CASH TRANSFER PROGRAMMING

Standard operating procedures and administrative requirements for the four main categories of cash transfer programmes:

- Unconditional Cash
- Conditional Cash
- Vouchers
- Cash-for-Work
Danish Church Aid's (DCA) Assistance Decision Tree

Use this decision-making guide to help you decide if cash-based or in-kind programming is appropriate. You will need basic information on the population, security, local economy, and market prices.

Is it a cash-based economy?
- No → In-kind Aid
- Yes → Do targeted people visit the market regularly? Do they buy most of their goods from the local market?
  - No → In-kind Aid
  - Yes → Are prices for basic goods stable and in line with normal seasonal trends? Does your assessment indicate that prices are not on an inflationary trend? (+10% or more between months)
    - No → In-kind Aid
    - Yes → Are markets functioning well enough to accommodate increased demand from the targeted group? Do they have basic goods available in sufficient quantity and quality?
      - No → In-kind Aid
      - Yes → Do beneficiaries prefer cash over in-kind?
        - No → In-kind Aid
        - Yes → Cash Transfer Programming is Appropriate

Cash Transfer Programming is Appropriate
Now consider which type? Vouchers, Unconditional Cash, Conditional Cash, Cash-for-Work

If...
- It is a priority to complete meaningful labor-intensive work projects that benefit the community.
  - and
  - Quality work and sustainable results can be achieved with unskilled workers.
  - and
  - Women/vulnerable groups can participate in a dignified and meaningful manner.
  - and
  - Targeted groups can safely carry cash around with them.
  → Cash-for-Work

If...
- It is important to ensure that people purchase a certain type of goods. (NF, food, shelter, etc.)
- Targeted groups cannot carry cash around with them safely.
  → Vouchers

If...
- Targeted groups can carry cash around with them safely.
  → Unconditional Cash Grants

If...
- It is important to ensure that targeted groups complete certain actions (i.e. rebuild their homes, keep children in school, attend training).
  - and
  - Targeted groups can carry cash around with them safely.
  → Conditional Cash Grants

1/18/2013
Draft DCA Assistance Decision Tree
Contents

Checklists for DCA Staff and Partners ............................................. 3
Proposal Design Checklist for Reviewers of Cash-based Programmes .... 3
Post-Distribution Monitoring Checklist........................................... 3
Monitoring Visit Checklist......................................................... 3
Finance Checklist ...................................................................... 4
Procurement Checklist .................................................................. 5
Select the Appropriate Type of Cash Transfer Programme............. 6
Definitions and DCA Examples .................................................... 6
Decide on the Appropriate Type of Cash Programme..................... 6
Determine How Much Cash to Transfer ........................................ 8
Selecting the Appropriate Transfer Modality ............................... 10
Create Preparedness and Contingency Plans that Plan for Cash ....... 10
Assessment of Cash Delivery Options ......................................... 10
Table: Key Criteria for Assessing Cash Delivery Options.............. 10
Selecting the Best Option for Cash Delivery ................................. 12
Table: Advantages and Disadvantages of Different Cash Delivery Options 13
Compare Costs of the Different Options ....................................... 14
Direct Payment .......................................................................... 14
Cash Movement Practices ........................................................... 15
Vouchers .................................................................................... 17
Vendor Selection .......................................................................... 17
Implementing Vouchers (non-Fair) ............................................... 18
Steps to Implementing Vouchers Using Fairs ................................. 20
M&E Considerations .................................................................. 23
Cash Grants (Unconditional) ......................................................... 24
Beneficiary Selection Criteria and Verification ............................. 24
Issuing Beneficiary Cards or Tokens ............................................. 25
Standard Components for an NGO-Issued Beneficiary Card ........ 25
Monitoring and Understanding Impact ......................................... 26
Cash Grants (Conditional) ............................................................. 27
Results-based Framework for Conditional Cash Grants ............... 28
Livelihoods Grants ..................................................................... 28
Cash-for-Work .......................................................................... 29
Overall Objectives for Cash-for-Work Programming .................. 30
Selecting Beneficiaries ............................................................... 30
Determine Wage Levels ............................................................. 31
Daily Wage vs. Payment per Output vs. Timeframe based Payment .... 33
Payment for CFW ...................................................................... 33
Handover of the Project to the Community .................................. 34
Key Monitoring Issues for Cash-for-Work .................................. 34
Sphere Standard Cash/Voucher Standards .................................. 35
Templates and Sample Documents ............................................. 36
Resource List ............................................................................ 37
Checklists for DCA Staff and Partners

This section is designed to provide a series of one-page checklists that can be used by DCA staff and partners to quickly review required documentation and steps for implementing cash based programmes. It is recommended to document information related to these questions in meeting minutes, approval memos, or trip reports. These checklists appear at the front of the guidelines for quick reference but background on all of the issues included in the checklists is included in the following sections.

Proposal Design Checklist for Reviewers of Cash-based Programmes

- Is the type of cash transfer programme proposed the best fit for the context and to meet the objectives?
- Does the market price information indicate that products (food, NFIs, shelter, etc.) will be available in adequate quality and quantity for the target caseload?
- Are market prices stable, inflated, depressed as a result of the disaster? If there is price fluctuation greater than 10 to 20%, depending on local context, a contingency plan should be included to respond to the price fluctuation. The concern here is not only impacting the market, but also if the price fluctuations will impact the ability of the programme to meet objectives (i.e. rebuild shelter, improve household food security, restart household livelihoods).
- Has the method of cash payment been selected using assessment tools and analysis of cost-benefits?
- Is there budget to conduct 15 to 20% post-distribution monitoring included in the project?
- Have the proposals utilized Sphere Standards for the relevant sectors?
- How will the project demonstrate that it is impacting the sector objectives? Is it realistic and logical?
- Have cash-for-work proposals analyzed the labor market, including local wages for skilled/unskilled and rural vs. urban? Have they clearly explained how the wage rate was set (recommended to be set below market levels to encourage self-selection)?

Post-Distribution Monitoring Checklist

- What percentage of the programme population was covered by the post-distribution monitoring, break out the coverage by rounds of monitoring if several rounds have been completed? [DCA aims for between 15 and 20% of coverage of the entire population provided cash transfers by the end of the project period]
- What does the post-distribution monitoring tell us? Look for issues related to the beneficiary selection criteria, speed of payment, accuracy of payment, and utilization of the cash transfers.
- Are there any programme changes that need to be made following analysis of the post-distribution monitoring? Do any of these changes require approvals, if so at what level?
- What is the average speed of the cash payments from time of disaster (or donor funding approval) till when the beneficiaries received the cash?
- What impact is the cash transfer programme having on women?
- What impact is the cash transfer having on the stated objective of the programme, such as improved food security?

Monitoring Visit Checklist

- Review and collect photocopies of the following cash documents: beneficiary list, beneficiary ID cards, vouchers, complaint mechanism log, post-distribution survey, market price data collected,
bank payment lists, and other relevant project documents. Because most cash transfer programmes do not have the rigorous procurement process to document decisions, DCA’s monitoring visits should be used as opportunities to collect, review, and understand all decisions made related to the cash transfer programme and take any corrective actions.

- Do changes need to be made to payment procedures to reduce risk of fraud? (change of vouchers or beneficiary ID cards to include new and unpredictable stamp/emblem/hologram, change of payment staff, etc.)

- Are their checks and balances among the staff implementing the project? For example, are different staff involved in paying the cash to beneficiaries than those that selected the beneficiaries? Have project impact and results been reviewed at several levels within the organization to ensure an objective portrayal?

- Consider randomly selecting 5-10 beneficiaries from the list and reviewing all of their documentation, potentially visiting their household during the monitoring visit. Do these spot checks reveal any inconsistencies or unintended outcomes?

- Review complaints mechanism to determine if issues been followed up sufficiently.

- How does the DCA cash transfer programme compare with other in-kind or cash programmes operating in nearby areas? Are similar approaches used? Is there a need for better harmonization?

**Finance Checklist**

Cash transfer programming is finance intensive and speed of payment greatly affects beneficiaries’ well-being post-disaster. Finance and programme teams should work together to ensure that cash transfers are made using the quickest, most cost effective, and appropriate methods.

- How fast were the payment vouchers processed within the finance department for cash programmes? How long did it take to pay the beneficiaries after the finance department approved the paperwork?

- Did the cash programme have fraud and corruption-proof aspects? If so, what were they?

- Were the cash payments and selection of beneficiaries done by different staff members? (Keeping with division of responsibilities principles?)

- How were errors or mistakes corrected on paperwork for the cash programme?

- How many financial spot checks were conducted during payment days and what reports were filed?

- Were there any changes to the beneficiary list, payment vouchers, or other cash project documents that need explanation and documentation?

- Does the information from the post-distribution monitoring (how much cash was received) match with the financial records?

- What hidden costs were incurred during the cash transfer programme? (i.e. extra bank fees, transfer fees, extra check costs, security for payment team, etc.)

- Has the cash transfer programme been cost-effective in comparison to other programmes?

- Have proper reconciliations with bank records and cash programme records been made?

- Should the payment method be altered or adjusted in future programmes?
**Procurement Checklist**

DCA’s procurement team (ProLog) considers voucher projects the only type of cash transfer programme that includes a procurement action. Therefore, this checklist is focused on voucher programmes.

- How fast was the procurement plan approved for the voucher programme? Did the local partner understand issues with vendor selection and price setting?
- Did the market assessment indicate that the vendors have sufficient stock and quality of goods for beneficiaries to purchase?
- How was the vendor selection process conducted? Did the vendor contract include any unusual terms?
- Do the vouchers include fraud-resistant design features (holograms, serial numbers, stamps, etc.)?
- Is the complaint mechanism in place in close proximity to the vendors? Is it followed up on weekly and issues with vendors address appropriately?
- Are their enough vendors selected to ensure a level of competitiveness?
- How do the prices compare to pre-disaster trends?
- Has DCA utilized “secret shoppers” or other methods to determine if vendors are following the rules set out in their contract?
- Have the “prices” for the goods that will be exchanged for vouchers been set using a market assessment and fair pricing?
- Are the field teams submitting market price information weekly/monthly so that any price fluctuations can be detected and adjusted for early on?
- What quality checks are in place to ensure beneficiaries receive the level of quality agreed upon?
Select the Appropriate Type of Cash Transfer Programme

Conducting a successful cash transfer programme starts with ensuring that the correct cash transfer type of project is selected. Cash is not an end unto itself, rather a means to achieve humanitarian outcomes. The steps below provide the general steps and documents that should be prepared during the initial stages in planning a cash transfer project.

Definitions\(^1\) and DCA Examples

**Voucher:** A voucher is a paper, token, or electronic card that can be exchanged for a set quantity or value of goods, denominated either as a cash value (e.g. $15) or as a predetermined commodities or services (e.g. 5kg of maize; milling of 5 kg of maize). Vouchers are redeemable with preselected vendors or at “voucher fairs” set up by the implementing agency. DCA’s partner CWS/Lasoona organized agricultural fairs in Swat Valley, Pakistan in 2010 where farmers received vouchers to use at specific market days to purchase their choice of agricultural inputs.

**Unconditional Cash:** People are given money as a direct grant with no conditions or work requirements. There is no requirement to repay any money, and people are entitled to use the money however they wish. In Cambodia, DCA and consortium partners provided cash grants to 833 very poor households who had limited capacity to work and did not harvest dry-season rice in an amount equivalent to Sphere Standards for a monthly ration of milled rice to help families recover from devastating floods.

**Conditional Cash:** The agency puts conditions on how the cash is spent, for instance stipulating that it must be used to pay for the reconstruction of the family home. Alternatively, cash might be given after recipients have met a condition, such as enrolling children in school or having them vaccinated. This type of conditionality is rare in humanitarian settings. Following a devastating cyclone in India, DCA’s partners provided cash grants to 300 households with the condition that they utilize the money to purchase materials on the local market to repair their homes, helping the local economy and quickly assisting families in need of shelter.

**Cash-for-Work:** Payment (in cash or vouchers) is provided as a wage for work, usually in public or community programmes. In Ethiopia, DCA’s partner has provided 90 days of cash-for-work to more than 12,000 people affected by food insecurity and drought enabling them to purchase food on the local markets.

Decide on the Appropriate Type of Cash Programme

Planning for a cash project should consider all the different types of cash transfers before making a decision. It is useful to document your decision-making in a format that can be annexed to a proposal or evaluation.

---

\(^1\) Definitions are from the manual *Cash Transfer Programming in Emergencies* (p.4).
Use the questions in the table below and in the DCA Assistance Decision Tree to help guide your analysis, but remember every situation is different and adjustments and creativity will be needed. The table below incorporates existing cash decision-making tools, such as the ECHO decision-making tree, but reflects the emerging preferences and best-practices among NGOs. The ECHO decision-making tree is useful, but reflects a bias towards cash-for-work and treats unconditional cash transfers almost as an option of last resort. DCA and other NGOs are developing evidence and field-tested practice that leads us to prefer unconditional cash, depending on contextual factors.

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes?</th>
<th>No?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the market functioning? (Note: a market may be disrupted but still functioning. You can tell if it is functioning if people are visiting the market to purchase basic household items.)</td>
<td>If yes, consider cash-based programming to support local traders and economic recovery.</td>
<td>If no, consider in-kind or interventions to help re-establish the market, which may be structural (transport, warehousing).</td>
</tr>
<tr>
<td>Is the market capable of responding to increased demand for food, NFIs, or other goods?</td>
<td>If yes, cash-based programming is appropriate.</td>
<td>If no, consider utilizing a fair model to organize traders to bring in goods on a certain day or in-kind programming.</td>
</tr>
<tr>
<td>Is it important to restrict spending? This may be to a specific sector or quality/quantity of goods.</td>
<td>If yes, conditional cash transfers or vouchers are appropriate.</td>
<td>In no, unconditional cash transfers are preferred to allow beneficiaries maximum choice and flexibility to meet their needs.</td>
</tr>
<tr>
<td>Are their public work projects that are a high priority that can be completed with unskilled labor without disrupting existing casual labor markets? (i.e. debris removal from natural disaster)</td>
<td>If yes, cash-for-work may be the most appropriate choice. Consider if women can participate in these activities, given household responsibilities and cultural norms. If they can’t, a cash grant or cash-for-training may be more appropriate. Consider if the work can be completed to a standard level of quality using cash-for-work. Cash-for-work projects should be selected because the project aim is temporary employment for a given set of beneficiaries rather than the public work needs. Public works may be better completed utilizing contract labor.</td>
<td>If no, unconditional cash, vouchers, or conditional cash may be appropriate. Consider completing public works projects with skilled laborers from the local economy, rather than cash-for-work.</td>
</tr>
<tr>
<td>Are there security concerns for distribution of goods or cash?</td>
<td>If yes, consider ways to manage security concerns, including discrete transfer of cash options</td>
<td>If no, unconditional cash grants are preferred as they offer the greatest amount of flexibility and</td>
</tr>
<tr>
<td>Are the identified needs best met through a one-off transfer?</td>
<td>(mobile phone credit), use of vouchers, and unpredictable schedules of payment.</td>
<td>beneficiary choice.</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>If yes, a voucher fair approach (NFI fair, livelihoods fair, etc.) may be most efficient.</td>
<td>If no, vouchers redeemed on the local market, conditional cash transfers in tranches, or unconditional cash transfers may be appropriate.</td>
<td></td>
</tr>
<tr>
<td>Do beneficiaries feel they will get fair prices and treatment from the local vendors?</td>
<td>If yes, unconditional cash grants are appropriate.</td>
<td>If no, consider vouchers or agency purchase of needed materials. Agencies may also opt to pre-select vendors are reach an agreement on prices for the commodities.</td>
</tr>
</tbody>
</table>

### Determine How Much Cash to Transfer

DCA expects that the value of cash grants will be established through a logical process that addresses Sphere Standards and the program objectives, such as nutrition, food security, or livelihoods. The first step will be to understand normal (or pre-disaster) spending on household items. This information can be gathered through a focus group or during the initial disaster assessment and through market analysis of current prices. The cash transfers should aim to fill the gap between what people can currently afford and what they need to purchase to meet minimum household needs. Assessments that make general statements about the status of disaster-affected populations, such as “people cannot afford any food” or “the markets are totally destroyed” should be avoided.

It can be difficult to get an accurate picture of household spending, as people often will not accurately tell strangers their entire income or spending habits. Focus groups discussions and household profiles for different wealth groups, poorest-of-poor, poor, average, and richer can help to establish ranges of income/spending pre- and post-disaster.

Defining the gap in humanitarian needs can be challenging and may exist in several sectors. Coping strategies for beneficiaries—use of savings, conversion of livestock and other assets, borrowing, migration for economic opportunities—must also be understood to prioritize who qualifies for the cash programme.
THE BASIC CALCULATION FOR CASH TRANSFER VALUE IS BASED ON:

- What households need overall to fulfill the objective (e.g. total amount of calories/food, seeds, livelihood inputs, school fees).
- How much these goods and services cost locally.
- What households can provide for themselves (through their own income and other forms of support).
- Any other goods and services that households might spend the transfer on that are not related to the project objective (e.g. on food in the case of a shelter project) and additional expenses incurred because of the project (e.g. public transport to distribution sites).


KEY QUESTIONS TO REFINE THE CALCULATION

- Does this enable the family to meet Sphere Standards for food and other sectors?
- What does the market analysis tell us is likely to happen with prices?
- Will you adjust the cash grant range by size of household?
- Are households extremely vulnerable and may need a “protection” buffer to help them avoid using negative coping mechanisms?
Selecting the Appropriate Transfer Modality

As technology becomes more available in more countries, DCA cash programming staff will need to constantly re-evaluate the ways in which cash payments are made to beneficiaries. Careful consideration of beneficiaries’ preference and lifestyle is needed to ensure that the most appropriate transfer modality is selected. Common transfer modalities that will be considered in this section include cash in envelopes, mobile phone cash, bank deposits, bank checks, ATM cards, vouchers, electronic vouchers, post office money transfers, and money transfer organizations. Finance and programme staff should be involved in this selection process to ensure that the best choice can be made that will allow DCA to make safe, rapid payments to large caseloads.

Create Preparedness and Contingency Plans that Plan for Cash

Country offices that are operating multi-year humanitarian programmes or are in high risk for natural disaster zones should carry out an annual assessment of cash delivery options as part of its preparedness and contingency planning measures. Following an assessment, a tender process and contract negotiations with different providers should be initiated. Both of these actions should be conducted by DCA regional staff and shared with all in-country partners so that several organizations can benefit from the assessment and preparedness tendering process. Contract negotiations should include language that would allow for the local NGO partner to operate under the terms of the contract should it be activated for a disaster response.

Assessment of Cash Delivery Options

The assessment questions below can be answered before disaster strikes as part of a contingency planning process—this is highly recommended—or immediately following a sudden onset disaster. This assessment can be written up by local NGO partners or DCA staff but should be shared with DCA regional offices, humanitarian unit, and local regional financial and procurement teams.

Table: Key Criteria for Assessing Cash Delivery Options

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Assessment Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectives</td>
<td>What are the key objectives of the programme?</td>
</tr>
<tr>
<td>If the main objective is to provide immediate life-saving relief, then speed and reliability may be the key factors</td>
<td>Are there secondary objectives, such as providing access to financial services?</td>
</tr>
<tr>
<td>Delivery options and existing infrastructure</td>
<td>What delivery options are available in the area (banks, postal service, mobile operators)?</td>
</tr>
<tr>
<td>If only one feasible delivery channel exists, the assessment process will be more limited and should largely focus on identifying and choosing the most appropriate delivery agent/s</td>
<td>What proportion of the population have access to the banking system, use remittance providers and mobile phones?</td>
</tr>
<tr>
<td></td>
<td>Do mobile operators provide money transfer services?</td>
</tr>
<tr>
<td></td>
<td>Is there mobile phone coverage?</td>
</tr>
<tr>
<td></td>
<td>Does the agency have existing links with potential</td>
</tr>
</tbody>
</table>
providers or other humanitarian actors that they could leverage to encourage co-operation and coordination?

What are the motivations of the potential providers? (e.g. Financial gain, social mission, image-boosting)

Is the government providing cash support for social protection or emergency relief? If so, is it appropriate to work together with, or independent of, government?

**Cost**

**The cost of different options to both the agency and the recipient**

- What are the costs of different options for the agency (provider charges, staff, transport, security, and training costs)?
- What are the costs for the recipient (charges, travel costs, waiting time)?
- Are there any savings if DCA uses the same option with multiple partners?

**Security**

**Level of physical safety for staff and recipients**

- What are the security risks associated with each delivery option for the agency and recipients?

**Controls/Risks**

**Systems that are needed to manage risks such as fraud and error. Consider the level of automation, security in the system and at the point of disbursement, ability to monitor and rapidly correct, and security in the reporting and reconciliation process.**

- What are the key risks that need to be managed?
- What corruption risks are associated with each delivery option?
- What fiscal controls and standards are in place? Are mechanisms in place to meet them?

**Human Resources**

**Numbers of staff required and their level of skills, education and ability to provide training for recipients**

- How many staff are required for each option?
- What level of skills and training would need to be provided for each option?

**Speed**

**Time taken to roll-out solution**

- How long is it likely to take to get each delivery option up and running?
- What are the regulatory requirements for the recipients in respect of each option?

**Acceptability and vulnerable groups**

**Comfort with use as expressed by recipient and ‘on-the-ground providers,’ need for support, convenience.**

- What transfer options are people already using? Which options would they prefer and why?
- Is the level of literacy and numeracy in the area adequate for this mechanism to be used?
- Will women, children, the elderly, people with illness or disabilities and minority ethnic groups be able to access each delivery option?
- How will the agency manage the following problems to ensure accessibility for people who, for example:
  - Do not have a national ID card
  - Have difficulty recording their fingerprint,
perhaps because their hands are worn out from age or manual labour
- Lose their card/mobile phone/PIN number
- Cannot use their card or access the system due to illiteracy or lack of numeracy
- Do not have a mobile phone
- Cannot get to the distribution point

**Resilience**

**Ability to recovery data, ability to continue when environment is difficult or changes suddenly**

- How resilient are the potential options in the face of possible disruptions to communications and infrastructure following disasters?
- How reliable and stable are potential commercial providers?

**Scale**

**Effectiveness of different options at operating on a large scale**

- What is the target population, how large are the payments and how frequently will he be made? How will each delivery mechanism be likely to cope?
- Do you plan to scale up or replicate this programme and, if so, what mechanism can help you do this most easily?

**Flexibility**

**Ease with which chosen option can be adjusted to vary payment amounts or make other changes**

- How flexibly can the different options adjust the timing and amount of payment?


In some instances, more than one delivery option may likely be chosen to allow for rapid scale up or to meet the differing needs of the target population (ie rural vs. urban, distance to provider, or accessibility). Procurement teams should allow for this selection of multiple providers as long as it is documented and justified using the assessment questions above. The assessment of cash delivery options should not be completed based on individual opinions or informal feedback from various local staff. These questions should be answered through a process of investigation and utilize objective and verifiable information, such as a conversation with a local bank officer.

At times, DCA may find it is more efficient to have several partners utilize the same payment systems and close coordination with other partners and agencies is encouraged. At other times, DCA may want to have different partners utilize different payment systems in order to avoid overwhelming one system, resulting in delays for the beneficiaries.

**Selecting the Best Option for Cash Delivery**

After you have assessed the options for cash delivery, you will want to compare the advantages and disadvantages of each option. Make a chart that lists out both positives and negatives for the options. You will compare costs using a separate chart.
<table>
<thead>
<tr>
<th>Cash Delivery Option</th>
<th>Advantages</th>
<th>Possible Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Delivery (cash in envelopes)</td>
<td>Speed, simplicity, and cost. Flexible if recipients move location</td>
<td>Security and corruption risks. Often labour intensive, especially in terms of staff time. For recipients a lack of flexibility in when they receive cash and possible long waiting times.</td>
</tr>
<tr>
<td>Bank Accounts</td>
<td>Reduced workload for agency staff. Corruption and security risks may be reduced if institutions have strong control systems. Flexibility and convenience for recipients who can choose when to withdraw cash and avoid queues. Access to financial system for previously unbanked recipients. Can link to existing social protection programmes that pay into bank accounts.</td>
<td>Time needed to negotiate roles, contractual terms, and establish systems. Reluctance to set up accounts for small amounts of money. Bank charges may be expensive. Recipients may be unfamiliar with financial institutions and have some fears in dealing with them. Possible exclusion of people without necessary documentation and of children.</td>
</tr>
<tr>
<td>Cheques</td>
<td>As above and can avoid delays that can be caused by having to verify transfers.</td>
<td>As bank accounts are not opened, recipients do not gain access to the banking system.</td>
</tr>
<tr>
<td>Sub-Contracted Parties (remittance companies, post offices, traders)</td>
<td>Sub-contracted parties accept some responsibility for loss. Security risks for agency reduced. Remittance companies may have greater access than agencies to insecure areas. Recipients may be familiar with these types of systems. Flexibility and access – these systems may be near to where recipients live and may offer greater flexibility in receiving their cash.</td>
<td>The system may require greater monitoring for auditing purposes. Reduced control over distribution time frame. Credibility could be at risk if the transfer company cannot provide the money to the agreed time schedule. Recipients may be more removed from aid agency and so less able to complain if things go wrong.</td>
</tr>
<tr>
<td>Delivery via pre-paid cards or mobiles</td>
<td>As with banks, possible reduced corruption and security risks, reduced workload for agency staff, greater flexibility for recipients. Greater flexibility in where cash can be collected from (eg, mobile Points of Sale, local traders). A mobile phone (individual or communal) can be provided at low cost to those who don’t already have them.</td>
<td>Systems may take time and be complex to establish. Risks of agents or branches running out of money. Costs and risks of new technology such as smart cards. Recipients may be unfamiliar with new systems. Form of identity required to use payment instrument depends on local regulations and may exclude some people.</td>
</tr>
</tbody>
</table>

Compare Costs of the Different Options

Program staff should also do a cost comparison of the different options to inform their decision-making. This step can be completed after you have collected information from various transfer agencies as described in the previous steps. The following chart can easily be filled out and discussed to determine the best option. Considerations of beneficiary preference are of high priority and, therefore, it may not be the case that the cheapest option is selected if that option is not the best for the beneficiaries. These nuances must be documented to ensure that donors or auditors can understand the selection process that includes both cost and cultural/social considerations.

Table: Example of How to Compare Costs between Different Transfer Options

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Option A</th>
<th>Option B</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Internal Costs (direct)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>External Costs</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Transfers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total value of transfers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total costs/number of transfers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total value of transfers/total costs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Direct Payment\(^3\)

If other payments options are not viable, payment can be made directly by project staff, using the following procedures:

---


\(^3\) Adapted from CALP’s Direct Cash: Quick Guide and Mercy Corps’ Guide to Cash-for-Work Programming.
The Cash Programme Supervisor collects and verifies attendance lists/beneficiary lists with each Site/Village Supervisor.

The Cash Programme Supervisor works with finance staff to prepare payment vouchers and bank transfer requests (as appropriate), indicating days/hours worked and total payments per work group/village/other group.

On payday, the Site/Village Supervisor visits the payment site with attendance lists and explains the payment process.

All beneficiaries present identification or, if identification does not exist, a Group Leader or community representative who knows the participants must be present to verify identities.

Literate beneficiaries should be enlisted to assist others.

Beneficiaries receive the exact amount due and sign the cash payment sheet on receipt or put a thumbprint next to their name in recognition of received payment.

All payment sheets must be countersigned.

Payment vouchers and attendance lists are re-tabulated and reconciled by Finance Officers.

Decide on what verification (e.g., registration card or token) is needed for beneficiaries at the point of payment and notify the beneficiaries beforehand.

Use small denominations, especially in remote / rural areas. Consider staggering payment times and dates when dealing with high numbers of beneficiaries to reduce waiting time and stress.

Develop security management plan that minimizes risk to beneficiaries, staff and the delivery agent. This may include varying transportation routes, payment times, and staff.

Ask beneficiaries to count the cash as they receive it to ensure that they receive the right amount. Placing the cash in envelopes allows for easier distribution. In some contexts, this may also provide more dignity to beneficiaries. However, in other contexts delivering cash openly may increase transparency and deter diversion of funds.

Cash Movement Practices

As direct cash transfers or payment of vendors may create security risks while transporting cash, DCA recommends the following steps be utilized when moving cash:

- Vary the routes carrying money.
- Select a safe location for distribution.
- Ensure distribution is made to small numbers of people at a time.
- Decentralize distribution so that smaller amounts of money are transported to several different locations and beneficiaries have shorter distances to walk home.
- When transferring cash by car, divide the money and hide portions in several locations within the car utilizing a tracking mechanism.
- Purchase insurance coverage to safeguard DCA and DCA’s local NGO partners from the risk of loss if this is available and affordable.
- Explain to the community that in the instance of security threats, the program may be withdrawn or suspended. With foreknowledge, the community may be more likely to proactively protect project operations.
- Minimize the number of people who have information about the date, time, location, and manner with which the payments will be made.

\(^4\) IBID
• Time the distribution of payments to allow the recipients sufficient opportunity to reach their homes during daylight hours, and try to place distribution locations in areas that will offset any transportation risks for beneficiaries.
• Aggressively maintain programmatic transparency. Transparency can be promoted by tracking the total amount of funds provided to the site supervisor, making sure all beneficiaries know the amount they are supposed to be paid, and keeping records available and visible on site.

Following the steps above should provide you with the key analysis and documentation to make your decision. It is now time to implement your cash project. The following sections are broken out by cash transfer programme type and include activities, timelines, and guidance for implementing these projects.
Vouchers

Definition of vouchers: A voucher is a paper, token, or electronic card that can be exchanged for a set quantity or value of goods, denominated either as a cash value (e.g. $15) or as a predetermined commodities or services (e.g. 5 kg of maize, milling of 5 kg of maize). Vouchers are redeemable with preselected vendors or at voucher fairs set up by the implementing agency.5

Cash Vouchers: In general, cash vouchers are deemed preferable where prices are relatively stable or where prices are declining. Cash vouchers allow the beneficiaries to choose the items that best meet the needs of their household (from the approved list of commodities), as well as choose the quality and brand of the products they prefer.

Commodity Vouchers: Commodity vouchers provide less choice. However, they may be preferable if prices are expected to rise significantly during the life of the project, or to ensure that beneficiaries receive a certain item such as improved seeds or nutritious food. Commodity vouchers may also be appropriate where wholesalers are enlisted to sell the commodities to beneficiaries (if retailers do not have the capacity to supply sufficient product). Prices for commodities must be negotiated ahead of time to protect the NGO from price inflation.

For both commodity and cash vouchers, DCA considers these activities as procurement actions. As such, a procurement plan and vendor selection must be approved by DCA’s procurement team and utilize guidelines in the Procurement Manual. Vouchers are considered to fall under the “cash transfer” programme because the voucher is standing in for currency but still facilitates purchase of desired goods.

Voucher programmes can track purchases by beneficiaries at the vendor level and at the post-distribution monitoring level, providing a rich level of information as to how the people are utilizing the support. This can help to make the link from the input to the desired outcome or output. Some of the biggest challenges with voucher programmes include vendor manipulation of prices, under-the-table agreements to accept vouchers for unapproved goods, and redemption of vouchers by people other than the beneficiaries. Most NGO research shows that these problems affect only a small percentage of beneficiaries, but regularly arise. As such, planning for how to handle issues of fraud or problems with the voucher programme must be made in advance because quick discovery and correction can ensure the programme continues smoothly.

Vendor Selection

Vendor selection is a critical process for voucher programmes. In general, the more vendors participating in the programme the better but this has to be balanced with the extra paperwork and workload having more vendors creates. Some programmes will assign beneficiaries to a particular vendor, but this has drawbacks in that it limits an element of choice and competition. Consider some of the typical criteria for vendors below.

- Willingness to participate
- Sells most or all of the items approved by the project

---

- Sufficient capital and supply chains to increase stocks to meet the new demand generated by the vouchers
- Ability to accept vouchers in lieu of cash until payments are made (e.g. bi-weekly)
- Products are of acceptable quality
- Proper sanitation
- Vendor has a trading license (this may not be applicable in everywhere)
- Vendor has bank account
- Inclusion of men and women

Implementing Vouchers (non-Fair)

Vouchers that are redeemed on the local market, rather than at an NGO-organized fair, are a common approach when beneficiaries will be provided vouchers on a monthly or weekly basis. This approach may be linked to increasing access to food commodities, diet diversification, or purchase of reconstruction materials. The local market should be relatively accessible to beneficiaries, keeping in mind that in areas where people live far from a regular market their shopping patterns may be significantly different, such as once a month shopping. The local market should also be safe for beneficiaries to access; at times markets can be filled with armed actors and may pose a security risk for beneficiaries and project staff.

<table>
<thead>
<tr>
<th>Step-by-Step: Vouchers Redeemed at Local Market</th>
<th>Time Needed</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Preparation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market survey and Risk Analysis</td>
<td>2-3 days</td>
<td>To determine local and district level capacities of commercial sector to source and provide Food/NFI/Shelter materials that affected communities have indicated as priorities, includes issues of access to credit, traditional supply chains and market systems. This should be completed on a monthly basis throughout the life of the project. Analysis risks in terms of corruption, fraud, etc. for vouchers.</td>
</tr>
<tr>
<td>Identification and selection of vendors</td>
<td>3 days</td>
<td>This can be done using an official ‘tendering’ process or through less formal mobilization of vendors through local commercial associations. Vendors sign an agreement acknowledging full understanding of the voucher process—no guarantee of sales, vendors transport and ensure security of their own merchandise, respect for beneficiaries as a humanitarian intervention, etc.</td>
</tr>
<tr>
<td>Committee meetings of beneficiaries and vendors</td>
<td>1-2 days</td>
<td>Vendors and beneficiaries discuss price ceilings on certain key items This step is optional, but consideration of advantages/disadvantages of price ceilings vs. free</td>
</tr>
</tbody>
</table>
market should be undertaken.

| Identification and preparation of vendor stores/stalls | 2 days | Considerations include proximity to beneficiary communities, issues of 'Do No Harm.' Vendor stores/stalls should be clearly labeled with a DCA and local partner logo, including donor logos as needed. Vendors should post: price lists for allowed commodities, special notices/changes, complaint mechanism, and general rules for voucher redemption. |
| Finalization of beneficiary lists | 5-7 days | Registration lists are finalized using vulnerability and targeting criteria for the specific zone. Random verification of beneficiaries on this list is ideal to ensure that the list reflects the criteria. If major inaccuracies are found, it is recommended to redo the selection process. |
| Sensitization sessions with beneficiaries and vendors | 1-2 days | For beneficiaries this is primarily to underline key aspects of the approach such as families being represented by the female adults, the use of the coupons, and the recommendation to consult in the household before the shopping to decide on key priorities. For vendors this focuses on what items are allowed, how the voucher and payment system will work, and a review of the standard clauses of the vendor agreements |

### 2. Voucher Distribution and Redemption

#### Design and Printing of Vouchers
Should be printed outside of the location of the voucher project (i.e. in capital city) to reduce risk of easy replication. Should include at least 3 fraud-resistant design aspects: sequential serial numbers, hologram, special stamps for different groups, donor logos rearranged, etc. Deciding on the denominations of the vouchers should consider prices of commodities to be purchased, shopping habits of beneficiaries (weekly/monthly/daily), and vendor preferences. Grouping of vouchers in booklets or by HH size is recommended. Do not print all vouchers at the same time because you may need to make changes after the first few rounds of exchange. It may be useful to have voucher stubs that remain with the beneficiaries and/or lines on the back of the voucher to write down what specifically was purchased.

#### Sensitization with Vendors and Beneficiaries of Voucher Redemption Process
This can be an open meeting to explain how to utilize the vouchers, how to redeem them, what can and cannot be purchased, what the penalties are for misuse of vouchers (removed from beneficiary list). Vendors should also attend an orientation session to understand how to collect the vouchers, how to make change if required, and dates/process for payment. You do not need to explain the fraud-resistant mechanisms you have in place to the wider audience, these can be kept within the DCA/local partner staff. Expiration dates are commonly marked on vouchers and should be explained to the beneficiaries and vendors. Vendors should be provided with ledgers to keep records of items exchanged for vouchers, vouchers collected, etc. Some programs ask that beneficiaries sign a ledger/receipt but this can be difficult if children or other family members are sent to redeem the vouchers.

#### Initial Distribution of Vouchers
Distribution should be carried out in a secure location, close to the shops if possible. In addition to the vouchers, the beneficiaries should be provided with a list of approved items, a price list (if it exists for the project), and a list of all...
shops participating. Distribution of vouchers can also be used as an opportunity to verify that the beneficiaries on the distribution list meet the criteria for selection, using an independent team and verification form.

Monitoring Shopping and Exit Surveys

Several monitoring staff should randomly visit the participating shops to observe the voucher customers. Monitors should review shop ledgers, count number of shoppers, inspect the quality of goods available, and the general treatment of customers. Monitors should interview several shoppers exiting the store using a simple format. Monitors should file simple daily reports with minimum levels of information. Secret shoppers are also commonly used to randomly check on the voucher project, particularly to see if vendors allow exchange of vouchers for non-approved items.

Collection of Vouchers from Vendors and Vendor Payment

Finance staff should collect vouchers and remove ledger pages from vendors at least monthly, if not every two weeks. Finance staff will count the vouchers with the vendor and both will co-sign the summary of vouchers collected. A summary of the items sold will also be prepared together and co-signed and attached to the detailed ledger pages. Vouchers and ledgers are taken back to the partners office and vouchers should be stamped as "redeemed" and a list of non-redeemed vouchers should be compiled. Calculation of voucher value and items distributed for each shop should be made to determine if the value of vouchers matches the items exchanged. Finance prepares the payment forms for each vendor and project teams cross-check the information. Finance releases a check or direct deposit for the vendors.

Additional Distributions, monitoring, and collection/payments

Monthly distributions of vouchers to beneficiaries and payment of the vendors is an ongoing process. It is recommended not to do payments and distribution in the same week. Post-distribution monitoring should reach 15 to 20% of all beneficiaries.

Follow-up with Beneficiaries who do not use vouchers

Households with non-redeemed vouchers are immediately followed-up with to determine: 1) if they do not need the vouchers, 2) they have difficulties in redeeming the vouchers, or 3) replacement of vouchers is needed. Loss of vouchers will be a common issue, there needs to be guidance on how to handle these situations.

Monthly Market Price Collection and Analysis

As long as vouchers are being utilized in the market, those market should be monitored. Vendors participating in the program and vendors not participating in the voucher program should be monitored. Commodities monitored can be limited to those that are available for the voucher programme. Price fluctuations of 10 to 20% need to be signaled to DCA, headquarters, and possibly donors. Price fluctuations may require a reconfiguration of voucher denominations, value distributed, or revision of project goals (i.e. how much food the family will be able to buy).

Steps to Implementing Vouchers Using Fairs

Vouchers and voucher fairs can be used to rapidly distribute goods to certain groups. Commonly fairs are organized for seed/tool, NFI, or livelihood inputs. Fairs are efficient ways of distributing the humanitarian items that are meant to be distributed one time only, rather than on a monthly basis. Fairs may also be organized if the local markets are not regularly functioning and may mean that vendors are brought from nearby locations to hold a market in an area that does not normally have that market in that location.
## Steps to Implementing a Voucher Fair

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time Needed</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Preparation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market survey</td>
<td>2-3 days</td>
<td>To determine local and district level capacities of commercial sector to source and provide Food/NFI/Shelter materials that affected communities have indicated as priorities, includes issues of access to credit, traditional supply chains and market systems</td>
</tr>
<tr>
<td>Identification and selection of vendors</td>
<td>3 days</td>
<td>This can be done using an official ‘tendering’ process or through less formal mobilization of vendors through local commercial associations. Vendors sign an agreement acknowledging full understanding of the voucher process—no guarantee of sales, vendors transport and ensure security of their own merchandise, respect for beneficiaries as a humanitarian intervention, etc.</td>
</tr>
<tr>
<td>Committee meetings of beneficiaries and vendors</td>
<td>1-2 days</td>
<td>Vendors and beneficiaries discuss price ceilings on certain key items This step is optional, but consideration of advantages/disadvantages of price ceilings vs. free market should be undertaken.</td>
</tr>
<tr>
<td>Identification and preparation of the fair site.</td>
<td>2 days</td>
<td>Considerations include proximity to beneficiary communities, issues of ‘Do No Harm.’ Mobilization of community participation for constructing enclosures, latrines, and stands for the vendors. Fairs typically take place in school yards or public soccer/playing fields.</td>
</tr>
<tr>
<td>Distribution of fair registration cards</td>
<td>1-2 days</td>
<td>Based on the registration lists which have been drawn up using the vulnerability and targeting criteria for the specific zone, partner teams will distribute to the selected families (to the female adult) the fair registration card (not the vouchers) which will entitle her to enter the fair grounds and receive her cash-valued vouchers.</td>
</tr>
<tr>
<td>Sensitization sessions with beneficiaries and vendors</td>
<td>1-2 days</td>
<td>For beneficiaries this is primarily to underline key aspects of the approach such as families being represented by the female adults, the use of the coupons, and the recommendation to consult in the household before the fair to decide on key priorities. For vendors this focuses on what items are allowed at the fairs, how the voucher and payment system will work, and a review of the standard clauses of the vendor agreements.</td>
</tr>
</tbody>
</table>

2. **The day of the Fair** (all one day);

---

6 Adapted from UNICEF’s Step-by-Step Guide to NFI/Shelter Voucher Fairs. (March 2011)
500-600 families per day; partners will then plan a series of fairs for 3-5 days depending on the total number of beneficiaries to be served.

<table>
<thead>
<tr>
<th>Vendor arrival and set up</th>
<th>Vendors arrive and are registered for entry into the site. They off-load merchandise transported to the site by vehicles and bicycles. Some partners will provide a manual labor service employing local community members to help the vendors. Vendor registration also includes a registration of the merchandise vendors have brought including planned selling prices. Vendors are allocated a ‘stand’ and can set up their stand to display their merchandise as they wish.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site set up</td>
<td>Partners will ensure with signs and roped-off areas that the fair site is clearly demarcated with entries and exits and a clearly marked place for all activities—registration, change booth, complaints, vendor stalls, exit surveys; ‘animation’ components to provide information and a festive ambiance throughout the fair.</td>
</tr>
<tr>
<td>Allocation of the vouchers</td>
<td>Beneficiaries are welcomed to the fair site and after verification with beneficiary lists, receive the sheet of detachable vouchers in exchange for their fair registration card.</td>
</tr>
<tr>
<td>Sensitization / Education campaigns</td>
<td>In addition to receiving additional information about use of the coupons and how the fair works, incorporating sensitization campaigns on key messages on hand-washing, the importance of primary school education, and use of mosquito nets and female hygiene kits.</td>
</tr>
<tr>
<td>Direct distribution</td>
<td>Either as the beneficiaries enter or leave, partners will include direct distribution of certain items. Depending on the needs assessment and other considerations, these might include mosquito nets, female hygiene kits, soap, jerry-cans or plastic sheeting.</td>
</tr>
<tr>
<td>Purchases</td>
<td>Beneficiaries enter the fair in groups, often with vulnerable individuals given priority. They browse the vendor stands, compare and haggle for items they wish to purchase in exchange for their coupons.</td>
</tr>
<tr>
<td>Exit Surveys</td>
<td>For monitoring purposes pre-selected beneficiaries will be asked to answer questions as they leave the fair on general satisfaction and recommendations they might have. Teams will also conduct detailed inventories of what certain families purchased to better understand choice and preference of the beneficiary population.</td>
</tr>
<tr>
<td>Daily count of coupons</td>
<td>After all 'shoppers' have left the fairground, the fair is closed for the day and vendors will present their coupons to the NGO payment team to be counted up and to sign a payment slip which guarantees that the vendor will receive payment equivalent to the value of the vouchers he/she received. This can take up to three hours depending on the number of vendors and the need to verify several times. As such most fairs end at 14:00/15:00 to ensure adequate time for this key step. Teams will also conduct vendor surveys to seek input and gauge vendor satisfaction.</td>
</tr>
</tbody>
</table>

### 3. Post - Fair

<table>
<thead>
<tr>
<th>Dismantling the site/clean up</th>
<th>Half day</th>
<th>Includes clean-up of the site, dismantling of the enclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor payment</td>
<td>Not standard</td>
<td>Vendor payment should take place with minimum risk, so payment by bank, money transfer, and check are preferred. In some remote areas, payment by cash in secure locations may be done in some cases.</td>
</tr>
</tbody>
</table>
Lessons learnt

<table>
<thead>
<tr>
<th></th>
<th>One day</th>
</tr>
</thead>
<tbody>
<tr>
<td>The project team will discuss and debrief on the fair – what worked, what could have gone better, how to improve the next time</td>
<td></td>
</tr>
</tbody>
</table>

Post-fair monitoring

<table>
<thead>
<tr>
<th></th>
<th>1-3 months after, 3-5 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>focus groups and individual surveys with beneficiaries and vendors to understand the overall impact of the project</td>
<td></td>
</tr>
</tbody>
</table>

M&E Considerations

Be sure to utilize Sphere Standards as they relate to food security, nutrition, shelter, or other sector that your voucher project aims to improve. Vouchers and vendor ledgers allow you to accurately state what was purchased and report on impact to donors. In-putting data from ledgers and vouchers is time intensive, ensure you have dedicated time to complete the reporting.
Cash Grants (Unconditional)

In the following section, we assume that you have followed the procedures for selecting the cash-based programming type and the transfer mechanism. For DCA and its partners, cash grants are strongly encouraged because they are the simplest to implement and provide the greatest choice to beneficiaries. However, there may be good reasons to introduce a condition, as discussed in other sections.

Beneficiary Selection Criteria and Verification

Cash grants may be more attractive than cash-for-work, vouchers, or in-kind commodities. Therefore, greater care in ensuring that the cash is distributed to those who need it most and in a way that does not increase risk of violence is critical. The beneficiary selection process for cash grants should be done through a household assessment. It is acceptable to start with a list provided by the community leader, as long as the criteria for selection are clearly explained. Selection criteria should be designed so that it is clear who is included and not included. DCA recommends using a first tier, second tier, and excluded categories to define selection criteria. Selection criteria should be defined using independently verifiable information, such as through an interview with the household, photo of the disaster damage, classification by government schemes/disaster reports, etc.
Example Selection Criteria
First Tier for Selection:
1) Vulnerable groups (specify who they are)
2) Households with very high dependency ratios (working age adults: dependents)
3) Severely disaster-affected (specify what this means exactly)
4) Households with extreme food insecurity (define this)

Second Tier for Selection:
1) Households with loss of livelihood due to disaster
2) Households that are moderately disaster-affected (specify what this means exactly)
3) Households with medium-high dependency ratios (working age adults: dependents)
4) Households with medium to high food insecurity (define this)

Excluded from Selection:
1) Households with no or minimal disaster impact
2) Households with current employment or income opportunities
3) Family members of DCA and local partner staff

Issuing Beneficiary Cards or Tokens

In the early days of a rapid onset disaster, it may be faster to implement a cash grant by issuing tokens rather than ID cards. Tokens can then be exchanged for cash. If tokens are issued, do not inform people that these will be later exchanged for cash, as this may prompt corruption and insecurity. Tokens can be prepared in advance and kept in the agency safe in preparation for utilization in a rapid onset disaster response where the speed of providing cash is critical.

For cash transfer projects that have more than one transfer, such as monthly or two-tranches, issuing the beneficiaries a card, booklet, or token is useful for cross-referencing with beneficiary lists. These cards can be issued when direct payment, check or bank payments, or micro-finance payment modalities are utilized. When using ATM cards or electronic cards, it will likely not be needed to issue another beneficiary card.

Standard Components for an NGO-Issued Beneficiary Card

- Full Name(s) of Adult Heads of Household (in countries with polygamy getting the name of the husband and wife is needed to identify one household).
- Location (village, district, state)
- Number in Household
- Unique Serial Number. Each card has a unique number that corresponds to the household.
- Code for vulnerability criteria. For example, the number 24 might represent widows and the card would be marked with 24.
- Logos of: DCA, NGO partner, and donor.
- Information is written in local language with English translations below.
✓ Punch-out/Cross-off sections at the bottom of the card for each intended transfer. These sections can be punched out with a hole-puncher or marked off with permanent pen/stamps when each transfer is made.

Preparation and Documentation of the Transfer

The key documentation to have prepared before the payment is made include:

1. Final beneficiary list (electronic format and in English is best) that includes the following information: name of head of household, number in household, location, serial number, code for vulnerability criteria, primary livelihoods or other sector-specific info. Ensuring all of this information is included will help with verification and post-distribution monitoring. Beneficiary lists should be approved by a senior project staff after joint review of household registration sheets that were used to select and assign a vulnerability code.
2. Summary calculations of payments to be made by method (i.e. bank, direct) per day and payment voucher requests.
3. Preparation of payment receipt signature list (if direct payment).
4. Preparation of notices on how to access the complaint mechanism.

Monitoring and Understanding Impact

After cash grants are made, it is imperative to understand what type of impact the cash grant made. Post-distribution monitoring should be conducted approximately 2 to 3 weeks after the first payment, this allows for beneficiaries to more accurately recall how they utilized their funds. For additional payments, monitoring should follow a similar schedule. Keep in mind that DCA standards for post-distribution monitoring state that at least 10 to 20 percent of the entire cash caseload should be monitored. Quick surveys are useful for post-distribution monitoring, keep in mind you will want to compare the post-distribution information to the initial registration information.

Information from the post-distribution monitoring should be summarized and shared within one week of collection. The information should be shared with DCA regional offices, the entire local NGO partner implementation team, and donors as relevant. These reports should be filed and utilized in donor reporting.

To understand impact focus on:
✓ How was the cash used by the household? Variations in planning and actual usage may occur, these variations may require further investigation and understanding.
✓ Was the cash sufficient to enable purchase desired items? Were prices high/low?
✓ Has there been any improvement in the households’ situation since the distribution? (Note: these may not be entirely attributable to the cash grant.)
✓ What are household’s disaster recovery plans for the next month? Next year?
✓ Were there any problems with the cash distribution? Security, harassment, delays, confusion, etc.
✓ Was the impact different for households with different vulnerability characteristics? For example, are the less severely disaster-affected households recovering at a faster pace than the most severely affected?
✓ Have there been changes in the household’s food consumption? (If food security is an objective)
Cash Grants (Conditional)

Note: The steps and procedures for unconditional cash grants should also be followed for conditional cash grants, these are outlined in the preceding section. This section provides specific notes for conditional grants.

The implementation steps for conditional cash grants are largely similar to the unconditional cash grants. The main difference is the condition and the importance in making a logical and meaningful link from the cash grant to the outcomes intended by that condition.

Examples of Conditional Cash Grants:

- Shelter grants to help families rebuild parts of their home. Usually includes several tranches that are tied to completion of work/tasks.

- Food Security Grants. These grants are provided to increase the quantity, quality, and/or diversity of foods and the household level. They are often calculated to represent a portion of the typical food basket that would meet Sphere Standards, such as the cash equivalent of 50kg of rice. These often need to be varied by household size. The approach may sound similar to vouchers or food security unconditional cash grants, but would be considered conditional if the household is expected to provide proof (even if it is just verbal) that they utilized the cash on food.

- Livelihoods grants to help people restart a small business, recapitalize a disaster-damaged business, or begin a new alternative livelihood if the disaster has limited the livelihood options. Usually require beneficiaries to “apply for grants” and often are set to ensure that the outcomes are achievable with the value of the grant, meaning setting a grant value too low will not facilitate livelihoods goals.

- Debt Relief Grants. These can be one-off grants that enable disaster-affected people to pay off debts that they have incurred with local food/goods vendors. This helps families to avoid paying the high interest rates and allows them to invest income in recovery.

- Child Protection Grants. These grants are provided to families with the condition that their children return to and remain in school.

- Host Family Support Grants. These grants are given to families that are hosting displaced people, to help offset the financial burden of feeding and housing additional peoples.

- Cash-for-Training is a type of conditional cash grant because the condition is that the beneficiary attends various training sessions. Livelihood and hygiene training sessions are common topics.

- Cash-for-Work is also a type of condition cash grant because the condition is the work. However, because it is such a large sector it has its own section in this document.

Setting conditions for the cash grant means that there are outcomes expected that address humanitarian gaps/needs. Most conditions for cash grants fall under the traditional humanitarian life-saving sectors and have specific guidelines and indicators that will need to be utilized in the cash transfer programme.
Results-based Framework for Conditional Cash Grants

The diagram above illustrates the need to make linkages between the needs assessment and how cash will be used to meet those needs. For humanitarians, minimum standards for assistance are already articulated in the Sphere Standards, these standards should be applied even when cash is the method of assistance. For example, conditional cash projects that address shelter should monitor progress to determine if the cash grant allowed the family to provide the minimum of 3.5 m² of covered living space per person.

Livelihoods Grants

Livelihoods grants are a common sectoral condition for cash-based programming. As improving livelihoods relies on realistic economic opportunities, a livelihoods assessment of demand of various jobs, skills, and services is needed to properly implement a livelihoods cash grant project. Livelihoods grants should be approved based on viability in the local economy and potential for sustained demand for the service/goods.
Cash-for-Work

If cash-for-work (CFW) programming is deemed appropriate, the following steps need to be followed to implement the programme successfully. Once an assessment has ascertained that CFW is an appropriate intervention, the first step is to develop an overall programmatic objective. This will define and prioritize the purpose of CFW, while facilitating monitoring, clarifying results and developing effect and impact indicators.

Steps to Implement Cash-for-Work

1. Develop Overall Objective
2. Assess the Labor Market and Set the Wage
3. Select Communities for CFW Projects
4. Develop Criteria for Participation in CFW
5. Develop Alternatives to CFW for Participants that cannot work
6. Select and Review CFW Projects
7. Train Staff on Cash Delivery and CFW Supervision
8. Procure Safety Equipment and other tools/equipment
9. Conduct CFW Projects
10. Payment Made to Workers
11. Post-Work Monitoring of Cash Usage and Work Quality

Overall Objectives for Cash-for-Work Programming

There are four general objectives underpinning CFW programs, and any or all may apply:

1. **Food Security/Basic Needs/Livelihoods** – The goal is to supply people with cash when food and necessary household goods are readily available in the markets but communities do not have the necessary assets to obtain them. This may also be in line with DCA’s strategic objectives under food security.

2. **Improvement of Assets or Community Projects** – The goal is to improve basic assets or to accomplish a community-defined project. Unlike the activities that may be implemented under the previous objective, projects in this category are chosen according to their usefulness and sustainability. Possible projects include digging/clearing irrigation canals, repairing schools, fixing water and sanitation systems, planting greenbelts, or repairing roads. Under this objective consideration of the best way to complete the projects at the desired quality is needed to determine if CFW labor is the best option, or if a contractual arrangement may be better. There are also hybrid approaches where a contractor is engaged by is required to hire local labor or CFWs.

3. **Jumpstarting Economic Development** – The goal is to reintroduce cash flows into beneficiary communities, revitalize local markets, and restore basic economic functions. The availability of short-term employment helps to prevent the selling off of fundamental assets, such as livestock, equipment or land.

4. **Stability** – After a large-scale emergency, CFW programming may be desired by host governments as a way of producing employment and keeping an impacted population from migrating or abandoning their communities in search of new livelihoods. An employed population is also less likely to experience higher levels of crime.

Some donors, particularly USAID/OFDA, will not fund CFW projects to pay people to do things that they would normally do on their own, such as clear their fields for planting, community trash pick-up, etc.

Selecting Beneficiaries

Cash-for-Work programmes must carefully select participants in the project in order to meet the overall objective established, such as food security or livelihoods. Based on humanitarian principles, participants should be selected who are most disaster affected and most vulnerable following a crisis or disaster. As such, you will need to establish selection criteria for the project. This criteria may also help you to formulate the kinds of projects that will be selected, as some vulnerable groups may not be able to comfortably perform certain kinds of labor.

Some examples of beneficiary selection criteria per common objective:

**Food Security Objective:** CFW workers will be selected who: 1) are in the category of most food insecure based on their HH income/livelihoods, 2) HH that have a high dependency ratio of adults to dependents (children or elderly), and 3) Have been significantly impacted by the disaster based on disaster damage assessments.

---

7 Adapted from Mercy Corps. *Guidelines for Cash-for-Work Programming.*

**JumpStart Local Economy:** CFW workers will be selected who: 1) have no other job or income opportunity at the present time, 2) are in the category of poorest-of-the poor based on household assessments/registration survey, and 3) have been significantly impacted by the disaster based on disaster damage assessments.

Ensuring gender equity in CFW projects can be very challenging depending on the country. In many countries, women’s household and family responsibilities do not allow them to participate in CFW activities. In other countries, women are not permitted to engage in manual labor according to cultural norms. DCA, and its donors, require strong gender representation in CFW projects. If this cannot be achieved, it may be more appropriate to utilize a different cash-based assistance strategy, such as cash grants.

CFW projects will need to have an alternative arrangement for families that simply cannot contribute a laborer to the project, this would include female-headed households, elderly headed households, and child-headed households. These groups cannot ethically be excluded from the project as these are the people that most likely need help the most. DCA recommends including these groups as beneficiaries but providing the equivalent to the CFW payment as a cash grant to the beneficiaries. Payments for these groups should be made directly to the household and special monitoring and follow-up conducted.

Determine Wage Levels⁹

The eventual success or failure of a CFW program is often a function of the care taken in setting the wage rate. It must be sufficient to inject needed cash flow into the local economy without causing unwanted economic ramifications such as price fluctuation, dependency, or competition with local producers. In order to minimize market distortion, the agency needs to ascertain wage rates for skilled and unskilled labor before and after the disaster through cooperation with government, local leaders, and/or local business people. The wage should usually be fixed at an amount lower than the market rate to ensure that CFW projects attract the most economically disadvantaged individuals. **A general target is 10 to 20% lower than the regular market rate.** If wages are too high, CFW projects may entice people away from their regular livelihood activities. However, in the immediate aftermath of a large-scale disaster, the majority of employment activities may be interrupted. In this case, it may be appropriate to adopt wage rates comparable or even superior to those previously in existence to rapidly reintroduce economic activity.

Surveys of the local economy, including an overview of market prices and the availability of employment, should be performed on a regular basis throughout the project to ensure that CFW wages stay at the appropriate level. In instances where local businesses continue to have difficulties hiring sufficient laborers because of competition with CFW programs, aid agencies should restrict the number of participants, decrease the number of days worked, or reduce wages.

An assessment into the condition of the local market and wage rate appropriateness should include the following steps:

- **Establish market prices for basic commodities.** Determining the prices for basic commodities helps ensure that the wages set by the agency are not too low to meet

---

⁹ Adapted from Mercy Corps. *Guidelines for Cash-for-Work Programming.*
the basic needs of participating households. In disasters and emergencies, the cost of living often rises.

- **Compare the wages other agencies are providing for similar projects and ensure coordination.** It is important to consult other agencies implementing CFW in the same areas about their CFW wage structure. Differences in wage levels may create disputes between communities.

- **Collect wage rates from the following market actors in the geographic area that you are working in:** at least three employers of unskilled laborers, at least three unskilled and unskilled laborers, at least three employers of skilled laborers, the local government’s official rates for skilled and unskilled laborers, and wage rates in the rural areas outside of the geographic area and the wage rates in the nearest urban areas. These rates should be collected and filed with the project documents and included in donor reporting.

### Table: Sample CFW Wage Rate Data Collection and Analysis Worksheet

<table>
<thead>
<tr>
<th>Cash-for-Work Wage Rate Data Collection and Analysis Worksheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quotation 1 (include name/profession/location)</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Unskilled Labor Wage Rate (per 8 hr day) in local area (village/neighborhood)</td>
</tr>
<tr>
<td>Unskilled Labor Wage Rate (per 8 hr day) in rural areas outside of local area</td>
</tr>
<tr>
<td>Unskilled Labor Wage Rate in urban area nearby (per 8 hr day)</td>
</tr>
<tr>
<td>Skilled Labor Wage (per 8 hr day) in local area (village/neighborhood)</td>
</tr>
<tr>
<td>Skilled Labor Wage (per 8 hr day) in rural areas outside of local area</td>
</tr>
<tr>
<td>Skilled Labor Wage (per 8 hr day) in urban area nearby (per 8 hr day)</td>
</tr>
<tr>
<td>NGO/UN Wage Rates for CFW in areas nearby:</td>
</tr>
<tr>
<td>Skilled and</td>
</tr>
<tr>
<td>Unskilled</td>
</tr>
<tr>
<td>Government Official Wage Rates: Skilled and Unskilled</td>
</tr>
</tbody>
</table>

**Recommended Wage Rate Based on this Analysis:**
Skilled and Unskilled

---

**Daily Wage vs. Payment per Output vs. Timeframe based Payment**

There are three main options for determining how payment is made. The choice will depend on the context:

**a) Payment per unit:**
- **Advantage:** Pay per unit (e.g. number of acres cleared, houses built or kilometers cleaned) establishes a clear pay unit.
- **Disadvantage:** It requires more oversight, and requires a reliable supervisory staff who ensures all workers are being compensated appropriately.

**b) Payment per specified timeframe:** This formula estimates the amount of time it should take to complete a certain job and make payments only for that number of days.
- **Advantage:** This sets a clear timeframe for each activity and lessens the risks of laborers deliberately prolonging the project.
- **Disadvantage:** Because this type of pay rate rests on an output-based system, more oversight is needed to ensure that the program is on schedule.

**c) Payment as daily wage:**
- **Advantage:** This rate allows for flexibility and is often utilized with projects of undefined duration.
- **Disadvantage:** Because it is not output-oriented or tied to deadlines, this form of payment can stretch out for a considerable amount of time and does not necessarily achieve infrastructure aims.

However you choose to organize the payment for the work, it is important to track and report the number of worker days of employment by gender, the amount of cash paid to the beneficiaries and therefore injected into the local economy, and details on the amount of work completed.

**Payment for CFW**

Cash-for-Work payments to beneficiaries should be paid quickly because the aim of this project is to assist people to access cash to improve their ability to purchase basic needs for their families. As such, payment either on a weekly or every two weeks schedule is recommended.
Before payment is made, the following steps must be taken and documentation prepared and cross-checked:

1. Project staff prepare the attendance lists and summary of total work completed and wages owed for finance staff to tabulate and double check for accuracy.
2. Staff should be aware that “ghost workers” can be listed on the attendance sheets and is a form of fraud in CFW. To prevent payment to “ghost workers,” a roll call of workers or payment in person may be necessary.
3. Payment days should be announced to the workers who will assemble in a public location or at the work site. Workers should show their ID cards or other form of identification, such as by a community leader. Payment days should always be scheduled to allow enough time for the beneficiaries to receive their payment and return home before dark.
4. Workers should sign that they have received the payment and finance staff collect the needed paperwork from the payment.
5. Payments should include a notice or memo on the complaint mechanism that has been established.

Handover of the Project to the Community

DCA encourages CFW projects to be formally handed over to the community and documentation of the communities’ commitment to upkeep the project or maintain it in the future made for the records. This can be done through a simple Memorandum of Understanding with the community before the project begins or through a hand-over ceremony at the end of the project.

Key Monitoring Issues for Cash-for-Work

CFW Monitoring should include analysis of the following questions:

- Is the amount of cash earned by participants sufficient to meet basic needs, or needs outlined in the objectives of the project?
- Are the projects completed to the specified level of quality, will the improvements be sustained through the seasons?
- How much cash has been injected into the local community? (Calculate this from payments made to CFW participants)
- Are non-CFW unskilled laborers still able to find work?
- How are people using their cash?
- Are prices for basic goods in the local market the same or different compared to the onset of the project? (Use the baseline market price data to answer this question).
- Are women or marginalized groups comfortable working in the CFW setting? What is the male to female participation ration in CFW?
Sphere Standard Cash/Voucher Standards

In the most recent Sphere Handbook (2011), the emerging issues of cash transfer programmes were addressed in several sectors. Sphere and SEEP have established the following minimum standards for cash/voucher programmes and the USAID/OFDA required indicators are commonly tracked and reported on. These standards are useful to help guide monitoring and evaluation of cash-programmes. DCA recommends that all cash-based programmes include these standards in their cash project M&E plans and evaluations address these standards in indicators in the reports.

<table>
<thead>
<tr>
<th>Indicators for Cash Transfer Programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>All targeted populations meet some or all their basic food needs and other livelihood needs (e.g. productive assets, health, education, transportation, shelter, transport) through purchase from the local markets.</td>
</tr>
<tr>
<td>Cash and/or vouchers are the preferred form of transfer for all targeted populations, particularly for women and other vulnerable people.</td>
</tr>
<tr>
<td>The transfer does not result in anti-social expenditures.</td>
</tr>
<tr>
<td>The transfer does not generate insecurity.</td>
</tr>
<tr>
<td>The local economy is supported to recover from the disaster.</td>
</tr>
<tr>
<td>Cash and/or vouchers also utilize Sphere Standards for the relevant sector.</td>
</tr>
<tr>
<td>Number of people employed through cash-for-work activities, by sex</td>
</tr>
<tr>
<td>Average total USD amount per person earned through cash-for-work activities</td>
</tr>
<tr>
<td>Total USD amount channeled into the program area through cash-based activities</td>
</tr>
<tr>
<td>Short-term employment interventions used to provide immediate income streams and build assets (such as cash for work) link to a longer-term employment strategy that promotes the potential for future sustainable employment, wherever possible.</td>
</tr>
<tr>
<td>Program strategies and corresponding activities are based on an analysis of the supply and demand of labor, products, and services, with the flexibility to allow for changing conditions</td>
</tr>
<tr>
<td>Work undertaken meets quality and sustainability standards (e.g., as outlined in Sphere minimum standards for disaster response).</td>
</tr>
<tr>
<td>Program design considers the individual and the institutional capacity building required to create sustainable employment for the targeted groups.</td>
</tr>
<tr>
<td>Job creation measures uphold and promote decent and fair employment conditions</td>
</tr>
</tbody>
</table>

Sphere Standards, Food Security Section, p. 200. (v. 2011)


Minimum Standards for Economic Recovery. SEEP Network. (v.2 2010)

10 Sphere Handbook. Food Security Section. P. 94
Templates and Sample Documents

Document Templates and Samples

1. Cash Focus Group Discussion Guide (DCA Template)
2. Post Distribution Monitoring Form (DCA Template)
3. Cash Project Payment Form (DCA Template)
4. Cash-for-Work Monthly Summary Form (DCA Template)
5. Cash-for-Work or Cash-for-Training Attendance Sheet (DCA Template)
6. Cash-for-Work Payment Voucher (DCA Template)
7. Cash-for-Work Daily Payment Summary (DCA Template)
8. Livelihoods Cash Monitoring Form (DCA Template)
9. Cash-for-Work Project Application Form (Mercy Corps Template)
10. Voucher Memorandum of Understanding NGO/Vendor (DCA Template)
11. Voucher Project Sample Vendor Selection Process
12. Voucher Project Sample Standard Operating Procedures (Pakistan Example)
13. Cash Transfer Plan (Cambodia Example)
14. Family ID Card for Shelter Programme (India Example)
15. Picture of Voucher Booklet (Pakistan Example)
16. Memorandum of Understanding Village Committee/NGO (Pakistan Example)
Resource List

Note: All documents included in this bibliography are provided in a dropbox that accompanies this document. It is recommended to provide field offices with the full resource files for these programs for the ease of their use.


ECHO. Cash and Voucher Guidelines. (2009)


