SAVING LIVES
CHANGING LIVES

Setting the transfer value for CBT interventions

Transfer Value Interim Guidance

WFP
World Food Programme

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Contents

Introduction

Cash based transfers (CBT) empower people to meet their essential needs in local markets. CBT enables unique programmatic outcomes and has potential market multiplier impacts. Getting the transfer value right sets the stage for impactful programming.

The setting of the transfer value provided by WFP is a core part of any cash-based programme. Nevertheless, the decision on how much to provide, to whom, where, and for how long is rarely a clear-cut one. The context, programme objectives, resources and anticipated beneficiary numbers are among many factors that influence the ultimate value that is provided. This guidance attempts to cover the range of considerations and trade-offs that often occur when deciding on a transfer value. Setting the Transfer Value is one of the sub-processes of Operational Plan Design as per the new Business Process Model (BPM) and Responsible, Accountable, Consulted, Informed (RACI) Matrix (please see Box 1 below).

This guidance note explains the basic steps for determining a transfer value. This is a living document that will continue to be updated as necessary as new evidence and lessons learned emerge. The purpose of this guidance is to provide conceptual clarity, relying on WFP's experience in determining transfer values, primarily in humanitarian contexts. The aim is to equip WFP staff with what they need when determining a transfer value, whether this takes place in an interagency forum or is done by WFP on its own.

These guidelines have been developed jointly by the Cash Based Transfers (CBT) and Research, Assessment and Monitoring (RAM) Divisions at WFP Headquarters. The document has benefitted from consultations with colleagues in cross-functional divisions including Nutrition, Social Protection, and from Regional Bureaux.

What is the transfer value?

The transfer value for a CBT programme is the net monetary amount that is transferred to beneficiaries as cash or vouchers to help them meet their needs.

The amount that is transferred, as well as its timing, frequency and duration, should be determined based on the objectives of the programme, an analysis of beneficiaries' needs and their capacities to meet them on their own, beneficiary preferences, livelihoods, markets and prices, available resources, and transfer values provided by other actors to the same beneficiaries or in similar programmes.

The transfer value may be complemented by other activities, whether in the form of complementary entitlements (including in-kind), service provision related to health or education, sensitization or Social and Behaviour Change Communication (SBCC), or protection interventions by WFP and/or other actors, enabling a holistic approach to programming to achieve better outcomes for beneficiaries. Setting a transfer value without first understanding needs and gaps, and in isolation from other responses, risks missing opportunities for better programming and can hamper WFP's ability to achieve and measure results.

This guidance will focus on guiding transfer value setting for unconditional CBT programmes, where the transfer value is the primary benefit of the programme. For "conditional" programming such as Food Assistance for Assets, Food Assistance for Training, or Nutrition and School-based programmes where the CBT transfer is linked to health or education conditionalities, please consult respective programmatic guidance and/or ask GLOBAL.CBTSUPPORT@wfp.org for specific advice. The considerations in this guidance can also be applied to "reality-check" any transfer values WFP may be requested to align with, such as government transfer values and can also be used in advocacy efforts.

Who is responsible for the transfer value?

Setting the transfer value is the responsibility of Programme, with technical inputs from VAM and other functions such as Nutrition, Supply Chain, Social Protection, Livelihoods, School Feeding and others as relevant. **The Head of Programme is responsible for approving the final proposed transfer value,** while the internal Cash Working Group (CWG) should endorse and document the decision in a Note for the Record (NfR).

The transfer value setting is part of the Country Office Operational Plan. Programme is responsible for the design of the Operational Plan, and its approval rests with Country Office Management, as per the RACI. For further details on the segregation of duties between different functional units, please refer to the latest RACI and BPM.

Box 1: **The CBT Business Process Model** is the core guidance for CBT. It gives an overview of the mandatory processes for each phase of a CBT intervention and which function is accountable for leading each process. The BPM is useful to understand where each functions' roles and accountabilities lie and to identify bottlenecks and take appropriate action. The BPM is complemented by the RACI Matrix. The RACI Matrix is the cross functional list of CBT roles and responsibilities, across the programme cycle, i.e. for the design, set-up, delivery and closure of a CBT intervention. It is aligned with the BPM and includes the processes and the relevant sub-processes assigning each to the relevant functional unit.

Clear communication to beneficiaries on the value amount, duration, frequency, and changes in the value of assistance is paramount, for accountability and transparency reasons as well as to ensure programme outcomes. For instance, if households know from the outset of the programme that they will receive a monthly transfer for six months, they are likely to spend differently across the duration of their assistance than if they are only certain of receiving for one month. Also communicate any planned changes to the transfer value clearly and well in advance, so that beneficiaries are enabled to plan ahead.

What is the transfer value for?

The ultimate goal of the transfer value is to empower beneficiaries to meet their needs in the local market, often alongside other programmatic goals of achieving positive market impacts and/or supporting governments in their responses and policies.

Whether the programme aims to meet food or essential needs, boost the reactivation of the local economy, or improve the nutrition status for especially vulnerable groups, **the principal consideration to set the transfer value should be what is necessary to meet the programme objectives**, taking into account existing capacities of the target group as well as assistance provided by others. Remember that the flexibility of cash allows it to cover more than simply household food needs.

WFP's strategic outcomes and results can be found in Country Strategic Plans (CSPs) but need to be further unpacked to inform the decision-making process for transfer value setting. Specific Outputs and Activities for each Strategic Outcome can be reviewed to further refine the primary and secondary objectives.

The following questions may also help guide the decision-making process:

- How is the amount of the transfer likely to impact the achievement of primary and secondary programme objectives for the targeted population?
- What amount, and what frequency and duration of transfers will help achieve the intended outcomes for beneficiaries?
- Can the secondary objectives be achieved through the anticipated transfer amount, even if complementary activities may be required?

Remember that the size of the transfer value is not the only factor determining whether the programme achieves its objectives. The way in which the transfer is provided – i.e. the duration, timing and frequency, targeting of households, the delivery or transfer mechanism, WFP or other actor's complementary activities – is important and could sometimes be more effective in reaching certain results than the transfer value itself.


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How much should WFP give?

In general terms, **WFP should seek to set a transfer value that enables programmes objectives to be met and beneficiaries to meet their needs in the local market, within what funding allows and aligned with other actors as appropriate**.

Achieving this requires a combination of different pieces of information. Below is an outline of the key questions to ask:

Household needs and gaps:

- What are the total household needs that the programme intends to cover, which ones are met in the market and what does it cost to meet them in the market? How do these needs change with household size?
- What proportion of the needs can households cover on their own (gap analysis)?
- What needs are beneficiaries likely to prioritize if they receive a transfer?

How to prioritize? Where resources meet needs

- What resources are available for the programme?
- How will beneficiaries be targeted, and prioritized if resources are limited?

Alignment with other actors:

- What assistance do households receive from other agencies, organizations or the government and for how long?
- Which households are being targeted by other organizations? Will there be an overlap with WFP's beneficiaries?
- Is the transfer value planned to be aligned across humanitarian agencies and organizations?
- Is there a plan to align with any social protection or development programme?

Frequency and duration:

- How frequently will beneficiaries receive the transfer?
- For how long is the transfer planned?
- Is there a plan to evaluate or update the transfer value?

How to consider complementary programme features and supply/demand dynamics:

- Are there programme objectives that require activities, capacity building, services or complementary entitlements in addition to the transfer value in order to be met?
- Should 'tiered' transfers be considered?

The following sections describe each of these information needs.

Needs and gaps

HOW TO DETERMINE THE GAP THAT CAN BE COVERED WITH A TRANSFER VALUE

The first step in designing a transfer value is to **understand what the needs of the beneficiaries are, which of these are covered through the local market and at what cost**. It is important to keep in mind that when determining the transfer value for a CBT programme, the needs that are considered are those that beneficiaries regularly cover, fully or partially, through the market. When referring to 'cost of needs' in this guidance, it describes those needs that are met in the market and can therefore be supported through a cash -based transfer. Of course, there can be important household needs that go beyond what the market supplies (e.g. free public education services), but these are not the main focus of this guidance.

Box 2: **Needs assessments in WFP**

The needs assessment is the first stage of any response. Prior to programme design and selection of appropriate transfer modality, a needs assessment examines how many people are in need of assistance, where they are, what characterizes them and what type of assistance they may require. While a transfer value for CBT programmes naturally focuses on covering those needs that people can meet through the market, using the information gathered at the needs assessment stage to understand the full range of needs, how people meet them, how they cope in times of distress etc. is crucial to inform the overall programmatic response. Needs assessments in WFP include 'food security focused assessments such as Emergency Food Security Assessments (EFSA) or the Comprehensive Food Security and Vulnerability Analysis (CFSVA) which take people's capacity to meeting their food security and nutrition needs as an entry point, as well as Essential Needs Assessments which take a more holistic approach and examines the full range of household essential needs and how they interplay, how households meet them and where they face gaps. These assessments typically include indicators that assess households' economic capacity to meet their needs in the market. This is based on the same methodology as the household gap analysis often used to inform transfer values, whether for food needs or essential needs more broadly.
Resources on needs assessments can be found in the VAM Resource Center. Information on analysis of essential needs can be found here.

There are different ways to establish the threshold for 'cost of needs" covered through the market'. Traditionally, many organizations including WFP have calculated the cost of food needs by taking a basic food basket (often the same as or similar to the basket used in in-kind programmes) and pricing it using local market prices. While this is still a common practice in some contexts, there is an increasing recognition that meeting beneficiaries' food and nutrition needs requires a deeper understanding of beneficiaries' access to food, preferences, consumption patterns and the trade-offs they face between meeting their household's food and other essential needs. If the transfer value is based on an isolated consideration of the cost of a typical in-kind basket without an understanding of what foods and other commodities beneficiaries purchase, the programme may not reach its intended objective.

In many situations, it is appropriate to consider needs other than food only when setting the transfer value.

Even if ultimately the transfer value will not cover the full gap for all needs that are covered through the market, it is always recommended as much as possible to gather a holistic understanding of the totality of household needs. This will help to understand how beneficiaries are likely to prioritize their resources, and it can be a useful starting point for coordination and possible transfer value alignment with other actors (see section on alignment below).

Box 3 below outlines some commonly used methods for determining 'cost of needs'.

***Box 3:* How to estimate the cost of needs that are met in the market?**

There are different methods to estimate which needs households can meet in the market and to cost these needs. Some common examples are listed below. Whichever estimation is used, make sure the analysis is always rooted in evidence and provides an up to date depiction of needs. The analysis should always be applicable to the population of interest for the programme.

The most common way to determine the cost of meeting food and non-food needs is to establish a **Minimum Expenditure Basket (MEB).** The MEB defines what an average household requires to meet their essential needs, on a regular or seasonal basis, and its cost. It is a monetary amount describing the cost of average, recurrent household essential needs for a household, typically for one month. It comprises both food and non-food. As such, it puts a price on the minimum cost of living and can hence provide a basis to determine transfer values. The MEB should reflect actual consumption patterns of people who can adequately cover their needs and is often built using expenditure data. More detail on how MEBs are constructed can be found in the MEB Guidance.

If a well-constructed MEB is not available or cannot feasibly be done, the MEB guidance outlines some alternatives that may serve as rough proxies for the cost of needs, such as the **national poverty line** or the **minimum or casual wage rate**. Please refer to the MEB guidance for details. Note that using the wage rate to set transfer values is a praxis more common in conditional programming such as cash-for-work, rather than for unconditional cash transfers.

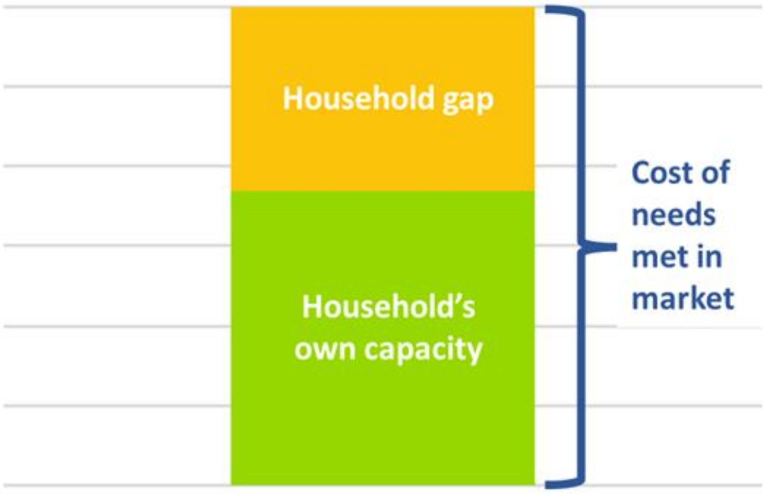
The **Cost of the Diet (CotD)** analysis estimates how much it would cost households to purchase a nutritious diet from locally available foods and whether a diet based on locally available foods can provide required nutrition. CotD establishes the lowest cost diet that can meet requirements for energy, protein, fat and 13 micronutrients, for particular individuals in a population. The estimation covers food and nutrition but non-food. Read more about the CotD methodology on the Fill the Nutrient Gap page here.

If both a MEB and CoTD analysis has been conducted, the two can jointly be used to explore how consumption patterns and nutrition interplay and to inform **holistic programme design to support meeting essential food and nutrition needs.** More details are available in the MEB-CotD note here.

The cost of needs that are met in the local market should be as current and as closely aligned to the prices faced by beneficiaries in their local markets as possible. See also the section below on When and how often to revise the transfer value for suggestions on accommodating price changes

Once the cost of needs met through the market has been determined, the gap can be estimated. In very simple terms, a gap analysis determines the distance between what it costs for a household to cover its needs adequately, and what targeted households can cover through their own livelihood capacities. Received assistance should also be considered (see below).

Figure 1: Gap analysis



After the determining the cost of needs that households meet in the market, the gap is the difference between the cost of needs and what households can cover themselves using their own resources.

To conduct a gap analysis, an estimation of the cost of needs is needed as described above, as well as an estimation of what targeted households can cover themselves. Typically, the latter is done using household data. In particular, data on household expenditures (including the value of consumed own production) is a well-established measure of households' economic capacity using their own resources[1]. This can be used to estimate what households can cover themselves, and the gap analysis is done by subtracting this from the cost of needs. The gap analysis should focus on the **type of households** targeted for the programme – typically the poorest or most food insecure.

If the households are already receiving assistance from other agencies and governments, this should be considered as well. As a first step, it is advisable to undertake the gap analysis without including any existing assistance received by households, in order to understand the 'true' household gap. However, once this gap is established, it is important to – either through the household data, or through administrative data on existing programmes – estimate how much of the gap is already covered by other agencies. Interactions with relevant partners can be crucial here to understand the extent to which households are already supported, and for how long. Remember to consider whether the duration of assistance is similar among partners. The Gap Analysis guidance describes how to conduct gap analyses using household data *[forthcoming]*.

[1] The ECMEN (Economic Capacity to Meet Essential Needs) indicator used in Essential Needs Assessments and for monitoring is based on the same concept. The ECMEN gives the percentage of households with expenditures above the MEB. ECMEN can be calculated excluding or including assistance. The Essential Needs Assessment Guidelines [*forthcoming*] provides a step by step guide how to aggregate expenditures to establish household economic capacity.

Remember that the gap analysis will typically be an average consideration. For instance, a MEB describes average, recurrent household needs so a gap analysis built on a MEB will show the gap against average, recurrent household needs, or, the amount that would on average bring targeted households to the MEB level. Also remember that needs may change over the course of the year depending on the season. Consider that the way beneficiaries spend their transfer will likely differ depending on the time of the year and this could merit considering additional needs in certain months. For instance, school expenditures and potentially debts could be an important expenditure when the school year starts.

Seasonal fluctuations and agricultural seasons are likely to have an influence on beneficiaries' income and spending patterns and their ability to plan, and the impact is likely to differ between urban and rural environments. Migration between rural and urban areas can be important to consider as when beneficiaries move between the two, urban needs are also affected by agricultural seasons, and can lead to variations in urban-rural remittances. In some cases, this may necessitate additional considerations, whether in the form of top-ups, seasonal transfer value adjustments for households in times of enhanced needs (e.g. 'winterization' in anticipation of additional needs arising from cold winters), or other forms of top-ups or adjustments. Some considerations on this are addressed further in the section on *How to consider complementary programme features and supply/demand dynamics.*

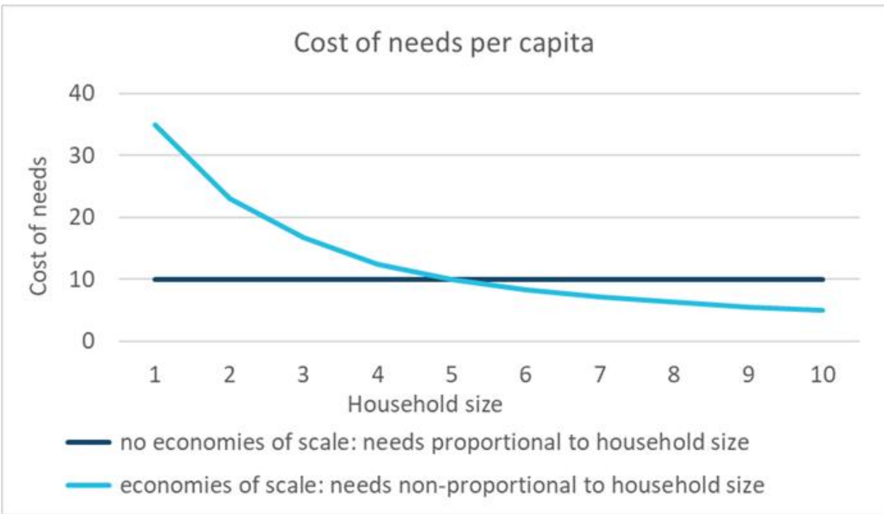
Remember that although it is not necessarily possible to predict how households will use their transfer or which expenditures they may prioritize, assessment data and needs estimations – in particular from Essential Needs Assessments – can be used to understand how different types of households tend to allocate their resources, across different needs and over the year.

ADJUSTING TO HOUSEHOLD SIZE

When determining a transfer value, it is important to consider how it may be adapted to different household sizes. This starts from an understanding how needs differ by household size. Typically, as a household grows, its needs grow. However, exactly how needs develop with household size depends on different factors. In the simplest of cases, household needs behave proportionally to size: if one person requires 15 dollars to cover needs, two people require 30, three 45 and so forth. In other words, the needs of one person can simply be multiplied with household size.

However, often, needs do not simply multiply by household size. This is the case if there are **economies of scale** in household consumption, i.e., when households get bigger, they can share certain costs among more people. For instance, needs such as rent or electricity are typically shared within the household and do not increase by the number of individuals. The rent for a household of 2 members can be the same or very similar to that of a household or 3 or more members. **The per person cost of need will hence be higher for smaller households and smaller for larger households because the total cost will be split among fewer people in a smaller household.** How 'strong' the economies of scale are depends on different factors such as the composition of the household, the proportion of economically capable to dependent household members, and importantly, how many of the household costs can be shared (for instance: how big a role does housing play in their budgets) compared to how many are not shared (for instance: food or hygiene items that are individually consumed). ***Figure 2*** provides an illustration of how needs per person change according to household size, depending on whether there is presence of economies of scale or not.

Figure 2: Economies of scale



The figure illustrates an example of how the cost of needs per person can evolve with household size. If there are no economies of scale in consumption (dark blue line), costs are the same per person regardless of the size of household they belong to. If there are economies of scale (light blue line), the cost per person are higher in

When adapting the transfer value to various sizes of households, it is therefore important to start from an understanding of how needs evolve with household size. How to then transform this into a practically applicable transfer value will depend on how the level of detail of the available analysis, the size of the economies of scale, and on what is feasible programmatically and implementation-wise.

Note as well that household needs do not only depend on household *size*, but also household *composition*, including age and gender composition of household members, and whether any members have chronic illnesses or disabilities, needs linked to pregnancy and/or lactation. There could also be situations where the population in need of assistance has a particular household composition, e.g. if a displaced group consists primarily of women and children. While it may often be practically difficult to differentiate and implement a transfer value not just by household size but also by composition, these different needs are important to recognize as part of programme design and if possible, appropriate complementary activities can be put in place. The section on How to consider complementary programme features and supply/demand dynamics provides further details on how this may be approached.

Table 1 below illustrates the most common approaches and their advantages and disadvantages, for how to adapt transfer values to household sizes.

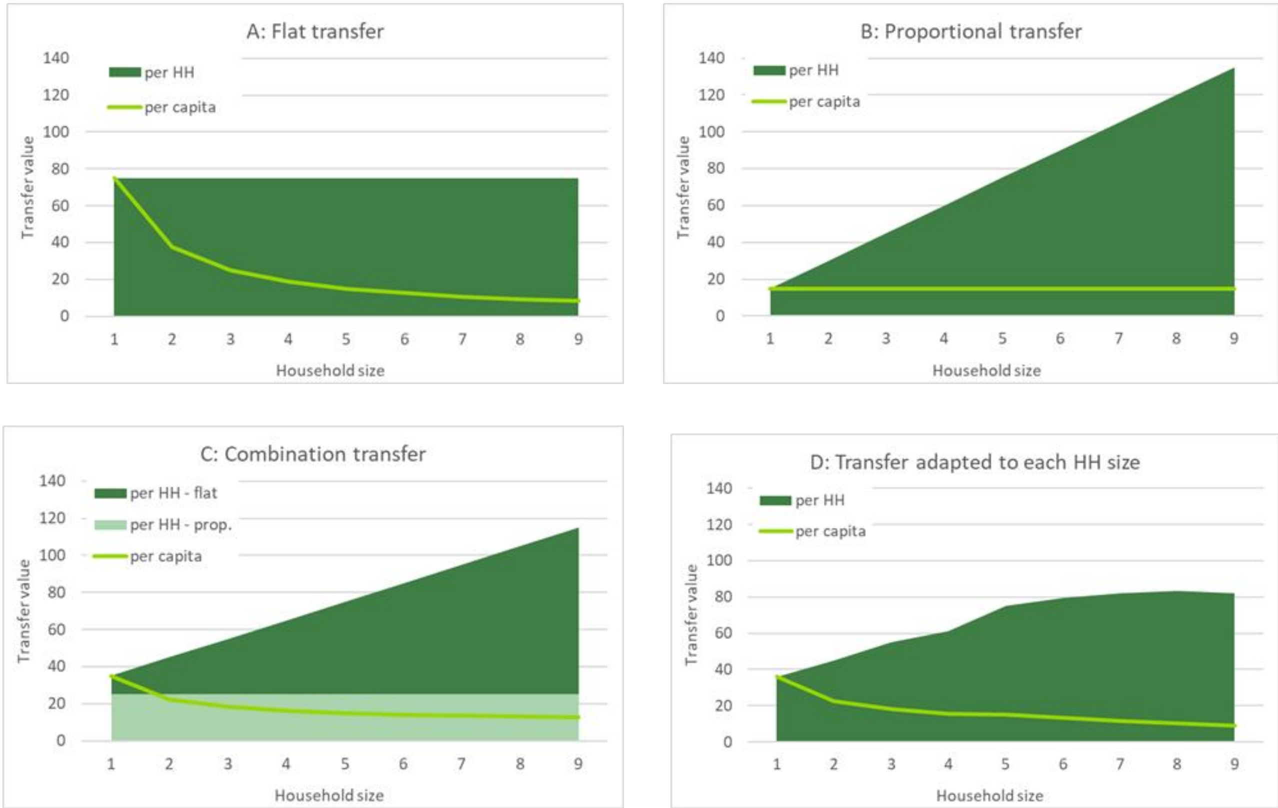
Table 1. Adaptation to household size

Transfer type	What info do I need?	Advantages	Disadvantages	When to use it?
A: Flat transfer *(all households receive the same transfer value regardless of size, based on an average-sized household)*	***The need and gap for an average-sized*** *(or otherwise typical)* ***household***	• Simple and quick to apply • Low administrative burden when all households receive the same amount • Easy to communicate the transfer value to beneficiaries • Indirectly accounts for (some) economies of scale • Households do not have an incentive to miscommunicate their household size	• May overlook differences in needs by household sizes • A 'crude' approach often adopted for the sake of ease more than accuracy • May not adequately meet needs in larger households/may give small households more than needed • Could provide an incentive for households to split up to gain access to more grants	• When a value needs to be determined rapidly • If there is limited variation in the distribution of household sizefor the population of interest • • When adjustment for household size is not possible • Where there is little detailed information available on needs or accurate household sizes
B: Per capita-based transfer *(a per capita transfer scaled to each household size)*	***The per capita need and gap.*** *Typically, this is calculated from the need and gap for an average sized household which is then divided by the average household size (for instance, the cost and associated gap for a household size of 5, divided by 5). This per capita gap is then multiplied with each household size to arrive at the household-size specific transfer values*	• Easy to determine transfer value per household size • Easy to communicate to beneficiaries how their transfer was calculated	• May underestimate the needs of smaller households or conversely overestimate needs for very large households, especially in presence of large economies of scale	• When most needs are assessed to be proportional to household size

C: Combination transfer *(households receive a combination of a proportional and a flat transfer value)*	***The per capita need and gap, for needs that tend to behave proportionally to household size*** *(e.g. food)* ***The flat household need and gap, for the needs that tend to be disproportional to household size*** *This is a combination of approach A and B. It entails combining a transfer that is the same regardless of the size of the household (e.g. 60 USD for all households) with a transfer that is scaled to household sizes (e.g. 10 USD for each person in the household).*	• Provides an intuitive way to consider both shared and non-shared needs in one transfer • Where there are economies of scale in consumption, this is an easy-to-apply way to adapt the transfer value accordingly • Can be a useful entry point for partner collaboration on transfers (where one agency provides the per capita part and another the flat rate)	• Ideally requires analysis of which needs and associated costs can be considered per-capita and which can be considered shared	• When there is significant presence of economies of scale in consumption • Potentially where partner collaboration on entitlement or longer-term assistance is envisioned
D: Adaptation based on different household sizes *(transfers are adapted to household size or groups of household sizes based on needs and gaps of each household size/group)*	***The need and associated gap defined for each different size of household or groups of household sizes*** *(for instance where a MEB has been computed specifically for each size of household* or *for groups of household sizes (e.g. household sizes 1-2, 3-5, 6-8, 9 and above, or other grouping as appropriate to the context) and adapted to each group*	• If the estimation of needs is done accurately for each household size, this approach gives the most accurate results • Alternatively, combining household sizes together in groups is a pragmatic way to adapt transfers to household sizes where implementing different transfers for each and every size may not be feasible	• Requires data and in-depth needs and gap analysis for each household size, or by household size groups • Differences in transfer values between household sizes may be difficult to explain to beneficiaries and may lead to perceived 'unfairness' • If grouping household sizes, the transfer provided within each group may over- or understate the need for some of the households within a group	• When programmatically feasible to have household size tailored transfers, or • when adaptation to household sizes are desired but not feasible for every household size

The different approaches and how they translate into household and per capita transfers are illustrated in ***Figure 3*** below. As is clear, each approach entails a different total and per capita value. Programmatic considerations aside, comparing each of them to how needs actually develop with household size in the population of interest (as exemplified in Figure 2) can help understand which approach will be more adequate to cover needs.

Figure 3: Adaptation to household sizes– illustration



Each graph illustrates how a hypothetical transfer value can develop with household size, when following each approach. All provide the same transfer value for a household of size 5 (e.g. 75) but develop differently for smaller and larger households. The resulting values per household and per person are illustrated. For Approach D, only the case where transfers are adapted to each size of household, not groups of households, is illustrated.

It is a good practice to consider if the planned adaptation to household size might incentivize some households to inflate their registered household size (if possible) – particularly a concern if households receive the same amount per person regardless of household size – or to split themselves up – particularly a concern if transfer values are larger per person in smaller households. Such dynamics ultimately depend on many context-specific factors, such as population mobility and fluidity which tend to be higher in earlier phases of a displacement than in settled communities as well as the accuracy of registration data and opportunities for cross-verification using biometrics, for example. Particularly in cases where inflation of household size can pose a challenge, transfers may need to be capped at a certain maximum household size.

How to prioritize? Where resources meet needs

Articulating a strategy for how to approach the trade-off between size of the transfer and the number of assisted beneficiaries is important when deciding on the transfer value. The previous sections illustrate how to set a needs-based transfer value. Needs-based programming entails meeting the total identified gap in needs in accordance with programme objectives, for all households fulfilling the targeting criteria. However, limited availability of resources often requires prioritization and difficult trade-offs between how many beneficiaries can be reached and the value of the transfer. Often, WFP and partners do not have the necessary resources to provide all households meeting the targeting criteria with an optimal transfer value covering the gap. Hence, it will likely be necessary to compromise on either the total numbers of anticipated beneficiaries or the transfer value or both. This essentially becomes a choice of whether to "*give more to fewer people or less to more people*". The latter is more common in resource-constrained emergency relief interventions where it is assumed that most or all affected people need immediate life-saving assistance and where there is limited data available. In other contexts, or for longer-term programming where more refined targeting is possible and where information is available, providing more to fewer people might be chosen in order to meet specific primary or secondary programme objectives, such as linking to sustainable livelihoods or taking into account key crosscutting considerations such as protection and gender-related risks. WFP's focus on "those furthest behind" who normally have more critical needs should always be kept in mind in this difficult decision-making process. A balance between breadth and depth could also be found by providing more to specific vulnerable groups (e.g. children, the elderly, pregnant and lactating women). Bear in mind that each approach will impact household and individual consumption, community cohesion, and relationships with partners, in addition to programme results.

Where there is a clearer case for a "more to fewer" approach, innovative ways of establishing flexible or possibly "tiered" entitlements tailored to the needs of specific sub-groups of beneficiaries or for specific periods of the year could be considered. These are detailed further in a separate section. It is critical to monitor closely the outcomes of these decisions and make adjustments on a regular basis if required (also see the VAM Targeting and Prioritization Interim Operational Guidance *[forthcoming]*). Joint coordination and analysis are essential to effectively meet beneficiaries' needs. As donors increasingly seek alignment and single transfers to beneficiaries, consider how different actors within the humanitarian and development sphere can complement each other's' assistance to ultimately reach all people in need with adequate entitlements to meet those needs.

Because attempting to meet needs with available resources can create a trade-off between the transfer value, and the number of beneficiaries assisted, it is important that the transfer value decision is informed by as well as informs the targeting and prioritization process. Refer to the joint UNHCR and WFP guidance on Targeting of Assistance to Meet Basic Needs, as well as the VAM Targeting and Prioritization Interim Operational Guidance *[forthcoming]* to further inform your decision on how to make the most appropriate selection with the resources you have available . For refugee operations, you can seek support from the Joint UNHCR.WFP Programme Excellence and Targeting Hub. For more information on how to negotiate this issue in setting your transfer value, please consult respective programmatic guidance and/or ask GLOBAL.CBTSUPPORT@wfp.org and WFP.VAMINFO@wfp.org for specific advice. The CBT HQ team is in the process of mapping country-specific transfer values to inform future decision-making.

Alignment with other actors

In many contexts, a variety of cash-based programmes exist, at different scale and for different purposes, targeting the same or different population groups. These could include national safety nets as part of broader national social protection systems, which in many instances provide cash-based transfers. **It is important to understand what transfers are provided by other humanitarian and development actors as well as the government, and to which beneficiaries**.

Regardless of how alignment is envisioned, **WFP should advocate for all partners to be aware of the totality of households' needs when deciding on transfer values.** Alignment at its minimum means agreeing on an approach to how the transfer value is established. Ultimately, the question of linking transfers with social safety nets or whether to align humanitarian transfer values across agencies and for what purpose will depend on the programmatic objectives in question. As such, another version of alignment could imply all actors transferring the same transfer value, or different actors contributing to different parts of the transfer value, provided that these are contributing towards the same overall programme objective.

Ideally, WFP should coordinate assistance (and potentially analysis) with other actors. Aligning transfer value setting between actors can contribute to achieving overall outcomes for beneficiaries. If different transfer values are provided to similar or adjacent populations for the same objective, this can lead to tensions, perceptions of unfairness and possible unintended push-pull effects if people are able to move and receive a higher transfer.

When considering aligning transfer values with partners, interagency cooperation is paramount. Coordination mechanisms such as the Interagency or Sectoral/Intersectoral Working Groups are examples of the type of fora where discussion around needs, transfer values and targeting, the feasibility of undertaking joint assessments and monitoring, and establishing common practices and standards for CBT programmes should be had. Even where there is no formal discussion forum it is important that large actors coordinate on the objectives of different CBT programmes, and the need (or not) to align transfer values and frequency depending on the objectives and target population.

In cases of emergencies – independent of the specific objectives that different actors intend to achieve – the overarching objective is to provide immediate, lifesaving assistance to those in need. Typically, analysis to support this objective would have been done during contingency planning. If this is not the case, all actors should ideally agree on a common methodology to rapidly set the most appropriate transfer value. Even when not aiming to align transfer values, it is important to have a mutual understanding between actors on how each sets the value of its transfers and why and ensure that different transfer values do not create confusion in the population collectively served by all actors.

When WFP designs transfer values where there is an existing social protection system, or for transfer through an existing system, a balance must be sought between aligning with the existing transfer values to not cause tensions, and meeting programme objectives. Keep in mind that alignment with government programmes can facilitate the possible handover from WFP to the government and the integration of people previously supported by WFP into national social protection schemes. Hence when designing programmes with a longer-term vision of supporting governments to eventually take over the programme, designing transfer values that can be sustainable for large caseloads is key. Alignment with government transfer values can also be important where there is a high risk of tensions between communities, e.g.. refugee and host populations.

Frequency

The transfer value, for multiple reasons including transfer cost and ease of reconciliation, is most often calculated as a monthly transfer. **If the context is appropriate, transfer value frequencies shorter or longer than a month can be considered.** More frequent transfers have the potential to lower protection risks to beneficiaries by decreasing the amount they have to manage at a single time. Conversely, less frequent transfers could be preferred where beneficiaries require regular but infrequent transfers to meet needs such as rent, utilities, or seasonal debts. The duration of the transfer value will depend primarily on the programme objectives and the funding pipeline.

The following questions should help guide the discussion on the frequency of the transfer:

- What is the type of programme and its overall duration?
- Are there security risks for beneficiaries with either more frequent or less frequent transfers?
- Are there seasonal needs that could be supported with the right frequency of transfers?
- Does the transfer mechanism/payment instrument allow for partial withdrawals and savings?
- Are there any protection and gender risks that may arise from higher but less-frequent transfers or from lower but more frequent transfers?
- Will retailers have enough financial and stock liquidity to meet the needs of beneficiaries purchasing in large amounts?
- Will beneficiaries be able to purchase as they normally would with one-off transfers (i.e., vouchers that can only be redeemed once)? How will their purchasing power be affected?
- How will size and frequency of transfer value influence beneficiaries' purchasing behaviors over the duration of the transfer?

How to consider beneficiary preferences

Beneficiary needs, rights and preferences should be at the center of all CBT design decision-making processes. WFP needs to have a deep understanding of needs and the coping strategies and trade-offs people face to make ends meet and cover their food and other essential goods and services in the market. While the transfer frequency and duration may be relatively straightforward to adapt to the preferences of beneficiaries, taking preferences into account requires a more subtle approach when it comes to the transfer value. Both qualitative and quantitative methods are important to understand how and *why* beneficiaries choose to spend in the way they do.

> ***Box 4:*** Fully-fledged participatory approaches to set the most appropriate transfer value are not common in cash practice but this does not mean that they are not possible. Innovative approaches to make any part of the CBT design more beneficiary-centered are welcome and could become the future best practice if properly documented. In this case, they could be a way to validate and reality-check the more analytical approach to transfer value setting described above.
>
> For information on accountability in programme design, see the AAP Guidance.

Sources of information on beneficiaries' preferences and spending patterns could include Complaints and Feedback Mechanism (CFM) and Post-Distribution Monitoring (PDM) data.

In addition to preferences on the value of the transfer, it is also important to consider the use of the transfer itself. For example, some expenditures that increase social capital such as buying tea for guests are typically "unintended" uses of transfers. However, such use of the transfer may foster capital and cohesion, which are valuable and agency-enhancing capacities that may bring about advantages for beneficiaries. It is equally as important to be aware of the cultural practices around resource-sharing in the context in which the transfer is being provided and whether the approach towards designing a transfer conflicts with a communal sense of justice and equity.

While WFP's mandate is to enable food and nutrition security, these objectives are intrinsically linked to households' ability to meet their other needs, as vulnerable households often need to distribute limited income across multiple, varying needs. WFP's role should be to enable beneficiaries to meet their needs in the way that they choose. This is particularly important for the effectiveness of the programme and has implications for the modality selection as some modalities may restrict beneficiaries' agency to spend as they choose.

Finally, remember to consider programme objectives when looking at beneficiaries' preferences: have a realistic understanding of the needs it is possible to meet while reflecting on how beneficiaries may prefer to spend their transfer.

How to consider complementary programme features and supply/demand dynamics

In addition to designing the transfer value itself, **achieving programmatic objectives often requires thinking around what complementary activities or support could further the impact of the transfer value.** This section addresses some of the different ways in which to do this.

When using a gap analysis to determine the transfer value, remember that gap analyses are typically an average consideration of needs. There could be individual needs or seasonal specificities that should be considered for programming that the gap analysis does not necessarily reveal, in order to achieve the intended objective. Food availability and prices vary with seasonality, by rural or urban setting and are important to factor-in. There could be constraints on the supply side of essential goods and services that hinder beneficiaries from meeting their needs in their local market and would require additional activities in conjunction with the transfer value. It is important to determine whether the local market can supply the required quantity and quality of commodities and services. Or there could be a need to encourage certain demand behaviors amongst beneficiaries. Furthermore, sometimes, a combination of modalities is better placed to achieve certain desired outcomes. All these elements are important to consider when designing the programme. Setting the best possible transfer value is a key component, but it may not always be enough to reach the programme objectives.

Within households, there may be specific individual nutrition needs that require tailored programmatic attention, whether via in-kind food or CBT or through direct programmes related to different types of malnutrition – for instance for young children, adolescent girls, pregnant and lactating women. Individual nutrient needs at different life stages can be taken into account when designing food assistance for the household or factored in through a complementary transfer. The choice of assistance modality can also have an impact on nutrition outcomes. A complementary transfer could be delivered as a nutrition-specific transfer value top-up chosen to enable individuals or households to buy particular nutritious foods, a commodity-specific voucher restricted to access high nutritional value foods or an in-kind nutritional supplement, such as a micronutrient powder or a special nutritious food. If available, Cost of the Diet (CotD) or Fill the Nutrient Gap (FNG) analyses can provide useful information on the characteristics of the food environment, and to inform programme design.

Some programmes choose to accompany the transfer value with complementary programming such as **Social & Behavior Change Communication** (SBCC). SBCC draws from the understanding that knowledge and skills are necessary, but not sufficient for behavior change and acknowledges the underlying multi-level social and contextual dimensions influencing human behavior. SBCC and CBT can be jointly designed to achieve programme objectives, including nutrition and health objectives. SBCC can equip the recipient with the knowledge, skills and motivation to optimize the utilization of cash assistance, while the transfer allows them to put this into practice. For further detail on how to do this, please refer to WFP's Social and Behavior Change Communication guidance.

Based on a detailed contextual analysis and information resulting from all assessment and previous monitoring data, **tiered transfers** could be considered. A tiered transfer is a transfer that consists of values that are "layered" onto each other, with the final value depending on the type of recipient or the timing of the transfer. These are often used in longer-term programming where the intended outcomes of a programme may require a more nuanced approach to setting the transfer value. One way to 'tier' a transfer could be to provide a basic grant to all targeted people and a different or higher level of transfer for different sub-groups of the targeted population. For instance, in a resource constrained environment WFP could provide a basic transfer to all, and a top-up only for women-headed households, households with a certain number of children under 5, or other well-identifiable criteria. Of course, this requires sufficiently accurate registration data to adapt and implement transfers accordingly. Another 'tiering' could be based on seasonal considerations or targeted top-ups during specific periods of the year such as the lean season or during periods where the expenditure analysis shows regular one-off expenditures that take a toll on household resources. This could include for instance the beginning of the school year, the planting season, or the beginning of winter/cold season. Information on indebtedness collected during the needs assessment should also help to identify the specific periods of the year when households tend to get indebted or rely on negative coping strategies.

Providing a transfer value to beneficiaries can be considered a demand-side intervention, as purchasing power is transferred to the hands of the recipients. However, simultaneous **supply side interventions may also be required to ensure that markets are enabled to provide the necessary essential goods and services for beneficiaries to access**. This includes **market development activities**, development of supply chains etc. Specifically for food value chains, the Fill the Nutrient Gap (FNG) approach considers how different aspects of the food system contribute to diets and nutrition. This can help to identify where there may be bottlenecks in the supply chain of nutritious foods. An analysis of the value chains for the items intended to be covered by a transfer value can provide information on which value chains that provide input into beneficiary diets may need strengthening.

When and how often to revise the transfer value

Broadly speaking, two types of changes could lead to revisiting and possibly updating the transfer value: changes to the needs and gaps faced by beneficiaries, and price changes. How to consider each of these is described below. How often the transfer value can be feasibly be changed will furthermore depend on the context, and the configurations of the programme. Regardless of what triggers a transfer value review, **it is important at the outset of the programme to decide on a realistic frequency for reviewing and possibly updating the transfer value**.

The formulation of a new Country Strategic Plan (CSP) could be opportune timing to review the transfer value per new activity or target group, and in particular if objectives of the assistance change.

Changes in needs and gaps. As described above, analyzing needs met in the market and the gaps in meeting them is a key component of setting the transfer value. The gap can change if needs change – for instance, if new needs arise in the aftermath of a shock – or if people's capacity to cover needs on their own change – for instance, an economic crisis impairs their ability to earn income. Even without the advent of particular shocks, the gap might be altered over time. For example, if consumption patterns have changed significantly since the bundle of needs was determined, it is advisable to revise its composition, and if livelihoods change over time, people's capacity to cover needs may be affected. Both could in turn affect the size of the gap. If these types of changes are likely to have happened since the gap was defined, a revision could be warranted.

Changes in prices. WFP monitors inflation regularly, as do most governments through their statistical offices. How and when to take inflation into account in a transfer value revision will depend on what price information is available and the context of the programme. Inflation is monitored by tracking the composite price of a basket of goods, and typically on a monthly basis. Sometimes this basket corresponds to the MEB, sometimes it is a pre-defined food basket, and sometimes an inflation index such as the consumer price index (CPI). Regardless, a rule-of-thumb is that whichever basket of goods is monitored and used, its composition should as much as possible align with the consumption patterns of the beneficiaries in order to be relevant for triggering transfer value updates.

With inflation monitoring established, consider the following basic principles:

1. Decide on a price change threshold that will lead to a review of the transfer value:
    a. Thresholds are often set around **10-15%** price increase (or decrease);
    b. Where inflation is monitored monthly or more frequently, in order to avoid implementing adjustments to transfer values on the basis of a one-off price spike that may be quickly reversed, it can be useful to add a condition of a sustained upwards/downwards price trend over a slightly longer period of time before deciding on triggering a revision[2]. This is particularly helpful if spikes are unexpected/unseasonal.

[2] In a simple version, this could entail that if one month sees a sudden price increase above the set threshold, a transfer value change will only be triggered if the new, higher price level is sustained the following month (e.g. there the following month has a 0 or positive inflation, so that the price increase is not reversed). Another version could be that an increase above the threshold only triggers a revision if there has been sustained positive price development for 2-3 months prior.

2. Once the price change threshold has been passed and it is decided to revise the transfer value, this can be done in different ways, depending on how the transfer value was articulated in the first place (using the example of a transfer value defined against a MEB):

a. If the transfer values built on a gap expressed as a percentage of the MEB, this gap can be updated by simply inflating the MEB and applying the same percentage to the inflated MEB to arrive at the inflated gap.

b. If the gap is expressed in absolute values, the gap itself can be inflated[3].

What else to watch out for? In addition to the principles described above, different events or monitoring results can help signal that a review may be necessary. Pay attention to whether market conditions change in a way that significantly impact prices. If outcome monitoring shows that results of the programme are not achieved as expected, or community feedback suggest that the value is not appropriate to meet outcomes, this could be a sign that a review is warranted. It is also advisable to be aware when/if other agencies or the government are altering their assistance which could impacting beneficiaries' overall support. Lastly, it is worth keeping in mind that while adjusting the transfer value upwards is usually well accepted by beneficiaries, a downward adjustment can be trickier to implement. For these reasons, it is worth investing during the design stage in getting the transfer value right and anticipating any changes (upwards or downwards). If there is strong justification for a downward adjustment, e.g. due to deflation, it is highly recommended that such changes are carefully communicated in advance to beneficiaries.

[3] Both approaches will provide the same result. It assumes that in the gap analysis, the cost of the MEB household economic capacity and the gap are subject to the same nominal price increases. This will most often be a reasonable assumption as price increases affect household expenditures throughout the wealth distribution.

What about transfer values in emergencies?

Designing an appropriate transfer value requires solid analysis and contextual understanding, as described in the previous sections. In some emergency situations, in particular rapid onsets, such evidence building may not be feasible. In these cases, alternative strategies may be pursued. In most cases, historical data and prices should be available to help whoever is first on the ground in an emergency to derive a transfer value for the initial response. In countries where WFP has a presence and there are price data available, an initial transfer value can be determined based on existing data with support from HQ CBT and RAM if necessary. If there is an MEB available for the area in question, it is possible to use this as a basis from which to determine a transfer value. In countries where WFP has a presence but there is no current or updated price data, WFP should coordinate with existing UN, non-UN, and government partners to quickly gather historical price data, previous transfer value information, and any MEB or cost-of-living information available to inform an initial transfer value. A rapid Essential Needs Assessment is well-suited to gather and analyze relevant essential needs information in an emergency context.

The most complicated cases are likely to be in countries where WFP has no presence and the availability of accurate price data is uncertain. In these situations, COs are advised to contact the HQ CBT unit on Global.CBTsupport@wfp.org who will assist in calculating the transfer value for the first 90 days – or until a more information is available – using historical data and available market information, within 48 hours.

How to document the transfer value decision

Once the amount, frequency, duration, and necessary revisions to the transfer value have been decided on, the last step of the process is to document it. The transfer value is also commonly documented in an Note for the Record or decision memo. The link below provides an annotated format that covers the most important aspects of the transfer value documentation that are required as per the RACI. This is an indicative format, and any format to document the transfer value is acceptable, provided that the main elements outlined in the document below are covered and documented.

Transfer Value Documentation format : https://docs.wfp.org/api/documents/WFP-0000115658/download/

Acronyms

AAP	Accountability to Affected Populations
BPM	Business Process Model
CBT	Cash-Based Transfers
CFM	Complaints and Feedback Mechanism
CotD	Cost of the Diet
CSP	Country Strategic Plan
CWG	Cash Working Group
ENA	Essential Needs Analysis
FNG	Fill the Nutrient Gap
MEB	Minimum Expenditure Basket
PDM	Post-Distribution Monitoring
RACI	Responsible, Accountable, Consulted, Informed (Matrix)
SBCC	Social & Behavior Change Communication
VAM	Vulnerability Assessment and Mapping

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The Interim Transfer Value Guidance Note will be continuously refined and updated, ensuring alignment with other internal guidance documents.
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