



# CASH OR IN-KIND? WHY NOT BOTH?

RESPONSE ANALYSIS LESSONS  
FROM MULTIMODAL  
PROGRAMMING





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Response analysis lessons from  
multimodal programming

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Marie Boulinaud, independent consultant, drafted this document with support from Jenny Coneff, CaLP North America Regional Focal Point, under the overall technical guidance and coordination of Mulugeta Handino, Technical Advisor for Cash and Markets in Emergencies with Catholic Relief Services, and Daniel Enarson, former Food Security Advisor at Samaritan's Purse. This document is a product of consultation with different organizations and more than fifteen managerial-level individuals across different sectors. It benefited from the extensive experience shared by Country Offices and Headquarters-based staff. A list of the key informants that informed this research follows in Appendix 2.

The Technical and Operational Performance Support (TOPS) Program is the USAID/Food for Peace-funded learning mechanism that generates, captures, disseminates, and applies the highest quality information, knowledge, and promising practices in development food assistance programming, to ensure that more communities and households benefit from the U.S. Government's investment in fighting global hunger. Through technical capacity building, a small grants program to fund research, documentation and innovation, and an in-person and online community of practice (the Food Security and Nutrition [FSN] Network), The TOPS Program empowers food security implementers and the donor community to make lasting impact for millions of the world's most vulnerable people.

Led by Save the Children, The TOPS Program draws on the expertise of its consortium partners: CORE Group (knowledge management), Food for the Hungry (social and behavioral change), Mercy Corps (agriculture and natural resource management), and TANGO International (monitoring and evaluation). Save the Children brings its experience and expertise in commodity management, gender, and nutrition and food technology, as well as the management of this 7-year (2010–2017) US\$30 million award.

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## EXECUTIVE SUMMARY

Humanitarians maintain “do no harm” as a fundamental operating principle. However, CaLP North America’s 2016 needs assessment found that the level of rigor and documentation applied in identifying and evaluating evidence about the effectiveness, appropriateness, efficiency, feasibility, and risk of different response options to decide on the “best fit” for a given humanitarian problem and context varies greatly between organizations. This process, known as “response [options] analysis,” justifies response decisions and demonstrates due diligence efforts to do no harm. As such, it is increasingly required for proposals to donors, including the recently released USAID Office of Food for Peace’s Emergency Food Security Program 2017 Annual Program Statement.

This research reviews lessons learned about response analysis from multimodal responses, that is, responses in which practitioners determined that more than one response modality between cash, vouchers, and in-kind, was a “best fit” or in which the conclusions about “best fit” changed over the course of the project.<sup>1</sup> The research hypothesizes that comparing the reasons for choosing different types of response within the same project and among the same beneficiaries should provide concrete examples of the relative importance of different criteria in response and, by extension, the conditions under which cash or vouchers or in-kind assistance may be most appropriate.

This work does not aim to inform technical or operational considerations of how to do cash transfers or multimodal programming. Rather, this work is intended to help analysts, advisors, and decision-makers develop and articulate the nexus between emergency context and response through concrete examples of response analysis, both at project design and throughout a response.

The cases analyzed in this study span the globe and include low-, middle-, and high-income countries. The crises include sudden-onset and slow-onset natural disasters, as well as sudden-onset and protracted conflict. While some lessons may be reflected in multiple case studies, the main messages from each case are:

- Beneficiary-centered response is a common theme in current political discourse; humanitarians tend to design responses to fit the average needs of a typical beneficiary. **The first case study with the Canadian Red Cross response to the Alberta wildfires in 2016 provides a concrete example of what one approach to beneficiary-centered response looks like.**
- The South Sudan case study with World Vision illustrates **the importance of beneficiary preference and buy-in** to any assistance project, particularly in conflict contexts in which protection is a major concern. This case also demonstrates why **response analysis is not a one-off analysis at project design, but a continuous analysis throughout the project cycle.**
- Similarly, CRS in Guatemala found that strong response analysis allows assumptions, such as about the significance of real and perceived risks to beneficiary safety or of restrictions vs. messaging on dietary quality, **to be identified, documented, monitored, tested, and revised based on evidence.**
- In the DRC, both CRS and Samaritan’s Purse have very similar USAID-funded emergency programs with **clearly defined and well-practiced assessment and response analysis processes** that explicitly allow for the most appropriate response, switching modalities over the course of implementation as appropriate.
- In Nepal, the experience of the Red Cross Red Crescent Movement illustrates the **significance of organizational capacity and preparedness in response analysis.** Also in Nepal, CRS demonstrated **an alternative approach to beneficiary-centered response allowing for variation in market appropriateness in different areas.**
- Oxfam in Myanmar demonstrated the **value of evidence-based response analysis to building buy-in** for response changes among beneficiaries, authorities, and donors, particularly in sensitive and protection-challenged environments.

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<sup>1</sup> A modality refers to the kind of assistance beneficiaries receive. Multimodal programming, therefore, refers to simultaneous or sequential implementation of cash transfers, vouchers, or in-kind distribution of goods. Facilitated access to services or trainings are also modalities of assistance. “Cash plus” (FAO) or the “graduation” approach (BRAC, Trickle Up) may combine different types of services or training with cash or vouchers and may also be broadly considered multimodal programming. However, modalities other than cash, vouchers, and in-kind assistance remain tangential to the central thesis of this paper because the humanitarian community made commitments through the Grand Bargain to increase cash and vouchers as a proportion of total humanitarian assistance (cash, voucher, and in kind), noted at six% of total humanitarian assistance in 2014.



General conclusions drawn from multiple cases include:

- An analysis of multimodal programming expects that **there may often be multiple “right” responses in a given context**. It is because the various goods and services needed may involve different supply chains with different regulatory environments (imported commodities, locally produced commodities, telecoms, banks, etc.), shock affectedness, and cultural contexts (including willingness to pay) that different modalities may be appropriate.
- Despite these differences, the **general information categories needed for response analysis are quite similar across sectors** suggesting that a harmonized approach to response analysis would be appropriate.
- Interestingly, the case studies did not demonstrate financial cost savings as a major decision-making factor for choosing between cash, vouchers, or in-kind assistance. Rather than cost, the most influential arguments in deciding a given modality mix included: **time to delivery, organizational capacity (human resource availability or experience), market supply response capacity (trader capacity), security, and beneficiary preference**.
- Respondents felt the human-resource cost of preparing or maintaining multiple pipelines for more or less simultaneous delivery was high, suggesting that **it may not be reasonable to assume efficiencies through simultaneous distribution of these multiple types of goods and services, particularly at the beginning of a project or in a true emergency context** (Nepal, Guatemala). On the other hand, **switching modalities once multiple pipelines and products are established is relatively straightforward** (Canada, South Sudan, Myanmar, DRC).
- Careful assessment and validation; slow, progressive change; and well-communicated contingency planning contribute to trust and change acceptance. **Engaging stakeholders in rigorous situation and response analysis contributes to acceptance and trust and is particularly important in volatile and sensitive contexts.**

## A NOTE ON IMPLEMENTATION LESSONS FROM MULTIMODAL PROGRAMMING

In addition to illustrating lessons about how organizations decide on a modality or project design from a strategic response analysis perspective, the case studies also generated some lessons about enablers and barriers in implementing multimodal programming.

### ENABLER: A RESPONSE ANALYSIS MINDSET WITH BALANCED, CONTEXT-APPROPRIATE PRIORITIES

The case studies demonstrate that a favorable “mindset” or level of “buy-in” was a significant factor in being able to implement simultaneous modalities or to switch. The case study research provides indicative evidence about buy-in among the following stakeholders: senior technical advisors and management, beneficiaries (South Sudan), local authorities (Myanmar), organization’s staff (Guatemala), and donors (Myanmar).

In general, systematic, evidence-based response options analysis, both at project design and as a part of project monitoring, may be more inclined to result in multimodal response decisions. Similarly, different mindsets or levels of support for multimodal programming may be rooted in differences in prioritization of the criteria being evaluated in response options analysis.

Support from senior management and technical leadership was pervasive, though it may not be explicitly mentioned in the case studies. These stakeholders are most comfortable with optimizing across multiple response analysis criteria in diverse contexts. They demonstrate a commitment to evidence-based response options analysis with balanced, context-appropriate priorities by:



- using clear, reliable, timely information from assessments as inputs to situation and response analysis for project design and monitoring (adaptation)
- committing to identify and test assumptions and concerns to build evidence and experience to inform response
- communicating response analysis and project adaptations clearly to all stakeholders to ensure support.

However, senior management support for multimodal programming of multiple types of pipelines may not be effective without the commitment of additional human resources as compared to programming a single commodity type. It takes more effort, particularly preparedness effort, to deliver from multiple pipelines with different actors and regulatory environments (e.g., imported rice vs. mobile money) than it does from one pipeline or from multiple pipelines within the same regulatory environment (e.g., imported rice and imported wheat). Leadership may demonstrate support by committing funds to piloting or to full-scale implementation as well.

Myanmar and South Sudan demonstrate that when support from local authorities or beneficiaries is low, it will take more time than expected to build confidence and trust in change. In these cases, ethnic tension was at least a partial driver of the emergency context. As such, differences in ethnicity between actors predominant at different points in the supply chain prompted a higher prioritization of security and protection concerns among beneficiaries and authorities. Reducing change expectations by taking incremental steps (i.e., piloting in smaller areas and not switching from 100% in-kind rations to 100% unconditional cash all at once) and investing in contingency pre-positioning of preferred methods are likely to be appropriate in this context.

If an organization's staff has reservations about the different modalities applied or the switch, their ability to creatively identify the best solutions during implementation may be compromised. Experience is a strong argument for this audience. CRS's approach to building internal support for cash and voucher programming throughout the organization is widespread piloting, demonstrated here in the Guatemala and DRC cases using electronic vouchers. CRS uses strong response analysis to identify staff assumptions and acknowledge their concerns. Through a small pilot, staff experience the advantages and disadvantages of change and work together through additional mitigation strategies that might be appropriate. This process may help to inform and align response options analysis priorities in a given context. The proof is in the pudding.

In addition to funding explicitly multimodal programs, donors may enable or inhibit modality switching, in particular through the degree of budget management authority or flexibility they delegate to implementing organizations. For example, it would be difficult for an implementer to change modalities in response to changing context if the donor requires approval for changes of more than 10% to predefined budget lines because of the differences in the structure of the pipelines for different types of commodities.

Another factor influencing donor support is the degree of prioritization of cost or cost efficiency in proposal analysis. Preparing and delivering multiple pipelines and maintaining them as a contingency investment may not be the cheapest response option in the short run. As such, the degree to which a donor prioritizes (or allows implementers to prioritize) response analysis criteria other than cost (e.g., appropriateness, effectiveness, timeliness, beneficiary preferences, economic spillover or multiplier effects, sustainability or development, etc.) may influence its support for multimodal programming. Finally, the authority of field-based donor representatives to fit response analysis priorities or financial systems poorly adapted to multimodal programming, may be limited.





## ENABLER: OPERATIONAL PREPAREDNESS

Several operational and preparedness-specific factors support the enabling of multimodal programming.

To consider different cash, voucher, and in-kind response options equitably in each context requires appropriate preparation of multiple pipelines. That is, if commodities are pre-positioned and similar pre-agreements are not in place for cash or vouchers, then cash and vouchers cannot be given equitable consideration in response options analysis even if they may otherwise be similarly or more appropriate, effective, cost-efficient, or cost-effective.

Several case studies mentioned the relative administrative ease of switching modalities once appropriate framework agreements were in place. Maintaining these agreements and good relationships with these providers allows implementers to pause and restart pipelines as needed for modality switching. Strong relationships with vendors may help identify the most appropriate division of procurement responsibility between the implementing partner and service providers. In the Myanmar case, the decision to switch a portion of transfers to cash reduced the procurement demands on the implementing partner and its suppliers, resulting in an unexpected improvement of the timeliness of suppliers' rice distributions.

Operational capacity was an important deciding factor in response analysis in several cases, including Guatemala, Myanmar, and the American Red Cross in Nepal. Technical and operational teams should have the skills, standard operating procedures, and confidence to implement either cash, vouchers or in-kind (or a combination thereof) as appropriate. The Red Cross Movement implemented this "one team" approach in Nepal after finding in the Philippines that maintaining separate teams of cash/voucher and in-kind experts exacerbates internal coordination obstacles.

Organizations with access to resources for piloting, whether internal or external, will be able to test response analysis assumptions and develop and maintain internal capacity and confidence. Such resources may also serve as contingency funds allowing for a modality switch in the event of a change of context for a project without sufficient budget flexibility.

### Barriers to multimodal programming

The most significant obstacle to programming multiple modalities simultaneously or to switching modalities would be an institutional commitment to specialize in only one modality. Specialization in one modality of assistance, without strong response options, analysis investment, and clear rules for both engagement and non-engagement risks, results in an organization built as a hammer that interprets both screws and bolts as types of nails. Such an organization would not be flexible enough to adequately respond to changing circumstances, as was noted in South Sudan. This kind of organizational commitment to a single modality, while relatively uncommon, can present an institutional barrier to multimodal programming.

As noted in several case studies, particularly those in which multiple modalities were intended to be delivered simultaneously but were not (Guatemala, Nepal), the effort to prepare multiple pipelines is greater than for one single pipeline. In addition, while simultaneous delivery is more efficient, it may not be possible, particularly in the earliest stages of an intervention. While these factors do not prevent multimodal programming, the time and human resource costs should be properly considered during response analysis. In conclusion, further study relating experience from these case studies and CaLP's Organizational Cash Readiness Tool (OCRT) may be useful as a future area of research.



## CASE STUDIES

### CASE STUDY: CANADIAN RED CROSS, CANADA

Organization	The Canadian Red Cross (CRC)
Geographical area	Alberta, Canada
Donors	Government of Canada, Government of Alberta, and private donors
Objective of the program	Providing vital assistance to Alberta-fires-affected communities for meeting their basic needs and to accompany them on the road to recovery
Number of beneficiaries	>120,000 people
Total project funding	CAD 244,000,000 spent or committed as of April 2017 <sup>2</sup>
Total beneficiaries	65,000 families, 3,200 small businesses, 54 community organization partnerships <sup>3</sup>
Modalities and mechanisms	See Table 1

#### The context

On May 5, 2016, the Canadian Red Cross (CRC) launched a response to the largest wildfire evacuation in Alberta's history.<sup>4</sup> More than 80,000 people fled Fort McMurray, Alberta, where the wildfire destroyed neighborhoods and threatened an entire community. The evacuation order was lifted within a month, but approximately 10% of the buildings in the area were destroyed.

Despite the fires, most food stores, banks and financial infrastructure, home centers, and roads were open in nearby areas of temporary displacement or as soon as possible upon return.

#### Response analysis at project design

CRC believes that each person's situation is unique. In the Alberta wildfire response, as in all responses, CRC provided each household with an amount and combination of types of assistance (see Table 1) tailored to their specific needs and preferences based on a standard ten-minute interview. Response options were flexible and able to change in response to a recipient's request. Transfer amounts were standardized, based on national annual reviews of basic needs and the average national cost of living.

The Canada Revenue Agency's charity regulations require proof of nexus between assistance provided and needs arising from a disaster. Because cash received could be used to make purchases not related to disaster needs, CRC's due diligence required recipients to sign agreements that the funds they received would be used to respond to disaster-related needs.

The majority of CRC assistance was delivered as cash or voucher transfers because it empowers recipients to identify and meet their own priority needs. However, CRC also maintains large-scale distribution of a limited set of pre-positioned in-kind goods, such as toys, cots, blankets, hygiene kits, and clean-up kits, as appropriate. While choice may be empowering, in the immediate aftermath of a disaster, shopping may also have psychological costs. CRC believes that in-kind assistance immediately acknowledges recipients' loss, provides comfort, and makes sure recipients have the necessary supplies for maintaining a healthy body, such as soap and a toothbrush. In-kind toys help children recover through play. In-kind assistance of basic tools also responds to immediate surge-demand. Clean-up kits helped ensure that families returning from the Fort McMurray evacuation did not find themselves at the store with ready money, only for the equipment they needed to be out of stock.

The 2016 Alberta wildfire response also demonstrated the CRC's first widespread use of Interac e-transfers. CRC now prefers EFT or Interac transfers over all other methods for speed and low cost.

<sup>2</sup> digitalcomms@cashlearning.org

<sup>3</sup> Ibid.

<sup>4</sup> [https://en.wikipedia.org/wiki/2016\\_Fort\\_McMurray\\_Wildfire](https://en.wikipedia.org/wiki/2016_Fort_McMurray_Wildfire)

**Table 1: Delivery mechanisms**

Delivery mechanism	Criteria <sup>5</sup>	Additional considerations	Time to delivery <sup>6</sup>
Direct, bank-to-bank Electronic Funds Transfer (EFT)	Recipient provides accurate bank account information	<ul style="list-style-type: none"> <li>Fully integrated with recipient's existing finances</li> <li>Most appropriate for community rehabilitation grants</li> <li>Recipient may be other than the beneficiary; e.g., direct payment of mortgage to bank or rent to landlord</li> </ul>	1–2 business days; EFT ensures that sufficient funds are available from payer account at end of day prior to effect the deposit in payee account
<i>Interac</i> e-transfer <sup>7</sup>	<ul style="list-style-type: none"> <li>Recipient has Canadian bank account</li> <li>Recipient has email address (or, in some cases, mobile telephone number) and internet access</li> </ul>	<ul style="list-style-type: none"> <li>Fastest transfer method</li> <li>Fully integrated with recipient's existing finances</li> <li>Does not require CRC to collect or protect sensitive, personally identifying information other than name and email or phone number</li> <li>Recipients with less exposure to technology may be less comfortable with this payment method</li> </ul>	Instant for established users; may take 4–6 business days for first-time users
Canada Post MoneyGram	<ul style="list-style-type: none"> <li>Recipient unable/unwilling to receive electronic transfer</li> <li>Recipient has legal identification</li> <li>Recipient can go to a Canada Post office</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate for recipients without bank accounts</li> <li>Recipient must bring MoneyGram reference number from CRC and legal identification (precisely matching sender's request) to Post Office for pickup within business hours</li> <li>Post Office liquidity and agent time should be considered as constraints for large-scale use of this method</li> <li>Increasingly rare</li> </ul>	Canada Post advertises "as little as 10 minutes," but may take 1–2 business days
Mastercard Prepaid Payment Card	<ul style="list-style-type: none"> <li>Recipient unable/unwilling to receive electronic transfer or MoneyGram</li> <li>Urgent need for a variety of goods or services from multiple vendors</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate for recipients without bank accounts</li> <li>Valid only at merchants accepting Mastercard</li> <li>Recipient cannot "cash out"</li> <li>Card may require recipient to activate by phone</li> <li>CRC can reload card remotely as appropriate</li> </ul>	Instant
Check	<ul style="list-style-type: none"> <li>Recipient unable/unwilling to receive electronic transfer or MoneyGram</li> <li>Recipient provides permanent mailing address</li> <li>Less urgency for funds</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate for recipients without bank accounts</li> <li>Recipient may incur additional delays (if bank) or costs (from check-cashing agent)</li> <li>Increasingly rare</li> </ul>	7–10 days to receive check
Gift Card (electronic value voucher)	<ul style="list-style-type: none"> <li>Urgent need for type of goods/services sold at specific vendors (e.g. Walmart)</li> <li>Recipient unable/unwilling to receive electronic transfer or MoneyGram</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate for recipients without bank accounts</li> <li>Valid only at the specific merchant providing the gift card</li> <li>Recipient cannot "cash out"</li> </ul>	Instant

<sup>5</sup> An important criterion for any payment method is beneficiary acceptance. Concerns about protection or about intra-household decision-making can effectively influence recipient preferences.

<sup>6</sup> Once all data required for the transfer is accurate and complete.

<sup>7</sup> <http://interac.ca/en/interac-e-transfer-consumer.html>



Delivery mechanism	Criteria <sup>5</sup>	Additional considerations	Time to delivery <sup>6</sup>
Paper voucher	<ul style="list-style-type: none"> <li>Urgent need for specific goods/services (e.g. hotel room)</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate for recipients without bank accounts</li> <li>Valid only for merchant providing the voucher</li> <li>Recipient cannot “cash out”</li> <li>More common for individual/small-scale disasters to manage vendor capacity limits</li> </ul>	Instant
In-kind	<ul style="list-style-type: none"> <li>Blankets, teddy bears, toys provide comfort, psychological support</li> <li>Hygiene kits meet immediate, 24-hour needs</li> <li>Clean-up kits meet surge demand</li> </ul>	<ul style="list-style-type: none"> <li>Require commodity management, warehousing</li> <li>Relieves recipients of potential psychological stress of choice/procurement</li> </ul>	Prepositioned goods may be available within hours

Note: Cash in hand is not used because of the variety of other, more secure options available.

## Lessons about response analysis from implementation

This case study provides an illustration of what a truly recipient-centered response could look like.

Preparedness is key. CRC has long-standing relationships with nationwide networks of banks, stores, service providers, and warehouses to make any of these options available to thousands of households within hours of an emergency.

While this is an excellent example, significant adaptation would be needed to achieve a recipient-centered response in developing contexts or for agencies without a long-term presence in the disaster-affected area.

CRC demonstrates that not all needs are best met by cash or vouchers. Thinking beyond market appropriateness, it's useful to understand that in-kind assistance and cash/voucher assistance may each contribute to psychological recovery in different ways.

CRC receives large amounts of unrestricted funding from individual donors. In general, CRC doesn't accept funds from donors who restrict their funds to be used for one specific payment mechanism or assistance modality. This flexibility allows CRC to meet people's needs using the best available response.

## CASE STUDY: WORLD VISION, SOUTH SUDAN

Organization	World Vision
Geographical area	Juba Protection of Civilians (PoC) sites, South Sudan.
Objective of the program	Meet food needs of those living in PoC Sites
Donor	WFP
Number of beneficiaries	20,000 to 30,000 individuals through 2016
Modalities and mechanisms	In-kind food aid and paper value voucher with turning vouchers on and off



## The context

Violent clashes between warring parties radiating from Juba in December 2013 resulted in massive displacement of people across much of South Sudan. In October 2015 the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) estimated that more than 38,000 people sought refuge in Juba's Protection of Civilians (PoC) sites.<sup>8</sup> The sites offer protection from ethnic conflict relatively close to Juba town, although space is insufficient to continue agricultural livelihoods. WFP and its partners have provided 100% in-kind food rations since the IDPs' arrival in the Juba PoCs in 2013. The response analysis for this decision is not documented here.

In late 2014 WFP and World Vision initiated a review of the response analysis for the Juba PoCs. In addition to reports of the resale of rations within the Juba PoC and the proximity to relatively active, well-supplied Juba markets, WFP's in-kind resources faced supply pressures from pipeline issues and an increasing caseload throughout South Sudan, particularly in rural areas, where the impact of conflict on market activity was more pronounced than in Juba. Using cash or vouchers in Juba PoCs near the most reliable markets would allow WFP to shift some in-kind resources from Juba to rural areas with greater needs.

While electronic infrastructure and literacy in South Sudan are extremely low, the proximity of PoCs to Juba includes access to banking infrastructure, provided that security concerns can be mitigated.

## Response analysis at project design

World Vision conducted a market and cash feasibility assessment in January 2015 in the Juba PoC. The assessment determined that PoC traders and their potential suppliers in Juba and elsewhere had the capacity to reliably supply most of the demand in the PoC previously covered by WFP rations. They were willing to work with either cash or World Vision-supplied vouchers.

While banking infrastructure was available in nearby Juba, World Vision identified a high security risk to moving large sums of cash needed to distribute cash in the PoCs.

In terms of cost, World Vision's experience suggested that it would be cheaper to provide cash than in-kind assistance or vouchers. However, World Vision identified significant security risks with direct cash transfers to staff and recipients in this environment, which it decided not to accept or transfer.

World Vision expected greater effectiveness in meeting WFP's food security outcome objectives from vouchers than from cash. Similarly, World Vision preferred value vouchers restricted to food over commodity vouchers for specific foods. Food value vouchers allow beneficiaries to choose between any food items in the PoC vendor shops, including fish, milk, vegetables, condiments, etc., facilitating greater dietary diversity than would be possible with 100% in-kind rations or with commodity vouchers. World Vision also considered the potential market-multiplier effects of the intervention with more positive effects from cash than vouchers and more positive effects from vouchers than in-kind interventions.

Based on this information, World Vision proposed to WFP and to PoC leadership and vendors to switch from in-kind rations to paper vouchers. PoC leadership, however, questioned the decision. Fundamentally, PoC leadership felt that the switch to paper vouchers would shift the responsibility for their food supply from third-party actors with a humanitarian objective to Juba traders more vulnerable to conflict or strife. They expressed this as a concern about Juba traders poisoning food as part of the ethnic conflict (though PoC traders already supplied PoCs with Juba-procured foods without systemic poisoning observed), a lack of confidence in PoC traders' reported ability to sufficiently scale-up supply so quickly (despite the market assessment findings), and a concern for PoC traders' security outside the PoC (despite the PoC traders' willingness to mitigate and accept these risks).

World Vision worked closely with PoC leadership over the following six months to agree on a compromise: a paper voucher equivalent to the value of 50% of the cereal ration restricted to purchasing food through PoC food vendors, combined with full in-kind rations of vegetable oil, pulses, salt, and 50% of cereal needs. World Vision also committed to adjusting voucher values monthly to maintain purchasing power given the start of high background rates of inflation.<sup>9</sup> Finally, World Vision committed to maintain in-kind supplies sufficient for

<sup>8</sup> OCHA, *Humanitarian Needs Overview: South Sudan* (2016).

<sup>9</sup> The average annual rate of inflation in South Sudan was approximately 50% in 2015 (World Bank, 2016). South Sudan entered a state of hyperinflation over the course of this intervention (World Bank, 2016).



100% rations for one month<sup>10</sup> pre-positioned in WFP's Juba warehouses as a contingency in the event of major disruptions in the supply chain or of failure of trader capacity to respond to demand. This compromise was relatively easy as WFP's stocks for all of South Sudan pass through Juba warehouses. In addition, there was little to no risk of losing physical access for food aid trucks between the PoCs and the warehouses. There was a slight decrease in the total cost of assistance with a slight increase in the transfer value ratio (transfer value to total cost) due to reduced spending on shipping and handling of in-kind goods. However, World Vision did not consider the cost savings to be significant.

### 2016 response analysis review

In July 2016, about one year after the start of the voucher scheme, conflict broke out again in Juba with significant market disruption. PoC traders ceased their resupply trips to town because of insecurity, so World Vision put service agreements and the voucher scheme on hold. Unfortunately, WFP's local warehouses had been looted in the conflict. So, while World Vision's market information allowed a quick decision to switch to 100% in-kind rations, restoring the pipeline took two months and the change wasn't made until September. In addition, the PoC population had increased significantly, necessitating a re-registration exercise, also complete in September.

By September/October, market supply capacity was restored to Juba traders, local traders, and WFP. However, in this new security context, traders report feeling less safe than previously. They report the perception that women face less harassment than men going from the PoC to town. Consequently, women are being sent outside the PoC by PoC traders to porter and pay for small-scale, pre-voucher-level trade. World Vision and the PoC traders would like to return to the 50% voucher system. While it would only take a week or two to re-assess trader capacity and revive agreements, World Vision is waiting to resolve potential protection issues relating to gender and trade prior to restoring the voucher scheme.<sup>11</sup>

### Lessons about response analysis from implementation

Factors enabling response analysis, multimodal programming, or modality switching:

- Resource constraints and increasing caseloads require greater efficiency and may prompt response analysis review.
- Maintaining both vouchers and in-kind make the administrative task of switching either pipeline (particularly vouchers) on and off relatively easy. This designed contingency was particularly useful given the volatile context and the extreme limits to population movement.
- Planning frequent adjustments to value vouchers is critical to maintain purchasing power, especially when price volatility is expected.
- World Vision has both internal commitment<sup>12</sup> and capacity to implement cash and voucher programming. World Vision and WFP have the skill, resources, and confidence to monitor and act upon changes to market performance and security.
- Earlier consultation with beneficiaries regarding their preferences and concerns about vouchers could have reduced delays to voucher startup.

<sup>10</sup> WFP's Juba warehouses had the capacity to store sufficient in-kind assistance to cover more than three months of 100% rations for the PoC camps.

<sup>11</sup> As of writing, World Vision had not restored the voucher program. They were planning to implement vouchers for the value of the pulse ration while providing cereals, vegetable oil, and salt in kind starting in April 2017.

<sup>12</sup> World Vision committed through the World Humanitarian Summit to provide half of their global humanitarian assistance through a "multi-sectoral and multi-purpose cash first approach" by 2020 (World Vision 2016).



## CASE STUDY: CRS, GUATEMALA

Organization	CRS and Caritas
Geographical area	Chiquimula, Jalapa and Zacapa Departments of Guatemala
Objective of the program	Improve food access in the face of a drought
Donor	USAID/FFP with complementary funding from CRS
Multimodal programming	Electronic value voucher with cash transfers conditional upon training on health, nutrition, and joint family decision-making
Number of beneficiaries	5,000 households/22,885 individuals
Total project value	\$5.4 million
Project duration	May 2016 start; field operations closed in January 2017

### The context

The severe coffee leaf rust outbreak of 2012–14 and drought resulting from the El Niño phenomenon of 2014–15 significantly reduced food access and income-generating opportunities for poor, rural households, particularly in the dry corridor of central and southeastern Guatemala. The drought is the worst in the last 35 years. In fact, the first harvest of 2015, which accounts for 50–70% of total annual harvests, saw losses of 50–100 % in the worst affected communities.

At the same time, Guatemala is a context in which markets for staple foods and finance/credit are relatively well developed, well integrated, and robust. Telecommunications infrastructure penetration is relatively good, considering the mountainous terrain. Despite this, the assistance culture in Guatemala historically emphasizes in-kind assistance. USAID had recently expressed an interest in more market-sensitive programming in Guatemala for both development and relief programming.

Within the household, women in Guatemala are the principal care-takers and food preparers in rural communities. While women can typically handle small sums of money with relative autonomy, larger sums have been known to attract the attention of their spouses, sometimes resulting in violence or the purchase of items serving objectives other than household food security.

### Response analysis at project design

CRS and Caritas conducted a needs assessment in October 2015 to estimate the likely effects of reduced labor demand from coffee-producing areas and the prolonged drought on rural communities' access to food, water, and agricultural inputs. The assessment identified a projected gap in poor households' ability to meet these minimum needs, particularly between April and November 2016. As the shock affected households' ability to produce food for their own consumption and to generate income to purchase food, needs related to education, health, shelter, etc. were not specifically identified or addressed by the intervention.

In January 2016, the implementers complemented the needs assessment with a rapid market assessment that:

- validated the assumption that enough local, rural small- and medium-sized traders had the capacity to meet increased demand for food commodities from a cash transfer program
- identified enough vendors (1–2 per municipal center, 12 in total) accessible by bus to targeted rural communities, operating legally and willing to work with the project's voucher platform, including using project-prescribed hardware, pricing, etc.
- identified a risk that the vendors willing and able to become vendors for the project may not trade fresh food, which could limit the effectiveness of vouchers to meet dietary quality objectives
- identified local banks reporting liquidity and agent capacity to quickly distribute cash transfers.



This pre-intervention research suggested that both cash and voucher interventions would be relatively more appropriate for the market context than in-kind assistance. Cash was favored over vouchers in allowing recipients greater choice in responding to basic needs, including the ability to purchase from local, informal vendors, to cover transportation costs related to accessing vendors higher up the supply chain, or the option to purchase medicine or school fees/supplies. However, CRS Guatemala had no institutional experience implementing cash or electronic vouchers. In addition, staff voiced concerns about risks to staff, vendor, or beneficiary security with large, unrestricted cash transfers, including the potential for provoking domestic disputes. Of equal concern was a belief that beneficiaries would prioritize different objectives than the project's limited food security objectives ("How will we know how they spend the money?").

CRS and Caritas decided to implement both electronic value vouchers through nearby retailers in municipal centers and a small cash transfer that beneficiaries would pick up at local banks. The small size of the cash transfer was considered sufficient to balance the cost of receiving the transfer and to mitigate beneficiary security risks. CRS restricted the vouchers to a specified set of food commodities complemented by a small cash transfer intended to cover transportation costs; the purchase of fresh produce from local, informal vendors; and other essential needs. Given a long history of assistance in the area, local partners felt strongly that conditions to the grants were also necessary to support self-targeting and to mitigate the risk of creating a culture of dependence. To receive their transfers, participants attended a total of six, monthly food-security-related trainings on nutrition, health, and family decision-making over the course of the project.

To calculate the monthly transfer value per household, CRS/Caritas developed a food basket reflecting local customs that would allow a family of six to consume a diet meeting recommendations established in the Ministry of Health's Food Guide for Guatemala.<sup>13</sup> They then estimated the cost of the food basket using current local prices (\$129 per household per month). CRS/Caritas then used information from the needs assessment to identify the proportion of the food basket that households would be able to acquire either through their own production or household income over the course of the project (\$26 per household per month). Project managers decided to transfer a value of 80% of the food basket, or \$103 per month, with 77% (\$79) to be provided as electronic value vouchers and 23% (\$24) to be provided in cash through a local banking partner.

At the same time, however, CRS and Caritas decided to create an opportunity to test assumptions about the degree to which additional restrictions result in additional effectiveness towards food security objectives, as well as about security with respect to cash transfers using CRS internal funding. CRS/Caritas targeted beneficiaries in one municipality (125 households) to receive an "unrestricted" value voucher (prohibiting only alcohol and cigarettes), still complemented by the cash transfer. Beneficiaries in another municipality (another 125 families) received 100% of the value of the transfer as cash.

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<sup>13</sup> *Guías Alimentarias para Guatemala: Recomendaciones para una alimentación saludable*, Ministerio de Salud Pública y Asistencia Social (MSPAS), March 2012.





## Lessons about response analysis from implementation

- While the number of vendors in the market in general is sufficient, most trade is informal, and relatively few vendors are registered and pay taxes. In addition, only relatively larger vendors with locations in urban centers were willing to accept the effort of working with project's VAT-exemption certificate. Though the vendors' prices were negotiated and monitored under the project, the lack of choice of vendors contributed to recipients feeling that they could have found more competitive prices using cash outside the voucher system.
- The project's experience with the electronic voucher platform was excellent, primarily due to the speed of implementation, its monitoring capacity, and its flexibility.
  - The relationship with the electronic voucher service provider was easy to establish. The electronic voucher platform (both software and hardware) was easy to set up, learn and use for vendors, project staff, and recipients. Recipients found them fun!
  - The platform allowed project managers to monitor the products beneficiaries purchase to inform project effectiveness measures. This also allows the project to test its response analysis assumption that greater restrictions increase effectiveness.
  - The platform allowed for easy modifications of transfer value, allowing easy switching from cash to electronic voucher. For example, when local banks weren't prepared for the first distribution, project staff easily increased the value voucher from 77% to 100% of the transfer value.
  - Adding or deleting products or restrictions on the value or quantity of products allowed is also easy using the platform. For example, initial distribution monitoring identified high levels of sugar and salt purchases. Project managers responded with health and nutrition sensitizations directly to beneficiaries and through vendors and additional voucher restrictions.
  - The platform accommodates value vouchers as used in this context, but could also accommodate commodity vouchers or cash out from vendors (the cash out option was not used because of concerns about vendor security). For example, the project also linked recipients' cards with vendors at local agricultural input fairs.
- While assessments confirmed that cash transfers are theoretically appropriate and feasible, the implications of the choice of the cash transfer mechanism (the banking system) and the vetting and preparation required for the banking partner to serve project beneficiaries could have been considered more carefully in the response analysis process.
  - Most importantly, Guatemala's Know Your Customer (KYC) requirements include requiring government-issued proof of identity to receive money from the bank. This prevented many targeted households, particularly elderly- and minor-headed households, from collecting cash transfers from the bank. The local partner distributed the cash portion of transfers to these households by hand.
  - The project had assumed that establishing a partnership with the local bank would be easy. Instead, it took significantly more time and effort than expected. Due to these delays, banks did not participate in the first distribution.
  - Banks required several business days to process beneficiary lists that could be quickly uploaded to the e-voucher platform. In addition, banks did not have the resources to process cash distributions in the last week of the month. The project's interest in economizing recipients' trips to the municipal center for both banking and voucher purchases required the e-voucher system to work at the bank's pace.

## CASE STUDY: SAMARITAN’S PURSE AND CRS, DEMOCRATIC REPUBLIC OF CONGO

Organization and project name	Samaritan’s Purse USAIDizi	Catholic Relief Services (CRS) DRIVE
Geographical areas	North Kivu and ex-Orientale Provinces of eastern Democratic Republic of Congo (DRC)	North Kivu, South Kivu, Maniema and ex-Katanga Provinces of eastern Democratic Republic of Congo (DRC)
Donor	USAID (OFDA and FFP)	
Objective	Emergency food and non-food assistance to conflict-affected, internally-displaced, recent returnees, and host communities	
Number of beneficiaries	Approximately 10,000 households per year	Approximately 10,000 households per year
Project modalities	In-kind distributions and paper value voucher fairs	In-kind distributions and paper value voucher fairs, pilot of electronic value voucher fairs
Project value	\$11.2 million	NA
Project timeframe	August 2014–January 2017	May 2014–July 2017

### The context

The massive size and weak governance of eastern DRC, combined with severe underdevelopment, a lack of infrastructure, and rich mineral and forest resources, contributes to frequent armed conflicts. The USAIDizi and DRIVE projects both aim to meet emergency needs primarily for displaced persons and host communities during the first three months of displacement.

As the destination, scale, and timing of any particular conflict or displacement event would be unknown, designers of the USAIDizi and DRIVE projects needed to develop a project that could respond equally well in contexts where local traders were willing and able to respond to the emergency needs of displaced and host communities, as well as those where they were not. Both projects aimed to respond to the urgent basic needs of the recently displaced for three months. CRS and Samaritans Purse also provide livelihood support.

Banks and telecommunications infrastructure are limited to a few urban areas, and literacy rates, particularly digital literacy rates, are extremely low. Insecurity is high, and markets are thin in rural areas.

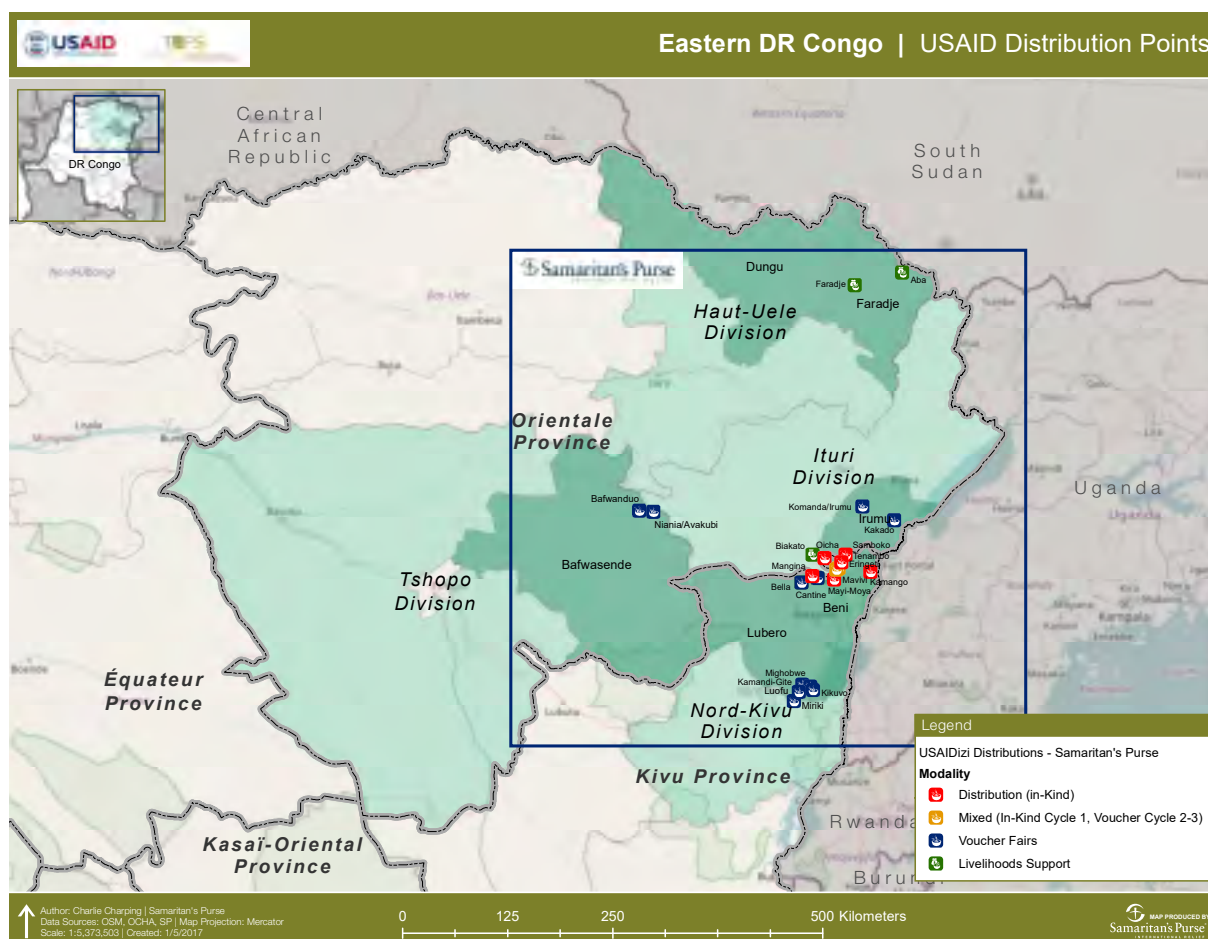
For these reasons, direct cash distributions and electronic vouchers have historically been considered infeasible, and both projects tend to implement either in-kind distributions of pre-positioned goods or “closed” voucher fairs, essentially a local market of NGO-selected vendors organized by the NGO for which beneficiaries receive vouchers to purchase food, clothing, agricultural tools, essential home goods and hygiene items sold by invited local traders; traders then use the vouchers to claim reimbursement by the organizing NGO at the end of the day.<sup>14</sup>

In addition to these options, however, CRS decided also to test the assumption that poor telecommunications systems and literacy would constrain the feasibility of electronic voucher fairs. Between October 2015 and March 2016, CRS implemented a closed-loop, electronic value voucher for its voucher fairs in peri-urban Goma (Sake town) and in a very remote, rural area of Katanga Province, two and a half days’ travel from the provincial capital Lubumbashi.

<sup>14</sup> “Open” voucher fairs are less common due to logistical complexity. In an “open” voucher fair, vendors in the existing local market would participate in the NGO’s voucher scheme.

## Response analysis at project design

1. An alert is raised and verified.<sup>15</sup>
2. CRS and Samaritan's Purse coordinate with clusters and Réponse Rapide aux Mouvements de Population (RRMP – Rapid Response to Population Movement) Comité de Pilotage to decide to launch a needs assessment.
3. CRS and Samaritan's Purse, often jointly with other partners, conduct rapid multi-sectoral assessment (MSA) of household needs, market capacity, and security. CRS amended the MSA by integrating questions on shelter, food security, beneficiaries' preferences on assistance modalities, and perceived access to markets. Gender and protection concerns were also included. Both CRS and Samaritan's Purse also conduct a Rapid Market Assessment (RMA).
4. At Samaritan's Purse, the assessment team (database officers) apply a decision tree to assessment findings to recommend a modality. At CRS, the assessment team recommends a modality based on whether the assessment demonstrates that the affected community(-ies) meet emergency criteria. In both organizations, the options are discussed internally with supervisors and security before management decides whether to intervene and what modality and design features should apply.



<sup>15</sup> An "alert" is a communication from peer agencies or programs, such as OCHA, RRMP or the Caritas network, signaling mass displacement due to conflict and violence. Alerts are first verified by an actor present in the field to confirm the number of displaced households and the nature of the conflict. Verified alerts are then shared with the humanitarian community through the relevant forums and coordination mechanisms.

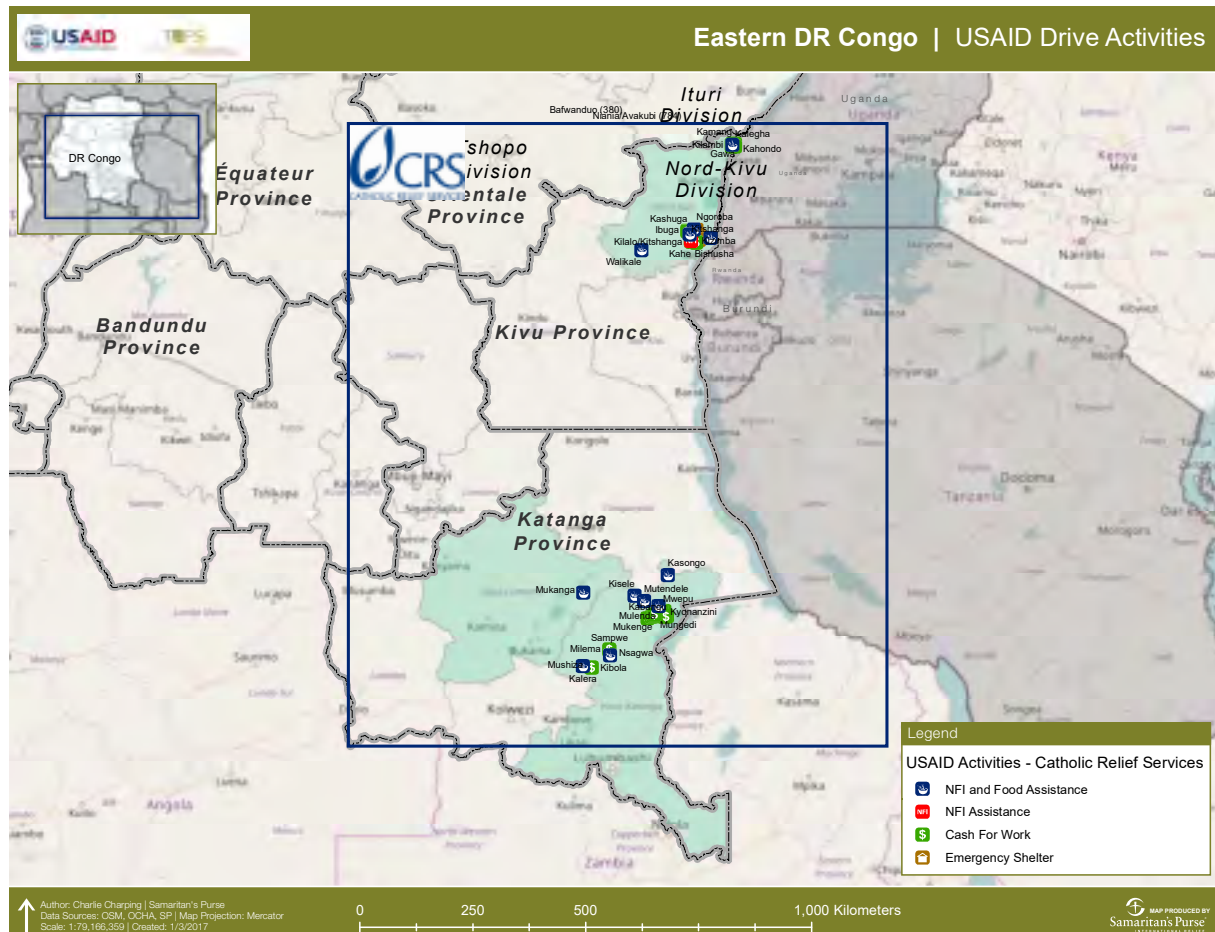


## Lessons about response analysis from implementation

- When implementing projects focused on immediate emergency response, time to delivery is an important decision-making factor. Once the project is established in an area, it takes approximately one week from decision to distribution for a distribution of pre-positioned commodities, and about two weeks from decision to distribution for a paper voucher fair. CRS found that the time to delivery for electronic voucher fairs was about half that of paper voucher fairs, comparable to pre-positioned in-kind assistance. It takes approximately 4–5 weeks to deliver a commodity distribution by direct procurement (not pre-positioned).
- Despite the faster turnaround for pre-positioned in-kind distributions, Samaritan's Purse and CRS preferred implementing voucher fairs to in-kind assistance because:
  - Fairs assure buyers sufficient supply of and choice between a variety of basic needs items, so they are almost always preferred by beneficiaries over in-kind distributions; Samaritan's Purse and CRS consider beneficiary choice to be a means of providing dignity
  - Fairs provide vendors with advance information about beneficiary demand and purchasing power, allowing traders to deliver quality goods on time and with confidence
  - Fairs can support smaller traders and local economies
  - Commodity management, particularly delivery in difficult-to-access areas, is a much greater management burden than managing agreements with traders
  - Different regions of DRC have different diets, increasing the complexity of balancing commodity management with beneficiary preference or adding to the cost of distribution by requiring training in how to prepare and consume new foods
  - Fairs, particularly closed fairs, allow voucher distribution, exchange, and justification to happen on-site in one day. This ensures that vouchers are not kept overnight by beneficiaries or vendors, reducing the chance of counterfeiting or theft.
  - Closed fairs allow for close monitoring that the agreed-upon price ceilings and quality and quantity standards are respected by participating vendors, enabling beneficiaries to benefit from the full value of their vouchers. In a volatile environment, it is easier to ensure security support for large groups of vulnerable people through closed fairs than on the open market.
  - CRS found that, compared to paper voucher fairs or in-kind distributions, the electronic voucher fairs further reduced time to delivery, fraud risk, monitoring and accounting effort, and time to vendor payment. The electronic voucher could also serve as identification for in-kind distributions as needed. Beneficiaries reported higher satisfaction with the electronic voucher system than with paper vouchers.
- USAIDizi and DRIVE were designed to be able to implement either in-kind distributions or vouchers with relatively equal ease. However, switching between vouchers and in-kind distributions over the course of any given three-month intervention was rare, despite information and opportunity provided by post-distribution monitoring.
  - It would be rare for the market context to change significantly enough to merit a change of modality over the course of a three-month intervention.
  - It may be harder to switch to fairs if in-kind goods have been pre-positioned, and there is a risk of waste or spoilage.
  - It may be easier to modify the design of the current modality than to switch. For example, CRS found it easier to add vendors to improve competition and product diversity or to subsidize transportation for voucher fairs rather than to switch to in-kind distributions.



- One risk of maintaining pre-positioned stocks is of being forced to implement in-kind distributions in situations where they are less appropriate than vouchers to avoid loss due to spoilage or waste. Samaritan's Purse found that maintaining 15–20% of anticipated food assistance for a given project year, prepositioned at any time, was a good balance for the context.
- The donor appreciates that both projects allow the most appropriate response for the context.
- While the situation and response analysis process appears straightforward, interpreting market information still sometimes presents a challenge.



## CASE STUDY: CRS AND RCM, NEPAL

### The context

Two major earthquakes hit Nepal on April 25 and May 12, 2015, killing nearly 9,000 people and destroying key infrastructure and around half a million homes. Millions of people were affected, most were displaced, and entire villages were destroyed. Nepal's highly variable topography dominated both the disaster profile and the response, with urban centers in valleys often facing less damage and rural villages in remote, mountainous areas facing relatively more damage.

Organization	The Red Cross Red Crescent Movement (RCM)
Geographical area	Nepal
Objective	Meet immediate basic shelter and household items needs
No. of beneficiaries	40,000 households in 14 districts across the country
Modalities	In-kind distribution of shelter toolkit (tools, fixings), blankets, tarps, kitchen set, and cash in envelopes (checks in Kathmandu Valley)
Project duration	July–November 2015

### Response analysis at project design

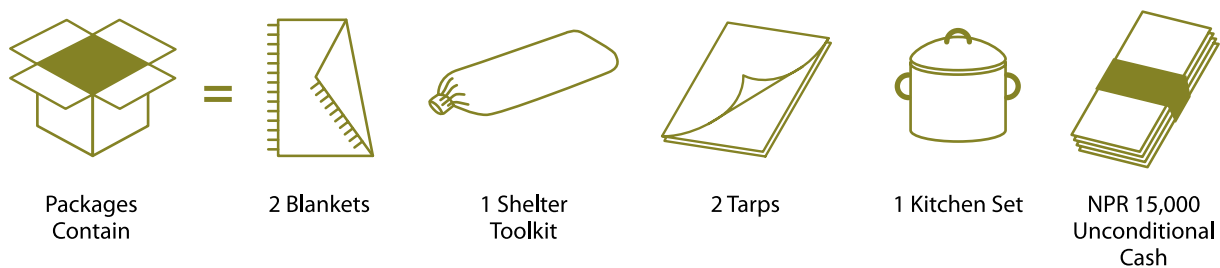
The International Federation of the Red Cross (IFRC) and the Nepal Red Cross Society (NRCS), and several other societies were involved in the Nepal earthquake response as the Red Cross Red Crescent Movement (RCM). The RCM participated in a joint, rapid market assessment coordinated by the Cash Working Group using a variation of the Rapid Market Assessment tool in 43 districts within the first two weeks of the major earthquake. The assessment found that food needs were generally covered through the distribution of ready-to-eat food packages as well as rice, oil and pulses to over 400,000 households. However, urgent shelter, health, WaSH and protection needs remained.

The RCM targeted 40,000 households whose primary residence completely destroyed, who lacked family support, and who faced loss of livelihoods or labor opportunities due to disaster, among other household vulnerability criteria.

For immediate shelter response, the NRCS had shelter toolkit stocks pre-positioned in four locations throughout the Kathmandu Valley with additional toolkits available regionally through IFRC. NRCS also held a pre-negotiated agreement with the government of Nepal that somewhat facilitated the process of moving additional items through the border compared to other organizations. Given the urgent needs and the high demand that local traders were unable to meet, particularly in rural areas, this in-kind support was appropriate and necessary.

At the same time, RCM acknowledged that these in-kind goods would not be sufficient to respond to remaining basic needs in health, WaSH, or protection. These needs varied highly across areas and families and involved a broader range of potential items in response. Banking infrastructure, security conditions, and interest from NRCS allowed them to consider a cash response.

The government of Nepal issued clear guidelines requesting the harmonization of the amount of cash distributed across the response at NPR 15,000 (USD 150). The RCM agreed that this was enough to meet remaining estimated basic needs based on the observed market prices. Figure 1 shows the total distribution package of in-kind goods and cash.



**Figure 1: Items distributed by the RCM under the mixed modality approach.<sup>16</sup>**

RCM, primarily through operational headquarters staff support, used risk analysis tools from their toolkit ([rcmcash.org](http://rcmcash.org)) to analyze risks linked to each potential modality to respond to them through project design and monitoring and evaluation.

One risk identified was RCM's organizational capacity to implement cash as well as its capacity to implement cash and in-kind assistance simultaneously. NRCS lacked experience implementing cash and would require significant external support to accomplish such a large distribution. In addition, the RCM decided to demonstrate learning from the Philippines Typhoon Haiyan response,<sup>17</sup> in which different teams implemented cash interventions and in-kind interventions among the same target populations at similar times with insufficient coordination.<sup>18</sup> RCM leadership decided to design its response using an integrated, one-team approach, in which in-kind assistance and cash were viewed as complementary means to responding to the same set of basic needs, rather than as distinct, "siloes" interventions. This approach had not yet been tried at scale within RCM.

Cash was distributed through checks in the Kathmandu valley and through cash in envelopes everywhere else.

### Lessons about response analysis from implementation

- The NRCS had received a three-day workshop advocating for and socializing the idea of using cash in emergencies in Nepal in March 2015, demonstrating an organizational openness to cash and vouchers. However, there was no national cash preparedness or cash distribution management skill within NRCS, justifying additional, specialized technical support.
- As a part of its disaster advocacy preparedness, NRCS and the government of Nepal had a pre-negotiated agreement to move imported goods through border crossings in the event of an emergency. While backlogs at borders and the airport constrained all imports for all organizations, the NRCS was somewhat less affected and, therefore, had at least a small comparative advantage in in-kind distributions.
- No similar pre-agreement was in place for the movement of money. Cash inflows, therefore, were constrained by the Central Bank of Nepal's regulations, and local bank limits on how much could be withdrawn from local banks every day.
- RCM has access to unrestricted private donations from around the world, allowing RCM to implement the most appropriate, evidence-based response.
- The various in-kind goods and cash distributions all have different pipelines, which increases the risk of requiring multiple distributions and higher administrative costs for implementers and transportation and opportunity costs for beneficiaries.
- In addition, surge capacity for assessment, analysis, implementation, and evaluation from the RCM was essential as the scale of the disaster far exceeded local response capacity.

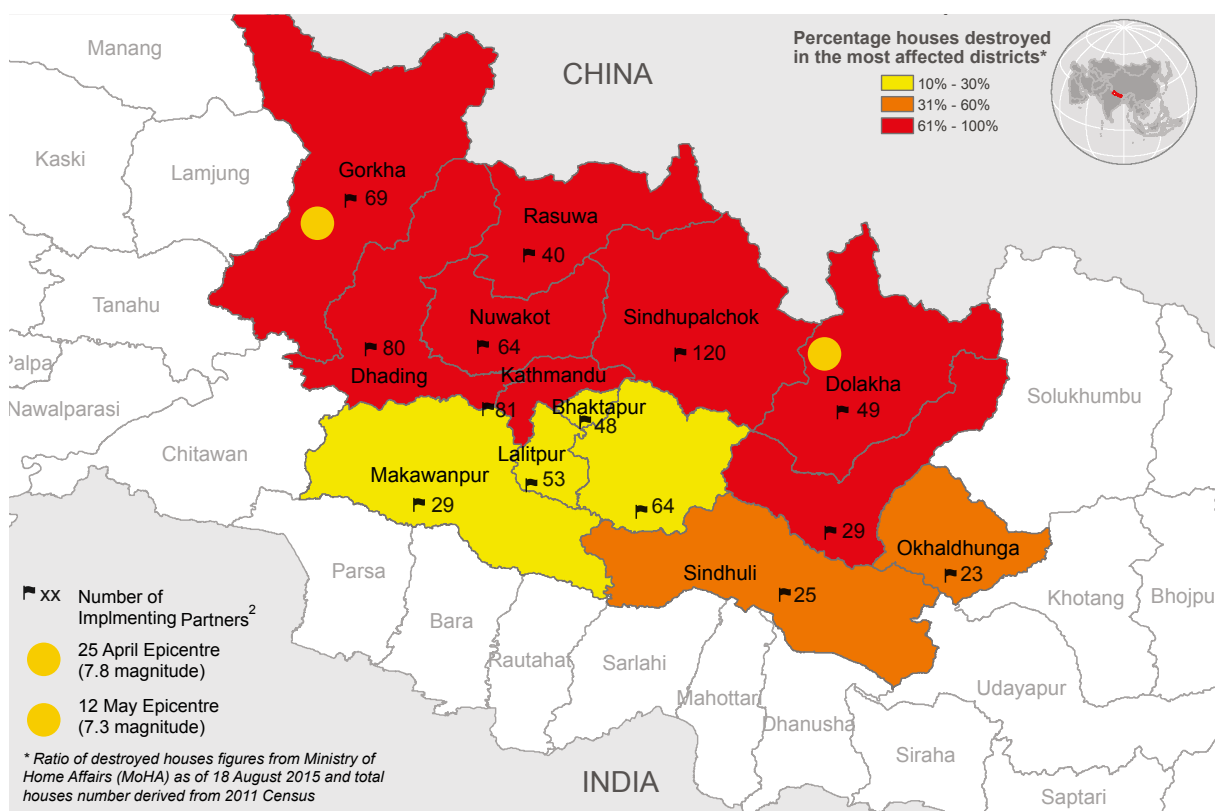
<sup>16</sup> The shelter toolkit available from the global IFRC logistics system is designed for flexibility so that the kit can be combined with existing materials either salvaged, locally harvested or purchased with available resources.

<sup>17</sup> <http://adore.ifrc.org/Download.aspx?FileId=151618&.pdf>

<sup>18</sup> Using different teams for cash and in-kind responses in the Philippines response resulted in a 30% discrepancy between the cash and in-kind beneficiary lists due to insufficiently justified, coordinated, and communicated differences in targeting criteria. In addition, it was unclear to communities why some received only cash and others received only in-kind assistance, resulting in a feeling of unfairness. Feedback systems between the two interventions were very different, resulting in confusion between beneficiaries. Finally, monitoring plans between the modalities differed, resulting in significant differences between beneficiary and donor accountability and fraud detection capacity between the two modalities.

## CASE STUDY: CRS AND CARITAS, NEPAL

Organization	Catholic Relief Services (CRS) and Caritas Nepal
Geographical area	Gorkha District, Nepal
Donor	OFDA/Disaster Emergency Committee (DEC)
Objective	Economic recovery in Gorkha District
Number of beneficiaries	300 traders
Modalities	Cash in envelope and corrugated galvanized iron (CGI) sheets
Project duration	July–November 2015



Map of Nepal districts most-affected by April 2015 earthquake and May aftershock.

Credit: OCHA, [http://reliefweb.int/sites/reliefweb.int/files/resources/npl\\_eq\\_snapshot\\_150824.pdf](http://reliefweb.int/sites/reliefweb.int/files/resources/npl_eq_snapshot_150824.pdf).

### Response analysis at project design

While the national context illustrated above applied in general, CRS targeted its response to Gorkha District because of its heavy damage and remoteness. The Gorkha District assessment process included the following joint assessments:

- <1 week: a rapid multi-sectoral needs assessment per agro-ecological zone and area affected.
- <3 weeks: a level 1–2 Rapid Assessment for Markets for CGI sheeting.
- <6 weeks: a level 2–3 CGI and construction labor market chain and mapping analysis.

The assessments included focus group discussions with the most affected communities of Gorkha District and with key traders in major market hubs of the district, as well as with the Gorkha Chamber of Commerce.





In general, the needs of affected populations in Gorkha District were diverse, in part because the district spans five agro-ecological zones from the subtropical to the alpine. Broad economic recovery would, in theory, allow local traders to respond more effectively to diverse needs than a limited set of humanitarian interventions. However, the CRS assessments identified a significant number of traders whose turnover volume was reduced by 50% or more because of the earthquake. In addition, traders in the lowlands had relatively easy access to markets at Gorkha bazaar, but lacked capital or credit to rebuild storage and stocks. Traders in the more mountainous rural areas faced relatively more damage. However, the assessment also found that the main driver for price inflation of CGI sheeting was scarcity of transportation options.

These assessments informed an initial emergency response options analysis exercise, and a second exercise on recovery response options analysis. From the assessments and other ongoing responses, CRS hypothesized that its expertise in providing support to beneficiaries indirectly through traders as a part of economic recovery in a wide range of retail markets would contribute greatly to local economic recovery in this context.

The assessment found the following in Gorkha District:

- In rural areas in particular, traders generally preferred to receive CGI sheets in-kind as there was an insufficient number of rural retailers capable of responding competitively to the sudden increase in demand, and as transportation costs were high.
- That in urban areas, most people had access to competitive markets for a variety of goods, services, and financial service providers.

All targeted<sup>19</sup> traders expressed the need to receive some assistance in cash. However, while most traders needed CGI sheets, they differed on whether they would prefer to receive cash or CGI sheets in-kind. CRS decided to allow individual traders to decide whether to receive a cash grant of NPR 15,000 (USD 150) and two bundles of CGI sheets with a tool kit or a cash grant of NPR 30,000 (USD 300) total only. The amounts of cash were determined in collaboration with the cash working group and consistent with the government of Nepal's directive for harmonizing transfer values. In general, distance from and individual perceptions about, access to the Gorkha bazaar were the most critical factors in determining traders' preferences.

### Lessons about response analysis from implementation

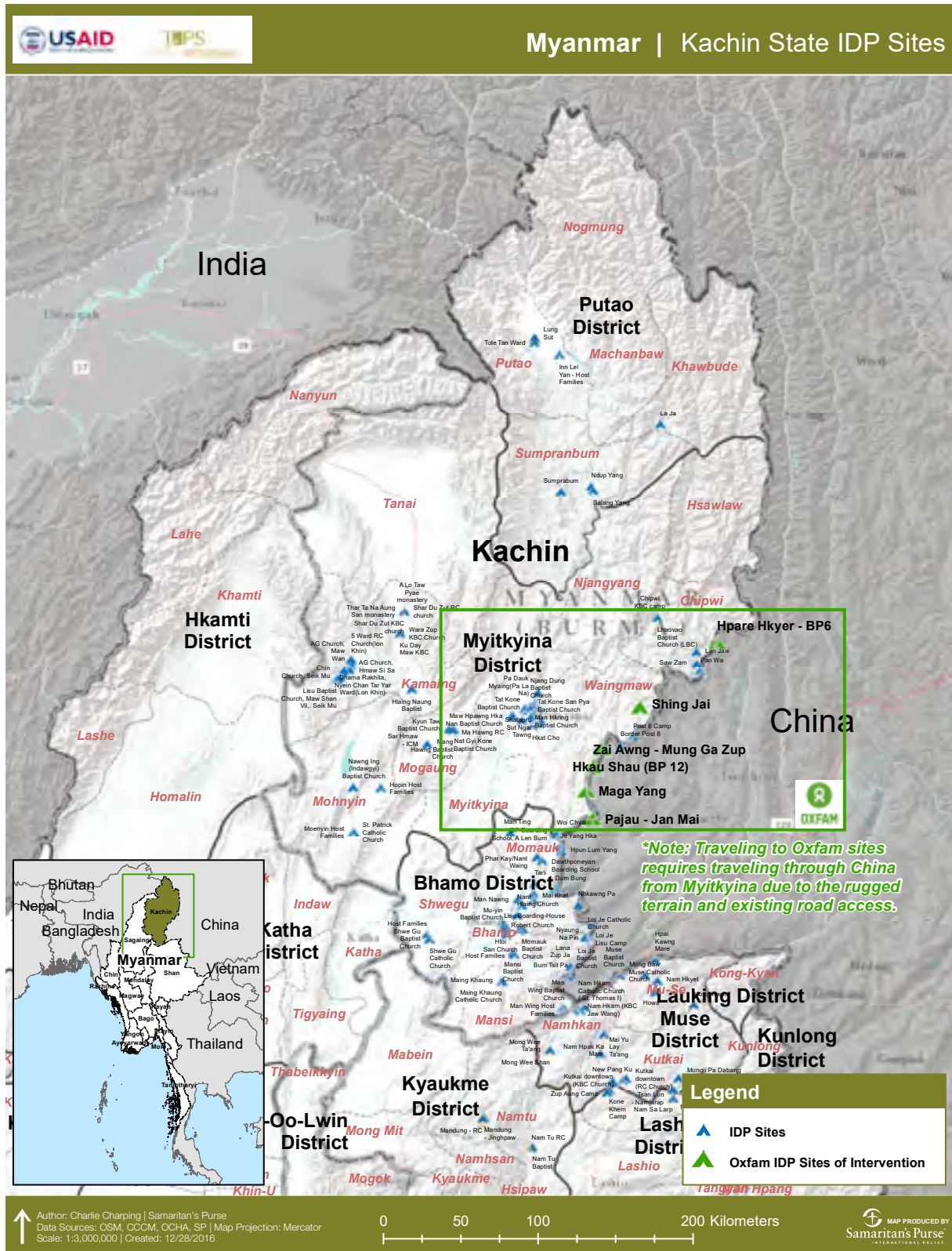
- Senior management and donor support of market support programming for early recovery and cash and voucher programming were essential to making this project possible.
- Strong technical coordination within the cash working group (hosted under the food security cluster) contributed to a shared understanding of the response context and some harmonization of cash response, resulting in swifter recovery. However, the coordination of cash and in-kind interventions with outcomes in non-food sectors or across multiple sectors remained a challenge.
- The ideal design would distribute both in-kind and cash or vouchers simultaneously, to keep administrative, operational, and beneficiary opportunity costs low. However, in this case, the CGI sheet market was too disrupted to match the timing of the cash distribution. Given the urgent need for capital and basic needs goods, CRS distributed cash first and CGI sheets later.
- The in-kind supply chain seemed particularly burdensome from an operational perspective, including, for example, porters to hand-carry CGI sheets over mountain trails.
- The double distribution and the multiple supply chains required led to a perception among the implementing team that programming both cash and in-kind goods is more time-consuming than a single modality approach.

<sup>19</sup> CRS targeted traders from a wide range of sectors, including catering, accommodation, construction, tailoring, and agricultural/hardware inputs, based on the following criteria:

- Business turnover reduced to less than 50% of normal function due to earthquake.
- Lack of capital or credit to restore business function within three months without outside support.
- Agreement by the vendor to offer credit, debt relief, discounts on goods, or other incentives to customers, up to an agreed-upon value (to be determined with Caritas).
- Agreement to participate in cash/voucher programs if necessary (agree to be a point of sale).
- Agreement by the vendor to track their sales, provide data to Caritas and CRS on their increased business activities, and provide price monitoring data of basic goods.
- Agreement with vendors to advertise publicly the factory price and Maximum Retail Price (MRP) shared by main CGI manufacturers.



### CASE STUDY: OXFAM, MYANMAR



Organization	Oxfam
Geographical area	Myanmar, Kachin State
Donor	ECHO
Objective of the program	Meet food security needs of IDPs in Kachin camps
Number of beneficiaries	9,000 individuals, 1800 HH
Modalities	In-kind and cash in envelope
Project timeframe	March–November 2016

## The context

Since armed conflict resumed in June 2011, over 110,000 people have been displaced in Kachin and northern Shan States of Myanmar and have been living in Internally Displaced Persons (IDP) camps in both government-controlled and non-government controlled border areas of the remote and mountainous Kachin province neighboring China.

Because mountains block access to Myanmar-produced goods, supply markets for five of the six camps are in China. The border presents numerous obstacles to trade, particularly for rice, for which exports from China are restricted. In addition, political sensitivities arising from the conflict make it extremely difficult for non-Kachin people to gain permission to access the area and the camps. It is even more difficult for Kachin people in the camps to acquire the “entry booklet” required for legal access into and out of China. In practice, most camp retailers procure their goods through Chinese intermediaries.

The Danish Refugee Council (DRC) led a consortium consisting of Trócaire, Oxfam, and the Kachin Baptist Convention (KBC) to meet the basic needs of IDPs. Oxfam is responsible for ensuring food security for a population of just over 9,000 IDPs across the six KBC-managed camps. One phase of the intervention concluded in 2015, and a new intervention was planned for 2016. Consistent with its Grand Bargain commitments to increase cash and voucher programming, ECHO encouraged Oxfam to revisit the assumption that in-kind assistance as implemented in the previous phase was most appropriate and efficient as a part of this transition.

## Response analysis at project design

Preliminary assessments indicated significant monetization of in-kind food assistance and a market for alternative foods within the camps. In March 2016, Oxfam and partners began [a detailed assessment](#) of the capacity of traders within camps to respond to food security needs of the camp population. Given the drivers of displacement, the assessment also focused on protection concerns for traders to maintain this supply. The assessment focused on rice, chickpeas, oil, and salt, the foods that had previously been provided in kind. It found the following:

- Restrictions on exports of rice from China, the limited number of middlemen willing to approach Kachin camps, and the inability of traders in the China-dependent camps to access Chinese markets directly, constrain the capacity of the rice supply chain, making it ill-suited for cash.
- Of the China-dependent camps, Hkau-Shau was considered too remote for cash to incentivize a reliable and competitive supply response.
- In Pa Jau camp, also dependent on Chinese supply markets, men go to the retail markets due to the remoteness of the camp. Women voiced concerns about household decision-making regarding the allocation of cash. The assessment concluded that additional information was needed to determine whether or not a market-based response could be appropriate.
- In other camps, trader capacity for supplying chickpeas, oil, and salt is most constrained by a lack of demand due to in-kind assistance than by supply constraints to storage, capital, transportation, etc.
- Many IDPs still doubted the capacity of local retailers to meet increased demand for food items and resisted a switch to cash.



It took seven of the project's nine months to complete and validate the assessment due to translation issues and extensive reviews given the political sensitivities. Oxfam estimated that it would have taken one month to establish relationships with vendors and to train vendors and camp residents to use a voucher scheme. With only two months remaining in the project, they decided to pursue cash instead of vouchers.

Oxfam decided to maintain 100% rations for these camps. For the four remaining camps, Oxfam decided to switch from distributing 100% in-kind rations to distributing rice in-kind and the cash equivalent (in an envelope in the most-used local currency) for chickpeas, oil, and salt. Maintaining the staple food in kind also helped assuage camp residents' concerns about trader capacity. Oxfam planned for the capacity to switch to 100% in-kind distribution given the moderate risk of market disruption due to conflict or natural disaster.

### **Lessons about response analysis from implementation**

- The assessment demonstrated that the appropriateness and feasibility of market-based response is highly dependent on commodity and context. This reinforces the best practice of market and feasibility assessments for all interventions, regardless of initial assumptions.
- Oxfam's heavy investment in the assessment and its clear communication about the contingency plan to return to 100% in-kind if needed, allowed government and non-government authorities, camp residents, and traders to better understand the reasons for change and to become comfortable with the idea. Despite residents' fears about trader capacity, no negative feedback was received after the first cash distribution. Acceptance and trust are particularly important in volatile and sensitive contexts.
- It is relatively easy to maintain an in-kind contingency plan with suppliers when switching from in-kind to cash.

## **METHODOLOGY**

Twenty-five days between October 2016 and January 2017 were dedicated to the initial drafting of this document with additional review and consultation thereafter. The work relied on the review of literature but, more substantially, on the documentation of experiences from actors across the humanitarian sector in diverse geographical areas. Seven case studies have been developed that illustrate multimodal programming, essentially as a result of discussions with 15 key informants about their experiences and learning from multimodal programming. See [Appendix 2](#) for a list of the key informants.

### **Limitations of this study**

- Even when response analysis has clearly been done, such as in multimodal programming, it still tends to lack systematization and be poorly documented. As such, this study relies heavily on key informant interviews.
- The study did not include quantitative comparative analysis of cost, timeliness, or effectiveness of implementing multiple modalities versus single modalities.



## APPENDIX I: LIST OF ABBREVIATIONS

<b>CaLP:</b>	Cash Learning Partnership
<b>CRS:</b>	Catholic Relief Services
<b>DRC:</b>	Democratic Republic of Congo
<b>ECHO:</b>	European Civil Protection and Humanitarian Aid Operations
<b>FAO:</b>	Food and Agriculture Organization of the United Nations
<b>IDPs:</b>	Internally Displaced Persons
<b>IFRC:</b>	International Federation of the Red Cross
<b>KBC:</b>	Kachin Baptist Convention
<b>NPR:</b>	Nepalese Rupee
<b>NRCS:</b>	Nepal Red Cross Society
<b>OECD-DAC:</b>	Organisation for Economic Co-operation and Development – Development Assistance Committee
<b>OFDA:</b>	Office of U.S. bForeign Disaster Assistance
<b>PoC:</b>	Protection of Civilians
<b>RCM:</b>	The Red Cross Movement encompassing all National Red Cross Societies, the International Federation of the Red Cross and the International Committee of the Red Cross
<b>USAID:</b>	United States Agency for International Development
<b>WaSH:</b>	Water, Sanitation and Hygiene
<b>WFP:</b>	United Nations World Food Programme



## APPENDIX 2: LIST OF KEY INFORMANTS

Organization	Name	Position
American Red Cross	Marianna Kuttothara	Regional Response CTP Advisor
American Red Cross	Wendy Brightman	Regional Response CTP Advisor (Asia, Middle East, Europe)
American Red Cross	Shah, Monica	Finance delegate
Canadian Red Cross	Angela Sawh	Senior Recovery Advisor
CRS	Krishna Mohan	Technical expert – Livelihoods
CRS	Melanie Massue	Emergency Department Coordinator (Mali) Cash and Shelter Program Manager (Nepal earthquake response)
CRS	Lauren Sanchez	Business Development Manager
CRS	Giulia Frontini,	Emergency Coordinator
CRS	Megan McGlinchy	Senior markets, livelihoods and food security lead
Oxfam	Rume Khodeza	HSP/currently deployed in Zimbabwe as EFSVL Coordinator
Oxfam	Neil Pancipanci	EFSVL Coordinator
Samaritan's Purse	Robert Congdon	Chief of Party/Project USAIDizi
Samaritan's Purse	Andrew Wester	Emergency Response Program Manager,
World Vision International	Jules Nsabimana	Food Assistance Program Manager
World Vision International	Eric Yunusu	Food Assistance Program Manager



## GLOSSARY

**Appropriateness:** Appropriateness is the tailoring of humanitarian activities to local needs, increasing ownership, accountability, and cost-effectiveness accordingly. (OECD-DAC Criteria)

**Cash or voucher programming:** Refers to all programs where cash (or vouchers for goods or services) is directly provided to beneficiaries. In the context of humanitarian assistance the term is used to refer to the provision of cash or vouchers given to individuals, household (or in some cases community recipients); not to governments or other state actors. Cash or voucher programming covers all modalities of cash-based assistance, including vouchers.

**Effectiveness:** Effectiveness relates to how well outputs are converted to outcomes and impacts (e.g. reduction in poverty gap and inequality, improved nutrition, reduction in school dropout, increased use of health services, asset accumulation by the poor, increased smallholder productivity, social cohesion) (CaLP Glossary).

**Efficiency:** Efficiency refers to the ability of a program to achieve its intended objectives at the least cost possible in terms of use of inputs (i.e. capital, labor and other inputs) (CaLP Glossary).

**Feasibility:** Broadly speaking, “feasibility” covers everything from the availability of donor resources to cost considerations to organizational capacity and partner capacity; government policy; humanitarian and physical access; time considerations; considerations of past programming successes and failures; and the influence of large agencies. Donor resources are clearly a major consideration (Maxwell, 2012).

**Multimodal programs or responses:** Responses in which practitioners determine that more than one response modality between cash, vouchers, and in-kind, is a “best fit” or in which the conclusions about “best fit” change over the course of the project.

**Response [options] analysis:** This is the link between situational analysis (broadly speaking, needs assessment and other contextual information) and program design. It involves the selection of program response options, modalities and target groups; should be informed by considerations of appropriateness and feasibility, and should simultaneously address needs while analyzing and minimizing potential harmful side-effects (Maxwell, D. 2013 in CaLP Glossary. 2017).

**Time to delivery:** The time from implementation decision to first delivery or transfer. Note that ‘time to delivery’ includes more than just the time it takes a vendor to deliver ordered goods. It also includes beneficiary registration, identifying vendors, establishing agreements, vendor delivery time, distribution time, training required to use the transfer (e.g., how to use a mobile wallet), etc.

**Vouchers:** Vouchers provide access to pre-defined commodities or services. They can be exchanged in designated shops or in fairs and markets. In electronic form or as a physical token, they can be exchanged for a set quantity or value of goods, denominated either as a cash value (e.g. \$15) or predetermined commodities or services (e.g. 5kg maize; milling of 5kg of maize), or a combination of value and commodities. The vouchers may be denominated either in cash, commodity or service value. These are described respectively as value-based, commodity-based or service-based vouchers. Combined vouchers also exist. Vouchers are by default a restricted form of transfer, although there are wide variations in the degree of restriction/flexibility different voucher-based programs may provide. The terms vouchers, stamps, or coupons are often used interchangeably.

This research reviews lessons learned about response analysis from multimodal responses, that is, responses in which practitioners determined that more than one response modality between cash, vouchers, and in-kind, was a “best fit” or in which the conclusions about “best fit” changed over the course of the project. The research hypothesizes that comparing the reasons for choosing different types of response within the same project and among the same beneficiaries should provide concrete examples of the relative importance of different criteria in response and, by extension, the conditions under which cash or vouchers or in-kind assistance may be most appropriate.

This work does not aim to inform technical or operational considerations of how to do cash transfers or multimodal programming. Rather, this work is intended to help analysts, advisors, and decisionmakers develop and articulate the nexus between emergency context and response through concrete examples of response analysis, both at project design and throughout a response.