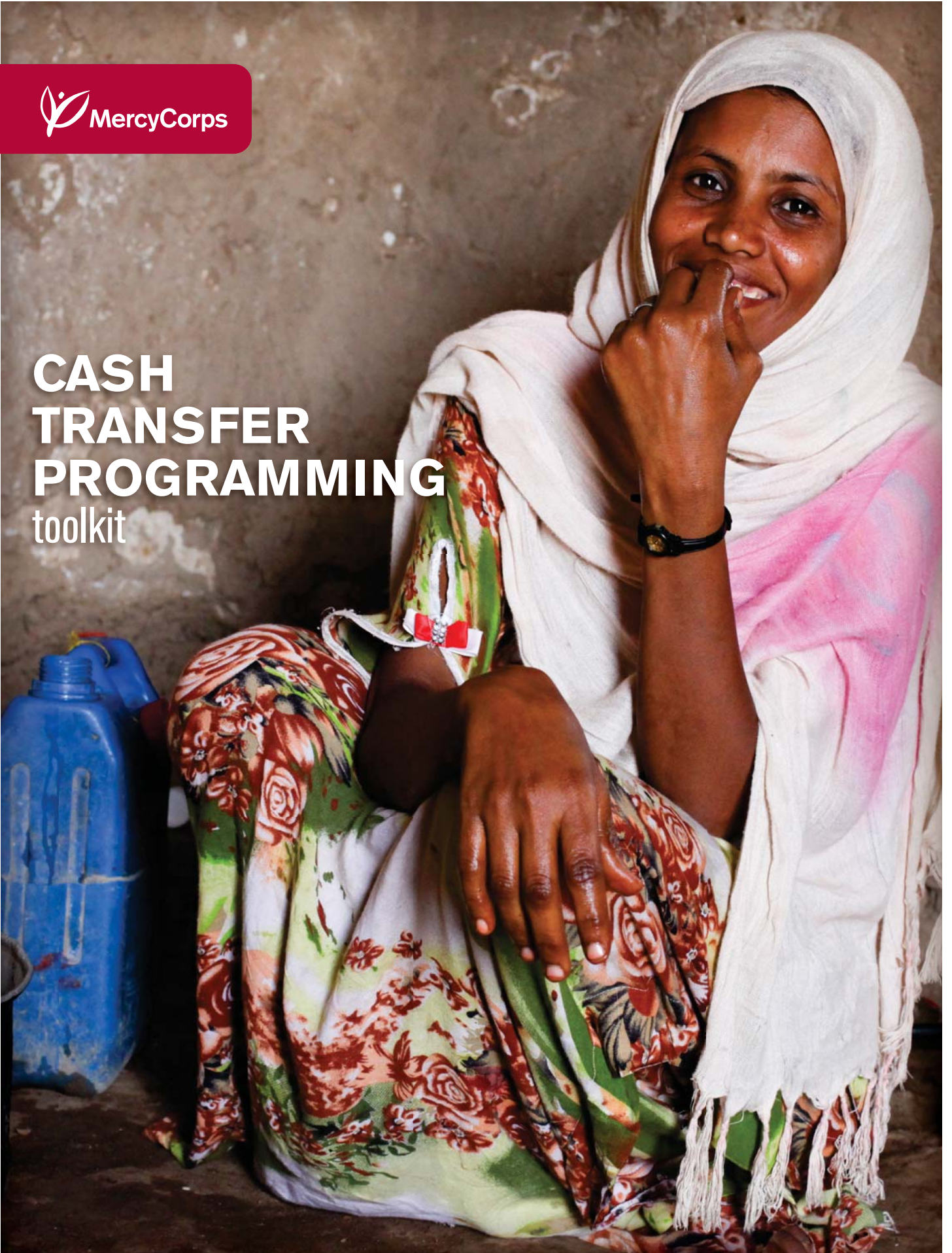


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Tools and Templates

Cash-for-Work Implementation Guide: *coming soon*
Tools and Templates

Voucher and Fair Implementation Guide: <https://mcdl.mercycorps.org/gsd/docs/VoucherFairGuide.pdf>
Tools and Templates

E-Transfer Implementation Guide: <https://mcdl.mercycorps.org/gsd/docs/E-TransferGuideAllAnnexes.pdf>
Tools and Templates

LIST OF ACRONYMS

CaLP – Cash Learning Partnership

CCT – Conditional Cash Transfer

CFW – Cash-for-Work

CTP – Cash Transfer Programming

ECHO – Humanitarian Aid and Civil Protection Department of the European Commission

EMMA – Emergency Market Mapping Analysis Toolkit

M&E – Monitoring and Evaluation

MIFIRA – Market Information and Food Insecurity Response Analysis

MFI – Microfinance Institution

OFDA – Office of Foreign Disaster Assistance, USAID

RAM – Rapid Assessment for Markets

SMS – Short Message Service

TSU – Technical Support Unit at Mercy Corps

UCT – Unconditional Cash Transfer

UN – United Nations

USAID – United States Aid for International Development

WASH – Water, Sanitation, and Hygiene

WFP – World Food Programme

INTRODUCTION TO THE CASH TRANSFER PROGRAMMING TOOLKIT

PURPOSE OF THE TOOLKIT

The Cash Transfer Programming (CTP) Toolkit is a basic guide to cash transfer programming in emergency response and early recovery settings. It aligns with Mercy Corps' Vision for Change¹ and Program Management Manual² and is based upon best practices and practical experience. The CTP Toolkit, however, cannot address every potential situation or programmatic response. Specifically, it does not cover the use of cash as a social safety net, in private sector development, or in financial services payments and subsidies. Rather, this Toolkit provides general guidance for CTP, as well as rationales and best practices relevant to the different types of cash transfers.

We anticipate this Toolkit will be used by field and HQ-based team members who are designing and/or implementing CTP in emergency or early recovery settings. It has been written for those with limited or no CTP experience.

HOW TO USE THE TOOLKIT

The Toolkit is composed of:

- **PART I: Cash Transfer Methodology Guide**
An introduction to rationales and best practices related to CTP. *It is strongly recommended that you read this Methodology Guide before using any of the Implementation Guides.*
- **PART II: Implementation Guides**
Four Implementation Guides, separated by methodology type, designed to guide program implementation. They include tools and templates developed and tested for easy adaptation by field teams. They are:
 - Cash Transfer Implementation Guide – *coming soon*
 - Cash-for-Work Implementation Guide – *coming soon*
 - Voucher and Fair Implementation Guide <https://mcdl.mercycorps.org/gsd/ docs/ VoucherFairGuide.pdf>
 - E-Transfer Implementation Guide <https://mcdl.mercycorps.org/gsd/ docs/ E- TransferGuideAllAnnexes.pdf>

A NOTE ON TERMINOLOGY

For the purpose of this Toolkit, the term “cash transfer programming” (and the abbreviation “CTP”) describes all the various mechanisms of cash transfers, including cash-for-work and vouchers, used to implement programs. While cash transfer is a methodology used to achieve program goals – not a program aim itself – the term “cash transfer programming” has been widely adopted as the overall description for any use of these mechanisms in field programs.

1 “Introducing Mercy Corps' Vision for Change,” Mercy Corps' Digital Library, <https://mcdl.mercycorps.org/gsd/ docs/ IntroV4Conepager.doc>.

2 “Program Management Manual,” Mercy Corps' Digital Library, <https://mcdl.mercycorps.org/gsd/ docs/ ProgramManagementManualPMM.pdf>.

PART I: CASH TRANSFER PROGRAMMING METHODOLOGY GUIDE



CHAPTER 1: CASH TRANSFER PROGRAMMING BASICS

WHAT IS CTP?

Cash transfer programming (CTP) refers to all programs where cash (or vouchers for goods or services) is directly provided to program participants. It is an approach that builds upon linkages, capacities, incentives and relationships to encourage effective market recovery. CTP is a mechanism for delivering assistance; it is not a sector or program on its own. CTP may be designed with longer-term development aims, such as large-scale, state-sponsored cash transfer programs. In this Toolkit, however, we focus on the use of CTP in emergency response and early recovery.

In the right context – when local markets are functioning and able to meet demand – cash transfers can serve as an appropriate and powerful alternative to direct distributions of food and non-food items (also known as in-kind assistance.) CTP can also be a more dignified and flexible form of assistance, since program participants have the freedom to choose what they need. All types of cash transfers have the following overarching aim: to deliver timely and cost-effective assistance to crisis-affected populations, while at the same time supporting the local economy.³ How they do this is determined by the type of CTP used, its value, the way it is transferred (disbursement mechanism), and the frequency and duration of transfers.

CTP may serve as the starting point for a series of interventions or as a step in economic recovery and development. Different types of CTP can be implemented together (e.g., cash-for-work and direct cash transfers) or in tandem with other types of programming (e.g., direct cash transfers complementing food aid distribution).

3 "What We Do," The Cash Learning Partnership (CaLP), <http://www.cashlearning.org/overview/what-we-do-overview>.

Well-designed and appropriate CTP aligns with Mercy Corps' Vision for Change and Market Development Strategic Principles⁴ by:

- Meeting basic needs, which can often help jumpstart early recovery for households.
- Leveraging the private sector as part of emergency response.
- Working with local vendors to minimize market distortions.

CTP ADVANTAGES/DISADVANTAGES

Mercy Corps' experience implementing CTP for nearly a decade has demonstrated that cash can be a powerful tool for recovery (Annex F: Capacity Statements). Since 2005, CTP has gained tremendous momentum across the humanitarian sector, becoming a standard methodology for emergency response and recovery efforts. As one practitioner commented, "The discussion is no longer about whether cash transfer programming is a legitimate intervention type, but about how best to use cash assistance."⁵ For a more thorough introduction to the history of CTP and approaches, read The Humanitarian Practice Network's Good Practice Review, "Cash Transfer Programming in Emergencies."⁶ Additional cash transfer programming resources can be found in Annex C: External Resources.

The table below lists some advantages of CTP in emergency response and early recovery settings. Not all advantages will be true in each case of CTP.

Potential ADVANTAGES of Cash Transfer Programming
<ul style="list-style-type: none"> • Flexible and Dignified: Cash is a flexible resource that allows people to spend money according to their needs and priorities; CTP can help people regain a sense of control. Some forms of CTP (e.g., e-transfers) can be distributed discreetly, allowing for greater dignity and personal security.
<ul style="list-style-type: none"> • Rapid: Some forms of CTP can be implemented relatively quickly and is not reliant on logistics-heavy systems.
<ul style="list-style-type: none"> • Economic Recovery/Multiplier Effect: Cash can stimulate recovery by creating short-term income flows and increasing consumer purchasing power. In turn, this supports trade and rebuilds market linkages; increases access to goods and services; and supports local businesses, spurring early recovery for the whole area, rather than just the target households.
<ul style="list-style-type: none"> • Inclusive: CTP can involve large numbers of the affected population. It can be designed to encourage the integration and participation of women, youth and/or marginalized groups.
<ul style="list-style-type: none"> • Cost-Effective: CTP may be a more efficient allocation of resources for both agency and program participant. Distribution costs for CTP are usually lower than those for food or non-food items. Transfers of cash also eliminate the possibility that program participant re-sell distributed items to buy preferred goods and services.
<ul style="list-style-type: none"> • Protects Assets/Reduces Debt: CTP may prevent asset depletion or debt accumulation that can result from the financial pressures caused by emergencies.

4 "Market-Driven' Strategic Principles," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/MarketDrivenStrategicPrinciples.pdf>.

5 Eric Johnson, "More than 'just another tool': a report on the Copenhagen Cash and Risk Conference," in *Humanitarian Exchange Magazine* 54 (London: Overseas Development Institute, May 2012), 5.

6 Paul Harvey and Sarah Bailey, "Cash Transfer Programming in Emergencies," in *Good Practice Review* 11 (London: Overseas Development Institute: June 2011). *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/CashTransfersEmergenciesHPN2011.pdf>.

Despite these strong advantages, there are some disadvantages to CTP. Some are unchangeable facts; for instance, you cannot successfully implement CTP in communities that rely on barter, rather than cash, or where there is no functioning market. Others are concerns that can be assessed and mitigated at the design phase and during program monitoring and evaluation. The following table lists some potential disadvantages to CTP. (Some of these disadvantages may also be true for in-kind distributions.)

Potential DISADVANTAGES of Cash Transfer Programming
<ul style="list-style-type: none"> • Market Economy Concerns: CTP can only be implemented in cash-based economies. In markets with a limited supply of goods or services, an influx of cash may lead to inflation, price distortions or shortages of key items if supply cannot meet demand.
<ul style="list-style-type: none"> • Financial Mismanagement and Corruption: There is a potential for exploitation and diversion of funds by more powerful people. Cash can be diverted to illegal activities more easily than directly distributed items, which must first be converted to cash.
<ul style="list-style-type: none"> • Negative Influence on Local Culture: Cash may interfere with traditional responses to community needs or volunteerism. In cultures where it is typical for men to control financial resources and women to control food resources, the use of cash may exacerbate power divisions. Cash may also be used to purchase “anti-social” goods such as alcohol or cigarettes.
<ul style="list-style-type: none"> • Security Risks: CTP may create safety and security risks (e.g., violence, extortion, “taxes”) for both the implementing agency and/or the program participant.
<ul style="list-style-type: none"> • Exploitation: Power is unequally distributed in all the communities in which we work, creating situations where certain people are dependent upon others. Unfortunately, some choose to abuse this power over others, which is the root cause of forms of violence like exploitation. Exploitation happens when people in power⁷ (e.g., cash-for-work supervisors, community leaders, vendors and even program staff) use their position to demand favors or certain behaviors (sexual or otherwise) from less powerful groups or individuals. Exploitation can occur any time resources are introduced into a community, but with the greater desirability of cash, it may be of particular concern.⁸

As with any intervention, negative consequences can arise if CTP is implemented incorrectly, either in the wrong context or with too little thought paid to the issues highlighted above. In “Assessment and Analysis” (Chapter 2), we will cover specific assessments and analyses you should use to determine whether CTP is the right approach for your context and to inform your program design. In “Determining the Disbursement Mechanism” (Chapter 2) and “Gender” and “Youth” (Chapter 3), we will address some other ways to mitigate the risks described above.

7 Here, “power” is defined as the ability of one person or group to influence the access or control of resources and/or decisions of another person or group.
 8 For more information on exploitation and gender-based violence, see Chapter 4 of Mercy Corps’ Gender Procedures: “Gender Procedures: Policy in Action,” Mercy Corps’ Digital Library, <https://mcdi.mercycorps.org/gsd/docs/GenderProcedures.pdf>

TYPES OF CTP

The type of CTP you choose should be based upon your program's objective. More than one type of transfer may be used in the same program or may be combined with in-kind assistance. The primary types of CTP are **cash transfers** (conditional and unconditional); **cash-for-work** (a type of conditional cash transfer); and **vouchers** (cash, restricted cash, and commodity), which are sometimes paired with **fairs**. **E-transfers**, also described below, are a *mechanism* for transferring cash and may be used in cash transfer, cash-for-work or voucher programs.

Cash Transfers

Cash transfers⁹ are direct payments of money to a recipient. They may be paid directly by Mercy Corps or through a third party intermediary, such as a bank. Cash transfers come in two forms: **unconditional**, meaning the recipient receives the cash simply by qualifying as a program participant within the program's scope, or **conditional**, meaning the recipient must do something to receive the cash. Which type of cash transfer you select will be related to your program's overall objective.

Unconditional cash transfers (UCTs) are given to recipients without any requirements. While agencies typically have an idea of how the money will be spent by recipients, UCTs allow program participants to choose exactly which purchases are most critical to them, and where and when they want to spend the money. It is often assumed that UCTs will be used to purchase goods to cover basic needs, but occasionally program participants will use them to repay debt and/or to make livelihoods investments. Frequency of payment and/or the amount of the cash transfer can influence how UCTs are spent: one-time, larger transfers are often spent on rebuilding/recovering livelihoods, whereas multiple, smaller transfers are often used to cover basic household needs like food, medicine and clothing. Alongside their flexibility, *the ease of using UCTs for program participants and the straightforward implementation methodology make them Mercy Corps' preferred type of cash transfer.*



Niger – Cassandra Nelson/Mercy Corps

Program Profile:

Unconditional Cash Transfers (UCTs)

Mercy Corps Niger, in partnership with four US and European Foundations, implemented "Responding to the Food Crisis in Niger" (PROSAZ) from May 2012 through July 2013. The program was designed to enhance food security, economic resilience and economic recovery for vulnerable households in Ouallam, one of the areas suffering most from the slow onset food crisis. Late rains and damage from insects at the end of 2011 left 70%-100% of farmers with no crops to harvest. Those events exacerbated an already-deteriorating food security situation, which had affected over 6.5 million in the country. In addition to activities aimed at restoring livestock assets, PROSAZ was designed to provide both UCTs and cash-for-work (CFW) activities to help 1,800 of the most vulnerable individuals meet

basic needs. CFW activities were implemented at the start of the program. However, due to a national law banning CFW activities during the growing season, remaining CFW funds were

⁹ Mercy Corps has adopted the term "cash transfer" to align our terminology with US government rules and regulations. "Transfers" are given to individuals, and "grants" are given to institutions or groups for a public purpose. You may see this type of programming referred to as "cash grants" by others.

redirected to UCTs. Ultimately, over USD 140,000 was transferred to program participants, with households receiving an average of USD 114 per month. Evaluation results demonstrated the additional cash increased households' access to food by 23%; 100% of respondents' daily food consumption increased from two meals per day to three meals per day. The cash injection helped participating households meet nutritional needs during the lean season and positively impacted their ability to initiate fieldwork for the 2013 agricultural season.

Conditional cash transfers (CCTs) are typically used to promote a certain type of behavior or to encourage an event (e.g., they may be tied to pastoral destocking or to rebuilding a home destroyed in an earthquake). Program participants must complete certain tasks – “conditions” – to receive the money. Once they have met these conditions, they are free to spend their money in any way they choose.

Often, CCTs will be given in tranches to mark progress toward the ultimate goal. Because the conditions always need to be verified by the implementing agency, CCTs may also create additional burdens for program participants (in time) and for the implementing agency (in time and costs). Because of this, CCTs should be used with clear justification. It is also not recommended to use CCTs in the immediate aftermath of a crisis when it is critical that people quickly access food, temporary shelter and other basic needs.



South Sudan – Cassandra Nelson/Mercy Corps

Program Profile:

Conditional Cash Transfers (CCTs)

In 2011, armed conflict in the Abyei Administrative Area (a disputed area between Sudan and South Sudan) caused the displacement of over 110,000 people. Displaced households lost both food stores and the income from their harvest as they sought safety elsewhere. Those who remained in the area saw many of their harvests destroyed by flooding that September. Mercy Corps' Market-Oriented Rehabilitation of Agricultural Livelihoods (MORAL), funded by ECHO, aimed to address these food security issues by supporting 750 households through a hunger gap which had doubled in length

due to conflict and flooding. To complement World Food Programme (WFP) rations covering 50% of households' daily food needs, MORAL distributed CCTs to help program participants meet additional needs without selling their food aid to do so. Households were required to attend financial literacy training as a condition of receiving the transfer; the condition was built into the program to encourage efficient management of resources during an extended hunger gap. After the first transfer, 95% of households interviewed purchased sorghum. After the second transfer, only 56% of households did, demonstrating how – as the transfers continued – household priorities shifted from food to items such as clothing, shoes, small livestock and shelter. Forty-seven percent of households were even able to save a portion of the transfer, which increased resilience against future shocks.

It is important to emphasize that cash transfers to individuals, households or business owners – like those described above – are not the same as sub-grants or sub-awards to institutions. Donor compliance requirements and areas of concern applicable to each type of CTP are sometimes significantly different. Please refer to the Cash Transfer Implementation Guide for additional guidance.

Cash-For-Work

Cash-for-Work (CFW) pays program participants for unskilled and skilled labor performed on projects that build or repair community assets or infrastructure.¹⁰ Because payment is only received after a participant has completed work, CFW is often considered a type of conditional cash transfer (the “condition” being completion of the work). Program participation is usually restricted to time-bound cycles (e.g., four to six weeks) and payment for work on a CFW program can be made in the form of cash, vouchers (if necessary) or e-transfers. CFW is not a jobs-creation or livelihoods program. (See the text box, “How Does CFW Differ from Livelihoods Programming?”). Its aim is to provide consistent short-term wages to a targeted group of vulnerable, crisis-affected households when they are not actively employed in other activities. CFW was originally designed to alleviate the psychological burden and boredom of people displaced from their homes after an emergency, empowering them to take charge of their own recovery. CFW should be used when a program has additional aims to restore community assets and infrastructure or to keep affected populations engaged in recovery.

Care needs to be taken in setting appropriate CFW wages to avoid diverting labor from local needs (such as agricultural work) or distorting local wages. It is also important to determine how best to include households who are unable to participate in CFW (due to injury, immobility, etc.) so they are not excluded from benefits. To do this, CFW programs are often integrated with a cash transfer component: program participants who can physically work participate in CFW, while households unable to participate in CFW activities are provided UCTs. For specific guidelines around implementing CFW programs, please see the Cash-for-Work Implementation Guide.



Pakistan – Julie Denesha for Mercy Corps

Program Profile: **Cash-for-Work (CFW)**

Over 20 million people in Pakistan were displaced in 2010, when heavy rains flooded one-fifth of the country. With USD 5 million from USAID’s Office of Foreign Disaster Assistance (OFDA), Mercy Corps implemented a CFW program for 12 months with 27,500 participants in five districts. Laborers worked an average of 42 days (two cycles of 21 days each) to restore community infrastructure damaged by the floods. Projects included repairing roads to provide access to markets, fixing irrigation canals and constructing flood retention walls. Female participants were given culturally-appropriate work like repairing and cleaning schools and community meeting halls so they could also benefit from the program. (See “Gender” in Chapter 3 for additional information.)

¹⁰ Some donors may fund projects targeting private assets, but this is the exception rather than the rule.

How Does CFW Differ from Livelihoods Programming?

CFW is not livelihoods programming; it is humanitarian relief. Generally, it is used as a temporary labor project to rebuild or repair public infrastructure destroyed or damaged during a crisis. In the case of refugee camps, it can also be used in the short term to clear the land for tents, dig trenches and latrines, provide daycare, serve food or other similar activities. The objective of CFW is to provide income to program participants while keeping them active and to rebuild or repair critical community infrastructure. In general, CFW is not used for more than three to six months. In some extreme cases, however, Mercy Corps has implemented CFW programs for up to one year. Even when used for lengthy periods in places facing chronic vulnerability – such as Afghanistan – CFW is still considered a form of humanitarian assistance.

This contrasts with livelihoods programming, which is typically a longer-term, development intervention. Livelihoods are the economic activities people undertake to support themselves and their families. For instance, a farmer's livelihood is growing crops and selling the harvest. Programs targeting livelihoods creation/strengthening are typically lengthy programs that require complex interventions to influence the ways in which people generate income. During a crisis, programs can work toward *livelihoods recovery*; typically, this is achieved by restoring assets destroyed or damaged during a crisis, facilitating access to finance, restarting businesses and rebuilding market linkages. CFW, however, does not build or create livelihoods; rather it is a temporary solution to provide short-term income and activity until livelihoods can be restored or recovered.

Vouchers

A voucher is a piece of paper or an electronic coupon that can be exchanged for goods or services. (See the photo to the right.) Vouchers allow program participants to purchase commodities or services from participating vendors without the use of cash. Typically, they are chosen when an implementing agency has concerns over the handling of cash (for reasons of security, corruption or diversion) or when a program is designed to increase access to a specific set of goods or services (e.g., to promote the repair of damaged houses by directing the purchase of building materials). Vouchers require significantly more administrative steps than UCTs, including design and printing costs, vendor selection, vendor training and voucher reconciliation. As such, they should only be used where there is a clear programmatic reason for doing so. Vouchers come in three forms, **cash vouchers**¹¹, **restricted cash vouchers**¹², and **commodity vouchers**.



Japan — Carol Skowron/Mercy Corps

Cash vouchers provide access to nearly any identified good or service from a vendor participating in the program. A recipient is given a voucher equivalent to a certain amount of cash, which s/he can spend at any pre-approved vendor. Usually, participating vendors are selected according to predetermined program criteria. Occasionally, if the market is small enough, participating vendors may include all vendors in the market.

11 Cash vouchers are also often referred to as “value vouchers,” and the terms are synonymous. For the purposes of this Toolkit, we have chosen to use “cash voucher.”

12 Mercy Corps has adopted the term “restricted cash vouchers” to refer to this hybrid between cash and commodity vouchers. It is not an industry standard.

Typically, a voucher must be spent out within a certain time period before becoming invalid (often referred to as the “redemption period.”)



Mali – Mercy Corps

Program Profile:
Cash Vouchers

In 2012, Mercy Corps Mali worked to meet emergency food needs and build resilience through a one-year cash voucher program targeting 12,000 of the most vulnerable individuals in the Ansongo District of the Gao region. The OFDA-funded “Response to Food Security Needs in Northern Mali” was proposed in response to the political instability that had exacerbated existing food insecurity. Vouchers were selected because of the lack of operational banking infrastructure in Gao and the area’s insecurity. Vouchers were also a means to incentivize vendors to increase

their activities in the target area. Vouchers were printed in neighboring Niger to minimize fraud and could be used to purchase any goods (excluding cigarettes and alcohol) sold by the 18 participating vendors. They were provided in small denominations to allow program participants to make and carry smaller purchases. Through ongoing monitoring, program staff found that 95% of vouchers were used for the purchase of food.

Restricted cash vouchers allow program participants to purchase a combination of commodities or services listed on the voucher, up to the amount of that voucher (e.g., choose between any combination of rice, lentils, and cooking oil, with the total not to exceed USD 25). Restricted cash vouchers can be used when an agency wants to increase participants’ choice within a specific set of goods or services.



Iraq – Rasht Twana for Mercy Corps

Program Profile:
Restricted Cash Vouchers

In 2014, Mercy Corps Iraq began implementation of an ECHO-funded program designed to provide winterization assistance to Syrian refugees and host families in Erbil City, Iraq. The one-year program, reaching 5,694 individuals, distributed vouchers worth USD 312 to facilitate purchases from a list of 20 hygiene and shelter-related items. Seven vendors were selected for participation in the program, based upon location, payment, and restocking criteria. Post-distribution monitoring confirmed that 92% of program participants felt the purchases met their needs. Twenty-one percent of participants also spent their own money at vendors’ shops, an unplanned and positive outcome for participating vendors.

Commodity vouchers provide recipients access to pre-defined commodities or services that can be exchanged at any vendor participating in the program, or at specially-arranged fairs. This type of voucher offers control over the purchase of items and is used when there is a programmatic reason to restrict purchases to a specific, identified group of items. For example, a program working to improve nutritional intake among participants might provide vouchers for high-caloric foods like meat, dairy and vegetables. Commodity vouchers are more complicated to set up and monitor than cash vouchers because participating vendors must sell the chosen items and those purchases must be monitored. This additional monitoring will increase demands on program and finance staff.



Yemen – Cassandra Nelson/Mercy Corps

Program Profile:
Commodity Vouchers

Mercy Corps Yemen implemented a commodity voucher program for the purchase of food in three districts in an effort to combat food insecurity, severe malnutrition and asset depletion as a result of the political and economic shocks to the country. The 15-month Taiz Emergency Food Program (TEFP), funded by USAID’s Food for Peace, began implementation in April 2012. The program benefited 8,965 of the most vulnerable households (those with children under five years old, female-headed households and families with pregnant and/or lactating women). While market conditions were deemed favorable for implementation of UCTs, Mercy Corps opted to implement a voucher program because of the high proportion of household income spent

on *qat*, a recreational amphetamine (drug), the inability to mitigate against these purchases and the security threats associated with a visible cash transfer program. Food vouchers were designed to meet 30% of the households’ monthly caloric needs through the purchase of wheat flour, kidney beans, rice and oil. Female participants were given the option to exchange vouchers directly or through intermediaries (such as a designated male family member or trusted community leader). Vouchers were produced outside Yemen to avoid counterfeiting and fraud. Vendors redeemed program participants’ vouchers for payment at Yemen Post (the national postal service), which enabled vendors to easily access payment and reduced Mercy Corps’ security concerns around transporting large amounts of cash.

Because vouchers automatically limit choice – through the selection of participating vendors and/or the commodities available for purchase – it is critical that a strong programmatic justification exists for using them. For successful implementation of a voucher program, it is important to have a sufficient number of vendors participating, both to provide adequate quantity and range of commodities and to avoid price fixing amongst vendors. This is also important from an exploitation perspective: if only one or two vendors participate, they may agree to discriminate against a particular group by requiring that group to pay extra or provide favors. To solicit participation from a sufficient number of vendors, sensitization efforts may also be required to convince them to participate. In general, vendors will participate if they trust the redemption system and if payment is quick.¹³

13 Harvey and Bailey, 98.

Fairs can be used within a voucher program to provide a common location to exchange vouchers outside of an existing market or local trading system. Fairs bring together formal and informal traders to supply needed goods and provide competitive prices, quality and quantity. Often, fairs are used to increase the target population's access to goods. Vendors are generally from nearby markets, but fairs can also be used to introduce new vendors to local markets, as well as to cultivate new linkages between vendors and wholesalers.



Ethiopia – Erin Gray/Mercy Corps

Program Profile:

Seed Fairs

Mercy Corps Ethiopia implemented a series of seed and trade fairs as a part of the Revitalizing Agricultural/Pastoral Incomes and New Markets (RAIN) program, a five-year, OFDA-funded program. Farmers and agro-pastoralists were in need of immediate assistance to recover from the global increase in food prices and the climatic shocks that plagued their region. A seed fair was designed to help farmers obtain better-quality seeds for planting through a voucher system. Over the course of the program, 24,000 individuals participated in seed and trade fairs arranged through RAIN. Program participants noted

that seeds planted from the fairs yielded greater harvests, improving the nutritional status of their children and allowing them to feed more household members.¹⁴

For additional information on voucher programs and fairs, please see the Voucher and Fair Implementation Guide.

E-Transfers

E-transfers (electronic transfers) are a disbursement mechanism (a method for paying people) rather than a separate type of CTP. E-transfers include access to cash through mobile money, to goods/services through mobile vouchers, or to payments made via smart cards (ATM, credit or debit cards). This rapidly changing sub-set of CTP has some exciting advantages: it can be more discreet for program participants (in contrast to public queuing), and it can increase efficiency, safety and cost-effectiveness for the implementing agency. However, e-transfers can present obstacles due to their dependence on electricity and mobile networks. They can also require higher levels of literacy/numeracy than conventional transfer mechanisms. Special attention should be paid to vulnerable groups (e.g., elderly, illiterate populations, women) to ensure their participation and security when designing a program using e-transfers.

Because e-transfers have different set-up requirements and abide by different regulations, we have created the E-Transfer Implementation Guide¹⁵ to assist field teams in their use. To understand the fundamentals of CTP implementation, please read the relevant Implementation Guide (cash transfer, voucher or CFW) first. CaLP has also recently released “E-transfers in Emergencies: Implementation Support Guidelines”¹⁶ to aid agencies using digital payment systems.

14 Emma Proud, email to authors, September 12, 2013.

15 The E-transfer Implementation Guide, Mercy Corps Digital Library, <https://mcdl.mercycorps.org/gsd/docs/E-TransferGuideAllAnnexes.pdf>.

16 Koko Sossouvi, “E-Transfers in Emergencies: Implementation Support Guidelines,” (Oxford: CaLP 2013), <http://www.cashlearning.org/resources/library/390-e-transfers-in-emergencies-implementation-support-guidelines>



Nepal – Suraj Shakya for Mercy Corps

Program Profile:

E-Transfers (Mobile Vouchers)

Mercy Corps Nepal was the host of Phase I of the Electronic Voucher Assistance (ELEVATE) pilot project to test the speed, security and cost-effectiveness of mobile voucher solutions in CTP. Funded by MasterCard, Phase I was implemented in early 2013 using two mobile voucher platforms, an SMS voucher and a smartphone voucher. A test population of 129 vulnerable urban Nepalese and six vendors processed 228 vouchers worth USD 7,750 during the pilot project. Results demonstrated that replacing paper vouchers with mobile

systems improved transparency and significantly reduced staff time required for printing, distributing and processing paper vouchers. The web-based smartphone voucher was the preferred technology, with much fewer errors rates and the possibility of real-time reporting on voucher reimbursement. Illiterate and innumerate program participants, however, faced hurdles in using the new technologies, and many required “helpers” to process personal identification numbers (PINs) and/or assist with touch-screen use. Helpers assisted in 89% of observed SMS transactions and 37% of observed smartphone transactions.

CHAPTER 2:

CASH TRANSFER PROGRAMMING IDENTIFICATION AND DESIGN

With a basic understanding of CTP, as well as the types available, we can move to concrete recommendations for identifying and designing CTP. In this chapter, we will cover:

- How to decide whether CTP is an option.
- What assessments and analyses are critical to CTP design.
- Developing the program logic.

Please remember that while we have done our best to cover each topic in logical progression, many assessments and analyses activities we highlight here will happen throughout the life of your program. The order in which they occur – and how frequently they will be repeated and their assumptions verified – will be significantly influenced by how familiar you are with your target population and area; how much time, money and staff you can commit to carrying out these assessments and analyzing their results; and the type of monitoring plan you have built into your program.

For general guidance on program identification and design, please review Chapter 3 in Mercy Corps' Program Management Manual.¹⁷

IDENTIFY PROGRAM IDEAS: When to Use CTP

“While some environments are clearly more conducive than others, there is no prima facie reason why cash cannot be used wherever there is an emergency response.”¹⁸

Your first step, naturally, is to gather enough information to determine whether a cash intervention is an option in your particular context. Later, you will complete more in-depth assessments and analyses to determine what type of CTP is most appropriate. Before you spend valuable time and money conducting these assessments, however, it is important to make sure that certain fundamental conditions are in place for the successful implementation of CTP. Typically, this can be achieved by carrying out a simple, rapid market assessment. The process can be as basic as a two-hour conversation with vendors at the local market: Are shops open? Are they stocked with items? How easy has it been for vendors to resupply? Are the roads to markets accessible and safe?

As you consider your particular context, you will need to keep some fundamental conditions in mind. The table below illustrates favorable and unfavorable conditions to CTP implementation in an emergency setting, in early recovery or in places facing chronic vulnerability. Often, these favorable conditions are referred to as “preconditions” for CTP.

¹⁷ “Program Management Manual,” <https://mcdl.mercycorps.org/gsd/docs/ProgramManagementManualPMM.pdf>.

¹⁸ Harvey and Bailey, 15.

CTP is usually appropriate if:	CTP is usually NOT appropriate if:
<ul style="list-style-type: none"> A functioning market for essential goods and services existed prior to the emergency. While it may not have been a fully ideal or equitable market, as long as it was able to meet demand, it would function for the purposes of an initial CTP response. 	<ul style="list-style-type: none"> There are no accessible or functioning markets. In this case, food or non-food item distribution may be more suitable until markets can be restored.
<ul style="list-style-type: none"> A shock has resulted in a decline in food sources and income. The result is that people are no longer able to meet their basic needs or are adopting short-term coping strategies that are damaging to their long-term livelihoods, assets and/or dignity. 	<ul style="list-style-type: none"> Supply routes or lines have been diminished or cut and traders are no longer able to provide sufficient supply to meet local demand.
<ul style="list-style-type: none"> Sufficient food supplies and/or essential goods are available locally or regionally to meet immediate needs. 	<ul style="list-style-type: none"> There is a food shortage in local markets. If this is the case, direct distribution of food might be required until local markets and stocks are restored. In acute emergencies, in-kind, life-saving relief items may be required.
<ul style="list-style-type: none"> Markets are physically accessible and safe to access. 	<ul style="list-style-type: none"> The target population operates in a non-cash based society (e.g., barter system).
<ul style="list-style-type: none"> Cash is used by the target population and can be delivered safely and effectively. 	<ul style="list-style-type: none"> The level and impact of political instability and/or corruption is such that cash transfers could exacerbate violence, put beneficiaries at risk or not be tracked transparently.

ANALYZE FUNDING OPPORTUNITIES: Donors Supporting CTP

Institutional and private donor support for CTP has increased dramatically in the last decade. In 2007, 20% of ECHO-funded NGO projects included a cash component. By 2010, that number had risen to 40%.¹⁹ The US, the world's largest government donor to CTP, gave USD 97.7M alone in 2010 to CTP, with the largest portion split between voucher programs and CFW.²⁰ Despite the growing trend of support to CTP, it is important to assess your local setting. Are donors supportive of CTP, and have they funded it in the past? What, if any, constraints do they place on this type of intervention? Each donor also has a slightly different structure and language for CTP, so be aware and design your intervention accordingly. For a list of major CTP donors, please see Annex D: Donors Supporting CTP.

¹⁹ Johnson, 5.

²⁰ "Tracking Spending on Cash Transfer Programming," *Global Humanitarian Assistance*,

<http://www.globalhumanitarianassistance.org/report/tracking-spending-on-cash-transfer-programming-in-a-humanitarian-context>.

Interestingly, CTP is still only a small proportion of their overall humanitarian spending: from 2007-2011, only 1.3% of the US's total humanitarian aid was directed towards CTP.

To aid in raising awareness or to advocate with donors for the use of cash, the Cash Learning Partnership (CaLP) has created a quick guide to field advocacy for CTP, "Making the Case for Cash."²¹

ASSESSMENT AND ANALYSIS

At this stage, you have conducted your initial scan and have a general sense that CTP may be a viable option. You have also confirmed that the donors in your area typically fund CTP. Now, what do you do?

In this section, we will take you through the four critical assessments and analyses that are instrumental for choosing *which type* of CTP may be most appropriate in your context. Although CTP can be a great tool in emergency and recovery response, it is not *always* the right one. The **needs** and **market assessments** – as well as analyses of **security** and **governance and social dynamics** – will help you uncover the range of CTP responses appropriate to your scenario.

Many of these assessments and analyses take place at the same time. Team members will need to conduct surveys with households, vendors and others to carry out the needs and market assessments. To complete the analyses of security and governance and social dynamics, it is advantageous for teams to hold a preliminary discussion on what is already known. Following this, teams should carry out additional data collection to fill in gaps in knowledge and/or to verify or challenge assumptions. This data collection step can often be completed by adding questions to the needs or market assessment household surveys.

Needs Assessment

Your first step in evaluating opportunities for CTP is to conduct a needs assessment. A needs assessment is a systematic process for determining the gaps between current conditions and desired conditions. With regards to CTP, it is used to understand the most urgent needs of your target population – food, shelter, clothing, medical care, etc. – and the population's ability to meet those needs.

Based upon your local context and constraints (road conditions, availability of staff, security, vehicles, etc.), it could take as little as two days to complete a needs assessment in an emergency situation. If you know very little about the context – or your situation allows for more in-depth analysis – a longer assessment may be necessary.

The needs assessment is critical to ensure the design of your program is appropriate. The amount you provide, and how and to whom you provide it, is based upon the results of your needs assessment. Below are some key questions to answer in a needs assessment, their implications and some methods, tools and resources that may be used in gathering this information. The questions below are meant to guide teams' discussions; they are not the specific questions you would ask during an assessment survey.

A selection of needs assessment tools can be found in Annex H: Assessment/Analysis Tools.

21 "Making the Case for Cash: A Quick Guide to Field Advocacy in Cash Transfer Programming," CaLP, (Oxford: CaLP, July 2011), <http://www.cashlearning.org/resources/library/30-making-the-case-for-cash-a-field-guide-to-advocacy-for-cash-transfer-programming-screen-version>

NEEDS²⁰

Key Questions	Implications
<ul style="list-style-type: none"> • What was the impact of the shock on food and income sources, or on other assets essential to community survival and livelihoods? Have different groups (age, sex, ethnicity, etc.) been affected in different ways? For example, is there a sudden increase in female-headed households? 	<ul style="list-style-type: none"> • Determines the degree of damage and needs of the people in the affected area. Different groups in the same area may have different needs, which may affect program design.
<ul style="list-style-type: none"> • Does the target population currently have sufficient funds/income to adequately meet their food and other basic needs? Are people currently working either in their normal livelihood or an alternative one? 	<ul style="list-style-type: none"> • Shows whether people require additional assistance through CTP, and whether CFW may risk pulling people away from their traditional livelihoods.
<ul style="list-style-type: none"> • What strategies are different groups of people using to cope with food or income insecurity? What impact do these have on livelihoods and dignity? Has there been an increase in migration, child marriage or prostitution? 	<ul style="list-style-type: none"> • Shows what coping mechanisms (positive and negative) for emergencies already exist and helps gauge their effectiveness.
<ul style="list-style-type: none"> • What are people likely to spend cash on? What are the top priorities for the target population? Do they have a preference for cash or in-kind assistance? 	<ul style="list-style-type: none"> • Determines whether cash distribution would be appropriate and desired by the targeted population.

Methods/Tools/Resources

- Key informant (semi-structured) interviews with a wide range of stakeholders such as households, private sector, government, NGOs.
- Review of existing literature from government agencies or other organizations operating in the field.
- Seasonal calendars disaggregated by sex and age. (It may also be necessary to disaggregate by other community divisions.)
- Coping Strategies Index.
- Household expenditure profiles.
- Interviews and focus-group discussions with producers, vendors and household members conducted with each gender separately, as men and women may have different priorities.

Market Assessment

In addition to a needs assessment, you will also need to conduct a rapid market assessment. If staffing and

²² Key questions within this and the following tables were adapted from Pantaleo Creti and Susanne Jaspers, eds., *Cash Transfer Programming in Emergencies* (Oxford: Oxfam GB, 2006).

other logistical support allows, it is advisable to begin the market assessment one to two days after your needs assessment. This allows you to focus your market assessment on the goods that are likely to be in high demand or are crucial to recovery (as identified during your needs assessment.) One approach is for teams to focus the market assessment on a “basket of goods” that program participants are likely to purchase.

Overall, a market assessment is used to assess the ability of the market to respond to increased demand; to determine the amount of access people have to the market; and to uncover whether the current problem is a supply-side one (insufficient goods available) or a demand-side one (people lack money to purchase goods or lack physical access to reach them). Knowing the potential of the market to meet demand – and understanding any market access issues – can significantly influence program design. The results of a market assessment affect whether you use CTP or in-kind aid; whether you work with beneficiaries, vendors or both; and whether your program will support local markets or negatively impact them. Please note that it is critical to speak with both consumers and suppliers to understand how CTP may affect local prices and to inform program activities.

As we mentioned earlier, assessments are frequently and informally redone throughout the program lifecycle. It is good practice to conduct price monitoring of key goods within two weeks of cash distributions or voucher redemptions to help the team determine whether CTP is negatively affecting the market. Additional information on proper post-distribution monitoring can be found in the relevant Implementation Guide.

A selection of market analysis/assessment tools can be found in Annex H: Assessment/Analysis Tools.

Minimum Requirements for Market Analysis in Emergencies

Before beginning your market assessment, it is highly recommended that you read CaLP’s “Minimum Requirements for Market Analysis in Emergencies,”²³ a guide to market analysis published in 2013. The minimum requirements focus on four thematic areas: scope of assessment, analysis, data collection and monitoring and evaluation (M&E). Each thematic area includes action points, tips, key issues to avoid and practical illustrations to help ensure credible assessment. Mercy Corps was a key partner in their development.

MARKETS	
Key Questions	Implications
<ul style="list-style-type: none"> Are markets in the affected area operating and accessible for the full range of target participants? Are essential items available in sufficient quantity and at a reasonable price? Are there any restrictions on the movement of goods? 	<ul style="list-style-type: none"> Determines if CTP may be a viable option. If markets are inaccessible, vendors are not well-stocked or movements of goods are restricted, CTP may not be appropriate. Instead, in-kind distribution may be more suitable until markets become more functional.

23 Louis Austin and Sebastien Chessex, “Minimum Requirements for Market Analysis in Emergencies,” (Oxford: CaLP, 2013). *Mercy Corps’ Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/MinReqMarketAnalysisEmergenciesCaLP.pdf>.

<ul style="list-style-type: none"> • Can the flow of goods adjust to meet market demand and keep prices stable? Are traders able and willing to respond to an increase in demand? 	<ul style="list-style-type: none"> • Uncovers whether the market can sustainably and affordably supply needed goods.
<ul style="list-style-type: none"> • Is the market competitive? Is the number of suppliers large enough in relation to the number of buyers to keep prices balanced? 	<ul style="list-style-type: none"> • Predicts if prices would remain balanced after an influx of cash. If the market is not competitive, sellers can manipulate prices and CTP should be approached with caution. This also creates the type of power imbalance that can lead to exploitation.
<ul style="list-style-type: none"> • What are the risks that an injection of cash into the economy will cause inflation in prices of key products? 	<ul style="list-style-type: none"> • Helps uncover the risks of inflation. If risks are high, CTP may not be appropriate since it could create price instability for the whole community.
<ul style="list-style-type: none"> • Is food available nationally and locally in sufficient quantity and quality? 	<ul style="list-style-type: none"> • If food is not available in sufficient quantities, CTP is unlikely to address the needs of the affected population when food is their major concern. Either in-kind distribution or Food-for-Work may be more appropriate until this is resolved.
<ul style="list-style-type: none"> • Will normal seasonal fluctuations and harvest cycles impact food availability? 	<ul style="list-style-type: none"> • Determines if/when the population will be most vulnerable in terms of food security, as well as when food availability might increase. If there are peaks in food insecurity, these may also correspond with peaks in exploitation of program participants.
<ul style="list-style-type: none"> • Do government policies or other factors affect food availability? 	<ul style="list-style-type: none"> • Identifies obstacles that may prevent people from accessing food.

Methods/Tools/Resources

- Interviews and focus-group discussions with vendors and business associations, if available. Vendor capacity surveys.
- Market observations.
- Price monitoring of select goods.
- Interviews with finance providers.
- Secondary data on the scale of the local economy, remittance flows or other financial data.
- National and local statistics.
- Agricultural calendars.
- Market Information and Food Insecurity Response Analysis (MIFIRA) framework.
- Emergency Market Mapping and Analysis (EMMA).
- Rapid Assessment for Markets (RAM).

Security Analysis

Security factors have an important influence on whether CTP is a viable option and what type of disbursement mechanism is most appropriate (see “Determining the Disbursement Mechanism” at the end of this chapter for more information.) If the security risks are too great to be mitigated by various delivery options, such as vouchers or e-payments, you may need to switch to in-kind distributions or another form of humanitarian aid. Security must also be regularly assessed throughout the life of the program to track contextual changes.

SECURITY	
Key Questions	Implications
<ul style="list-style-type: none"> Is there freedom of movement? Are people safely accessing markets? Does access differ for men/boys/women/girls and/or marginalized groups? 	<ul style="list-style-type: none"> Helps identify whether access is restricted for certain groups. If people cannot access the market, then CTP may not be appropriate. Fairs or in-kind distributions may better meet needs.
<ul style="list-style-type: none"> What are the risks of cash distributions being seized by elites or armed elements? Are any safeguards available to reduce this risk? 	<ul style="list-style-type: none"> Assesses the level of security/insecurity in the target area. Determines whether CTP can be implemented and various risks that may need to be mitigated based upon who is targeted.
<ul style="list-style-type: none"> Are people using cash for routine purchases? Is it safe to travel with cash? 	<ul style="list-style-type: none"> Analyzes the risks of moving or distributing cash.
<ul style="list-style-type: none"> How do these risks compare with the risks posed by in-kind alternatives to cash (i.e., is cash more vulnerable or, alternatively, is it easier to hide)? Among men/women/boys/girls? Among marginalized groups? 	<ul style="list-style-type: none"> Determines the security considerations relevant for cash vs. in-kind.
Methods/Tools/Resources	
<ul style="list-style-type: none"> Internal team discussion and analysis. Interviews with local authorities on local laws and with businesses on how cash is moved. Interviews with target groups including men, boys, women, girls and marginalized groups about local perceptions of security and ways of safely transporting, storing and spending money. 	

Governance and Social Dynamics Analysis

In addition to security considerations, other factors affect the appropriateness of CTP, including formal and informal governance structures; local traditions; and social dynamics and norms. Analyzing these issues helps us understand how internal power dynamics may affect who receives money, how it is spent or the potential for CTP to exacerbate internal tensions. This analysis can also highlight the potential for corruption, exploitation or diversion. Governance and social dynamics analysis should be done concurrently with the security analysis to ensure that you have evaluated all environmental factors.

Governance is the process of decision-making and the implementation of those decisions. Governance can be called “good governance” when those systems and processes are accountable, transparent, just, responsive and participatory. Social dynamics are the relationships in the community that influence how community members interact with each other. Social dynamics can shift based upon internal or external influences, such as the introduction of cash to certain members of the community or even to certain family member. It is important to understand a community’s social and gender dynamics to ensure that the introduction of CTP has minimal to no negative effects on that community.

Governance and social dynamics must be analyzed at multiple levels and with diverse groups. The tables below separate **community-level analysis** and **household-level analysis**. Additionally, it is critical to ensure that the perspectives of diverse groups are included, so make sure to consult with a wide array of community members,

including those from different social, ethnic, political and socio-economic groups. Please remember that topics in the tables are below are meant to guide the team's internal discussion about what is already known and what data needs to be gathered. *They should not be posed to program participants in this exact format, because these topics may be sensitive.*

GOVERNANCE & SOCIAL DYNAMICS: COMMUNITY-LEVEL ANALYSIS	
Key Questions	Implications
<ul style="list-style-type: none"> • What social groups exist in the community and how do they interact? How does the community interact with and/or support vulnerable households? What are traditional sharing/relief systems, if any? Is the community currently receiving aid, or has it previously received aid? 	<ul style="list-style-type: none"> • Creates an understanding of what groups exist in the community and their interactions. May help identify marginalized groups. Prevents programming that would disrupt traditional community support systems. Determines whether aid has been given and its effect on the community.
<ul style="list-style-type: none"> • Who are key decision makers at the community level? Are they trusted by all groups? Are different groups represented in decision-making bodies, including marginalized groups? Who controls resources and decisions about distribution of aid? 	<ul style="list-style-type: none"> • Indicates whether beneficiary selection and/or community project identification can be conducted in a transparent manner without undue influence. Determines the feasibility of implementing successful CTP that will benefit the entire community, rather than being diverted to elites.
<ul style="list-style-type: none"> • Are there economic, social or political tensions or conflicts, particularly over resources? What impact will cash transfers have on existing tensions? 	<ul style="list-style-type: none"> • Helps determine if there are existing conflicts and how CTP could unintentionally create or exacerbate tensions. Helps ensure inclusive benefits of CTP and program impartiality.
<ul style="list-style-type: none"> • What community or legal protection mechanisms are in place around exploitation and abuse, particularly gender-based violence and child protection? How well and by whom are these norms and laws enforced? What access do different groups have to protective services? 	<ul style="list-style-type: none"> • Helps determine whether CTP can be implemented in a way that is safe and secure for all community members.
Methods/Tools/Resources	
<ul style="list-style-type: none"> • Internal team discussion and analysis. • Interviews conducted separately with men and women. Ideally, female staff would interview female community members (and vice versa). • Focus Group Discussions (separated by sex, potentially by age, IDP/host, etc.) • Supporting opinions/information from other international NGOs active in the area. • Mercy Corps' Gender Procedures²² particularly Annex 1: Gender Analysis. • Relationship mapping.²³ • Do No Harm Framework.²⁴ 	

24 "Gender Procedures: Policy in Action," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/GenderProcedures.pdf>.

25 "Conflict Management Group: Relationship Mapping," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/ConflictMgmtSysRelationshipMapping.docx>.

26 "The Do No Harm Handbook: the Framework for Analyzing the Impact of Assistance on Conflict," *Mercy Corps' Digital Library* <https://mcdl.mercycorps.org/gsd/docs/HISTORY%20OF%20THE%20DNH%20PROJECT.pdf>.
[Original source: Collaborative Development for Action, Inc. and CDA Collaborative Learning Projects, revised November 2004].

GOVERNANCE & SOCIAL DYNAMICS: HOUSEHOLD-LEVEL ANALYSIS

Key Questions	Implications
<ul style="list-style-type: none"> Do men and women have different priorities? How is control over resources (e.g., cash, mobile phones, food) managed within households? Who makes decisions about spending?²⁵ 	<ul style="list-style-type: none"> Increases understanding of gender divisions within households to determine the best person to target for CTP; failure to uncover this may lead to household conflicts.
<ul style="list-style-type: none"> Are women accustomed to being paid for work outside the home? How do women earn or otherwise access money? What control do women have over the money they earn? 	<ul style="list-style-type: none"> Helps identify if women may need additional support – such as training on how to use mobile phones for cash transfers – which men may not. In CFW programs, assesses if there is a need to establish separate activities for women.
<ul style="list-style-type: none"> How far are commonly used marketplaces and financial institutions from the target population? How often do people travel there? How long does it take to get there? What are the associated costs? Are there any social, logistical, or other factors that affect the ability of everyone to access markets? 	<ul style="list-style-type: none"> Helps determine cash transfer types. Helps uncover obstacles and hidden costs related to access to markets or financial institutions. Programs may need to factor in these issues when determining transfer value or type. Answers may also help determine who to target within the households.
Methods/Tools/Resources	
<ul style="list-style-type: none"> Household surveys. Interviews conducted separately with men and women. Ideally, female staff would interview female community members (and vice versa). Ensure a wide array of community members are interviewed, including those from different social, ethnic, political and socio-economic groups. Focus Group Discussions. Key Informant Interviews: INGOs, LNGOs, community leaders, women's groups associations, etc. Mercy Corps' Gender Procedures²⁶ particularly Annex 1: Gender Analysis. Seasonal calendars . Daily activity charts divided by men and women – possibly also girls and boys – and sub-divided by season. 	

²⁷ Spending decisions may vary by type of resource. For example, women may make decisions about the household food budget, while men may make decisions about farm inputs.

²⁸ "Gender Procedures: Policy in Action," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/GenderProcedures.pdf>

PROGRAM LOGIC AND OVERALL OBJECTIVE

Program logic is the tools and framework you use to connect a program's goal with the means for achieving that goal. Program logic also explains the theories of change you expect to accomplish and encompasses the creation of the Results Chain or Logical Framework²⁹ with an overall objective.

Whether used immediately following a crisis or during recovery, CTP remains a methodology and not a sector itself. As such, CTP can be used as an intervention in any type of program. *Your overall objective drives the type of CTP used* and should be based upon the needs of the affected population and the appropriateness of using cash in that community. We assume you are already coordinating program design with the Economic and Market Development team within the Technical Support Unit (TSU). When using CTP in sectors other than economic recovery – such as food security and WASH – it is also advisable to coordinate program design with other, relevant TSU teams. All TSU teams and their contact information can be found on The Hub.³⁰

CTP in emergency relief and early recovery is often used with one or more of the following four objectives below:

- **Meeting Basic Needs** – The objective is to help people meet their immediate, basic needs by supplying them with cash (or vouchers). Food, non-food items and other essential goods are readily available in the markets, but beneficiaries do not have the means to purchase them (usually from loss of income). Typical examples of this would be when farmers lose their crops and income due to flooding or drought or when people have been displaced by conflict or natural disasters, causing a loss of employment or income.
- **Jumpstarting Economic Recovery** – The objective is to speed up local economic recovery by increasing cash flow in communities, revitalizing local markets and restoring basic economic functions following a crisis. Short-term cash transfers help prevent program participants from selling assets or engaging in other negative coping mechanisms. For example, following the 2010 earthquake in Haiti, cash transfers helped families purchase rice locally, which supported restoration of the local rice market. This objective may also include restoration of livelihoods or economic assets destroyed during a crisis.
- **Rebuilding Infrastructure/Assets** – Often used in the context of CFW, the objective is to provide short-term income support while improving public assets. Projects are chosen according to their usefulness, their ability to facilitate recovery and their ability to provide unskilled work

CTP be used in a variety of sectors, including:

- Shelter
- Food security, health and nutrition
- Education
- Early recovery
- WASH
- Protection
- Climate change

It can also be designed with more than one objective. For instance, in Haiti, Mercy Corps' program met basic needs by increasing household purchasing power and helped restore local markets, since program participants purchased rice locally.

29 "Program Management Manual," <https://mcdl.mercycorps.org/gsd/docs/ProgramManagementManualPMM.pdf>

30 "Technical Support Unit," *Mercy Corps' Digital Library*, <https://thehub.mercycorps.org/node/3831>

opportunities to a large segment of the affected population. Typical CFW projects may include clearing irrigation canals, improving or repairing roads, repairing or cleaning schools, fixing water and sanitation systems and planting greenbelts.

- **Encouraging Stability** – After a large-scale emergency, governments may use CTP to keep an impacted population from migrating or abandoning their communities in search of jobs. Cash interventions may also make a community less likely to experience the effects of social breakdown, such as increased crime, rioting or looting. However, the short-term nature and impact of cash programming needs to be taken into consideration when using CTP to promote stability.

GEOGRAPHIC AND PROGRAM PARTICIPANT IDENTIFICATION

Since resources are limited, it is important to clarify *who* you will help through CTP. This can be done by focusing efforts on a particular region (geographic identification) and/or by limiting participation to certain groups (program participant identification). The approach you choose will be based on your program's objectives. Below, we will take you through common identification considerations, as well as key issues related to vulnerability criteria and working with displaced groups.

During the initial response to an **emergency**, especially a sudden-onset disaster, the quick provision of cash transfers is often more important and cost-effective than investing in careful program participant identification. In those situations – where nearly all households in the targeted community have suffered similar losses – **blanket distribution** of cash transfers is often appropriate. If resources prevent you from reaching all people affected, choose a strategic geographic area (a village, town or district) and cover all of the households in that particular area.

If a **targeted response** will best fulfill program objectives – for example, if a specific set of producers has lost income due to a drought – **setting criteria** for participation is critical. Identification criteria should always be linked to your program's objective. Criteria may be context-specific (e.g., households with food shortages); based on vulnerability (e.g., female-headed households); or driven by specific groups (e.g., displaced people). Criteria should be specific, yet simple enough to quickly verify participants and to prevent claims of unfair selection. Criteria should also be well-publicized through training efforts such as community meetings, public posting and other transparent methods of communication. In addition, communities should have the opportunity to help define selection criteria, including adding or removing criteria.

Program participant type will depend on the aim of the program. If the program objective is to meet basic needs, selection should be at the household level. If the program objective is to restore livelihoods, selection should be at the individual level or member-of-an-association level (e.g., fishermen, traders, etc.) You will likely have a good idea of the affected population before determining the program objective. Once you have set your program objective, however, you will have an opportunity to further shape your process for selecting program participants.

In the aftermath of a crisis, multiple channels exist for determining program participants. Common options include using lists provided by the UN, the central government, local government, partner organizations or community leaders, or by identifying those previously involved in agency programming. If you are working from a list not created by Mercy Corps, you should complete a **program participant verification exercise**. For participant verification, choose between 5-15% of the total number of participants on the list for each

neighborhood/village with which to conduct a short household survey. The purpose of the survey is to determine that the named program participant still lives at that address and still meets the selection criteria. Before verification, it is often prudent to explain selection criteria at a community meeting that includes local leaders. This public announcement of criteria allows marginalized groups – who may not be on official lists – to self-identify and request to join the list. Any type of meeting like this should always be held in a sensitive way to avoid exacerbating existing tensions.

Selecting the “Most Vulnerable”

In CTP, Mercy Corps often targets the most vulnerable households. Criteria for what constitutes the “most vulnerable” may vary depending upon the country and community. In general, the most vulnerable households often meet one of the following criteria: child-headed, female-headed, elderly-headed, disabled-headed, extreme income poverty, extreme asset poverty, member of a marginalized group, disaster- or conflict-affected or displaced.

Selecting the most vulnerable households can be misinterpreted by partner organizations, community leaders, or Mercy Corps staff to mean that the most vulnerable *person* in each household must be listed as the program participant. This is not necessarily the case. The most vulnerable person in a household could be an elderly person or a person with a disability. That person may have difficulty traveling to the market or bank, activities that are often part of CTP. As such, naming them as the program participant could place an unnecessary burden on them. Instead, consider whether another trusted household member may be a more appropriate as the registered participant. Likewise, although women are often targeted for CTP, in some situations naming women as the program participant may increase their risks.

Practical matters such as mobility and security need to be taken into account to minimize risks to program participants. Holding discussions on these matters with representatives of the selected group will help you ascertain what is appropriate. (Many of these issues are uncovered through the governance and social dynamics analysis highlighted earlier.)

Balancing Displaced and Host Community Populations

After a crisis, displaced populations may be hosted by community members in a new location, causing social dynamics to change. When this occurs, it is important to look at the ratio of displaced persons to host persons and consider the vulnerability criteria of each for program participation. There are two main ways of selecting program participants in this type of scenario. The first is to create vulnerability criteria for households based upon need. Participants are then selected using these criteria, regardless of whether they are displaced or hosting. The second way – and the one most common within Mercy Corps – is to determine a target number for both host community and displaced households (e.g., 50% displaced/50% host, or 90% displaced/10% host). While host community households may not be as vulnerable as the displaced, it is often prudent to include both in a program. Host community households are likely supporting the displaced in some way – either personally or through shared community resources. Including a mix of participants in your program can reduce the burden on the host community and potentially decrease tensions over shared resources.

Decision Tree: Which Type of CTP to Use?

In “Types of CTP” (Chapter 1), we introduced you to the general forms of CTP. Having conducted your assessments and analysis – and with an understanding of your program’s objectives and your target population – you are well-positioned to decide which specific type of CTP is most suitable. Below is a breakdown of common advantages and disadvantages to each type. It is important to carefully weigh these, as well as their timing and feasibility, when choosing a CTP type.

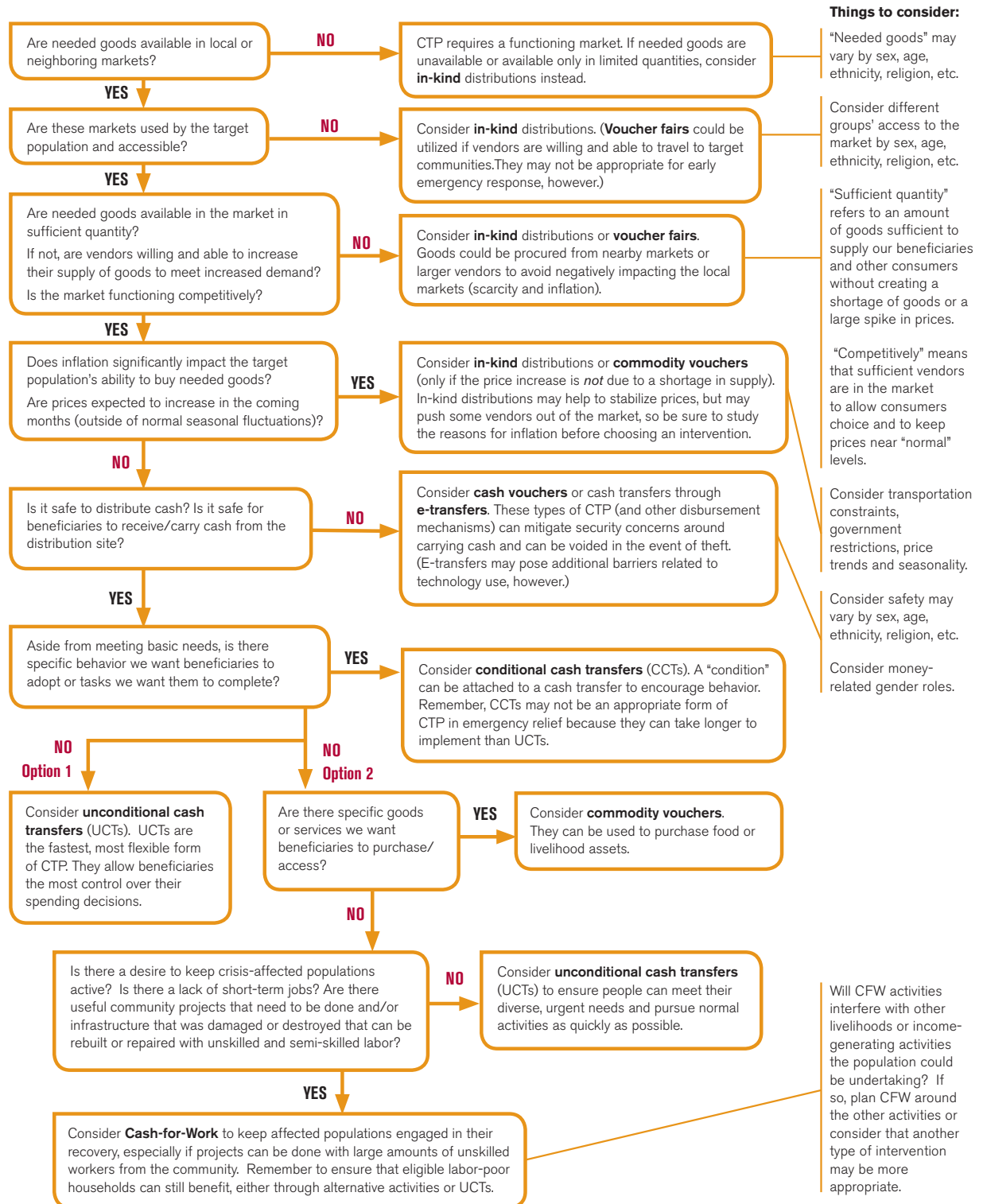
In addition, *please remember to review local income/employment tax considerations for Mercy Corps and program participants* when deciding between transfer types. Certain CTP types may create tax burdens for participants, thereby eroding the value of assistance. (See “Setting the Transfer Amount” below for a real-life example of how tax policy affected the frequency of disbursement in a UCT program in Tajikistan.)

CASH TRANSFERS ²⁹	VOUCHERS	CASH-FOR-WORK (CFW)
Advantages		
<ul style="list-style-type: none"> • Quick to distribute and circulate. • Minimal involvement of implementing agency at point of trade. • Low administration costs. • Most flexible form of CTP and Mercy Corps’ preference. 	<ul style="list-style-type: none"> • Can be directed towards specific items to be purchased. • Security risks are sometimes lower than for CFW or cash transfers. • Voucher exchange can be monitored. • Agency can assume hardships associated with minor inflation/ devaluation. 	<ul style="list-style-type: none"> • Easier to select participants than vouchers or cash transfers. • Creates community assets. • Keeps participants engaged in recovery. • Easier to determine CFW wages than cash transfer/ voucher amounts.
Disadvantages		
<ul style="list-style-type: none"> • Difficult to monitor usage after transfer. • Selection and registration are difficult because cash is desirable to everyone. • Difficult to prevent anti-social uses of cash (e.g., alcohol or tobacco purchases). 	<ul style="list-style-type: none"> • High administration costs, including significant staff time. • Risk of forgery. • May create a parallel economy through resale of vouchers. • May need regular adjustment by agency to protect from inflation. • Can take four to six weeks or more to organize. 	<ul style="list-style-type: none"> • High administration costs. • Some of the poor or food-insecure households may not be able to participate (e.g., elderly, ill, labor-poor households.) • Can take up to six weeks to organize and procure necessary supplies or services. • May interfere with labor markets or other household activities or priorities.

31 This table and the decision tree following were both adapted from Creti and Jaspers, eds., *Cash Transfer Programming in Emergencies*.

Now that you understand some advantages and disadvantages of specific CTP interventions, you may want to use the following decision tree to determine which CTP type is most appropriate. This is not meant to be your sole framework for choosing your CTP intervention; rather, it is a visual aid that synthesizes many of the topics we cover in narrative form. If you find it useful, great! If not, that is okay, too. Only you and your team can truly design the most appropriate CTP intervention given your local context.

DECISION TREE



SETTING THE TRANSFER AMOUNT

You have determined your program's objective, your targeting criteria and your CTP type. Now, you can set the transfer amount.³² Setting this amount, and determining the frequency of payment, should be directly tied to your program's objective. Additional factors to consider include are: if the transfer amount should vary between recipients; if it should be adjusted during the life of the program; and if it should be given all at once or in installments.³³

To set the CTP transfer amount, consider the following:

- **Your program's objective:** Transfer amounts are often set in terms of gaps. If the objective of your program is to meet basic food needs, the transfer amount should equal the gap between what food people need and what they can provide for themselves without resorting to negative coping mechanisms.³⁴ To calculate this, estimate what the household currently has available, including "unseen" sources of income such as remittance flows, what households are able to do via positive coping mechanisms and what the gap is. In an example using food: to set the amount, you would determine the price for a standardized "basket of goods" that fulfill the program's objectives, keeping in mind the current local market prices. The transfer amount would ideally cover the gap between what households are able to procure themselves and an amount slightly above this "basket of goods." This would allow households to reestablish their basic needs and possibly begin saving as preparation for future shocks or expected price increases.
- **Fixed or variable transfers:** The transfer amount can be the same for all recipients or can vary based upon certain criteria. While it is simpler to give a fixed amount regardless of household size, it may be more equitable to take the size of the household or type of program participant into account. For example, if the program objective is to help businesses recover assets to restart economic activity, you may want to calculate how much it will cost to purchase different assets for different businesses and set transfer amounts based upon the range of those costs. One caution: the more detailed the decision-making is on the transfer amount, the more administrative work staff will need to perform to verify costs, household sizes, needs or other factors.
- **Frequency of transfers:** The frequency of a cash transfers should be based upon the program's objectives and security for participants and staff, as well as cost-efficiency. Typically, interventions meeting basic needs use relatively frequent transfers, while those geared towards shelter or livelihoods recovery will be larger and less frequent. Gender issues also should be taken into account, as women may benefit from small, regular transfers.³⁵ However, what may be an ideal frequency may also be influenced by local law or traditions. In Tajikistan in 2008, for example, the Bill and Melinda Gates Foundation-funded Livelihoods Recovery Project opted to make a large, single transfer, rather than multiple smaller ones, to avoid program participants owing a 39% tax on multiple transfers. (In this case, a single, "humanitarian assistance" transfer was not taxable.) It is important to take local tax and banking laws into consideration during planning.

32 The method for determining CFW wages varies significantly from the one described in this section for setting the transfer amount for all other types of CTP. In general, CFW wages are set slightly below local market wages to avoid displacing laborers from long-term employment. Detailed guidelines for determining this can be found in the Cash-for-Work Implementation Guide.

33 Harvey and Bailey, 49.

34 "Guidelines for Cash Transfer Programming," *International Red Cross and Red Crescent Movement*, <http://www.ifrc.org/Global/Publications/disasters/finance/cash-guidelines-en.pdf>.

35 Harvey and Bailey, 52.

- **Adjusting for inflation:** The transfer amount can vary depending upon price fluctuations. It is important in program budgeting to build in a contingency between current prices and the worst-case scenario based upon seasonal and historical prices. It is also important to monitor local prices and adjust the transfer amount as necessary to account for major changes. In cases of extreme inflation, you may need to reassess whether CTP is still the appropriate mechanism to achieve your program objectives.

As with all types of programs, coordination is critical, so coordinate with other agencies implementing CTP in the same area and with the government. Differences in the amount of cash transfers or procedures and timing among different implementers may create disputes, negatively affect local markets and create unreasonable expectations. For an assessment on four agencies' coordination efforts implementing CTP, see "The Inter-Agency Impact Assessment of the Cash Transfer Programs in West Sumatra,"³⁶ summarizing the lessons learned from Mercy Corps, Catholic Relief Services, Oxfam GB and Save the Children.

Common Mistakes in Setting Transfer Amount³⁵

- Not setting the transfer amount based upon the program objective (e.g., calculating it based upon food needs when the transfer is meant to cover a range of basic needs, including food and other crucial supplies.)
- Only basing the transfer amount on what would have been distributed if in-kind assistance had been provided.
- Not considering that households may be able to meet some of their needs on their own.
- Not taking into account how the costs of goods and services are likely to change during the program lifecycle (including seasonal shifts.)
- Only obtaining the price of goods or labor wages in one part of the program area when they may differ in others.
- Not including transportation costs or fees associated with receiving the transfers.



Pakistan – Julie Denesha for Mercy Corps

36 Martin Aspin, "Inter-Agency Impact Assessment of the Cash Transfer Programs in West Sumatra," (May 2010). *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/InterAgencyImpactAssessmentCTPwSumatra.pdf>.

37 Based on Harvey and Bailey, 50.

DETERMINING THE DISBURSEMENT MECHANISM AND PROVIDER

Now that you have chosen your CTP type, it is time to determine the *way* in which cash will reach your program participants. This is called the **disbursement mechanism**.

Disbursement mechanisms are the methods program participants use to access cash or goods. They can be as basic as direct payments of cash to participants by program staff, or as technologically sophisticated as e-transfers of commodity vouchers via a participant's mobile phone. Any disbursement mechanism will have benefits and drawbacks. Your goal is to choose the disbursement mechanism that reaches your target population quickly, safely and economically, without creating an undue burden. Some general considerations in evaluating disbursement mechanisms include the availability of potential providers and location of its branches/offices, implementation costs, and program participants' preference and level of familiarity with various mechanisms.³⁸ (The disbursement mechanism should not be confused with the mechanism for reimbursing vendors for vouchers redeemed by program participants.)

A **direct disbursement mechanism** is one in which Mercy Corps team members directly make payments to program participants or directly distribute a document/card to participants (which is then redeemable for cash or goods.) An **indirect disbursement mechanism** is one in which Mercy Corps contracts with a third party organization/institution to deliver the cash, voucher, e-transfer, etc. to the program participant. Examples of possible third party institutions include formal/information financial institutions, mobile service providers or local NGO partners.³⁹

Identifying appropriate, safe methods for delivery and distribution of payments relies heavily on findings from your initial assessments and analyses. Below, we cover the most common disbursement mechanisms and providers.



Haiti – F. Coupet/Mercy Corps

Financial Service Providers

If functioning financial institutions are located in or near your target communities and a large percentage of your target population is already “banked,” a financial service provider may be able to manage direct payments into individual or group bank accounts. Even if program participants are not currently accessing financial service providers, new accounts can be established at an individual level, and sometimes at an association or community-level. Using the local financial system reduces the workload for Mercy Corps, eliminates the security risk of Mercy Corps staff carrying cash, reduces the risk of corruption and may result in improved tracking and reporting.

³⁸ For additional evaluation of disbursement mechanisms see “Summary of Issues” (Chapter 9) and “Key Criteria for Assessing Cash Delivery Options” (Annex B) of Paul Harvey, Katherine Haver, Jenny Hoffmann, and Brenda Murphy, “Delivering Money: Cash Transfer Mechanisms in Emergencies,” CaLP, (London: Save the Children UK, 2010). <http://www.cashlearning.org/downloads/delivering-money---cash-transfer-mechanisms-in-emergencies2.pdf>

³⁹ This is a contractual arrangement (not to be confused with a subaward) where Mercy Corps contracts with a local NGO to distribute to program participants identified by Mercy Corps, or to identify and distribute to program participants with eligibility criteria defined by Mercy Corps. This is generally done when security does not allow for Mercy Corps to conduct the distribution directly.

The following options can be used to distribute cash through a financial institution:

- **Individual Accounts:** Individual accounts give program participants maximum control over when they withdraw their cash. They also afford a measure of security to the participants (who are not forced to keep their payments in cash) and the program team (who do not directly handle cash). The disadvantages are the additional banking cost to participants, the logistics of setting up the accounts (including identification requirements), the trips required to complete paperwork and the potential discomfort to participants if this is a new process. It is important to make sure that this methodology does not exclude some targeted groups, such as illiterate, elderly or youth populations.
- **Group Accounts:** Group accounts can be used for payments targeting a group, such as a community or business association, or when participants prefer to pool their transfers (e.g., when program participants appoint one person to travel to the bank on their behalf, or want to avoid individual bank fees). The advantages of group accounts are that fewer accounts need to be set up. Disadvantages include increased difficulty in tracking individual receipt of cash transfers and increased risk of corruption. Some banks or bank branches may not offer group accounts.
- **Check Distribution:** If cash delivery carries security risks, distributions may be in the form of checks or vouchers redeemable at a financial service provider. Instead of establishing bank accounts, program participants are able to safely withdraw cash with a program-distributed check. This method offers security to the recipients and to the program team, and allows for more accurate distribution of cash. A disadvantage is the cost of printing and distributing the checks, as well as the staff time required. Issues may arise from spelling of names and identification requirements to cash the check. Financial service providers may also charge program participants check cashing fees.
- **Financial Institution Delivery:** Local financial institutions may, in some locations, be contracted to deliver cash transfers directly to program participants at project sites. The advantage is that it may provide “cash-in-transit” insurance safeguarding Mercy Corps against transport security risks. However, this service is not available in all areas and is usually the most expensive method of cash distribution.

If you choose to work with a financial service provider, make sure that program participants receive basic financial skills training to use their account, as well as a detailed description of all fees associated with the account and requirements for accessing the account (e.g., bank book, national ID card, etc.). A contract should be established with the institution detailing: the terms of payment; service fees; financial responsibility in the event of fraud or errors; how the institution will verify identity; the timing and quantities of transfers; and reporting responsibilities.



Indonesia – Mercy Corps

Alternative Institutions

In areas where formal financial institutions are inaccessible or do not exist, intermediaries such as post offices, vendors/traders, money transfer companies (such as *hawalas*), remittance companies, security companies or other alternative institutions may be an option for direct cash or check/voucher distribution. If this option is selected, it may be helpful – if staffing and security allow – to have Mercy Corps staff attend distributions to monitor the process and address any issues that may arise. A contract will need to detail: the terms of payment to the intermediary; the commission and any fees for the service; responsibility for security; financial responsibility in the event of theft or errors; how beneficiary identities will be verified; the timing and quantity of transfers; and reporting responsibilities to Mercy Corps and to the government, as required.

Direct Distribution

If other options are not feasible, payments can be made directly by Mercy Corps program staff or a local partner. This has the benefit of reducing risk of money diversion in the payment process. However, direct distribution of cash transfers may create security risks for both the program participants and Mercy Corps staff. Direct distribution should be considered as one of the last disbursement options. You will find recommendations to mitigate risks associated with it in the Cash Transfer Implementation Guide.



Kenya – Bija Guttoff/Mercy Corps

E-Transfers

Electronic payment methodologies (such as mobile money/wallets, mobile vouchers, mobile banking and ATM/debit/credit cards) can also be good vehicles for cash transfers. While there are clear benefits in terms of the security they provide and the speed with which transfers can be disbursed, it is absolutely essential that programs utilizing e-transfer technologies devote sufficient time to educating program participants on their use and on sensitizing the community and participating vendors. Participants who are illiterate or innumerate will have difficulty using this technology and may rely on family or community “helpers” to receive their transfer.⁴⁰

Through our commitment to the Better than Cash Alliance (see Annex C: External Resources), Mercy Corps has agreed to utilize e-transfer methodologies when appropriate. Further best practice recommendations and implementation guidelines for e-transfers can be found in the E-transfer Implementation Guide.

40 “MasterCard Worldwide and Mercy Corps: ELEVATE Phase I Report,” *Mercy Corps’ Digital Library*, 2013, <https://mcdl.mercycorps.org/gsd/docs/MasterCard2012NepalDREPSLELEVATEph1Rep.pdf>.



Haiti – Erin Wildermuth/Mercy Corps

Program Profile: **Mobile Money**

Immediately following the 2010 earthquake, Haiti experienced severe cash shortages. This constrained remittance payouts and severely limited savings withdrawals, affecting millions of Haitians' basic economic activities. As markets began to recover, it was clear that cash-based interventions would be widely used in emergency response and early recovery programming. Mercy Corps partnered with OpenRevolution to conduct an assessment, and it was determined that mobile transfers were feasible and banks and other actors could act as the cash-in/cash out points.⁴¹

With USAID funding, Mercy Corps piloted three separate mobile money transfers projects between December 2010 and June 2011. Money was transferred electronically as vouchers (for food or non-food items) and as UCTs. Overall, Mercy Corps reached and registered a combined target group of 8,937 beneficiary households and 100 vendors with over USD 2.8 million transacted through the mobile channel. Some important lessons learned came from this project: namely that in nascent environments, mobile money – while safer than traditional cash transfer mechanisms – is not necessarily cheaper, especially if the payment system needs to be built. Additionally, program participant usage of the mobile services after the program ended was minimal. While the program hoped 25% of participants would continue, in reality only 0.5% did. Explanations included insufficient time spent training participants on the additional advantages of mobile money outside of the program's aims.

⁴¹ "Cash-in" refers to putting value on a mobile wallet at a merchant-agent; "cash-out" refers to transferring stored value in a mobile wallet to a merchant-agent who then provides physical cash. From "Performance Report, HIFIVE Award #20," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/docs/USAIDHi52010HaitiMobileMoneyFinalRep.pdf>.

CHAPTER 3:

ADDITIONAL CONSIDERATIONS

In this chapter, we will cover other considerations that affect CTP, including partnership, gender, youth, government, and urban settings. The topics we highlight are not limited to a particular program phase; rather, they should be considered throughout the program lifecycle. They affect your program design, program set-up and implementation and the design and implementation of your M&E system. For example, targeting and data collection strategies differ from urban to rural settings. Gender considerations infuse every aspect of CTP, including how you staff for implementation. And it is virtually impossible to implement CTP without the cooperation of local government officials, so thinking through the role they will play in your program is essential.

PARTNERSHIPS

Local Partners

In an emergency, local civil society groups are frequently capable of rapid small-scale mobilization. They can often have better access to remote populations in insecure environments or in areas unsafe for expatriate travel. They also have a more in-depth knowledge of local communities and practices, including awareness of social dynamics, and have the trust of local populations.

While there are clear advantages to partnering with local organizations, additional time, effort and staff may be required for local partner training and oversight. Because CTP often has stricter documentation requirements, it is important to carefully consider partnerships and partners' capacity to meet these requirements as well as your ability to oversee their work. It is also critical to clarify the roles of the lead and partner agencies – as well as exit strategies – with CTP. The budget and workplan should reflect the extra time and effort required for managing, monitoring or mentoring a local partner.

Mercy Corps has found that some local agencies hold a targeting bias toward particular groups or toward their former clients. When deciding on a partner, make sure they understand your targeting criteria and basic Do No Harm principles. A mix of gender, ethnic and religious representation within partner organizations can increase our ability to effectively serve populations. A program participant verification exercise carried out by Mercy Corps after partners have selected participants can also help to reduce bias. Additional guidance on partnering with civil society, business and government groups can be found in Mercy Corps' Local Partnership Guide.⁴²

Private Sector Partners

The private sector is involved in CTP in three main ways. First, and most importantly, it plays an active role by providing the goods and services purchased or redeemed by program participants. The private sector also plays a significant role in providing invaluable information on the market system, supply chain and participants purchasing patterns, and can be a key partner in the early detection of market distortions. Finally, private sector partners can be engaged as providers facilitating the disbursement of cash or vouchers.

42 "Local Partnerships: A Guide for Partnering with Civil Society, Business and Government Groups," Mercy Corps' Digital Library, <https://mcdl.mercycorps.org/gsd/docs/MCLocalPartnershipsGuide.pdf>.

To be effective in an active program role, private sector partners will require training on program objectives, program methodology and their tasks and responsibilities. It is important, when selecting and training private sector partners, to clarify the rules, how payments will be made and what reporting requirements they have. Many donors require documentation of cash transfer amounts and program participant documents that private sector partners need to collect in order to receive payment. These details need to be clearly articulated at program start-up and then monitored to avoid challenges.

Good engagement principles should be followed in building and sustaining private sector relationships. These include incorporating appropriate incentives to satisfy partners' particular interests, recognizing the balance between our program objectives and their commercial goals and undertaking appropriate due diligence prior to establishing a partnership to ensure that any reputational or programmatic risks are acceptable. We must formalize our partnership to ensure common understanding and transparency between partners. Consult with the Finance and Compliance Team on which mechanism is required to accomplish this. Additional guidance on engaging with the private sector can be found in the Private Sector Engagement Toolkit.⁴⁴

A new and important aspect of CTP is the management of beneficiary data collected by implementing agencies and their private sector partners, particularly as it relates to e-transfers. As we collect beneficiary data, we must be careful that we do not inadvertently put beneficiaries at risk by compromising their data through identity theft. To help organizations address data security challenges, CaLP has issued "Protecting Beneficiary Privacy: Principles and Operational Standards for the Secure Use of Personal Data in Cash and E-Transfer Programs."⁴⁵

Data Protection

A new and important aspect of CTP is the management of beneficiary data collected by implementing agencies and their private sector partners, particularly as it relates to e-transfers. As we collect beneficiary data, we must be careful that we do not inadvertently put beneficiaries at risk by compromising their data through identity theft. To help organizations address data security challenges, CaLP has issued "Protecting Beneficiary Privacy: Principles and Operational Standards for the Secure Use of Personal Data in Cash and E-Transfer Programs."⁴¹

GENDER

Studies have shown that women are more likely than men to reinvest resources to improve household welfare. As a result, many cash transfer programs target women to increase the likelihood that the entire household will benefit. Recent research suggests that, in some cases, cash may empower women, increasing their household decision-making responsibilities and authority in the allocation of cash transfers.⁴⁶ However, this remains highly contextual. In societies where gender roles are strictly defined

43 Koko Sossouvi, "Protecting Beneficiary Privacy: Principles and Operational Standards for the Secure Use of Personal Data in Cash and E-Transfer Programs," (Oxford: CaLP 2013), <http://www.cashlearning.org/downloads/calp-beneficiary-privacy-web.pdf>.

44 "Private Sector Engagement Toolkit," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/ docs/PrivateSectorEngagementToolkit.pdf>

45 Koko Sossouvi, "Protecting Beneficiary Privacy: Principles and Operational Standards for the Secure Use of Personal Data in Cash and E-Transfer Programs," (Oxford: CaLP 2013), <http://www.cashlearning.org/downloads/calp-beneficiary-privacy-web.pdf>.

46 Catherine Arnold, with Tim Conway and Matthew Greenslade, "Cash Transfers Literature Review," *Department for International Development (DFID)*, 40, <http://r4d.dfid.gov.uk/PDF/Articles/cash-transfers-literature-review.pdf>

and enforced, women may not retain control over money, so providing cash directly to women may lead to disputes or even violence. In some environments, women may have limited mobility and may be restricted to participating in traditional community activities. Also, women and girls may or may not be regular participants in the local market economy.

If this is the case, women may not be able to readily participate in CTP without accommodation being made for local cultural norms. For example, to accommodate women, CFW programs may allow them to work in exclusively female work crews or assign socially-acceptable tasks such as cooking lunches for laborers, child care, carrying water or guarding supplies. When targeting women, it is necessary to have a thorough understanding of their roles and the social relations between genders. Much of this can be uncovered through the governance and social dynamics analysis highlighted in “Assessment and Analysis” (Chapter 2).



Pakistan – Julie Denesha for Mercy Corps

Program Profile:

Two Approaches to Gender in CTP

In 2010 after major flooding, Mercy Corps Pakistan included women in CFW programs in ways that were considered “appropriate” to their local communities. Since women do not typically perform physical work in view of the public, they were able to participate by cleaning up and repairing enclosed public venues, such as meeting halls and schools. Women were also assigned projects within their community, since they typically do not travel outside of their village. Female participants also worked fewer hours than men to ensure program participation did not disrupt their other household responsibilities.

While programs are often tailored to accommodate traditional roles for female participants, emergency situations can also be a catalyst for change. In Iraq in 2010, it was also considered inappropriate for women to conduct physical labor in public. Responding to this, Mercy Corps Iraq appointed female CFW participants as supervisors. They were paid a higher wage than their male counterparts and were responsible for determining where male crews would work, what they would clean and tracking attendance. Supervisors were also required to monitor and verify payments to CFW participants through daily attendance sheets. When there was a dispute in attendance, the women would provide explanations to verify or correct the sheet. Mercy Corps Iraq program staff continuously monitored the situation of the female supervisors to ensure they felt safe and secure and that their new roles were not having a negative effect.

Some key considerations/tips for incorporating gender implications into CTP include:

- Transfer amounts and frequency can shape who uses the transfer and for what: smaller, frequent payments are often used by women for daily household needs, while larger, one-time or infrequent payments may be used by men for livelihoods depending on the local culture.
- In designing CTP interventions, always take into consideration the safety of accessing the market or financial institution, and who is most likely to make that trip. It may make sense to select preferred vendors or financial institutions in centrally located areas where women are present in the public space.
- In some countries, women are less likely to have formal identification documents than men. This may affect whether payments can be made through a bank or other formal financial institution. It may also

mean that Mercy Corps should build in the time and costs associated with providing all participants with program-specific identification.

- In some locations, women may have lower literacy rates than men; this may make their participation in e-transfer or voucher programs more difficult. It may also increase their risk of exploitation. If this is the case, extra support and training should be built into the program schedule and budget.

In addition to programming for the inclusion of female participants, it is essential that you consider gender equity when staffing for CTP. In particular, gender-balanced teams are more adept at facilitating faster, more efficient and more inclusive assessment work and post-distribution monitoring activities. Women and girls may be more comfortable speaking to female staff, especially when discussing sensitive issues that arise in questions about vulnerability, money and access to resources. It is possible to make accommodations that take into consideration cultural norms for female staff in the various countries where we work. For example, if teams are experiencing difficulties recruiting female staff because they would be required to travel outside their families' comfort zone, Mercy Corps can budget, plan for and provide per diem for a male family member to travel with the female staff member (but not to participate in the work tasks themselves). Also, some transportation methods selected for staff, such as motorbikes, may decrease the ability of female staff to move safely around the area, depending upon local norms.

Tensions surrounding the role of women as recipients of aid are not unique to CTP. Additional guidance on equally engaging women and men and girls and boys can be found in Mercy Corps' Gender Policy⁴⁷ and Gender Procedures.⁴⁸

YOUTH

Programs may need to make special considerations when working with youth in CTP. Young program participants may have different priorities, responsibilities and challenges than older ones. For example, young people may be inexperienced in handling and managing cash and may require additional mentoring and guidance. Conversely, they may be much more adept at managing the technology required for e-transfers than older program participants. Young women often have the least access to goods and services as well as the weakest voice in decision-making processes. As such, social dynamics and context should be taken into special consideration during the program design and planning phases.

With regards to CFW participation and age minimums, Mercy Corps' current guidelines allow for young people aged 15 years and older to participate, as long as they are not leaving school to do so. These guidelines will be reviewed and communicated across the agency once updated.

Whether young people are participating in CFW or are participants of other types of CTP, special provisions should be put in place to eliminate or reduce their risk and to ensure protection.⁴⁹ **Child safeguarding** is a concept that reaches beyond child protection to include the additional aims of preventing the impairment of children's health and development and ensuring that children are growing up in circumstances consistent

47 "Mercy Corps' Gender Policy," <https://mcdl.mercycorps.org/gsd/docs/MercyCorpsGenderPolicy.pdf>

48 "Mercy Corps' Gender Procedures," <https://mcdl.mercycorps.org/gsd/docs/GenderProcedures.pdf>

49 All Mercy Corps team members are required to complete the Code of Conduct training, located on Mercy Corps' E-Learning site. For additional information on Protection from Sexual Exploitation and Abuse (PSEA) – including minimum operating standards – visit the PSEA Task Force: <http://www.pseataaskforce.org>

with the provision of safe and effective care, as well as protecting children from maltreatment.⁵⁰ Mercy Corps is currently updating its internal policies around child safeguarding to make sure we are meeting international standards.

CTP AND THE GOVERNMENT

It is important to have a solid understanding of government fiscal and economic policies and institutions and to keep local government stakeholders informed of your CTP program. It is also critical to understand the local tax structure and how program participants can be affected. The registration practices of local businesses, the rules they must follow and how growth of those local businesses occurs are all issues that can influence CTP. These may also influence the selection criteria for vendors and how payments are made. Local laws and policies around formal and informal financial institutions and mobile banking are important considerations when determining disbursement mechanisms.

If possible, it is best practice to include local government officials in some aspects of the decision-making process with regards to CTP. Inclusion might be around selection of CFW infrastructure projects for rebuilding/repair or input into the amount of CFW wages or transfers in UCTs. It is equally important to understand each country's policies around the various types of CTP. For instance, during the Syrian refugee crisis in Lebanon from 2012–13, the Government of Lebanon permitted CFW projects but did not allow UCTs. This is in contrast to the Government of Jordan which, during that same period of time, preferred cash transfers and vouchers to CFW programs. Additional guidance on engaging with local, regional and national government can be found in Mercy Corps' Guide to Good Governance Programming.⁵¹

URBAN SETTINGS

Urban settings can be ideal locations for CTP. There, markets are likely to be more diverse and integrated, and offer a wider variety of goods and services. Financial institutions are often clustered in urban areas and are able to provide more complex services, including e-transfers. However, urban settings also have challenges associated with CTP that differ from those in rural settings. The density and heterogeneity of populations in urban settings can make participant selection particularly difficult. Even finding the most vulnerable in an urban setting can be hindered by their absence from government lists. While rural responses typically target an entire village, in urban areas agencies may be incapable of meeting the needs of all those affected. The “haves” and “have nots” reside in close proximity, creating a potentially volatile dynamic that needs to be carefully managed during selection.⁵² Government coordination is often more complex, exacerbated by the layers of government representatives present in urban settings, and potentially weaker connections between representatives and their constituents. To avoid conflict, clear targeting criteria and community awareness-raising are particularly important in urban settings.

For best practice related to implementing CTP in urban environments, please review CaLP's “Cash Transfer Programming in Urban Emergencies: A Toolkit for Practitioners”.⁵³

50 “What is the difference between safeguarding and child protection,” *UK Department for Education*, <http://www.education.gov.uk/popularquestions/a0064461/safeguarding-and-child-protection>

51 “Guide to Good Governance Programming,” Mercy Corps' Digital Library, <https://mcdl.mercycorps.org/gsd/docs/MCGoodGovernanceGuide.pdf>.

52 Tiare Cross and Andrew Johnston, *Cash Transfer Programming in Urban Emergencies: A Toolkit for Practitioners* (Oxford: Cash Learning Partnership, 2011), xi.

53 “Cash Transfer Programming in Urban Emergencies: A Toolkit for Practitioners,” <http://www.cashlearning.org/resources/library/251-cash-transfer-programming-in-urban-emergencies-a-toolkit-for-practitioners>

CHAPTER 4:

CASH TRANSFER PROGRAMMING IMPLEMENTATION

Different CTP methodologies require different set-up processes, monitoring and documentation. For that reason, specific details on implementing each type of CTP are provided in the Implementation Guides contained within Part II of this Toolkit.

- Cash Transfer Implementation Guide: *coming soon*
- Cash-for-Work Implementation Guide: *coming soon*
- Voucher and Fair Implementation Guide: <https://mcdl.mercycorps.org/gsd/docs/VoucherFairGuide.pdf>
- E-Transfer Implementation Guide: <https://mcdl.mercycorps.org/gsd/docs/E-TransferGuideAllAnnexes.pdf>

For general guidance on program implementation, please see Chapter 5 in Mercy Corps' Program Management Manual.⁵⁴

CHAPTER 5:

COMMUNITY ACCOUNTABILITY REPORTING MECHANISMS AND MONITORING AND EVALUATION

Community accountability reporting mechanisms (CARMs) and monitoring and evaluation (M&E) work in partnership with all phases of the program lifecycle. They help determine whether activities are responsive to needs and if the program's objective and intended outcomes are being achieved. We have agency-level commitments of accountability to our program participants and M&E is a program management minimum standard. Additionally, CARMs and M&E help us deliver better, more impactful programming.

COMMUNITY ACCOUNTABILITY REPORTING MECHANISMS (CARMS)

When implementing CTP, program staff must consider the most appropriate and convenient methods for program participants to provide positive and negative feedback. CTP must have a minimum of one feedback mechanism, although two are ideal. Feedback mechanisms can vary depending upon local capabilities. They may include a well-publicized phone number for reporting fraud or abuse, SMS, email, a locked box for paper feedback, individual surveys and/or interviews. When choosing between different mechanisms, remember that at least one should provide participants with a way to contact Mercy Corps directly. Feedback should be processed by a designated team member who has been trained in confidentiality and processing feedback. Ideally, this person is not directly involved in implementing the program. In areas where gender considerations require heightened attention, it may be prudent to train both a female and

⁵⁴ "Program Management Manual," <https://mcdl.mercycorps.org/gsd/docs/ProgramManagementManualPMM.pdf>.

male staff member in processing complaints. If one complaint mechanism involves a program implementer – as is typical – then the secondary mechanism should bypass team members directly involved in program implementation (e.g., it may route to an M&E team member).

For information on designing and implementing community complaint mechanisms, see Mercy Corps' Community Complaint Mechanisms Guidelines.

MONITORING AND EVALUATION

Monitoring determines if a program is on track and identifies problems along the way. It can also provide valuable data to uncover whether payments are reaching the targeted participants, how cash is being used and the effect of cash programming on local market activity. Evaluations assess the impact of the cash transfers on participating households and vendors.

Many of the considerations in monitoring and evaluating CTP are not unique to cash. Similar to all humanitarian interventions, monitoring and evaluation procedures should be in place to measure: the process (How well are we doing the work?); the design (Is the transfer value appropriate? Is the disbursement mechanism right?); the context/assumptions (How are price changes affecting the program? Is the security situation better or worse than we anticipated?); the results/outcome (Who got what?); and the impact (What did people do with the cash? What were wider impacts on livelihoods and local economies?)⁵⁵

Many of these questions are answered through post-distribution monitoring; details for conducting post-distribution monitoring by CTP type can be found in the Implementation Guides.

Mercy Corps' DM&E-in-a-Box⁵⁶ provides concrete tools and tips around M&E for any program type. Additional information on developing your program's logical framework and indicator plan can be found in Chapters 3 and 6 respectively in Mercy Corps' Program Management Manual.⁵⁷

55 Lesley Adams and Paul Harvey, "Learning from Cash Responses to the Tsunami: Monitoring and Evaluation," Issue Paper 6 (London: Overseas Development Institute, September 2006), 2.

56 "DM&E-in-a-Box," *Mercy Corps' Digital Library*, <https://mcdl.mercycorps.org/gsd/cgi-bin/library?a=p&p=dme>.

57 "Program Management Manual," <https://mcdl.mercycorps.org/gsd/docs/ProgramManagementManualPMM.pdf>.

CHAPTER 6:

END-OF-PROGRAM TRANSITIONS FOR CASH TRANSFER PROGRAMMING

Remember in emergency response, CTP is usually designed to be a short-term intervention. During the set-up and planning phase, it is important to define a clear exit and/or transition strategy for CTP. Withdrawal criteria should be determined by program objectives and made clear to program participants. Some CTP programs fill a very short-term need and will end once program participants can support themselves. Other programs may transition into follow-on programming that addresses longer-term needs and opportunities, such as sustainable employment programming. If that is your program's intention, it must be considered during the initial planning phase, and CTP should be intentionally designed to transition into other interventions and partnerships.

Referring back to the CTP objectives highlighted in “Program Logic and Overall Objective” (Chapter 2), below are some common end-of-program considerations:

- **Meeting Basic Needs:** If the primary aim of CTP is to provide program participants a means to meet basic needs and inject cash into the local economy, cash transfers should cease once normal income-generation activities resume and markets reach the requisite level of self-sufficiency. It is not always necessary to transition to another type of programming under this objective. Sometimes, the purpose is simply to get people through the crisis until their normal activities can resume and they can support themselves again. In chronic crises, such as conflict settings, it can be easy to fall into a trap of perpetual CTP. To avoid this, the program team should carefully consider how people will meet their needs once the program ends, and what support the program should provide to help prepare them.
- **Jumpstarting Economic Recovery:** Once local markets have been re-established to the point where they are able to meet local demand, transitioning into economic recovery and development is a logical next step. If cash transfers are being used as a transitional activity during early economic recovery – rather than as an emergency activity to meet immediate needs – they can be integrated or overlapped with financial education, life-skills training, business planning and enterprise development, financial access and/or formation of community lending and savings groups. This is also an ideal situation to consider using CTP as a vehicle for empowerment of disadvantaged groups. A word of caution: it can sometimes be very difficult to find funding for this early recovery period, as many agencies have an emergency focus or development mandate and early recovery slips into the gray area in between. However, when possible, these activities can be extremely valuable for long-term resilience.
- **Rebuilding Infrastructure/Assets:** With CFW, the program should phase out after the activities have reached their set targets. This is typically after the designated infrastructure has been rebuilt or repaired, but may also be after program participants have completed a certain number of days worked. It is important to make sure that a long-term maintenance mechanism is created for infrastructure or assets. This is often a donor requirement as well. To the extent possible, always ensure full public handover and celebration of the completed projects. If appropriate, the program can donate the program's tools and work safety equipment to the community. If infrastructure needs remain, or if there is a desire to conduct additional community projects for the purpose of building civil society, transition CFW into more traditional community infrastructure projects using mobilization methods.

- **Encouraging Stability:** As the situation begins to normalize or stabilize, the program should shift from CTP to recovery and development activities that would provide long-term sustainability within the community, such as youth development, livelihoods or conflict mitigation programming to address the underlying causes of the insecurity. Disaster preparedness or resiliency planning might be another option to help the community better prepare for new or repeated crises.

The transitions highlighted above are not an exhaustive list. End-of-program transitions will depend upon the local context as well as your overall program objective. Additional guidance on end-of-program transitions can be found in Chapter 7 of Mercy Corps' Program Management Manual.⁵⁸ The relevant TSU team can also provide assistance in developing your End-of-Program Transition Plan during your program's set-up and planning phase.

CHAPTER 7: CONCLUSION

Cash transfer programming is an important resource in the toolbox of intervention options in food-insecure, disaster-affected and post-conflict areas. As we have seen, it can be used as a methodology in programs to help people meet their basic needs and re-establish their livelihoods. CTP allows people the freedom to choose how they rebuild their lives outside the constraints of a one-size-fits-all solution. Its effectiveness and flexibility has made it an increasingly common element of humanitarian assistance. On its own, CTP can be tremendously helpful in a crisis period to help people cope while maintaining their dignity and self-determination. As the first step in a more in-depth Mercy Corps intervention, CTP can provide important information on longer-term needs, opportunities and partnership opportunities, and can lay the foundation for a broad recovery and development strategy.



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58 "Program Management Manual," <https://mcdl.mercycorps.org/gsd/docs/ProgramManagementManualPMM.pdf>.

ABOUT MERCY CORPS

Mercy Corps is a leading global humanitarian agency saving and improving lives in the world's toughest places.

With a network of experienced professionals in more than 40 countries, we partner with local communities to put bold ideas into action to help people recover, overcome hardship and build better lives. Now, and for the future.



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