

# Cash-Based Interventions

**Experience from action**



# Acknowledgement

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# Forward

Perhaps the most remarkable innovation in humanitarian programs in developing countries over the past few decades has been the invention and spread of cash transfer programs. These programs provide regular cash transfers to affected households. The Cash Transfer programs began in the 1990s in Mexico, Bangladesh and Brazil, and today over 63 countries have at least one CCT program (Bastagli et al. 2016), covering millions of families worldwide (Robles, Rubio, and Stampini 2015; World Bank 2018).

This document does not provide guidance on how to conduct cash programmes in humanitarian aid, and therefore does not cover determining the size of the cash grant, who to target and targeting methods, or how to deliver cash safely.

This document explores Caritas India's engagement with cash transfers in emergencies. This document is part of an ongoing process exploring Caritas India's engagement with cash-based responses in humanitarian aid. The main aim of the document is to stimulate discussion on the potential role of cash transfers within Caritas India's response to emergencies.

**Fr. Paul Moonjely**  
**Executive Director – Caritas India**

# Introduction

**F**or the past several decades, assistance strategies of humanitarian aid agencies such as Caritas India have focused on the direct provision of goods and services to meet basic needs and rebuild livelihoods. Meanwhile, cash transfers are increasingly accepted as an alternative and meaningful way to assist people reeling from the impact of crisis.

Disasters are often related to poor people's inability to access food and other needs due to lack of purchasing power, rather than an overall lack of availability. In these circumstances, cash could be an appropriate alternative or complement to relief.

Cash transfers can have positive impacts on local markets and traders by providing an injection of cash into local economies, thus boosting economic activity and potentially playing a role in providing a link between relief and economic recovery. Cash transfers represent a shift of power from the aid agency to the programme participants.

**Fr. Jolly**  
**Assistant Executive Director – Caritas India**

# Understanding Cash transfers

Grants paid to programme participants without the beneficiary having to do anything specific to receive the benefit are described as unconditional cash transfers. ***“The provision of money to individuals or households, either as relief intended to meet their basic needs for food and non-food items, or services, or to buy assets essential for the recovery of their livelihoods.”***

***If the programme participants are required to fulfill a specific obligation or activity (such as attending***

***school, planting seed, building shelter, etc.) to receive the transfer, then this is described as a conditional cash transfer.***

Examples include: Cash for Work (CFW) where payment is made for work on public or community works programmes, or payments made upon completion of certain pre-defined steps of shelter construction; Cash for Training where payment is made for attending trainings.



## Basic Framework

The term Cash-Based Intervention refers to all interventions where goods and services are not provided to programme participants in kind, but through other means such as vouchers, hard currency, cheques, debit cards, mobile phones and e-cards. There are different categories of Cash-Based Interventions. A principle delineation is made between the following categories:

A. **Unconditional vs. Conditional:** unconditional cash transfer support is where the programme participants receive assistance without conditions applied to it. However, for conditional cash transfer support, beneficiaries must complete certain obligations with specific requirements (such as shelter repair) to receive assistance in return.

B. **Unrestricted vs. Restricted:** These refer to the process and the way participants can utilize the cash transfer. For example, certain vouchers may only be used in specific shops or for specific goods, while others can be used without any limitations. Within these categories, different types of Cash-Based Interventions exist and can be chosen depending on programme participants' needs, the market situation, as well as the set-up, structure and capacities of the implementing agency. Some of the most commonly applied activities include Cash for Work, Vouchers, or Multi-Purpose Cash Grants.

- **Cash for Work** provides short-term employment in restoring infrastructure and



services, which serves the wider community. Cash for Work thus provides short-term income for the programme participants, which enables them to access goods and services they need.

- **Vouchers** are a popular tool to implement Restricted Cash Based Assistance, in order to respond to specific needs (e.g. baby kits, seed distribution). Recipients can exchange vouchers in markets or at vendors for specific goods or services.

The most progressive form of Unconditional Cash Transfers is Multi-Purpose Cash Grants. In principle, Multi-Purpose Cash Grants allow unrestricted and unconditional use of the cash received to cover basic needs such as food, water, health, school fees or shelter. In protracted crises, Multi-Purpose Cash Grants can also be implemented as long-term support, providing for dignified and predictable, long-term assistance as a form of Social Safety Nets.



## Appropriateness

1. **Local availability of commodities to meet needs:** Floods in Assam and Kerala, earthquakes in Manipur are examples of emergencies where basic goods were available locally. In other disasters, however, there may be an absolute shortage of food or other items at local or national levels, and cash may not be appropriate in these situations.
2. **Functioning and accessible markets:** Markets need to function to meet the demand for goods. Judging the ability of markets to respond, goods availability, market prices and to an increase in people's purchasing power is a critical component of assessing the appropriateness of cash.
3. **Safety:** Determining whether cash can be safely delivered requires an analysis of the security risks to programme participants receiving the cash, as well as those managing it.
4. **Participation and consultation:** Programme participants should play a role in informing the decision to distribute cash or in-kind commodities, or a combination of both.



# Cash Transfer strategies

Cash transfer provided to programme participants happens through a pre-determined selection process and criteria. Each selected participant/household receive a specific amount of either liquid cash or bank transfers or vouchers which is consistent with the local cost. A CT package is usually developed by CI and local partners in consultation with the community through a process of community meetings and home visits with the affected community. The CT package is calculated to cover needs such as shelter repair, food, wage for labour, cost of livestock, cost of on farm livelihood inputs, agriculture seeds, horticulture etc.

## A. Cash distribution



Intervention focuses the cash-based programming through the use of cash for target HHs as identified through selection process and community validation. Single women, elderly population, and persons with disability targeted within households belonging to the most vulnerable communities often get prioritised in the distribution order. Cash is distributed upfront in one or two instalments through bank transfers or direct cash based on the needs and based on the distribution strategies of conditional, un-conditional cash transfers. Voucher strategies depends on market and vendor availability to supply based on the community needs thus this influences the voucher distribution process. CFW improves community assets and increases income depending on the micro plan, this also influences infrastructure development plan, labour size and market.

All information of the transfer and the programme participant's receipt if recorded using software based on the Open Data Kit. Gender and diversity minimum



standards integrated in Cash Transfer Programme (CTP).

## B. Monitoring of cash transfer

Post Distribution Monitoring/cash utilization is done post cash transfer to see how the cash is utilized by the programme participants. PDM/ CUS capture programme participants ' perception on modality of cash transfer, problem and challenges faced during cash transfer and any security related issues during and after the cash distribution. Besides, PDM findings help to improve the service delivery in future response based on the feedback from the programme participants.

The post distribution exercise helps to understand cash programming benefits as well as progress on achievement of project intended impacts. In addition to checking on how the programme participants are using the cash, this also checks on how beneficiaries feel about the processes for future learning.

The project implementation, staff conduct, monthly case study documentation, visiting some of the programme participants as well as other key informants to document project implementation and impact successes and challenges are studied and analyzed which enhance learning from the project.



### C. Continuous Market Functionality Monitoring

The design of the project (use of cash-based intervention) informed largely by the rapid market functionality analysis that is undertaken, as well as discussions on the levels of market functionality. To ensure that the project design remains relevant, a continuous monitoring of market functionality is conducted through visits to market places, interviews with both traders, beneficiaries and other key informants. Information coming from the market monitoring is shared and discussed across other humanitarian agencies.

### D. Exit strategy and follow-up perspectives

Though cash-based response can help the community get quick access to their basic necessities, it does not promise to help the affected households build back their lives, livelihoods and assets. A long-term approach is necessary to address that. Caritas India and partners believe that humanitarian crisis deepens poverty and increases vulnerability especially among the most socially excluded and economically marginalized communities (such as Dalits and Tribal). Thus, recovery and rehabilitation support to the affected HHs with long term approach is proposed as a follow up to cash based interventions.

## Good Practice in Cash-Based Interventions

- **Flexibility:** cash enables beneficiaries to choose the most appropriate set of goods and services that better corresponds to their individual priorities than a 'one size fits all' in-kind assistance package.
- **Efficiency:** delivering cash avoids the large shipping, storage, transport and distribution costs of in-kind assistance. Cash may also mean that programme participants will not be forced to sell, at a large discount, the in-kind assistance they receive in order to meet their wider needs.
- **Economic impact:** transfers inject cash into local markets, with multiplier effects that can stimulate the local economy and help it recover.
- **Dignity and choice:** cash provides assistance to programme participants in a manner that enables them to make decisions about their own welfare in ways that in-kind assistance does not.





# Glimpses of Cash based programming by Caritas India

## **Odisha – rebuilding after Phailin – Cash programme was the opportunity by Milan Mandana**

Phailin cyclone and post flood caused mass – scale destruction to property and other critical infrastructure. As part of Caritas India's intervention Cash for work was one of the programme components which the organization considered as a quick recovery and more dignified assistance to people as it could rebuild the community infrastructure and was also seen as an additional income to the families for a short period of time when people had lost their livelihood. It was understood from the assessment that people found it difficult to find jobs immediately and cash programmes could provide them immediate livelihood and increase the purchasing power of the communities and could also help in strengthening the local market.

The process we followed for cash for work entailed preparing a micro plan with the village development committee which received the approval of the village administration and the block development office. Job cards were administered to the selected households largely from households with single and aged women and people with disabilities who do not get the same employment opportunities as others. As part of the cash for work, repair of critical community infrastructure like roads, revamping of ponds which was the main source of water etc. were taken up in the micro planning. While doing the regular monitoring of the cash programme it was observed that the families had used the amount for the education of their children and buying medicines. A few invested it on their land which was affected by floods and a few repaid their debt, more importantly it acted as a safety net for the families and also gave them the freedom to prioritize their needs and spend it accordingly.

With my experience in the sector for the last few years I strongly believe that in a crisis/disaster, cash is one of the best ways to provide immediate relief to families which gives them purchasing power to buy what they

require the most and it also boosts the local economy which is also equally hit by the disaster.

I remember in one of my response projects in Tamil Nadu recently we did conditional cash transfers to the Irula tribes for the repair of the house and I asked the family who received the money if they were happy with it so that they could repair their home. The man in the family said, ***“no one has ever trusted us to give us this big amount and for the first time I'm getting so much money transferred in my account”***. It only showed how cash support ensures the families can take critical decision and bounce back with dignity.

## **Survivability due to Direct Cash Transfer in Manipur and Assam by Thangsha Sebastian**

This write up is based on my last two years' experience in direct cash programs during humanitarian response in Assam, Manipur and Mizoram in the years 2016 and 2017. All cash programs have the following broad aim: to increase the purchasing power of disaster-affected people to enable them to meet their minimum basic needs for food and non-food items; or to assist in the recovery of people's livelihoods.

Keeping the above aim, Caritas India has been effectively implementing direct cash transfers since 2016 in Northeast. The beauty of direct cash/ unconditional cash transfer is that the beneficiary has freedom to decide whatever their immediate needs are and procure the same to ensure their survivability.

To quote *Kamlaysori Basumatary resident of Uttar Patgaon, village under Kokrajhar district Assam* ***“The cash that I have received from Caritas India was very useful because I could buy the things that I really needed in running my family. Though the amount was small, but it mattered a lot when we really needed it”***.

At the same time, this process has helped in increasing women's decision – making power and choice, as the

cash is transferred in women's bank account and only in some special cases in husband's account.

#### **Key lessons:**

- Cash transfer targets the most vulnerable groups (Women, old aged, PWD, single headed, pregnant lady etc.)
- Enhances the purchasing power so that welfare is safeguarded.
- Most importantly cash transfer is flexible and increases resilience because households can meet immediate needs, cover costs of food, education and health.
- Cash can provide an effective emergency response mechanism in tribal areas. It is safe with low risk and more cooperation from the community.
- Timely implementation saves the lives of the most vulnerable and marginalize community.
- Future responses need leadership, a simple and timely trigger, commitment, dedication a rapid registration process and an efficient cash transfer mechanism.

Above all, the impact of direct cash transfer program year of 2016 and 2017 on household consumption, included food, education and health.

#### **Commodity Voucher for food – Bihar Experience** *by Alok Tripathi*

Cash transfers have been the most appropriate intervention in any Humanitarian process. It provides immediate cash support to communities and markets in the targeted area. Cash Transfer (Conditional/ Unconditional) in Bihar has been one of the major challenges as Govt. of Bihar has been critically against it. During 2016 Commodity Voucher was supported to 2400 families in Supaul district. As food was their urgent need meeting its demand for 15 days to the 5-member families was great satisfaction to the community.

Caritas India provided vouchers to the beneficiaries and requested them to come to the nearest ration shop on a specific date where they procured food material.

This process boosted the local market and helped the community enhance caloric value. The quantity of food materials was well appreciated, and local district administration appreciated the joint effort. The quality of materials was tested by local district administration and best possible local support was provided by them during the support to the community.

#### **Tamil Nadu – The conditional cash transfer by** *Dr. John Arockiaraj*

Tamil Nadu 2015 floods brought chaos in the lives of the poor and vulnerable flood victims. Life had come to a standstill. The humanitarian response too brought in chaos as the demand was more and the resources were limited. Caritas India wanted to be realistic and responsive having the affected at the focus. It was for the first time in Tamil Nadu that Caritas India tried cash transfer as the means for meaningful humanitarian response based on the need's assessment and market study. The selection criteria was finalized. Co-ordination at different levels enabled to reach out to the most vulnerable among the affected giving priority to: SC, ST, MBC, PWD, Widow, Transgender, Pregnant and lactating women (Inclusiveness).

It was a fool proof method as the beneficiaries were required to provide application in the format, recently taken photo (in front of the house), copy of bank passbook (first page), NEFT form certified by the bank, community certificate, ration card, voter ID, aadhar card, Patta copy/ PRI resolution, construction plan (design), cost plan and undertaking in Rs.10/- Stamp paper. Out of the 554 shelter beneficiaries, 95% were women. They were given INR 14,500/-. The bank transfer was completed in 4 days' time reaching the total beneficiaries spread across 75 villages coming under 19 Blocks in 3 districts namely Thiruvallur, Kancheepuram and Cuddalore.

Conditional Cash transfer enabled the target community to have greater choice and decision making with regard to the design of shelter, materials to be used, vendor, quantity and quality of material, frequency of payment and permitted them to spend money according to their own priorities. The beneficiaries did not stand in the

queue and this made them feel that they are dignified partners in humanitarian assistance and not demerited beneficiaries. When few beneficiaries joined together they had better bargaining power and became more responsible.

From the organization's point of view, it was more cost-effective, and the implementation was faster. At the same time, the accompaniment of field staff and strict surveillance became imperative. It avoided confusion and commotion in the community and there was reduced ill feeling seen among the non-beneficiaries. The success of this cash transfer experience continued with the next phase of shelter assistance to 710 Dalit families under ECO DRR "Udhayam" Programme implemented in 7 Northern districts of Tamil Nadu.

***Cash in Kerala – the new dimension in shelter response by Anjan Bag***

It was a difficult choice to make looking at the varied needs of different families. It was important to come to a conclusion to decide on the type of support to be given to families which would be family exclusive. The decision to keep both conditional and unconditional

cash transfer gave communities the opportunity to decide what they need to purchase, what they need to acquire on a priority basis and also gave them the sense of ownership.

In Conditional, it was pre-decided based on the needs that the cash transfer would be exclusively given for shelter repair and for unconditional the decision was kept open for the families to choose. In both cases we saw greater involvement of women in the decision making within the family and community. In both cases the process empowered women to make decisions for their families.

The major learning from the Cash transfers programme were the flexibility and increased resilience, households were able to meet immediate food needs, cover costs for education and health and make productive investments. Cash provided an effective emergency response mechanism in Kerala. Local markets were able to meet demands without a significant rise in prices. We need to have a strong leadership, a simple and timely trigger, a rapid registration process and an efficient cash transfer mechanism in future.

