GENERAL INFORMATION about cash-transfer programmes

• Three forms of cash transfer  (card 1)
• Advantages of cash transfers  (card 2)
• A framework for deciding whether to distribute cash or food  (card 3)
• Advantages and disadvantages of different types of cash intervention  (card 4)

CASH GRANTS

• Planning a cash-grant intervention  (card 5)
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CASH FOR WORK

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Three forms of cash transfer

Cash grants

The provision of money to targeted households, either as

- emergency relief to meet their basic needs for food and non-food items, or
- grants to buy assets essential for the recovery of their livelihoods.

Cash grants for livelihood recovery differ from micro-finance in that beneficiaries are not expected to repay the grants, and the financial services provided are not expected to continue in the long term. Both cash grants and micro-finance may be accompanied by training to upgrade the recipients’ skills.

Cash for work

Payment for work on public or community works programmes. The cash wages help people to meet their basic needs, and the community project helps to improve or rehabilitate community services or infrastructure. Cash for work differs from casual labour in that it is targeted at the poorest or most food-insecure members of the community.

Vouchers

Vouchers provide access to pre-defined commodities. They can be exchanged in a special shop or in fairs and markets. The vouchers may have either a cash value or a commodity value. Vouchers have been most commonly used for the provision of seeds and livestock, but they can also be used to provide food.
Advantages of cash transfers

Depending on the circumstances, cash transfers may offer the following advantages.

**Choice**
Cash gives households a greater degree of choice and permits them to spend money according to their own priorities.

**Cost-effectiveness**
Cash is likely to be cheaper and faster to distribute than alternatives such as restocking, seed distribution, and food distribution.

**Dignity**
Offering cash maintains people’s dignity, by giving them choice. Delivery mechanisms do not treat them as passive recipients of relief.

**Economic recovery**
Injections of cash have potential benefits for local markets and trade.

**Flexibility**
Cash can be spent on both food and non-food items and is easily invested in livelihood security.

**Empowerment**
Cash can improve the status of women and marginalised groups.
A framework for deciding whether to distribute cash or food

1. Supply failure
   - Is food available in neighbouring markets?
     - NO: Food availability is a problem. Consider food aid.
     - YES: Food availability is not a problem.

2. Demand failure
   - Is the market operating?
     - YES: Demand failure is the result of high prices. Consider food aid but also market support, such as improving infrastructures, helping value-chain actors to recover.
     - NO: Demand failure is the result of other factors. Consider food aid.

3. Cause of food or income insecurity
   - Is the market competitive?
     - YES: Prices controlled by traders. Consider food aid but also measures to reduce speculation, e.g. setting prices by means of contracts with traders.
     - NO: Without market integration, supply will not meet demand. Improve market integration, e.g. supply transport.

4. Result of income loss?
   - Is the market integrated?
     - YES: Will traders respond to the demand?
       - YES: No risk of inflation in the price of key commodities.
       - NO: Consider food aid strategy.
     - NO: Will traders respond to the demand?
       - YES: Consider food aid strategy.
       - NO: Implement cash transfer, targeting women if possible.

5. Consider whether continuing adjustment of sums disbursed is viable. If not, implement food-aid strategy.
Advantages and disadvantages of different types of cash intervention

**Advantages**

<table>
<thead>
<tr>
<th>Cash for work</th>
<th>Vouchers</th>
<th>Cash grants</th>
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<tbody>
<tr>
<td>Easier to target than vouchers or cash grants</td>
<td>Can be directed towards food purchase and consumption</td>
<td>Quick to distribute and circulate</td>
</tr>
<tr>
<td>Creates community assets</td>
<td>Voucher exchange is easy to monitor</td>
<td>Minimal involvement of implementing agency at point of trade</td>
</tr>
<tr>
<td>Registering labourers for cash for work is easier than registering beneficiaries for cash grants</td>
<td>Less vulnerable to inflation and devaluation</td>
<td>Low administration costs</td>
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<tr>
<td></td>
<td>Security risks are sometimes lower than for cash for work or cash grants</td>
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### Advantages and disadvantages of different types of cash intervention

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#### Disadvantages

<table>
<thead>
<tr>
<th>Cash for work</th>
<th>Vouchers</th>
<th>Cash grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>High administration costs</td>
<td>High administration costs</td>
<td>Difficult to monitor usage</td>
</tr>
<tr>
<td>Some of the poor or food-insecure households may not be able to participate (e.g. elderly, ill, women with other household duties)</td>
<td>Risk of forgery</td>
<td>Targeting and registration are difficult, because cash is of value to everyone</td>
</tr>
<tr>
<td>Takes up to six weeks to organise</td>
<td>May create a parallel economy</td>
<td></td>
</tr>
<tr>
<td>May interfere with labour markets or other household priorities</td>
<td>May need regular adjustment by agency to protect from inflation</td>
<td></td>
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<tr>
<td></td>
<td>Can take six weeks or more to organise</td>
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Planning a cash-grant intervention

Plans for any cash-grant intervention should include the following steps:

- **Consult** other development actors, government officials, and local leaders.
- **Explain** the purpose of the project to the community.
- **Strengthen** community-based groups, or establish a relief committee.
- **Recruit and train** project staff – field monitors, accountants, and food security/emergency livelihoods staff – to assess, supervise, and monitor the project activities.
- **Develop** targeting criteria.
- **Set** the value of the cash grant.
- **Develop** a system for paying the beneficiaries.
- **Collect** baseline information to plan and monitor the receipt, use, and impact of the grant.
- **Develop** a monitoring system.
Community-based targeting

The following steps are normally followed in community-based targeting:

1. Implementing agency holds public meetings with local authorities and community members to explain the nature and rationale of the programme.

2. The community elects a relief committee (RC). The committee should include adequate representation of women, and the ethnic, social, economic and political groups within the community.

3. The implementing agency and RC discuss the criteria that should be used for beneficiary selection. These criteria may then be discussed in a public meeting.

4. The RC registers the beneficiaries for the programme. The list of beneficiaries may be read out at a public meeting, so that everyone has a voice in the process of ensuring that only the poorest or worst-affected, and all those meeting the selection criteria, are included in the programme.

5. Distribution, or payment, is carried out by the RC, together with a monitor from the implementing agency.

6. The RC receives feedback on the targeting and distribution method from the community, and informs the agency monitor. The monitor arranges for the programme to be adapted, if necessary. The community can also give direct feedback to the monitor on any issues regarding the RC. New members can be elected if some are not found to be fulfilling their responsibilities.

7. Post-distribution monitoring is carried out by the implementing agency, with input from the RC.

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Community-based targeting has been found to be most effective in the following circumstances:

- Conditions are relatively stable, with no acute conflict.
- There are identifiable differences within communities, for example large wealth differentials between those targeted and not targeted.
- A fairly large proportion of the population is targeted for assistance.
- The community co-operates with the targeting process.
- Community representatives are accountable, so that distributions do not risk large-scale diversion.
- The supply of resources available broadly matches the immediate needs of the population.

In the absence of these conditions, the targeting system is likely to become very expensive, due to increased staff requirements, or will have a wide margin of error.
Some issues to consider when setting the level of a cash grant

- Goods and services essential for meeting immediate needs include staple foods (cereals, pulses or meat/fish, oil), vegetables or other foods rich in micronutrients, hygiene items, shelter, kitchen utensils, health care, water, firewood, clothing, and transport.

- Analysing people’s expenditure can give a good indication of what they consider to be their priorities, and therefore the most essential goods and services.

- Prices are likely to change during the programme. The programme itself may lead to some inflation, as a result of the increased demand generated by the cash transfers.

- When assessing household consumption of essential goods and services, you should include any assistance received through other humanitarian and social protection programmes.

- Households may be using coping strategies which are damaging to their livelihoods, health, and dignity, in an attempt to meet their needs. Such strategies should not be considered as part of this analysis.

- The provision of cash to meet a specific need, such as food, may not have the desired impact if the household is not meeting its other essential needs: in other words, the cash may be used for a purpose for which it was not intended.
Making direct payments

Advance planning

• Order money from a bank in advance. Order small denominations, and try to get the same denominations for each beneficiary, for ease of counting and distribution.

• Count and pack individual cash payments before the day of payment. Keep money, once counted, in a sealed box in a safe at the bank until payment day.

• Collect attendance sheets and other documentation in the afternoon or evening before the planned payment, so that programme staff can verify the records before any pay-out.

• Produce payment sheets for each community, with a name and identity number if possible. Complete a separate sheet for each community, for ease of checking the number of payments made.

• Agree lists of beneficiaries with local community committees; check them on the basis of the agreed criteria.

• Issue identity cards to beneficiaries; if this is not possible, ensure that a community member or staff member from that village can identify each beneficiary.

• Choose a safe, controlled location for the distribution.

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Making direct payments

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On the day of the distribution

• Call beneficiaries three at a time, to avoid accusations of favouritism or other wrongdoing.

• Appoint literate beneficiaries to count money and make sure that beneficiaries understand the denomination received.

• Ask beneficiaries to sign their names or make a fingerprint to confirm receipt of the money.

• All the payment sheets should be countersigned by field officers, partner staff, and local authorities.
Minimising the security risks associated with direct cash delivery and payments

- **Consider** taking out **insurance cover** against the risk of loss while transporting cash to projects in areas where there are no banks.

- **Inform all** stakeholders in the community (including elders, politicians, and non-recipients) **how payments will be made**.

- **Ensure** that the community understands the **consequences of any threat to security**: in other words, that programmes will be withdrawn or suspended if necessary. Communities will protect you in order to protect themselves.

- **Limit** the number of people who have **information about payments**. Only two or three people in the agency should have access to information about the date and time when a payment is to be made. Beneficiaries should not know in advance when a payment is to be made. Long-standing or local staff should be involved in making payments: this reduces the risk of theft.

- **Decentralise distribution** as far as possible, so that smaller amounts of money are transported to different locations, and beneficiaries have a short distance to walk home.

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Minimising the security risks associated with direct cash delivery and payments

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• **Make payments on a random basis.** Do not always set off to make payments on the day after withdrawing the money from the bank. Vary the locations of payments if possible, especially in towns. Vary the routes of staff carrying money to and from the field. Vary the individuals making payments on different project sites.

• When transferring cash by car, **divide the money** into two or more bundles and hide them in different parts of the car: attackers may leave once some money has been surrendered to them.

• **Ensure** that any vehicle used has a high-frequency radio for communication.

• **Ensure** that payments are completed in time for beneficiaries to reach their homes during daylight.

• **Avoid spending the night** at the project site when disbursing cash, even if you have finished making the payments. Travelling on the following day might encourage the assumption that you have more cash.
## Principles of cash-for-work (CFW) programming

<table>
<thead>
<tr>
<th>Principle</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>The most food-insecure or the poorest people should be targeted</td>
<td>The beneficiaries of the programme should be those who have lost a large proportion of their food or income sources as a result of the disaster. They are identified through a community-based targeting process.</td>
</tr>
<tr>
<td>The most physically vulnerable people should be included</td>
<td>People unable to work could be given cash grants or vouchers instead of CFW; or they may be permitted to nominate someone to work on their behalf; or light work might be offered to them.</td>
</tr>
<tr>
<td>The community should ‘own’ the programme</td>
<td>The community should be mobilised to raise awareness about the nature and process of CFW programming. The community should identify project activities and, in particular, work for disabled or elderly community members.</td>
</tr>
<tr>
<td>Work should be labour-intensive</td>
<td>Programmes should employ as much unskilled labour as possible, to maximise the impact on the largest possible number of affected households. Care should be taken not to undermine existing voluntary community activities.</td>
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Principles of cash-for-work (CFW) programming

<table>
<thead>
<tr>
<th>Principle</th>
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</thead>
<tbody>
<tr>
<td>A gender balance should be ensured</td>
<td>Projects should promote female participation. Most activities should be suitable for both men and women. Child-care facilities may be needed. Often CFW projects aim to ensure that at least 50 per cent of the beneficiaries are women.</td>
</tr>
<tr>
<td>Equal pay should be the rule</td>
<td>Women and men will be paid equally for agreed units of work.</td>
</tr>
<tr>
<td>Essential livelihood activities should not be undermined</td>
<td>CFW activities should not interfere with or replace traditional livelihoods and coping strategies, or divert household resources from other productive activities already in place.</td>
</tr>
</tbody>
</table>
Key questions for planners of cash-for-work projects

Community organisation

• How reliable are the local administration system and traditional leaders? Does the community trust them?

• What committees already exist?

• Are people used to working together? How long have they lived together as a community? Are there any economic, cultural, religious or political differences within the community?

• What is the attitude of the community towards paid labour? Does any part of the community oppose it?

• What are the existing support systems for the socially vulnerable?

Logistics

• How good is access to the area?

• What is the current state of communications in the area?

• Are materials available locally?

• Are tools and equipment available locally?

• What storage facilities exist?

• What are the security risks for transporting and storing materials?

• What are the distances and travel times between communities?

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Key questions for planners of cash-for-work projects

Economic information

- What kind of work is normally done within the community? (Include agriculture and livestock-related work, as well as wage labour, civil service, and self-employed income-earning strategies.)
- Do normal work activities vary with the seasons?
- What is the agricultural calendar? When are people expected to be working on their land? When is food availability at its lowest?
- What is the current availability of employment for members of the community, and how is this likely to change over the coming months?
- What are the gender roles that apply to work within and outside the home?
- Do households normally migrate for work? Is this seasonal?
- What are casual-labour rates for community members?
- What is the government minimum wage?
Advantages of voucher-based fairs

- The recipients can select from the commodities on display, and choose what best suits their needs.

- The system ensures a wide range of commodities.

- Fairs offer opportunities for social mobilisation and awareness-raising campaigns.

- The project staff are not usually responsible for managing the transport of commodities (although in some cases, if travel costs are high, it may be necessary to subsidise the expenses of vulnerable households and producers).

- The project recipients are more active: they do not merely receive handouts, so they have a greater vested interest in the success of the scheme.

- Fairs give the entire community an opportunity to buy and sell products. Vendors may stay on after the ‘official’ fair and continue to sell to the whole community, not solely to the project beneficiaries.

- Fairs provide opportunities to exchange knowledge among buyers, producers, and traders.

- Fairs mirror the ‘normal’ market trading system, ensuring a degree of dignity for beneficiaries while strengthening trading opportunities and links.

- Traders and local producers have access to cash, which boosts their businesses and their household economy.
Planning a voucher fair

- Identify sellers and suppliers.
- Mobilise the community, to help people understand the system and to prevent problems arising during the fair.
- Disseminate information to buyers and sellers.
- Time the fair to coincide with local cropping calendars, in the case of agricultural inputs.
- Select beneficiaries according to the commodities specified on the vouchers.
- Select the location of the fair.
- Decide the date of the fair.
- Identify technical staff to check the quality of the commodities.
- Set the value of the voucher.
- Produce the vouchers.
- Promote the fair.
- Identify opportunities to promote community awareness during the fairs.
Procedure on the day of the fair

On the day of the fair, the following procedure should be followed:

• Sellers should arrive early in the morning at a specified time.

• At the entrance to the fair, registration teams (at least three teams of two persons) should weigh the commodities and record the amounts and types of items for sale. A specific time should be allocated for this stage (two hours, for example).

• At least two representatives of the relief committee should systematically inspect the quality of the commodities.

• When the registration and inspection of commodities is completed, distribute the vouchers to the beneficiaries (who should arrive at a specified time).

• Invite the beneficiaries to tour the fair, without any exchange taking place.

• Announce the prices and remind the beneficiaries and traders about the process to be followed. Then the fair itself can start.

• When the exchanges are finalised, record the number and value of vouchers per seller, for reference when payments are made later.
Example of a shops control system

**STEP 1**

1. Collect detailed list of beneficiaries

2. Collect detailed list of stores and prepare contracts

3. Distribute 2,000 coded ID cards. Each beneficiary will use an agreed store

**STEP 2**

1. Distribute food vouchers and cash vouchers

2. A cheque is given to stores for exact number of cash vouchers and food vouchers (this will include a handling fee amounting to 25%)

3. The stores purchase the required quantities of rice to distribute on the basis of projected number of food vouchers. These will also prepare the cash

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Example of a shops control system

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STEP 3

1. Beneficiaries bring food vouchers and cash

Oxfam

2,000 Beneficiaries

50 Stores

2. Rice and cash distributed to 2,000 beneficiaries

STEP 4

1. Food vouchers and cash vouchers collected by Oxfam

Oxfam

2,000 Beneficiaries

50 Stores

© Oxfam GB 2006
In emergencies, distributing cash can often meet people’s immediate needs more quickly and appropriately than the direct distribution of commodities. Cash gives people choices and thereby preserves their dignity.

These 15 cards contain key elements from the book, which draws on Oxfam’s experience to explain how to assess whether cash is the most appropriate response to any particular emergency.

Different types of cash intervention are compared - cash grants, vouchers, and cash-for-work - with checklists to explain how to implement each of them.

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