

Cash Transfer Programming (CTP) can be made up of cash transfers, vouchers and / or cash for work elements in its more simple form should be understood as one modality choice for implementation.

CTP Options¹²:

Type of CTP	Description
Unconditional cash transfers	A direct grant with no conditions or work requirements, and people are entitled to use the money however they wish.
Conditional cash transfers	A grant where a condition(s) is attached regarding how the money is spent, e.g. for construction of a shelter. Conditional cash transfers may sometimes be divided into qualifying conditions or use conditions. Qualifying conditional transfers are transfers given after recipients have performed a task or activity as a condition of receiving the cash transfer, e.g. participating in training on shelter construction, preparing site for shelter construction, etc. Use conditions are when transfers are conditional in terms of the use of the cash, e.g. cash must be spent on shelter materials.
Vouchers (cash or commodity)	A voucher is a paper, token or electronic card that can be exchanged for a set quantity or value of goods, denomination either as a cash value or as predetermined commodities or services. Vouchers are redeemable with preselected vendors or at 'voucher fairs' set up by the implementing agency
Cash for Work	Payment (in cash or vouchers) for short-term jobs meant for unskilled labor in public or community programs. A main objective is to get money circulating in order to "relaunch" an economy. Workers are paid according to local rates.
(Microfinance)	(A loan where the reimbursement of the total sum, including interest, is required over a given period of time. Not considered as a cash-based intervention per se. The goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance.)

CTP support can provide flexibility, choice, greater levels of dignity, and significantly higher degrees of involvement of the affected communities in the planning and implementation of programme delivery. CTP allows targeted beneficiaries to choose from the range of goods and services directly from local market and service providers, and can often be delivered more quickly than in-kind commodities. CTP has been an important component of the shelter response in Nepal to date, by supplementing or replacing in-kind assistance, in particular shelter materials, tools, and skilled labour, and will continue to play a major role in the reconstruction phase. Any cash programming linked to shelter / reconstruction will need to be complemented and supported by information, technical advice, and training. Households require such support in order to be able to utilise the cash provided for safer shelters and houses.

The basic principles for CTP are very similar to commodity-based programming and should include consultation with the affected population, market based and needs assessment, establishing clear programme objectives, design method of delivery, agree on content and value of support, clear targeting rationale, coordination with governmental and humanitarian agencies, as well as monitoring and evaluation. Different forms of cash transfer may be adopted; as with commodity-based programming CTP can be either conditional or unconditional, one-off or repeated payments, blanket or targeted and a mixture of methods can be used to complement each other.

Why use cash assistance

- Where markets are functional, cash assistance is faster, more cost-efficient to deliver and more flexible in meeting the needs of affected populations.

¹ <http://www.unhcr.org/515a959e9.pdf>

² <http://www.globalhumanitarianassistance.org/wp-content/uploads/2012/03/cash-transfer-financing-final.pdf>

- Cash also supports market recovery, contributing to community livelihoods.
- **Flexibility:** for variety of household circumstances and needs, for changing needs in a fast changing environment
- **Adjustable:** Setting or adjusting amounts can be moderated easily
- **Labour assistance:** Vulnerable households may have access to materials but may need to pay labour to construct a safe and weatherproof shelter. This is also a way to contribute to the local economy and support employment.
- **Household goods:** Cash is very appropriate for the replacement of household goods and personal items, for example in preparation for Winter, as this provides households with greater choice and freedom in terms of deciding what to purchase and when.

Common principles guiding cash assistance

- Cash assistance is a preferred modality for meeting humanitarian needs when **markets are able to provide goods** of sufficient quality and quantity. Markets will be monitored periodically by the Cash Coordination Group and partners. Where not functioning, in-kind assistance is required.
- Using cash assistance requires also that **money can be transferred safely and securely** to target groups.
- Cash assistance can be used with **different modalities** – distributed on its own or as part of a package including in-kind assistance; as a one off or series of transfers over a defined period of time. Modalities may change as the needs and response evolve.
- All cash assistance will have a **defined objective**, in line with the priorities outlined by Government and within the Flash Appeal. This may be cluster specific or cross-cluster; for example, objectives such as “ensuring access to immediate relief needs.”
- The **cash and voucher values** will vary depending on (a) the objective to be achieved by transferring cash and (b) the local market value of the relevant goods or services that beneficiaries need to access. This values should also take into consider the ability of households to meet their own needs.
- Especially because different parallel humanitarian assistance programmes, including those with cash assistance components, can lead to tensions at local level, all humanitarian actors are responsible to ensure effective **communication to affected populations on humanitarian assistance.**

Actions to improve coordination for effective cash

- As with all humanitarian assistance, given the multitude of actors providing support, **coordination is critical.** Clusters under respective ministries and local government lead this coordination. All humanitarian actors are urged to coordinate with clusters and with local government. This will allow partners together with local government (DDC and VDCs) to identify gaps in programme coverage, prevent duplicating programmes and organize complementary coverage. The cluster and overall humanitarian coordination mechanisms at local and central levels exist to support stakeholders and Government of Nepal at both levels to identify and help address these coordination issues.
- Within these coordination structures, as with for any humanitarian programming, **agency/organisation-specific mandates and commitments to donors must be acknowledged and respected.** While donors *may* be open to shifts in geographic targeting (e.g. from one VDC to another), organizations and donors cannot be expected to change the objective or nature of the programming they have agreed to do to fill gaps and there must be recognition that any change usually requires donor approval.
- **Cash programmes with different objectives should be seen as complementary** and not mutually exclusive. For example, a family whose home is destroyed *and* whose seed stock has been destroyed should be able to access multiple streams of support. By contrast, where programme objectives are the same, for the same target groups, overlap should be avoided.
- As with all humanitarian assistance, **targeting of cash assistance will be based on needs with agreed selection criteria** developed at cluster level and refined as needed at local level.
- Cash requires **careful monitoring.** It is the responsibility of those providing cash assistance to coordinate with local government to ensure adequate monitoring is in place. Adequate monitoring should support VDC

Secretaries and CDO or designate in their overall information management on relief distributions as well as household records of assistance received (e.g. Earthquake Victims Card)

- As with overall humanitarian response, **overall field monitoring and feedback mechanisms with affected populations** will be required to ensure that the most disadvantaged and vulnerable groups are reached.

Markets

It is important to analyse the markets prior to beginning CTP. Whilst markets are generally going to respond to demand, in post-disaster situations the impact of the disaster on the markets must be taken into account and where required measures should be taken to re-establish or strengthen markets. Appropriately designed CTP can be used to stimulate the market economy, support the local, primary, secondary, and tertiary markets, and strengthen capacity of the local market. This in turn reduces risks of displacement and accelerates recovery whilst supporting livelihoods.

Further information related to Emergency Market Mapping Assessments can be found here: <http://emma-toolkit.org/>

Cash Transfer Mechanisms and Financial Service Providers

There are a wide range of methods available to deliver cash transfers but almost all require some degree of support from, and interaction with, a Financial Service Provider (FSP)³. The CaLP website provides a great deal of guidance and tools to support the selection of cash transfer mechanism and working with private sector FSPs –

[http://www.cashlearning.org/resources/tools#Selection%20of transfer mechanism](http://www.cashlearning.org/resources/tools#Selection%20of%20transfer%20mechanism).

Gender, Vulnerability, and Inclusion

Effective cash programming will depend on socially inclusive participation and analysis at all stages in the programme cycle (<http://www.odihpn.org/hpn-resources/good-practice-reviews/cash-transfer-programming-in-emergencies>).

When planning to use cash agencies must consider protection and inclusion including key considerations such as access to cash for vulnerable social groups, identification required to access cash (i.e. victim ID cards, citizenship papers), and the potential impact of the distribution of cash on social structures and household dynamics.

Cash Transfer Programming – Useful Links and Documents

There is a wide range of documentation, tools, and other guidance documents available to support Cash Transfer Programming (CTP) development and implementation. This list should not be considered to be comprehensive, but simply suggests some key reference points which may support CTP for shelter / housing response in Nepal.

- <https://www.humanitarianresponse.info/en/operations/nepal/cash-working-group> - The Cash Coordination Group (CCG) provides cross cluster support, guidance, and coordination for CTP. The Shelter Cluster has been working closely with the CCG throughout the response to date and will continue to do so going forward.
- Shelter Cluster Nepal website <https://www.sheltercluster.org/library/cash-markets-and-livelihoods>
- CaLP website <http://www.cashlearning.org/coordination/nepal-earthquake-response#Nepal> (general information around CTP in Nepal as part of the earthquake response), <http://www.cashlearning.org/resources/tools> (general tools to support CTP)
- IFRC, Guidelines for cash transfer programming, 2007, <http://www.ifrc.org/Global/Publications/disasters/finance/cash-guidelines-en.pdf>

³ https://www.humanitarianresponse.info/en/system/files/documents/files/assessment_of_agent_networks_in_nepal.pdf

Preparing for Cash Transfer Programming – Key Questions to be considered

Needs Assessment

1. What are the needs of the affected communities? Is cash needed? Is just cash needed or is cash required in a package with other items?
 - a. Conduct rapid assessment - [http://www.cashlearning.org/resources/tools#Initial%20rapid assessment](http://www.cashlearning.org/resources/tools#Initial%20rapid%20assessment)
2. How much cash is required? What is this based on?
 - a. Based on needs as identified through rapid assessment
 - b. Amount of cash required should be determined based on market assessment (to determine availability and cost of particular items), and standards for support (e.g. Government / Cluster agreed package)

Markets

3. Have the market systems (i.e. production, transportation, retailers, labour force, warehouse capacity, etc.) for the required commodities (e.g. CGI, timber, bamboo, blankets, tarpaulins, etc.) been affected? When are these expected to recover? Is there support that could be provided to support this recovery?
 - a. Conduct market assessment - <http://www.cashlearning.org/resources/tools#Market%20assessment>
 - b. Meet with local producers / suppliers / vendors to understand effect of disaster on them and how to support recovery
4. Are the markets able to respond to rapidly increasing demand? (consider not only the requirement of your agency but the total requirement – the aggregate demand – of the local response)
 - a. Capacity mapping to understand ability of markets to respond - <http://www.cashlearning.org/resources/tools#Market%20assessment>
5. How are markets likely to be affected by the monsoon and winter?
 - a. Understand general effects of monsoon and winter, what are the key concerns? (E.g. reduced access, less electricity available in winter, etc.)
 - b. Map out areas most likely to be affected by monsoon and winter
 - c. Map out products likely to be in high demand in advance of monsoon and winter

Managing Cash

6. What cash transfer mechanism is most appropriate? Should the cash transfer be conditional or unconditional? Is cash or vouchers most appropriate?
 - a. Generally conditional cash transfers are used when specific activities or results must be achieved as a result of the cash transfer
 - b. Unconditional cash should be used where households have freedom to use the funds as they see fit and no specific activity or result is expected as a result of the cash transfer
 - c. Both cash and vouchers have pros and cons and analysis of the appropriate tool is essential when designing the CTP. Direct cash allows for high levels of flexibility and choice (<http://www.cashlearning.org/resources/tools#Distribution>) whilst vouchers can offer more control over the range of vendors used or commodities purchased as well as some administrative benefits.

Vouchers can also be used to support supply chains by providing a guaranteed and regular demand - <http://www.cashlearning.org/resources/tools#Vouchers>.

- d. Other mechanisms such as e-transfers (<http://www.cashlearning.org/resources/tools#E-transfers>), mobile money, etc. may also be considered.
7. Can cash be delivered safely to the target area? Is there local infrastructure for transferring cash – banks, money transfer agents or can staff safely move with large amounts of cash?
 - a. [http://www.cashlearning.org/resources/tools#Selection%20of transfer mechanism](http://www.cashlearning.org/resources/tools#Selection%20of%20transfer%20mechanism)
 8. Can cash be carried and moved safely by affected households? Do households have access to banks / FSPs? Are banks / FSPs able to take on large numbers of new customers⁴?
 - a. <http://www.cashlearning.org/resources/tools#Implementation>
 - b. What information are households expected to provide in order to open a bank account? Is this feasible for the majority of affected households?
 - c. What percentage of the population do not already have a bank account?
 - d. Are local savings and credits groups / cooperatives active in the area?
 9. What are the levels of financial literacy within the target communities⁵?
 - a. Conduct an assessment to understand financial literacy levels and needs - <http://nepal.mercycorps.org/pdf/MercyCorpsNepalMicroFinanceAssessmentScopeofMesoLevelTechnicalServiceProvisiontoMFIsinNepal.pdf>
 - b. Is the provision of financial literacy training necessary?
<http://www.nefscun.org.np/index.php?page=content&id=23#>,
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_116165.pdf, <http://www.giz.de/expertise/downloads/giz2012-en-handbook.pdf>, <http://nbi.com.np/news/financial-literacy-training-manual-book>

Coordination and Monitoring

10. Are other agencies using CTP as a tool for shelter / housing response? Are the various CTP activities being coordinated?
 - a. It is essential that there is coordination around the various modalities, such as setting the value of grants or labour rates and this must take place in coordination and alignment with the Government and take into account existing standards in the country.
 - b. <https://www.humanitarianresponse.info/en/operations/nepal/cash-working-group>, in Nepal CTP is being coordinated under the Cash Coordination Group (CCG).
11. How will monitoring processes be designed to ensure shelter / housing is safe, fair distribution of funds, positive impacts on local markets, etc.?

⁴ <http://www.cashlearning.org/resources/library/34-working-with-banks-a-field-guide-to-negotiating-with-banks-in-cash-transfer-programming-screen-version>

⁵ https://www.globalbrigades.org/media/Financial_Literacy.pdf

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- a. Strong Monitoring and Evaluation processes are essential, and must be well thought out during the planning phase of CTP - <http://www.cashlearning.org/resources/tools#Monitoring>

The key consideration for CTP is 'do no harm'. The set of questions and considerations above is designed to encourage CTP planning which addresses the potential negative, as well as positive, impacts of an injection of finance into a post disaster setting on all involved (both directly and indirectly).