

Cash Advocacy Paper

Background

Cash transfer programming is one form of humanitarian response which can be used to address basic needs and/or to protect, initiate or restore livelihoods or economic activities within a community. Cash based Transfer Programming or CTP is the name given to programmes where conditional or un-conditional cash or cash-equivalents i.e. cheques, vouchers etc. are given to the beneficiaries to address their identified needs in the wake of disaster. In-kind distributions of food and Non-Food items (NFIs) dominate the emergency and relief responses, yet in recent years, cash transfer programming has also gained attention in emergency responses. Cash impact assessment 2017 showed that beneficiaries like cash modality for assistance. (Impact Assessment of FDMA'S Cash Assistance on IDPs and Returnees in the FATA).

Pakistan is prone to numerous natural disasters. Since the earthquake 2005, Pakistan has embarked on a process of building national capacities and putting in place systems for mitigation, preparedness and disaster response. The humanitarian organizations have been increasingly using cash and vouchers in Pakistan. The increasing level of cash response and the number of agencies involved in CTP is phenomenal.

Besides, the government of Pakistan (GoP) has been implementing CTP through various social protection and safety net programmes. The BISP (Benazir Income Support Programme, CDCP (Citizens Damage Compensation programme), and CTP to support the erstwhile FATA Temporarily dislocated Persons (TDPs) and returnees are some of very successful models used by GoP which also includes the use of latest technology by involving private sector. Government of Pakistan is the biggest cash transfer player in the newly merged tribal districts of KP, erstwhile FATA. It has also encouraged by Fata Disaster Management Authority (FDMA), to adopt cash as response option to boost the local economy. Annexed FDMA letter.

Pre-Condition and Feasibility of Cash Transfer Programming

Before selecting cash as an assistance modality, respective organizations conduct detail cash feasibility assessment and conducts risk analysis. Based on these finding the organization decides whether to go for cash or in-kind distribution model. Precondition of the cash-based transfers are following which are critically assessed.

- Functionality of Market
- Willingness and capacity of the traders
- Access to market both social and Physical
- Availability of internet services
- Security situation
- Community Agreement
- Reasonable and stable prices
- Availability of Reliable Financial Service Provider
- Prevailing of safe and secure environment for cash holders/users

Organization implementing cash conducts various assessments and studies before during and after the implementation of a CBT programme which provided basis for a

programme to be implemented in certain areas with different contexts. These assessments are conducted at individual or collective level for CBT programmes.

Why Cash

Dignity – cash can be better at maintaining the dignity of recipients. It may, for instance, be possible to avoid long, degrading queues

Choice – cash allows recipients to decide what they should spend the money on. This enables people to choose what they most need, and allows for this to vary from person to person

Power transfer - cash often allows recipients to make their own choices thereby increasing their power and control over how they respond to disasters

Multiplier effects – distributing cash can have knock-on economic benefits for local markets and trade if the money is spent locally, and it may stimulate agricultural production and other areas of livelihoods

Avoids disincentive effects – unlike commodities (food, shelter) cash is unlikely to discourage local trade or production

Links response to recovery - because of the multiplier effect of many cash projects the impact can continue into the recovery phase. For example a cash for work programme can help build the infrastructure enabling better transport to markets, or a cash grant programme can protect livelihoods enabling people affected by disasters to recover more quickly. This aspect of the humanitarian response is also known as ‘Early Recovery’ now represented by the Global Cluster Lead Agency UNDP

Selection of Financial Service Providers

Financial Service Providers are Selected through competitive process based on various factors including their experience, innovative disbursements models, geographical spread etc. Each organization follows its own SOPs for selection of the FSP.

Control Mechanism and Risk Mitigation

- Competitive process for selection of implementing partners and Financial Service Providers.
- Awareness raising at each layer of implementation.
- Focus on registered returnees as well as where humanitarian needs exist.
- Avoid duplication by using different verifications tools and application of filters in the adopted database; tagging of activity outputs with beneficiaries; and inclusion of outputs information in reports for cross verification with the information entered.
- Cash disbursement through financial service provider – no beneficiary can receive more than one payment at a time.
- Security Issues addressed through coordination with government administration and deployment of Law Enforcement Agencies at cash disbursement points.
- Connectivity Issues addressed through installation of DSL upon approval from government,
- Disbursements through national mobile networks,
- Third party monitoring.

- Disbursement to the desired beneficiary is ensured through various mechanism e.g, CNIC, Biometric or verification through community elders.

Targeting

- Geographical Targeting based on Food Insecurity; Vulnerability to Disasters; Accessibility; Functioning Market; Security environment etc.
- Beneficiaries Selection as per context specific criteria to target vulnerable groups such as TDPs, returnees and refugees.
- Needs Assessment and Intervention Selection through community-based participatory planning as per project objectives.

Cash Disbursement Process:

1. Cash disbursements is done through cash cards and biometrics-based payment solutions. In case of cash Cards based payment, Cash cards are issued to beneficiaries by Financial Service Providers and distributed at the time of registration. Card is topped up with cash after completion of each work cycle/ completion of the planned activity.
2. Biometrics based payment solution is carried out by the FSP after verification of each individual through National Registration Database Authority.
3. Prepaid Cards: Virtual accounts of beneficiaries are opened after verification of beneficiary information through National Registration Database Authority by FSP. Cash is transferred to beneficiary account.
4. Special disbursement mechanism for Non-CNIC beneficiaries is carried out by the cooperating partner (CP). Special SOPs have been developed by the implementing organization.
5. Post Offices are also used for disbursement of cash where FSP are not operational.

Monitoring

Monitoring is one of essential and continues part of every cash project. Each organization implementing CBT programme have developed monitoring mechanism which is adopted as per the project plan

- Rigorous monitoring is carried out in the field during implementation and cash distribution, followed by post distribution monitoring surveys at beneficiaries' households' level.
- Cross verification/reconciliation of information independently received through different sources.
- Strong Beneficiary's feedback mechanisms are also developed by the implementing organizations to ensure accountability
- Beneficiary's registration and verification are carried out by different teams of Program

- Use of Remote Monitoring System in some areas (as feasible) as tool to ensure staff presence at distribution sites; thus, ensures accountability.
- Distribution and Post Distribution Monitoring conducted with focus on process and outcome indicators.
- Periodic impact survey/assessments

Cash Transfer Programming Modalities

Cash Grants	Vouchers	Cash for Work (CFW)
<p>Cash given to people with a certain condition such as for restarting/strengthening livelihood activities.</p> <p>CCGs are also sometimes given with the condition that people attend a capacity building session/s (often know as Cash for Trainings).</p> <p>Cash given to people without any condition/expectation to perform any work in return, or repay. Beneficiaries are free to use the cash as they decide.</p>	<p>A voucher is a paper, token or electronic card to be exchanged for specific commodities or services, according to the project objectives set by the implementing agency.</p> <p>Vouchers can be:</p> <ul style="list-style-type: none"> - Commodity vouchers - Cash vouchers <p>Both commodity and cash vouchers are redeemed by beneficiaries at trader shops selected by the implementing agency.</p> <p>Vouchers can be 'conditional' or 'unconditional'.</p>	<p>Households or communities engage in building or rehabilitating productive assets. They receive CFW payments in return of their work.</p> <p>Along with asset production, CFW also offers temporary income support to people who may have lost their jobs following a disaster, or are under heavy debt-burdens.</p>