

Evaluation of the Use of Different Transfer Modalities in ECHO Humanitarian Aid Actions 2011- 2014

**Final Report
January, 2016**

**This evaluation was commissioned by the Evaluation Sector of the
Directorate General Humanitarian Aid and Civil Protection – ECHO
(European Commission)**

*The opinions expressed in this document represent the authors' point of view which are not
necessarily shared by the European Commission or by the authorities of the concerned countries.*

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Luxembourg: Publications Office of the European Union, 2015

ISBN: 978-92-79-52735-7
DOI: 10.2795/00448

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Contract No ECHO/ADM/BUD/2014/01204

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Table of contents

ACRONYM LIST

ABSTRACT

EXECUTIVE SUMMARY

1. INTRODUCTION	1
1.1 THE SCOPE AND PURPOSE OF THE EVALUATION	1
1.2 METHODOLOGICAL APPROACH.....	2
1.3 LIMITATIONS AND CHALLENGES.....	4
1.4 REPORT OUTLINE	5
2. RESPONSE TO EVALUATION QUESTIONS	7
3. CONCLUSIONS AND RECOMMENDATIONS.....	25
3.1 CONCLUSIONS	25
3.2 RECOMMENDATIONS	28

LIST OF TABLES

Table 1 : Evaluation Tools.....	3
Table 2 : Mapping the Final Report against the ToR requirements	6
Table 3 : Average TCTR by Crisis Type.....	9
Table 4 : Frequency of reference to national social transfer/safety nets in partner proposals (2012-14)	19

LIST OF FIGURES

Figure 1: Evaluation purpose, subject, scope and principle users:	1
Figure 2: Methodological Approach	2
Figure 3 Regression of TCTR against Result Budget for (i) NGOs and (ii) UN Agencies	7
Figure 4: Percentage of results achieving target outcomes by modality	22

NB Please note that unless otherwise referenced the source of data used in all tables or charts is an analysis the HOPE database by the evaluation team members.

ANNEXES

ANNEX I:	ACRONYM LIST
ANNEX II:	EVALUATION TERMS OF REFERENCE
ANNEX III:	EVIDENCE PAPER 1: COST EFFICIENCY
ANNEX IV:	EVIDENCE PAPER 2: COST EFFECTIVENESS
ANNEX V:	EVIDENCE PAPER 3: MULTI-PURPOSE CASH TRANSFERS
ANNEX VI:	EVIDENCE PAPER 4: DRIVERS OF MODALITY SELECTION
ANNEX VII:	EVIDENCE PAPER 5: LINKS TO SOCIAL TRANSFERS
ANNEX VIII:	EVIDENCE PAPER 6: ACCOUNTABILITY AND CROSS CUTTING ISSUES
ANNEX IX:	EVIDENCE PAPER 7: CASH AND VOUCHERS TRANSFERS IN THE HEALTH SECTOR
ANNEX X:	EVALUATION SURVEY RESULTS
ANNEX XI:	FIELD MISSION DEBRIEFING POWERPOINTS
ANNEX XII:	COST EFFICIENCY ANALYSIS
ANNEX XIII:	EVALUATION DISSEMINATION STRATEGY
ANNEX XIV:	BIBLIOGRAPHY
ANNEX XV:	STATEMENT OF VALIDITY

Acronym list

ACF	Action Contre la Faim
ADB	African Development Bank
ADE	Analysis for Economic Decisions
AFS	Currency of Afghanistan
AIDS	Acquired Immune Deficiency Syndrome
AU	African Union
BRICS	Building Resilience in Central Somalia (DFID-funded NGO consortium)
CALP	Cash Learning Partnership
CAR	Central African Republic
CBT	Cash-Based Transfers
CCT	Conditional Cash Transfers
CFA	Central African Franc
CFGB	Canadian Food Grains Bank
CFI	Chronically Food Insecure
CFW	Cash-for-Work
CIDA	Canadian International Development Agency
CO	Country Office
CSI	Coping Strategies Index
CT	Cash Transfer
CTP	Cash Transfer Programme
CWG	Cash Working Group
DEVCO	European Commission Directorate General for Development Cooperation
DFID	UK Department for International Development
DG	Directorate General
DR	Draft Report
DRC	Danish Refugee Council
DRR	Disaster Risk Reduction
EC	European Commission
ECB	Emergency Capacity Building project
ECHO	European Commission Directorate General for Humanitarian Aid and Civil Protection
ECOWAS	Economic Community Of West African States
EDF	European Development Fund
EM	Evaluation Manager
EMMA	Emergency Market Mapping and Analysis
EQ	Evaluation Question
ER	Evaluation Report
ERC	Enhanced Response Capacity
eSF	Electronic Single Form (ECHO)
EU	European Union
EUD	European Union Delegation
EUR	Euro
FAFA	Financial and Administrative Framework Agreement

FAO	Food and Agriculture Organisation of the United Nations
FCAS	Fragile and Conflict Affected States
FCS	Food Consumption Score
FEWSNET	Famine Early Warning Systems Network
FFW	Food For Work
FP	Family Planning
FPA	Framework Partnership Agreement
FSAC	Food Security and Agriculture Cluster
FSL	Food Security and Livelihoods
GAM	Global Acute Malnutrition
GBP	British Pound Sterling
GBV	Gender-Based Violence
GDP	Gross Domestic Product
HEA	Household Economy Analysis
HFA	Humanitarian Food Assistance
HH	Households
HIP	Humanitarian Implementation Plan
HIV	Human Immunodeficiency Virus
HOPE	Humanitarian Office Programme Environment
HQ	Headquarter
HR	Human Resources
HSNP	Hunger Safety Net Programme
IASC	Inter-Agency Standing Committee
ICAI	Independent Commission for Aid Impact (UK)
ICRC	International Committee of the Red Cross
ICT	Information Communication Technology
IDP	Internally Displaced Person
IFPRI	International Food Policy Research Institute
IFRC	International Federation of Red Cross and Red Crescent Societies
IGAD	Intergovernmental Authority on Development
IGC	International Grain Council
IHL	International Humanitarian Law
IK	In-Kind
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation
IP	Implementing Partner
IR	Inception Report
IRC	International Rescue Committee
IT	Information Technology
IUCD	Intrauterine Contraceptive Device
JD	Jordanian Dinar
JHDF	Joint Humanitarian Donor Framework
JRC	Jordanian Red Cross
KES	Kenyan Shilling
KRI	Key Results Indicators

LAPM	Long-acting and permanent methods
LRRD	Linking Relief, Rehabilitation and Development
MEB	Minimum Expenditure Basket
MENA	Middle East and Northern Africa
MFI	Microfinance Institution
MIFIRA	Market Information and Food Insecurity Response Analysis
MOU	Memorandum of Understanding
MPCG	Multi-Purpose Cash Grants
MPCT	Multi-Purpose Cash Transfer
MPTP	Multi-Purpose Transfer Programme
NFI	Non-Food Item
NGO	Non-Governmental Organisation
OCHA	Office for Coordination of Humanitarian Affairs
ODI	Overseas Development Institute (ODI)
OFDA	Office of U.S. Foreign Disaster Assistance
ONG	Organisation Non Gouvernementale
OPM	Oxford Policy Management
OPT	Occupied Palestinian Territories
PANIS	Food Assistance Thematic Working Group
PDM	Post-Distribution Monitoring
PSNP	Productive Safety Nets Programme
RCM	International Red Cross and Red Crescent Movement
RO	Regional Office
SCUK	Save the Children UK
SF	Single Form (ECHO)
SIDA	Syndrome d'Immunodéficience Acquise
SOP	Standard Operating Procedure
TA	Task Areas
TBD	To be determined
TCTR	Total Cost-Transfer Ratio
UCT	Unconditional Cash Transfers
UN	United Nations
UNFPA	United Nations Population Fund
UNHCR	United Nations Office for the Coordination of Humanitarian Affairs
UNICEF	United Nations International Children's Emergency Fund
UNRWA	United Nations Relief and Works Agency
US	United States of America
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
WASH	Water, Sanitation and Hygiene
WFP	World Food Programme
WHS	World Humanitarian Summit
WTO	World Trade Organisation

Abstract

This report evaluates the use of different transfer modalities (cash transfers, vouchers, in-kind transfers and combined modalities) in ECHO Humanitarian Aid actions between 2011 and 2014. The overall objective of the study is to identify opportunities to improve the cost effectiveness and cost efficiency of ECHO programming. The evaluation draws on multiple sources of evidence including project data, interviews, electronic surveys, field trips and a literature review.

Core findings and conclusions include that in comparable contexts cash transfers are typically more cost efficient than other options; the scale of projects is a key driver of cost efficiency; and, the greatest cost effectiveness is achieved through a coordinated multi-purpose cash transfer to meet basic needs. The use of cash transfers has increased but agencies with sector specific mandates are constrained in the use of basic needs grants. There are strong arguments for integrating emergency transfers with social safety nets and ECHO has a comparative advantage in influencing support to national systems through other EU instruments.

Recommendations to ECHO focus; (a) on promoting the use of cash transfers at scale, to meet a range of basic needs, and (b) on introducing systematic ECHO-internal analysis of cost efficiency and cost effectiveness.

Executive Summary

Introduction and context

The “Evaluation of the use of different transfer modalities in ECHO Humanitarian Aid actions 2011-2014” was commissioned by the Directorate General Humanitarian Aid and Civil Protection (ECHO). The scope of the evaluation includes cash transfers, vouchers, in-kind transfers and the use of combined modalities. The overall objective of the study is to identify opportunities to improve the cost effectiveness and cost efficiency of ECHO programming. Based on the findings and conclusions the evaluation develops recommendations on changes to ECHO policies, strategies and procedures; and mechanisms to address key constraints to the appropriate use of mix of transfer modalities.

The evaluation investigates six main issues:

- i. The cost efficiency of different transfer modalities
- ii. The cost effectiveness of different transfer modalities
- iii. Factors driving the selection of transfer modalities
- iv. The use of multi-purpose cash transfers
- v. Linking humanitarian cash transfers to social safety nets
- vi. ECHO policy frameworks for the use of transfer modalities

The findings are based on evidence gathered from multiple sources including: the analysis of ECHO project data held in the global HOPE database; interviews with a wide range of stakeholders; electronic surveys of ECHO staff and partners; field trips to Jordan, Somalia and Niger; and a literature review.

The main challenges encountered during the evaluation concerned the extraction of information from the HOPE database. Data on the transfer modalities used, disaggregated budget and expenditure data, and project outcomes is not easily accessible in this system. However, these limitations ultimately did not undermine the overall reliability or relevance of the evaluation’s findings and were addressed through the manual extraction of data from the project narratives.

Evaluation Findings

Cost efficiency of different transfer modalities

Based on the analysis of ECHO project data, the evaluation finds that, when used in comparable contexts, cash transfers are typically more cost efficient than either vouchers, in-kind transfers or the use of combined modalities. In-kind transfers generally have higher distribution costs (storage and delivery) and there are larger administrative costs associated with managing voucher transfers. Non project costs - such as costs to beneficiaries - are poorly captured in existing reports, including the resale of vouchers or in-kind transfers. If factored into the evaluation analysis this would be likely to further increase the comparative cost efficiency of cash transfers.

ECHO data also demonstrates that the scale of projects is a key driver of cost efficiency – along with the size of the transfer and the choice of the distribution mechanism. Currently ECHO cash transfers are mainly done at relatively small scale (predominantly by NGOs), whilst large-scale transfers are mainly implemented using in-kind transfers (predominantly by UN agencies). Consequently the full cost savings in the use of cash transfer may not be realized by ECHO. Focussing on the choice of transfer modality in isolation from factors such as scale may in fact reduce cost efficiency – for example if a large-scale in-kind transfer is replaced by a number of smaller scale cash transfer projects.

Given the necessary information on costs and outputs, measures of the cost efficiency of using different transfer modalities is straightforward to calculate and can provide a useful input to ECHO project appraisal. For example, an analysis of past projects suggests that it would be useful to set a guideline of limiting administrative costs to 50% of the budget¹. If administrative costs exceed this threshold the cost structure of the project could be investigated to examine whether the local operating context justifies exceptional costs. Measures of cost efficiency should be used in conjunction with other appraisal criteria, including estimates of effectiveness.

ECHO currently lacks the corporate capacities and processes to appraise, monitor and evaluate the cost efficiency of the actions it funds. The Single Forms and HOPE dataset are not designed to facilitate this process, nor is cost efficiency analysis considered a core responsibility by ECHO staff. Partners and individuals in ECHO are independently developing measures, but use non-standardized and non-comparable approaches.

Cost effectiveness of different transfer modalities

The evaluation finds that cash transfers are particularly effective in flexibly and simultaneously meeting a range of beneficiary defined needs. When the project objectives are defined at the sectoral level, cash transfers are typically found to be cost effective in delivering food assistance. There are mixed findings on the most (cost) effective transfer modality to address other sectoral needs and the findings are heavily influenced by the operating context. Overall the evidence on the comparative cost effectiveness of different transfer modalities is significantly weaker than for cost efficiency.

There is limited evidence on the indirect impacts of cash, vouchers and in kind transfers such as the multiplier effects on local markets, the financial and social inclusion of beneficiaries, sustainability and increased resilience. Accounting for these indirect effects would tend to further strengthen arguments for the cost effectiveness of cash based transfers.

ECHO lacks the corporate capacities, guidance and tools to analyse cost effectiveness. Developing and institutionalizing measures of cost effectiveness is considerably more complicated than for cost efficiency and partners have made little progress in developing cost effectiveness analysis techniques. The data necessary to calculate comparative cost effectiveness is largely unavailable. Project results are either measured in incomparable ways or reported at the output, rather than outcome, level. Isolating the influence of transfer modality choice is further complicated as cost effectiveness is heavily dependent on other

¹ In this case administrative costs are defined as the total project costs minus the transfer costs (ie. the value of cash or goods transferred to beneficiaries). This finding applies specifically to transfer projects, not service delivery projects.

factors such as the quality of targeting and project management, the level of preparedness, and adequacy of the size of the transfer.

Factors driving the selection of transfer modalities

The evaluation concluded that the primary considerations driving the modality selection are the policies, experience, capacities and attitudes of partners and their donors. Partners tend to develop proposals based on familiar programming approaches, especially where there is a need for a rapid emergency response.

Partner proposals are routinely supported by a contextual analysis to justify the choice of modality. Market analyses are now a routine part of the situation analysis. To varying degrees other criteria are considered in the contextual analysis including; beneficiary preference; needs and risks of specific vulnerable groups; protection (safety and equality in access) and gender concerns. However, in many cases the purpose of the contextual analysis appears to be used to 'validate' the agencies preferred option, rather than to inform an impartial decision on the most efficient and effective transfer modality for the local context.

Other bottlenecks to increasing the use of cash and vouchers include: coordination gaps on harmonized approaches towards transfer mechanisms, needs assessments, market assessments and evaluation and monitoring; a lack of preparedness to deliver at scale; the limited availability of electronic delivery platforms; uncoordinated donor approaches; national government policies; and anti-terrorism legislation. Partner capacity is becoming much less of a constraint. Capacity and familiarity with cash and voucher modalities has increased in recent years, thanks in part to ECHO-funded efforts such as CALP and WFP training sessions.

Multi-Purpose Cash Transfers (MPCTs)

The concept of Multi-Purpose Cash Transfers (MPCTs) emerged in the last two years in the Middle East where disaster-affected populations have high diversity of 'basic needs' across sectors which can be best met through cash. MPCTs are defined by ECHO to (i) be designed to meet a variety of household needs through a single transfer, with (ii) the value based on the expenditure gap across a variety of needs. MPCTs will only address priority needs where the required goods and services are available on local markets. Specific sectoral needs may require the delivery of additional in-kind transfers and services, such as aspects of protection, health, nutrition and sanitation needs.

In practice the frequency of ECHO-funded projects supporting MPCT is still very limited. While the fungibility of cash transfers is explicitly acknowledged in many ECHO projects – the actions are still ostensibly linked to outcomes in a specific sector and transfer values are rarely based on a full basket of needs. Even the Syria crisis response is still based on parallel cash transfers and food vouchers.

The evaluation finds evidence that MPCTs can potentially lead to cost efficiency gains when compared to the use of cash transfers in a 'business as usual' approach. Additional efficiency gains can be reasonably expected from a more coordinated MPCT approach with a reduced number of assessments, integrated delivery platforms and reduced numbers of operational agencies. Conversely the use of MPCTs has been associated with increased expenditure on

detailed HH targeting exercises and reduced cost efficiency as a consequence of targeting larger grants to smaller numbers of people.

Many of the constraints to the use of MPCTs overlap with those relating to the use of cash transfers in general. A specific constraint comes from sector based mandates of key implementing partners, including many large UN agencies. Such agencies are struggling to reconcile sector based programming with a multi-sectoral transfer. In addition only a small subset of donors currently finance and support the use of MPCTs as part of a humanitarian response.

Linking humanitarian cash transfers with established social safety nets

The evaluation identified strong arguments for delivering cash based emergency assistance through established national social transfer systems. There is weak evidence that this delivery channel may provide a timely and cost efficient emergency response, whilst enhancing national responsibility for emergency response.

Poverty orientated social safety nets are not operational in all ECHO focus countries, and where they do exist they are rarely designed to scale-up to respond to emergencies. ECHO was found to have a comparative disadvantage in supporting the development or adaptation of national social safety nets as it lacks relevant technical skills. Humanitarian budgets are orientated to short-term crisis support - not the longer-term, predictable funding needed to support national systems. However, ECHO has proven effective in advocating with DEVCO to support emergency orientated elements of national social transfer systems.

In a limited number of ECHO focus countries established national social safety nets systems include a 'shock-responsive' element; for example Kenya, the Philippines and Ethiopia. In these contexts there is little evidence that ECHO has effectively aligned its activities to complement the national social transfer systems. ECHO does not routinely analyse – or encourage partners to analyse – the potential linkages with social transfers and is not legally able to channel aid directly to national governments to disburse through national systems.

ECHO policy frameworks for the use of transfer modalities

The ECHO Thematic Policy on the use of transfer modalities policy has recently been reviewed, and whilst there is room for improvement, it still provides a serviceable policy framework. Therefore updating the policy is not viewed by the evaluation as an urgent priority. Other actions were identified as higher priorities in promoting a coherent policy framework for the use of transfer modalities, including: promoting consistency of interpretation of existing policies by ECHO staff; improving the alignment of funding with the strategic policy goals; changes in the Single Form; support to facilitate a more joined up/cross-sectorial approach to needs assessments, analysis and programme design; and strategic high level advocacy with other donors and implementing agencies.

The ECHO policy on the use of cash and vouchers has been successfully promoted through advocacy and investments in building capacity for cash and voucher transfers. ECHO has proved to be an effective advocate for cash and opinion former at national and global levels, adopting a 'pro-cash', rather than a 'cash-first', position. The role of ECHO in advocacy and

capacity building is an important and effective complement to financing of cash transfer projects.

Ultimately guidance could be improved in areas including shifting the emphasis to use cash transfers as a default option; an improved strategic distinction between cash transfers and vouchers; how to strengthen link of humanitarian cash transfers with national social safety nets; and cost efficiency and effectiveness analysis in relation to the use of different transfer modalities.

ECHO demonstrates increased collaboration with EU Delegations on Linking Relief to Rehabilitation and Development (LRRD), including through strategic Joint Humanitarian Development Frameworks. Case study evidence demonstrates the potential of cash transfers to create effective linkages between humanitarian and development programming as beneficiaries are able to adjust the use of the transfer between meeting basic needs, rehabilitation and development purposes.

Conclusions and Recommendations

Based on the preceding evidence and conclusions, the evaluation provides recommendations to ECHO related to the use of transfer modalities. Recommendations are grouped under two main headings; (a) recommendations on promoting the use of cash transfers at scale, to meet a range of basic needs, and (b) recommendations on institutionalizing cost efficiency and cost effectiveness analysis. The key recommendations, and the supporting conclusions, are summarized below.

Recommendation	Supporting Conclusions
<p>A. DG ECHO should further promote the use of cash transfers, as a part of humanitarian response. Specifically DG ECHO should :</p> <ul style="list-style-type: none"> ▪ Further investigate and promote co-ordinated approaches to delivering cash grants that are designed to meet a range of basic needs, and; ▪ Develop the capacity of the humanitarian system to deliver cash transfers at scale. 	<p><i>When the effect of transfer modality choice on cost efficiency is isolated, cash transfers are typically more cost efficient than other options.</i></p>
<p>A.1 ECHO should continue to advocate with other humanitarian donors to support the use of humanitarian cash grants that address a range of basic needs.</p>	<p><i>Cash transfers demonstrate a unique effectiveness in flexibly addressing a basket of diverse, beneficiary defined needs.</i></p> <p><i>A common donor approach is essential to the institutionalization of MPCTs and collective donor support is needed to finance MPCTs as a routine option at scale.</i></p>
<p>A.2 In consultation with other donors, ECHO should engage in a strategic dialogue with UN partner agencies on how – based on their</p>	<p><i>Key UN agencies have struggled to reconcile the use of MPCTs/basic needs grants with their sectoral mandates.</i></p>

Recommendation	Supporting Conclusions
respective mandates – they could engage in the delivery of unified cash grants to address basic needs.	
A.3 ECHO should encourage and continue to invest in developing the capacity of partners to deliver <i>coordinated basic needs cash grants at scale</i> including consideration of common registration and targeting systems and common delivery platforms.	<i>A comprehensive strategy of increasing the use of CTs should include support to advocacy, capacity building and coordination.</i>
A.4 ECHO should strengthen the dissemination of relevant policies amongst Field Experts and develop mechanisms to ensure policy adherence.	<i>Given the state of flux in key areas of innovation related to cash transfers, policies might be more usefully updated in the medium term.</i>
A.5 ECHO should develop a strategic analysis of the potential for using cash transfers at the crisis level, with an ad hoc chapter in each HIP.	<i>A strategy of increasing the use of CTs implies closer attention to querying whether the use of cash has been fully considered in a crisis and identifying complementary actions to promote and enable the wider use of cash transfers as a humanitarian response tool.</i>
A.6 Strengthen collaboration with, and support to, the shock responsive elements of national social safety nets based on an analysis included in the HIP. Consider changes to the Humanitarian Regulation to allow direct funding of local actors.	<i>There are strong arguments to better align humanitarian assistance with shock responsive elements of social safety nets. However, the opportunities to operationalize these linkages are limited and will be determined by the specific context.</i>
B Develop capacities to appraise the cost efficiency and cost effectiveness of partner's proposals and funded actions.	<i>Based on the evidence of cost efficiency and cost effectiveness, the 'cash neutral' position could be superseded by a 'pro-cash' approach that strategically promotes the use of CTs at scale. However, it does not justify a 'cash first' approach and robust scrutiny is required of the cost efficiency and cost effectiveness of individual actions.</i>
B.1 In order to calculate cost efficiency metrics of cash, vouchers and in-kind goods it is recommended that changes are made in the proposals submitted by partners, and reported on, in the eSF.	<i>Cost efficiency is a useful measure in its own right – not least in comparing similar project proposals using the same transfer modality. Simple, standardized measures that are easy to communicate – such as the proportion of every Euro spent actually transferred to beneficiaries – are particularly valuable.</i>

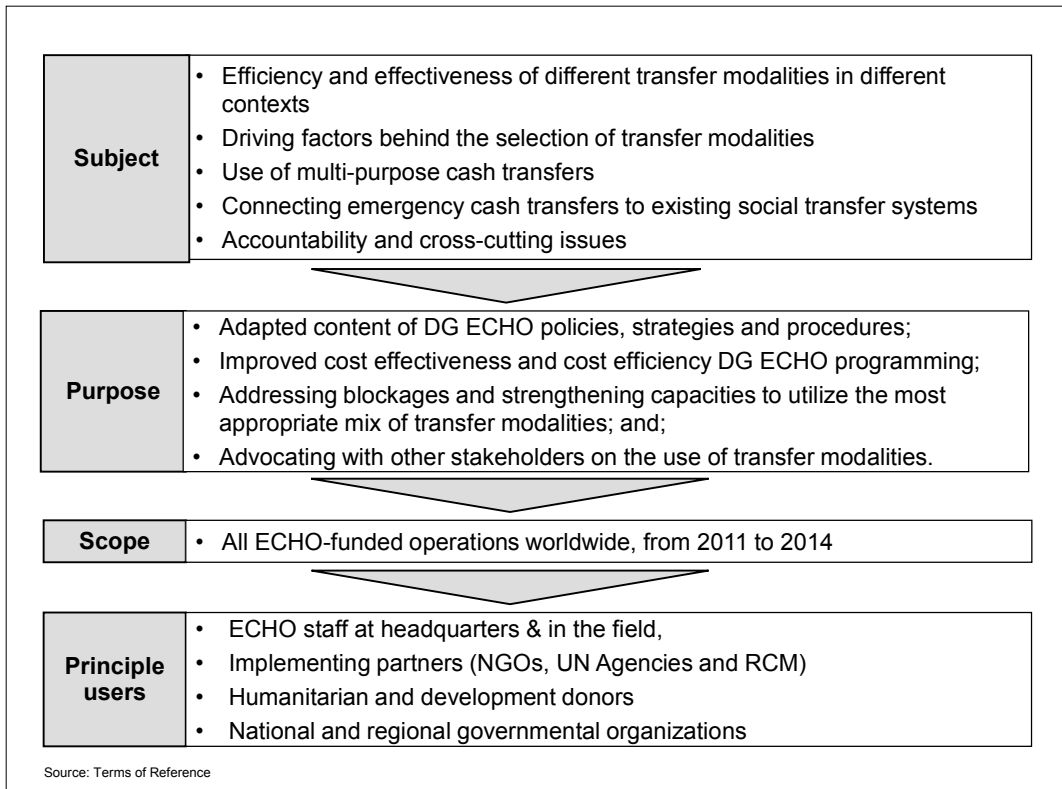
Recommendation	Supporting Conclusions
B2 As a basis for future cost effectiveness analysis, review and adapt the Key Results Indicators (KRI) used in ECHO reporting and seek to develop standard outcome indicators used by donors	<i>Cost effectiveness – the cost per unit outcome - is more challenging to assess. Strengthening results based reporting is a necessary precondition. Cost effectiveness measures should be defined after the KRIs have been reviewed and adapted.</i>
B3: Institutionalize procedures and capacities for the analysis of the cost efficiency and cost effectiveness of ECHO actions.	<i>Projects need to be selected on the basis that they deliver an efficient and effective solution in a specific context. ECHO currently has inadequate capacity and processes to analyse the cost efficiency and cost effectiveness of its actions.</i>

1. Introduction

1.1 The scope and purpose of the evaluation

The “Evaluation of the use of different transfer modalities in ECHO Humanitarian Aid actions 2011-2014” was commissioned by the Evaluation Sector of the Directorate General Humanitarian Aid and Civil Protection (ECHO). The Figure below describes the purpose, subject and scope and principle users of the evaluation, as expressed in the evaluation Terms of Reference (Annex II):

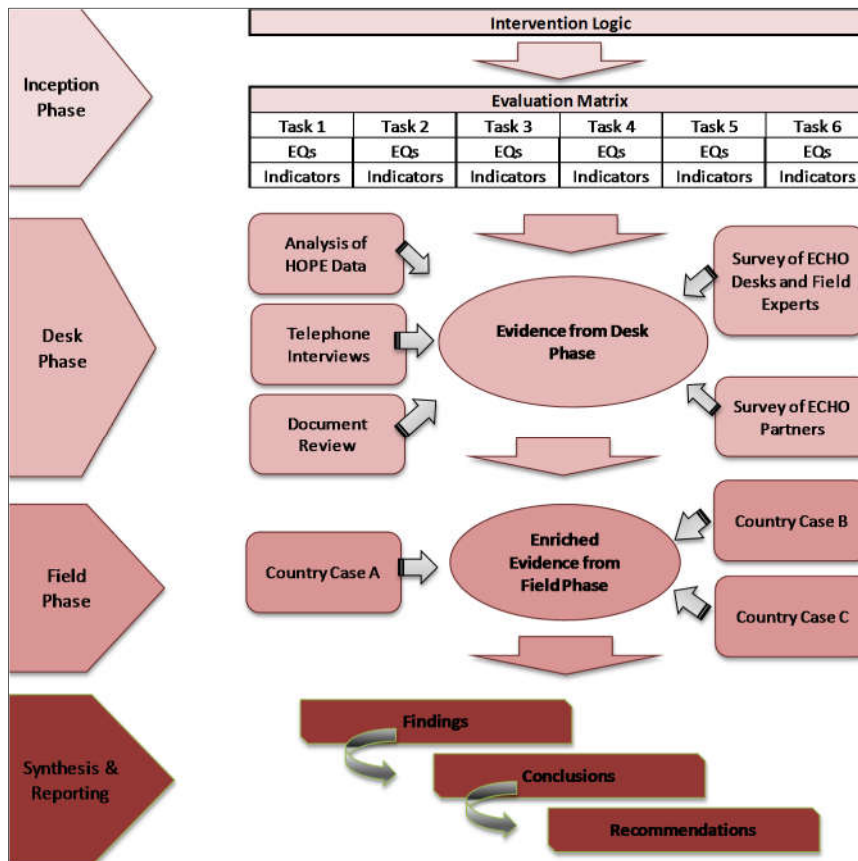
Figure 1: Evaluation purpose, subject, scope and principle users:



1.2 Methodological approach

The evaluation approach is summarized in Figure 2. This shows the sequencing and interrelationship of activities under each of the four phases of the evaluation.

Figure 2: Methodological Approach



The evaluation matrix provided the core reference to guide the exercise. The matrix defines indicators for answering each EQ and specifies the evaluation tools used to gather data for each indicator². Five main evaluation tools were used during the evaluation and are summarized below:

² The evaluation questions, indicators and data sources are given in each of the respective evidence papers in Volume II of the report (Annexes III - IX).

Table 1 : Evaluation Tools

Evaluation Tools	Description
Document review	<p>The document review included:</p> <ul style="list-style-type: none"> • Reference literature³ on cost efficiency and cost effectiveness analysis of different transfer modalities, the use of multi-purpose cash transfers, the institutionalization of cash transfers, linking emergency and social transfer systems. • ECHO policy documents • ECHO Humanitarian Implementation Plans (HIPs) • Narrative review of selected Single Forms and Fichops
Analysis of HOPE data	<p>An extensive quantitative data analysis was conducted on sampled records in the ECHO HOPE database. To support the cost efficiency and cost effectiveness analysis data was sampled from 179 results (82 cash, 35 voucher, 30 in-kind and 32 combined). Details of the sampling methodology and extraction process are given in Annex III & IV.</p> <p>With the data extracted from the final reports, the Total Cost to Transfer Ratio (TCTR) was calculated. The TCTR was defined as the ratio of the total cost⁴ to the value of transfers received by beneficiaries⁵ (total cost /transfer value).</p> <p>A further data extraction was conducted to analyse the tools used by partners to select transfer modalities (see Annex VI for details).</p>
Telephone interviews	<p>Key stakeholders at global and regional levels were consulted through telephone interviews. Interviews were conducted using a standard checklist of questions.</p> <p>Over 70 interviews were conducted with ECHO staff, partner staff at HQ level (NGO, UN and RCM), researchers, cash transfer networks and other donors.</p>
Survey of ECHO staff and partners	<p>The evaluation administered two closely-related surveys. One targeted ECHO staff (both Brussels and field-based) and one targeted ECHO FPA partners. The surveys focused on the EQs for which perception data are considered essential, whilst enabling a more structured and quantitative analysis and presentation of results.</p> <p>31 ECHO staff responded (a 24% response rate) and 71 ECHO partners (a 35% response rate).</p> <p>Survey results are presented in full in Annex X.</p>

³ A bibliography is presented in Annex XIII.

⁴ Total cost was defined as the total cost of the result + as judged appropriate on a case by case basis part or all of the cost of other results in the project + a proportion of the indirect costs charged.

⁵ For cash transfer and vouchers the monetary value of the transfers was used. For in-kind transfers the transfer value was assumed to be the procurement costs. The justification for this is discussed further in Section 3 below.

Evaluation Tools	Description
Field Missions	<p>Three field missions were conducted to three ECHO field offices: Jordan, Somalia and Niger. These were selected to allow the evaluation team to explore all six Task Areas in each setting. The field missions helped to:</p> <ul style="list-style-type: none"> ▪ Validate key findings of the desk phase. ▪ Develop a better understanding of the explanatory factors underlying the desk findings ▪ Collect additional evidence <p>A range of stakeholders representing the EC/EU, implementing partners, other donors, clusters/sector leads and national authorities were interviewed using a standard checklist. A total of 70 field interviews were conducted. An exit debrief was provided in-country and the power point presentations are included as Annex XI.</p>

An evaluation Steering Group, composed of the officers in charge of the external evaluation and representatives of PANIS, DFID and CaLP, provided comments and recommendations at each phase (inception, desk, field and synthesis) of the evaluation.

1.3 Limitations and challenges

Cost Efficiency and Effectiveness Analysis: The evaluation ToR ask for a comparative (quantitative) analysis of the cost efficiency and effectiveness of ECHO funded projects. To answer this the evaluation drew extensively on the HOPE database. Significant constraints were encountered to data extraction and analysis:

- Transfer modalities are not clearly identified in the HOPE database: vouchers are not distinguished from cash transfers, or conditional transfers from unconditional ones. Large numbers of projects (and results) were found to use a mixture of transfer modalities but were not clearly classified. Consequently, defining a basic sampling frame required reading a large number of narrative descriptions.
- Numerical data in HOPE was inconsistently reported and entered. For example: beneficiary numbers could refer to unique beneficiaries or number of distributions; transfer modalities were incorrectly reported⁶. This again required additional time to clean data by cross reference to the narrative descriptions.
- Most of the data needed for the analysis was not recorded as easily extractable numerical fields in the data base. This included key information such as the value of the transfers. Again data had to be extracted manually from the narrative descriptions.
- Projects often contained a number of loosely related activities. Consequently, the cost efficiency and effectiveness analysis related to a specific transfer had to be teased out manually from the data.

These constraints were addressed through a labour intensive data extraction process. This reduced the number of cases that could be examined with the available resources. These

⁶ For example, when looking for in-kind transfers, 17 results were in fact cash transfers which were incorrectly classified.

constraints did not prevent the evaluation drawing basic conclusions, especially on cost efficiency, although a smaller sample size did inevitably reduce the ability to assign statistical confidence limits to the findings.

Additional indicators were also identified which would have permitted a more sophisticated analysis:

- ECHO-specific data was limited to agency level costs and monitoring of anticipated outcomes. More comprehensive data covering indirect costs and benefits could not be factored into the analysis such as beneficiary costs or the multiplier effects on local markets.
- A major constraint to the cost effectiveness analysis was that only a small minority of projects used outcome level indicators, and even for those that did the basis of reporting was inconsistent precluding a comparative analysis.

Survey response rates: Considerable effort was invested in maximizing the response rates to the electronic surveys⁷. While the response rates were fair compared to previous experience with similar evaluations and provided a useable sample, the response rate from ECHO staff was somewhat disappointing (24% compared to 35% for partners).

1.4 Report outline

The report consists of two volumes with contents summarized as follows:

Volume 1 – Main Report

- **Introduction:** provides the scope and purpose of the evaluation and presents the evaluation report and a description of how it meets the ToR requirements.
- **Response to the evaluation questions:** a succinct answer is given to each of the Evaluation Questions (EQs). These answers are supported by detailed Evidence Papers presented in Annex.
- **Conclusions and recommendations:** drawing on the answers to the evaluation questions, core conclusions and recommendations directed to DG ECHO are given.

Volume 2 - Annexes

- Annex I – Acronyms
- Annex II – Evaluation Terms of Reference
- Annex III – IX Evidence Papers detailing the findings of the evaluation by task area:
 - Annex III Cost Efficiency
 - Annex IV Cost Effectiveness
 - Annex V Multi-Purpose Cash Transfers

⁷ This included significant investment in the survey design to ensure user friendliness, two reminders, 1 deadline extension, an official notification request from ECHO evaluation sector, and a final individual follow-up email to non-respondents.

Annex VI Drivers of Modality Selection
 Annex VII Links to Social Transfers
 Annex VIII Accountability and Cross Cutting Issues

- Annex IX – Cash and vouchers transfers in the health sector
- Annex X – Evaluation Survey Results
- Annex XI – Field Mission Debriefing PowerPoints
- Annex XII – Cost Efficiency Analysis
- Annex XIII – Dissemination Strategy
- Annex XIV – Bibliography
- Annex XV – Statement of Validity

The final report responds to the requirements of the terms of reference. For ease of reference, the following table presents the list of ToR requirements (Annex II) and the corresponding final report sections.

Table 1 : Mapping the Final Report against the ToR requirements

ToR requirements	Report section
Executive Summary. This section should be conceived for high managerial and political level, focusing on the most important finding and recommendations. This section should clearly distinguish the six sections as indicated in the ToR.	Executive Summary
The report should include at least a description of: <ul style="list-style-type: none"> ▪ the purpose of the evaluation ▪ the scope of the evaluation ▪ the design and conduct of the evaluation, including a description of the methodology used ▪ limitations and challenges ▪ the evidence found and the analysis carried out 	Chapter 1: Introduction Annexes III - VIII
The conclusions drawn in the form of reasoned answers to each of the evaluation questions provided in the Specifications. The questions must be quoted fully in the report, followed by an evidence-based answer.	Chapter 2: Response to EQs
Recommendations for the future. Recommendations should be clearly linked to the findings and based on conclusions.	Chapter 3: Conclusions and Recommendations
Annexes. This section should be conceived to allow a technical reader to get as much information on the each of the specific dimensions of the evaluation that he/she is interested on. This section should clearly distinct the six sections as indicated in ToR.	Volume 2 - Annexes

2. Response to Evaluation Questions

Questions	Evaluation Findings	Evidence
Task Area 1: Cost-efficiency (cost per output) of transfers by cash, voucher and in-kind		
<p>1.1 What are the differences in the cost efficiency between the three transfer modalities for actions funded by DG ECHO over the evaluation period?</p>	<p>Evidence from different sources finds that, when used in comparable contexts, cash transfers are generally (although not always) more efficient to deliver than either vouchers or in-kind transfers. The ECHO data shows that, when controlled for scale, cash is more efficient than alternative modalities, except at very small scales.</p> <p style="text-align: center;">Figure 3 Regression of TCTR against Result Budget for (i) NGOs and (ii) UN Agencies</p>	<p><i>Annex III Section 1.1</i></p>

Questions	Evaluation Findings	Evidence
	<p>The higher administrative costs of vouchers makes them generally less efficient than using cash transfers. This finding deserves greater attention as vouchers are rarely analysed independently and are often assumed to have similar characteristics to cash.</p> <p>Non project costs - such as costs to beneficiaries - are poorly captured in existing databases. Additional evidence on these costs is needed to help provide a comprehensive analysis of the comparative cost efficiency of different transfer modalities.</p> <p>The cost efficiency of cash transfers is expected to improve further at both the project level (as the financial infrastructure for delivering cash improves in crisis affected countries and response agencies build capacity for cash deliveries) and at the system level (as multi-purpose cash transfers lead to coordination savings).</p> <p>The ECHO data demonstrates that other features of the project design have a potentially more significant effect on the overall cost efficiency than the modality selected, including:</p> <ul style="list-style-type: none"> ▪ the scale of the project ▪ the size of the transfer ▪ the transfer distribution mechanisms (e.g. electronic or manual) ▪ the context (rural versus urban) <p>ECHO cash transfers are mainly done at relatively small scale (predominantly by NGOs), whilst large-scale transfers are mainly implemented using in-kind transfers (predominantly by UN agencies) and increasingly through the use of vouchers. Consequently the full cost savings in the use of cash transfer may not be realized by ECHO. Focussing on the transfer modality in isolation from these other variables may even reduce cost efficiency, e.g. if a large-scale in-kind transfer is replaced by a number of smaller scale cash transfer projects.</p>	
1.2 Is it possible to determine a threshold range of the Total Cost-Transfer	<p>A 'threshold range' is understood as a tool to guide the appraisal of partner proposals.</p> <p>The TCTR values of ECHO funded projects have a relatively low degree of variance. Based on the analysis of historical projects approximately 75% of projects are estimated to have a TCTR less than 2, aggregated across the different transfer modalities.</p> <p>It is not evident that geography can be used as a basis for nuancing TCTR thresholds. The small number of cases per country presents a challenge in setting reliable thresholds disaggregated to this level - nor do results appear to group easily by region. In</p>	<i>Annex III</i> <i>Section 1.2</i>

Questions	Evaluation Findings	Evidence																									
Ratio (TCTR) of DG ECHO funded actions, and to what extent would this depend on a) geographical area; b) type of crisis; and c) type of partner?	<p>any case it appears that the underlying cost drivers of scale, size of transfer, distribution mechanism and remoteness of operating context might be more appropriate factors to take into account in analysing the variations in the TCTR values.</p> <p>Equally, whilst the TCTRs vary significantly between types of implementing partner, this is best understood through reference to similar underlying variables. There appears little justification for setting different thresholds expectations on cost efficiency by type of partner - unless it can be shown that certain costs are systematically under reported by certain types of agencies.</p> <p style="text-align: center;">Table 3 : Average TCTR by Crisis Type⁸ (number of cases shown in brackets)</p> <table border="1" data-bbox="645 571 1637 826"> <thead> <tr> <th>Context</th> <th>Cash</th> <th>In-kind</th> <th>Voucher</th> <th>Average</th> </tr> </thead> <tbody> <tr> <td>Complex Emergency</td> <td>2.81(27)</td> <td>1.86(13)</td> <td>2.11(18)</td> <td>2.37</td> </tr> <tr> <td>Slow Onset</td> <td>1.64(16)</td> <td>2.44(6)</td> <td>1.54(6)</td> <td>1.81</td> </tr> <tr> <td>Sudden Onset</td> <td>1.39(29)</td> <td>1.46(4)</td> <td>2.72(7)</td> <td>1.62</td> </tr> <tr> <td>Refugee Response</td> <td>1.15(4)</td> <td>1.48(7)</td> <td>1.81(3)</td> <td>1.44</td> </tr> </tbody> </table> <p>The crisis type can have a big influence on the cost efficiency of different modalities, including the comparative efficiency of different modalities. The data suggests that specific transfer modalities may be more challenging to deliver efficiently in certain contexts. A larger dataset would help to further understand possible implications for nuancing efficiency thresholds.</p>	Context	Cash	In-kind	Voucher	Average	Complex Emergency	2.81(27)	1.86(13)	2.11(18)	2.37	Slow Onset	1.64(16)	2.44(6)	1.54(6)	1.81	Sudden Onset	1.39(29)	1.46(4)	2.72(7)	1.62	Refugee Response	1.15(4)	1.48(7)	1.81(3)	1.44	
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1.3 How should the cost efficiency of DG ECHO funded actions be appraised and monitored?	<p>ECHO currently lacks corporate procedures or systems to routinely analyse the cost efficiency of proposed or on-going actions - including a cost efficiency analysis by type of transfer modality. Many partners expressed an interest in conducting cost efficiency analyses and several are developing their own methods. However, these inconsistent approaches do not facilitate comparisons by ECHO between projects as a basis for determining the most efficient use of funds.</p> <p>The consensus of stakeholders was that ECHO should develop a capacity for cost efficiency analysis and incorporate this analysis in their processes and systems. However, decision making should balance cost efficiency considerations against effectiveness.</p>	<i>Annex III Section 1.3</i>																									

⁸ Crisis type per project was categorized through a reading of the fichops

Questions	Evaluation Findings	Evidence
	<p>The emphasis is on keeping the requirements simple and ensuring that comparable approaches are adopted. Standardizing the methodology across agencies and donors is necessary to ensure the comparability of findings between projects, modalities and agencies, and reduce transaction costs. ECHO is seen to have a key role in promoting common approaches.</p> <p>Basic data requirements from partners to calculate a range of efficiency ratios (see Annex XII for details) would include (i) the transfer value, (ii) the administrative cost, (iii) the number of beneficiaries, and the (iv) number of transfers made. ECHO could therefore monitor a range of useful efficiency ratios with minimal increase in data provided by partners.</p>	
Task Area 2: Cost-Effectiveness (cost per outcome) of cash, voucher and in-kind transfers		
<p>2.1 Is there a transfer modality funded by ECHO that seems to be more cost-effective, taking into account sectors and context based factors?</p>	<p>Methodological challenges, inadequate data and differing objectives make the comparison of the effectiveness of different transfer modalities challenging. Quantitative evidence from the literature on cost effectiveness is limited and reaches mixed conclusions. The ECHO database does not currently allow a direct analysis cost effectiveness. In practice only one transfer modality may be feasible and effective in a given situation.</p> <p>The available evidence does suggest that:</p> <ul style="list-style-type: none"> • When used in comparable and appropriate contexts, cash transfers are generally shown to be more cost effective than the alternatives in meeting food needs. • Cash transfers are undoubtedly more effective at meeting diverse needs through a single transfer. The flexibility of cash transfers reduces the risk of targeting beneficiaries with the wrong goods or services. • Beneficiaries directly consulted through the evaluation expressed a strong preference for cash transfers as it allows them to select the goods and services according to needs. • Vouchers or in-kind transfer may be more effective in meeting other sectoral objectives (such as nutrition). • Little is known on the effectiveness of combined approaches. A range of permutations of transfer modalities are used, both concurrently and sequentially, but there is a lack of evidence on effectiveness beyond generalized perceptions. <p>Effectiveness depends in part on the timeliness of the response. The evidence indicates that timeliness is primarily driven by the capacities and experience of implementing agencies, rather than being inherently associated with the transfer modality.</p>	<p><i>Annex IV</i> <i>Section 2.1</i></p>

Questions	Evaluation Findings	Evidence
	<p>There is limited evidence on the indirect impacts of cash, vouchers and in kind transfers including the multiplier effects on local markets, the greater financial and social inclusion of beneficiaries, sustainability and resilience. Accounting for these indirect effects would strengthen arguments for cash based transfers.</p>	
<p>2.2 For each transfer modality (cash, voucher, in-kind), what are the main factors associated with the effectiveness of DG ECHO funded projects?</p>	<p>A number of drivers of cost effectiveness were identified by the evaluation. Many of these drivers apply equally to all transfer modalities while some are more closely associated with specific types of transfers.</p> <p>In general terms effectiveness depends on the design of the programme and the quality of implementation irrespective of transfer modality. The size and adequacy of the transfer in relation to needs is critical.</p> <p>Other drivers include:</p> <ul style="list-style-type: none"> ▪ Targeting accuracy is critical. However, the ability to select the right beneficiaries does not seem to vary according to the modality. ▪ The delivery mechanism is seen as a big driver of cost effectiveness. Depending on the context electronic transfers were generally more efficient, but this is not always the case. ▪ The importance of investments in preparedness to support an effective response was repeatedly referenced. This was seen as a particular issue for the use of cash transfers and vouchers were some agencies lack sufficient experience. <p>Complementary measures (e.g. trainings) were shown to add costs. However, the evaluation did not identify data to isolate changes in effectiveness associated with these investments.</p>	<p><i>Annex IV</i> <i>Section 2.2</i></p>
<p>2.3 How should the cost effectiveness of DG ECHO funded actions be appraised and monitored?</p>	<p>ECHO has not developed guidelines or procedures to facilitate cost effectiveness analysis. The ECHO Single Form and associated monitoring and reporting processes do not currently support a routine analysis of the cost effectiveness of projects. There was little evidence of partners conducting their own cost effectiveness analyses. Clearly the data demands and analytical skills required are considerably higher than for cost efficiency analysis.</p> <p>Changes were suggested in the ECHO application and reporting processes to ultimately enable cost effectiveness analysis. In addition to better information on costs and beneficiaries (outlined in Annex III) the key requirement is strengthened reporting on outcome indicators. Key changes suggested were to:</p>	<p><i>Annex IV</i> <i>Section 2.3</i></p>

Questions	Evaluation Findings	Evidence
	<ul style="list-style-type: none"> ▪ Review ECHO Key Results Indicators (KRIs) to ensure that all indicators measure outcomes rather than outputs. ▪ Reduce the number of key KRIs per sector (ideally to one) and improve guidance on the presentation and use the selected indicators to ensure comparability across projects. ▪ Define a KRI for multi-sector cash assistance. It was suggested by some stakeholders that <i>a coping strategy index which might be a relevant core indicator</i> to capture the overall welfare of beneficiaries – suitably adapted to context. ▪ Increase the accountability of partners in routinely using KRIs. <p>However, the actual use of cost effectiveness metrics in decision making will need to be carefully assessed given that this leaves out key issues such as preference, economic impact and the ability to meet needs outside of the objective.</p>	
Task Area 3: Multi-purpose versus sector-specific cash transfers		
3.1 To what extent have ECHO funds been used to promote multi-purpose cash transfers?	<p>The concept of Multi-Purpose Cash Transfers (MPCTs) emerged in the last two years in the Middle East where disaster-affected populations have high diversity of ‘basic needs’ across sectors which can be best met through cash. MPCTs are defined by ECHO to (i) be designed to meet a variety of household needs through a single transfer, with (ii) the value based on the expenditure gap across a variety of needs. The main distinction from Unconditional Cash Transfers (UCTs) lies in the design – in practice beneficiaries will use either cash transfer for multiple purposes.</p> <p>Overall evidence suggests that the frequency of ECHO-funded projects supporting MPCT <i>as per ECHO’s understanding</i> is still very limited. While the fungibility of cash transfers is explicitly acknowledged in many ECHO projects –the actions are still ostensibly linked to outcomes in a specific sector. Transfer values are rarely based on a full basket of needs. Even the Syria crisis response still involves the parallel use of cash transfers and food vouchers.</p> <p>ECHO cash transfer projects with MPCT-like design feature include NGO led responses in Afghanistan and in response to the 2011 Somali Famine, and the UN response to Typhoon Haiyan in the Philippines.</p> <p>Prompted by learning based on the Syria crisis, ECHO has started to invest in measures to promote MPCTs. ECHO’s ERC budget is funding a consortium of agencies led by UNHCR with the aim of ‘Improving cash based programming through elaborating the operational implications of the multipurpose grant and increasing understanding of protection results’. ECHO</p>	Annex V Section 3.1

Questions	Evaluation Findings	Evidence
	has also advocated for the use of MPCTs, including through the organization of a Cash Round Table in Brussels that brought together other donors and implementing partners.	
3.2 What is known about the cost efficiency and effectiveness of multi-purpose cash transfers compared to transfers associated with a single sector in humanitarian action?	<p>Much of the evidence relating to the cost efficiency and cost effectiveness of MPCTs overlap with the evidence on the comparative cost efficiency and effectiveness of UCTs (see Annex III for details). The same contextual factors drive the overall cost efficiency and effectiveness. However, MPCTs appear to have additional and distinct characteristics.</p> <p>There is a common perception that a consolidated MPCT must be more efficient with potential savings identified through:</p> <ul style="list-style-type: none"> ▪ Increased scale (a larger number of beneficiaries and larger transfer amount) ▪ Coordinated assessment and registration processes (including a reduced duplication of beneficiaries) ▪ Utilizing a common delivery infrastructure ▪ A reduction in the number of implementing agencies <p>No quantitative evidence on cost efficiency and effectiveness was found from research, evaluations or comparative studies – reflecting the relatively new status of both MPCTs and cost efficiency analysis in general. There is a need to generate more quantitative evidence, although the findings on the cost efficiencies of MPCTs are expected to vary according to the context.</p> <p>It was found that the <i>reported or perceived effectiveness</i> of MPCTs may be higher than other CTPs as the performance indicators capture and legitimize the full range of beneficiary uses of cash – rather than only measuring outcomes against a restricted set of objectives. MPCTs are clearly highly effective in enabling affected populations to meet a diverse range of needs which will vary between households and over time in the same households.</p> <p>All data sources pointed out that a key determinant of effectiveness of an MPCT is that the transfer is of sufficient size to meet critical expenditure gaps and prevent beneficiaries resorting to harmful coping strategies.</p>	<i>Annex V Section 3.2</i>
3.3 What lessons have been learnt about the	Lessons from the few evaluations of ECHO funded MPCTs largely reinforce the general findings on cost efficiency and effectiveness. Although there is little quantitative evidence, there is agreement that MPCTs have the potential to be cost efficient and effective solutions in all emergency contexts where populations have a diversity of needs that can be met through the market, and where a standard allowance can be calculated easily.	<i>Annex V Section 3.3</i>

Questions	Evaluation Findings	Evidence
<p>comparison of multi-purpose cash transfers versus traditional mono sectorial transfers in term of efficiency and effectiveness <i>in DG ECHO funded actions?</i></p>	<p>Emerging lessons relevant to assessing the cost efficiency and effectiveness of MPCTs include:</p> <ul style="list-style-type: none"> ▪ Not all material needs can be effectively addressed through a single consolidated transfer - certain, specific needs may be more appropriately addressed through single sector transfers as a complement to MPCTs – such as shelter and nutrition. Consequently a need for multiple agencies and programmes remains and cost efficiency gains will be limited. ▪ The feasibility of using common delivery infrastructure - and the savings gained form this - will vary considerably by context and scale of operations. ▪ Responding to total HH needs with limited (and inadequate) resources leads to challenges of targeting. The use of MPCTs has led to larger amounts targeted to smaller numbers of people - with increased expenditure on precise targeting exercises. Some queried whether a more cost effective approach would be a simpler and cheaper system of targeting and a smaller grant that allowed for more rapid and higher coverage. 	
<p>3.4 What are the key bottlenecks for DG ECHO and its partners to promote multi-purpose cash transfers?</p>	<p>Broad agreement on barriers to scaling up MPCTs was found across agencies, regarding the challenges within partner agencies, within ECHO and within the broader humanitarian system. Many of the constraints to the use of MPCTs overlap with those relating to the use of cash transfers in general (see Annex VI).</p> <p>The major additional challenges to scaling up MPCTs are perceived to lie within the broader humanitarian system. Responsibility for MPCTs is not clear under the current humanitarian architecture, where UN agency mandates, coordination structures and funding are largely organized by sector. This leads to resistance to an MPCT approach, a lack of organizational preparedness and poorly developed tools and capacities. General donor funding procedures were also seen as a major constraint.</p> <p>There was a perception that constraints within ECHO include: resistance from some technical sectors; insufficient funding; procedures aligned to sectoral funding; and questions of mandate – as using humanitarian funds to support beneficiary priorities such as debt repayment are questioned.</p> <p>Perceived bottlenecks within organizations relate to insufficient awareness and capacities, concerns on programme quality, the sectoral nature of funding and procedures and constraints to a coordinated assessment, analysis and integrated programme design.</p>	<p><i>Annex V Section 3.4</i></p>

Questions	Evaluation Findings	Evidence
<p>3.5 What is the attitude and understanding of (i) DG ECHO staff, and (ii) DG ECHO partners to multi-purpose cash transfers</p>	<p>The term MPCT has only been introduced within the last year and consequently familiarity is still growing amongst ECHO staff and partners. Some stakeholders questioned the need for this term as any cash transfer, by definition, can be used fungibly to meet multiple needs. However, others thought the term makes explicit that the transfer meets needs across sectors and through a single consolidated transfer. The significance is the change that this sets out in how programmes are conceived from the outset as a response to meet multiple needs, and the logic of the intervention, value of the transfer and evaluation parameters are developed from this understanding.</p> <p>Overall ECHO's coining of a definition for 'MPCT' is seen as useful for the humanitarian sector and is filling a gap - a workable definition to support discussion and action in this area. An overwhelming majority of ECHO staff and partners alike support a scaled-up use of MPCTs.</p> <p>Partners perceive ECHO is willing to fund MPCTs and is ahead of many of its donor peers in this regard. The change to ECHO's guidelines removing the cap of €100,000 to UCT was an important step. At an operational level ECHO is seen to actively support MPCTs, promoting both cash transfer and harmonised assistance models. At the strategic level ECHO is seen to provide important support to related capacity building and advocacy efforts, which are seen to deserve continued support.</p>	<p><i>Annex V Section 3.5</i></p>
<p>3.6 What changes might be appropriate when updating DG ECHO's Cash and Voucher Funding Guidelines in order to take into account</p>	<p>The implications of using MPCTs are not yet widely referenced in ECHO policy documents. A note has been prepared on the principles of using MPCTs (European Commission, 2015) but other key policy documents (such as the ECHO Thematic Policy No. 3 on Cash and Vouchers) have not been updated to explicitly reference the use of MPCTs.</p> <p>Opinion was divided 50:50 on whether it would be useful to revise existing ECHO policies, or develop new ones, to promote the use of MPCTs. Some saw the importance of not promoting MPCT as a separate 'modality' and that therefore ECHO shouldn't develop guidelines or policies on MPCT specifically. Whilst current policies do not promote MPCTs, neither do they preclude them. The change to ECHO's guidelines removing the cap of €100,000 to UCT has addressed the partner's previous main policy concern. Formal policy change was not necessarily seen as the best way to ensure consistency within ECHO by either ECHO staff or partners.</p> <p>Other complementary actions were identified as high priorities in establishing and implementing a coherent policy framework, including:</p>	<p><i>Annex V Section 3.6</i></p>

Questions	Evaluation Findings	Evidence
multi-purpose cash transfers?	<ul style="list-style-type: none"> ▪ Promoting consistency of interpretation of existing policies by ECHO staff ▪ Improving alignment of funding with the strategic goal of promoting MPCTs ▪ Improvements in the ECHO Single Form to support MPCTs – such as allowing for multi-sectoral objectives ▪ Providing the appropriate tools and support to facilitate a more joined up/cross-sectorial approach to needs assessments, analysis and programme design ▪ Further high level advocacy with other donors and implementing agencies 	
Task Area 4: Factors driving the selection of transfer modality		
4.1 What are the key bottlenecks to increasing the use of cash and vouchers for DG ECHO partners?	<p>The evidence indicates a range of bottlenecks exist to increasing the use of cash and vouchers. The primary bottleneck cited by ECHO partners and other donors was the availability of funding for scaled-up cash programmes. The second major bottleneck is the absence of a lead agency or effective cross-sectoral coordination structure. Particular coordination gaps include harmonisation of approaches towards transfer mechanisms, needs assessments, market assessments and evaluation and monitoring.</p> <p>Beyond these two factors, other blockages identified were: a lack of preparedness to deliver at scale, the availability of electronic delivery platforms, uncoordinated donor approaches, host government policies, anti-terrorism legislation, lack of evidence on efficiency and effectiveness, and organizational and individual attitudes.</p> <p>Partner capacity is becoming much less of a constraint. Capacity and familiarity with cash and voucher modalities has increased in recent years, thanks in part to ECHO-funded efforts such as CALP and WFP training sessions.</p> <p>Several examples were found where cash transfers have been successfully scaled-up. Key contributory factors are seen to include: in-country proof-of-concept; strong coordination and capitalisation between agencies; and coordinated capacity building initiatives.</p>	<i>Annex VI Section 4.1</i>
4.2 What specific factors	ECHO staff and partners both perceive market analysis as an important factor driving modality selection. ECHO policy guidance ask partners to select the most appropriate modality on the basis of an analysis of the local situation including	<i>Annex VI</i>

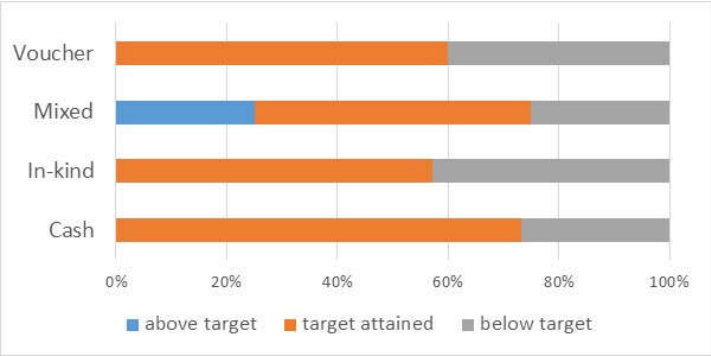
Questions	Evaluation Findings	Evidence
are responsible for driving the selection of a particular transfer modality within DG ECHO funded actions?	<p>beneficiary needs and market analyses. The review of ECHO partner project proposals shows that response and market analyses have consistently been included and ostensibly the rationale for modality selection, as explained in partner proposal, is generally explained by reference to these factors.</p> <p>However, further probing suggested that decision making processes are more complex. A primary consideration for many partners are the internal organisational attitudes, experience and mandates. At the onset of a crisis, when agencies need to respond rapidly, they will usually default to a familiar modality. In a protracted crisis there may be more room for innovation based on the local context. Secondly donor attitudes and preferences are key. Strong preferences are often articulated of ECHO staff and partners anticipate what will be favourably received.</p> <p>Therefore, in practice partners often determine a preferred transfer modality prior to proposal development. The response analysis helps to confirm the feasibility of the proposed transfer modality. The analysis is not necessarily conducted to support decision making between alternative modalities.</p>	<i>Section 4.2</i>
4.3 To what extent is the conditionality associated with a transfer driven by factors other than by an objective response analysis?	<p>The definition of conditionality could be improved to distinguish conditions on behaviours such as vaccinations or school attendance (commonly termed CCTs) from work conditions (CFW).</p> <p>Most ECHO partner proposals were found to provide a justification for whether or not conditions were given for receipt. This was usually on the basis of either the situation or market analysis, or programme objectives. For example, in the emergency phase response, such as rapid large-scale refugee arrivals in Lebanon and Jordan, unconditional transfers were preferred as the most appropriate way to cover large populations in need of emergency assistance. Whilst in protracted crises, such as Somalia or Niger, examples were cited of cash-for-work transfers being used to build in resilience programming whilst tackling food security needs.</p> <p>Whilst partner proposals justify selection rationale in terms of the response analysis, informally many partners acknowledge that organisational familiarity as a key factor in determining whether to impose conditions on the transfer. The ECHO guidance on the use of conditions is minimal. It only considers work conditions (not behavioural conditions) and advises partners to apply work conditions wherever possible. This position does not appear to be used as the basis for decisions.</p>	<i>Annex VI Section 4.3</i>
4.4 What tools are used to	ECHO partners consider that adequate tools exist to support decision making - a wide variety of market assessment and response analysis tools are available to support the selection of transfer modalities. The different tools vary considerably in	<i>Annex VI</i>

Questions	Evaluation Findings	Evidence
select a transfer modality?	<p>terms of the resources they require and the type of information that they provide. Indeed choosing between a plethora of options is confusing for some agencies.</p> <p>ECHO partners cite EMMA and MIFIRA as the most commonly used tools. The main challenges of using the tools were seen to include the time and expert capacity, the need for good baseline data for the tool to function which is often lacking and accounting for evolving market conditions (i.e. the need for periodic re-analyses).</p> <p>The resource demands of market assessments presents a challenge for all agencies, especially the smaller agencies lacking specialist capacity. In several instances, NGO partners sought to overcome the resource-requirements of market assessment by centralising the process. Instead of conducting individual market assessments on a project-by-project basis, some partners collaborated on a crisis level market study.</p> <p>Partner infrequently refer directly to DG ECHO guidelines and the decision tree in their project proposals.</p>	<i>Section 4.4</i>
4.5 To what extent are the tools proposed by DG ECHO used and understood by its partners?	<p>ECHO partners were generally aware of the cash and voucher policy and familiar with the decision tree. ECHO partners typically did not cite ECHO tools and guidelines in the proposal development process or see them intended for this purpose. Instead most partners referred to ECHO guidelines as useful at a policy level to help them understand ECHO's approach to cash, and as a reference for the development of their own internal SOPs. In some instances NGO partners referred to specific ECHO field officers insisting on the use of the ECHO decision tree in proposal development.</p> <p>A majority of partners did see a need to update the thematic policy at this time, in part because ECHO policy documents are not the key communication channel used by partners to understand the ECHO position on transfer modalities. Partners typically cited the HIPs and direct contact with the field staff as the main means for understanding ECHO's strategic directions.</p>	<i>Annex VI</i> <i>Section 4.5</i>
Task Area 5: Social Transfers and cash-based intervention		
5.1 To what extent have existing social transfers and	<p>ECHO lacks a clear, shared, corporate definition on what constitutes a safety net or social transfer.</p> <p>National safety nets are only established in a subset of ECHO operational contexts. A review of the ten countries where ECHO focuses on cash and voucher transfers found approximately 2/3 have a poverty safety net of some kind. Fewer of these national</p>	<i>Annex VII</i> <i>Section 5.1</i>

Questions	Evaluation Findings	Evidence																					
<p>safety nets interventions been taken into account in the situation and response analysis in humanitarian actions funded by DG ECHO?</p>	<p>systems include a disaster response component, to complement the core social protection objective of providing transfers to alleviate chronic poverty. Three countries were identified where ECHO has collaborated with national social transfer systems that display a capacity to scale-up in response to emergencies: Kenya, Ethiopia and the Philippines.</p> <p>The integration of safety nets into ECHO's country strategies remains inconsistent. A review of HIPs for the regions where ECHO analysis identified potential for building linkages to safety nets (MENA; Sahel; Horn) found a great variation in the extent to which national safety nets are mentioned and/or linked to ECHO's strategic response or advice to partners. The significant variations in context lead to very different strategies proposed for ECHO's engagement. The most coherent regional strategy is that for the Sahel.</p> <p>An analysis was made of proposals from partners in the three focal countries (Philippines, Ethiopia, Kenya). Few gave consideration to the national system in the response design; most in Ethiopia, and fewest in the Philippines.</p> <p style="text-align: center;">Table 4 : Frequency of reference to national social transfer/safety nets in partner proposals (2012-14)</p> <table border="1" data-bbox="593 770 1682 914"> <thead> <tr> <th></th> <th colspan="2">Kenya</th> <th colspan="2">Ethiopia</th> <th colspan="2">Philippines</th> </tr> <tr> <th></th> <th>Proposals</th> <th>References</th> <th>Proposals</th> <th>References</th> <th>Proposals</th> <th>References</th> </tr> </thead> <tbody> <tr> <td>TOTAL</td> <td>13</td> <td>6</td> <td>9</td> <td>7</td> <td>5</td> <td>1</td> </tr> </tbody> </table>		Kenya		Ethiopia		Philippines			Proposals	References	Proposals	References	Proposals	References	TOTAL	13	6	9	7	5	1	
	Kenya		Ethiopia		Philippines																		
	Proposals	References	Proposals	References	Proposals	References																	
TOTAL	13	6	9	7	5	1																	
<p>5.2 To what extent were humanitarian cash transfers funded by DG ECHO cost-efficient compared to existing social transfer interventions</p>	<p>A number of quantitative studies have been conducted on the cost efficiency of national social transfer systems. A basic comparison of the efficiency ratios shows that national systems deliver transfers relatively cost efficiently compared to ECHO funded humanitarian transfers. Cost efficiencies of national systems are found to be strongly correlated with the scale and maturity of the programmes.</p> <p>However, none of the studies of national systems specifically analyse the cost efficiency of a shock response component and the cost profile is likely to be different to the costs of delivering regular poverty focussed transfers. While precluding a more definitive conclusion, the evidence does still suggest that social transfers may be a cost efficient option. For example, in Ethiopia and Kenya – where systems include a shock response element - it appears that the cost efficiency compares favourably to ECHO cash transfers. One evaluation of the response to the food crisis in the Horn of Africa in 2011 (Slim 2012) estimated the cost of routine support to 7.2 million people via the PSNP was \$270 million compared with \$822 million for relief to 5 million people – although the conclusions were seen as controversial by some respondents.</p>	<p><i>Annex VII Section 5.2</i></p>																					

Questions	Evaluation Findings	Evidence
targeting the most vulnerable groups?	In disaster prone countries there is some evidence of cost efficiencies in transitioning from humanitarian response to more long-term, predictable support through national transfer systems. One analysis suggests very large cost savings as a result of moving to early response and resilience - in Kenya these savings are projected as high as \$21 billion over 20 years.	
5.3 To what extent is the approach of linking existing social transfers with humanitarian transfers relevant to be further pursued?	<p>ECHO staff and partners strongly agreed that ECHO should pursue the channelling of humanitarian aid through established national Social Transfer systems. Strong reasons were advanced for ECHO strategic engagement with national social transfer systems. Global experiences delivering emergency transfers through national social transfer systems have been generally positive though evidence is still very much emerging. Arguments include improved cost efficiency, greater effectiveness through improved timeliness and predictability, and increasing the responsibility of national authorities.</p> <p>Significant variations in context suggest – both in the status of national social transfer systems and of risk and vulnerability – imply a range of potential strategic responses options including:</p> <ul style="list-style-type: none"> ▪ Advocating for the establishment of social transfer systems where they don't yet exist. Limitations of capacity and mandate suggest that ECHO does not have a comparative advantage in a more direct engagement. Perhaps greatest added value is influencing DEVCO to fund and support such systems. ▪ Direct support to existing systems to respond to shocks. Experiences from other donors in providing direct support Evidence from experiences (Kenya, Philippines and Ethiopia) is general positive, but ECHO has no current experience and under current regulations need to fund governments via an intermediary. ▪ Funding complementary partner-led activities such as NGO resilience building activities aligned to support the PNSP in Ethiopia. There is little evidence yet on this approach – although partners highlighted the risk reverting to fragmented project based approach. 	<i>Annex VII Section 5.3</i>
5.4 To what extent has DG ECHO provided the necessary	ECHO guidance for partners on linkages to social transfer systems is limited and indirect. The Thematic Policy on the use of Cash and Vouchers (DG-ECHO 2013a) does not define safety net or provide a rationale for partners to take these into account. The technical annexes of the HIPs address the topic inconsistently and in an ad hoc manner. An internal scoping paper on feasibility of linking crisis response to safety nets is not yet circulated to partners.	<i>Annex VII Section 5.4</i>

Questions	Evaluation Findings	Evidence
strategic guidance and technical tools/support to partners to take into account social transfer programmes in their projects?	<p>The clearest statement is in the Food Assistance Thematic policy which states that social safety nets are clearly best suited to development actors working with multi-annual budgets, and not to humanitarian actors with short planning horizons and limited ability to engage with governments.</p> <p>The extent to which linkages with social transfer systems are discussed in ECHO strategy is largely dictated by context and personal interest. Partners recommend that ECHO building more clarity on their position through policy development and global guidance. Clarifications are requested to specify the overall aims and ways ECHO will consider linking to, or complementing, national systems. Several respondent noted that this was not a case of adapting existing policies and guidance but developing a new one specifically on this issue. At the national level more detail could be provided in the HIPs through an ad hoc chapter.</p> <p>A need is also identified for complementary capacity building and analytical tools, both the ECHO experts and partners. ECHO field experts also requested access to specialist technical advice on social transfers.</p>	
Task Area 6: Accountability and cross-cutting issues		
6.1 To what extent are the transfer modalities used in the DG ECHO-funded actions coherent with the existing policy documents?	<p>The core ECHO policy guiding the use of transfer modalities is the Thematic Policy No 3 on Cash and Vouchers. Most ECHO sectoral policies (with the exception of the Food Assistance Thematic Policy) have very limited reference to transfer modality choice, cross references to the Thematic Policy No 3 or other guidance related to the choice of transfer modality or delivery mechanism.</p> <p>ECHO staff and technical experts in partner organizations are generally aware of the Thematic Policy No 3 – although may not always be familiar with the contents. The core tool of the decision tree is not used consistently to guide the selection of transfer modality. Systems and procedures to ensure adherence to ECHO policies are informal and inadequate. ECHO staff identified the need for further training on the cash and voucher thematic policy.</p> <p>As discussed in Annex V, partner decisions on transfer modality choice are largely guided by other factors not included in the ECHO policy, such as: their assessment of suitability to context, familiarity with modalities and knowledge of best practice (e.g. from CaLP); and interpretation of messages coming from the HIP and the interpretation of messaging from donors on organizational preferences.</p>	<i>Annex VIII Section 6.1</i>

Questions	Evaluation Findings	Evidence																				
	Opinion was evenly divided on whether the thematic policy required updating. Issues highlighted for attention included; better distinguishing the use of cash and vouchers; shifting the emphasis to use cash as a default option; more details on the use of market analysis and electronic delivery mechanisms; links to national systems; and cost efficiency analysis.																					
6.2 To what extent does the choice of transfer modality influence the impact of ECHO-funded interventions?	<p>Data on partner's self-assessment of effectiveness was extracted from HOPE. The data reflects partners own reporting of their performance against the self-selected outcome indicators. The different modalities appear to have similar levels of effectiveness – although combined modalities appear to be assessed to perform better than the alternatives.</p> <p style="text-align: center;">Figure 4: Percentage of results achieving target outcomes⁹ by modality</p>  <table border="1" data-bbox="786 627 1494 983"> <caption>Data for Figure 4: Percentage of results achieving target outcomes by modality</caption> <thead> <tr> <th>Modality</th> <th>Above target (%)</th> <th>Target attained (%)</th> <th>Below target (%)</th> </tr> </thead> <tbody> <tr> <td>Voucher</td> <td>0</td> <td>60</td> <td>40</td> </tr> <tr> <td>Mixed</td> <td>25</td> <td>50</td> <td>25</td> </tr> <tr> <td>In-kind</td> <td>0</td> <td>58</td> <td>42</td> </tr> <tr> <td>Cash</td> <td>0</td> <td>72</td> <td>28</td> </tr> </tbody> </table>	Modality	Above target (%)	Target attained (%)	Below target (%)	Voucher	0	60	40	Mixed	25	50	25	In-kind	0	58	42	Cash	0	72	28	<i>Annex VIII Section 6.2</i>
Modality	Above target (%)	Target attained (%)	Below target (%)																			
Voucher	0	60	40																			
Mixed	25	50	25																			
In-kind	0	58	42																			
Cash	0	72	28																			
6.3 To what extent does the choice of transfer modality impact on protection	<p>There is a widespread lack of understanding of the scope of protection and it tends to be seen equated to Gender Based Violence (GBV). In the context of the evaluation the choice of transfer modality was seen to have a limited relevance to the question of ‘stand-alone’ protection activities and more relevance from a ‘do no harm’ perspective.</p> <p>There is little evidence that the choice of transfer modality significantly impacts on protection risks. A recent evidence review (Berg and Seferis, 2015) found that “Women aren’t disadvantaged” by cash. Stakeholder perceptions were mixed, some seeing cash transfers as increasing protection risks, whilst others felt electronic cash transfers (and vouchers) can significantly reduce</p>	<i>Annex VIII Section 6.3</i>																				

⁹ As assessed by partner outcome indicators, with ‘attained’ defined as +/- 10% of target

Questions	Evaluation Findings	Evidence
issues? Are recommendations necessary for the DG ECHO policy documents and guidelines?	<p>risks. This is supported by research and evaluations that find that different transfer modalities have different risks and that programme design is crucial in mitigating risks, rather than one being categorically more or less risky</p> <p>Opinion suggested that policy advice should focus on promoting good technical design and implementation practices that minimize a range of protection risks through mitigation measures. New guidance in relation to choice of transfer modality was not perceived to be a priority, but better use could be made of the checklist contained in the Thematic Policy No 3.</p>	
6.4 To what extent does the choice of transfer modality influence participation?	<p>Stakeholder perceptions are that it is not the choice of transfer modality that determines beneficiary's involvement, participation and consultation, but good technical design and implementation practices. A cash, voucher, in-kind or combined approach is just as capable of involving, and enabling participation and consultation as any other modality if designed and implemented well.</p> <p>Stakeholders also argued that cash transfers are more involving and participatory in the sense that it inherently increases beneficiary's choice and dignity.</p>	<i>Annex VIII Section 6.4</i>
6.5 To what extent has DG ECHO's 'cash first' approach been successful in promoting cash transfers as an alternative to food aid in the HFA sector?	<p>Partner and ECHO staff perceive that ECHO has been at the forefront of advocacy and capacity building for cash and voucher transfers. ECHO is recognised and valued for a 'pro-cash' (rather than a 'cash-first') stance and viewed as an effective advocate for cash and an ally and opinion former at national and global levels.</p> <p>ECHO capacity building efforts in support of cash transfers are also widely valued, although stakeholders perceive a decline in support over recent years. Overall, the role of ECHO in advocacy and capacity building is rated as important as direct financing of cash transfers.</p> <p>Further opportunities were identified for continued investment by ECHO in capacity building and advocacy for cash transfers. This includes advocacy with national authorities, smaller implementing partners and many of the national societies of the RCM. Partners would like to see a more coordinated donor approach to advocacy. Other gaps include building evidence on MPCTs and multiplier effects and capacities to measure cost effectiveness and efficiency.</p>	<i>Annex VIII Section 6.5</i>

Questions	Evaluation Findings	Evidence
<p>6.6 What examples are to be found of ECHO-funded cash-based interventions being successful linking relief to development (LRRD)?</p>	<p>EU LRRD policy seeks to link the use of the different funding instruments supported by the EC – both humanitarian and development orientated.</p> <p>ECHO collaboration with the EU Delegations ranges from a strong and pro-active (as seen with the development of Joint Humanitarian Development Frameworks [JHDFs] in Jordan and Turkey to respond to the Syria crisis) to strongly bifurcated (in situations where ECHO fears engagement with other instruments would compromise its humanitarian principles – such as Somalia). Even where JHDFs have been developed very few examples could be found of effective LRRD.</p> <p>Case studies from other agencies do serve to demonstrate the potential of cash transfers to create linkages between humanitarian and development programming as beneficiaries are able to adjust the use of the transfer between meeting basic needs, rehabilitation and development purposes.</p>	<p><i>Annex VIII</i> <i>Section 6.6</i></p>

3. Conclusions and Recommendations

3.1 Conclusions

Overarching conclusions are presented below, grouped under five headings. These draw from across the findings in the different task areas, presented in the previous section.

C1 When the effect of transfer modality choice on cost efficiency is isolated, cash transfers are typically more cost efficient than other options. However, cost efficiency is not guaranteed by the choice of transfer modality alone and is strongly influenced other variables including the scale of programming.

- i. The evaluation finds strong evidence on the comparative cost efficiency of the different transfer modalities – with findings from other studies reinforced by the quantitative analysis of ECHO data in this study. When used in comparable contexts, cash transfers are typically more cost efficient than vouchers, in-kind transfers or the use of combined modalities.
- ii. The choice of transfer modality in isolation will not guarantee a cost efficient portfolio. The ECHO data demonstrates that the scale of projects is a key driver of cost efficiency and stakeholders do not fully perceive the relative importance of this as a cost driver. Cost efficiency is not currently maximized in an ECHO portfolio pre-dominated by fragmented, small-scale – and consequently relatively inefficient - cash transfer projects.
- iii. Cash transfer and vouchers are often grouped in the analysis by ECHO and partners. This partly reflects historical precedent – where the priority was contrasting innovative ‘market based solutions’ with in-kind food aid. Partners often term ‘cash denominated vouchers’ (as opposed to commodity denominated vouchers) as ‘cash’. However, given the different cost characteristics of cash transfer and vouchers, these modalities demand a clear distinction in strategy and analysis.

C2 Cash transfers demonstrate a unique effectiveness in flexibly addressing a basket of diverse, beneficiary-defined needs. The restricted nature of vouchers and in-kind transfers makes them poor alternatives for this purpose.

- i. Cash transfers demonstrate a clear-cut comparative advantage in addressing a set of basic needs through a consolidated cash grant. Beneficiaries can flexibly use cash to meet the specific needs of their households, which change over time, in ways that are not possible through vouchers or in-kind assistance. The evidence also suggests that these cash grants are likely to be particularly cost efficient.
- ii. However, given the limited experience of using cash grants for basic needs (even the Syria response still utilizes parallel cash and voucher transfers) further evidence is required to support a progressive scaling-up of this approach.

- iii. Furthermore, a comprehensive humanitarian response is still likely to include other forms of assistance (for example aspects of protection, health, nutrition and sanitation needs), to complement a basic needs grant.

C3 Based on the evidence of cost efficiency and cost effectiveness, the ‘cash neutral’ position could be superseded by a ‘pro-cash’ approach that strategically promotes the use of CTs at scale. However, it does not justify a ‘cash first’ approach and robust scrutiny is required of the cost efficiency and cost effectiveness of individual actions.

- i. A policy objective of ECHO is to deliver efficient and effective humanitarian aid. There is sufficient evidence to support an increase in the coordinated use of cash transfers, including cash grants to address basic needs at scale, as a means to achieve this objective.
- ii. A strategy of increasing the use of CTs implies closer attention to querying whether the use of cash has been fully considered in a crisis, and which complementary actions (at global and crisis level) could be adopted to promote and enable the wider use of cash transfers as a humanitarian response tool. This includes support to advocacy, capacity building and coordination. Given the state of flux in key areas of innovation related to cash transfers, policies might be more usefully updated in the medium term.
- iii. At the same time, individual projects will still need to be selected on the basis that they deliver an efficient and effective solution in a specific context. ECHO currently has inadequate capacity and processes to analyse the cost efficiency and cost effectiveness of its actions.
- iv. Cost efficiency is a useful measure in its own right – not least in comparing similar project proposals using the same transfer modality. However, it should never be a sole basis for appraisal decisions and needs to be combined with other criteria. Standardized approaches to measurement are critical in allowing agencies and donors to make comparative judgements. It is suggested that simple measures that are easy to communicate – such as the proportion of every Euro spent actually transferred to beneficiaries – are particularly valuable.
- v. The evaluation found that establishing threshold ranges of the ratio of administrative costs to the transfer value would be feasible and useful as a basis for appraising the efficiency of different proposed interventions. However, further breaking down administrative costs into standard sub-headings in proposals would be time consuming for partners and offer little added value to ECHO. Understanding the justification for high cost projects is best done through dialogue, rather than detailed budget submissions in every proposal.

- vi. Cost effectiveness – the cost per unit outcome - is more challenging to assess. Strengthening results based reporting is a necessary precondition. Cost effectiveness measures should be defined after the KRIs have been reviewed and adapted¹⁰.

C4 The use cash transfers by partners is increasing as several constraints to the use of cash transfers in humanitarian response are actively addressed. However, established challenges have not been fully resolved and the emphasis on the coordinated use of cash transfers has highlighted further challenges to agencies with sector aligned mandates or processes.

- i. Partly as a result of ECHO capacity building initiatives and funding strategies, cash transfers are an increasingly common element of humanitarian response. Skills have been built in contextual analysis to support the choice of modality. However, the choice of modality is still far from evidence based. The mandates, policies and attitudes of partners and donors alike, strongly influence decision making.
- ii. Key UN agencies, who are important potential partners in implementing programmes at scale, have struggled to reconcile the use of MPCTs/basic needs grants with their sectoral mandates. The challenge is to establish a framework to make the best use of the agency-specific capacities to deliver a more coordinated and effective response.
- iii. A donor consensus has not yet been established to support the use of MPCTs/ basic needs grants. A shared approach is essential to the institutionalization of MPCTs. ECHO can pilot and demonstrate their effectiveness, but collective donor support is needed to finance MPCTs as a routine option at scale.
- iv. In summary, building experience in the use of CTs through project funding, accompanied by capacity building initiatives, has been valuable. However, this is not a sufficient solution to resolving the constraints to the appropriate use of CTs. Sustained and strengthened advocacy by ECHO on the use of cash transfers – to other donors, implementing agencies and local authorities – is a necessary part of the solution.

C5 There are strong arguments to better align humanitarian assistance with shock responsive elements of social safety nets. However, the opportunities to operationalize these linkages are limited and will be determined by the specific context.

- i. National social safety nets offer a number of potential advantages in responding to humanitarian emergencies. Pre-existing mechanisms may provide more timely assistance than an ad hoc response. There is some, weak, evidence that established national systems are more cost efficient than humanitarian project-based aid. They

¹⁰ For example, this might lead to a cost effectiveness measure of cost in Euro to improve the average FCS by x points, per HH.

also empower national governments to take primary responsibility for meeting the needs of their citizens.

- ii. Depending on the context ECHO could play a variety of roles in supporting or complementing shock responsive elements of national systems - as distinct from supporting core poverty alleviation objectives of social protection systems. However, short funding horizons and limited ability to engage with governments, give ECHO a comparative disadvantage in directly supporting such systems. The most obvious role for ECHO is working with DEVCO to shape EU-level support to national social transfer systems.
- iii. Given the great diversity of contexts careful thought is needed in each country as to whether ECHO can and should seek to engage – and how to do so. A policy framework is needed to clarify and validate the objectives of collaboration, alongside a context level analysis to identify the potential linkages with social transfers through country strategies.

3.2 Recommendations

Based on the preceding evidence and conclusions, the evaluation provides recommendations related to the use of transfer modalities below. These recommendations contribute to the overall goal of improving the cost efficiency and cost effectiveness of humanitarian aid. Recommendations are grouped under two main headings; Firstly recommendations on the development of a strategic position on the use of different transfer modalities, and secondly specific recommendations on the analysis of cost efficiency and cost effectiveness.

These recommendations are directed to DG ECHO. It is beyond the authority of the evaluation to make recommendations to other stakeholders, but it is hoped that the findings and conclusions may be of relevance to a wider group.

Recommendation	Supporting Conclusions	Responsibility
<p>A. It is recommended that DG ECHO should further promote the use of cash transfers, as a part of humanitarian response. Specifically DG ECHO should :</p> <ul style="list-style-type: none"> ▪ Further investigate and promote co-ordinated approaches to delivering cash grants that are designed to meet a range of basic needs, and; ▪ Support the ability of the humanitarian system to deliver cash transfers at scale. <p>This recommendations applies to both the funding of cash transfers by ECHO and promoting the use of cash transfers within the humanitarian system as a whole.</p> <p>Specific sub-recommendations to achieve this overarching goal are given below:</p>		
<p>A.1 ECHO should continue to advocate with other humanitarian donors to:</p> <ul style="list-style-type: none"> i. Provide flexible, cash based, humanitarian resources ii. Support the use of cash grants that address basic needs 	C4(iii, iv)	DIR A supported by DIR B including Field Experts
<p>A.2 In consultation with other donors, ECHO should engage in a strategic dialogue with UN partner agencies on how – based on their respective mandates – they could engage in the delivery of unified cash grants to address basic needs.</p>	C4(ii)	DIR A supported by DIR B including Field Experts
<p>A.3 ECHO should encourage and continue to invest in developing the capacity of partners to deliver <i>coordinated basic needs cash grants at scale</i> including consideration of:</p> <ul style="list-style-type: none"> i. common registration and targeting systems ii. common delivery platforms 	C2 (i)	DIR A (ERC grants) and DIR B at field level
<p>A.4 ECHO should strengthen policy dissemination and adherence:</p> <ul style="list-style-type: none"> i. Review existing policies and guidance notes to ensure that a clear distinction is made on the use of vouchers compared to cash transfers ii. Finalize the ECHO guidance on engagement with national social safety nets iii. Strengthen the dissemination of relevant policies and guidance amongst ECHO Field Experts 	i) - C1 ii) C5 iii) C4 iv) C4 v) C2 ii) C2 iii)	DIR A

Recommendation	Supporting Conclusions	Responsibility
<ul style="list-style-type: none"> iv. Develop specific mechanisms to ensure policy adherence in the formulation of the HIPs and eSF submissions v. Provide good practice examples on the use of basic needs grants to field experts vi. Further investigate the use of combined transfer modalities within a basic needs approach (eg. WFP SCOpe) vii. Further investigate the efficiency and effectiveness of NGO consortia as alternatives to UN agencies in delivering cash transfers at scale 	vii) C1 ii	
<p>A.5 ECHO should develop a strategic analysis of the potential for using cash transfers at the crisis level. Specifically it is proposed that a Chapter is included in each HIPs to:</p> <ul style="list-style-type: none"> i. provide guidance to partners on the transfer modality strategy, and parameters for the supporting analysis to justify the partners choice of modality, and; ii. identify complementary actions that may be implemented directly by ECHO to address contextual constraints to the use of cash grants (eg. advocacy with National Governments, support to cash coordination, etc.) 	<ul style="list-style-type: none"> i) C3 ii ii) C3 ii 	<p>Guidance developed jointly by DIR A & B. HIP Chapters completed by DIR B (Desks and Field Experts)</p>
<p>A.6 Strengthen collaboration with, and support to, the shock responsive elements of national social safety nets:</p> <ul style="list-style-type: none"> i. Develop guidelines for a Chapter in the HIPs that assesses if and how ECHO – in close consultation with the EU DEL - might engage with the shock responsive elements of national social safety nets ii. Consider changes to the Humanitarian Regulation to allow direct funding of local actors 	<ul style="list-style-type: none"> i) C5 iii ii) C5 ii 	<p>Guidance developed by DIR A & B. HIP Chapter completed by DIR B.</p> <p>DG & DIR A changes to HR</p>
<p>B It is recommended that DG ECHO should develop its capacity to appraise the cost efficiency and cost effectiveness of partner’s proposals and funded actions. This requires:</p> <ul style="list-style-type: none"> ▪ Adapting the information collected from partners through the eSF to facilitate the calculation of cost efficiency metrics 		

Recommendation	Supporting Conclusions	Responsibility
<ul style="list-style-type: none"> ▪ Adjusting the results indicators and reporting to enable a cost effectiveness analysis ▪ Institutionalizing the procedures and capacities for this analysis 		
<p>B.1 In order to calculate cost efficiency metrics of cash, vouchers and in-kind goods¹¹ it is recommended that the following changes are made in the proposals submitted by partners, and reported on, in the eSF:</p> <ol style="list-style-type: none"> i. Add a new option under the list of ‘sectors’ selected under each result of ‘Multi-Sector/ Basic Needs’ ii. Modify the possible transfer modalities selected within each result as one or more of: in-kind, vouchers and cash transfers iii. Change the reporting of beneficiary numbers by result as a) the number of households and b) the average number of individuals per HH iv. Include a field to report, by result, the total number of transfers made (ie if 1,000 HH received monthly cash transfers over one year this would be reported as 12,000 transfers) v. Record the transfer costs and the administrative costs separately by result – with transfer costs defined strictly as the value of money or goods received by beneficiaries¹². vi. Record the costs of in-kind transfers as both a) actual procurement costs, and, b) the equivalent value of the transfer on retail markets used by the beneficiaries. Guidelines on how to estimate equivalent transfer values in local markets should be provided. vii. Require partners to monitor and report on the resale of vouchers and in-kind transfers. 	<p>C3 iii C3 iv C1 iii Also see Annex XII</p>	<p>DIR A & C to design changes in eSF DIR C training of partners DIR B to ensure implementation</p>
<p>B2 As a basis for future cost effectiveness analysis it is recommended that following changes are made in the , reporting of results:</p> <ol style="list-style-type: none"> i. Consider using the Food Consumption Score as a <u>compulsory</u> food assistance Key Results Indicator (KRI) 	<p>C3 v C3 vi</p>	<p>DIR A supported by Technical Working Groups</p>

¹¹ NB These changes do not cover the calculation of the cost efficiency of *services* which fall outside of the scope of the ToR

¹² A further break down of administrative costs into standard sub-headings at proposal stage would be time consuming for partners and offer little added value to ECHO. Understanding the detailed budget is best done through dialogue on screened projects, rather than detailed budget submissions in every proposal.

Recommendation	Supporting Conclusions	Responsibility
<ul style="list-style-type: none"> ii. Consider using the Coping Strategy Index (CSI) as a <u>compulsory</u> KRI to capture the outcome of basic needs assistance and develop guidance to ensure that this indicator is reported in a comparable manner iii. Review KRIs in other sectors to reduce the number of outcome indicators per sector iv. Initiate dialogue through humanitarian donor platforms (including COHAFA, FAC and GHD) on standardized outcome indicators 		
<p>B3: Institutionalize procedures and capacities for the analysis of the cost efficiency and cost effectiveness of ECHO actions:</p> <ul style="list-style-type: none"> i. Train Field Experts on how to appraise the cost efficiency of transfer projects ii. In line with the recommendation of the High Level Cash, and for ease of use general understanding, adopt the use of alpha values (the inverse of TCTR) as a basis for appraising the cost efficiency of ECHO actions¹³ and reporting on performance. These should be augmented by additional efficiency metrics as found useful in specific cases. iii. Consider using a threshold of alpha values of 0.5 (ie. at least 50 cents in every Euro spent being transferred directly to beneficiaries, equivalent to a TCTR > 2.0 in appraisals (irrespective of transfer modality) to trigger a detailed dialogue on budget with partners prior to approval iv. Develop a database of alpha values, cross referenced by key variables (including country, number of beneficiaries, number of transfers, amount of transfer and transfer modality) to refine the thresholds over time v. ECHO should develop a comprehensive methodology for the appraisal of cost efficiency – including approaches applicable to <u>service delivery projects</u> vi. Develop standard cost effectiveness measures (cost per unit outcome) on the basis of the redefined KRIs vii. Consider recruiting specialist experts (economists) to support the primary role of Field Experts in cost efficiency and cost effectiveness analysis 	C3 iii, iv, v and vi Annex XII	DIR A to

¹³ Depending on the content of the project this may need to be calculated at the level of the whole project, the result, or a combination of results

Annexes

Table of Contents

ANNEX I:	ACRONYM LIST
ANNEX II:	EVALUATION TERMS OF REFERENCE
ANNEX III:	EVIDENCE PAPER 1: COST EFFICIENCY
ANNEX IV:	EVIDENCE PAPER 2: COST EFFECTIVENESS
ANNEX V:	EVIDENCE PAPER 3: MULTI-PURPOSE CASH TRANSFERS
ANNEX VI:	EVIDENCE PAPER 4: DRIVERS OF MODALITY SELECTION
ANNEX VII:	EVIDENCE PAPER 5: LINKS TO SOCIAL TRANSFERS
ANNEX VIII:	EVIDENCE PAPER 6: ACCOUNTABILITY AND CROSS CUTTING ISSUES
ANNEX IX:	EVIDENCE PAPER 7: CASH AND VOUCHERS TRANSFERS IN THE HEALTH SECTOR
ANNEX X:	EVALUATION SURVEY RESULTS
ANNEX XI:	FIELD MISSION DEBRIEFING POWERPOINTS
ANNEX XII:	COST EFFICIENCY ANALYSIS
ANNEX XIII:	EVALUATION DISSEMINATION STRATEGY
ANNEX XIV:	BIBLIOGRAPHY
ANNEX XV:	STATEMENT OF VALIDITY

Annex I: Acronym list

ACF	Action Contre la Faim
ADB	African Development Bank
ADE	Analysis for Economic Decisions
AFS	Currency of Afghanistan
AIDS	Acquired Immune Deficiency Syndrome
AU	African Union
BRICS	Building Resilience in Central Somalia (DFID-funded NGO consortium)
CALP	Cash Learning Partnership
CAR	Central African Republic
CBT	Cash-Based Transfers
CCT	Conditional Cash Transfers
CFA	Central African Franc
CFGB	Canadian Food Grains Bank
CFI	Chronically Food Insecure
CFW	Cash-for-Work
CIDA	Canadian International Development Agency
CO	Country Office
CSI	Coping Strategies Index
CT	Cash Transfer
CTP	Cash Transfer Programme
CWG	Cash Working Group
DEVCO	European Commission Directorate General for Development Cooperation
DFID	UK Department for International Development
DG	Directorate General
DR	Draft Report
DRC	Danish Refugee Council
DRR	Disaster Risk Reduction
EC	European Commission
ECB	Emergency Capacity Building project
ECHO	European Commission Directorate General for Humanitarian Aid and Civil Protection
ECOWAS	Economic Community Of West African States
EDF	European Development Fund
EM	Evaluation Manager
EMMA	Emergency Market Mapping and Analysis
EQ	Evaluation Question
ER	Evaluation Report
ERC	Enhanced Response Capacity
EU	European Union
EUD	European Union Delegation
EUR	Euro

FAFA	Financial and Administrative Framework Agreement
FAO	Food and Agriculture Organisation of the United Nations
FCAS	Fragile and Conflict Affected States
FCS	Food Consumption Score
FEWSNET	Famine Early Warning Systems Network
FFW	Food For Work
FP	Family Planning
FPA	Framework Partnership Agreement
FSAC	Food Security and Agriculture Cluster
FSL	Food Security and Livelihoods
GAM	Global Acute Malnutrition
GBP	British Pound Sterling
GBV	Gender-Based Violence
GDP	Gross Domestic Product
HEA	Household economy analysis
HFA	Humanitarian Food Assistance
HH	Households
HIP	Humanitarian Implementation Plan
HIV	Human Immunodeficiency Virus
HOPE	Humanitarian Office Programme Environment
HQ	Headquarter
HR	Human Resources
HSNP	Hunger Safety Net Programme
IASC	Inter-Agency Standing Committee
ICAI	Independent Commission for Aid Impact (UK)
ICRC	International Committee of the Red Cross
ICT	Information Communication Technology
IDP	Internally Displaced Person
IFPRI	International Food Policy Research Institute
IFRC	International Federation of Red Cross and Red Crescent Societies
IGAD	Intergovernmental Authority on Development
IGC	International Grain Council
IHL	International Humanitarian Law
IK	In-Kind
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation
IP	Implementing Partner
IR	Inception Report
IRC	International Rescue Committee
IT	Information Technology
IUCD	Intrauterine Contraceptive Device
JD	Jordanian Dinar

JHDF	Joint Humanitarian Donor Framework
JRC	Jordanian Red Cross
KES	Kenyan Shilling
KRI	Key Results Indicators
LAPM	Long-acting and permanent methods
LRRD	Linking Relief, Rehabilitation and Development
MEB	Minimum Expenditure Basket
MENA	Middle East and Northern Africa
MFI	Microfinance Institution
MIFIRA	Market Information and Food Insecurity Response Analysis
MOU	Memorandum of Understanding
MPCG	Multi-Purpose Cash Grants
MPCT	Multi-Purpose Cash Transfer
MPTP	Multi-Purpose Transfer Programme
NFI	Non-Food Item
NGO	Non-Governmental Organisation
OCHA	Office for Coordination of Humanitarian Affairs
ODI	Overseas Development Institute (ODI)
OFDA	Office of U.S. Foreign Disaster Assistance
ONG	Organisation Non Gouvernementale
OPM	Oxford Policy Management
OPT	Occupied Palestinian Territories
PANIS	Food Assistance Thematic Working Group
PDM	Post-Distribution Monitoring
PSNP	Productive Safety Nets Programme
RCM	International Red Cross and Red Crescent Movement
RO	Regional Office
SCUK	Save the Children UK
SF	Single Form (ECHO)
SIDA	Syndrome d'Immunodéficience Acquis
SOP	Standard Operating Procedure
TA	Task Areas
TBD	To be determined
TCTR	Total Cost-Transfer Ratio
UCT	Unconditional Cash Transfers
UFS	UFS-CT
UN	United Nations

UNFPA	United Nations Population Fund
UNHCR	United Nations Office for the Coordination of Humanitarian Affairs
UNICEF	United Nations International Children's Emergency Fund
UNRWA	United Nations Relief and Works Agency
US	United States of America
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
WASH	Water, Sanitation and Hygiene
WFP	World Food Programme
WHS	World Humanitarian Summit
WTO	World Trade Organisation

Annex II: Evaluation Terms of Reference



EUROPEAN COMMISSION

DIRECTORATE-GENERAL HUMANITARIAN AID AND CIVIL PROTECTION - ECHO

ECHO A - Strategy, Policy and International Co-operation

A/3 - Policy and Implementation Frameworks

Terms of Reference

For the evaluation of

the use of different Transfer Modalities in ECHO Humanitarian Aid

actions

2011 - 2014

Table of Contents

1.	CONTEXT	2
2.	PURPOSE OF THE EVALUATION	9
3.	SCOPE OF THE EVALUATION.....	9
4.	OTHER TASKS UNDER THE ASSIGNMENT.....	15
5.	PHASES OF THE EVALUATION.....	16
6.	METHODOLOGICAL NOTE.....	20
7.	ORGANISATION	21
8.	CONTRACT AMOUNT AND TIMETABLE	21
9.	CONTENT OF THE OFFER	22
10.	AWARD	23
11.	THE FINAL REPORT	24

Context

1. The legal base for Humanitarian Aid is Article 214¹⁴ of the Treaty on the Functioning of the European Union. The main instrument at EU level is the Humanitarian Aid Regulation (HAR; No. 1257/96)¹⁵.
2. Humanitarian Food Assistance (HFA) represents the sector with the highest funding support from ECHO. DG ECHO food assistance and nutrition allocations in 2013 were EUR 535 million (in 2012: EUR 515 million; in 2011: EUR 509 million). Of this amount, EUR 371 million have been allocated to HFA (in 2012: EUR 370 million; in 2011: EUR 366 million) and EUR 164 million have been allocated to nutrition-related interventions (in 2012: EUR 145 million; in 2011: EUR 143 million).
3. The Commission has been rolling out its new Humanitarian Food Assistance Policy¹⁶ (HFA) since 2010 aiming at ensuring the availability of, access to, and consumption of, safe and nutritious food for the most vulnerable people. The Staff Working Document associated with this policy proposes a tool box for HFA interventions that includes the use of cash and vouchers as transfer modalities

¹⁴ <http://www.lisbon-treaty.org/wcm/the-lisbon-treaty/treaty-on-the-functioning-of-the-european-union-and-comments/part-5-external-action-by-the-union/title-3-cooperation-with-third-countries-and-humanitarian-aid/chapter-3-humanitarian-aid/502-article-214.html>

¹⁵ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1996:163:0001:0006:EN:PDF>

¹⁶ ‘Communication from the Commission to the Council and the European Parliament - Humanitarian Food Assistance’, COM(2010) 126 final, adopted in March 2010 and the ‘Commission Staff Working Document’, COM(2010)126 - http://ec.europa.eu/echo/files/policies/food_assistance/them_policy_doc_foodassistance_en.pdf).

along with the traditional in-kind transfers.

4. An increasing number of humanitarian projects funded by DG ECHO include the distribution of cash and vouchers (hereafter called cash-based interventions or Cash Transfer Programmes (CTP) to final beneficiaries. An external evaluation¹⁷ of cash and voucher programmes was commissioned by DG ECHO in 2008, which concluded that they were successful in reaching their objectives, as well as offering greater choice to beneficiaries and helping to foster dignity in the receipt of assistance. Subsequent case studies and research pieces have further demonstrated the effectiveness of cash and voucher programming in a variety of contexts and sectors (i.e. not limited to HFA).
5. Following a recommendation from the evaluation, DG ECHO developed Funding Guidelines for cash and vouchers in 2008. With these guidelines, DG ECHO partners were encouraged to consider using more cash and vouchers as transfer modalities in humanitarian interventions, particularly in food assistance. It should be noted that DG ECHO policies do not advocate for the preferential use of either (i) cash/voucher-based or (ii) in-kind humanitarian assistance. Several studies, including recent randomized control studies demonstrated that a single modality is not necessarily appropriate for all contexts or objectives.¹⁸ Therefore the guidelines recall that, for the selection of the appropriate transfer modality, multiple contextual factors must be taken into account including: market analysis; technical feasibility criteria; security of beneficiaries, agency staff and communities; beneficiary preference; needs and risks of specific vulnerable groups (such as Pregnant and Lactating Women, the elderly, child headed households etc); protection (safety and equality in access), gender concerns (different needs and vulnerabilities of women, men, boys and girls) and cost-effectiveness and efficiency.
6. Thus, DG ECHO's position on transfer modalities for food assistance is neutral – there is no a priori preference for any single modality and the selection should be based on a robust response analysis using the decision tree mentioned in the 2013 guidelines (see below) or a similar tool. However, informally within the HFA sector, it appears that there is generally a ‘cash first’ approach that seeks to reverse

¹⁷ http://ec.europa.eu/echo/files/evaluation/2008/cash_evaluation_report.pdf

¹⁸ Hoddinott J., 2013 - Enhancing WFP's Capacity and Experience to Design, Implement, Monitor, and Evaluate Vouchers and Cash Transfer Programmes: Study Summary of the four randomized control Studies conducted by IFPRI.

the traditional in-kind approach, whereby partners are encouraged to use cash transfers unless there is a very good reason for not doing so.

7. The funding guidelines were revised in 2013¹⁹, mainly for two reasons:
 - a. to expand, as appropriate, the use of cash-based interventions to all sectors and not merely to HFA;
 - b. to update the guidelines following the 2013 review of the European Commission Financial Regulation that provides further scope for the expansion of cash programming, in particular with the removal of the EUR 100,000 ceiling on unconditional cash grants for FPA partners. The new ceiling of financial support to each beneficiary ("third party" in the Financial Regulation) has been increased from EUR 10,000 to EUR 60,000 in principle²⁰, and allows financial support to third parties/beneficiaries to be the primary aim/ modality of the action.

The revision also included updates on a series of tools, and reflected progress made around the use of cash and vouchers.

8. With the funds associated with the Enhanced Response Capacity (ERC)²¹, DG ECHO has provided significant funding support to build the capacity of the humanitarian system to deliver cash and vouchers. These funds have contributed to
 - a. the establishment of the CaLP (Cash Learning Partnership);
 - b. supporting the creation of the Cash for Change Unit within WFP;
 - c. improving market and response analysis (OXFAM);
 - d. support UNHCR in promoting the use multi-purpose cash transfer in refugee camps; and
 - e. with the Spanish Red Cross, promote the linkage between livelihood support and cash-based interventions.

Such support contributed to important progress including the following:

- Humanitarian staff have been trained on cash-based interventions;
- DG ECHO's partners and other donors are developing their own policies and guidelines inspired by the policy documents developed by ECHO;

¹⁹ Thematic Policy Document n° 3 - Cash and Vouchers: Increasing efficiency and effectiveness across all sectors - available at http://ec.europa.eu/echo/files/policies/sectoral/them_policy_doc_cashandvouchers_en.pdf

²⁰ The EUR 60,000 ceiling is removed when the financial support to third parties IS the primary aim of the action.

²¹ See annex 1 for a detailed list of the ERC projects related to Cash and Vouchers

- Tools such as enhanced databases, Web Atlas, refined and adapted situation and response analysis approaches, decision trees and checklists, and online documentation are now available to all.
9. The development of cash delivery systems - primarily banking and telecommunication technologies – have greatly facilitated the increased use of cash. Even in relatively remote areas, vulnerable communities have increasing access to financial services and mobile phone networks allowing cash to be transferred by both humanitarian and development operations with greater ease and efficiency²².
 10. As such, there has been a sustained increase in the number and scale of operations funded by DG ECHO using cash and vouchers for food assistance and nutrition: from 2% in 2007, 23.1% in 2011, 28% in 2012 and 34% in 2013. If HFA is considered separately, **more than 47% of the funds were used for cash and voucher programmes in 2013.**
 11. In 2013, DG ECHO funded cash-based interventions related to food assistance and nutrition in 39 countries through 41 partners. The principal partners using cash and vouchers include INGOs and UN agencies:
 - a. among the INGOs are: Save The Children, Oxfam, ACF, Solidarité, CARE, Acted, IRC, NRC and Christian Aid
 - b. among the UN agencies are: WFP, UNHCR, FAO, UNRWA and UNICEF.
 12. Agencies traditionally associated with in-kind transfer modalities have also increased the use of cash-based interventions significantly in their programmes. Among many examples, the case of WFP is notable. WFP is a principal partner of DG ECHO in terms of overall amount of funding for HFA (approximately 47% of ECHO's budget in 2013). The proportion of DG ECHO funds used by WFP in cash and voucher projects has increased from 8% in 2011, to 17% in 2012 to 32% in 2013. Moreover, the total approved budget of WFP (from all donors) used for cash and vouchers jumped from less than 7% in 2011 to a projected figure of over 30% in 2014²³.
 13. Cash-based interventions are increasingly used in other sectors such as WASH, health, shelter, Disaster Risk Reduction (DRR). However, the use of cash and voucher as transfer modalities in these other sectors is yet not fully documented within the current DG ECHO analysis.

²² Delivering money – Cash transfer mechanisms in emergencies – CaLP 2010

²³ Figures based on the data shared by the WFP Cash 4 Change Unit on May 2013.

14. The recent CaLP study (2013) 'Fit For The Future' (funded jointly by DFID and DG ECHO)²⁴, demonstrated that the use of cash-based interventions is also increasingly funded by other donors.
15. The increased volume of cash-based interventions should be commensurate with the capacity to accurately report on performance. In contrast, 'Fit For The Future' highlighted that both donors and implementing agencies have inconsistent approaches and capacity to analyse the relative contribution of different transfer modalities. Within DG ECHO, a systematic analysis of all food assistance and nutrition projects is carried out by the Thematic Policy Unit (A4) on an annual basis. This allows ECHO to determine the amount of funding 'committed' to cash-based interventions compared to in-kind food distributions. However, this analysis has some limitations:
 - 1) It does not differentiate between cash and vouchers
 - 2) Cost efficiency and cost effectiveness analysis cannot be performed because the net value transferred to the beneficiary cannot be calculated
 - 3) It covers only nutrition and HFA, excluding all the other important sectors
 - 4) It provides information only on the amount committed at the beginning of a project.²⁵
 - 5) The process requires considerable time and human resources

These are, supposedly, to a large extent due to the structure of the DG ECHO database (HOPE²⁶) and that of the single form (SF), which is used to write proposals and to report on actions, but does not support ECHO in systematically capturing this information. The limitations restrict the possibilities to measure, in an easy way, the efficiency (cost per output) of different funding modalities.

16. Considering the efforts and the progress of DG ECHO and other donors such as the UK (DFID), Canada and Switzerland in promoting cash transfers, to mention a few, it is increasingly important to consolidate the experience gained in the last few years. Above all it is necessary to evaluate to what extent the use of cash-based interventions has contributed to a more efficient and effective use of donor funds in humanitarian interventions. This is all the more important considering reports by some ECHO partners of higher costs being associated with cash-based transfers when compared to in-kind transfers.

²⁴ Available at <http://www.cashlearning.org/2012-2014/-fit-for-the-future->

²⁵ Often the amount committed for a specific transfer modality changes significantly in function of the evolving situation. For instance, a local market insufficiency could have lead a partner to propose in-kind transfers. However during the intervention the market could rapidly recover and the partner may then switche modality and start using cash (as recommend by ECHO's funding guidelines).

²⁶ HOPE is an online application used by ECHO staff (including Field Experts and desks) to appraise eDocuments submitted by the Partners and monitor the Action. It contains the history of the projects (actions) funded by DG ECHO including current status (active, pending closed, etc.) proposal versions using the Single Form (SF), reports, annexes, financial reports, work plan, comments made by the appraisal officers of the Commission, etc.

17. Another important emerging need is to go beyond the comparison of cash-based interventions (that as per ECHO guidelines include both cash and voucher) versus in-kind transfers. Up till now cash and vouchers have been seen as interchangeable. However this is not the case and **it is becoming important to differentiate the three modalities**, cash, vouchers and in-kind and to assess them under the lens of a cost-efficiency and cost-effectiveness perspective. This poses a problem for ECHO's proposal and reporting formats that do not yet distinguish between cash and vouchers.
18. There is an increasing interest from donor agencies in ascertaining the comparative advantages in terms of efficiency and effectiveness of the various transfer modalities used in humanitarian responses. Studies such as the one conducted by the International Food Policy research Institute (IFPRI) have contributed to the development of a solid scientific evidence base.²⁷ The ongoing DFID 'Value for Money of Cash Transfers in Emergencies' study represents a further recent development in this direction and is further elaborated below (point 19) and in Annex 4. This proposed DG ECHO evaluation will focus on DG ECHO funding only and will build upon this study for two out of the six tasks to be explored by the contractor (see section 3).
19. In 2014, DFID launched a Value for Money study (VfM) aimed at "generating evidence on the Value for Money (VfM) of cash transfers in emergencies, in different emergency contexts, and lead to the development of DFID guidance". The purpose of this work is:
 - a. Part i) To design and carry out a VfM study with clear methodology on how to test the 3 e's (economy, efficiency and effectiveness) for both a global and country level approach.
 - b. Part ii) To develop DFID VfM guidance on cash transfers in emergencies to aid decision-making of appropriate response options.
 - c. Part iii) To inform the Expert Cash Panel regarding 'determining a range of costs based on a variety of delivery systems'.

Three pilot studies will be conducted as part of this study – they will be in Lebanon, the Philippines and Ethiopia.

DG ECHO is part of the DFID technical working group following this study. As part of the first phase of the VfM study, a literature review was presented on the 26th June 2014 to the working group. The review demonstrated that in general the use of cash is more efficient than in-kind transfers. It also provided a review of the tools used by researchers to determine the cost-efficiency and the cost-effectiveness of a transfer modality. (See annex 2 and 3 for this literature review and one prepared by DG ECHO in 2014.)

²⁷ See footnote N° 4

The DFID working group also discussed the proposed methodology for the three pilot studies in Lebanon, Philippines and Ethiopia (see annex 4 for the DFID proposed methodology). This methodology will need to be tested and refined "on the job" between July and August 2014. Preliminary results of the pilots and the details of the refined methodology should be made available early September 2014.

The evaluator is encouraged to align certain aspects of the methodology to be proposed for this evaluation with the DFID study.

20. The use of cash is of particular interest in multi-purposes humanitarian actions. Where local markets and services are functional, **cash can be used to meet a variety of needs covering different sectors with a single programme**. This may have significant implications in terms of needs assessments, coordination, targeting and mandate of the humanitarian agencies, but at the same time could improve the efficiency and effectiveness of a humanitarian response. There is a need to better understand if and to what extent cash transfers that meet multiple needs are more efficient and effective compared to the traditional sectorial approach. DG ECHO is also exploring the potential to deliver cash transfers for humanitarian purposes in relation with long-term social protection, social transfers and safety net programmes.²⁸ Although it is not in DG ECHO's mandate to set up long-term institutional social transfers, in some specific contexts humanitarian interventions could be used as an appropriate platform to initiate and build the foundations of such programmes. This can either be done as a collaborative short-term intervention (filling in gaps for example) or through funding risk financing mechanisms that effectively allow the social protection programme to expand and deepen to cover the increased needs caused by a shock. This could contribute to upholding Linking Relief Rehabilitation and Development (LRRD) principles and facilitate LRRD objectives, in accordance with the 2001 Commission Communication on LRRD²⁹ and with the 2007 EU Humanitarian Aid Consensus.³⁰
21. Conditionality³¹ is frequently used by partners proposing cash programming, most notably Cash for Work projects. Donors are increasingly advocating for unconditional cash grants based on the principle that beneficiaries should not have to work to receive assistance, whether cash or in kind. The risks of *Doing Harm* through exclusion, extra household tasks (often borne by women) and competition with essential labour activities such as farming or rebuilding shelter

²⁸ For instance refer to the Ethiopia's Productive Safety Net Programme (PSNP) and Kenya's Hunger Safety Net Programme (HSNP) discussed in the annex 3 of the study Fit for the Future mentioned in the foot note 11.

²⁹ [EC Communication on LRRD, 2001: Conclusions](#).

³⁰ [EU Humanitarian Consensus, 2007: Section 2.4, Article 22; Section 3.4, Article 53; Section 5; Annex](#).

³¹ Conditionality refers to what beneficiaries are required to do to receive the transfer.

must be balanced with the dignity acquired through work as expressed by beneficiaries³², and the benefits of creating community assets.

Purpose of the evaluation

The purpose of this call for tender is to have an independent evaluation of the use of **Transfer Modalities in humanitarian actions funded by ECHO for the period of 2011-2014.**

There is a need for an in-depth analysis to determine the efficiency and the effectiveness of the modalities funded by DG ECHO, in order to define a future strategy. Moreover, a series of inputs are needed on how to improve monitoring arrangements to allow for a more accurate and consistent yearly analysis and reporting on these issues.

The evaluation outcomes will be used to:

a) identify possible measures for DG ECHO, to undertake with its partners, to improve efficiency and effectiveness of humanitarian actions funded by the EU in terms of use of different transfer modalities, to provide inputs for a future ECHO strategy on transfer modalities;

b) advocate with other donor agencies on the question of transfer modalities and on the implications for improved humanitarian responses.

The key users of the evaluation report include ECHO staff at HQ, ECHO at the regional and field level, national and regional stakeholders, the participating implementing partners, and other humanitarian and development donors and agencies.

Scope of the evaluation

General Scope

The evaluation will evaluate the effectiveness, efficiency, relevance and coherence of the transfer modalities used in DG ECHO-funded actions.

Main evaluation tasks

The evaluation focuses on **six main tasks, each to be presented in a separate section in the Final Report (further specified in Section 10).**

1. **Cost-Efficiency (cost per output)** - The evaluation should be able to compare the three modalities funded by DG ECHO: Cash, Vouchers and In-Kind. The metrics used should include (but not be restricted to) the Total Cost-Transfer Ratio (TCTR). This is the ratio of the total cost of a funded action to the value of transfers received by the beneficiaries. The type of costs to be used should be aligned with the ones proposed in the VfM Study of DFID,³³ but could explore further breakdowns of costs types if deemed necessary.

³² Examining Protection and Gender in Cash and Voucher Transfers. Michelle Berg, Hanna Mattinen & Gina Pattugalan, WFP/ UNHCR. September 2013.

³³ See annex 4 for the DFID proposed methodology.

As a minimum, this task should examine and provide judgments, as appropriate, on the following questions:

- a. What are the differences in terms of cost-efficiency between the three transfer modalities funded by DG ECHO over the evaluation period?
- b. Is it possible to determine a threshold range³⁴ of the Total Cost-Transfer Ratio (TCTR) of DG ECHO funded actions, and to what extent would this depend on a) geographical area; b) type of crisis; type of partner?
- c. What information should be systematically requested and what changes in the a) Single Form, b) the methodology used and c) the database are recommended to perform a better and faster statistical analysis in the future, enabling DG ECHO to monitor the overall efficiency of funded transfer modalities?

It is expected that the evaluator base the assessment on both a quantitative and a qualitative analysis.

2. **Cost-Effectiveness (cost per outcome).** The evaluation should be able to compare the three modalities funded by DG ECHO. In this context, "Cost-effectiveness" is considered as the relative cost of achieving a desired outcome (as identified in the logframe of funded projects).

Cash and vouchers are not restricted to HFA and nutrition, but could also be used in other sectors (WASH, health, shelter, DRR, etc.). Therefore, the comparative analysis should be performed separately by sector. The sectors that should be reviewed are:

- a. Humanitarian Food Assistance,
- b. Nutrition,
- c. WASH,
- d. Health,
- e. Shelter,
- f. DRR.

As a minimum, this task should examine and provide judgments on the following questions:

- a. Taking into account the various sectors, is there a transfer modality funded by ECHO that seems to be more cost-effective, taking into account context based factors?

³⁴ This average range could for instance be used to determine if a project proposal significantly deviates from it (is more efficient or less efficient). This could be done by comparing the proportion of the net amount transferred to the beneficiaries over the total funds requested with the average (threshold) estimated by this external evaluation on the majority of projects previously funded. Naturally, as indicated in the rest of the paragraph, this should be contextualized.

- b. For each transfer modality (cash, voucher, in-kind), what are potential factors³⁵ associated with a) an increase and b) a decrease in effectiveness among the projects funded by DG ECHO?
- c. What information should be systematically requested and what changes in the a) Single Form, b) the methodology used and c) the database are recommended to perform a better and faster statistical analysis in the future, enabling DG ECHO to monitor the overall efficiency of funded transfer modalities?

It is expected that the evaluator base the assessment on both a quantitative and a qualitative analysis.

3. **Multi-purpose versus sector-specific cash transfers.** This third task of the evaluation will explore the qualitative aspects of efficiency and effectiveness of the use cash transfers for multi-purpose actions, where one transfer modality is used to address *multiple needs*, versus the use of transfers (any or combined) restricted to a specific sectorial need.

As a minimum, this task should examine and provide judgments on the following issues:

- a. To what extent have ECHO funds been used to promote multi-purpose cash transfers?
- b. What does the available scientific literature say about humanitarian multi-purpose cash transfers in term of efficiency and effectiveness as compared to the traditional humanitarian transfers generally associated with a single sector (i.e. HFA or WASH)?
- c. Lessons learnt. What can be said about the comparison between multi-purpose cash transfers (covering multiple needs / sectors) versus traditional mono sectorial transfers in term of efficiency and effectiveness?
- d. What are the key bottlenecks for DG ECHO and its partners to promote multi-purpose cash transfers?
- e. What is the attitude and understanding of
 - i. the DG ECHO staff experts
 - ii. DG ECHO partners
 to multi-purposes cash transfers?

³⁵ E.g. for cash it could be choice of transfer mechanisms; for in-kind it could be separated vs mixed rations, etc.

- f. What changes might be appropriate when updating DG ECHO's Cash and Voucher Funding Guidelines in order to take into account multi-purpose cash transfers?³⁶

It is expected that the evaluator base the assessment on a qualitative analysis.

4. **Driving factors conditioning the use of transfer modality.** This task will examine the rationale and the approaches used by DG ECHO partners to choose transfer modality. Ideally the principal reason to select one modality over another should rely on a neutral, evidence-based response analysis performed by an implementing agency. The DG ECHO guidelines and decision tree were developed to support this process. However, the key question is if other aspects are also playing an important role in the decision making. Therefore, this evaluation dimension concerns mainly those aspects of the humanitarian agency/INGO that can be influential on the use of different type of transfer modality:
 - a. tool(s) used to perform the response analysis,
 - b. its attitude toward cash-based interventions,
 - c. its capacity to implement them.

These aspects may depend on several factors including experience, mandate, internal policy, training of personnel and knowledge of the available tools, operating environment (for example presence of a Cash Working Group), but could also be associated in some cases to peer / donor pressure.

The task should explore what are the key determinants guiding DG ECHO partners on the modality selection and those representing the bottlenecks. As a minimum, the task should examine and provide judgments on the following issues:

- a. What are the key bottlenecks to increasing the use of cash and vouchers for DG ECHO partners?
- b. To what extent is each of the following driving factors responsible for selection of a particular transfer modality within DG ECHO funded actions:
 - i. a coherent response analysis,
 - ii. attitude toward of specific modality,
 - iii. attitude toward a specific transfer mechanism,³⁷
 - iv. influence from donor or other external factors,
 - v. capacity.

³⁶ See footnote N° 6

³⁷ Transfer mechanism refers to how a transfer is provided (i.e. the modality cash transfer can be done using different mechanisms: by bank account, mobile phone, cash in envelope, etc)

- vi. Are there any other influential factors?
- c. To what extent is the conditionality³⁸ associated with a transfer driven by factors other than by an objective response analysis as recommended in the decision tree of DG ECHO's Thematic Policy Document n° 3 - Cash and Vouchers?
- d. What tools are used in selecting a transfer modality?
- e. To what extent are the tools proposed by DG ECHO Thematic Policy Document n° 3 - Cash and Vouchers used and understood by its partners?³⁹
- f. What changes should be proposed to update DG ECHO's Thematic Policy Document n° 3 - Cash and Vouchers?⁴⁰

It is expected that the evaluator base the assessment on both a quantitative and a qualitative analysis.

5. Social Transfer⁴¹ and cash-based intervention

As a minimum, this task should examine and provide judgments on the following issues:

- a. To what extent have existing social transfers and safety nets interventions been taken into account in the situation and response analysis in humanitarian actions funded by DG ECHO?
- b. To what extent were humanitarian cash transfers funded by DG ECHO cost-efficient compared to other existing a) safety nets and b) social transfer interventions already in place, targeting the most vulnerable groups?
- c. To what extent is the approach of linking existing social transfers with humanitarian transfers relevant to be further pursued?
- d. In its funding decisions, to what extent has DG ECHO provided the necessary strategic guidance and technical tools/support to partners to take into account social transfer programmes in their projects?

³⁸ See foot note 18

³⁹ See foot note N°6

⁴⁰ See footnote N° 6

⁴¹ In this context the term 'social transfers' refers to 'non-contributory, publicly funded, direct, regular and predictable resource transfers (in cash or in kind) to poor and vulnerable individuals or households, aimed at reducing their deficits in consumption, protecting them from shocks (including economic and climatic shocks), and, in some cases, strengthening their productive capacity'. Please see the document "

Social transfers in the fight against hunger- For better development outcomes and governance April 2012" (Tools and Methods Series, reference Document n°14), available at

http://www.google.be/url?sa=t&rcct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0CB4QFjAA&url=http%3A%2F%2Fcapacity4dev.ec.europa.eu%2Fsystem%2Ffiles%2Ffile%2F14%2F02%2F2013%20-1658%2Fen-social-transfers-and-nutrition-en-online_all.pdf&ei=xPTEU9nfCsjsPNeagOgE&usq=AFQjCNEuHsN4jpKqJUGa90Orsm2UtBNCbA

It is expected that the evaluator base the assessment on a qualitative analysis.

6. Accountability and cross-cutting issues

- a. To what extent are the transfer modalities used in the DG ECHO-funded actions coherent with the existing policy documents, such as the
 - Communication from the Commission to the Council and the European Parliament - Humanitarian Food Assistance', COM(2010) 126 final, adopted in March 2010 and the 'Commission Staff Working Document', COM(2010)126 and
 - Thematic Policy Document n° 3 - Cash and Vouchers: Increasing efficiency and effectiveness across all sectors?
- b. To what extent does the choice of transfer modality have an influence on how well the ECHO-funded interventions have reached and impacted on the most vulnerable communities?
- c. To what extent does the choice of transfer modality impact on protection aspects such as child protection, gender-based violence (GBV), women rights, inter communal tensions, coping strategies, capacity to preserve and increase assets⁴²? Are recommendations in this regard necessary for the DG ECHO policy documents and guidelines?
- d. To what extent does the choice of transfer modality influence issues related to:
 - i. Children, elderly, and disabled people (in addition to protection issues as addressed above);
 - ii. Gender, in particular women's involvement, consultation and participation in projects;
 - iii. Involvement of local and regional community networks in the implementation of projects?
- e. To what extent has DG ECHO's 'cash first' approach⁴³ been successful in promoting cash transfers as an alternative modality to in-kind distributions in the HFA sector? What is the perception of partners and other donors in this regard?

⁴² For instance, among the projects considered for the overall evaluation the contractor could identify and further analyse those which logical framework presents specific 'protection' related objectives and / or indicators.

⁴³ Refer to point 6 under the section 1 - General Context. To be stressed is that the 'cash first' approach is considered to be in line with the ECHO neutrality to the choice of transfer modality, as its aim is to ensure that partners do not automatically go for e.g. an in-kind approach, but instead consider all options and justify the modality opted for.

- f. At a general level, what are the main factors limiting the success of projects examined by this evaluation?⁴⁴
- g. What examples are to be found of ECHO-funded cash-based interventions being successful linking relief to development (LRRD)?

Each of these six tasks has implications in the entire project cycle management of the action funded by DG ECHO. However the first two tasks concern predominantly the overall information that could be collected at the final stage of an action, while the tasks 2 – 5 are particularly relevant at project design level.

The above questions reflect the Commission's needs in terms of information with a view to accountability and improved performance of humanitarian actions, and they will be further discussed and validated at the Desk Phase.

The tenderers are free to propose additional, complementary questions in line with the overall purpose and scope of the evaluation.

The findings of the evaluation must be presented in the report in the form of evidence-based, reasoned answers to each of the evaluation questions. Recommendations must be directly linked to conclusions.

Requested areas of recommendations

As a minimum, the evaluation should provide recommendations on

- How to improve the efficiency and effectiveness of actions funded by DG ECHO;
- How to increase the capacity to a) estimate and b) compare the efficiency of the various transfer modalities;
- How to improve the capacity of analysing and reporting on DG ECHO funding (Q2c);
- Factors to be taken into account to determine when multi-purpose cash transfers are a) the most and b) are not the most appropriate response;
- What to do in order to continue being a leading donor in the development and promotion of cash-based interventions;
- What types of changes are appropriate to update the DG ECHO Cash and Voucher Funding Guidelines?⁴⁵
- What DG ECHO and its partners could do to promote a more efficient use of existing social transfer mechanisms and / or promote their development (without changing the core mandate)?
- What should be the next stage in DG ECHO's promotion of cash transfers as an increasingly cost-effective approach to humanitarian actions?

⁴⁴ This question relates to an audit recommendation; Success-limiting factors should be identified in order to develop indicators for focused monitoring, with the overall purpose of strengthening the monitoring system.

⁴⁵ See footnote N° 6

Other tasks under the assignment

The Contractor should:

- 1) Review of related studies

Two literature reviews were made in 2014:

- one conducted by Sarah Bayley as part of the VfM Study (DFID),
- one conducted by Calum McLean (ECHO).

The contractor will review these studies and identify the key strengths and weaknesses of each in a summary table to be annexed to the final report with recommendations. Additional desk review, if necessary will be conducted to reach the overall objective of the evaluation.

- 2) Provide a one-page statement about the validity of the evaluation results, i.e. to what extent it has been possible to provide reliable statements on all essential aspects of the intervention examined. Issues to be referred to may include scoping of the evaluation exercise, availability of data, unexpected problems encountered in the evaluation process, proportionality between budget and objectives of the assignment, etc.;
- 3) Provide one French and one Spanish translation (in addition to the English version) of the Executive Summary to the Final Report, carried out by a professional translation agency;
- 4) Make a proposal for the dissemination of the evaluation results;
- 5) Provide an abstract of the evaluation of no more than 200 words.

Phases of the evaluation

Inception Phase

- 1) The Inception phase starts when the contract is signed.
- 2) Kick-off meeting (1st meeting). To be organised as soon as possible after the signature of the contract. All relevant existing documentation of the Commission are transmitted (from the A4 Unit) and the access to HOPE is granted to the contractor (direct online access).
- 3) Within 3 weeks after the signature of the contract, the contractor will propose a date for the inception meeting not later than 60 days after the signature of the contract.
- 4) Preliminary analysis / overview of the available data necessary in order to prepare the inception report. This is a crucial step necessary to define the appropriate and detailed methodology that takes into account what is realistic and feasible on the basis of available information. The methodology and the entire evaluation process, for the desk phase in particular, will rely heavily on a thorough examination and understanding of the data. This task will require extensive consultation with the Thematic Policy Unit (ECHO A4).
- 5) An Inception Report will be delivered at least 5 working days before the inception meeting (2nd meeting) that should contain, as a minimum, the following elements:

- a. The finalised project work programme, covering
 - a general logical framework for ECHO's humanitarian assistance;
 - the evaluation framework including all evaluation tasks and finalised evaluation questions, accompanied by judgment criteria and indicators;
 - a description of the methodology for data collection and analysis, including the chain of reasoning for responding to the evaluation questions, and indicating limitations;
 - draft questionnaires and interview guides;
 - a final detailed work plan and timetable, including the schedule for the field work and case studies.
 - b. a 'mock report' enabling to conceptually visualize what the structure and content of the final evaluation report will look like. This will be first transmitted to DG ECHO in order to be analysed and commented on by the technical working group PANIS.
- 6) An inception meeting (2nd meeting) will follow at DG ECHO HQ. An evaluation Steering Group, composed by the officer(s) in charge of the external evaluation, at least one representative of PANIS, at least one DFID officer and possibly one CaLP officer will be part of the Steering Group participating to the inception meeting to contribute with comments and recommendations. During this meeting the necessary clarifications and changes will be discussed and agreed. A PowerPoint presentation must be sent to the ECHO Evaluation Sector prior to the meeting at least 5 days before the meeting.

Desk Phase

- 1) Analysis of relevant existing evidence (databases, reports, statistics, etc.) provided by DG ECHO partners in the period 2011-2014 involved in the various transfer modalities. This includes 'Other task no. 1' mentioned above.
- 2) Carry out interviews with DG ECHO officers. This will include face-to-face interviews with Brussels officers and on-line (by phone / Skype / other) with the key field experts of ECHO that cannot be reached face to face during the evaluation.
- 3) Carry out interviews, surveys and other types of data collection tools to get relevant information from stakeholders: principally DG ECHO partners. Other actors should be included as appropriate (affected populations, national authorities, other donors, etc.).
- 4) At the latest thirty days before the start of the Field Phase, the contractors will produce a draft Desk Report that will include two main components:
 - a. Principal findings of the desk phase. These should be presented as far as possible in line with the original mock report format presented at inception phase.
 - i. A short description of the data collection work implemented, including the meetings, reviews and interviews conducted;

- ii. The first elements of answers to the evaluation questions when available;
 - iii. Progress in data gathering; a conclusion on the quality of data collected so far, and whether remedial actions will be required in the next phase to close information gaps; identification of data to be collected in the field; an outline for the field visit including a preliminary schedule and list of partners, stakeholders and projects to be visited, explaining criteria used for choosing the sample of projects;
 - iv. A discussion of possible issues identified during the Desk Phase that had not been previously discussed with the Commission. The Commission will consider these issues and decide on whether they merit further consideration in the light of the evaluation.
- b. Field mission proposal
- i. Detailed with work plan, location, list of people in charge.
 - ii. The initial assumptions concerning the evaluation questions, to be tested during the Field Phase, on the basis of the preliminary analysis carried out during the desk phase;
 - iii. Methodological tools to be used in the field phase, describing how data should be cross-checked, including any possible limitations;

5) 3rd meeting to discuss the draft Desk Report.

Field phase

- 1) Following the formal approval of the Desk Report, the evaluation team shall undertake at least two field visits to geographical areas that
- a) could be used to complement the VfM Study (DFID, see above), and
 - b) have several funded actions ongoing and / or recently concluded.

Additional trips may be suggested as appropriate by the tenderers as a part of the research methodology.

The details of the field missions will be discussed and agreed with the Commission during the inception meeting, and will be refined in the Inception and Desk reports.

The travel and accommodation arrangements, the organisation of meetings, and the securing of visas will remain the sole responsibility of the contractor.

If, during the Field Phase, any significant change from the agreed methodology or scheduled work plan is considered necessary, this will be explained and is subject to agreement from DG ECHO Evaluation Sector, in consultation with the Steering Group.

At **the end of the mission** the consultants should meet with the Delegation, DG ECHO's experts and DG ECHO's partners for discussion of observations arising from the evaluation. The evaluation team is required to share their findings with the NGOs/IOs concerned to allow them to comment. The purpose is to promote dialogue, mutual learning and ownership and to build capacity of the Commission's partners.

- 2) At the end of each field trip the team leader should ensure that a Field Report is drawn up and transmitted to DG ECHO Evaluation Sector. The Field Report will describe briefly the data collection activities implemented, with special mention of those of a participatory nature (including in annex the list of sites and persons visited, minutes from the focus groups if organized, the minutes of the workshop and any other relevant technical documents); a brief description of the situation found; as well as any relevant items identified during the field visit, which could have an influence in the methodology or the conclusions of the evaluation. N.B.: the Field Report is not an evaluation of the intervention, and should not include overall conclusions and recommendations, nor it is a collection of project evaluations. It is an operational document to be provided to the Steering Group for the monitoring of progress, as well as identify any possible items to be tackled during the synthesis phase (changes in the methodology, aspects not raised during the desk phase, changes in the judgement criteria, suggested changes to evaluation questions, etc.).
- 3) 4th meeting to discuss the draft Field Report.

Synthesis phase

- 1) Analyse all information collected in order to obtain evidence-based conclusions, by combining primary data (i.e. information collected directly by the evaluators during their work), with secondary data (programming and policy documents, monitoring reports and data, statistical data, relevant studies and evaluations, etc.);
- 2) Draft the final report in accordance with the Section 10 of the Terms of Reference, with all six distinct sections referring to the six main tasks as defined above;
- 3) 5th meeting to discuss the draft Final Report. The evaluator will make a PowerPoint presentation on the main findings, conclusions and recommendations of the evaluation. The date for the meeting will be agreed between the Steering Group and the evaluator. Prior to the meeting DG ECHO may provide written comments on the first draft report to the evaluation team;
- 4) Prepare and submit the final report. Further details about lay-out and contents are provided in Section 10. On the basis of the comments made by DG ECHO, the evaluation team shall make appropriate amendments and submit, within 10 working days:
 - a) an Executive Summary (maximum 6 pages);
 - b) the final report (maximum 30 pages excluding the annexes). The report should also include a number of case studies (max 500 words), which can be used subsequently in briefing and publicity material;
 - c) a comprehensive Annex section with the all the details of the entire evaluation. The annexes should be clearly divided, where relevant, according to the six main tasks of this evaluation.

If the evaluator rejects any of the comments this must be explained and substantiated in writing.

- 5) The evaluator will provide a Power Point presentation in electronic form together with the final report, covering the main conclusions and recommendations of the

evaluation. The evaluator may be requested to present the evaluation results to DG ECHO's staff and/or stakeholders.

Dissemination and follow-up

The evaluation report is an important working tool for DG ECHO, and once finalised it will be published in the public domain on the Internet. Its use is intended for DG ECHO's operational and policy staff, other EU services, humanitarian beneficiaries, EU Member States and citizens, other donors and humanitarian actors.

Following the approval of the final report, DG ECHO will proceed with the dissemination and follow-up of the results of the evaluation.

Methodological note

In their offer, the bidders will describe in detail the methodological approach they propose in order to tackle the evaluation questions listed above, as well as the tasks requested.

This will include a proposal for indicative judgment criteria⁴⁶ that they consider appropriate for addressing each evaluation question. The judgement criteria, as well as the information sources to be used in addressing these criteria, will be discussed and validated by the Commission during the inception phase.

To the extent possible the methodology should promote the participation in the evaluation exercise of all actors concerned, including beneficiaries and local communities when relevant and feasible. The methodological approach will be refined with, and validated by, the Commission during the desk phase.

In the table below some initial ideas are provided for allocating research tools to the main tasks of the evaluation. The tenderers are free to propose alternative approaches that may be more appropriate to reach the objective of the evaluation.

Table 1 – Indicative research approach per evaluation main task

Evaluation dimension	Desk review using HOPE database.	Interview of DG ECHO team	Interview of DG ECHO partner	Field visit	Literature review
Cost-efficiency (cost per output)*	X	X			

⁴⁶ A judgement criterion specifies an aspect of the evaluated intervention that will allow its merits or success to be assessed. E.g., if the question is "To what extent has DG ECHO assistance, both overall and by sector been appropriate and impacted positively the targeted population?", a general judgement criterion might be "Assistance goes to the people most in need of assistance". In developing judgment criteria, the tenderers should try to use A) the policy documents tools of the EC, including the use of the Key Result Indicators made mandatory by DG ECHO in 2013, B) the methodology proposed in VfM Study conducted by DFID, were it is relevant and C) may make use of other existing methodological, technical or political guidance provided by actors in the field of Humanitarian Assistance such as HAP, the Sphere Project, GHD, etc.

Cost-effective*	X	X	X	X	
Multi-purposes versus sector specific interventions.	X	X		X	X
Driving factors conditioning the use of transfer modality	X	X	X		X
Safety nets and cash-based intervention	X	X	X		X

* The contractor will try to align as much as possible with the methodology proposed by DFID VfM Study for these two evaluation dimensions, to facilitate comparability of data. This does not exclude that other information and approaches are presented as complementary methodology/ies.

Organisation

DG ECHO contract management

The Evaluation Sector of DG ECHO is responsible for the management and the monitoring of the evaluation, in consultation with the Unit(s) responsible for the evaluation subject. The DG ECHO Evaluation Sector, and in particular the internal manager assigned to the evaluation, should therefore always be kept informed and consulted by the evaluator and copied on all correspondence with other DG ECHO staff.

The DG ECHO Evaluation manager is the contact person for the evaluator and shall assist the team during their mission in tasks such as providing documents and facilitating contacts.

Steering Group

A Steering Group, made up of Commission staff involved in the activity evaluated, the Thematic Policy Unit and representative(s) of the PANIS working group, at least one DFID officer, and eventually one representative of the Cash Learning Partnership (CaLP) will provide general assistance to and feedback on the evaluation exercise, and discuss the conclusions and recommendations of the evaluation.

Meetings

It is expected that the contractor participate in at least **five meetings** in Brussels with the evaluation Steering Group, as specified below. For these meetings, **minutes should be drafted by the contractor**, to be agreed among the participants.

The Contractor's expenses for these meetings will be covered by the existing budget of the Specific Contract.

Evaluation team

This evaluation will be carried out by a team with experience both in the humanitarian field and in the evaluation of humanitarian aid. If necessary, the experts must agree to work in high-risk areas. It is therefore recommended that the team include national experts whenever possible.

Contract amount and timetable

Contract amount

The maximum budget allocated to this study is **300 000 €**

Timetable

The duration of the contract is **10 months**.

The evaluation starts after the contract has been signed by both parties, and no expenses may be incurred before that. The main part of the existing relevant documents will be provided after the signature of the contract.

The *indicative* starting date of the evaluation is **20 October**.

In their offer, the bidders shall provide an indicative schedule based on the following table:

Indicative timing	Report	Meeting
T0		1. Kick-off
T+6-7 weeks	Draft Inception Report	
T+8 weeks		2. Inception Report
T+X weeks	Draft Desk Report	
T+X+1 weeks		3. Desk Report
T+X+6 weeks	Draft Field Report	
T+X+7 weeks		4. Field Report

T+X+12 weeks	Draft Final Report	
T+X+13 weeks		5. Draft Final Report
T+X+25	Final Report	

Content of the Offer

The administrative part of the bidder's offer must include:

1. The tender submission form (annex D to the model specific contract);
2. A signed Experts' declaration of availability, absence of conflict of interest and not being in a situation of exclusion (annex F to the model specific contract)

The technical part of the bidder's offer must include:

1. A description of the understanding of the Terms of Reference, their scope and the tasks covered by the contract. This will include a graphic reconstruction of the intervention logic of the Commission's humanitarian activities concerned. It will also explain the bidder's understanding of the evaluation questions, including a first proposal of judgment criteria to be used for answering the evaluation questions and the information sources to be used for answering the questions. The final definition of judgment criteria and information sources will be validated by the Commission during the desk phase;
2. The methodology the bidder intends to apply for this evaluation for each of the phases involved, including a draft proposal for the number of case studies to be carried out during the field visit, the regions to be visited, and the reasons for such a choice. The methodology will be refined and validated by the Commission during the desk phase;
3. A description of the distribution of tasks in the team, including an indicative quantification of the work for each expert in terms of person/days;
4. A detailed proposed timetable for its implementation with the total number of days needed for each of the phases (Desk, Field and Synthesis).
5. The CVs of each of the experts proposed.

The financial part of the offer must include the proposed total budget in Euros, taking due account of the maximum amount for this evaluation as defined in chapter 7 of this Terms of Reference. The price must be expressed as a lump sum for the whole of the services provided.

Award

The contract will be awarded to the tender offering the best value for money on the basis of the following criteria:

Quality criteria

N°	Qualitative Award criteria	Weighting (max. points)
1.	Understanding of the terms of reference and the aim of the services to be provided	10
2.	Methodology for structuring, data collection and analysis	40
3.	Organization of tasks and team, timetable	10
4.	Appropriateness of the team on the basis of the expertise proposed	40
Total		100

Only those tenders with a mark higher than 50% of the maximum number of points for each quality criteria, and higher than 70% for the overall maximum number of points, will be considered for the award of the contract.

Price

For the purpose of the financial evaluation of the offers, the Commission will use the lump sum price as submitted in the financial offer of the tenderer.

Award of the contract

The contract will be awarded to the tender achieving the highest score obtained by applying the following formula:

Score for tender X	=	Cheapest price	*	total quality score (out of 100) for all criteria of tender X
		Price of tender X		

The final report

By commissioning an independent evaluation and/or review DG ECHO expects to obtain an objective, critical, easy to read and transparent analysis of its interventions. This analysis should contain the information needed by the Commission for management, policy-making and accountability. It should also include operational, realistic recommendations at operational and/or strategic level. Above all, the report should be a

document that can function as a learning tool. Therefore, while writing it, the evaluators should always bear in mind why the report is done, for whom, and how the results will be used.

To each evaluation question quoted in the report the consultant will provide an evidence-base, reasoned answer. Conclusions⁴⁷ will be provided pointing out strengths and weaknesses of the evaluated intervention, with special attention paid to the intended and unintended results. Furthermore, the report is a working tool of value to DG ECHO only as long as it is feasible and pragmatic, keeping in mind DG ECHO's mandate constraints and it clearly reflects the evaluator's independent view. DG ECHO's concern is to respect this independence.

The evaluation methods should be clearly outlined in the report and their appropriateness, focus and users should be explained pointing out strengths and weaknesses of the methods. The report should briefly outline the nature (e.g. external or mixed) and composition of the team (e.g. sector expertise, local knowledge, gender balance) and its appropriateness for the evaluation. It should also briefly outline the evaluators' biases and/or constraints that might have affected the evaluation and how these have been counteracted (past experiences, background, etc.).

The report shall be written in a straightforward manner in English with an Executive Summary in English, French and Spanish at the beginning of the document. Final editing shall be provided by the contractor. The report should be in the font Times Roman 12, have single line spacing and be fully justified.

The final report should contain 3 major sections:

Section	Length
1. Executive Summary	Maximum 6 pages
2. Final report / Main body	Maximum 25 -30 pages excluding the annexes
3. Annex section	Comprehensive with the all the details of the entire evaluation. The number of page for the annex section can be extensive.

Each section (summary, main body and annexes section) should

- be clearly divided in function of the six main tasks (see section 2 above);
- have a front and back page cover.

This format should be strictly adhered to:

⁴⁷ A conclusion draws on data collection and analyses undertaken, through a transparent chain of arguments. (OECD Glossary of Key terms in Evaluation and results based management)

- *Cover page* (a template is provided at the end of this annex)
title of the evaluation report;
date of the evaluation;
name of the company;
disclaimer in the sense that "The opinions expressed in this document represent the views of the authors, which are not necessarily shared by the European Commission."
- *Table of contents*
- *List of Abbreviations and Acronyms*
- *Executive Summary.* This section should be conceived for high managerial and political level, focusing on the most important finding and recommendations. This section should clearly distinct the six sections as indicated in the ToR.

A clearly drafted, to-the-point and free-standing **Executive Summary is an essential element**. It should be short, **no more than 6 pages**. It should focus on the key purpose or issues of the evaluation, outline the main points of the analysis, and contain a **matrix made of two columns clearly indicating the main conclusions and specific recommendations**. Cross-references should be made to the corresponding page or paragraph numbers in the main text. EU Member States receive each Executive Summary, which is also published on DG ECHO website. The evaluation team should take this into account when drafting this part of the report.

- *Final report.* This represents the *main body* of the report. This section should be conceived for policy officers and technical expert that want to have clear understanding of the evaluation process and outcomes with particular relevance to the key findings and the recommendations. This section should clearly distinct the six sections as indicated in the ToR.

The report should include at least a description of

- the purpose of the evaluation
- the scope of the evaluation
- the design and conduct of the evaluation, including a description of the methodology used
- limitations and challenges
- the evidence found
- the analysis carried out
- the conclusions drawn in the form of reasoned answers to each of the evaluation questions provided in the Specifications. The questions must

be quoted fully in the report, followed by an evidence-based answer. Conclusions should be fully substantiated, and derive in a logical manner from the data collection and analysis carried out during the evaluation process

- recommendations for the future. Recommendations should be clearly linked to the findings and based on conclusions. They should be as realistic, operational and pragmatic as possible; they should take careful account of the circumstances currently prevailing in the context of the implementation of the humanitarian activities, DG ECHO's mandate and of the resources available to implement it both locally and at the Commission level. Recommendations should be prioritised, directed at specific users and where appropriate include an indicative timeframe.
- *Annexes section.* This section should be conceived to allow a technical reader to get as much information on each of the specific dimensions of the evaluation that he/she is interested in. This section should be clearly distinct from the six sections as indicated in the ToR. A reader should be able to read these annexes and get all the information on each dimension without need to read also the final report mentioned above (main body). The number of pages for the annex section can be extensive.

All possible confidential information shall be presented in a separate annex.

While finalising the report and its annexes, the evaluators will always highlight changes (using track changes) and modifications introduced as resulting from the meeting and the comments received from DG ECHO Evaluation Sector.

Each report and all its annexes shall be transmitted in electronic form to DG ECHO – To the attention of DG ECHO A3/Evaluation sector, AN88 04/05, B-1049 Brussels, Belgium.

The final report should be sent by email to DG ECHO Evaluation Sector (ECHO-EVAL@ec.europa.eu) in three separate documents in PDF format each containing: the executive summary, the report without its annexes (also removed from the table of contents) and the report with its annexes.


TEMPLATE FOR COVER PAGE

NAME AND LOGO OF THE CONSULTING COMPANY

(OPTIONAL INSERTION OF PICTURE/DRAWING/MAP)

TITLE OF THE EVALUATION REPORT;

DATE OF THE EVALUATION;

 <p>European Commission Humanitarian Aid and Civil Protection</p>	<p>The opinions expressed in this document represent the views of the authors, which are not necessarily shared by the European Commission.</p>
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Annex III: Evidence Paper 1

Cost-efficiency (cost per output) of transfers by cash, voucher and in-kind transfers

INTRODUCTION.....	3
1.1 WHAT ARE THE DIFFERENCES IN COST EFFICIENCY BETWEEN THE DIFFERENT TRANSFER MODALITIES FOR ACTIONS FUNDED BY ECHO OVER THE EVALUATION PERIOD?.....	5
1.2 IS IT POSSIBLE TO DETERMINE A THRESHOLD RANGE OF THE TOTAL COST-TRANSFER RATIO (TCTR) OF ECHO FUNDED ACTIONS, AND TO WHAT EXTENT WOULD THIS DEPEND ON A) GEOGRAPHICAL AREA; B) TYPE OF CRISIS; C) TYPE OF PARTNER?.....	16
1.3 HOW SHOULD THE COST EFFICIENCY OF ECHO FUNDED ACTIONS BE APPRAISED AND MONITORED?.....	21
NOTE ON HOPE DATA EXTRACTION AND ANALYSIS.....	29

Figure 5: Definition of Cost Efficiency	4
Figure 6 Regression of TCTR against Result Budget (NGOs)	8
Figure 7 Regression of TCTR against Result Budget (UN Agencies).....	9
Figure 8 TCTR by Transfer Value per Beneficiary	11
Figure 9 Change in TCTR of cash transfers over time (2011 - 2013).....	13
Figure 10 Perception of Administrative Costs by Modality	14
Figure 11 Perception of Importance of Sources of Efficiency Gains.....	15
Figure 12 Number of Results by Partner Type and Modality	18
Figure 13 Decomposed Administrative Costs by Transfer Modality.....	23
Figure 14 Responses to question ‘How often do proposals include a comparative cost efficiency analysis by modality’	27
Table 5 Average TCTR by beneficiary number.....	10
Table 6 Average Number of Beneficiaries by Transfer Modality	10
Table 7 Average TCTR by Transfer Value per Beneficiary.....	11
Table 8 Average TCTR by Distribution Mechanism for Cash Transfers.....	12
Table 9 Average TCTR by Distribution Mechanism for Vouchers	12
Table 10 Average TCTR for urban and rural distribuitions	12
Table 11 Inter Quartile TCTR Ranges by Modality	17
Table 12 Average TCTR by Country	17
Table 13 Average TCTR by type of Partner	18
Table 14 Average Number of project Beneficairies by Implementing Agency Type	19
Table 15 Average TCTR by Crisis Type.....	19
Table 16 Average and Range of TCTR by Sector.....	20
Table 17 Comparion of <i>ex-ante</i> and <i>ex-poste</i> TCTR value in Bangladesh.....	24
Table 18: Sample for Data Analysis by country and modality	30

Introduction

This paper presents findings on the three Evaluation Questions (EQs) within Task Area 1:

EQ 1.1	What are the differences in the cost efficiency between the different transfer modalities for actions funded by ECHO over the evaluation period?
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EQ 1.2	Is it possible to determine a threshold range of the Total Cost-Transfer Ratio (TCTR) of ECHO funded actions, and to what extent would this depend on a) geographical area; b) type of crisis; type of partner?
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EQ 1.3	How should the cost efficiency of ECHO funded actions be appraised and monitored?
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For each of these evaluation questions the following sections summarize the respective findings, which are in turn based on data derived through five main evaluation tools⁴⁸:

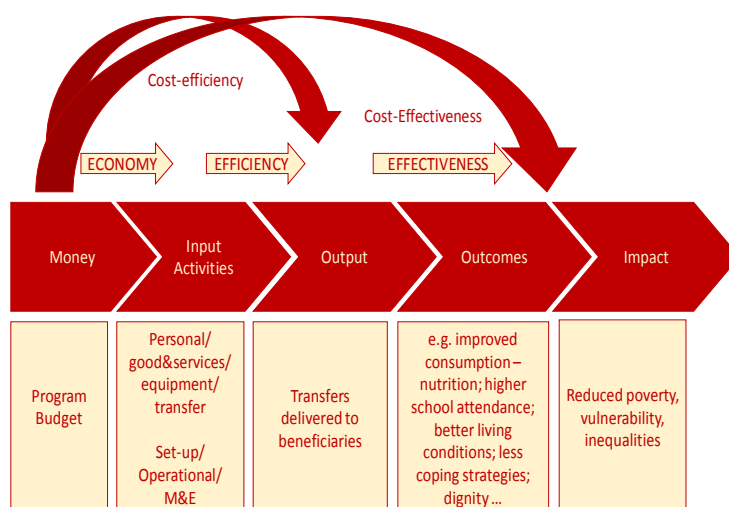
- A document review; including ECHO documents and other literature;
- A quantitative analysis of Single Forms and Fichops held in the HOPE database;
- Telephone interviews conducted with a range of global stakeholders including ECHO staff, partners, donors and researchers;
- An electronic survey of ECHO staff and partners;
- Field missions in Jordan, Somalia and Niger; which included further interviews with stakeholders and some additional data collection.

The analysis in this Task Area is based primarily on an extensive quantitative analysis of HOPE data, which is supplemented by the other data sources. Detailed notes on the data extraction methodology are provided in a section at the end of this paper, whilst specific comments on the analysis of cost efficiency are given below.

Cost efficiency is defined in this report as the cost per output. This definition, and its relationship to other related terms, is illustrated by the following graphic:

⁴⁸ The full evaluation methodology was presented in the Inception Report and updated in the Desk Report

Figure 5: Definition of Cost Efficiency



Cost efficiency is commonly understood as the ratio of the amount transferred to the beneficiary against the costs incurred in doing so. Several permutations of these cost elements can be used in a cost efficiency analysis (see Annex XII for a presentation of the different methodologies).

The evaluation uses the Total Cost-Transfer Ratio (TCTR)⁴⁹ (i.e. ratio of total programme cost to value of transfers) as a standard measure of cost efficiency for several reasons. Firstly it is easy to interpret conceptually. Secondly, it allows both the total cost of transfers to projects and their value to recipients (expressed in money terms) to be taken into account in calculating a cost-efficiency ratio. Thirdly, the choice of this metric was specified in the ToR.

It should be noted that the quantitative TCTR analysis is based on project level costs and does not attempt to capture other external costs. These non-project costs are discussed in the findings, but the quantitative cost efficiency analysis in this paper is limited to data available in the HOPE database.

⁴⁹ The TCTR is the total euro cost, including transfers, of delivering one euro's worth of transfer to a beneficiary. For example, a project costing a total of EUR 30 million delivers EUR 20 million in transfers to beneficiaries and spends EUR 10 million on administrative costs, the TCTR is 30/20 or 1.5. The more the TCTR exceeds unity, the less cost-efficient the programme is.

1.1 What are the differences in cost efficiency between the different transfer modalities for actions funded by ECHO over the evaluation period?

Summary EQ 1.1: Differences in cost efficiency by modality

Evidence from different sources finds that, when used in comparable contexts, cash transfers are generally (although not always) more efficient to deliver than either vouchers or in-kind transfers. The ECHO data shows that, when controlled for scale, cash is more efficient than alternative modalities, except at very small scales.

The higher administrative costs of vouchers makes them less efficient than using cash transfers. This finding deserves greater attention as vouchers are rarely analysed independently and are often assumed to have similar characteristics to cash.

Non project costs - such as costs to beneficiaries - are poorly captured in existing databases. Additional evidence on these costs is needed to help provide a comprehensive analysis of the comparative cost efficiency of different transfer modalities.

The cost efficiency of cash transfers is expected to improve further at both the project level (as the financial infrastructure for delivering cash improves in crisis affected countries and response agencies build capacity for cash deliveries) and at the system level (as multi-purpose cash transfers lead to coordination savings).

Other features of the project design were found to have a potentially more significant effect on the overall cost efficiency than the type of modality *per se* including:

- the scale of the project
- the size of the transfer
- the delivery mechanism
- the context (rural versus urban)

ECHO cash transfers are mainly done at relatively small scale (predominantly by NGOs), whilst large-scale transfers are mainly implemented using in-kind transfers (predominantly by UN agencies) and increasingly through the use of vouchers. Consequently the full cost savings in the use of cash transfer do not appear to be realized by ECHO. Focussing on the transfer modality in isolation from these other variables may even reduce cost efficiency, e.g. if a large-scale in-kind transfer is replaced by a number of smaller scale cash transfer projects.

The evaluation methodology defined a number of indicators to help answer the evaluation question and further identified the respective data sources to be used in collecting data against these indicators. For reference these are shown in the table below, and for each of the evaluation questions that follow.

I#	Indicator	Doc Review	HOPE Data	Inter view	ECHO Survey	Partner Survey	Field Visits
1.1.1	Comparison of Total Cost-Transfer Ratios (TCTR) by modality	x	X	x			x
1.1.2	Comparison of Total Cost per beneficiary served, by modality		X				x
1.1.3	Comparison of decomposed operational costs by modality	X	X	x			x
1.1.4	Stakeholder opinions on differences in cost efficiency per modality			x	X	X	x

Document Review

There is strong evidence in the literature that, used in comparable contexts, cash transfers are a more cost efficient transfer modality than in-kind food transfers. The large storage and distribution costs typically make in-kind distributions more expensive to deliver than cash transfers. This conclusion comes with the important rider that cash transfers are not uniformly more cost efficient and in specific contexts in-kind may be a more cost efficient option.

Vouchers have been less well studied. However, the available evidence in the literature shows that vouchers are generally less cost efficient than cash transfers (see Hoddinott et al. (2013)).

This finding is supported by recent reviews conducted by DFID (2014) and the World Bank (2014) as well as a growing body of evidence at project level⁵⁰. The most robust data comes from randomized control trials conducted by IFPRI in conjunction with WFP where the transfer modality was varied but all other variables remained constant.

The DFID ‘value for money (VfM) of cash transfers’ examined the cost efficiency of different transfer modalities based on an extensive literature review and on three case studies: Ethiopia, The Philippines and Lebanon.⁵¹ The authors base their findings on an analysis of partner data⁵² supplemented by results of existing studies and interviews with partners.

The DFID review concludes that no transfer is universally more efficient than another:⁵³ *“Cash, when compared to in-kind approaches, consistently emerges as more efficient to deliver. The cost to aid agencies of getting cash to people is generally less than the cost of delivering in-kind aid. However, the overall*

⁵⁰ As an indicator of the cost efficiency gains of using cash the World Bank’s economic appraisal for the new phase of the Ethiopia PSNP 2015-2020 estimates that shifting the programme to provide 100% cash rather than a mixture of cash and food would create savings of \$11m annually.

⁵¹ Ethiopia: slow onset (drought) chronic food insecurity / protracted crisis ; Philippines: sudden-onset disaster ; Lebanon: urban response in a middle income country

⁵² They set up comparison calculations for: WFP Cash versus in-kind food programmes in Ethiopia; CARE cash versus in-kind food programmes in the Philippines; an NGO shelter and WASH programme using cash, in-kind and paper voucher transfers, WFP voucher (paper and e-voucher) versus hypothetical cash transfers shelter programmes, as well as WFP cash in envelop versus cash through ATM machine programmes in Lebanon.

⁵³ “In Ethiopia, cash is cheaper to deliver than in-kind aid by 25-30%; in Lebanon, e-vouchers are less expensive than cash to deliver but their efficiency gains are offset by transaction costs paid by retailers and higher prices paid by beneficiaries; in the Philippines, there is insufficient data to make a conclusion on the efficiency of cash compared to in-kind transfers”

*efficiency of cash as compared with other transfers depends on the prices of commodities that recipients purchase in local markets, which can vary significantly, even within countries, over time and between seasons.*⁵⁴

Additional findings from the DFID study include that the scale of cash programmes appear to be relatively smaller than in-kind ones, leaving space for bigger economies of scales in cash transfer programs⁵⁵. In addition there seems to be room for better coordination among partners in cash transfers and therefore saving at the delivery cost as well as cost to beneficiaries. For example in Lebanon, many households have several CSC cards rather than one for everything, knowing that at least 14 different objectives of cash transfers having been identified from the Cash Actors Map).⁵⁶

Much of the evidence concentrates on comparing the cost efficiencies of using different modalities within established (sectoral) response models – effectively a ‘business as usual model’. However, a range of potential system efficiency gains associated with the use of cash transfers have been suggested. These system level efficiency gains are associated with the use of Unconditional Cash Transfers (UCTs) and ‘Multi-purpose’ cash transfers and are discussed further in Evidence Paper 3 (see Annex V).

It is apparent from the literature that the type of transfer is only one factor that affects efficiency. Aside from delivery costs, factors that determine the relative efficiency of cash, vouchers and in-kind aid include:

- the procurement practice (e.g. locally-internationally bought /donated food aid) and differences in local and international prices,⁵⁷
- the degree of market integration as well as the availability and price of local goods (e.g. inflation)⁵⁸
- the scale of the intervention (size, amount, frequency, duration⁵⁹),
- stage of the intervention (e.g. using existing delivery infrastructure/setting up investment),
- the degree of coordination / collusion among partners (e.g. could influence the banking/transfer fees, etc.)⁶⁰

⁵⁴ DFID VfM study – summery report, 2013

⁵⁵ In Lebanon, while cash and vouchers constitute less than 10% of the response by funding, 43% of the 71 partners are involved in cash programming. This means that there are many small cash transfer and voucher programmes going on in Lebanon.

⁵⁶ E.g. Cash for rent, Cash for shelter rehabilitation, Cash for winterisation, Unconditional cash as contribution to Minimum Expenditure Basket, Cash/vouchers for education (tuition, transport, uniform), Cash for legal assistance, Cash for SGBV assistance, Vouchers/cash for food, Cash for hygiene kits/baby kits, Cash for medication, Cash for children’s winter clothes, Cash for access to secondary and tertiary health care (reimbursement), Cash for work, Cash for newcomers.

⁵⁷ In Lebanon, for example, cash is estimated 10-14% cheaper to deliver than non-food item kits and 21% cheaper to deliver than hygiene kits. Nevertheless, cash was less efficient overall, because beneficiaries have to buy the goods on local markets with higher prices than internationally bulk procured goods. (DFID VfM study – Lebanon Case study, 2013).

⁵⁸ Just as high local market prices can off-set the efficiency of cash delivery, high prices caused by the oligopolistic nature of the e-voucher business can reduce the efficiency of delivery (The research suggests that half of all Lebanese districts have been oligopolistic or monopolistic, so non-competitive).

⁵⁹ E.g. Setting up an ATM-card or e-card/voucher system is too costly to make it efficient for a one-off transfer

⁶⁰ The organization around a crisis affect the efficiency (e.g. large number of agencies and small programmes is against economies of scale, amount of intermediation increases transaction cost, joint negotiation with the private sector could reduce some cost –it increases the bargaining power)

- the degree of competition in voucher markets⁶¹

Data Analysis

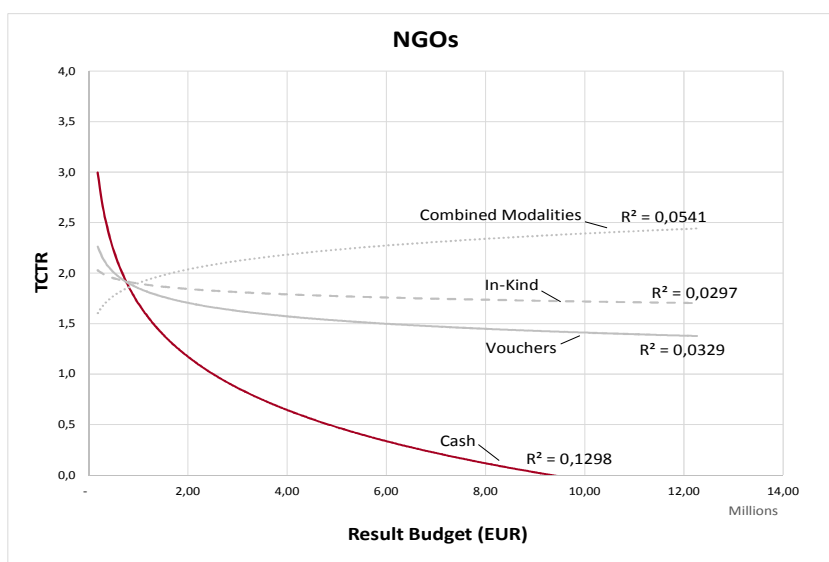
An extensive data extraction from HOPE was used to analyse the cost efficiency of different modalities used in ECHO funded projects. The analysis is limited to a comparison of cost efficiency at the project level. Indirect costs – such as costs to beneficiaries - are not factored into this quantitative analysis.

Given the limited number of projects using cash or vouchers in other sectors, the analysis was based on the ‘food and livelihoods’ sector⁶². However, it is noted that ‘multi-purpose’ cash transfers are also often categorized by partners under this sector in HOPE as the current codings do not include a multi-purpose/ multi-sectoral option.

The comparison of the relative cost efficiency of different projects is highly challenging - even for projects using the same modality. Projects differ in scale, timeframe, objective, sector, conditionality and transfer value. Any comparative analysis needs to factor in the effect of these contextual variables. Given the number of variables and size of the dataset it was not possible to control for all these variables.

However, an initial examination of the dataset indicated a strong association between scale of the projects (measured by the budget of the result) and cost efficiency (measured by TCTR). When controlled for scale⁶³, a fairly consistent pattern of relative cost efficiency emerges.

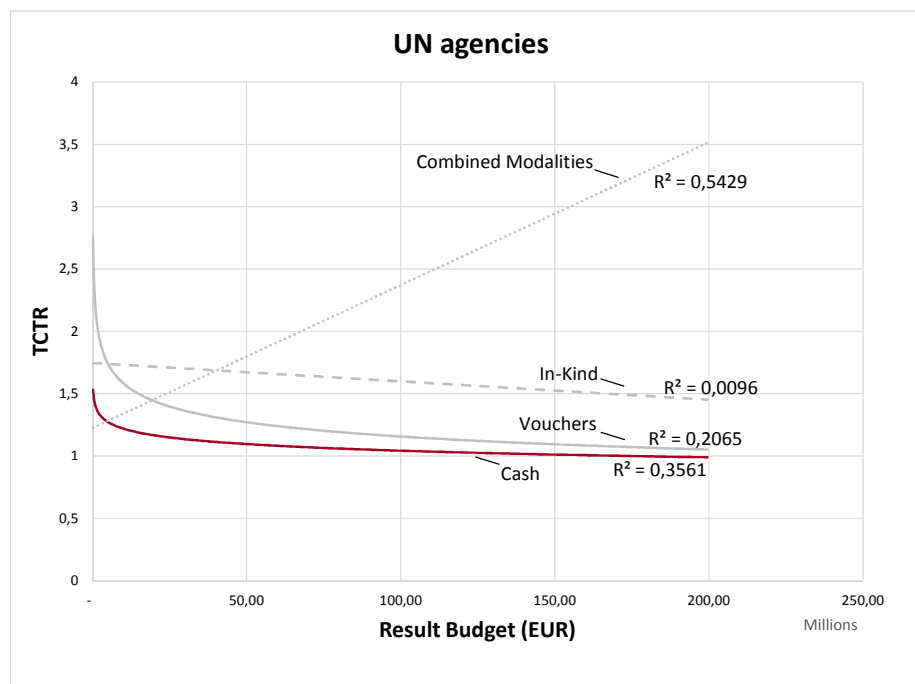
Figure 6 Regression of TCTR against Result Budget (NGOs)



⁶¹ Vouchers can create market distortions since beneficiaries can only exchange their voucher in a number of selected shops which reduces the competitiveness (e.g. in Lebanon, prices were found to be 6% higher and more volatile in these selected shops –DFID study, Lebanon case study, p.16)

⁶² See Evidence Paper 7 (Annex IX) for a further analysis of the use of different transfer modalities in the health sector

⁶³ The log regression of the result budget against TCTR, for the different modalities is shown in the figures below. Separate regressions were carried out for the NGO and UN projects as the respective scales of operation are very different.

Figure 7 Regression of TCTR against Result Budget (UN Agencies)

Excluding projects of small projects, the data suggests cash transfers are the most cost efficient, followed by vouchers, then in-kind transfers, with combined modalities the least efficient. It is however noted that there is a fairly large variance around these regression lines (indicated by the low R² values). A larger dataset would help to confirm these preliminary findings.

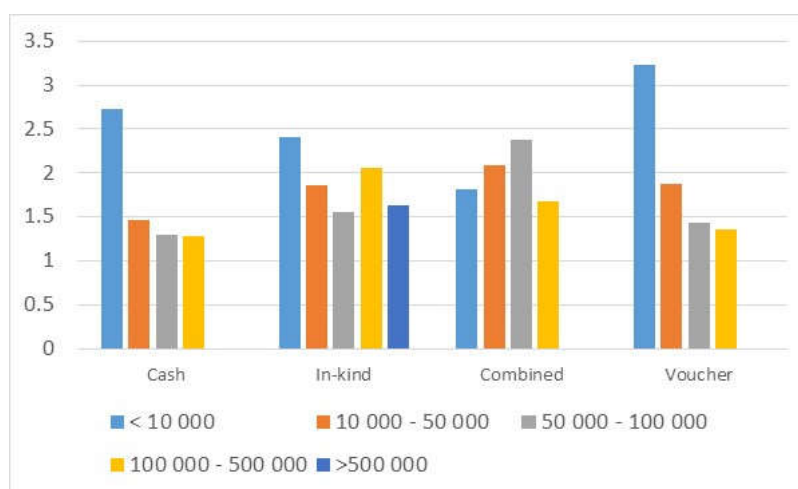
The data analysis finds that vouchers have very different cost efficiency characteristics compared to cash transfers. The TCTR ranges for vouchers, controlled for scale, fall between cash and in-kind transfers. This finding is important as partners and ECHO currently often categorize the two modalities together as 'cash based modalities' in strategic discussions.

The interpretation of the TCTRs for the use of 'combined' modalities should be approached cautiously as this category contains a wide mix of projects types and transfer modalities.

Overall the data shows that other variables play a substantial - arguably greater - role in explaining the variation in TCTRs than the choice of modality.

Firstly, as already noted, a strong correlation is evident between project 'scale' and the TCTR. A similar relationship is seen when the number of beneficiaries (as opposed to project budget) is used as a proxy for 'scale'. Cash and voucher projects appear to be particularly sensitive to issues of scale – possibly reflecting the fact a higher proportion of the administrative costs associated with in-kind transfers are variable (eg. storage and distribution costs).

Table 5 Average TCTR by beneficiary number



Smaller projects carry much higher proportionate administrative costs, such as certain fixed costs (e.g. staffing) irrespective of the number of beneficiaries. As a result the smallest projects – under 10,000 beneficiaries or 2,000 HH – appear to be particularly inefficient.

The data analysis found significant and systematic differences in the scale of ECHO funded projects using different transfer modalities. The average in-kind transfer served nearly 500,000 beneficiaries⁶⁴ compared to just over 30,000 for cash or voucher transfers.

Table 6 Average Number of Beneficiaries by Transfer Modality

	Cases	Avg Beneficiaries (individuals)
Cash	76	31,449
In-kind	30	499,164
Combined	23	82,129
Voucher	34	32,766
Grand Total	163	124,958

The fact that ECHO funded in-kind projects were many times larger on average than projects using other modalities combined with the fact that larger projects are in general more efficient than smaller projects (see Table 5) means that *the average TCTR* for sampled in-kind projects funded by ECHO was lower than for other modalities.

However, as the data suggest that cash transfers at scale are more efficient than in-kind transfers (see Figure 2), a logical assumption is that ECHO could achieve significant efficiency gains by using cash transfers at greater scale than it currently achieves.

⁶⁴ Beneficiaries are defined as targeted individuals, not households.

Secondly, the TCTR is strongly correlated with the amount of the transfer. Theoretically a larger transfer per beneficiary will inevitably improve the TCTR ratio. The value of transfers across all modalities was remarkably constant (averaging 30 Euro per beneficiary), meaning that differences in cost efficiency by modalities were not associated with an underlying difference in the size of transfer.

Figure 8 TCTR by Transfer Value per Beneficiary

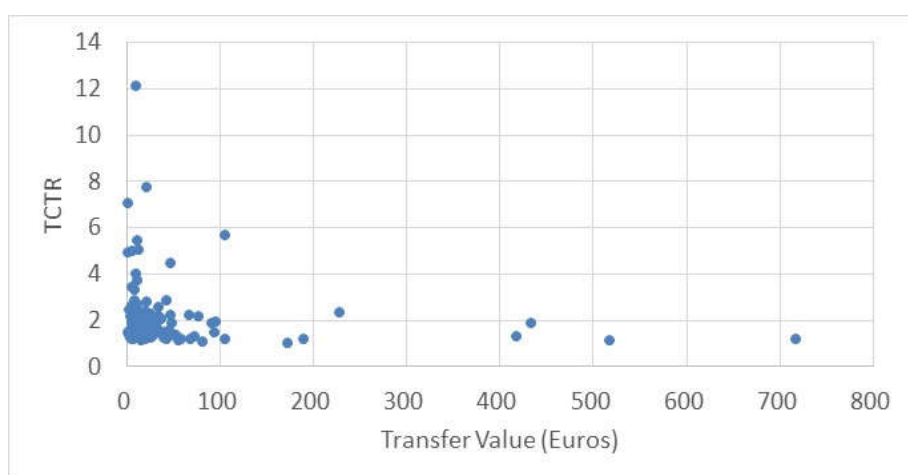


Table 7 Average TCTR by Transfer Value per Beneficiary

Transfer value per beneficiary (EUR)	Number of cases	Average TCTR
<10	41	2.16
10 – 20	41	2.17
20 – 30	37	1.74
30 – 50	23	1.88
>50	21	1.66
Grand Total		1.96

Thirdly, the choice of transfer delivery mechanism strongly influences the TCTRs. An analysis of the HOPE data in the case of both cash and vouchers found electronic payment systems to be the most efficient. The use of banks (via counters) or similar institution (post office, micro-finance institutions) was found to be associated with the highest TCTR.

Table 8 Average TCTR by Distribution Mechanism for Cash Transfers

	Count of projects	TCTR (avg)
Bank or similar	13	2.03
Cash in envelope	22	1.97
Mix	3	1.66
Mobile phone transfer	7	1.64
ATM card	2	1.32
Total	47	1.81

Electronic vouchers displayed similarly large average cost efficiencies. Projects using fairs had TCTRs on average 72% higher⁶⁵, and paper vouchers 34% higher, than the electronic equivalents.

Table 9 Average TCTR by Distribution Mechanism for Vouchers

Transfer mechanism for vouchers	Count of projects	TCTR (avg)
fair	13	2.25
paper voucher	10	1.76
electronic voucher	2	1.31
Total	25	1.98

Fourthly, the context appears to influence the relative cost efficiency. All transfers appear cheaper to deliver in urban, rather than rural environments. The reason for this was not clear from the data.

Table 10 Average TCTR for urban and rural distributions⁶⁶

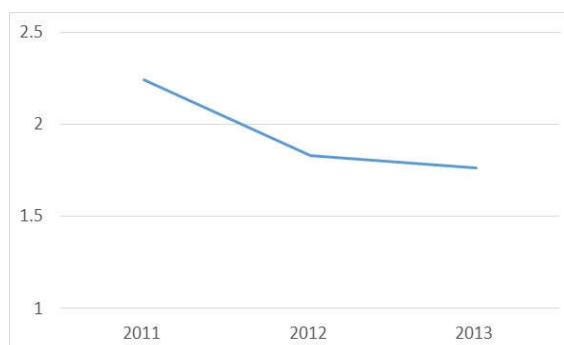
Location of distributions	Cash	Voucher	In-kind	Combine d	Total
				1.97	
rural	1.78 (37)	2.14 (15)	2.34 (10)	(7)	1.96 (69)
urban	1.60 (7)	1.65 (3)	1.58 (2)	1.62 (2)	1.61 (14)

(Respective number of cases shown in brackets)

The HOPE data also indicates that the cost efficiency of projects using cash transfers has improved over the evaluation period. Over this period the average size of cash transfer projects has *decreased*, not increased and neither has the average amount of transfer per beneficiary increased. Therefore, the most plausible explanation from the data set is a change in the context for using cash transfers, with a large growth in the highly efficient context of the Syria response.

⁶⁵ Again the confidence on the estimate of electronic voucher costs is low given the small sample size and disproportionately large transfer values.

⁶⁶ Based on 83 cases where location of distribution was clear

Figure 9 Change in TCTR of cash transfers over time (2011 - 2013)⁶⁷

Telephone and field Interviews

Interviewees in most cases perceived cash transfer to be more efficient than the alternatives. However, examples were cited where in-kind transfers are understood to be more efficient (northern Kenya, Yemen, Ethiopia). Interview referred to analyses conducted by implementing agencies to justify their own operations, but which were not always available to share.

Agencies implementing cash transfer programmes and familiar with voucher ones indicated that vouchers were less efficient because voucher programmes required more staff time and more variables had to be sorted to prepare and manage a voucher programme (organising shops, designing and printing voucher, reconciliation / payment processes).

Arguments were advanced in interviews that even where cash is not currently most cost efficient it should be advanced as it has the potential to be. There is a logical hypothesis suggesting that costs may be driven down over time as experience in using this relatively new transfer modality grows.

Interviews consistently referred to the choice of payment systems being a key driver of cost efficiency. The costs of cash or voucher transfers could be reduced in the future, in particular if agencies use their collective bargaining power to negotiate with financial service providers.

Interviews also referred to a number of external (non-project) costs that have an important influence on the real cost efficiency. These types of costs are rarely available in donor databases. A good understanding of the context is therefore needed to complement the conclusions based on cost-efficiency calculations. Factors mentioned include:

- Use of procurement costs versus market values to calculate in-kind transfer values
- Costs to beneficiaries⁶⁸
- Costs to retailers⁶⁹

⁶⁷ Trends for other modalities not shown as sample sizes in specific years are very small

⁶⁸ For example, the use of cash and vouchers can displace procurement and transportation costs from the agencies to the beneficiary households. In Yemen calculated that it was four times more to deliver food than cash (\$9.8 to \$2.6), however beneficiary costs were four times higher for cash.

⁶⁹ For example, costs associated with the use of electronic vouchers in Turkey are passed to the retailers rather than charged directly to the project.

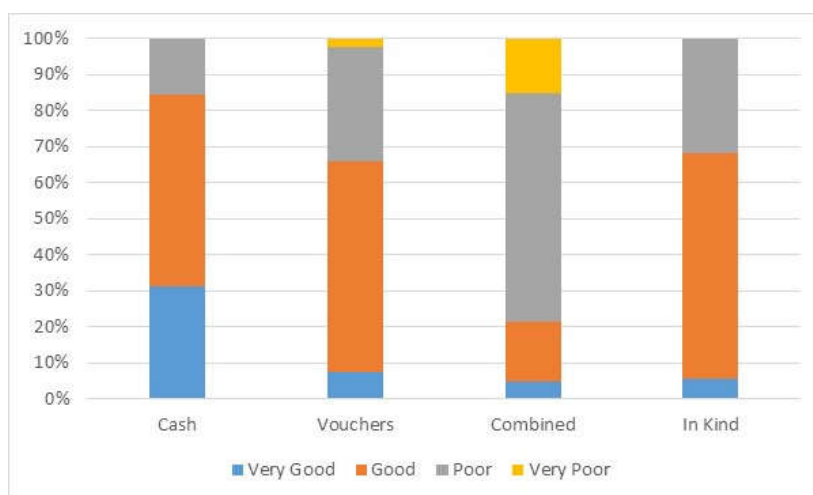
- Leakage of food in the supply chain⁷⁰
- Environmental costs of transporting food aid

Other interviewees tended to support the view that greater efficiency gains will come in future from innovative integrated approaches, rather than a narrow focus on using cash as an alternative within the current system. Further efficiency gains in the use of cash transfers may come from more integrated and coordinated programming models⁷¹ but evidence on the scale of these savings is so far weak.

Surveys

ECHO staff and partner's perceptions of the relative cost efficiency of the different transfer modalities are broadly similar to the data analysis findings. The survey of ECHO staff and partners illustrated a perception that cash transfers were the most cost efficient modality, followed by vouchers and in-kind transfers at similar levels. Combined modalities were assumed to carry significantly higher administrative costs.

Figure 10 Perception of Administrative Costs by Modality⁷²



Stakeholders perceive key drivers of cost efficiency being choice of delivery mechanism, consolidation of delivery platforms and scale of operations.

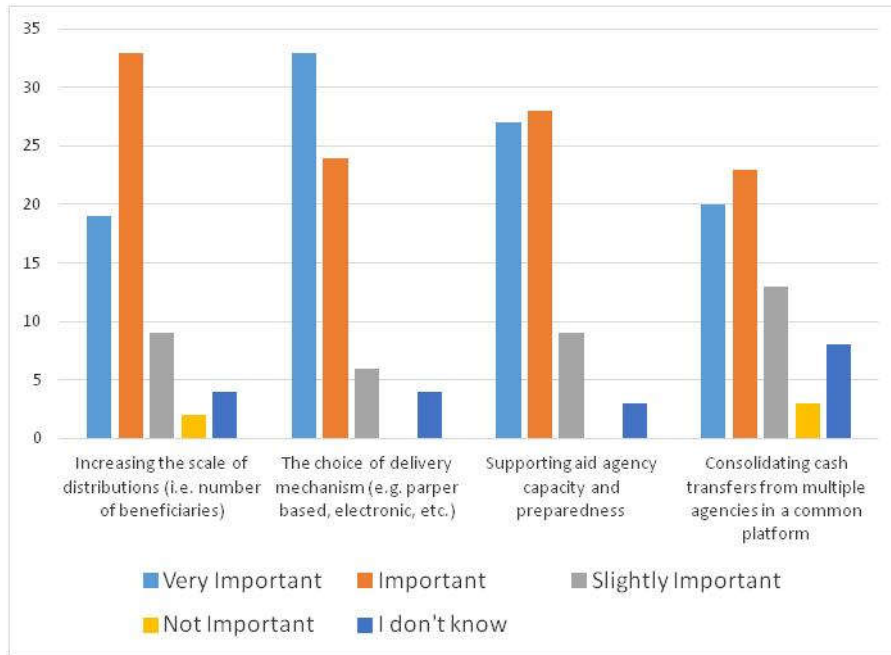
The survey results provided feedback on stakeholder perceptions of the drivers of improved cost efficiency. However, there is some divergence between stakeholder perceptions and the findings from the data analysis. Whilst the data finds that the scale of operations is the major driver of cost efficiency, many survey respondents appear to rank the choice of delivery mechanism somewhat higher.

⁷⁰ For example one estimate is that 58% of the food is lost through 'leakage' in the Government Safety net in India.

⁷¹ See Evidence Paper 3 (Annex V)

⁷² Combined survey results for ECHO and partners

Figure 11 Perception of Importance of Sources of Efficiency Gains⁷³



⁷³ Combined results for ECHO and partner surveys.

1.2 Is it possible to determine a threshold range of the Total Cost-Transfer Ratio (TCTR) of ECHO funded actions, and to what extent would this depend on a) geographical area; b) type of crisis; c) type of partner?

Summary EQ 1.2: Determining Threshold Ranges for TCTRs

A ‘threshold range’ is understood as a tool to guide the appraisal of partner proposals. The TCTR values of ECHO funded projects have a relatively low degree of variance. Based on the analysis of historical projects the 25% least efficient projects are estimated to have a TCTR of approximately 2 or above, across all transfer modality types.

It is not evident that geography can be used as a basis for nuancing TCTR thresholds. The small number of cases per country presents a challenge in setting reliable thresholds disaggregated to this level - nor do results appear to group easily by region. In any case it appears that the underlying cost drivers of scale, size of transfer, distribution mechanism and remoteness of operating context might be more appropriate factors to take into account in analysing the variations in the TCTR values.

Equally, whilst the TCTRs vary significantly between types of implementing partner, this is best understood through reference to similar underlying variables. There appears little justification for setting different threshold expectations on cost efficiency by type of partner - unless it can be shown that certain costs are systematically under-reported by certain types of agencies.

The crisis type can have a big influence on the cost efficiency of different modalities, including the comparative efficiency of different modalities. The data suggests that specific transfer modalities may be more challenging to deliver efficiently in certain contexts. A larger dataset would help to further understand possible implications for nuancing efficiency thresholds.

I#	Indicator	Doc Review	HOPE Data	Inter view	ECHO Survey	Partner Survey	Field Visits
1.2.1	Cost efficiency within transfer modalities by; geographical area, type of crisis, partner and scale		X	x			
1.2.2	Identification of other drivers of cost efficiency for different modalities				X	X	

Data Analysis

The concept of a ‘threshold range’ is understood to imply the determination of a TCTR value (or values) that could be used in guiding the appraisal of partner proposals, e.g. through identifying higher cost projects for closer scrutiny and further discussion with partners. The TCTR values of the ECHO funded projects analysed fall in a relatively narrow range, with a relatively low degree of variance. The inter-quartile range (i.e. the middle 50% of the sample) could potentially provide a basic benchmark for expected ranges for the TCTR.

Table 11 Inter Quartile TCTR Ranges by Modality

	Lower limit	Upper limit
Cash	1.28	1.95
Voucher	1.42	2.16
In-kind	1.40	1.91
Combined	1.42	2.15

This figure does vary significantly between modalities, taken as an average across the sampled projects. Based on the evaluation question, the evaluation further analysed whether these thresholds might be usefully adapted with reference to other factors, specifically a) geographical area; b) type of crisis; c) type of partner.

Geographical Area

Analysed by country the TCTR values of ECHO funded projects show a degree of variation. Most fall within a relatively consistent range, with some obvious outliers.

Table 12 Average TCTR by Country

Countries	Cash	In-kind	Combined	Voucher	Total
Haiti				4.16	4.16
Congo	4.55	2.23	4.23	1.76	3.26
Palestinian occupied Territory	1.71	2.39		7.76	2.5
Afghanistan	2.1				2.1
Cote D'Ivoire	2.07	1.52		2.48	2.09
Chad	1.79	2.63		1.64	2.07
India	1.93				1.93
Kenya		2.02	2.09	1.28	1.92
Mali	1.92	1.54			1.85
Yemen	1.66	1.55	2.79	2.15	1.82
Philippines	2.22	1.46	1.61		1.7
Pakistan			1.63	1.54	1.6
Central America	1.83	1.37		1.5	1.59
Somalia	1.33	1.96	1.63	1.54	1.54
Myanmar	1.4				1.4
Niger	1.38	1.4	1.4	1.43	1.4
Syria Crisis	1.1	1.46	1.4	1.36	1.36
Bangladesh	1.28	1.19			1.28
Total	1.93	1.84	2.03	2.11	1.96

A closer examination of the data suggests that the variation in country costs can be related to other underlying variables – for example the high cost of cash transfers in the Congo can be associated with the lack of electronic distribution platforms and the small scale of operations.

Overall, it is not evident that geography *per se* would present a useful basis for nuancing TCTR thresholds. The often small number of cases per country presents a challenge in

setting reliable thresholds disaggregated to the country level. However, there are some relatively robust findings – such as the high cost of cash transfers in the DRC – where there is a relatively large dataset.

Instead it appears that the underlying cost drivers of scale, size of transfer, distribution mechanism and possibly rural/urban context might be more appropriate factors to take into account in understanding variations in the TCTR values.

Type of Agency

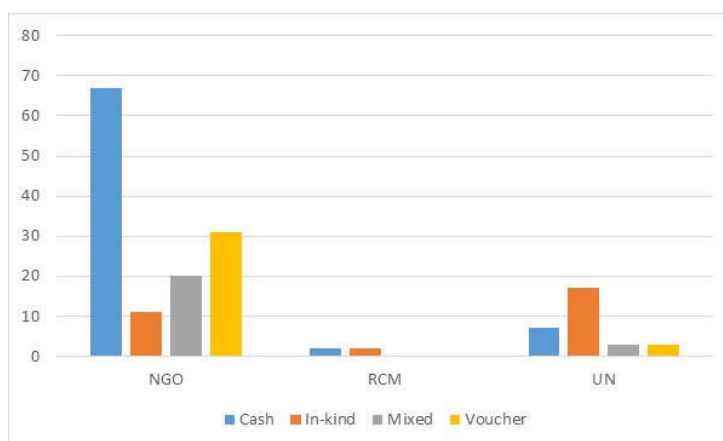
The cost efficiency analysed by type of implementing agency demonstrates significant differences. NGOs were found to be consistently less efficient than either the UN or RCM.

Table 13 Average TCTR by type of Partner⁷⁴

	Cash	In-kind	Vouchers	Combined	Total
NGO	2.02 (67)	2.06 (11)	2.07 (31)	2.07 (20)	2.04 (129)
UN	1.31 (7)	1.74 (17)	2.50 (3)	1.74 (3)	1.71 (30)
RCM	1.29 (2)	1.43 (2)			1.36 (4)
Total	1.93	1.84	2.11	2.03	1.96

The data analysis indicates that whilst cash transfers are now the norm for NGO funded projects, in-kind transfers still dominate funding to UN agencies.

Figure 12 Number of Results by Partner Type and Modality



This pattern of cost efficiency can be explained through reference to relative scale. Again, in terms of setting TCTRs this underlying variable may prove a more useful explanatory variable than type of agency.

⁷⁴ Number of cases are shown in brackets (N)

Table 14 Average Number of project Beneficiaries by Implementing Agency Type

	Cases	Average Number of Beneficiaries
NGO	129	33,721
RCM	4	162,177
UN	30	512,313
Grand Total	163	124,958

Type of Crisis

The operating context can significantly influence the average TCTR and - in some cases – the relative cost efficiency of the different modalities. Overall the TCTR values are highest in complex emergencies, followed by slow onset natural disasters (e.g. drought), then rapid onset natural disasters (e.g. other extreme weather events, earthquakes) and lowest in refugee response.

Table 15 Average TCTR by Crisis Type⁷⁵

Context	Cash	In-kind	Voucher	Combined	Total
Complex Emergency	2.81(27)	1.86(13)	2.11(18)	2.33(13)	2.37(71)
Slow Onset	1.64(16)	2.44(7)	1.54(3)	1.96(4)	1.81(18)
Sudden Onset	1.39(29)	1.46(6)	2.72(6)	1.61(3)	1.62(31)
Refugee Response	1.15(4)	1.48(4)	1.81(7)	1.40(3)	1.44(43)
Total	1.93(76)	1.84(30)	2.11(34)	2.03(23)	1.96(163)

(Respective number of cases shown in brackets)

It is hypothesized that the high costs of complex emergencies are related to increased operating costs (such as security), whilst well established refugee settings allow the greatest opportunity for cost savings through forward planning and longer term distributions.

A possible hypothesis for rapid onset disaster response having a lower TCTR than slow onset is that slow onset disasters tend to occur in countries with less developed infrastructure and markets. However, no objective explanation is apparent.

Whilst cash transfers usually have the lowest TCTR in most contexts, the data shows it has the highest TCTR in complex emergencies. The TCTR for vouchers is also significantly higher in responding to sudden onset disasters.

⁷⁵ Crisis type per project was categorized through reading the fichops

TCTR by sector

Little data on TCTRs is available from ECHO projects in other sectors. A number of shelter projects were analysed and suggest similar thresholds and variable modifiers may be applicable. There were too few examples WASH very few examples – hesitate to draw any conclusions. More data is needed to develop useful thresholds for these other sectors.

Table 16 Average and Range of TCTR by Sector

	Cases	TCTR (min)	TCTR (max)	TCTR (avg)
Food assistance, short term food security and livelihood support	163	1.02	12.11	1.96
Shelter and NFIs	13	1.12	7.28	1.94
Water, Sanitation and hygiene promotion	3	3.6	10.72	6.33
Total	179	1.02	12.11	2.04

Telephone Interview

It was noted that UN agencies typically assume a degree of cost sharing by their implementing partners and do not provide full funding of project costs through the sub-contracts. *Therefore, UN projects may understate the full implementation costs in comparison to NGO managed contracts.* Given that the use of in-kind transfers is concentrated amongst UN agencies, this was seen to potentially make the use of in-kind transfers appear more cost efficient than it was is.

1.3 How should the cost efficiency of ECHO funded actions be appraised and monitored?

Summary of Findings: EQ 1.3 Appraisal and monitoring of Cost Efficiency

ECHO currently lacks corporate procedures or systems to routinely analyse the cost efficiency of proposed or on-going actions - including a cost efficiency analysis by type of transfer modality. Many partners expressed an interest in conducting cost efficiency analyses and several are developing their own methods. However, these inconsistent approaches do not facilitate comparisons by ECHO between projects as a basis for determining the most efficient use of funds.

The consensus of stakeholders was that ECHO should develop a capacity for cost efficiency analysis and incorporate this analysis in their processes and systems. However, decision making should balance cost efficiency considerations against effectiveness.

The emphasis is on keeping the requirements simple and ensuring that comparable approaches are adopted. Standardizing the methodology across agencies and donors is necessary to ensure the comparability of findings between projects, modalities and agencies, and reduce transaction costs. ECHO is seen to have a key role in promoting common approaches.

Basic data requirements from partners to calculate a range of efficiency ratios (see Annex XII for details) include (i) the transfer value, (ii) the administrative cost, (iii) the number of beneficiaries, and the (iv) number of transfers made. ECHO could therefore monitor a range of useful efficiency ratios with minimal increase in data provided by partners.

I#	Indicator	Doc Review	HOPE Data	Inter view	ECHO Survey	Partner Survey	Field Visits
1.3.1	Stakeholder opinions on feasibility/relevance of potential ex-ante measures of cost efficiency			X			X
1.3.2	Stakeholder opinions on feasibility/relevance of potential ex-post measures of cost efficiency			X			X
1.3.3	Extent to which SF and HOPE database supports cost efficiency analysis	X		x			X

Documentary Review

The DFID study demonstrates the challenge of access to the necessary basic data to support a cost efficiency analysis. Agencies have different accounting procedures and the cost breakdown is rarely the same across different organizations. It is therefore not easy to get accurate, comparable cost data. The study suggests that it is easier to get data when an organisation itself was doing cost analysis, much harder to dissect after the fact. Data are therefore more uniform and allow more relevant comparisons.

Coordination bodies that collate together information on programming (i.e. OCHA, clusters) do not collect or report cost data.

The literature identifies several potential measures of cost efficiency. Each of these tends to emphasize different aspects of efficiency and no single measure is uniformly seen as a 'standard' for cost efficiency. The TCTR is useful in providing a picture of how much a programme budget directly reaches beneficiaries. If a programme had substantially higher admin costs, this could be a red flag for lack of efficiency. Other measures which focus on different aspects of cost efficiency include: cost per beneficiary; cost per household, per month; cost per transfer. However, all measures are in effect ratios of the same basic data (i) the transfer value, (ii) the administrative cost, and (iii) the number of beneficiaries, and (iv) number of transfers.

The literature repeatedly stresses the need for an appropriate use of cost efficiency analysis in decision making. This is only one criteria and should not be taken as a deciding factor. In particular cost considerations need to be balanced against quality of implementation. The DFID balanced scorecard approach is one model that makes explicit the role of cost efficiency analysis alongside other criteria.

Neither the ECHO Single Form nor ECHO policy notes provide guidance to ECHO staff or partners on cost efficiency analysis.

Data Analysis

The HOPE database is currently incompatible with an ex-post analysis of cost efficiency. Basic data on (i) the transfer value, (ii) the administrative cost, (iii) number of beneficiaries, and the (iv) number of transfers is not requested from partners – or inputted into the system. This data had to be extracted manually from the narrative reports with consequent questions on the reliability and accuracy of this data.

Basic information in the SF is currently inaccurately or inconsistently reported which further hampers analyses. Beneficiary numbers appear particularly problematic to define in a consistent way. Data on beneficiary numbers is available from the SFs in HOPE but is difficult to use without cross checking the narrative sections of the report. It is unclear whether the beneficiary numbers are given as number of HHs or individual beneficiaries, and whether these relate to 'unique' beneficiaries or number of distributions.

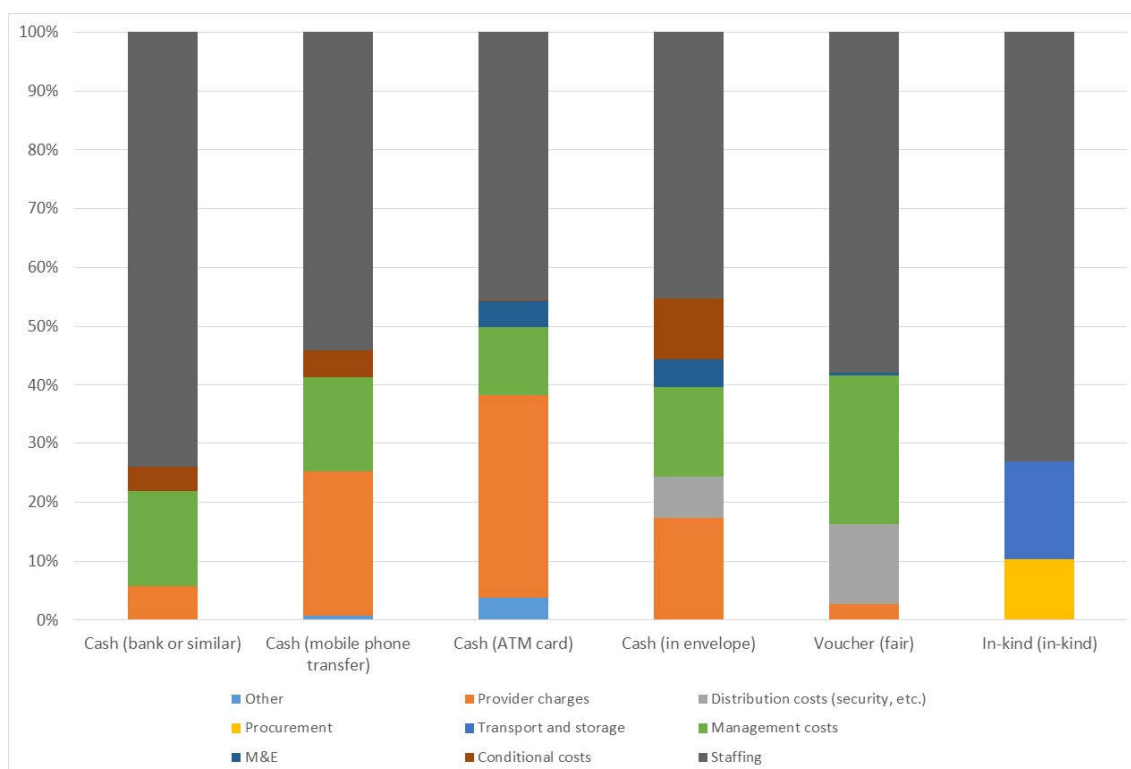
Cash and voucher modalities are currently aggregated together in one classification which is a major limitation.

Projects are frequently misclassified by modality. Nearly all countries reviewed were found to have failed to record cash and voucher elements correctly amongst a proportion of the results reviewed⁷⁶.

⁷⁶ 25 in-kind results were discarded for this reason: Kenya: 2, Mali: 1, Niger: 0 ; Chad: 2 (from the same project) ; Cote d'Ivoire: 1 ; Congo: 2 ; Bangladesh: 6 ; Afghanistan: 4 ; Central America:2 ; Somalia: 1 ; Syrian crisis: 1 ; OPT: 0 ; Philippines: 3.

The evaluation analysed a sample of project budgets in more detail to attempt to categorize the main cost drivers, as a possible template for future reporting. A preliminary analysis was conducted on decomposed administrative costs. This analysis highlighted significant challenges in attempting to define standard categorization of administrative costs. Firstly, there is an extensive list of possible cost components making it hard to identify standard budget headings. Secondly, staffing costs dominated the overall expenditure pattern. In isolation this cost category tells us relatively little about which processes/ components are driving efficiency. Even more detailed information would be needed to understand what activities these staff supported - for example registration, targeting, distributions or monitoring and evaluation.

Figure 13 Decomposed Administrative Costs by Transfer Modality



Interviews raised questions on how reliable a guide ex-ante estimates are of actual expenditure – and consequently of actual cost efficiency. This concern was tested by comparing the TCTRs of proposals with final reports in Bangladesh. A very low divergence was found between the two⁷⁷ and ex-ante cost efficient analyses appear to be a good predictor of ex-post costs.

⁷⁷ The high convergence perhaps raise questions on the latitude ECHO offers partners to deviate from budget proposals. This finding will be checked in another country.

Table 17 Comparison of ex-ante and ex-poste TCTR value in Bangladesh

Reference number	Title	Modality	TCTR baseline	TCTR final report
2013/00736	Recovery Effort for Food security and Integrated Lasting Livelihood for MAHASSEN Affected Areas in Barguna (REFILL)	Cash	1.37	1.36
2013/00740	Humanitarian aid in favor of communities affected by cyclone Mahasen in Bangladesh	Cash	1.25	1.28
2011/01147	Emergency assistance for households affected by flooding in Bangladesh	Cash	1.34	1.35
2012/00014	Early Recovery and Rehabilitation Support for the Households Affected by Flood and Water logging in Bangladesh	Cash	1.28	1.29
2012/00014	Early Recovery and Rehabilitation Support for the Households Affected by Flood and Water logging in Bangladesh	Cash	1.31	1.27
2013/00855	Emergency Rehabilitation and Early Recovery Support to Cyclone Mahasen Affected Families in Barisal Division	Cash	1.26	1.25
2013/00822	Early recovery assistance to the people affected with Cyclone Mahasen in Bhola, Bangladesh	Cash	1.37	1.35
2011/01169	Integrated relief assistance to the most vulnerable flood-affected households hit by the 2011 Monsoon in Bangladesh	Cash	1.29	1.23
2013/00002	Early Recovery Support to Flood Victims in North West Bangladesh	Cash	1.34	1.30
2012/00008	Emergency Response and Early Recovery in Aila Affected Region in Bangladesh	Cash	1.16	1.16
2012/00010	Recovery Support to the flood affected and continually Water logged families of South West Bangladesh	Cash	1.26	1.24
2012/00010	Recovery Support to the flood affected and continually Water logged families of South West Bangladesh	Cash	1.25	1.24
2012/01043	Early Recovery Support to Flood Victims in South East Bangladesh	Cash	1.35	1.33
		Average	1.26	1.29

Telephone Interviews

A significant number of agencies have introduced their own approaches to measuring cost efficiency. Even if agencies are relatively transparent about their programmes' successes and challenges, and perceptions of the efficiencies of different approaches, they were often not forthcoming when asked to provide disaggregated cost data.

Currently the methodologies used by agencies to estimate cost efficiency vary a lot. The lack of consistency was cited as being exploited by implementing agencies to justify preferred options⁷⁸. Consequently there is a low confidence in partner analyses – as one respondent said 'it's all about the maths'.

⁷⁸ Cases in point include UNWRA in OpT and WFP in Ethiopia.

Interviewees consistently reported that the current ECHO corporate process (notably the Single Form /Fichop) do not require, or facilitate a cost efficiency analysis.

Disparate parts of ECHO are taking independent initiatives to institute cost efficiency analysis. For example the Syria team have developed a dashboard to compare cost efficiency metrics and guide the selection of projects proposed under the HIP. The West Africa regions are developing a strategy for analysing 'Value for Money' in the use of DFID funds delegated to ECHO. However, no central leadership is evident in this area.

Stakeholders were in agreement of the usefulness of a standardized ex-ante cost efficiency analysis based on the ratio of administrative costs and transfer values. Interviews stressed the need for a standardization of the methodology across agencies and donors. This was viewed as necessary to ensure the comparability of findings between projects, modalities and agencies. It was also advocated as a means to promote efficiency – with a concern that donors may introduce parallel requirements that multiply reporting costs.

The emphasis was on simple and appropriate measures that were commensurate with the humanitarian context (i.e. quick and dirty over rigorous and time consuming) and in-line with the capacities of implementing partners. It is noted that even the larger partner agencies have struggled to introduce more detailed cost efficiency analyses. For example, WFP's Omega calculation is not routinely used by the organization to support modality choice.

Interviews indicated that attempting to systematize the routine submission of detailed budget costs breakdown to inform a cost efficiency analysis may not be particularly constructive. These costs are hard to classify as they typically relate to 'staff costs' where the purpose of the staff needs to be determined. These cost breakdowns may be better understood through a dialogue with the partners, rather than standardized reporting requirements.

Changes were called for in the Single Form and HOPE database to support a more systematic analysis of cost efficiency. Stakeholders proposed relatively simple changes at the level of the SF to generate standard and comparable analyses of basic cost efficiency metrics – specifically separating transfer costs and administrative costs.

In addition there may be an argument for a simple comparison of the costs of in-kind projects procuring goods, compared with the value of the goods in in local markets. Large savings through bulk procurement could influence the cost efficiency conclusions.

Stakeholders viewed ECHO as having considerable potential leverage to bring organizations together to develop common tools. Considerable value is seen in standardizing the metrics and methodology at the system level to ensure greater comparability and credibility.

Other stakeholders suggested that ECHO should focus on ensuring that cost efficiency was embedded in the management processes of partner themselves. Here the emphasis shifts from the calculation to process monitoring. Documentary evidence could be gathered to assess whether the right data supported the decisions; that the right people made the decisions; that processes are in place to make right decision and a paper trail to show it happened.

Stakeholders saw cost efficiency as one factor that needs to be appropriately weighted in decision making. It was repeatedly emphasised that cost efficiency was only one factor that should be taken into account – and is secondary to questions of appropriateness, effectiveness and possibly sustainability.

Cost efficiency analysis was seen to have specific value in guiding project selection when comparing alternative proposals using the same modality. The different modalities are far from perfect substitutes and do not deliver strictly comparable outputs – which limits its' value in choosing between alternative modalities.

Field Missions

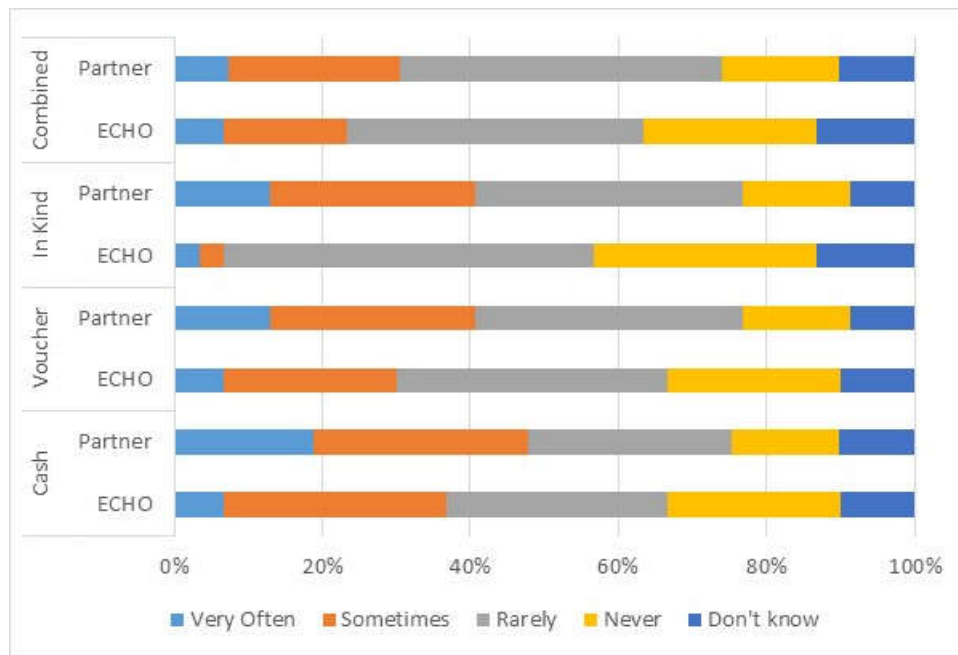
ECHO partners in several countries were found to be actively conducting cost efficiency analyses of their projects and were able to quote cost efficiency ratios. In some cases partners are using standard methodologies - for example the BRICS NGO consortia in Somalia have agreed a standard approach to the measurement of cost efficiency. However, in most cases agencies use their own methodologies.

This lack of standardization leads to inconsistent findings. For example in Jordan a dispute was evident on whether the UNHCR cash transfers or WFP food vouchers offered a more cost efficient solution.

Surveys

The survey indicated a broad perception that cost efficiency analyses remain the exception and when done are much more likely to be conducted for cash based responses (cash and vouchers), rather than in-kind transfers. Partners consistently perceive that they provide cost efficiency analyses more than ECHO perceive they receive it. This is markedly so for in-kind transfers.

Figure 14 Responses to question ‘How often do proposals include a comparative cost efficiency analysis by modality’



Whilst there was still some appetite for additional evidence on cost efficiency it was notable that this ranked far below other perceived constraints in implementing cash and voucher projects⁷⁹.

⁷⁹ See full survey results in annex for evidence to support this point.

Note on HOPE Data Extraction and Analysis

The data analysis was conducted based on an inventory that was constructed from DG ECHO HOPE database.

Within the database information is held at both a) the level of the *project*, and b) the level of *results* within projects. For the purpose of this evaluation the analysis was primarily conducted at the level of results as data on costs, outputs and outcomes associated with a single transfer component is typically held at this level.

The evaluators took an extraction from the DG ECHO HOPE dataset on 23th January 2015, selecting all projects with cash, voucher and/or in-kind transfers for the statistical years 2011-2014.

Relatively few of the evaluation indicators could be answered through the data extracted directly from HOPE. For most indicators it was necessary to further enrich the database with additional data that requires manual extraction from the *ficbops*⁸⁰.

Given the resources available to the evaluators a sampling strategy was required to reduce the data extraction task.

Since it is not possible to identify directly from HOPE extraction the number of results falling in each category⁸¹ an initial manual separation was needed. During the initial process the evaluators classified 377 results (178 cash, 35 voucher, 36 in-kind and 128 combined), selected within the countries/region with highest number of results classified as cash and voucher.

These results were screened for further analysis by the criteria of providing (i) final reports, (ii) give the 'transfer value' by modality, and (iii) provided a detailed budget report by result.

Further data extraction was conducted in 4 phases:

Phase 1: the evaluators manually extracted the data from cash and voucher results. In addition to the set of countries/regions proposed in the Inception Report a supplementary group of countries was included in the extraction because the number of vouchers and unconditional cash transfers was not sufficient to allow statistical analysis. In these countries only data for vouchers and unconditional cash transfers was extracted.

Since few examples were found from other sectors (13 in Shelter and NFIs and 3 in Water, Sanitation and hygiene promotion compared with 163 in Food and livelihoods) further data extraction was focused only in food and livelihoods sector.

⁸⁰ The data extracted included modality, number of beneficiaries, beneficiary distribution, delivery mechanism, costs, outputs and outcomes.

⁸¹ Cash and voucher are classified under the same sub-sector and there are some results with combined approaches not classified.

Phase 2: the extraction of in-kind results from all the selected countries/regions was made. The sample only included general food distributions⁸² and 'livelihoods inputs' distributions with comparable cash/voucher transfers in the same country/crisis. Results providing specialized nutritional supplements were excluded.

Phase 3: the evaluators then extracted information for the results with combined approaches, following the same criteria⁸³.

Phase 4: a direct follow-up was made with partners to validate/ clarify specific indicators that were not uniformly reported in HOPE on the distribution mechanism used, conditions attached to the use of the transfer and the context of the project (type of crisis, urban or rural beneficiaries).

The final sample for data analysis included 179 results (82 cash, 35 voucher, 30 in-kind and 32 combined).

Table 18: Sample for Data Analysis by country and modality

Country	Cash	Voucher	In-kind	Combined	Total
Bangladesh	22	0	1	0	23
Congo	9	9	1	3	22
Syria Crisis	6	2	4	9	21
Somalia	4	4	1	7	16
Chad	1	6	5	0	12
Palestinian Territory Occupied	6	2	4	0	12
Mali	8	0	2	0	10
Niger	6	2	1	1	10
Central America	4	1	4	0	9
Yemen	3	1	3	1	8
Cote d'Ivoire	3	3	2	0	8
Philippines	2	0	1	4	7
Afghanistan	5	0	0	1	6
Kenya	0	1	1	3	5
Pakistan	0	1	0	3	4
Haiti	0	3	0	0	3
Myanmar	2	0	0	0	2
India	1	0	0	0	1
Grand Total	82	35	30	32	179

With the data extracted from the final reports, the evaluators then calculated the Total Cost to Transfer Ratio (TCTR) and the Cost per beneficiary. The TCTR was defined as the ratio

⁸² Supplementary food distributions were included only if combined with general food distributions.

⁸³ A high number of the results with combined approaches did not present clearly in the report the 'transfer value', so were not included in the sample.

of the total cost⁸⁴ to the value of transfers received by beneficiaries⁸⁵ (total cost /transfer value). The Cost per beneficiary used in the analysis shows the proportion of the total transfer received by each beneficiary⁸⁶ (transfer value/number of beneficiaries).

The following notes apply to the HOPE data analysis:

- The cost efficiency analysis is geographically representative.
- The analysis is based on final reports rather than budgets at proposal stage – i.e. real costs
- There was a broadly balanced selection of voucher, in-kind and combined modality results in the sample. A larger selection of cash transfers results was made to support more detailed analysis of this modality.
- The analysis was conducted primarily at the result level – rather than project level – to allow a more specific analysis of transfer costs by modality. For example one project might include both a cash transfer to meet food needs alongside a second result to meet shelter needs.
- However, the analysis ensured that all costs associated with the transfer were included and non-associated costs excluded. Where appropriate costs from multiple results were combined (e.g. management costs may be presented as a separate result and needed to be proportionately allocated). An appropriate proportion of the total project overhead costs were included in the total project cost.
- The consensus in the literature is that ideally the transfer value of in-kind transfers should be calculated as the value of the transfer on local retail markets. The desk phase attempted this calculation but ultimately had to use the procurement costs to estimate the transfer value. As it would be usually expected that procurement costs are lower than retail food costs this would imply the cost efficiency of in-kind transfers is greater than stated.
- Care should be taken in interpreting the data in relation to sample sizes. The text is clear where it is felt that this limits the reliability of the findings and no statistical confidence should be implied.

⁸⁴ Total cost was defined as the total cost of the result + as judged appropriate on a case by case basis part or all of the cost of other results in the project + a proportion of the indirect costs charged.

⁸⁵ For cash transfer and vouchers the monetary value of the transfers was used. For in-kind transfers the transfer value was assumed to be the procurement costs. The justification for this is discussed further in Section 3 below.

⁸⁶ The analysis considered individual beneficiaries instead of households.

Annex IV: Evidence Paper 2

Cost-effectiveness (cost per outcome) of transfers by cash, voucher and in-kind

INTRODUCTION.....	2
2.1 IS THERE A TRANSFER MODALITY FUNDED BY ECHO THAT SEEMS TO BE MORE COST-EFFECTIVE, TAKING INTO ACCOUNT SECTORS AND CONTEXT BASED FACTORS?	3
2.2 FOR EACH TRANSFER MODALITY WHAT ARE THE MAIN FACTORS ASSOCIATED WITH THE EFFECTIVENESS OF ECHO FUNDED PROJECTS?.....	11
2.3 HOW SHOULD THE COST EFFECTIVENESS OF ECHO FUNDED ACTIONS BE APPRAISED AND MONITORED?.....	15
NOTE ON HOPE DATA EXTRACTION AND ANALYSIS.....	17
Figure 15: Defintion of Cost Effectiveness.....	2
Figure 16 Percentage of results achieving target outcomes by modality	8
Figure 17 Perception of timeliness by modality	10
Figure 18 Perceptions of Partners on the Multiplier Effects for on th Local Economy	11
Table 19 Key Results Indicators used by modality	7
Table 20 Frequency of cash transfer being combined with other modalities in one project result by country.....	9
Table 21 General Impact of Secondary Effects by Modality	10
Table 22 Average TCTR by Work Conditionality for Cash Transfers	13
Table 23: Sample for Data Analysis by country and modality	18

Introduction

The paper presents findings on the three Evaluation Questions (EQs) within Task Area 2 of the evaluation:

EQ 2.1

Is there a transfer modality funded by ECHO that seems to be more cost-effective, taking into account sectors and context based factors?

EQ 2.2

For each transfer modality what are the main factors associated with the effectiveness of ECHO funded projects?

EQ 2.3

How should the cost effectiveness of ECHO funded actions be appraised and monitored?

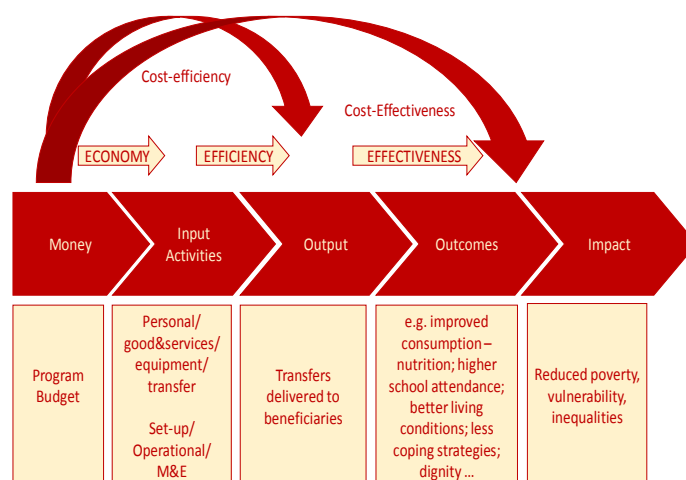
For each of these evaluation questions the following sections summarize the respective findings. These findings are based on data from the five evaluation tools:

- Document review
- Analysis of HOPE data
- Telephone interviews
- Survey of ECHO staff and partners
- Field missions in Jordan, Somalia and Niger

The analysis in this Task Area is based primarily on an analysis of HOPE data supplemented by telephone and field level interviews, survey results and additional literature review. Specific notes on the data analysis are given at the end of this annex.

Cost effectiveness is defined in this report as the cost per outcome. This definition, and its relation//ship to other related terms, is illustrated below:

Figure 15: Defintion of Cost Effectiveness



Effectiveness relates to how well outputs are converted to outcomes and impacts. Cost-effectiveness analysis measures the cost of achieving intended programme outcomes and impacts, and can compare the costs of alternative ways of producing the same or similar benefits.

The same methodology relating to data extraction from HOPE apply in this section as for Task Area 1 (see notes at the end of this paper).

2.1 Is there a transfer modality funded by ECHO that seems to be more cost-effective, taking into account sectors and context based factors?

Summary EQ 2.1: Differences in cost effectiveness of different transfer modalities

Methodological challenges, inadequate data and differing objectives make the comparison of the effectiveness of different transfer modalities challenging. Quantitative evidence from the literature on cost effectiveness is limited and reaches mixed conclusions. The ECHO database does not currently allow a direct analysis cost effectiveness. In practice only one transfer modality may be feasible and effective in a given situation.

The available evidence does suggest that:

- When used in comparable and appropriate contexts, cash transfers are generally shown to be more cost effective than the alternatives in meeting food needs.
- Cash transfers are undoubtedly more effective at meeting diverse needs through a single transfer. The flexibility of cash transfers reduces the risk of targeting beneficiaries with the wrong goods or services.
- Beneficiaries directly consulted through the evaluation expressed a strong preference for cash transfers as it allows them to select the goods and services according to needs.
- Vouchers or in-kind transfer may be more effective in meeting other sectoral objectives (such as nutrition).
- Little is known on the effectiveness of combined approaches. A range of permutations of transfer modalities are used, both concurrently and sequentially, but there is a lack of evidence on effectiveness beyond generalized perceptions.

Effectiveness depends in part on the timeliness of the response. The evidence indicates that timeliness is primarily driven by the capacities and experience of implementing agencies, rather than being inherently associated with the transfer modality.

There is limited evidence on the indirect impacts of cash, vouchers and in kind transfers including the multiplier effects on local markets, the greater financial and social inclusion of beneficiaries, sustainability and resilience. Accounting for these indirect effects would strengthen arguments for cash based transfers.

I#	Indicator	Doc Review	HOPE Data	Inter view	ECHO Survey	Partner Survey	Field Visits
2.1.1	Use of cash and vouchers transfers in sectors funded by ECHO	x	X	x	x	x	x
2.1.2	Comparison of cost of interventions using different modalities, to achieve comparable results, controlled for similar contexts		X				
2.1.3	Comparative timeliness of mobilizing transfers through different modalities		x	x	x	x	X

Documentary Review

It is clear from the literature that cost effectiveness analysis is challenging - both in general as well as specifically in relation to analysing the cost effectiveness by transfer modality. Constraints identified include:

- At a general level: “First it is always difficult to attribute changes to any specific intervention, since there are always many other processes of change going on (e.g. seasonal changes). Second, there is an additional difficulty in attributing change to the type of transfer. Outcomes may be influenced more by other aspects of programme design (targeting, size of transfer, etc.) and the quality of implementation⁸⁷”. In practical terms outcome indicators such as food consumption may have improved because it rained or employment prospects improved - rather than being a direct consequence of the transfer.
- In addition to the challenge of obtaining accurate, comparable cost data, cost-effectiveness studies face the challenge of getting accurate, comparable and measurable data of outcome/impact indicators from when programme starts (baseline situation) and when it finishes (post-programme situation).⁸⁸
- The review of literature suggests that judgments on cost-effectiveness depend heavily on the framing of the objectives of the project⁸⁹. It is very difficult to compare cost-effectiveness across transfer types given that cash can be spent on a broad range of household needs (food, water, health, education, etc.), whereas vouchers and in-kind projects are targeted to specific outcomes. The choice of whether to base the comparison on sectoral outcomes specified in the project design or the outcomes chosen by beneficiaries will have a large influence on the estimation of cost effectiveness.
- The literature identifies gaps of practical tools for analyzing cost-effectiveness (*ex ante* and *ex post*), analysis of cash-based programming as a multi-sector tool (as opposed to cash v. food aid) (Sarah Bailey’s literature review, 2013).
- Secondary impacts will also have significant effects on the overall conclusion of the ranking of cost effectiveness of different modalities. Evidence on these points remains relatively weak. These include:

⁸⁷ See Levine & Bailey (2015)

⁸⁸ Note that additional monitoring time would need to be deserved to collect outcomes/impact indicators data which therefore create additional cost, and influence cost-effectiveness measure.

⁸⁹ From the literature, a general consensus seems to be that to improve quality and diversity of beneficiaries’ diets, cash and voucher transfer are the most effective, but to increase the consumption of calorie per day, in-kind food aid seems to perform better. (Sarah Bailey’s literature review, 2013).

- Multiplier effects of cash on local markets
- Disincentive effects of in-kind distributions
- Financial and social inclusion of beneficiaries
- Sustainability and resilience
- Less quantifiable aspects such as choice and dignity
- Impacts on protection

Few relevant quantitative cost-effectiveness analyses have been made due to the difficulty of obtaining accurate comparable cost and outcomes/impact indicators as well as due to the high context dependence of the achievement of programs' outcomes/impact. There are numerous PDM studies monitoring what beneficiaries spend their money on, but not very much on the impact of such spending.⁹⁰ It is nevertheless worth mentioning that most studies reveal that cash is rarely spent on 'non-essential' goods.⁹¹

The most robust evidence on comparative cost effectiveness comes from Hoddinott et al. (2013). The number of studies is small and the results mixed, however cash transfers were generally shown to be more cost effective when measured in terms of food security impacts. Other studies have tended to support similar conclusions. Gentilini (2014) compares the percentage point increase between different food outcomes indicators across cash versus in-kind food aid. He also compares increase in indicators value if common measure is reported across transfer modalities. However more evidence on this question may be useful⁹² but an unambiguous quantitative answer may be illusive.

Qualitative assessments in the literature suggest that cash transfers are more effective than the alternative modalities as:

- Thanks to its flexibility cash can meet a wide range of household needs and is spent according to the beneficiaries' own preferences, whilst in-kind transfers implicitly assume that all beneficiaries have the same preferences.
- Beneficiaries largely have a preference for cash. Preference for cash is not driven by a lack of satisfaction of the in-kind transfer⁹³, but this is not always the case.⁹⁴ Contextual factors such as distance between residence and market may affect the choice.⁹⁵
- Injecting cash, voucher and even in-kind transfers in the local economy can create positive (e.g. multiplier effect) and/or negative (e.g. market distortions) externalities for beneficiaries as well as for non-beneficiaries of a program. The limited data on these externalities suggest that cash transfers have greater positive benefits than the alternatives.

⁹⁰ Sarah Bailey's literature review, 2013.

⁹¹ « WFP's vulnerability assessment in Lebanon shows that at least 81% of expenditure is for basic needs. Anti-social use, as for alcohol or tobacco, is minimal at 4%. An IRC evaluation of winterisation cash also found that people did not spend the increase in their marginal income on temptation goods.» DFID VfM study, summary report p.23, 2013.

⁹² See the Humanitarian Outcomes study for Somalia, WFP and UNHCR study in Ethiopia.

⁹³ « All newcomers in the DRC Newcomers Survey strongly preferred cash over in-kind, they were nevertheless highly satisfied with their in-kind package. » (DFID VfM study – Lebanon case study, 2013).

⁹⁴ « The preference for cash is a common message coming out of surveys and monitoring data in Lebanon (where there is a strong beneficiary preference for cash of at least 80%) and the Philippines. The PSNP in Ethiopia was an exception, many beneficiaries preferred food over cash, due in large part to cash transfer amounts that lost value with local inflation and hence became more or less worthless.» DFID VfM study, summary report p.23, 2013.

⁹⁵ In Lebanon, the evaluation found that those households living more distant from markets are more likely to prefer in-kind or a combination of cash /in-kind.

There do not appear to have been any attempts in the literature to compare the cost effectiveness of different modalities from the perspective of effectiveness in meeting beneficiaries self-defined needs. There is a uniform assumption that cash will almost inevitably more cost effective when judged from this perspective. However, this has not been shown empirically or the magnitude of this advantage demonstrated⁹⁶.

Cost effectiveness by definition analyses the cost per outcome. Therefore the comparison of the cost effectiveness of different transfer modalities is dependent on the measurement of the outcomes of the action. However, fundamentally different perspectives exist on the benchmarks for assessing effectiveness.

The ‘traditional’ approach is to measure the performance of a transfer in meeting externally defined needs – often defined narrowly within a sector. The second approach assesses the effectiveness of the transfer in meeting beneficiary needs as defined by the beneficiaries themselves. Using the first approach tends to favour the use of in-kind transfers or vouchers (where the transfer is aligned to the externally perceived need), whilst the second favours unconditional cash⁹⁷ (where the transfer is fungible and beneficiary choice is maximized).

The differing views on what constitutes the standard for measuring effectiveness are hard to resolve empirically and this is ultimately a policy choice. Currently there is no clear policy guidance on this point in ECHO. However, it is worth noting that some evidence in the literature suggests that humanitarian agencies have performed rather poorly at interpreting humanitarian needs – suggesting a strong preference for much greater beneficiary choice⁹⁸.

In-kind transfers, voucher or conditional cash transfers might be more cost-effective when quality is at stake (for example if the market does not offer good enough quality commodities so as to achieve the intended effects on beneficiaries).⁹⁹ For example, Preliminary findings of an NGO study on shelter and WASH upgrades in Lebanon found voucher programming to be the most effective and cost effective modality and ‘it offered superior flexibility and cost efficiencies to in-kind programming, and to cash (because of the required quality)’.

Another component of effectiveness is the speed of response, since “quicker response, may save more lives and reduce suffering”. This is especially true in severe emergency crises, where the most important achievement is saving lives. There is little conclusive data in the literature on the comparative timelines of response by modality,

⁹⁶ The field missions will attempt to gather evidence on this question.

⁹⁷ Cash is often spent on a wide range of goods and services. In the Philippines following Typhoon Haiyan, for example, people reported using the cash for food, shelter, agricultural inputs, medicine, school fees, sharing, debt repayment, clothing, hygiene, fishing equipment and transport (Cabot-Venton et al., 2015).

⁹⁸ Beneficiaries in the Middle East were asked if humanitarian aid agencies were meeting their priority needs. Interviewees gave an average of 3 out of 10 points (Redvers, 2015 quoted by Sarah Bailey 2015).

⁹⁹ Such examples are given in the Philippines case study (shelter and food programs) and in Lebanon case study (shelter and health).

Data Analysis

Outcome Indicators

The ECHO database did not currently support a substantive analysis of cost effectiveness. The evaluators invested significant time in attempting to analyse the ECHO database to develop evidence on the cost effectiveness of different transfer modalities. The basic approach was to analyse the unit cost of achieving comparable outcomes. However, a basic constraint is a dearth of outcome level reporting by partners.

PANIS introduced guidance for food assistance in 2011 and more recent ECHO guidance requires reporting against Key Results Indicators (KRIs) across all sectors since 2014. *Only 10% of the results analysed contained data on the common outcome indicators approved by ECHO.* Within this subset there was a lack of standardization in the choice of outcome indicators. Even where the same indicator was used (e.g. Food Consumption Score – FCS) the data was often presented in non-comparable ways.

Table 19 Key Results Indicators used by modality

	Cash	In-kind	Combined	Voucher	Total
FCS	3	5	1	4	13
DDS	1				1
HDDS/CSI	1				1
CSI	1				1
HEA	1				1
Total cases using KRIs	7	5	1	4	17
Percentage of all cases by modality	9%	17%	4%	12%	10%

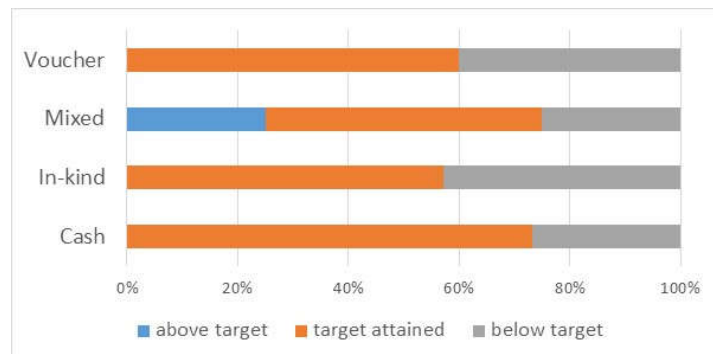
Consequently it was not possible to quantitatively analyse cost effectiveness as had been anticipated in the methodology design.

Partner self-assessment of effectiveness

Data on partner's self-assessment of effectiveness – as opposed to *cost* effectiveness – was extracted from HOPE. The data reflects partners own reporting of their performance against the self-selected outcome indicators for 38 results^{100 101}. Given the limited sample size it would not be reasonable to impute too much significance in the differences in results by modality, but reasonable to conclude that the different modalities appear to have similar levels of effectiveness.

¹⁰⁰ The results reporting at outcome level (38) differs from the total on the previous table (17) as several results report on outcomes using self-defined, non-standard outcome measures.

¹⁰¹ Below target was defined as falling >10% below target and above target as >10% above the target.

Figure 16 Percentage of results achieving target outcomes by modality

If this finding was substantiated it would suggest that a main driver of effectiveness is differences in costs – rather than outcomes. Based on the earlier conclusions (see Annex III) this would imply that cash transfers are more cost effective when used in comparable contexts.

Effectiveness of Combined Modalities

A large proportion of ECHO projects using a combination of modalities. Partners are frequently including complex mixes of modalities, including projects which used different modalities with different target groups of beneficiaries, different modalities simultaneously with the same beneficiaries, and projects where the use of different modalities was sequenced over time.

Table 20 Frequency of cash transfer being combined with other modalities in one project result by country

	Total results reviewed	Results with combined modalities	% with combined modalities
Syria Crisis	37	29	78.40%
Congo	35	16	45.70%
Somalia	26	4	15.40%
Bangladesh	26	18	69.20%
Cote d'Ivoire	22	4	18.20%
India	22	4	18.20%
Haiti	19	5	26.30%
Myanmar	19	3	15.80%
Pakistan	19	2	10.50%
Philippines	18	15	83.30%
Palestinian Occupied Territory	18	4	22.20%
Afghanistan	17	1	5.90%
Chad	14	5	35.70%
Yemen	14	3	21.40%
Niger	12	4	33.30%
Kenya	11	9	81.80%
Mali	10	2	20.00%
Central America	8	3	37.50%
Total	347	131	37.80%

Telephone and Field Interviews

Effectiveness depends in part on the timeliness of the response. There is no systematic data on the time taken to mobilize different response modalities – which is perhaps a gap. Therefore, evidence on this point is largely driven by qualitative information.

Most interviewees shared the opinion that timeliness primarily depends on what agencies are used to, rather than modality *per se*. As one respondent said “*if we are not cash prepared then cash is not as fast as traditional in-kind response*”. Another view was that ‘*At this point cash is still coming out slightly slower to do without the prerequisite skills and systems*’.

Interviews identified a range of secondary impacts that may differ by modality and should be taken into account when comparing the effectiveness of the modalities. Evidence in the literature on the magnitude of these effects is weak. Both staff and partners felt that there was a significant gap in knowledge of the indirect impacts of both cash and in kind transfers. However, an analysis of interviews and the literature suggests that these indirect impacts tend to strengthen the case for cash transfers. More data on these aspects might give greater

precision on how cost effective cash transfers are - not whether or not they are more cost effective than vouchers or in-kind transfers.

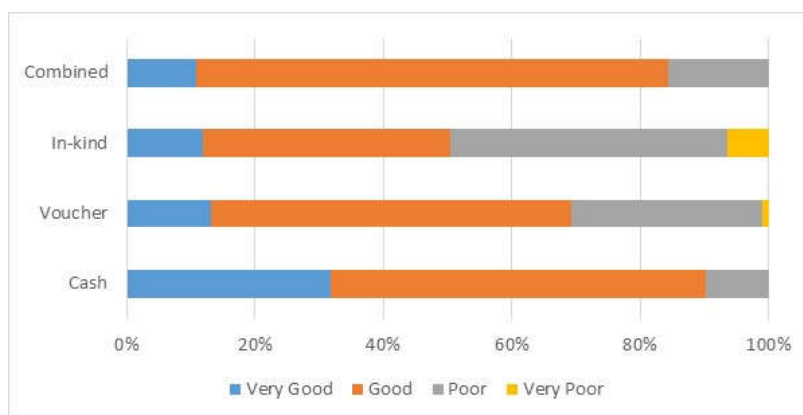
Table 21 General Impact of Secondary Effects by Modality

Secondary Effects	Cash	Vouchers	In-Kind
Multiplier effects on local markets	Green	Green	Yellow
Disincentive effects on local markets	Yellow	Yellow	Red
Inflationary impacts	Yellow	Yellow	Yellow
Choice and dignity	Green	Green	Red
Impacts on protection	Green	Yellow	Yellow
Sustainability and resilience	Green	Yellow	Yellow
Inclusion (financial and social)	Green	Yellow	Yellow
Social costs	Yellow	Yellow	Yellow

Surveys

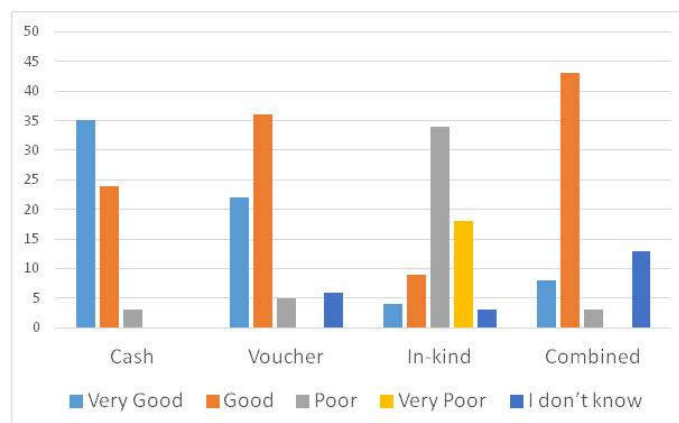
The combined survey results indicated a general perception that cash was more timely than vouchers and in-kind transfers.

Figure 17 Perception of timeliness by modality



The perception of survey respondents was that the multiplier effects on the local economy were the most positive for cash transfers. Vouchers were ranked as closely comparable to cash, while in-kind transfers were generally seen to have poor multiplier effects.

Figure 18 Perceptions of Partners on the Multiplier Effects for on th Local Economy



2.2 For each transfer modality what are the main factors associated with the effectiveness of ECHO funded projects?

Summary EQ 2.2: Factors associated with cost effectiveness

A number of drivers of cost effectiveness were identified by the evaluation. Many of these drivers apply equally to all transfer modalities while some are more closely associated with specific types of transfers.

In general terms effectiveness depends on the design of the programme and the quality of implementation irrespective of transfer modality. The size and adequacy of the transfer in relation to needs is critical.

Other drivers include:

- Targeting accuracy is critical. However, the ability to select the right beneficiaries does not seem to vary according to the modality.
- The delivery mechanism is seen as a big driver of cost effectiveness. Depending on the context electronic transfers were generally more efficient, but this is not always the case.
- The importance of investments in preparedness to support an effective response was repeatedly referenced. This was seen as a particular issue for the use of cash transfers and vouchers were some agencies lack sufficient experience.

Complementary measures (e.g. trainings) were shown to add costs. However, the evaluation did not identify data to isolate changes in effectiveness associated with these investments.

The evaluation methodology defined a number of indicators to help answer the evaluation question and further identified the respective data sources to be used in collecting data against these indicators. For reference these are shown in the table below, and for each of the evaluation questions that follow.

I#	Indicator	Doc Review	HOPE Data	Inter view	ECHO Survey	Partner Survey	Field Visits
2.2.1	Stakeholder opinions on major factors driving cost effectiveness	x	x	x	X	X	x

Documentary Review

The choice of transfer modality is only one factor in effectiveness. Contextual factors include consideration of the beneficiaries' profile (their baseline situation and length of their exposure to humanitarian stress and other personal characteristics); the design of the programme; the quality of the implementation; the implementing partners' experience and capacity for specific transfer programme; the quality of the goods & services provided in-kind and purchased on local market; and security.

Several references make the point that targeting is critical to effectiveness¹⁰². It is convincingly argued that the single biggest influence on cost effectiveness is targeting accuracy. In effect it doesn't matter how efficiently you deliver a transfer if it isn't needed by the people that receive it.

There was no evidence in the literature that targeting accuracy – i.e. the ability to select the right beneficiaries - differs according to the modality selected. However, it is logical to assume that the flexibility of cash reduces the risk of targeting beneficiaries with the wrong goods or services.

Other aspects were understood to be more specifically related to driving the effectiveness of individual transfer modalities.

Frequent references are found to the resale of both vouchers and in-kind transfers. For example DFID (ref) reports that WFP has provided food assistance to Syrian refugees in Lebanon since June 2012, through an e-vouchers. While offering a quick and efficient mechanism to deliver food assistance to beneficiaries, a number of refugees sold their e-card entitlements because they required money in order to meet other needs of the family – particularly shelter and non-food items.

The importance of investments in preparedness to support an effective response was repeatedly referenced. This was seen as a particular issue for the use of cash transfers and vouchers where agencies lack experience. For example, the DFID VfM study¹⁰³ cites the case of the Philippines Red Cross, where such investments had been made, through an ECHO-funded pilot programme.

¹⁰² For example see Barrett and Maxwell (2008)

¹⁰³ DFID (2014)

The delivery mechanism is seen as a big driver of cost effectiveness and the choices are usually specific to the transfer modality. E.g. the main cost driver for cash transfers in Lebanon with ATM cards are the loading/transfer fees; for cash in envelopes the main cost drivers are monthly distributions and phone notifications. The literature generally draws contradictory conclusions on delivery mechanisms. E-transfers in Niger, Congo and Philippines were all found to be more expensive than other approaches. In Lebanon, e-transfers were more expensive than voucher ones, at least at the beginning, according to the DFID study, due to high start-up costs that then are reduced over time.

WFP has provided food assistance to Syrian refugees in Lebanon since June 2012, through an e-voucher delivering \$30/person/month which can be exchanged for food commodities in around 300 accredited stores across the country. An evaluation showed that the e-card offers a quick and efficient mechanism to deliver food assistance to beneficiaries. However in terms of outcomes it notes that a number of refugees sold their e-card entitlements because they required money in order to meet other needs of the family – particularly shelter and non-food items.

Data Analysis

Conditions are often associated with transfers to beneficiaries - for example conditions to receive the transfer (typically a work requirement for humanitarian transfers). Such conditions to receive *cash transfers* were applied in just over half of the results examined and resulted in additional costs (see Table 22). However, information was not easily available in HOPE on the assets created or how these may have contributed to cost effectiveness.

Table 22 Average TCTR by Work Conditionality for Cash Transfers

	Cases	TCTR (avg)
Unconditional	25	1.72
Conditions to receive the transfer	32	2.17
Both	19	1.80
Total	76	

Conditions on the use made of the transfer were not analysed. Social protection transfers are frequently made contingent on the use of health, education or other services but this is rare for humanitarian transfers. In-kind and voucher transfer by definition impose conditions in the use of the transfers. Very few cases were identified (3 in total) that attempted to impose conditions on the use of cash transfers by beneficiaries. This applies to the food sector and would differ for cash transfers for shelter.

Telephone and Field Interviews

A key determinant of effectiveness is recognised to be the size and adequacy of the transfer in relation to needs. The resale of vouchers or in-kind transfers to meet other beneficiary

prioritized needs was anticipated to be a more significant threat to effectiveness where the total transfer was judged to be inadequate by beneficiaries.

Complementary measures (e.g. trainings) were seen as important in determining the (cost) effectiveness of transfers. For example, interviews suggested that whilst cash may empower beneficiaries to make choices, it is important that these are well informed choices. Consequently there is a perceived need for 'soft' components to get the most benefit from cash transfers. For example, awareness raising on nutritious foods or purchasing of good quality materials for shelter.

Some interviewees advocated for combined approaches that address varying needs and requirements throughout the post crisis to development continuum. A number of cash specialists were of the opinion that the value of combined approaches was often overlooked. The ability of in-kind to help whilst markets recover and then cash or vouchers (preferably with direct support to market actors) to help stimulate market recovery, was often overlooked.

Some interviewees pointed out that transfer modality selection and response analysis was usually considered once, rather than as an ongoing process. A move towards more flexible modality selection over time was advocated from an effectiveness perspective. However, the cost effectiveness of adopting this approach appears not to have been closely studied.

Field Missions

Interviews pointed to the significant resale of vouchers at a heavy discount in several contexts. Beneficiaries and agency staff indicated that this was because goods are not appropriate or because they needed cash for additional purposes¹⁰⁴. These losses are rarely recorded in agency monitoring or reporting - in Jordan it was reported by some partners that WFP had refused to include a question on voucher resale in the joint monitoring questionnaire.

In contrast to the general literature, but in line with the ECHO data analysis, the field missions found that electronic transfers were extremely cost effective in several countries affected by the Syria crisis. the costs to projects of issuing and recharging electronic cards - for use either as electronic vouchers or for cash withdrawals - was typically less than 5% in both Jordan and Turkey. This is minimal in comparison to average administration costs of around 100% averaged across all sampled projects.

¹⁰⁴ WFP and NGOs have collected data on this value loss from households selling balances, reducing the efficiency of the vouchers by about 5%, for example, in the first quarter of 2014. People resell their voucher or goods because they need cash.

2.3 How should the cost effectiveness of ECHO funded actions be appraised and monitored?

Summary EQ 2.3: Appraisal and monitoring of cost effectiveness

There was little evidence of partners conducting their own cost effectiveness analyses. Clearly the data demands and analytical skills required are considerably higher than for cost efficiency analysis.

ECHO has not developed guidelines or procedures to facilitate cost effectiveness analysis. The ECHO Single Form and associated monitoring and reporting processes do not currently support a routine analysis of the cost effectiveness of projects.

Changes were suggested in the ECHO application and reporting processes to enable cost effectiveness analysis. In addition to better information on costs and beneficiaries (outlined in Annex III) the key requirement is strengthened reporting on outcome indicators. Key changes suggested were to:

- Review ECHO Key Results Indicators (KRIs) to ensure that all indicators measure outcomes rather than outputs.
- Reduce the number of key KRIs per sector (ideally to one) and improve guidance on the presentation and use the selected indicators to ensure comparability across projects.
- Define a KRI for multi-sector cash assistance. It was suggested by some stakeholders that a *coping strategy index which might be a relevant core indicator* to capture the overall welfare of beneficiaries.
- Increase the accountability of partners in routinely using KRIs.

I#	Indicator	Doc Review	HOPE Data	Inter view	ECHO Survey	Partner Survey	Field Visits
2.3.1	Stakeholder opinions on the relevance and feasibility of ex ante and ex post approaches to assess cost effectiveness			x			x
2.3.2	Review of adequacy of SF and HOPE database in supporting cost effectiveness analysis	X		x			

Documentary Review

The ECHO Single Form and associated monitoring and reporting processes do not support a routine analysis of the cost effectiveness of projects. ECHO has not developed guidelines or procedures to facilitate cost effectiveness analysis. In addition to better information on costs and beneficiaries (outlined in Annex III) the key requirement is strengthened reporting on outcome indicators.

The use of Key Results Indicators (KRIs) has been reinforced with the introduction of the 2014 version of the Single Form, which increases the partner accountability for reporting on a KRI per result. However, significant limitations are still apparent.

- There are relatively long lists of approved KRIs by sector. Results cannot be compared which report on different KRIs.
- In the food and livelihood sector solid outcome indicators have been developed for some time but the ECHO guidance on the use of these indicators is not sufficiently specific to allow reliable comparisons between projects. For example, the FCS is the most commonly used indicator but the way it is presented and reported on in different SFs prohibits a direct comparison of effectiveness.
- In several sectors many of the KRIs appear to be output indicators rather than outcome indicators.

Telephone and Field Interviews

Additional thought is required on outcome indicators for multi-sector cash assistance. It may be unrealistic to track outcomes in multiple sectors - or at most these may provide supplementary information. It was suggested by some stakeholders that *a coping strategy index which might be a relevant core indicator*. This could capture the overall welfare of beneficiaries and indicate the extent to which they were able to avoid resorting to harmful coping strategies.

There was little evidence of partners conducting their own cost effectiveness analyses. Clearly the data demands and analytical skills required are considerably higher than for cost efficiency analysis.

Several interviewees argued that the choice of transfer modality should be guided, but not decided, by comparative cost effectiveness analysis. Cost effectiveness analysis is a useful tool – and a better guide than cost efficiency analysis. However, the decision on transfer modality continues to depend on a range of factors including the needs, the objectives of the intervention, the local context (economic and political) and the capacity/experience of the implementing agency. Ultimately decisions over transfer modality continue to reflect what is feasible over what might be theoretically optimal.

Note on HOPE Data Extraction and Analysis

The data analysis was conducted based on an inventory that was constructed from DG ECHO HOPE database.

Within the database information is held at both a) the level of the *project*, and b) the level of *results* within projects. For the purpose of this evaluation the analysis was primarily conducted at the level of results as data on costs, outputs and outcomes associated with a single transfer component is typically held at this level.

The evaluators took an extraction from the DG ECHO HOPE dataset on 23th January 2015, selecting all projects with cash, voucher and/or in-kind transfers for the statistical years 2011-2014.

Relatively few of the evaluation indicators could be answered through the data extracted directly from HOPE. For most indicators it was necessary to further enrich the database with additional data that requires manual extraction from the *ficbops*¹⁰⁵.

Given the resources available to the evaluators a sampling strategy was required to reduce the data extraction task.

Since it is not possible to identify directly from HOPE extraction the number of results falling in each category¹⁰⁶ an initial manual separation was needed. During the initial process the evaluators classified 377 results (178 cash, 35 voucher, 36 in-kind and 128 combined), selected within the countries/region with highest number of results classified as cash and voucher.

These results were screened for further analysis by the criteria of providing (i) final reports, (ii) give the 'transfer value' by modality, and (iii) provided a detailed budget report by result.

Further data extraction was conducted in 4 phases:

Phase 1: the evaluators manually extracted the data from cash and voucher results. In addition to the set of countries/regions proposed in the Inception Report a supplementary group of countries was included in the extraction because the number of vouchers and unconditional cash transfers was not sufficient to allow statistical analysis. In these countries only data for vouchers and unconditional cash transfers was extracted.

Since few examples were found from other sectors (13 in Shelter and NFIs and 3 in Water, Sanitation and hygiene promotion compared with 163 in Food and livelihoods) further data extraction was focused only in food and livelihoods sector.

¹⁰⁵ The data extracted included modality, number of beneficiaries, beneficiary distribution, delivery mechanism, costs, outputs and outcomes.

¹⁰⁶ Cash and voucher are classified under the same sub-sector and there are some results with combined approaches not classified.

Phase 2: the extraction of in-kind results from all the selected countries/regions was made. The sample only included general food distributions¹⁰⁷ and 'livelihoods inputs' distributions with comparable cash/voucher transfers in the same country/crisis. Results providing specialized nutritional supplements were excluded.

Phase 3: the evaluators then extracted information for the results with combined approaches, following the same criteria¹⁰⁸.

Phase 4: a direct follow-up was made with partners to validate/ clarify specific indicators that were not uniformly reported in HOPE on the distribution mechanism used, conditions attached to the use of the transfer and the context of the project (type of crisis, urban or rural beneficiaries).

The final sample for data analysis included 179 results (82 cash, 35 voucher, 30 in-kind and 32 combined).

Table 23: Sample for Data Analysis by country and modality

Country	Cash	Voucher	In-kind	Combined	Total
Bangladesh	22	0	1	0	23
Congo	9	9	1	3	22
Syria Crisis	6	2	4	9	21
Somalia	4	4	1	7	16
Chad	1	6	5	0	12
Palestinian Territory Occupied	6	2	4	0	12
Mali	8	0	2	0	10
Niger	6	2	1	1	10
Central America	4	1	4	0	9
Yemen	3	1	3	1	8
Cote d'Ivoire	3	3	2	0	8
Philippines	2	0	1	4	7
Afghanistan	5	0	0	1	6
Kenya	0	1	1	3	5
Pakistan	0	1	0	3	4
Haiti	0	3	0	0	3
Myanmar	2	0	0	0	2
India	1	0	0	0	1
Grand Total	82	35	30	32	179

With the data extracted from the final reports, the evaluators then calculated the Total Cost to Transfer Ratio (TCTR) and the Cost per beneficiary. The TCTR was defined as the ratio

¹⁰⁷ Supplementary food distributions were included only if combined with general food distributions.

¹⁰⁸ A high number of the results with combined approaches did not present clearly in the report the 'transfer value', so were not included in the sample.

of the total cost¹⁰⁹ to the value of transfers received by beneficiaries¹¹⁰ (total cost /transfer value). The Cost per beneficiary used in the analysis shows the proportion of the total transfer received by each beneficiary¹¹¹ (transfer value/number of beneficiaries).

The following notes apply to the HOPE data analysis:

- The data analysis is geographically representative.
- The analysis is based on final reports rather than budgets at proposal stage – i.e. real costs
- There was a broadly balanced selection of voucher, in-kind and combined modality results in the sample. A larger selection of cash transfers results was made to support more detailed analysis of this modality.
- The analysis was conducted primarily at the result level – rather than project level – to allow a more specific analysis of transfer costs by modality. For example one project might include both a cash transfer to meet food needs alongside a second result to meet shelter needs.
- However, the analysis ensured that all costs associated with the transfer were included and non-associated costs excluded. Where appropriate costs from multiple results were combined (e.g. management costs may be presented as a separate result and needed to be proportionately allocated). An appropriate proportion of the total project overhead costs were included in the total project cost.
- Care should be taken in interpreting the data in relation to sample sizes. The text is clear where it is felt that this limits the reliability of the findings and no statistical confidence should be implied.

¹⁰⁹ Total cost was defined as the total cost of the result + as judged appropriate on a case by case basis part or all of the cost of other results in the project + a proportion of the indirect costs charged.

¹¹⁰ For cash transfer and vouchers the monetary value of the transfers was used. For in-kind transfers the transfer value was assumed to be the procurement costs. The justification for this is discussed further in Section 3 below.

¹¹¹ The analysis considered individual beneficiaries instead of households.

Annex V: Evidence Paper 3

Multi-purpose versus sector-specific cash transfers

INTRODUCTION.....	3
3.1 TO WHAT EXTENT HAVE ECHO FUNDS BEEN USED TO PROMOTE MULTI-PURPOSE CASH TRANSFERS?	4
3.2 WHAT IS KNOWN ABOUT THE COST EFFICIENCY AND EFFECTIVENESS OF MULTI-PURPOSE CASH TRANSFERS COMPARED TO TRANSFERS ASSOCIATED WITH A SINGLE SECTOR IN HUMANITARIAN ACTION?.....	9
3.3 WHAT LESSONS HAVE BEEN LEARNT ABOUT THE COMPARISON OF MULTI-PURPOSE CASH TRANSFERS VERSUS TRADITIONAL MONO SECTORIAL TRANSFERS IN TERM OF EFFICIENCY AND EFFECTIVENESS <i>IN DG ECHO FUNDED ACTIONS</i> ?	19
3.4 WHAT ARE THE KEY BOTTLENECKS FOR DG ECHO AND ITS PARTNERS TO PROMOTE MULTI-PURPOSE CASH TRANSFERS?	35
3.5 WHAT IS THE ATTITUDE AND UNDERSTANDING OF (I) DG ECHO STAFF, AND (II) DG ECHO PARTNERS TO MULTI-PURPOSE CASH TRANSFERS	45
3.6 WHAT CHANGES MIGHT BE APPROPRIATE WHEN UPDATING DG ECHO'S CASH AND VOUCHER FUNDING GUIDELINES IN ORDER TO TAKE INTO ACCOUNT MULTI-PURPOSE CASH TRANSFERS?.....	55
Figure 19 MPCT toolkit conceptual framework	9
Figure 20 Assessment of CTP landscape delivered by multiple actors in Lebanon 2014..	29
Figure 21 Percentage of ECHO respondents familiar with the term MPCT	49
Figure 22 Percentage of implementing partner respondents familiar with the term MPCT	50
Figure 23 Opinion of partners on whether their organisation is supportive of MPCT	51
Figure 24 ECHO respondents who considered a need for changes in ECHO guidance to support MPCT	59
Figure 25 partner respondents who considered a need for changes in ECHO guidance to support MPCT	59
Table 24 Frequency of multi-sectoral cash and voucher projects in HOPE 2011-14.....	6
Table 25 Opinion of ECHO respondents on the efficiency and effectiveness of MPCT..	26
Table 26 Opinion of partner respondents on the efficiency and effectiveness of MPCT..	26
Table 27 Challenges within ECHO (cited by ECHO staff) to moving forward with MPCTs	36
Table 28 Challenges within Implementing Partners to moving forward with MPCT (cited by staff of implementing partners).....	37
Table 29 ECHO respondents' opinion on the main constraints in the humanitarian system to the wider use of MPCT	38

Table 30 partner respondents' opinion on the main constraints in the humanitarian system to the wider use of MPCT	39
Table 31 Challenges within the humanitarian system to moving forward with MPCT	40
Table 32 ECHO respondents' opinion on the main constraints in the humanitarian system to the wider use of MPCT	43
Table 33 partner respondents' opinion on the main constraints in the humanitarian system to the wider use of MPCT	43
Table 34 Opinion of ECHO respondents on whether changes to the humanitarian architecture would be required to scale up MPCT	44
Table 35 Opinion of partner respondents on whether changes to the humanitarian architecture would be required to scale up MPCT	45
Table 36 Opinion of ECHO respondents on whether ECHO should scale up MPCT	50
Table 37 Opinion of partner respondents on whether ECHO should scale up MPCT	50
Table 38 Opinion of ECHO respondents on whether changes to ECHO guidance would be required to scale up MPCT	60
Table 39 Opinion of ECHO respondents on whether changes to ECHO guidance would be required to scale up MPCT	60

Introduction

This Task Area examines the use of multi-purpose cash transfers in ECHO funded operations. ECHO defines multi-purpose transfers as “a transfer (either regular or one-off) corresponding to the amount of money a household needs to cover, fully or partially, their basic needs...[and which] demand greater coordination between humanitarian actors and donors to assess needs and to translate this into a single monetary value, the Minimum Expenditure Basket (MEB)”. This definition was coined in late 2014.

The paper presents findings on the six Evaluation Questions (EQs) within Task Area 3:

To what extent have ECHO funds been used to promote multi-purpose cash transfers?

EQ 3.1 To what extent have ECHO funds been used to promote multi-purpose cash transfers

EQ 3.2 What is known about the cost efficiency and effectiveness of multi-purpose cash transfers compared to transfers associated with a single sector in humanitarian action?

EQ 3.3 What lessons have been learnt about the comparison of multi-purpose cash transfers versus traditional mono sectorial transfers in term of efficiency and effectiveness in DG ECHO funded actions?

EQ 3.4 What are the key bottlenecks for DG ECHO and its partners to promote multi-purpose cash transfers?

EQ 3.5 What is the attitude and understanding of (i) DG ECHO staff, and (ii) DG ECHO partners to multi-purpose cash transfers?

EQ 3.6 What changes might be appropriate when updating DG ECHO's Cash and Voucher Funding Guidelines in order to take into account multi-purpose cash transfers?

For each of these evaluation questions the following sections summarize the respective findings, which are in turn are based on data derived through five main evaluation tools:

- a) A document review; including ECHO documents and other literature
- b) A quantitative analysis of Single Forms and Fichops held in the HOPE database
- c) Telephone interviews conducted with a range of global stakeholders including ECHO staff, partners, donors and researchers
- d) An electronic survey of ECHO staff and partners
- e) Field missions in Jordan, Somalia and Niger; which included further interviews with stakeholders and some additional data collection

Given the emerging nature of the concept of MPCT (as defined by ECHO), as well as limitations in the current ECHO proposal and reporting documents, the HOPE database yielded little evidence. The primary research approach was the identification of a core number of case study countries and/or interventions where MPCT has been the objective¹¹². The approach drew heavily on key informant interviews and an analysis of the emerging documentation. TA3 was also a focus of both survey instruments.

The research also draws upon published literature which explores evidence for the efficiency and effectiveness of other unrestricted cash transfers, which can also be put to multiple uses though which have not been set through calculation of a MEB across sectors and so which do not fulfil the second part of the ECHO definition.

3.1 To what extent have ECHO funds been used to promote multi-purpose cash transfers?

Summary EQ 3.1: Funding of MPCTs by ECHO

The concept of Multi-Purpose Cash Transfers (MPCTs) emerged in the last two years in the Middle East where disaster-affected populations have high diversity of 'basic needs' across sectors which can be best met through cash. MPCTs are defined by ECHO to (i) be designed to meet a variety of household needs through a single transfer, with (ii) the value based on the expenditure gap across a variety of needs. The main distinction from Unconditional Cash Transfers (UCTs) lies in the design – in practice beneficiaries will use either cash transfer for multiple purposes.

Overall evidence suggests that the frequency of ECHO-funded projects supporting MPCT *as per ECHO's understanding* is still very limited. While the fungibility of cash transfers is explicitly acknowledged in many ECHO projects –the actions are still ostensibly linked to outcomes in a specific sector. Transfer values are rarely based on a full basket of needs. Even the Syria crisis response still involves the parallel use of cash transfers and food vouchers.

ECHO cash transfer projects with MPCT-like design feature include NGO led responses in Afghanistan and in response to the 2011 Somali Famine, and the UN response to Typhoon Haiyan in the Philippines.

Prompted by learning based on the Syria crisis, ECHO has started to invest in measures to promote MPCTs. ECHO's ERC budget is funding a consortium of agencies led by UNHCR with the aim of 'Improving cash based programming through elaborating the operational implications of the multipurpose grant and increasing understanding of protection results'. ECHO has also advocated for the use of MPCTs, including through the organization of a Cash Round Table in Brussels that brought together other donors and implementing partners.

¹¹² The case studies were identified through a literature review and guidance from ECHO focal points. This included the Philippines and the Syria response countries as particular relevant examples.

The evaluation methodology defined a number of indicators to help answer the evaluation question – and the respective data sources to be used in collecting data against these indicators. For reference these are shown in the table below, and for the evaluation questions that follow.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Interview	ECHO Survey	Partner Survey	Field Visits
3.1.1	Frequency of projects/proportion of ECHO funds where all or part of the transfer is provided as an unconditional cash transfer?		X				
3.1.2	Frequency of projects where cash is designed to meet objectives in a minimum of 2 sectors		X				
3.1.3	Frequency of projects supporting multi-purpose cash transfers funded by ECHO		x	x	x		x
3.1.4	Examples of other actions taken to promote multi-purpose cash transfers, including capacity building and advocacy	X	x		x	x	x

3.1.1 Frequency of projects/proportion of ECHO funds where all or part of the transfer is provided as an unconditional cash transfer?

Data Review

In the design of this evaluation it had been anticipated that it would be possible to undertake analysis on the project data presented in HOPE to determine the extent of use of Unconditional Cash Transfers by ECHO. This was taken as an indicator - in lieu of an MPCT classification in the database - upon which further analysis could be based. However limitations of the Single Form format mean it is not possible to undertake any meaningful analysis here. This is because i) the classification of UCT is only made in the food assistance category and ii) even here, given ECHO definitions, the term is used to denote that the cash is provided without work conditions (i.e. it is not cash for work) rather than the use of the cash is unrestricted.

3.1.2 Frequency of projects where cash is designed to meet objectives in a minimum of 2 sectors

Data Review

During the inception phase, analysis of the HOPE data was undertaken to identify the frequency of projects funded by ECHO that are designed to meet objectives in more than one sector. These were classified as ‘multi-sector’ projects – a single project, including two or more separate objectives that are using cash or voucher transfers to meet these different sectorial needs. The evaluators found 58 projects that are multi-sectoral, corresponding to 8.9 % of the total number of cash and voucher projects (654 projects), as presented in Figure 3.1. Analysis also indicated that the number of multi-sectoral projects have increased since 2011. This corresponds to the growing use of cash as a modality in other sectors beyond food assistance since 2011 (see Inception Report). In nearly all cases (87.9 %), the food assistance sector was one of the sectors included in these multi-sector cash and voucher projects. Other combinations were Shelter/NFIs and WASH (10.35%) and a mix of Health and Shelter/NFIs (1 project or 1.73%).

Table 24 Frequency of multi-sectoral cash and voucher projects in HOPE 2011-14

Year	Frequency of multi-sectoral C&V projects
2012	14
2013	17
2014	27
Grand Total	58

It is impossible to tell from analysis of the HOPE data, the frequency of these 58 projects that are designed as MPCTs. This would require extraction and review of each of the project narratives which was not feasible within the time constraints of the evaluation. Given the findings of the qualitative research it can be expected that the majority of these projects comprise multiple, sector-specific transfers of cash or vouchers rather than a single cash transfer to meet the needs across sectors.

Furthermore there may well be other, multi-purpose cash transfer projects that are not included in the list above since some implementing partners implementing MPCTs have ticked only a single sector – usually food assistance - in their Single Forms.

3.1.3 Frequency of projects supporting multi-purpose cash transfers funded by ECHO

Data Review

There are several limitations to the present format of the Single Form which mean it is not possible to undertake quantitative analysis on project data available in HOPE to identify either the frequency of projects that include or the proportion of ECHO funds that are being

used in MPCTs. These include the combination of cash and vouchers as a single modality on the Single Form; the sectorial focus of the form whereby assistance is aligned with one or more sectorial objectives; and no place included on the form to code the project as including MPCT.

Telephone Interviews

Based on the findings of the phone interviews with ECHO staff and implementing partners, from a purely qualitative perspective it can be considered that the frequency of ECHO-funded projects supporting MPCT as per ECHO's understanding (in the sense that i) projects aim to **meet a variety household needs, through a single transfer**, and ii) **the value of the transfer is based on a calculation of the expenditure gap across a variety of needs**) remain very limited. Projects aligned to this terminology were considered to have really only emerged in the last two years and corresponding to the period since the crisis in the Middle East began, driven in part by the context of the Syria response – a middle income context, where disaster-affected populations have high diversity of 'basic needs' across sectors, many of which are recurring and which can be best met through cash.

Other cash transfer projects were referenced with MPCT-like design features. This includes NGO led responses in Afghanistan and cash transfers in response to the 2011 Somali Famine, and the response to Typhoon Haiyan in the Philippines.

Respondents noted that in all cases where cash transfers are provided on ECHO-funded programmes with the intention of meeting needs in a particular sector ('cash for food; cash for shelter') but where they are unrestricted in their use, these can also be used by beneficiaries for multiple purposes. The distinction made was that, in the majority of cases, the value provided could be expected to be based on a calculation of needs in a particular sector, not across sectors. Given the limitations acknowledged under 3.1.1 it is not possible to investigate this or analyse frequency of such transfers any further.

Field Missions

It was observed during the field missions that MPCTs had proved difficult to realize. In both Jordan and Lebanon parallel distribution systems have been maintained with a WFP food voucher supplemented by a UNHCR and/or NGO cash transfers designed to address rent and other remaining needs.

Surveys

In the survey 90% of partners indicated that their organizations were supportive of the use of MPCTs. However, only 25% indicated that they had applied to ECHO to fund MPCTs. This aligns closely to the results of the ECHO staff survey where 27% of responses indicated that they had received an application from partners to fund an MPCT.

These figures should be interpreted in the context of a limited understanding of the meaning of MPCTs by stakeholders (see 3.5).

3.1.4 Examples of other actions taken to promote multi-purpose cash transfers, including capacity building and advocacy

Data Review

A search of the projects falling under the Enhancing Response Capacity (ERC) budget line in HOPE identified 1 out of 67 capacity building projects between 2011 and 2014 that had the objective of promoting MPCT. Under this facility, ECHO are funding a consortium of agencies led by UNHCR¹¹³ with the aim of ‘Improving cash based programming through elaborating the operational implications of the multipurpose grant and increasing understanding of protection results’. This grant began in late 2014 and will run until end of 2015.

Literature Review

A review of early outputs from the above mentioned ERC UNHCR project was conducted. Early activities under this grant have included work led by UNHCR and CaLP to define MPCT; work by Save the Children on development of multi-sectoral needs assessments, vulnerability criteria and targeting; lessons learned studies from MPCT projects in Lebanon (see below); provision of trained emergency response capacity to facilitate the inter-agency provision of multi-purpose grants; and a cash coordination lessons learned study in Philippines¹¹⁴.

Defining MPCT: the consortium has developed draft taxonomy of cash models in order to clarify the differences and the linkages between MPCG and sector-specific cash grants¹¹⁵.

Cash Coordination Study: Key objectives of the Philippines cash coordination study (Smith 2015) were to i) define what coordination elements contributed, or not, to use of flexible cash grants; and ii) build evidence on optimal coordination models that can create an enabling environment for CTP – and especially multi-purpose cash grants - where appropriate in future humanitarian interventions. The study generated a number of lessons for the consortium and ECHO concerning coordination of MPCT – these are discussed under section 3.4 below.

Multi-Purpose Grant Toolkit: The overall aim of the toolkit is to enable good decision making about the appropriateness and feasibility of multipurpose cash grants, through appropriate response analysis. The aim of the ERC work is to review what exists and fill gaps, for example through development of multi-sector market analysis and response analysis tools. Once the decision is made that MPCT is an appropriate modality, the toolkit will build on existing experience on design and implementation aspects again adding value to what already exists. The tool is likely to draw from the SRAF – Situation and Response Analysis

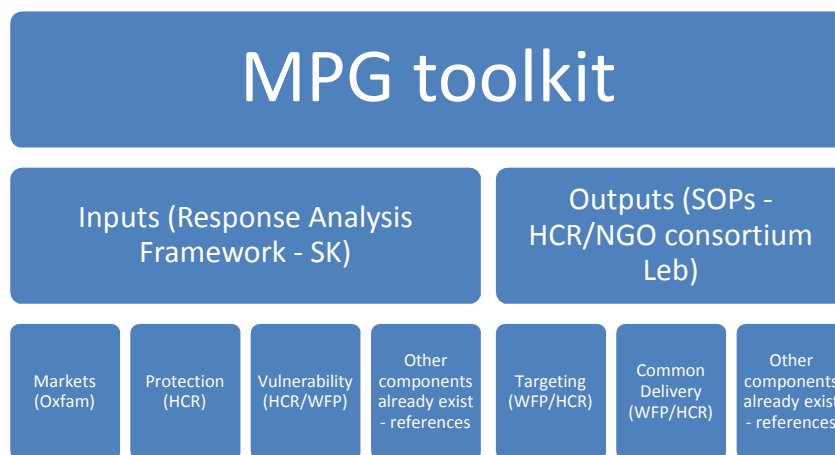
¹¹³ Including UNHCR, NRC, Oxfam, Save the Children UK, DRC, WVI, Mercy Corps, CaLP, UNICEF, WFP and OCHA

¹¹⁴ ERC grant project proposal document (2014)

¹¹⁵ Zuodar (2014); Campbell (2015)

Framework model developed under an earlier ERC grant by SCUK, Oxfam and Concern Worldwide¹¹⁶.

Figure 19 MPCT toolkit conceptual framework



Source: UNHCR (2015)

3.2 What is known about the cost efficiency and effectiveness of multi-purpose cash transfers compared to transfers associated with a single sector in humanitarian action?

Summary EQ 3.2: Cost Efficiency and Cost Effectiveness of MPCTs

Much of the evidence relating to the cost efficiency and cost effectiveness of MPCTs overlap with the evidence on the comparative cost efficiency and effectiveness of UCTs (see Annex III for details). The same contextual factors drive the overall cost efficiency and effectiveness. However, MPCTs appear to have additional and distinct characteristics. There is a common perception that a consolidated MPCT must be more efficient with potential savings identified through:

- Increased scale (a larger number of beneficiaries and larger transfer amount)
- Coordinated assessment and registration processes (including a reduced duplication of beneficiaries)
- Utilizing a common delivery infrastructure
- A reduction in the number of implementing agencies

No quantitative evidence on cost efficiency and effectiveness was found from research, evaluations or comparative studies – reflecting the relatively new status of both MPCTs and cost efficiency analysis in general. There is a need to generate more quantitative

¹¹⁶ UNHCR (2015) Multi-Purpose Grant Toolkit Inception Meeting Notes 6th March 2015

evidence, although the findings on the cost efficiencies of MPCTs are expected to vary according to the context.

It was found that the *reported or perceived effectiveness* of MPCTs may be higher than other CTPs as the performance indicators capture and legitimize the full range of beneficiary uses of cash – rather than only measuring outcomes against a restricted set of objectives. MPCTs are clearly highly effective in enabling affected populations to meet a diverse range of needs which will vary between households and over time in the same households.

All data sources pointed out that a key determinant of effectiveness of an MPCT is that the transfer is of sufficient size to meet critical expenditure gaps and prevent beneficiaries resorting to harmful coping strategies.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Interview	ECHO Survey	Partner Survey	Field Visits
3.2.1	Evidence of efficiency gains from consolidating transfers	X		X			x
3.2.2	Evidence of implications for effectiveness from multi-purpose transfers	X		x	x	x	

3.2.1 Evidence of efficiency gains from consolidating transfers

Note this section consolidates any evidence/learning from programmes more generally, not interventions funded by DG ECHO, which are covered in section 3.2.2.

Literature Review

ECHO's paper on the Common Principles for Multi-Purpose Assistance to Respond to Humanitarian Needs¹¹⁷ highlights the emerging nature of MPCT and consequently the lack of evidence to date, whilst citing particular recent humanitarian operation contexts which have opened the way to begin to meet multiple needs across sectors with cash – specifically the on-going Syria refugee response and the response to Typhoon Haiyan in Philippines 2013-14. This guided the literature search in the time available.

DFID's recent study¹¹⁸ investigated factors affecting the VfM of different modalities of aid (cash, vouchers and in kind) focuses on several case study countries including the response to the humanitarian crisis in the Philippines following the impact of super typhoon Haiyan and the response to the protracted Syrian refugee crisis in Lebanon. Lessons from this study of relevance include:

¹¹⁷ European Commission (2015)

¹¹⁸ DFID (2014)

- The study identified some projects in Lebanon but few projects in Philippines that set out to provide MPCT (i.e. single transfers for meeting needs across sectors). In Philippines it identified a number of projects that were designed to meet needs in multiple sectors but that were comprised of several separate transfers each with the aim of meeting specific sector needs. It noted that a number of projects were designed to achieve objectives in a particular sector but which were unrestricted in terms of how they were used and so could be used for multiple purposes by beneficiaries.
- One of the greatest inefficiencies identified in the study is the case of lots of actors all doing CTP slightly differently in an emergency – including programmes with different objectives and delivery mechanisms as was the case in the early phases of humanitarian response in Lebanon.
- The VfM of unrestricted cash (whether ‘MPCT’ or otherwise) in enabling affected populations to meet a diverse range of needs that it would not be cost efficient for agencies to provide in another way.
- A lack of hard evidence to support quantitative conclusions on efficiency since i) cost data was not collected and ii) project evaluations are not yet done.

The available body of evidence concentrates on comparing the cost efficiencies of using different modalities within established (sectoral) response models – effectively a ‘business as usual model’. However, a range of potential system efficiency gains associated with the use of cash transfers was suggested to include:

- Consolidating the transfers from multiple agencies into one platform (e.g. using one e-platform and one card per household in Lebanon) Though this would not result in efficiency gains if one agency charged others for this service more than they would pay directly to a provider, and;
- Rationalising the number of actors by providing one large transfer to meet multiple needs rather than multiple smaller transfers through multiple agencies focused on specific sectors (e.g. less duplication of assessments, lower staff costs through economies of scale, and lower implementation costs with fewer projects incurring start-up and closing down costs).

The study concludes that cash can be a unifying approach within and between agencies and can act as a common tool with potential to facilitate greater coordination and efficiency and removing the need to have so many separate interventions. A key recommendation for improving VfM was for cash to become used more as a consolidated tool for meeting broad objectives and achieving a range of basic needs across sectors. A recommendation of the report for improving efficiency gains is for the consolidation of distribution platforms and rationalising programmes and actors where this is feasible and appropriate.

DFID has commissioned ODI to set up and manage a high level panel on cash transfers with the intention to examine the transformative potential of cash transfers for humanitarian response and the humanitarian system. To date the panel has produced some background papers including one on the state of the evidence on CTP¹¹⁹.

¹¹⁹ Paul Harvey & Sarah Bailey (2015) ODI HPN

The findings of these papers of relevance here include the implication of the growing use of cash transfers across sectors (since one grant can potentially allow households to cover multiple needs) on the structure of the humanitarian system, and the question of whether efficiency gains can be made through streamlining response through fewer organisations. The note mentions that currently multiple organisations often provide different grants for particular purposes meaning that people can receive one grant for food, another for shelter and so on, but that this is being questioned with the use of unconditional grants to cover basic needs that span humanitarian sectors. The paper concludes that in theory, the individual cash transfer programmes of different humanitarian aid agencies could be consolidated. Little in the way of evidence is presented – rather it is hoped that the Panel will ask some challenging questions about the comparative advantages of different organisations and how roles and responsibilities might change to build efficiencies.

Telephone Interviews

The question asked was ‘Is there any evidence to suggest that consolidating transfers into a MPCT will be more efficient than providing separate resource transfers for multiple sectors?’

In interviews held with 11 respondents who had either not been directly involved in a MPCT programme or were involved in MPCT that were not part of ECHO-funded actions¹²⁰, respondents explained that there isn’t yet any definitive evidence emerging (research / evaluations / comparative studies). Their intuitive expectation was that costs would be reduced in comparison to an alternative approach in which an agency or agencies provided a number of different transfers to households, however it was also considered to depend on contextual factors.

Switching over to provide assistance as a single cash transfer in this context could impact positively or negatively on efficiency. Delivery partners for cash are not well established so this has meant a lot of time and effort of NGO staff to support cash delivery. Concern Worldwide makes all payments direct from their offices which takes a good deal of staff time. However this must be compared to the alternative method of providing assistance. Concern previously provided similar types of assistance to IDPs through a variety of different transfers to the same household including NFI fair, UCT and cash for work payment. All of these transfers also took up a good deal of staff time to implement and these are now consolidated into the single MPCT. A comparative study would be needed to determine which of these approaches is more cost efficient. It will also depend on the frequency that the transfer is provided to households.

The DFID-funded UNICEF ‘Alternative Responses to Communities in Crisis Phase 2’ (ARCC II) programme in DR Congo can be taken as an example. Details of the programme are included in Box 3.1. The programme is providing MPCT to meet the varied needs of IDPs affected by the protracted crisis in eastern DRC through 3 NGO partners. Previously some of this assistance would have been provided through in kind distribution or NFI fairs, whilst some may have been provided as cash through cash for work payments.

¹²⁰ UNICEF DR Congo (DFID funded)

MPCT in DR Congo: UNICEF's Alternative Responses to Communities in Crisis (ARCC II)

ARCC II is funded by DFID and comprises multi-annual humanitarian response funding focusing on actions in several components including nutrition, education, protection, and meeting material needs through MPCT. It is implemented by Concern Worldwide, Mercy Corps and Solidarites, targeting 22,000 households affected by displacement due to protracted conflict in North Kivu and Orientale Provinces.

The value of the transfers is set based on an understanding of the cost of a minimum expenditure basket (MEB) for basic needs including an NFI basket, cost of services and cost of livelihood inputs. This equates to between \$110-120 in total over a year.

ARCC II is testing a variety of approaches to provision of assistance in this fluid context, including different duration of cash assistance. For example, Concern has 3 different cohorts of beneficiaries – one receiving three tranches, one six tranches, and one 11 tranches of assistance during the intervention period (the latter targeting a particularly vulnerable caseload of households facing constraints that mean it is difficult to pursue a livelihood and who receive higher allowances).

The environment in eastern Congo make it difficult to deliver cash assistance. Concern provides cash manually from their office. Mercy Corps piloted mobile money whilst Solidarites provided assistance as a single fair.

Source: ARCC II project document and interview with UNICEF in DR Congo

3.2.2 Evidence of implications for effectiveness from multi-purpose transfers

Literature Review

The recent study by DFID investigating factors affecting the VfM of different modalities of aid in Lebanon and Philippines had several lessons concerning the cost effectiveness of MPCT:

- The VfM of unrestricted cash transfers, whether MPCT or otherwise, in enabling affected populations to meet a diverse range of needs which varies among individuals and context. People reported using this cash for food, shelter, agricultural inputs, medicine, school fees, sharing, debt repayment, clothing, hygiene, fishing equipment and transport. It was considered impossible to have been able to respond to this diversity of needs in another way.
- A lack of hard evidence to support quantitative conclusions on cost effectiveness since i) cost data was not collected and ii) project evaluations are not yet done.

The DFID state of the evidence background note¹²¹ examines the evidence on the effectiveness of cash assistance provided without restrictions in its use. Besides citing the

¹²¹ Paul Harvey & Sarah Bailey (2015b)

VfM study above it also cites the evidence from the interagency evaluations of the cash based responses to the Somalia famine in 2011. Cash grants were provided with the objective of reducing food insecurity but were unrestricted in their use. Cash was received in multiple instalments over several months and the evaluation showed how the expenditures of beneficiaries changed over time, according to their priorities, in a way which would have been impossible to programme effectively through other means. Expenditure shifted over the months from food and debt repayment to include a greater proportion on health and livelihood investments¹²².

This paper concludes that aid agencies cannot easily provide the precise equivalent of unrestricted cash through other approaches given the diversity of goods and services purchased and ones that lack equivalents, such as debt repayment, land rental and savings and that as such cash provided without restrictions is likely to be the most effective. It concluded that where cash brings particular added value is as ‘a flexible tool to improve household welfare and meet a multitude of needs according to people’s own choices’.

Nevertheless it also draws attention to the importance of context and particularly the needs to be assisted – and provides evidence on perhaps the need to safeguard certain expenditures (such as for nutrition of vulnerable groups) through complementary transfers. Whilst the papers’ focus is the effectiveness of unrestricted cash (rather than MPCT) versus other modalities, the same principle holds for MPCT – in that some particular needs may still be better met through a sector-specific cash transfer or other modality rather than a MPCT. It also identifies that how cash based interventions are designed in terms of the value of assistance, who is targeted and how it is coordinated and the quality of implementation will have a bearing on the effectiveness of the transfer. Again, these findings hold true for MPCT.

In February 2013 IRC piloted an unconditional multi-purpose cash programme for Syrian refugees in Akkar, North Lebanon, funded by DFID. For 4–6 months, the programme provided monthly cash assistance of \$200 to 700 Syrian refugee and 425 vulnerable Lebanese households who had a range of needs including shelter, food, health and other needs that they could not meet through their own means but that could be met through the market. Beneficiaries were empowered to make their own decisions about how to spend their funds. The aim of the programme was not couched in terms of sectoral objectives but rather ‘to improve living conditions and allow beneficiaries to meet diverse and changing needs and reduce the use of negative coping strategies’. The value was also not based on the cost of meeting needs in a single sector but was rather based on an understanding of the minimum expenditure basket for an average household determined by the Lebanon CWG and including costs of such recurring and essential expenditures as rent, food, water, health and fuel. The \$200 was estimated to cover 40–50% of these basic expenses for a family of six.

A ‘lessons learned’ study was financed by ECHO (through CaLP)¹²³. Rather than focus on sector specific impacts, the post distribution monitoring (PDM) of the IRC project focused on providing a general understanding of the multitude of ways that the cash is being used, and what impacts it is having in terms of overall wellbeing and coping strategies. For

¹²² Dunn et al (2013)

¹²³ Leah Campbell (2014)

refugees, food and rent dominated expenditure, with healthcare a major concern. For Lebanese households, food and healthcare were most commonly reported as the main source. The case study highlights how expenditure priorities of families changes over the months on account of external contextual factors and shows the huge variation in how the money is used by beneficiaries to meet a variety of basic needs according to their priorities. Through anecdotal evidence provided by the Protection team, IRC concluded that through the assistance, beneficiaries avoided resorting to negative coping strategies.

No comparison is made with single-sector approaches as to whether a similar value of support provided in multiple transfers would be less effective at achieving this. However the study concludes that given the great diversity in refugee living conditions, length of displacement and family circumstances, and of needs as a result, the single, and unrestricted, transfer was suitable in addressing a range of challenges that these households faced, including housing, food, fuel and winter needs. A lesson from the programme was the importance of making beneficiaries aware from the beginning of the time limitation of the programme if beneficiaries are to make informed financial decisions.

A number of other studies provide anecdotal evidence of the potential effectiveness of MPCT, in the sense that they provide some evidence of the limited effectiveness of single sector cash and voucher transfers (and cash for work) when broader expenditure needs of the household are not taken into account and go unmet.

Save the Children implemented an Unconditional Cash Transfer programme as a first response to support vulnerable households affected by Typhoon Haiyan in Philippines¹²⁴. Whilst the response was based on the findings of Save the Children's Multi Sector Assessment and identified food, shelter, and the restoration of livelihoods as the main priorities for families, the values of the UCT reflected only food needs. Unsurprisingly the household spent the cash on a wide variety of products and services illustrating the wide variety of needs. Significant shares were spent on shelter repair and not on food, illustrating that people had a strong preference in addressing their housing situation soon after the typhoon. Save's internal evaluation team concluded that unrestricted cash should be considered as a tool to allow households to cover a wide variety of needs in the immediate aftermath of sudden onset disasters and that consequently, their value should be based on a Minimum Expenditure Basket (MEB) adapted to the context and including a variety of food and non-food requirements.

The Philippines cash coordination lessons learned study¹²⁵, included the experiences of 58 key informants involved in cash based responses to Typhoon Haiyan in Philippines, draws similar conclusions to the above. Agencies that had implemented UCT or undertaken CTP to meet objectives in multiple sectors (whether sector-specific or MPCT) were unanimous as to the benefits of moving towards more integrated and cross-sector ways of programming through CTP, for both the agency and beneficiaries. The experience of Save the Children is also referenced here.

¹²⁴ Pelly et al (2015)

¹²⁵ Smith (2015)

Save the Children's experience of meeting cross sectorial needs with cash

Shelter, food security and livelihoods are three of the NGO's core competency areas. In the response phase, Save the Children implemented a variety of humanitarian response programmes which included cash modalities, including programmes with a cash for shelter, cash for food security and cash for livelihood recovery objective. The shelter and FSL programmes were conceived of separately and implemented in different geographical areas, targeting different beneficiaries. Each involved a separate needs assessment and the value of the cash grants were calculated according to the needs relating to that particular sector – rather than the cumulative needs of the household. PDM data from the shelter programme then highlighted that much of the grant intended for shelter was being spent to cover household's food needs.

This led to development of a more integrated, multi-sectorial package of during the recovery phase with the objective of meeting household's shelter needs whilst making people's lives generally more secure. This comprised:

- A single UCT of PhP 5000, for food and basic needs to be determined by the household.
- A cash grant for shelter, delivered in three tranches, with later tranches provided once progress in the construction of the shelter was confirmed.
- A single livelihoods grant of PhP 6700, provided after attendance at skills training and development of a business proposal.

PDM found that, due to the provision of the UCT for broad basic needs, 96% of families then spent their shelter money on shelter. It meant that people's real priorities were taken into account.

This integrated approach was also more efficient for Save the Children – by providing shelter support through cash the programme was able to cover shelter needs of the affected population in four months, and on 30% less budget than they would have achieved by providing this support in kind.

Source: interview Save the Children – in Smith (2015)

Oxfam was one of the leading agencies implementing CTP during the Haiyan response, reaching over 83,000 households with cash interventions and spending almost £7.5 million GBP on cash programming, including Cash for Work (CFW) projects. They were used with different objectives:

- i) To provide direct income to the affected population and to contribute to the clearing of debris in municipal areas.
- ii) Shifting towards the early recovery, cash for assets (CFA) have been used to repair assets in order to help beneficiaries in restoring their normal livelihood strategies.

The value of the cash transfer provided was set according to the national standards for the minimum wage.

The evaluation found that¹²⁶ whilst beneficiaries reported that the cash provided through the CFW was useful, and had been put towards a variety of needs since its use is unrestricted, they also complained that the money distributed through CFW was not adequate to cover their needs. Oxfam's analysis showed that this depended on the objectives of the 2 types of intervention outlined above. Those CFA projects in the early recovery phase CFA had as their primary objective the recovery of livelihood assets, with the "cash-component" covering beneficiaries' income gap whilst they worked to recover these. The wage amount was not so crucial here and alignment with the minimum wage made sense. On the other hand, the phase one CFW project had the primary objective of covering the basic needs of the beneficiaries. The work - mainly debris clearing - was not the focus, rather the crucial point was to provide enough money to allow beneficiaries to buy food and commodities. However, a cash value set at the minimum wage was not able to cover basic needs in terms of food and commodities. Therefore households were able to increase food security, but did not manage to resolve shelter and other basic needs. Oxfam concluded that agencies should consider using a different cash modality if they note that the wage would not be enough for the needs of the beneficiaries.

Oxfam's first phase response to Typhoon Ketsana in the Philippines was to provide an UCT for the objective of meeting 'basic needs' of 10,000 families. The value for cash transfers was set at 1,000 Pesos (approximately USD \$20), based on one week's minimum wage earnings adjusted for the in-kind food aid beneficiaries had received at evacuation centres. This was prior to provision of a larger single tranche of cash support for livelihoods rehabilitation. This approach of distributing a single unrestricted cash transfers was considered the most effective, rapid and simple method for responding during the flooding and to meet a wide range of beneficiaries' needs. Monitoring data showed families spent it on livelihoods, shelter repair and other basic needs¹²⁷.

Telephone Interviews

Telephone interviewees were asked *'is there any evidence to suggest that consolidating transfers into an MPCT will be more effective than providing separate resource transfers for multiple sectors?'*

In interviews held with respondents who were involved in MPCT that were not part of ECHO-funded actions¹²⁸, and those who were involved in single sector cash transfers funded by other donors¹²⁹, respondents explained that whilst there isn't yet definitive evidence emerging, their intuitive expectation based on what has been seen to date on their programmes was that where households had more than one need that they were unable to

¹²⁶ Oxfam (2014)

¹²⁷ CaLP (2012)

¹²⁸ UNICEF DR Congo (DFID funded)

¹²⁹ Oxfam Lebanon (DFID funded – cash for winterisation); consultant working with Handicap International (DFID funded MPCT)

meet and where the market could respond to meet these needs, provision of assistance that was i) consolidated as one transfer and ii) designed to fill (fully or partially) the expenditure gap that households face would be a more cost effective means of meeting real household needs through resource transfers. This is similar to the responses of the 10 respondents who had not been directly involved in MPCT.

Interviews identified a range of factors as having the potential to affect the cost effectiveness of this way of programming:

- **Markets:** Where markets can respond to the demand MPCTs were considered likely to be more cost effective for meeting a variety of economic needs. However respondents in Lebanon and Jordan both pointed to the fact that the shelter market in these contexts are uncompetitive since demand massively strips supply and that there was therefore still a need to coordinate UCTs supporting rental payments with specific shelter interventions. Some respondents felt that a switch over to targeted cash transfers for meeting needs across sectors required consideration of the potential loss of public goods that may have been provided through in kind support (water points; toilets) benefiting the whole community, in order to determine if such a switch is the most effective approach.
- **Sensitisation:** Some respondents considered that provision of assistance as MPCT may still require 'soft' components and sensitisation in order to ensure the most effective use of the transfer by beneficiaries. The example from Iraq was cited, where beneficiaries provided with unrestricted cash transfers are opting for private healthcare where free services exist. This may be on account of personal choice of the households but respondents considered it is likely to be being driven also by a lack of awareness and understanding of services.
- **Coordination:** leveraging the benefit of MPCT is linked to the ability of agencies to coordinate well. This should be the case for effective programming whatever the modality – but was considered especially pertinent with MPCT as the main difference here is the opportunity it opens for the re-organisation of response strategy between agencies. In Lebanon and Jordan respondents mentioned the recent reductions in the value of assistance provided by WFP in their food voucher. Such decisions – if taken unilaterally - increase the shortfall in household income and thus impact on the effectiveness of a harmonised MPCT approach in meeting household's needs.

An example was provided by Oxfam Lebanon, who received funding from DFID for cash for winterisation for 1200 families in informal settlements. Cash was distributed on a monthly basis during the winter months of 2014-15. The amount of \$500 that was provided was based on a calculation of the winter needs for a family of 5 (fuel, blankets and stove). PDM data is indicating that the money that was provided was mostly spent on other needs to the programme's intended purpose. It was spent on rent – one of the most pressing needs of refugees in Lebanon - and also on visas (\$200 each - a new requirement of the GoL brought in as the programme was beginning) and food. This has led Oxfam to refocus their strategy of cash responses in Lebanon towards the provision of MPCT.

Another example is provided by Handicap International's MPCT programme in Lebanon for vulnerable refugees, funded by DFID. This provided \$200 to 1400 of the most vulnerable households for a 6 month period in 2014, as a transfer to support household's

basic needs. This programme is presently being evaluated and the programme can be considered effective at meeting a wide variety of needs of the targeted households. Whilst the evaluation isn't focusing on cost efficiency and cost effectiveness, the evaluator explained that given the diversity of needs that this target group have (that can be met through the market) to would be unlikely that these could have been met in another way as cost efficiently – and certainly not as cost effectively. Handicap International has a high chronically vulnerable caseload in their targeted beneficiaries and for this group access to health services through the programme has been a huge bonus. Cash has been spent primarily on food, rent, health and repayment of debts – everyone has debt over here. Whilst the challenge – as faced by other agencies in this context – is that the situation of refugees in Lebanon is not changing, the debt repayment does at least give these families better access to a key coping strategy.

The shift to MPCTs implicitly changes the framework for assessing the cost effectiveness of different transfer modalities. Unrestricted cash transfers were ranked highly in terms of enabling affected populations to meet a diverse range of needs, which inevitably vary among individuals and contexts. Project monitoring typically reports the range of uses for cash transfers spans food, shelter, agricultural inputs, medicine, school fees, sharing, debt repayment, clothing, hygiene, fishing equipment and transport¹³⁰. Stakeholders generally considered it impossible from a feasibility perspective to respond to this diversity of needs using in-kind transfers.

A number studies provide anecdotal evidence of the potential effectiveness of MPCT. Studies point out that a key determinant of effectiveness is not the modality per se but the adequacy of the size of the transfer.

3.3 What lessons have been learnt about the comparison of multi-purpose cash transfers versus traditional mono sectorial transfers in term of efficiency and effectiveness in DG ECHO funded actions?

Summary EQ 3.3: Lessons on Cost Efficiency and Cost Effectiveness of MPCTs in ECHO funded actions

Lessons from the few evaluations of ECHO funded MPCTs largely reinforce the general findings on cost efficiency and effectiveness. Although there is little quantitative evidence, there is agreement that MPCTs have the potential to be cost efficient and effective solutions in all emergency contexts where populations have a diversity of needs that can be met through the market, and where a standard allowance can be calculated easily.

Emerging lessons relevant to assessing the cost efficiency and effectiveness of MPCTs include:

¹³⁰ In reality it is hard to distinguish the use of the cash grant from other sources of cash available to the household. In effect cash becomes part of the overall household resources used to meet their cash needs.

- Not all material needs can be effectively addressed through a single consolidated transfer - certain, specific needs may be more appropriately addressed through single sector transfers as a complement to MPCTs – such as shelter and nutrition. Consequently a need for multiple agencies and programmes remains and cost efficiency gains will be limited.
- The feasibility of using common delivery infrastructure - and the savings gained from this - will vary considerably by context and scale of operations.
- Responding to total HH needs with limited (and inadequate) resources leads to challenges of targeting. The use of MPCTs has led to larger amounts targeted to smaller numbers of people - with increased expenditure on precise targeting exercises. Some queried whether a more cost effective approach would be a simpler and cheaper system of targeting and a smaller grant that allowed for more rapid and higher coverage.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Interview	ECHO Survey	Partner Survey	Field Visits
3.3.1	Opinions of ECHO and partners on the cost efficiency and cost-effectiveness of multi-purpose transfers in DG ECHO funded actions			X	x	x	x
3.3.2	Evaluation findings from DG ECHO funded actions on the cost efficiency and cost-effectiveness of multi-purpose and unconditional transfers	X	x	x			x

3.3.1 Opinions of ECHO and partners on the cost efficiency and cost-effectiveness of multi-purpose transfers in DG ECHO funded actions

Telephone Interviews

Interviewees were asked *'In your opinion, are MPCT in ECHO-funded actions likely to be more cost efficient or cost effective than mono-sectorial CTs?'*

15 respondents¹³¹ who had direct experience of ECHO-funded MPCT or who were involved in ECHO-funded single-sector cash programmes and are exploring the transition to MPCT (including implementing partners, ECHO staff, and researchers) responded to this question in telephone interviews. There was broad consensus that:

¹³¹ ECHO Technical Adviser food assistance, ECHO Lebanon, ECHO Jordan, two research consultants, UNHCR, UNHCR Lebanon, CaLP, Save the Children Lebanon, CARE Lebanon, Tearfund Iraq, Save the Children UK, Philippines Red Cross, ACF Philippines, Oxfam Philippines

- i) MPCT certainly have potential to be more cost efficient and cost effective than single-sector transfers in terms of consolidating programme approaches in different sectors within agencies.
- ii) This is mainly an intuitive conclusion and/or based on anecdotal implementation experiences of both MPCT and sector-specific cash based interventions on the ground (Syria crisis response countries - Lebanon, Jordan, Iraq¹³²; and Philippines) since there is as yet limited evaluation/research on this (see Literature review), and that there was a need to generate the evidence.
- iii) The realisation of this potential is certain to be context specific, just as context plays a part in whether cash is more cost efficient/effective than other modalities.

Cost Efficiency

It was felt by respondents that as cash is usually (though not always) shown to be more efficient than in kind aid to deliver, then a move towards providing more assistance through a single, cash based, modality would also have this potential. Respondents agreed that the use of MPCT opened up new opportunities for how aid can be organised, from a basic needs stand point, and that this has potential for efficiency gains both within and across agencies, from the perspective of reducing transaction costs and streamlining processes for targeting, delivery and M&E, with lower overheads to achieve the same objective. However it was pointed out that realisation of these gains will depend on how things are designed and implemented which will also in turn depend on a number of contextual factors.

Gains will be seen in contexts where disaster-affected households are shown to have multiple humanitarian needs and where these households would otherwise be targeted by several separate cash based interventions (by the same or different agencies). Respondents in Philippines noted that this was the case during the response to Typhoon Haiyan where sectorial cash interventions were prevalent within the food security, early recovery, shelter and some in the WASH sectors and that this was not an efficient delivery of aid. This is similar to intuitive conclusions of UNICEF in DR Congo, where the alternative means of supporting families on the ARCC II programme implemented by Concern was to provide them with an NFI voucher fair, UCT and Cash for Work payment.

ECHO Lebanon agreed that having one card per household and one transfer per month to this household is going to be cheaper than the alternative. It was considered that this will become more of an issue as the use of cash continues to increase within different humanitarian sectors. Actors in Lebanon also pointed out that if previously families were not having all of their humanitarian needs met through different interventions, then a switch to MPCT filling more of the gap in the MEB per family will be more effective for beneficiaries but is likely to be more expensive for donors.

The consolidation of payment mechanisms across programmes and agencies can certainly realise efficiency gains. Examples were given from Lebanon, where on the large scale

¹³² In the Syria response countries, adoption of standard approaches to design and delivery of MPCT for basic needs was most advanced in Lebanon with development of standard approaches to targeting and MEB calculation etc.

winterisation project of 2012-13 implemented by partners of UNHCR and NGOs receiving bilateral funding, for most agencies the card management relationship with CSC Bank was held by Danish Refugee Council and this reduced staffing costs for other agencies. CARE Lebanon gave the comparison that if the ECHO-funded MPCT undertaken by CARE, Save and Solidarites in 2014-15 had instead been sectorally aligned with each agency focusing on a separate sectorial need, then each household would have had three bank cards and there would have been three times the level of transaction fees from CSC bank. ECHO Jordan explained that the cost of delivery for UNHCR and NGO partners through the e-card (taking into account bank charges only, not agency costs) was between 2-2.5% and whilst there is no comparison data it can be considered that the alternative of separate sectorial interventions would cost more.

However the potential for savings will depend on the level of development of the financial services in the country, the choice of delivery mechanism and the duration of the programme. UNICEF in DR Congo explained that efficiency savings from moving from in kind aid to cash are still difficult to achieve in Eastern DRC where financial services are very poorly developed. Implementing agencies here are either delivering cash in envelopes which requires large staffing resources, or entered into extremely lengthy negotiations with mobile money partners. Agencies needed to cover a number of the set up costs when using mobile money, which when used for only a single transfer may not have been more efficient than the alternative in kind delivery.

The challenge of achieving such efficiency gains was noted by respondents in the context of the Philippines where there is no single delivery mechanism possible across the country feasible at this time and where agencies considered that pushing for such an approach could risk detracting from the speed and therefore the effectiveness of a programme. Even in Lebanon, where respondents noted that the sophistication of the banking sector meant it had indeed been relatively straightforward for most agencies (with the exception of WFP who used the e-payment card of BLF bank) to use a common delivery channel (the e-payment card of CSC bank), this mechanism was still not appropriate in all places.

The potential for greater efficiencies comes from the opportunity MPCT opens of having a smaller number of agencies, with bigger caseloads, and consolidation of funding streams and financial service charges as a result. For example, it was considered that if agencies intervening in an area all moved to adopt MPCT but all continued to operate as separate projects with separate budgets and service provider contracts this will not maximise potential impact on costs. Similarly if there continues to be agencies providing a significant amount of assistance through a parallel (in kind/sector-specific) route, or if duplication on targeting of households continues then this will not leverage potential efficiencies from MPCT. The example cited often here was WFP's continuation with electronic food vouchers in contexts where other agencies are all moving to provide single cash transfers for basic needs through the same card (Lebanon, Jordan). Agencies in Lebanon noted that the establishment of UNHCR's Refugee Assistance Information Service (RAIS) platform is hoping to reduce overlap of targeting between agencies to support efficiencies but this will need to be evaluated. Gains will also depend on whether donors consolidate towards players who have real added value to deliver aid more efficiently and remove players that are not efficient.

Some respondents also considered the potential for efficiencies if MPCG led to a common funding pot for donors, funding a single intervention.

The potential for greater efficiencies for ECHO also depends on the scale of the interventions and thus the amount of potential savings. As one respondent said, moving this to what one agency can do on a limited scale would resolve nothing. Similarly this can affect the savings that are possible through moving to a single delivery platform. For example, in Lebanon it was noted that corporate rates with the CSC Bank became cheaper at greater scale; and that WFP's global corporate relationship with MasterCard on their e-voucher programme meant they were able to negotiate cheaper transaction costs for their voucher programme than UNHCR and the NGOs could negotiate with CSC Bank.

Respondents commenting on the push from donors in Lebanon for agencies (NGOs, UNHCR and WFP) to move to a single harmonised delivery mechanism therefore agreed that this had potential to deliver efficiency gains, however that cost savings would be significant only at scale. From the perspective of ECHO funding – which was noted to be reducing, these benefits were questioned by some. A bigger benefit of this push in the context of Lebanon was noted to be from the perspective of effectiveness of interventions for beneficiaries given the appropriateness of cash (as opposed to vouchers) in this context.

Cost Effectiveness

Assessing cost effectiveness assumes i) a comparison with the costs of an alternative and ii) a common understanding of what the benefits are. Agencies queried what the alternative for measurement is in this case – is it other modalities such as in kind aid, or is it provision of several sector-specific cash transfers? The lack of robust evidence was mentioned due to a lack of comparative data and the difficulty of measuring this effectiveness in terms of what the implementing agency is seeing as the outcome. Respondents explained that often effectiveness in sector-specific cash interventions is measured with very narrow indicators whereas on a MPCT the indicator of success should in theory be more holistic, focusing on basic needs, coping strategies and overall wellbeing. Therefore comparison is likely to be difficult since the conceptualisation of the objectives will vary.

Respondents explained that, intuitively, they expect that providing a household with greater flexibility to make their own decisions will be a more effective means of programming and is the only way to offer such flexibility to meet their immediate needs post emergency – particularly in the contexts where these approaches have been implemented, where needs are very fluid. Respondents considered that this should not necessarily mean that a programme be considered not cost effective – rather that this should be considered an effective means of allowing people to meet needs as they emerge.

The main cost effectiveness gain cited in Lebanon was the harmonisation of approaches, making certain agencies transfer away from vouchers to cash through the MPCT approach. In terms of effectiveness for beneficiaries, a number of respondents considered that cash is

cash – so a like-for-like transition from several unrestricted transfers to a single transfer that provides the same overall amount to the households will not change much from their perspective in terms of meeting needs or making purchasing decisions. However the consolidation to a single transfer offers opportunity to improve coordination/reduce confusion and improve accountability to beneficiaries. CARE Lebanon cited feedback from refugees that providing support as a single transfer is clearer for them to understand. Whilst in the Lebanon context transport systems are well developed, on other contexts, this saved opportunity cost will be more significant.

Targeting and coverage: there were respondents in Lebanon and Jordan who queried the appropriateness of the targeting methods that were being developed on the MPCTs, requiring detailed household surveys (a combination of vulnerability targeting and proxy means testing) to try to identify the socioeconomically most vulnerable. Whilst targeting of resources is always a challenge, the continued nature of assistance in these contexts, the size of the grants provided on these MPCT which seek to fill the minimum expenditure gap, and dwindling funding for the Syria response have increased interest of agencies and donors in reaching the ‘most vulnerable’. However it was reported that firstly this method has taken months to develop, which is not supportive of effective response and that a household survey approach at this scale is time consuming and expensive. In Lebanon with a refugee population of 1.2m and 29% expected to be vulnerable, based on their estimate of \$25 per household visit, UNHCR explained that it would cost many millions of dollars to identify all the vulnerable through this approach. Meanwhile 2/3 of refugees in Jordan are under the poverty line but the targeting system is attempting to identify the ‘most vulnerable’ proportion within them. Humanitarian agencies explained that the complexity of the mechanisms being proposed meant agencies felt unable to engage in critical debate about their appropriateness even though they had some concerns as to the accuracy. Respondents also noted that given the fluid situation and insecure employment for refugees, household’s vulnerability may quickly deteriorate if they are not assisted – so there was then the question of investing in retargeting.

Limitations in funding: Finally it was noted that due to the funding challenges in the Syria response, identification of the ‘most vulnerable’ was not translating into provision of assistance to fill the estimated MEB gap for all households. Some agencies explained that they were also sometimes unable to communicate to beneficiary households how long they could expect to be getting the assistance for, which would have an impact on household economic decisions and that may affect the effectiveness of the programmes.

Some queried whether a more cost effective approach would be to revert to a simpler and cheaper system of targeting, and perhaps also a smaller grant, that allowed for more rapid and higher coverage.

Contexts

It was noted that experience to date of using MPCT to meet basic needs is in contexts of protracted forced displacement, but that similar lessons have emerged from responses to natural disasters such as Typhoon Haiyan in the Philippines where unrestricted cash transfers were used to meet a variety of basic needs, as well as responses to slow onset food crises in sub Saharan Africa such as in Somalia. The use of MPCT was therefore considered to have potential to be effective in all emergency contexts where populations have a diversity of economic needs, where these are used to being and can confidently be met through the market, and where provision of a standard fungible allowance that families can use to meet needs according to their priorities can be calculated easily.

Efficiency gains were considered to have greater potential in contexts where the scale of the emergency is greater and where the needs gap is larger in monetary terms. In the case of the Syrian response countries it was noted that the value being transferred per month is in the hundreds of dollars per household. This was compared to a low income context where the value of assistance to be provided is likely to be lower.

It was not considered that this meant that all material needs of disaster-affected households could be most effectively addressed through a single consolidated transfer and there was broad agreement that – depending on the context - there were certain, specific needs that may be more appropriately addressed through single sector transfers (whether cash or another modality). There were several examples that were frequently given:

- Construction: in cases where the appropriate response is to support re/construction of shelter, it was considered important to ensure that the construction follows adequate quality and safety standards. This might require mechanisms such as conditions, to ensure confidence on the part of agencies that quality materials are bought; or the linking of training to ensure technical standards are followed.
- Livelihoods support: similarly in the case of livelihoods, respondents felt that whilst MPCT could certainly be put towards and fulfil certain livelihoods restoration/building needs of the beneficiary, in certain contexts where training was required, where expenditure on certain materials to establish the livelihood is required, or where the value of assistance needs to be nuanced from household to household, a sector-specific approach could be more appropriate.
- Nutrition and public health for critically vulnerable groups: it was noted that in comparison to FSL activities, in the case of public health issues and contexts of nutrition crises it is likely that agencies would desire some level of assurance that specific programme objectives (relating to mortality etc.) will be met. Whilst unrestricted cash transfers can also be put towards imported nutrition of vulnerable groups such as children under 5, actions to further safeguard nutritional support to these groups through the use of modalities such as voucher may be appropriate.

These transfers could be provided as a complement to MPCT. There was consensus that MPCT, just as any other modality, will not be appropriate in all contexts and will require a similar focus on response analysis in programme design.

Surveys

Participants were asked their opinion on the effectiveness and efficiency of MPCT. Respondents selected an answer from a scale of four responses as to how much they agreed with the statements set out in Figure 3.3 below, or if they could not say ('Don't Know').

Table 25 shows the results for those respondents from ECHO who answered these questions (i.e. – did not reply 'don't know'). This shows that the vast majority of respondents did consider that MPCT would be a cost efficient and effective form of humanitarian aid, with roughly two thirds of respondents agreeing and one this strongly agreeing with this statement.

Table 26 shows the results for those respondents from partner agencies who answered these questions. As above, this shows that the vast majority of respondents did consider that MPCT would be a cost efficient and effective form of humanitarian aid, reflecting the views of over 95% of respondents.

Table 25 Opinion of ECHO respondents on the efficiency and effectiveness of MPCT

Answer	Number of respondents	Strongly Disagree	Disagree	Agree	Strongly Agree
MPCTs are a cost efficient way of delivering humanitarian aid	28	0.00%	3.57%	60.71%	35.71%
MPCTs are an effective form of humanitarian aid	28	0.00%	7.14%	60.71%	32.14%
MPCTs are an effective tool in LRRD	25	0.00%	16.00%	68.00%	16.00%

Table 26 Opinion of partner respondents on the efficiency and effectiveness of MPCT

Answer	Number of respondents	Strongly Disagree	Disagree	Agree	Strongly Agree
MPCTs are a cost efficient way of delivering humanitarian aid	55	1.82%	3.64%	47.27%	47.27%
MPCTs are an effective form of humanitarian aid	55	0.00%	3.64%	56.36%	40.00%
MPCTs are an effective tool in LRRD	48	2.08%	8.33%	60.42%	29.17%

Field Visits

Interviews with respondents in both Jordan and Somalia suggested that while the use of MPCTs could be associated with cost efficiencies, the scale of potential savings varied and may not be as large as suggested by the literature.

- Firstly, experience indicates that while MPCTs can meet a range of needs, they cannot meet all needs. Depending on the context some (in-kind) goods and direct service provision is needed to supplement the cash transfers. Consequently, even with MPCTs, multiple agencies are still likely to be needed at field level.

- Secondly, there is still the need for specialist expertise in assessing needs and monitoring impact. The potential savings from consolidating implementing agencies and staff may be over-estimated.
- Thirdly, the cost savings from consolidating the distribution may be limited. Costs of electronic transfers (issuing cards and monthly charging) were modest outside of Lebanon, meaning that these didn't add up to excessive costs where multiple cards were used.

There are already some moves to consolidate and contract of number of players in humanitarian system in Jordan. MPCT may encourage this, but this also fears that we may lose the richness of provision (local and specialist knowledge – specialisms, protection, livelihoods protection).

Adopting more inclusive MPCTs raises questions on balancing coverage and targeting

As humanitarian resources in specific contexts have dwindled the pressure to target has increased. Respondents in Lebanon and Jordan queried the appropriateness of the targeting methods that were being developed on the MPCTs, requiring detailed household surveys (a combination of vulnerability targeting and proxy means testing) to try to identify the socio-economically most vulnerable.

It was reported that these targeting requirements are time consuming and expensive (\$25 per household visit) and have an unrealistic aim of identifying the 'most vulnerable' proportion within a large and needy caseload. Some queried whether a more cost effective approach would be to revert to a simpler and cheaper system of targeting, and perhaps also a smaller grant, that allowed for more rapid and higher coverage.

Alternative views argue that the increased pressure on targeting in the Syria crisis predates the MPCT experiment and is the consequence of a wide range of drivers. However, it seems logical that as the value of a transfer increases so will the demands for accurate targeting.

3.3.2 Evaluation findings from DG ECHO funded actions on the cost efficiency and cost-effectiveness of multi-purpose and unconditional transfers

Literature Review

As noted in the Inception Report, there is little documentary evidence yet available from research or evaluations since these projects – where they exist – have only been implemented very recently. There was no comparative evidence on cost effectiveness other than the DFID VfM study already highlighted in section 3.2. The UNHCR ERC grant is undertaking various pieces of research relating to MPCT but nothing on cost efficiency/effectiveness.

Key informants included in telephone interviews shared what data and evidence exists to date from ECHO-funded actions. As per the conclusions of the inception report, this was broadened out from evaluations to include other documentary evidence such as PDM data and lessons learned documents which can inform on efficiency and effectiveness of

interventions. As per section 3.2.2, the inclusion of evidence from sector-specific CTPs is included since this can be taken as anecdotal evidence of the potential effectiveness of MPCT.

Lebanon context – Syrian refugee crisis response

The IRC evaluation of winterisation project 2013-14¹³³ describes the impacts of the cash for winterisation programme run by UNHCR and NGO partners from November 2013 to April 2014. The programme gave \$575 USD via ATM cards to 87,700 registered Syrian refugees in Lebanon with the objective of keeping people warm and dry during cold winter months. The transfer size was calculated based on the cost of winterisation expenses only (fuel, heater blankets) but was provided unconditionally. The research measured the impacts of cash on numerous metrics of household well-being, including negative coping strategies, and food and non-food consumption.

- Beneficiaries used at least part of the transfer to purchase winter items. They also used the transfers to meet a wide variety of other basic needs, particularly food and water. The vast majority of beneficiaries found this cash assistance to be more effective than alternative in-kind assistance and the treatment group had a lower incidence of negative coping strategies, including child labour, dangerous work, and multiple forms of dietary restriction, than a control group.
- However the value of cash assistance was found to be too low to meet the programme's objective and almost half of beneficiaries reported that heating supplies were often not enough to keep warm. This is because beneficiaries' income is so low that they were forced to use the cash assistance to satisfy other basic needs which were not taken into account of in the needs assessment or setting of the transfer value.

The evaluation concluded that the amount of cash assistance should be large enough to satisfy all basic needs (including food), not simply heating. Key informants in Lebanon explained this study was a driving factor in agencies beginning discussions on and moving towards MPCT for basic needs based on a broader appreciation of the MEB in 2014-15.

Using ECHO funding, the cash working group (CWG) in Lebanon subsequently commissioned Avenir Analytics¹³⁴ to undertake a study to advise the CWG members on how to move towards operationalising MPCT for basic needs provided by multiple actors at scale in Lebanon. The estimated population that required monthly assistance was estimated at over 164,000 households and the level of assistance required based on a MEB comprising food needs, NFIs, rent, water and an allowance for communication, transport and clothing had been identified by the CWG. The research highlighted the proliferation of operational mechanisms across agencies that were being used to deliver CTP in Lebanon in 2014¹³⁵ and

¹³³ IRC (2014)

¹³⁴ Avenir Analytics (2014)

¹³⁵ Including: UNHCR programmes using implementing partners to deliver monetised inputs to registered refugees, WFP programmes using implementing partners to deliver food assistance to registered refugees, and NGO programmes delivering ad hoc cash inputs for registered and non-registered refugees and host communities.

a number of operational constraints with implications for the cost efficiency and effectiveness of programmes.

Figure 20 Assessment of CTP landscape delivered by multiple actors in Lebanon 2014

CTP Element	Strength	Constraint	Risk	Implication
Programme Design	CTP is designated for a purpose and is based on objectives.	Different objectives for CTP. Different populations being reached through multiple and overlapping actors with varying standards on what is quality programming.	Multiple programmes increase risk of duplication for both resources and target population. No method of overseeing or making decisions on programme quality.	Less impact of available resources. Limited accountability on programme. Inefficient system will not encourage additional funding.
Targeting	proGres is in place and has base functionality.	No endorsed targeting approach that can be used as a basis for equal programming or to adequately address whose needs and which ones need to be met.	Duplication or gaps in response. Not cost efficient as multiple rounds of verification take place.	Duplication and waste of resources. PoC needs remain unmet. Lack of transparency and therefore trust of affected population as criteria cannot be explained or justified appropriately.
Delivery Mechanism	Strong financial systems for secure e-transfers.	Though the delivery mechanism is strong, there is little coordination between the financial institutions and agencies. ATM's run out of cash.	Multiple cards for primarily the same function creates duplication. No good solution as yet for inaccessible places.	Waste of resources. Failing to meet mandate of protection of PoC.
Implementation	Distribution of cards and pins (and other mechanisms) and use of cards has occurred with a less than 10% margin error.	The mix of actors for distribution and implementation is an issue as it leads to mixed communication and wasted resources.	Limited coordination with card providers leads to inefficient implementation and creates confusion for partners and PoC.	Wasted resources in an environment of limited funding. View of CTP as chaotic, and unorganized which can limit willingness to fund it.

Source: *Avenir Analytics (2014)*

The report made a number of recommendations anticipated to leverage economies of scale and improve cost efficiencies and impact on MPCT programmes including developing a harmonised targeting mechanism, objectives and transfer values based on a contribution of the MEB, and consolidating delivery systems and moving towards a single payment channel where appropriate in order to save on card fees and upload charges.

These recommendations are at various stages of being taken on board by agencies including the ECHO-funded cash consortium of NGOs and agencies funded by ECHO to deliver MPCT in 2014. No evaluations of the efficiency and effectiveness of these approaches have been implemented.

In parallel to the IRC study above which focused on impact, DRC completed a lessons learned study¹³⁶ on the implementation of the UNHCR winterisation programme, on which they held the relationship with CSC bank on behalf of UNHCR and implementing agencies. Lessons concerning the efficiency and effectiveness of the approach included:

There were some advantages of this cash based and more joined up approach between agencies include improved cost efficiency of cash assistance in terms of resources required and investment in cash infrastructure (fees; staffing levels); more coordinated systems for implementation, monitoring and reporting and streamlined card management to the benefit of beneficiaries and agencies and donors alike. Collaboration reduced costs of the service provider to an extent, through reduced fee structures.

However the shift from in-kind to cash based distribution at scale (through e-transfers) was not rapid and led to delays and other challenges since agencies lacked the requisite staff, knowledge and systems. Organisations also ran parallel cash based interventions, and combined cash and in-kind distributions, which caused confusion for refugees, overburdened field teams and reduced the potential cost effectiveness of a switch to cash. The set-up of the programme lacked cost analysis and there had been no consideration for the cost effectiveness of distributing cards alongside a variety of in kind programmes, of distributing cards for only a single payment, or for efficiency gains of consolidating payments through a single relationship with CSC Bank. DRC became the de facto card management agency, which DRC considered proved to be more cost-effective for agencies with small caseloads (under 1000 cases) who would otherwise have incurred a higher service charge.

The study concluded the need for further coordination across agencies to move from separate projects to common systems, for further consolidation of distributions within agencies in order to realise the potential efficiency gains.

IFRC evaluation of cash assistance programme for Syrian refugees

The evaluation of the Jordanian Red Cross (JRC) and International Federation of the Red Cross (IFRC) implementation of the “Cash Assistance Programme for Syrian Refugees”¹³⁷, focusing on urban areas and providing beneficiary families with a monthly cash grant, according to family size, for 3 months to meet their basic needs. All assessments had identified income support as the priority need of Syrian refugees, who had a number of recurring expenditures, and ready access to the market through which to meet basic household needs but who lacked income generating opportunity as they were unable to work. Within this, rent was found to be overwhelmingly the main necessity; followed by fresh food, medicines, items for babies and children, and items for winter.

The evaluation concluded that provision of cash allowances that are a fungible increase to household income and could be spent according to the priorities of each family in this fluid context had contributed significantly to the improvement of the refugee’s situation. Rent

¹³⁶ DRC (2014a)

¹³⁷ Herrmann (2014)

was the largest expenditure followed by food, transport, fuel, milk and nappies. Most beneficiaries expressed their clear preference for receiving cash instead of in-kind support.

The value of the assistance is aligned with existing national minimum expenditure baskets on the Jordanian government's poverty alleviation programme in order to not provoke social discrimination and unrest within populations. As a result the amount of the cash assistance is not enough for all beneficiaries enough to cover their needs, especially in the cases only receiving 50 JD and for those with disabled or chronically ill family members. The Inflation of the rental market was noted as a considerable challenge impacting on the effectiveness of the cash transfer to meet basic needs, however this is an issue of chronic under-supply which cannot be easily solved through provision of alternative, including in kind, transfers.

Cost efficiency was considered to be poor, in part because of significant delays to implementation on account of negotiations with service providers and the fact that IFRC did not adopt from the outset the standard register and cash distribution methodology of UNHCR.

The evaluation concluded that humanitarian actors should continue providing ongoing cash support in this fashion to the most vulnerable Syrian refugee families in Jordan's host communities and informal settlements for as long as refugees lack access to a consistent and reliable means of financial support, for a minimum of six months

Philippines – response to Typhoon Haiyan

IFRC developed a case study to document learning from their cash based emergency response to Typhoon Haiyan in Philippines¹³⁸. Assessments had showed that food, shelter and restoration of livelihoods were priorities for the affected population, and that a significant proportion of the immediate needs of affected communities (food and non-food items) could be met through cash. IFRC in partnership with Philippines Red Cross set out to provide over 60,000 families with unconditional cash through which households could meet their needs across sectors.

Originally the value of the transfer was set at 6,000 pesos based on calculation of the monetary needs of affected households to meet both food and shelter repair. However this was then revised to a value of 2000 pesos only which is based only on the food basket, because the Philippine Red Cross was concerned that the high amount could raise beneficiary expectations for similar cash grant values in future programmes. In December, the Food Security and Agriculture Cluster (FSAC) recommended that cluster members adopt a cash transfer value of 4,300 – 4,500 pesos as the value of the monthly food basket and so the cash grant amount for East Leyte was increased to 5,000 pesos based on the 4,500 pesos estimate plus a one-day wage.

The programme was considered to be very efficient, with a cost per transfer of only 2% of the total cost of the grants disbursed. Households broadly indicated that they were happy with the cash and that it had enabled flexibility and choice in meeting individual needs. The

¹³⁸ IFRC (2014)

cash grant was mostly used to cover food needs, house repair, education fees and medical expenses. There was a huge amount of diverse expenditures met and it was confirmed that markets could generally meet all needs. Thus the approach of single unrestricted cash was considered a good practice appropriate for other early responses to rapid emergencies. However the value of the transfer set based on food needs only inevitably meant that households had to pick and choose between which expenditure to incur at the expense of other – equally relevant- expenditures.

Plan International's CTP for early recovery response to Typhoon Haiyan, funded by ECHO, was implemented in the worse affected municipalities in Eastern and Western Samar. 9157 families participated and of these 1713 of the most vulnerable (without ability to participate in cash for work) received unconditional cash grants of PhP 7,800 to put towards their basic needs. This was equivalent to 30 days wages based on the regional minimum wage. The PDM was conducted with 600 of these households. The top expenditures of households were food, education and shelter. Medicines and debt payments were also common. 57% said that the amount was enough and 33% said it was less than they required in order to meet needs across sectors.

Afghanistan context – flood response in Jawzjan

DRC PDM data from the MPCT to the flood response¹³⁹. Heavy rainfall on 24-25 April 2014 resulted in flash floods across 10 provinces in northern, north-east and west Afghanistan and 16,000 displaced in Jawzjan, Faryab and Sar-e-Pul provinces. DRC responded to the humanitarian needs in Jawzjan province and concluded from their assessments that cash distributions would be an effective, flexible and efficient way to enable beneficiaries to meet a range of emergency needs, by increasing household purchasing power to meet immediate food and non-food needs. Two different levels of cash transfer were provided:

1. Where households are also receiving distribution of an NFI Kit, an UCT of 8000 AFS was provided. This was calculated based on the money needed to cover one month's average household expenditure on food, health and education needs as well as to provide an additional amount for the paying off debt or purchase of livelihood inputs.
2. In cases where an NFI Kit is not distributed, an increased UCT amount of 12000 AFS was provided.

The PDM showed that as the result of the response the beneficiaries have indicated if they wouldn't have received the cash assistance then they would have fall in debt (37%), have got health problems (27%), loss of income (22%) and (14%) stated that they would be forced to migrate. 56% of the beneficiaries indicated that the response helped them get better living conditions and 44% stated that it had helped them to cope with the natural disaster.

Data Review

In the design of this evaluation it had been planned to undertake analysis on the project documents available in HOPE to search for evidence on the efficiency of MPCT from

¹³⁹ DRC (2014b)

ECHO-funded interventions. However the key informant interviews and literature review have confirmed the lack of cost efficiency and effectiveness studies to date as well as the fact that most of the MPCT projects identified have not, or have not yet, completed evaluations. All evidence that exists was summarised under the literature review. In the time available it was decided to prioritise this literature review and key informant interviews rather than a manual search of the project proposals and annexes.

Telephone Interviews

Is there any evidence that you're aware of from evaluations of DG ECHO funded actions on the cost efficiency and cost-effectiveness of multi-purpose transfers?

From the interviews undertaken it is clear that there is a lack of definitive evidence yet emerging on the cost efficiency and cost-effectiveness of multi-purpose transfers funded by ECHO. This is due to the very recent nature of these programmes. There are evaluations in the pipeline for some of the MPCT recently funded by ECHO in Lebanon. For example, Save the Children is planning to fund a study in Lebanon on the impacts to children of MPCT. There were no comparative studies planned or existing that respondents were aware of.

Field visits

Jordan

As the general level of understanding of the concept of MPCT was considered quiet low and the relative lack of experience of MPCT was also low, the evidence to be gained from questioning stakeholders on their perceptions of cost efficiency and cost effectiveness of cash, as has been indicated earlier, should be treated with care.

Despite this, there was a general acceptance that MPCTs offered the potential for considerable gains in terms of cost efficiencies. However, some of these gains are not necessarily from MPCTs themselves (i.e.; the streamlining programme delivery between sectors within a single agency and the common delivery platforms anticipated) but from the gains from multi-agency and common donor ways of working that tend to come hand in hand with MPCTs. Some gains from joint ways of working - and even common delivery platforms - can/could be had without a single MPCT and *care should be taken not to make false comparisons or to attribute gains to the multi-purpose nature rather than the combined/joint/coordinated ways of working.*

Stakeholders were optimistic, though largely of the opinion that it still remains very early days for the analysis of the cost effectiveness of MPCT in Jordan or indeed elsewhere. Some concerns were expressed that MPCTs are not likely to be effective in all contexts and that there would continue to be a need for the kind of carefully nuanced, flexible and case management approaches around the edges of the broad brush stroke of MPCTs. Concerns were expressed that the necessarily highly targeted nature of these larger multi-purpose cash transfers would reduce the spread of gains across households and thus may inadvertently increase inter household and inter community tensions or jealousies.

Stakeholders expressed concerns that MPCTs were unlikely to be able to be used to meet all of the specialist provision particularly in sectors such as WASH ('jerry cans but not hygiene promotion') health ('plasters and paracetamol, but not insulin or caesareans'), and Nutrition (staples but not fresh foods or plumpy nut and therapeutic feeding).

Very few stakeholders expressed a view about effectiveness of MPCTs in terms of LRRD, however a small number noted the omission of livelihoods from the MPCT basket and the potential for more integrated approaches. It may well be that an opportunity may be missed to include a livelihood element within the transfer to link to longer-term recovery.

Stakeholders were largely unable to indicate the types of contexts where MPCT might be more or less suited. Some of the more experienced MPCT stakeholders were however able to speculate that the type of Middle East/Philippines contexts where MPCT had currently been trialled (being middle income countries with well-developed financial and communications services and delivery mechanisms, and a largely urban context with numerous cash based needs across sectors) were potentially conditions most likely to be favourable to MPCT.

Niger

Stakeholder views on the potential cost effectiveness and cost efficiency gains from MPCTs in Niger were limited due to the lack of familiarity with the concept. There was also, as highlighted above, a general wariness of the appropriateness of the MPCT approach in this context, given the primacy of the food security sector needs in the country. Those actors that did see potential benefits from introducing MPCTs cited the inter-linkages between food security and livelihood needs as one reason why streamlined multi-sectoral funding might be able to improve cost effectiveness. But given that MPCTs to date have not typically included livelihoods in the assessment of basic needs, there are legitimate questions about the potential cost effectiveness gains of MPCTs in a context like Niger.

Somalia

NGOs interviewed considered that the MPCT argument makes some sense in the context where it has been most commonly used to date (Syria response countries), because needs are multiple and the market can meet all the commodity demands. They were unsure whether in this context of slow onset food insecurity MPCT would be the most appropriate tool. Most agencies are not looking at addressing multiple needs but are focus on food security through UCTs – acknowledging that a proportion of the resources can be directed by households towards other needs. Others argue that other markets (e.g. health) were not well developed so there was little potential for MPCTs beyond food. A finding from the 2011 famine response was that water was the big need but supply side interventions were needed, rather than cash transfers.

There were also concerns raised about 'leapfrogging' caused by MPCT: that in a context of chronic poverty, filling the gap in expenditure across multiple needs for a limited number of eligible beneficiaries would see them become better off than many non-targeted households

creating community tensions. Respondents considered that there is therefore a need to keep the levels fairly low if you are only targeting a portion – not all – of those in need.

3.4 What are the key bottlenecks for DG ECHO and its partners to promote multi-purpose cash transfers?

Summary EQ 3.4: Key bottlenecks to promoting MPCTs

Broad agreement on barriers to scaling up MPCTs was found across agencies, regarding the challenges within partner agencies, within ECHO and within the broader humanitarian system. Many of the constraints to the use of MPCTs overlap with those relating to the use of cash transfers in general (see Annex VI).

The major additional challenges to scaling up MPCTs are perceived to lie within the broader humanitarian system. Responsibility for MPCTs is not clear under the current humanitarian architecture, where UN agency mandates, coordination structures and funding are largely organized by sector. This leads to resistance to an MPCT approach, a lack of organizational preparedness and poorly developed tools and capacities. General donor funding procedures were also seen as a major constraint.

There was a perception that constraints within ECHO include: resistance from some technical sectors; insufficient funding; procedures aligned to sectoral funding; and questions of mandate – as using humanitarian funds to support beneficiary priorities such as debt repayment are questioned.

Perceived bottlenecks within organizations relate to insufficient awareness and capacities, concerns on programme quality, the sectoral nature of funding and procedures and constraints to a coordinated assessment, analysis and integrated programme design.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Interview	ECHO Survey	Partner Survey	Field Visits
3.4.1	Opinions of stakeholders (ECHO and IPs) on constraints within their own organizations to increased use of multi-purpose transfers	x		X	X	X	x
3.4.2	Opinions of stakeholders on constraints within the overall humanitarian system on the increased use of multi-purpose transfers	x		X	X	X	x

3.4.1 Opinions of stakeholders (ECHO and IPs) on constraints within their own organizations to increased use of multi-purpose transfers

Literature Review

Some of the documents outlined in Sections 3.2 and 3.3 included lessons learned on the constraints agencies face in implementing MPCT¹⁴⁰. Key lessons emerging from these studies include:

- The need for technical input into the design and the setting of CTP values, which are appropriate for meeting multiple needs, and the importance of baseline market assessments.
- Challenges of moving towards MPCT when response budgets remain sectoral and create gaps in the level of assistance needed and the operational and legal challenges to overcome here.

Telephone Interviews

Seven interview participants responded to this question within ECHO and 17 participants within other organisations (implementing partners and donors) responded as to the challenges within their own organisations. There were a number of commonly identified themes across organisations (including between ECHO and implementing partner agencies) which are detailed in Table 27 and Table 28 respectively. A number of these are similar to the constraints identified in the broader humanitarian system (Section 3.4.2).

Table 27 Challenges within ECHO (cited by ECHO staff) to moving forward with MPCTs

Theme	Details
Awareness and capacity	Still a resistance on cash from particular sector areas within ECHO and perhaps lack of skills. For example, UCT not even coming up often under sector-specific projects for shelter etc. Cash champions are primarily in the food sector.
Siloing of sectors	People can be embedded in their sectors and don't think it's possible to move to such a holistic approach to humanitarian response.
Funding	Lack of funds means ECHO is unable to provide a full basket of needs through a cash grant – 'Horse trading of cash transfers – donors do not give full amount'. E.g. ECHO promoting this approach in the Syria response but the value of funding is not commensurate with the economic gap that partners are identifying. Could lead to difficult decisions – whether ECHO should spread resources to benefit more people, or meet a variety of needs for a limited number of beneficiaries.
Procedures	Challenges to the Single Form (need to align intervention with one or more sectors, and pick corresponding indicators) – meaning even though office is amenable to more flexible approach, system is still geared to sectorial approach/partners may think ECHO not amenable to funding such approaches. Noted to have improved however since the removal of the cap on value of UCT.

¹⁴⁰ Including DFID (2014); Smith (2015) Campbell (2014); DRC (2014b); Pelly (2014); Pelly et al (2015).

**Table 28 Challenges within Implementing Partners to moving forward with MPCT
(cited by staff of implementing partners)**

Theme	Detail
Capacity	<p>This came out as a major constraint:</p> <p>There is a lack of technical capacity yet in CTP across sectors – in several agencies expertise remain focused primarily in EFSL.</p> <p>There is a lack of understanding of market analysis, and of how to do this from a multi sector perspective. Agencies lack the requisite tools to be able to design programmes based on MPCT such as tools for response analysis, multi-sectorial market assessments and tools to support targeting and setting the value of the MPCT transfer.</p> <p>Insufficient understanding of why a livelihoods approach/understanding/lens is important for response analysis and modality choice.</p> <p>Oxfam explained they did cash for winter for a second winter in Lebanon on account partly of staff turnover meaning institutional learning was lost and thinking did not evolve.</p>
Siloing of sectors	<p>Many implementing partners reported that technical programme areas (for example, for food security; shelter; livelihoods) continue to operate in siloes and consequently even though cash may be becoming a modality of choice across these programme areas, this is constraining a coordinated approach to assessment and analysis and movement to single programme design. Several agencies are taking steps to move forward with a more integrated approach across sectors (mentioned by Oxfam, Save, ACF, IRC...).</p> <p>This is also seen from the operational systems side: a number of agencies explained that internal systems overall are still geared towards logistical distribution of in kind and with compartmentalized operation and planning. A switch to delivery of a greater proportion of assistance through cash will require a change in processes within logistics, finance and also HR.</p>
Attitudes and mandates	<p>Perhaps partly on account of the stakeholders interviewed, who were mostly working in the field of UCT/MPCT, the fungibility of cash was not seen as a huge issue in terms of delivering on stated objectives.</p> <p>There were some constraints noted concerning the audit requirements: 1) you correctly identify the person; 2) you ensure they get it; 3) <i>they spend it as you expected</i>.</p> <p>This is for cash in general but is increased for MPCG.</p> <p>However there was some consideration that the implications for programmes fitting with mandate could be a challenge for some in senior management. For example an NGO Director in Lebanon was concerned about the achievement of specific child protection impacts from multi-purpose cash.</p>

Surveys

Participants were asked their opinion on the main constraints within their organisation to the wider use of MPCT.

Respondents selected an answer from a scale of four responses as to whether they considered the factors listed in Table 29 below as very important, important, slightly important or not important, or if they could not say ('Don't Know').

Table 29 shows the results for those respondents from ECHO who answered these questions (i.e. – did not reply ‘don’t know’). This shows that the three most important constraints within ECHO identified (in that between 57% and 62% of ECHO respondents thought these were either Very Important or Important constraints) were a lack of multi sector assessments and the siloing of both the technical programme areas and funding processes and systems within ECHO.

Other significant constraints (where between 47% and 49% of ECHO respondents thought these were either Very Important or Important constraints) were the sectoral focus of project management and reporting processes and constraints of sector-oriented organisational mandates, along with the barrier posed by perceived risks. A lack of buy in – at either field or head office level, were not considered by most to be significant constraints.

Table 29 ECHO respondents’ opinion on the main constraints in the humanitarian system to the wider use of MPCT

	Number respondents	Very Important	Important	Slightly Important	Not Important
Technical programme areas still operate in siloes	21	23.81%	33.33%	19.05%	23.81%
Funding processes and systems are focused on sectoral delivery	22	18.18%	40.91%	31.82%	9.09%
Project management and reporting processes and systems are focused on sectoral delivery	24	12.50%	33.33%	41.67%	12.50%
Constrained by the Organisational Mandate	23	21.74%	26.09%	34.78%	17.39%
Perceived risks	23	8.70%	39.13%	39.13%	13.04%
Lack of resources	23	17.39%	26.09%	26.09%	30.43%
Lack of multi-sector assessments	24	12.50%	50.00%	25.00%	12.50%
Lack of buy in at field level	22	18.18%	18.18%	36.36%	27.27%
Lack of by in at HQ level	24	12.50%	25.00%	45.83%	16.67%
Lack of evidence on efficiency and effectiveness	25	16.00%	28.00%	32.00%	24.00%
Lack of evidence and learning on other factors such as appropriateness and risks	23	8.70%	34.78%	39.13%	17.39%

Table 30 shows the results for those respondents from partner agencies who answered these questions. This shows that five important constraints identified within implementing agencies (in that over 50% of respondents thought these were either Very Important or Important constraints within their organisation). These are a lack of multi sector assessments and resources, the siloing of technical programme areas and funding processes and systems, and a lack of evidence on the appropriateness of MPCTs or the risks involved. A lack of buy in – at either field or head office level, were not considered by most to be significant constraints.

Table 30 partner respondents' opinion on the main constraints in the humanitarian system to the wider use of MPCT

	Number respondents	Very Important	Important	Slightly Important	Not Important
Technical programme areas still operate in siloes	46	26.09%	26.09%	19.57%	28.26%
Funding processes and systems are focused on sectoral delivery	60	28.33%	25.00%	25.00%	21.67%
Project management and reporting processes and systems are focused on sectoral delivery	58	8.62%	29.31%	12.07%	50.00%
Constrained by the Organisational Mandate	44	9.09%	22.73%	45.45%	22.73%
Perceived risks	46	10.87%	39.13%	26.09%	23.91%
Lack of resources	52	15.38%	40.38%	17.31%	26.92%
Lack of multi-sector assessments	58	31.03%	22.41%	25.86%	20.69%
Lack of buy in at field level	62	14.52%	27.42%	25.81%	32.26%
Lack of buy in at HQ level	50	12.00%	24.00%	34.00%	30.00%
Lack of evidence on efficiency and effectiveness	50	22.00%	24.00%	38.00%	16.00%
Lack of evidence and learning on other factors	44	13.64%	40.91%	11.36%	34.09%

These responses tally broadly with those given in the telephone interviews.

Field visits

Jordan: There was limited direct experience of MPCT in Jordan or research or evaluation evidence for stakeholders to refer to regarding the constraints to wider use of MPCTs (within own organisation or otherwise). The most commonly cited constraints in order of priority were: agency mandates and visibility; that there was less buy-in amongst technical specialists in certain sectors; and the view that MPCTs were unlikely to be able to fulfil some of the quality and the specialist aspects of certain sectors such as hygiene, nutrition and health promotion and that there would still be a need to encourage quality of provision such as building back better shelter training.

Niger: Insufficient familiarity with the concept in Niger as mentioned above meant that stakeholders were not in a position to discuss potential organisational constraints to wider use of MPCTs. The overriding concern was about the appropriateness of MPCTs in a context where food security needs dominate all others, and where decreasing funds already challenge coverage of food needs without seeking to disperse available funding across other sectors.

Somalia: Key difficulties seen about the barriers for moving towards use of MPCT were: how to implement them given the sectorial humanitarian architecture; the difficulties of present funding arrangements and indicators for success which are also arranged sectorally; agency attitudes and mandates (example given to the challenge of changing WFP's mandate to meet more than just food scores). Stakeholders considered that this isn't something that

can be done ‘bottom up’, rather the changes that are needed require policy level backing and support from key donors.

3.4.2 Opinions of stakeholders on constraints within the overall humanitarian system on the increased use of multi-purpose transfers

Telephone Interviews

27 interview participants responded to this question. Again there were a number of commonly identified themes across organisations (including between ECHO and implementing partner agencies) which are detailed in Table 31. The main addition to the findings in 3.4.1 is interagency coordination issues.

Table 31 Challenges within the humanitarian system to moving forward with MPCT

Theme	Detail
Attitudes and mind sets	<p>The challenge of mind sets and mandates came up regularly, particularly in relation to particular UN agencies (WFP) and to agencies aiming to meet needs in specific sectors (shelter came up often). Examples were given from both Lebanon and Jordan of WFP’s justification for vouchers for food assistance on the basis that they need to be confident it is being spent on food. Respondents mentioned that if cash is spent on something else it is considered a failure, rather than a realisation that this is helping people deal with a very fluid context in their own way.</p> <p>Some respondents said that this was partly driven by donors who require sector-specific outcomes to be met. Several others considered that this is an excuse on the part of implementing agencies and that donors such as ECHO are ahead of the curve in certain respects.</p> <p>Liked to the above was the issue raised about ‘turf wars’ – due to the implications of the growth of such an approach which has potential to harmonise and streamline response programming, consolidate funding streams and reduce the number of implementing agencies. It was considered to raise questions as to which UN agencies should be the lead as well as the flow of funds between donor to beneficiary.</p> <p>A number of agencies mentioned that WFP are not on board with MPCT and are continuing to do vouchers for food assistance independently (Lebanon, Jordan, Ukraine).</p>
Governments	<p>It was noted in all the Syria response countries that government perceptions and concerns had posed challenges to the moving forward with MPCT. For example in Iraq 2014 cash was conceived very specifically by the government as a response to provide NFIs for winter and transfer values were set accordingly. Only single tranches were allowed. There was a fear of the inflationary impact of CT used to meet broader needs and the pull factor that this would create. In Lebanon and Jordan transfer amounts needed to be</p>

	<p>pegged to the minimum wage and the social welfare support for poor Jordanians respectively.</p> <p>CWGs in all contexts were thought to have achieved impact in terms of engaging with and influencing the government.</p>
Preparedness	<p>In the context of the rapid emergency in Philippines, and in light of the length of time it took agencies in Lebanon to move forward with such approaches, respondents highlighted the challenge of a lack of preparedness planning in Philippines to support adoption of such approaches in recent emergencies.</p>
Capacity	<p>A big challenge mentioned was competencies in CTP within the sector and market based approaches/economic programming (skills such as developing a MEB; and targeting according to socio-economic vulnerability in the Syria response.</p> <p>Respondents explained there had been little ability of agencies to engage in critical analysis of the targeting methodologies proposed in Jordan and Lebanon for this reason. In Lebanon the time to develop targeting approaches and MEBs had contributed to delays in programming.</p> <p>The tools to understand multi-sectorial response analysis etc. are still being developed, and in different agencies. A real need to understand and anticipate how much to give and how much is likely to be spent on different needs. This requires tools and coordination.</p>
Donors	<p>The challenge of funding from donors such as ECHO not being commensurate with the level of needs identified through a multi-sector analysis was noted in all Syria response countries.</p> <p>Even within ECHO, there was agreement that more needs to be done to get across to partners that ECHO can support a holistic basic needs approach rather than single sector approaches and to change the funding request to move away from sector specific objectives and indicators.</p> <p>It was noted that legal issues of funding stream changes such as the Lebanon context where UNHCR funding was to be channelled through WFP to create the one card platform, created real delays.</p>
Coordination	<p>Respondents almost universally mentioned the challenge of coordination of a response approach that bridges sectorial divides and requires input from different areas during assessments and response analysis/programme design, in a coordination system set up to respond sectorally. This led to single sector responses in Philippines and created challenges for synchronisation of the transfer value in Lebanon in the early stages.</p> <p>For example, Handicap International is setting their MPCT transfer value for 2015 at \$180 rather than the CWG-endorsed value of \$175. This goes against the standard approach – but is a rational decision because cash can only be withdrawn from ATMs in multiples of \$10. This illustrates an operational challenge in coordination of a harmonised transfer value.</p> <p>There were challenges also experienced with the CWG in Jordan and Lebanon in that they were not linked to the humanitarian structures or accountable within the humanitarian system. It was noted that the idea was popular and people worked hard. It was considered that it's necessary to have good strategic coordination across sectors for this to work.</p> <p>There were also challenges noted in the setting of MEB requirements since there is pressure/interest from each sector needs to be included.</p>

Literature Review

Some of the documents outlined in Sections 3.2 and 3.3 included lessons learned on the constraints within the overall humanitarian system in implementing moving forward with increased use of MPCT¹⁴¹. Key lessons emerging from these studies, which align with those heard through the key informant interviews include:

- The challenges of funding grants that are truly multi-purpose in the sense of filling the agreed percentage of the identified MEB gap, in the context of diminishing humanitarian support for protracted crises.
- The time such a transition has taken in the Middle East (over 6 months in the case of Lebanon) and lessons on the practical challenges for moving towards a single cash grant in line with an MEB and unified delivery platform.
- The existence of a number of barriers to overcome for agencies to move towards use of more flexible cash grants – some being internal barriers including structures and mind sets and some being inherent in the humanitarian coordination system including the sectorial structure of the cluster coordination system created barriers to the analysis, design and monitoring of integrated programmes.
- The potential of a CWG has potential to bridge some of these barriers.
- The need for coordination with all sector-specific working groups/clusters and with government, including taking into account values provided under national social welfare schemes.
- The need for all agencies to collaborate rather than making unilateral decisions.
- The importance of investing as part of disaster preparedness – certainly in the cash of rapid onset disasters - in actions that support programming that bridges sector divides, including development of tools for cross sector analysis and response design.

Survey

Participants were asked their opinion on the main constraints in the humanitarian system to the wider use of MPCT

Respondents selected an answer from a scale of four responses as to whether they considered the factors listed in Table 32 below as very important, important, slightly important or not important, or if they could not say ('Don't Know').

Table 32 shows the results for those respondents from ECHO who answered these questions (i.e. – did not reply 'don't know'). This shows that the three most important constraints identified within the humanitarian system (in that over 58% of respondents thought these were either Very Important or Important constraints) were the lack of evidence on the appropriateness of or the risks involved in MPCT (100% of respondents agreed with this), the mandates of UN agencies and the policies of humanitarian donors.

Other significant constraints (where between 50% and 55% of ECHO respondents thought these were either Very Important or Important constraints) related to the sectoral focus of the humanitarian coordination system, capacity issues within agencies and donors, and in

¹⁴¹ Including DFID (2014); Campbell (2014); IRC (2014); DRC (2014a); Smith (2015); Pelly (2015); Pelly et al (2015).

terms of a lack of multi-sector assessments, along with the lack of evidence of the efficiency or effectiveness of this approach. A lack of trust on the part of agencies and a desire to control expenditures of beneficiaries were not considered to be large constraining factors by the majority of respondents.

Table 32 ECHO respondents' opinion on the main constraints in the humanitarian system to the wider use of MPCT

	Number respondents	Very Important	Important	Slightly Important	Not Important
Mandates of UN agencies	25	32.00%	32.00%	32.00%	4.00%
Aid agency capacity and systems	26	34.62%	15.38%	30.77%	19.23%
The Humanitarian Coordination/Cluster System	22	22.73%	31.82%	18.18%	27.27%
Lack of multi-sector assessments	23	21.74%	30.43%	26.09%	21.74%
Unwillingness of aid agencies to fully trust beneficiaries	17	5.88%	35.29%	29.41%	29.41%
Desire to control quality of goods and services	23	13.04%	26.09%	47.83%	13.04%
Donor policy	17	23.53%	35.29%	29.41%	11.76%
Anti-terrorism legislation	17	0.00%	47.06%	41.18%	11.76%
Donor capacities and systems	21	4.76%	47.62%	28.57%	19.05%
Limited donor financial resources	27	18.52%	25.93%	29.63%	25.93%
Lack of evidence and learning on other factors (appropriateness; risks; sustainability)	20	15.00%	25.00%	35.00%	25.00%

Table 33 the results for those respondents from partner agencies who answered these questions. This shows that the five most important constraints identified within the humanitarian system (in that over 70% of respondents thought these were either Very Important or Important constraints) were the lack of evidence on the appropriateness of or the risks involved in MPCT (100% of respondents agreed with this), the capacity and systems of aid agencies, a desire by agencies to control expenditures of beneficiaries, donor policy, and limited donor resources.

Other significant constraints (where between 60% and 70% of respondents thought these were either Very Important or Important constraints) related to the sectoral focus of the humanitarian coordination system and the mandates of UN agencies. A lack of trust on the part of agencies was not considered to be a large constraining factor by the majority of respondents.

Table 33 partner respondents' opinion on the main constraints in the humanitarian system to the wider use of MPCT

	Number respondents	Very Important	Important	Slightly Important	Not Important
Mandates of UN agencies	48	25.00%	35.42%	20.83%	18.75%
Aid agency capacity and systems	57	21.05%	49.12%	22.81%	7.02%

The Humanitarian Coordination/Cluster System	51	25.49%	39.22%	21.57%	13.73%
Lack of multi-sector assessments	62	27.42%	27.42%	25.81%	19.35%
Unwillingness of aid agencies to fully trust beneficiaries	55	12.73%	32.73%	25.45%	29.09%
Desire to control quality of goods and services	41	21.95%	48.78%	17.07%	12.20%
Donor policy	53	28.30%	39.62%	18.87%	13.21%
Anti-terrorism legislation	44	18.18%	31.82%	34.09%	15.91%
Donor capacities and systems	45	8.89%	48.89%	22.22%	20.00%
Limited donor financial resources	57	33.33%	36.84%	12.28%	17.54%
Lack of evidence and learning on other factors (appropriateness; risks; sustainability)	65	29.23%	29.23%	26.15%	15.38%

These findings tally broadly with what was seen in the telephone interviews, as well as with the opinions of the constraints within organisations.

Respondents were also asked whether they agreed that scaling up MPCTs would require changes to the humanitarian architecture

24 ECHO participants responded to this question (i.e. did not reply 'Don't Know'). Opinion reflected the responses above, in that 75% of respondents agreed or strongly agreed that this was the case.

49 participants from partner agencies responded to this question. Opinion reflected the responses above, in that over 77% of respondents agreed or strongly agreed that this was the case.

Table 34 Opinion of ECHO respondents on whether changes to the humanitarian architecture would be required to scale up MPCT

Answer	Number of respondents	Strongly Disagree	Disagree	Agree	Strongly Agree
Scaling up MPCTs would require changes to the humanitarian architecture	24	4.17%	20.83%	37.50%	37.50%

Table 35 Opinion of partner respondents on whether changes to the humanitarian architecture would be required to scale up MPCT

Answer	Number of respondents	Strongly Disagree	Disagree	Agree	Strongly Agree
Scaling up MPCTs would require changes to the humanitarian architecture	51	0.00%	22.45%	55.10%	22.45%

Field visits

Jordan: Stakeholders did not feel that they had a great deal of evidence on which to base their perceptions but did feel that there would be inevitable consequences to the ways of working brought about (rather than required by) by the increasing use of MPCTs. There was evidence of some concerns related to the likely shift to larger humanitarian organisations and the consolidation, homogenisation and reduced specialisation and diversity that was felt likely to occur. In essence it was felt that smaller agencies would find it increasingly difficult to find a niche or compete for funding. Sometimes smaller agencies have specific specialist skill sets (in protection, nutrition, livelihoods etc.), local or regional expertise, or a long standing community presence as well as specialist fundraising or charitable niches that risk being lost (faith based organisations etc.).

Niger: As mentioned above, familiarity with the MPCT concept was low in Niger and no stakeholders met had previous experience of MPCTs in other contexts. Stakeholder views on its appropriateness were therefore limited to perceptions only, with no real consideration of the architectural challenges that MPCTs might pose.

Somalia: As mentioned above, MPCT is a relatively new term in this context NGO partners (e.g. CESVI Somalia) have not been using MPCT. However there was an assumption from respondents that the needs assessment framework for MPCTs would be different from UCTs, being against an MEB of basic needs, plus would require better coordination between agencies. They considered that it would also require rearrangement of donor and UN agency architecture and that coordination constraints for MPCT are clear at the cluster level.

3.5 What is the attitude and understanding of (i) DG ECHO staff, and (ii) DG ECHO partners to multi-purpose cash transfers

Summary EQ 3.5: Attitude and understanding of MPCTs

The term MPCT has only been introduced within the last year and consequently familiarity is still growing amongst ECHO staff and partners. Some stakeholders questioned the need for this term as any cash transfer, by definition, can be used fungibly to meet multiple needs. However, others thought the term makes explicit that the transfer meets needs across sectors and through a single consolidated transfer. The significance is the change that this sets out in how programmes are conceived from the outset as a response to meet

multiple needs, and the logic of the intervention, value of the transfer and evaluation parameters are developed from this understanding.

Overall ECHO's coining of a definition for 'MPCT' is seen as useful for the humanitarian sector and is filling a gap - a workable definition to support discussion and action in this area. An overwhelming majority of ECHO staff and partners alike support a scaled-up use of MPCTs.

Partners perceive ECHO is willing to fund MPCTs and is ahead of many of its donor peers in this regard. The change to ECHO's guidelines removing the cap of €100,000 to UCT was an important step. At an operational level ECHO is seen to actively support MPCTs, promoting both cash transfer and harmonised assistance models. At the strategic level ECHO is seen to provide important support to related capacity building and advocacy efforts, which are seen to deserve continued support.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Interview	ECHO Survey	Partner Survey	Field Visits
3.5.1	Opinions on the definition of a multi-purpose cash transfer	X		x			x
3.5.2	Opinions of stakeholders on ability/willingness of ECHO to fund multi-purpose transfers			x	x	X	x
3.5.3	Reasons given by DG ECHO for accepting or rejecting proposals for multi-purpose cash transfers		X				x

3.5.1 Opinions on the definition of a multi-purpose cash transfer

Literature Review

There is little literature yet available on the topic of MPCT in the sense as defined by ECHO. Recent documents on the subject have focused on clarifying the definition of MPCT or MPA, which was being used interchangeably with multi-sector and cross-sector assistance.

ECHO recently developed ten draft principles with the aim to guide ECHO, donors and partners alike on the future application of Multi-sector assistance and Multi-purpose cash grants (MPCG)¹⁴². These have emerged from ECHO's recent experiences and are intended to provide a common framework for provision of such assistance going forward. This document helpfully also provides a definition of Multi-purpose assistance which the consultant considers to be the first, and the most useful for the sector:

“Multi-purpose assistance can be defined as a transfer (either regular or one-off) corresponding to the amount of money a household needs to cover, fully or partially, their

¹⁴² European Commission (2015)

basic needs that the local market and available services are able to meet appropriately and effectively. Multi-purpose transfers demand greater coordination between humanitarian actors and donors to assess needs and to translate this into a single monetary value, the Minimum Expenditure Basket (MEB)”.

The document suggests a transition within ECHO, away from sector-specific approaches to cash and voucher interventions, to embracing a more unconditional and cross-cutting approach to aid delivery where feasible ‘as increasingly becoming a relevant and appropriate response’ and a focus on attainment of ‘basic needs’, as defined by disaster affected communities and individuals.

No literature or documents were found which provided feedback/opinions on this as a definition.

The UNHCR-led consortium developed a draft taxonomy of cash models in order to clarify the differences and the linkages between MPCG and sector-specific cash grants¹⁴³. ECHO provided constructive feedback to CALP on the cash taxonomy draft¹⁴⁴, with a number of clear messages to inform further development of the tool:

- Emphasis on the need for simplicity and the focus on defining ‘sector specific’ v ‘multi-purpose’.
- The need to separate cash from voucher based interventions given the restrictions vouchers place on any movement towards true multi-purpose use of assistance.
- The need to start such analysis from the design stage and implications for response analysis and monitoring.

This has subsequently been developed into a discussion paper¹⁴⁵, circulated to the ERC consortium members and for wider feedback through the CaLP d-group.

The Philippines case study in the DFID VfM study¹⁴⁶ highlights the fact that (outside of cash for work) most cash transfers provided in the response to Typhoon Haiyan were intended to meet needs in particular sectors, however they are provided without any restrictions on their use and so could be used by beneficiaries for multiple purposes. This is important to bear in mind when considering the attitudes of stakeholders to ‘MPCT’ – since cash is already essentially fungible and to add value, creation of a new definition must fill a gap.

Telephone Interviews

Participants were asked whether they had heard of the term ‘MPCT or MPA’, and were asked to comment on the definition provided by ECHO in the Principle paper.

Virtually everyone who was asked this (29 out of 31 people) had heard of the term MPCT - perhaps not surprisingly since interviews purposefully sampled those ECHO field

¹⁴³ Zuodar (2014)

¹⁴⁴ Email communication between ECHO staff and Campbell (2014)

¹⁴⁵ Campbell (2015)

¹⁴⁶ DFID (2014)

offices/staff and implementing partners who were known to be involved with recent debates on MPCT or linked to programmes piloting this approach. However several (including implementing partners in Philippines; Iraq; Jordan) commented that the term had only been introduced within the last 6-12 months.

The consensus from interviews was that ECHO's coining of a definition for 'MPCT' was useful for the humanitarian sector and that it was filling a gap - a workable definition to support discussion and action in this area. It is in line with the definition being developed under the UNHCR-managed ERC project. This was qualified further by the majority of respondents, who pointed out that in a sense the term is redundant since cash, by definition, can be used fungibly to meet a variety of needs¹⁴⁷. However it was generally agreed that the added value of the term was the explicit link to i) meeting needs across sectors, since generally CTP to date (even those provided unconditionally) have primarily aimed to meet needs within a single sector and the values of the transfers have been calculated as such; and ii) meeting these with a single transfer (rather than a number of different cash transfers each designed to meet a particular sectorial need¹⁴⁸).

This was the main distinction seen between the term 'MPCT' and 'UCT'. Another reason noted for why it was useful to have the distinction of MPCT v UCT was that the term UCT on humanitarian programmes is used interchangeably to mean either i) no restrictions on the use of the grant and also ii) no activities/behaviour that the beneficiary has to adopt in order to receive the cash.

The terminology was therefore not particularly ground breaking, but nevertheless important from the perspective of breaking out of the conceptual model of aid programmes designed within individual sector silos. The key element of importance in MPCT outlined by many respondents was the change that this sets out in how programmes are designed – that they are conceived, from the outset, as a response to meet multiple needs and the logic of the intervention, value of the transfer and evaluation design are developed from this understanding.

Respondents generally considered that the ECHO definition was clear and simple and was therefore useful at presenting this concept. Some recommendations for improving the definition were made in light of the comments above:

- Include the phrase 'meeting *multiple* basic needs *across sectors*'.
- Mention the design element – the setting of the transfer value, from the beginning, that fills all or a percentage of the economic gap that beneficiaries face in meeting the full spectrum of their basic needs.
- Clarification that the grant is unrestricted in its use.

Some respondents cautioned that using the phrase 'basic needs' was itself a loaded term that focuses attention on particular needs (survival needs) and perhaps away from other, equally relevant needs, such as support for livelihoods inputs (which has been one of the factors

¹⁴⁷ Indeed this is something noted by ECHO in the Guiding Principles – European Commission (2015)

¹⁴⁸ Three participants made the distinction between this and 'multi-sector assistance' which they considered to mean a programme comprising a number of different transfers inside one programme, to meet needs in different sectors (Save the Children; CaLP; UNHCR)

included in the MEB calculation in DRC for example). They proposed ‘multiple needs’ rather than ‘basic needs’.

Several respondents cautioned against definitions becoming too unwieldy and confusing for the sector. Some mentioned that they considered the recent ‘typology’ of CTPs developed by CaLP to be too complicated and that it risked confusing people further and potentially creating a barrier to moving towards a more holistic approach to humanitarian response. There was some debate as to whether MPCT and Multi Sector Assistance should be separately defined¹⁴⁹ and no conclusion as to whether MPCT should be set out as a separate ‘modality’ of assistance.

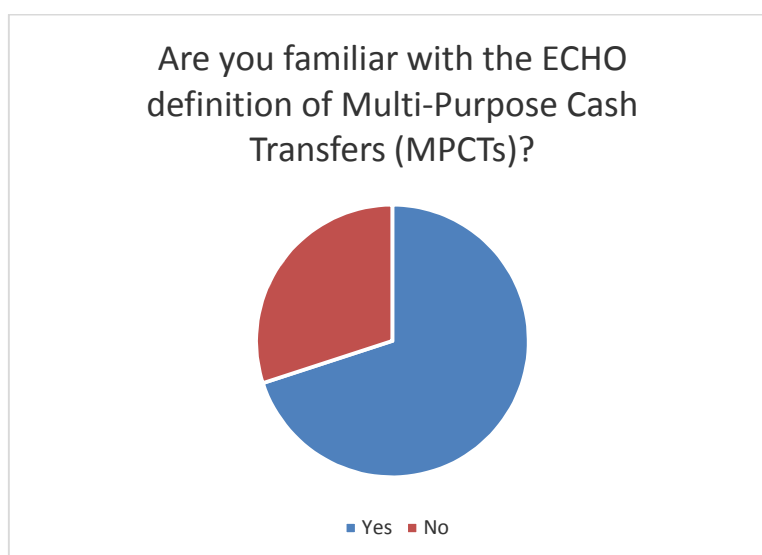
Finally there were some respondents who cautioned against the use of MPCT uncritically and that in certain contexts where a particular outcome must be safeguarded, sector-specific approaches may be more appropriate (the case of meeting shelter needs was mentioned here).

Surveys

Participants were asked whether they had heard of the term ‘MPCT or MPA’.

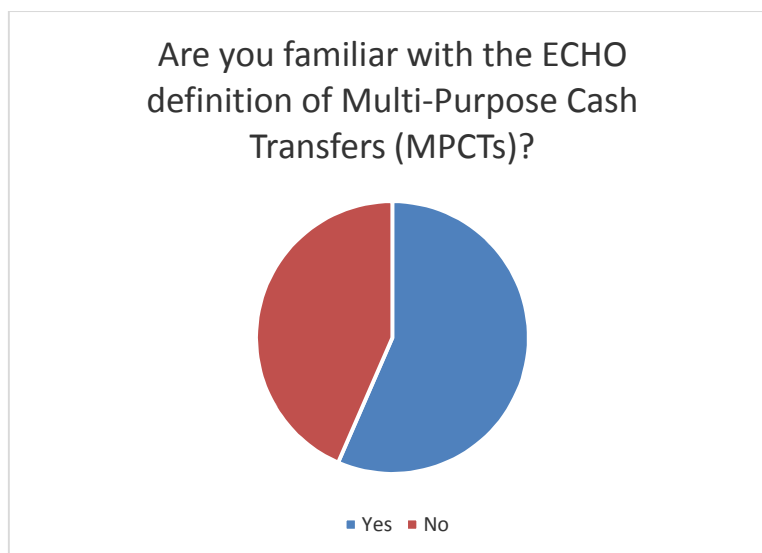
70% of respondents from ECHO (21/30) were familiar with the term MPCT, whilst within implementing partners 57% (39/69) were familiar with the term. This is less than the frequency of respondents in the telephone interview as is to be expected, since the sample in the phone interviews was skewed towards those ECHO staff and partners with direct experience of MPCT or experience in country contexts where such programming has been piloted or discussed. This illustrates the fact that the term MPCT is an emerging concept within the sector.

Figure 21 Percentage of ECHO respondents familiar with the term MPCT



¹⁴⁹ Some respondents considered that ‘multi-sector assistance’ referred to a number of single sector transfers being brought together into a single programme whereas others found the term too similar to ‘multi-purpose’ to be useful.

Figure 22 Percentage of implementing partner respondents familiar with the term MPCT



Respondents were asked whether they agreed that ECHO should scale up the use of MPCT

24 participants from ECHO responded to this question. Opinion reflected the responses above, in that over 83% of respondents agreed or strongly agreed that this was the case. 51 participants from partner organisations responded to this question. Opinion reflected the responses above, in that over 90% of respondents agreed or strongly agreed that this was the case.

Table 36 Opinion of ECHO respondents on whether ECHO should scale up MPCT

Answer	Number of respondents	Strongly Disagree	Disagree	Agree	Strongly Agree
ECHO should scale up the use of MPCTs	24	0.00%	16.67%	54.17%	29.17%

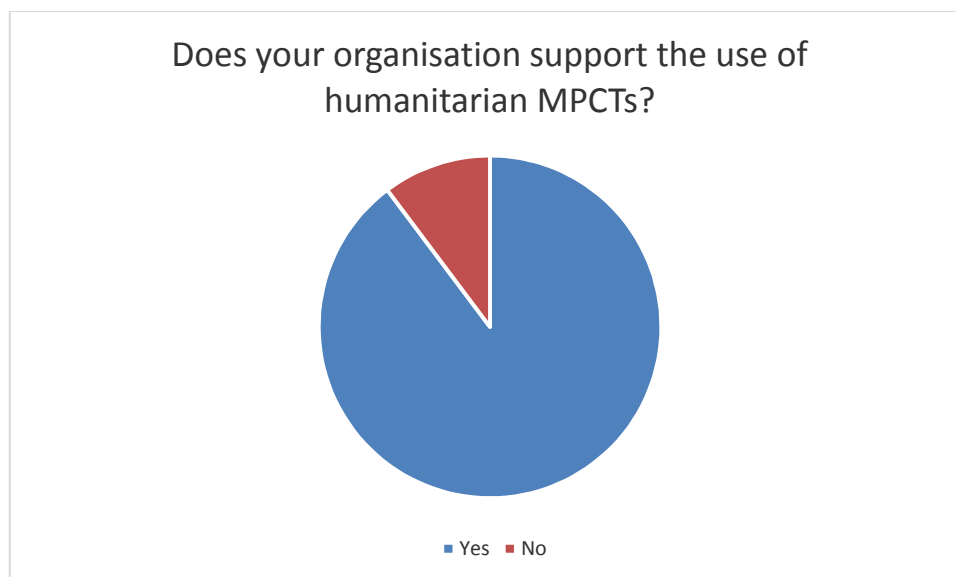
Table 37 Opinion of partner respondents on whether ECHO should scale up MPCT

Answer	Number of respondents	Strongly Disagree	Disagree	Agree	Strongly Agree
ECHO should scale up the use of MPCTs	51	0.00%	7.84%	47.06%	45.10%

Partners were asked whether their organisation was supportive of the use of MPCT

The 39 participants who were familiar with the term MPCT responded to this question. Opinion reflected the responses above, in that 90% of respondents responded positively.

Figure 23 Opinion of partners on whether their organisation is supportive of MPCT



Field visits

In Jordan the general level of understanding of the concept of an MPCT - as distinct from a UCT - was somewhat low within ECHO staff and lower still within most partner agencies. There was a general consensus of the role of UCTs but little evidence that many stakeholders had much experience of MPCTs or had had much chance to consider the potential impacts or wider implications of MPCTs for on the humanitarian system or agency roles. Even stakeholder staff who had been present and closely involved in the Lebanon MPCT development showed evidence of not having had the opportunity to consider or come to any conclusions on the impacts of MPCTs on overall effectiveness or the wider impacts.

There was a general positive acceptance of the potential benefits but on detailed probing, this was based on relatively limited understanding. This was quite surprising given the close proximity/similarity of the Lebanon move towards MPCT (and the high levels of changeover and communications with of staff between the countries in the region). It still remains very early days for the analysis of potential implications of MPCT in Jordan. Indeed the 'basic needs group' (formed from the CWG – cash working group) has only very recently been established with one if its primary objectives as being to begin the assessment, design and analysis of the potential of MPCT for the Jordan context.

Familiarity with the concept of MPCTs was very low in Niger, across all stakeholder groups. When explained, the concept was received with some scepticism. The primary source of scepticism was the view that food security needs are primary in Niger, limiting the scope for potential benefits accrued by consolidating support across multiple sectors.

MPCT are not currently being debated in most agencies in Somalia. The predominant conceptual discussion is focused around the promotion of resilience. The knowledge and

experience gained from the large-scale use of MPCTs in response to the 2011 famine appears to have been largely lost through the rotation of staff. However, some support for this approach comes from individuals inside ECHO.

Field visits

Jordan: Both ECHO staff and partners interviewed displayed a limited understanding of the difference between UCT and MPCT and a low level of definitional understanding of MPCTs.

Somalia: A frequent opinion of partners was “It’s not clear what they are”. The current understanding of CTP (at least UCT) is that cash can be used for whatever beneficiaries want. Therefore no real difference was seen between MPCT and an unconditional cash transfer”.

3.5.2 Opinions of stakeholders on ability/ willingness of ECHO to fund multi-purpose cash transfers

Telephone Interviews

Participants were asked whether DG ECHO is willing and able to fund MPCTs.

Of the 26 respondents to this question, virtually all respondents including ECHO staff and implementing partners considered that ECHO was able to fund MPCTs and that they had demonstrated a willingness to do so – though there was also comment that perhaps not enough had yet been done.

A number of respondents noted that the change to ECHO’s guidelines removing the cap of €100,000 to unconditional cash transfers was an important step to enabling a focus on MPCT. Evidence highlighted by respondents was primarily connected to the Syria response, where ECHO was noted to have been very supportive (collectively with DFID in Lebanon) of agencies seeking to move towards MPCT. This was also noted by respondents engaged in the response to Typhoon Haiyan in the Philippines.

Respondents on the Syria context considered that ECHO had been leading the way on both UCT and now MPCT, along with DFID, and that there is interest from the ECHO field offices in these contexts to support more holistic approaches to response. ECHO in Lebanon was responsible for pushing the UN agencies to i) move to cash over vouchers and ii) take steps to harmonise assistance provided to refugees. They were supportive of INGOs working together through the CWG for development of joint tools for targeting and establishing the transfer value, and harmonising cash delivery into a single transfer through a single platform. In the face of continued delays from UN partners in moving forward with MPCT, ECHO financed Save the Children, Solidarites and CARE directly to go ahead with a harmonised approach and delivery of MPCT. Then in 2015 they followed DFID’s decision to finance these and other INGOs directly in a cash consortium delivering MPCT. Similarly in Jordan ECHO has been one of the leaders of discussions on MPCT and has been promoting the harmonisation of grant amounts for basic needs and where appropriate, harmonisation of delivery mechanisms between partners.

Others engaged on the Philippines Haiyan response, despite the fact that agencies tended not to adopt true MPCT for the various reasons outlined in 3.4 above, acknowledged that ECHO demonstrate willingness to do so in the sense that they were pushing cash over in kind in all response sectors where cash was appropriate, were interested in flexible programming, interested in funding consortia working on CTP across sectors and demonstrated a willingness to take risks¹⁵⁰. Those agencies that set out to deliver cash unconditionally, with the expectation that it would be used for multiple needs across sectors even if the value was couched in terms of a particular sectorial needs gap¹⁵¹ had found ECHO supportive of this approach as long as it was justified.

There were also some constraints noted here by implementing partners. These included:

- Respondents in Philippines reported that whilst the consortium approach could be a start for more complementary work and synchronisation of CTP across organisations and sectors, to move to MPCT, experience of consortia during Typhoon Haiyan (and in previous emergencies) was that it was very much still each agency working on their own.
- Some respondents from Lebanon reported that with hindsight the pushing (not only by ECHO, also by implementing partners) to create a single delivery platform had not necessarily been helpful given the delays this had led to in programme implementation.
- ECHO staff who responded here were in broad agreement with these statements. ECHO field staff were also unsure of the appetite within ECHO more broadly to advocate for and influence other donors, or UN agencies on MPCT.

Besides financial support to programming, implementing partners also mentioned ECHO's role in supporting capacity building and advocacy in the context of MPCT.

- **Capacity building:** the example given here was the allocation of ERC funds to build understanding of and capacity to design and deliver MPCT, through the recent funding agreement with the UNHCR-led consortium outlined in Section 3.1. This is in the early stages of implementation and under this there are efforts to i) develop inter-agency tools to support multi-sector response analysis; ii) learn lessons from coordination of CTP in recent L3 emergencies and the enabling factors and barriers to adoption of MPCT; and iii) undertake research to build the evidence base for MPCT.
- ECHO has also funded an inter-agency cash coordination position in Lebanon, hosted by UNHCR, with the aim of supporting adoption of harmonised and MPCT across implementing partners. In Iraq where discussions on MPCT are just emerging, ECHO have commissioned a cash specialist to do the groundwork on this issue (in 2015).
- **Advocacy and influencing:** in the context of the Syria crisis response in Lebanon, ECHO Lebanon in partnership with ECHO in Brussels and working closely with DFID, initiated and funded a number of activities designed to overcome barriers to and move forward the agenda for MPCT as an appropriate support the refugee response amongst implementing partners and donors.
 - i) **Design of operations:** ECHO brought in external consultants to develop an operational framework for MPCT¹⁵².

¹⁵⁰ Red Cross; Plan; Save the Children; Oxfam; Mercy Corps

¹⁵¹ Philippines Red Cross, ACF

¹⁵² Avenir Analytics (2014)

- ii) **Global meeting for implementing partners:** ECHO convened a meeting in January 2014 for agencies operating in Lebanon, CaLP and the research community. This was held in Brussels and involved decision makers from Beirut and HQs, a strategic decision designed to overcome two barriers identified by ECHO and others to moving forward with MPCT in Lebanon – a lack of cooperation between agencies, and institutional barriers within agencies that required high level decision makers to overcome. This was considered by agencies and ECHO to have been useful, and discussions were taken back to Beirut. The CWG changed gear as a result and went beyond the info sharing role of most groups to strategic actions for supporting MPCT. Developing MEB; targeting; cross sector monitoring.
- iii) **Donor meeting for EU member states:** this was held in June 2014, the agenda was focused on Lebanon but the main topic was MPCT, with a view to get to some sort of commitment for policy development and a common position of donors to be able to advocate for MPCT. A key output was the ECHO Principles for Multi-Purpose Assistance.

Surveys

Those ECHO staff familiar with the term MPCT were asked whether implementing partners had submitted funding proposals to ECHO to implement MPCTs.

Of the 21 respondents from ECHO, just under half (43%) had received funding proposals for MPCT from INGOs. The figure was slightly less from UN Agencies – 33% had received proposals from UN agencies meaning over half (52%¹⁵³) had not received any. In the case of the Red Cross Movement only one respondent had received such a proposal and 57% cited that they had received no such proposal.

Partners were asked whether their organisation had submitted funding proposals to ECHO to implement MPCT.

Of the 68 respondents who answered this, only 25% (17/68) of respondents had submitted funding proposals for MPCT to ECHO.

Field visits

Jordan: ECHO staff said they were theoretically open to the submission of MPCT proposals, but did not have examples to report. Stakeholders felt that ECHO was pro-MPCT however they were realistic in terms of their expectations for ECHO to be able to meet the full cost of the implications of a wider move to MPCTs. There was some scepticism of the likelihood of increased use of MPCTs, sometimes related to possible unsuitability to other contexts as well as ‘Bigger grants at a time when available funds are falling’ (concern of ECHO staff).

¹⁵³ As 14% of respondents did not know either way

Words of caution from ECHO staff and some partners on a move by ECHO towards supporting MPCT related to: More time to assess strengths and weaknesses of MPCT and share learning; more capacity building around MPCTs and resources for partners to adapt. A minority of staff and some partners wanted to encourage ECHO not to rush towards a ‘one MPCT’ mantra, explaining that local realities mean ‘one size doesn’t fit all’ and that the ‘costs of targeting go up when larger amounts are involved in MPCTs’. There were some concerns expressed that there may be ‘more monitoring difficulties’.

3.5.3 Reasons given by DG ECHO for accepting or rejecting proposals for multi-purpose cash transfers

Given the limitations of the HOPE database outlined in section 3.1 above, it was not possible to extract successful or unsuccessful partner Requests based on delivering multi-purpose cash transfers. Of those few ECHO-funded initiatives identified as ‘multi-purpose’¹⁵⁴, in each case a representative of the implementing partner was interviewed and thus ECHO’s rationale for funding this was discussed in the interview (section 3.5.1 above).

3.6 What changes might be appropriate when updating DG ECHO’s Cash and Voucher Funding Guidelines in order to take into account multi-purpose cash transfers?

Summary EQ 3.6: Changes in ECHO Policy Guidance to Accommodate MPCTs

The implications of using MPCTs are not yet widely referenced in ECHO policy documents. A note has been prepared on the principles of using MPCTs (European Commission, 2015) but other key policy documents (such as the ECHO Thematic Policy No. 3 on Cash and Vouchers) have not been updated to explicitly reference the use of MPCTs.

Opinion was divided 50:50 on whether it would be useful to revise existing ECHO policies, or develop new ones, to promote the use of MPCTs. Some saw the importance of not promoting MPCT as a separate ‘modality’ and that therefore ECHO shouldn’t develop guidelines or policies on MPCT specifically. Whilst current policies do not promote MPCTs, neither do they preclude them. The change to ECHO’s guidelines removing the cap of €100,000 to UCT has addressed the partner’s previous main policy concern. Formal policy change was not necessarily seen as the best way to ensure consistency within ECHO by either ECHO staff or partners.

Other complementary actions were identified as high priorities in establishing and implementing a coherent policy framework, including:

- Promoting consistency of interpretation of existing policies by ECHO staff
- Improving alignment of funding with the strategic goal of promoting MPCTs

¹⁵⁴ Save Lebanon 2014, CARE Lebanon 2014, UNHCR 2014, Cash Consortium Lebanon 2014

- Improvements in the ECHO Single Form to support MPCTs – such as allowing for multi-sectoral objectives
- Providing the appropriate tools and support to facilitate a more joined up/cross-sectorial approach to needs assessments, analysis and programme design
- Further high level advocacy with other donors and implementing agencies

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Interview	ECHO Survey	Partner Survey	Field Visits
3.6.1	Clarification in DG ECHO policies and guidelines requested by FPA/FAFA partners to support multi-purpose cash transfers			x		X	x
3.6.2	Clarification in DG ECHO policies and guidelines requested by ECHO staff to support multi-purpose cash transfers			X	x		x

3.6.1 Clarification in DG ECHO policies and guidelines requested by FPA/FAFA partners to support multi-purpose cash transfers

Telephone Interviews

What recommendations would you give to ECHO for improving internal policies and guidelines to partners to support them to implement MPCT?

A total of 14 respondents including implementing partners and consultants, researchers and donors were asked this question. Responses were similar across the board. The most frequent recommendations are as follows:

Changes to the Single Form: remove the sectorial focus of the Single Form and accompanying targets/indicators to promote to partners that there is indeed more flexibility in terms of what is allowed. In the event that a move towards MPCT sees further collaboration and harmonisation between donors, there was also the suggestion of adopting more harmonised reporting or evaluation between donors. This can be said for any transfer programme – but the moving to MPCT is seen to be increasing the tendency for partners to be working more collectively with donors.

Capacity building: if ECHO intends to promote and support MPCT going forward then more emphasis on awareness raising and capacity building for implementing partners should be a focus of ECHO. This should include i) expanding awareness of CTP and its uses across different sectors (since some sector areas remain very focused on in kind/vouchers; ii) support to tool development and dissemination to enable more holistic response analysis and programme design; and iii) support to partners to strengthen/change their internal systems to enable this. The ERC budget line was one existing line of assistance of ECHO that could

be used for this purpose. The tools for response analysis being developed under the ERC-funded UNHCR consortium should be widely promoted.

Guidance for setting of the MEB and for targeting may need to be nuanced to accommodate different emergency contexts and the types of needs that can be expected. This may require some internal awareness-raising within ECHO, for advisers outside of food security/NFIs to ensure that guidance and messages are harmonised across the organisation.

Updating guidance to partners: Some changes to the ECHO Cash and Voucher Guidelines, to define and incorporate guidance on design and implementation of MPCT would be useful. This should be captured in a revision of the response analysis tool for assisting decision making concerning transfer modalities. Some partners noted the importance of promoting MPCT as another modality for consideration and that therefore ECHO shouldn't develop guidelines or policies on MPCT specifically. Rather the focus should be more on the consideration of MPCT as an option during response analysis, and providing the appropriate tools and support to facilitate a more joined up/cross-sectorial approach to needs assessments, analysis and programme design.

It was noted that this will also require a change in the way that ECHO engages with partners in country and building understanding, where it is appropriate, of the relevance of multi-sector responses and the prerequisites for this.

Monitoring and Evaluation: The lack of robust evidence for the efficiency and effectiveness of MPCT in comparison to alternative approaches where needs are met through several different transfers has been noted in the Sections above. Respondents considered that generating and disseminating further learning and evidence on the added value and limitations of MPCT should be a focus of ECHO going forward. This should be through i) development of appropriate outcome indicators for implementing partners, which allow for measurement of outcomes beyond sector silos to measure the meeting of basic needs – and which can capture unintended impacts/outcomes and the effects on overall wellbeing/coping; ii) influencing the research topics of the UNHCR-led ERC grant consortium and funding future ERC projects to fill the gaps in the evidence. There should also be a focus on sharing experiences and lessons between countries.

Discussion and influence: ECHO should build on the influencing and advocacy activities they have engaged in in the context of Lebanon, to raise awareness and influence other humanitarian donors – particularly in the US. The 'Guiding Principles' developed in partnership with donors of EU member states in 2014 will be useful here to frame the debate. Having a collective voice from donors on this subject was considered by ECHO to be of use in further influencing UN agencies that had been slow to move to a more harmonised and cash based approach in the Syria response.

Another recommendation was for ECHO to engage with the World Bank and other stakeholders concerning targeting methods for determining economic vulnerability

The support for MPCT within ECHO is not necessarily consistent across the board. There were noted to be differences in the awareness and attitudes of ECHO in country technical advisers in different contexts, as well as some disconnect between the support for MPCT from ECHO field offices compared to responses/support in Brussels. To a certain extent the willingness and support of key individuals in ECHO, was seen to be moving the debate forward but this isn't translating into action and support across the organisation.

It was noted by implementing partners (in the context of Lebanon) that policy and funding have not necessarily followed each other. Whilst in Lebanon there was a great deal of interest and indeed a push from ECHO to support this MPCT, which led to a huge amount of preparation work by INGOs to develop appropriate values of assistance, the funding then provided by ECHO is not commensurate with the response identified in the programme to cover the percentage of the basic needs MEB. The Cash Consortium has been given €3m which was described by several respondents as 'peanuts' whilst for UNHCR, ECHO are funding only the new monthly caseload addition in 2015 (less than 1000 households per month).

3.6.2 Clarification in DG ECHO policies and guidelines requested by ECHO staff to support multi-purpose cash transfers

Telephone Interviews

ECHO Staff were asked what recommendations they would give to ECHO for improving internal policies and guidelines to partners to support them to implement MPCT.

A total of five ECHO staff were asked this question. Responses were similar across staff. The most frequent recommendations are as follows:

- As the main guidance informing country offices and implementing partners, make amendments to the ECHO C and V Guidelines to promote a more holistic and cross-sector approach to programme analysis and design. This requires a focus on the importance of multi-sector Response Analysis as well as guidance in areas such as targeting and setting the transfer value.
- Revisions to the Single Form since the essential indicators are sectorial in nature and indeed some remain output (rather than outcome) oriented.
- Revisions to the Single Form to enable easy tracking and analysis of partner projects and programmes conceived as MPA.
- Besides development of written guidance, other improvements could be to capitalise better on experience to date through such things as i) making use of human resources (those ECHO staff who have worked on MPCT and who could be consulted by other staff); ii) dissemination of lessons learned from other MPCT ECHO programmes; iii) forums for exchange of ideas and best practices, through existing regional and global ECHO working groups.

No ECHO staff mentioned the tools that are being developed by implementing partners to support design and delivery of MPCT under the UNHCR-led ERC grant.

Surveys

Respondents were asked whether there was any need for clarification of ECHO policies and guidelines to support MPCT.

Of the 27 respondents from ECHO who answered this question, opinion was divided. Just under half (44%) thought that clarification of existing policies and guidance was needed to support adoption of MPCT, compared to 56% who thought this was not needed. This is shown in Figure 3.14a.

Of the 67 respondents from partners who answered this question, over three quarters (76%) didn't think clarification of the guidelines was needed, compared to 14% who thought this was required. This is shown in Figure 24.

Figure 24 ECHO respondents who considered a need for changes in ECHO guidance to support MPCT

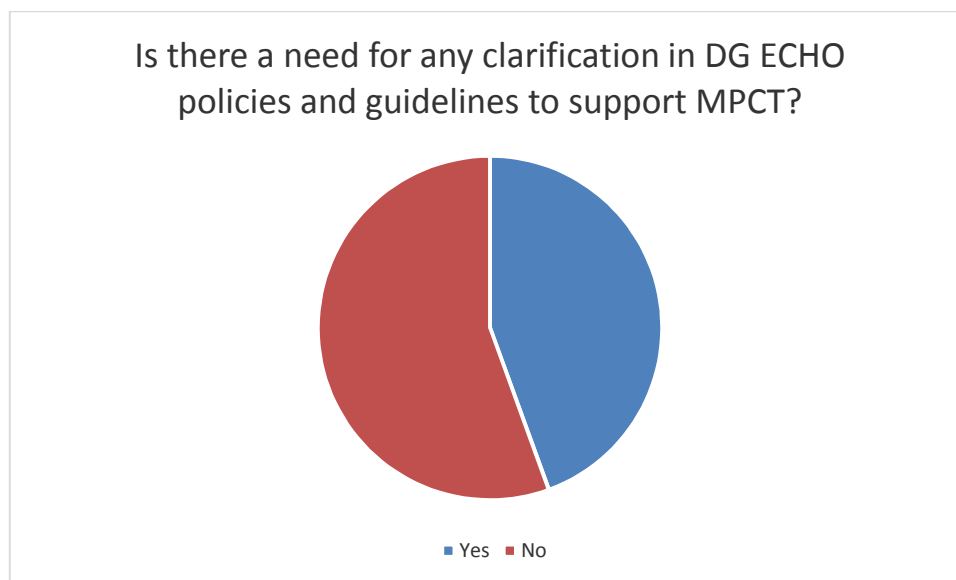
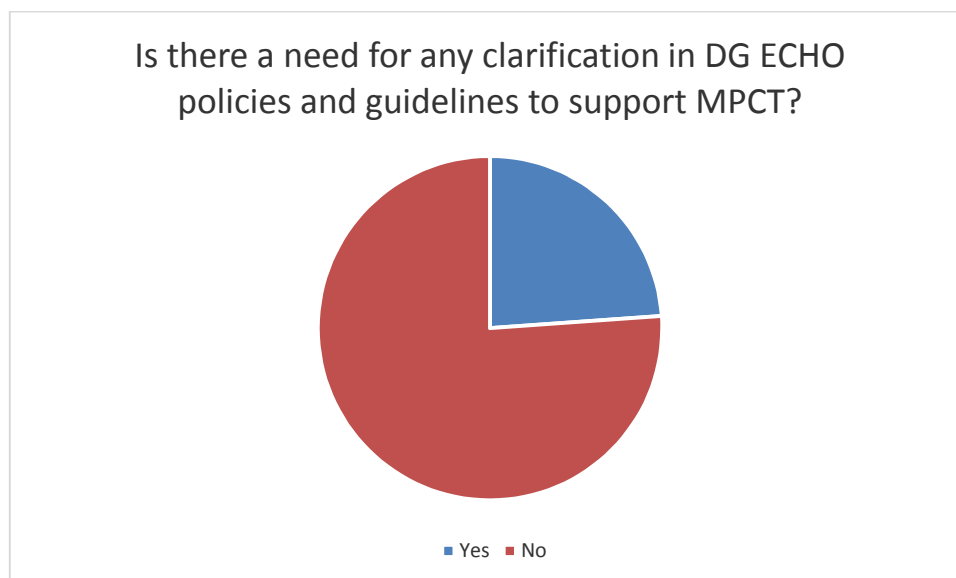


Figure 25 partner respondents who considered a need for changes in ECHO guidance to support MPCT



Respondents were also asked whether they agreed that scaling up MPCTs would require changes to ECHO policies.

24 participants from ECHO responded to this question (i.e. did not reply 'Don't Know'). Again opinion was divided with just over 45% of respondents agreeing and disagreeing with this statement respectively. 37 participants from partner organisations responded to this question. Again opinion was divided with just under 68% of respondents agreeing with this statement but almost a third or respondents disagreeing.

Table 38 Opinion of ECHO respondents on whether changes to ECHO guidance would be required to scale up MPCT

Answer	Number of respondents	Strongly Disagree	Disagree	Agree	Strongly Agree
Scaling up MPCTs would require changes to ECHO policies	24	4.17%	45.83%	45.83%	4.17%

Table 39 Opinion of ECHO respondents on whether changes to ECHO guidance would be required to scale up MPCT

Answer	Number of respondents	Strongly Disagree	Disagree	Agree	Strongly Agree
Scaling up MPCTs would require changes to ECHO policies	37	0.00%	32.43%	54.05%	13.51%

Annex VI: Evidence Paper 4

Factors driving the selection of transfer modality

INTRODUCTION.....	2
4.1 WHAT ARE THE KEY BOTTLENECKS TO INCREASING THE USE OF CASH AND VOUCHERS FOR DG ECHO PARTNERS?	3
4.2 WHAT SPECIFIC FACTORS ARE RESPONSIBLE FOR DRIVING THE SELECTION OF A PARTICULAR TRANSFER MODALITY WITHIN DG ECHO FUNDED ACTIONS?	5
4.3 TO WHAT EXTENT IS THE CONDITIONALITY ASSOCIATED WITH A TRANSFER DRIVEN BY FACTORS OTHER THAN BY AN OBJECTIVE RESPONSE ANALYSIS?	9
4.4 WHAT TOOLS ARE USED TO SELECT A TRANSFER MODALITY?	11
4.5 TO WHAT EXTENT ARE THE TOOLS PROPOSED BY DG ECHO USED AND UNDERSTOOD BY ITS PARTNERS?.....	20
Table 40 Constraints to the use of Cash – ECHO Staff.....	1
Table 41 Constraints to the use of Cash – Partners	2
Table 42 Constraints within the overall humanitarian system to the increased use of cash transfers – ECHO Staff	3
Table 43 Constraints within the overall humanitarian system to the increased use of cash transfers – Partners.....	3
Table 44 Factors taken into account by Organizational SOPs	13
Table 45 Available Market Assessment Tools.....	14
Table 46 Eligible results for fichop and singleform review.....	23
Table 47 Fichops reviewed per Country	24
Figure 26 ECHO views on factors driving modality selection	7
Figure 27 Partner views on driving factors for modality selection.....	8
Figure 28 Market analysis tools: levels of analysis against time requirements	15
Figure 29 Partner market assessment tool preferences.....	18
Figure 30 ECHO staff views on partner market tool preferences	18
Figure 31 Partner usage of ECHO guidelines when preparing proposals	19
Figure 32 Partner approval of the guidelines.....	19
Figure 33 ECHO’s internal understanding and utilisation of the guidelines	21

Introduction

This task area seeks to investigate the rationale used by DG ECHO and its implementing partners when choosing between potential transfer modalities. This includes an assessment of the extent to which DG ECHO and its implementing partners formed their decisions from neutral, evidence-based analysis (as per ECHO Guidelines), or whether other factors played an important role, for example:

- Attitudes, acceptance of specific modality or specific transfer mechanisms
- Influence from donor or other external factors (peer/donor pressure)
- Capacity and understanding of the tools proposed by DG ECHO by its implementing partners
- Other, such as mandate, internal policy, operating environment.

The paper presents findings on the five Evaluation Questions (EQs) within Task Area 4:

EQ 4.1	What are the key bottlenecks to increasing the use of cash and vouchers for ECHO partners?
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EQ 4.2	What specific factors are responsible for driving the selection of a particular transfer modality within ECHO funded actions?
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EQ 4.3	To what extent is the conditionality associated with a transfer driven by factors other than by an objective response analysis?
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EQ 4.4	What tools are used to select a transfer modality?
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EQ 4.5	To what extent are the tools proposed by ECHO used and understood by its partners?
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The findings below draw from five sources:

- Literature review : academic and research literature on the obstacles to scaling-up use of cash and vouchers
- In-depth review of selected project fichops and singleforms
- Surveys of ECHO staff and partners¹⁵⁵
- Telephone interviews with ECHO staff, UN agencies and international organisations, other donors, NGO partners and research and capacity building organisations.
- Field missions in Jordan, Somalia and Niger; which included further interviews with stakeholders and some additional data collection

A note detailing the selection of fichops for analysis under this Task Area is appended to the back of this paper.

¹⁵⁵ The survey results for both the partner and ECHO surveys are available in Annex X.

4.1 What are the key bottlenecks to increasing the use of cash and vouchers for DG ECHO partners?

Summary EQ 4.1: Bottle necks to increasing the use of cash and vouchers

The evidence indicates a range of bottlenecks exist to increasing the use of cash and vouchers. The primary bottleneck cited by ECHO partners and other donors was the availability of funding for scaled-up cash programmes. The second major bottleneck is the absence of a lead agency or effective cross-sectoral coordination structure. Particular coordination gaps include harmonisation of approaches towards transfer mechanisms, needs assessments, market assessments and evaluation and monitoring.

Beyond these two factors, other blockages identified were: a lack of preparedness to deliver at scale, the availability of electronic delivery platforms, uncoordinated donor approaches, host government policies, anti-terrorism legislation, lack of evidence on efficiency and effectiveness, and organizational and individual attitudes.

Partner capacity is becoming much less of a constraint. Capacity and familiarity with cash and voucher modalities has increased in recent years, thanks in part to ECHO-funded efforts such as CALP and WFP training sessions.

Several examples were found where cash transfers have been successfully scaled-up. Key contributory factors are seen to include: in-country proof-of-concept; strong coordination and capitalisation between agencies; and coordinated capacity building initiatives.

I#	Indicator	Lit. Rev	Data review	Tel. Int.	ECHO Survey	Partner Survey	Field Visits
4.1.1	Opinions of stakeholders on major internal organizational constraints to the increased use of cash and vouchers	x		x	x	X	X
4.1.2	Opinions of stakeholders on major system constraints to the increased use of cash and vouchers	x		x	X	X	X
4.1.3	Opinions of stakeholders on limits of scale imposed by the nature of cash and voucher programmes	x		X			x

Literature review:

Review of Ridsdel, B. (2012), Austin, L., and Frize, J. (2011) and Slater, R., & Bhuvanendra, D. (2013) reveals a range of challenges regarding scaling-up the use of cash and voucher programmes:

- **Coordination.** All authors point to the coordination challenge as fundamental for partners looking to implement CTPs at scale:
 - “As the number of actors implementing cash transfers in emergencies and the scale of cash programmes continue to increase, so does the need for coordination around

cash transfer programming. This is one of the biggest obstacles to large-scale cash programming...the sector-based nature of the humanitarian coordination system makes it particularly difficult to maintain an overall picture of cash programming. In several recent emergencies, notably in Pakistan in 2010 and Somalia in 2011, this has been dealt with through the creation of inter-cluster cash coordination mechanisms. However, these mechanisms have taken a long time to create, and have not provided genuine opportunities for joint assessments or complementary decision-making.”¹⁵⁶

- “There is a distinct lack of overall coordination to provide an overview of CTP contributions in a given emergency. There is no clear UN Lead on CTP. Dialogue and agreement on this needs to take place pre-disaster. Implementing agencies feel the need to better coordinate e.g. setting up joint disbursement mechanisms or collaborating on the technological aspects of using banks and technology.”¹⁵⁷
- “Cash transfers can be a useful instrument and can be scaled up, but only if data is available on those in need, the mechanisms are in place to deliver the transfer and additional resources are available (and pre-positioned). For all these elements to be in place, coordination between all sorts of actors is critical. Intra-agency coordination...inter-agency coordination...agency-government coordination, intra-ministerial coordination...and inter-ministerial coordination...are all important.”¹⁵⁸
- **Market assessment and analysis.** A wide range of market information and response analysis tools exist for implementing partners to use.¹⁵⁹ But they vary in the levels of information they provide, the time they take to operate and the human and financial resources that they require. The most detailed analytical tools (e.g. EMMA and MIFIRA) “generally require significant financial investment, are time-consuming to implement, require skilled human resources and take time to produce results”.¹⁶⁰ Whilst quick and dirty tools exist, and may be sufficient for small-scale programmes, “they may not provide enough information to satisfy organisation or donor requirements for larger-scale or longer-term programmes that require greater financial commitments.”¹⁶¹
- **Inadequate CTP strategies:** “The development and use of CTP guidelines forms a key component of organisations’ preparedness. Whilst there are a number of different technical and donor guidelines available to humanitarian organisations wishing to implement CTPs guidelines, what appears to be lacking are written institutional policies or strategic documents which spell out organisational approaches to when, rather than how, CTPs can or should be implemented. For some this is a hindrance to scaling up CTPs in emergency.”¹⁶²

¹⁵⁶ Ridsdel, B. (2012)

¹⁵⁷ Austin, L., and Frize, J. (2011), p.54

¹⁵⁸ Slater, R., & Bhuvanendra, D. (2013), p.14

¹⁵⁹ See, for example, Sivakumaran, S, (2011) “Market Analysis in Emergencies”. CaLP

¹⁶⁰ Ridsdel, B. (2012). This point is further backed up by Austin, L., and Frize, J. (2011)

¹⁶¹ Ridsdel, B. (2012).

¹⁶² Austin, L., and Frize, J. (2011), p.53

- **Human resources:** “Staff need to be sufficiently skilled and thought needs to be given to provide appropriate training on technologies, approaches, administration, assessment and analysis tools”.¹⁶³
- **The trade-off between scale and speed:** “Implementing targeted CTP at scale takes too long for a rapid emergency response. Beneficiary identification and registration in emergency contexts slows down implementation of CTP and limits its scale. Links with social safety nets programmes would help in more speedily assisting people post-disaster. Alternatives include community selection processes or universal targeting.”¹⁶⁴
- **Limits imposed by transfer mechanisms:** “the use of technology for delivering cash transfers in an emergency is dependent upon relevant infrastructure and technical systems being in place, functioning and familiar to recipients. In many countries and remote locations this is not the case. This technology can take time to set up and time is sometimes required to ensure that participants in the programme are familiar with how to use the technology. Whilst the use of technology can therefore improve coverage it does not necessarily improve the speed of programme implementation.”¹⁶⁵
- **Contingency planning and preparedness:** “there is a cost attached to maintaining systems (and people) that allow for a readiness to go to scale rapidly. Resources are required in order to maintain this readiness...pre-positioning of CT cards and other contingency stocks is costly and not easily financed as a preparedness activity. A pre-disaster country presence is more likely to enable agencies to be part of government-led disaster planning processes.”¹⁶⁶
- **Incompatible donor approaches:** “donors...have different approaches, agenda and requirements of their implementing partners...the lack of compatibility in donor approach puts additional pressure on humanitarian agencies that may have multiple donors funding their programmes”.¹⁶⁷

Telephone interviews:

- Interviewees from both donor and NGO backgrounds cited a range of different blocking factors to scaling-up. A lack of available funding for scaling-up beyond current levels was cited by the majority of stakeholders as primary. This was to some extent linked to the sectoral nature of funding mechanisms creating a limiting factor for large-scale multi-purpose cash transfers. Anti-terrorism legislation was noted as a particular problem in certain regions, such as the occupied Palestinian Territories. The cluster system and the mandate of UN agencies were cited as key external factors regardless of interviewee location or organisational background. Short humanitarian funding cycles, however, were not cited as an obstacle by interviewees.
- NGO capacity was generally not viewed as a key obstacle any more. The capacity building work of CALP as well the in-house policy and capacity-building work conducted by the larger INGOs was viewed by most stakeholders as having had significant impact.

¹⁶³ Ibid.

¹⁶⁴ Ibid., pp.53-54

¹⁶⁵ Ibid., p.54

¹⁶⁶ Ibid.

¹⁶⁷ Ibid., p.55

Familiarity with formal market assessment tools, whilst previously low, was no longer noted as a particular obstacle for NGOs looking to conduct large scale cash or voucher transfer programmes.

- Coordination difficulties were cited as challenges for scaling-up cash and voucher assistance, over and above the ever-present coordination challenges for large-scale response. The Syrian refugee response in Lebanon, was cited as one example where coordination was a primary obstacle to the delivery of large-scale unconditional cash transfers.¹⁶⁸ Challenges included:
 - Multiple, incompatible transfer mechanisms being used by different donors, which in turn reduced the cost-efficiency of the transfers.
 - Lack of coordination coordinated macro-level assessments of aggregate supply and demand, which in turn hampered the quality of needs assessments at individual project-level.
 - Establishing a harmonised monitoring and evaluation system to avoid overabundance of incomparable monitoring assessments.

ECHO and partner surveys:

ECHO staff and ECHO partner staff highlighted a range of different factors as being important constraints to scaling-up the use of cash transfers.

The most-cited internal organisational factors were:

- ECHO staff survey respondents:
 - Constrained by the Organisational Mandate
 - Lack of multi-sector assessments
 - Lack of buy in at HQ level

Table 40 Constraints to the use of Cash – ECHO Staff

Answer	Cash				
	Very Important	Important	Slightly Important	Not Important	I don't know
Technical programme areas still operate in siloes	2	8	8	6	6
Funding processes and systems are focused on sectoral delivery	3	8	7	6	6
Project management and reporting processes and systems are focused on sectoral delivery	1	6	11	8	4
Constrained by the Organisational Mandate	2	6	11	7	4
Perceived risks	2	9	7	6	6
Lack of resources	5	5	7	7	6
Lack of multi-sector assessments	4	5	10	7	4
Lack of buy in at field level	3	5	9	7	6
Lack of buy in at HQ level	3	7	9	6	5
Lack of evidence on efficiency and effectiveness	3	8	7	8	4
Lack of evidence and learning on other factors	1	9	8	6	6

¹⁶⁸ Interview notes. ND005, NM013.

- Partner survey respondents:
 - Lack of evidence on efficiency and effectiveness
 - Funding processes and systems are focused on sectoral delivery
 - Organisational mandates

Table 41 Constraints to the use of Cash – Partners

Answer	Cash				
	Very Important	Important	Slightly Important	Not Important	I don't know
Technical programme areas still operate in siloes	4	17	16	13	16
Funding processes and systems are focused on sectoral delivery	8	20	19	26	15
Project management and reporting processes and systems are focused on sectoral delivery	4	12	11	5	13
Constrained by the Organisational Mandate	3	21	21	10	15
Perceived risks	6	22	15	12	13
Lack of resources	6	15	17	12	14
Lack of multi-sector assessments	11	15	18	15	17
Lack of buy in at field level	7	11	17	6	13
Lack of buy in at HQ level	2	18	20	7	12
Lack of evidence on efficiency and effectiveness	8	21	24	11	15
Lack of evidence and learning on other factors	6	19	13	7	10

The most-cited external factors linked to the overall architecture of humanitarian aid were:

- ECHO staff survey respondents:
 - The humanitarian coordination / cluster system
 - Anti-terrorism legislation
 - Lack of evidence on efficiency and effectiveness

Table 42 Constraints within the overall humanitarian system to the increased use of cash transfers – ECHO Staff

Answer	Cash				
	Very Important	Important	Slightly Important	Not Important	I don't know
Mandates of UN agencies	3	4	11	2	8
Aid agency capacity and systems	5	5	8	3	6
The Humanitarian Coordination/Cluster System	1	10	7	7	7
Lack of multi-sector assessments	3	7	11	6	7
Unwillingness of aid agencies to fully trust beneficiaries	0	7	9	2	6
Desire to control quality of goods and services	2	6	12	2	13
Donor policy	1	9	5	3	7
Anti-terrorism legislation	1	10	9	3	8
Donor capacities and systems	4	4	9	4	5
Limited donor financial resources	3	6	9	6	4
Short humanitarian funding cycles	3	7	7	4	6
Lack of evidence on efficiency and effectiveness	3	8	8	1	9
Lack of evidence on other factors	1	5	6	0	8

- Partner survey respondents:
 - Short humanitarian funding cycles
 - Anti-terrorism legislation
 - The mandates of UN agencies

Table 43 Constraints within the overall humanitarian system to the increased use of cash transfers – Partners

Answer	Cash				
	Very Important	Important	Slightly Important	Not Important	I don't know
Mandates of UN agencies	7	24	13	4	13
Aid agency capacity and systems	7	20	19	6	13
The Humanitarian Coordination/Cluster System	11	18	23	11	14
Lack of multi-sector assessments	7	16	20	12	11
Unwillingness of aid agencies to fully trust beneficiaries	3	17	15	3	15
Desire to control quality of goods and services	5	26	17	7	25
Donor policy	9	13	13	4	14
Anti-terrorism legislation	8	27	19	6	10
Donor capacities and systems	5	17	14	10	10
Limited donor financial resources	13	16	12	7	13
Short humanitarian funding cycles	16	18	21	6	14
Lack of evidence on efficiency and effectiveness	9	21	20	0	0
Lack of evidence on other factors	4	0	0	0	0

Field visits:

Each field visit presented a unique context regarding the extent to which scaled-up use of cash and voucher programmes has been tried and tested.

In Jordan, large scale cash transfers have been implemented through UNHCR, with smaller, more targeted projects operating through NGOs below that. In Somalia, implementation of large-scale transfer programmes face a range of obstacles, including weak inter-sectoral cash coordination and the lack of a single cash delivery platform (to play the role that UNHCR plays in Jordan). In Niger, cash and voucher programmes have been provided at-scale by multiple actors:

- the World Bank is currently providing cash transfers to 50,000 households;
- WFP is providing 60% cash, 40% food over 500,000 beneficiaries country-wide;
- ECHO partners have also scaled-up their use of cash transfers since 2011, and all partners now have well-established cash transfer programmes targeting food security needs, with repeated ECHO commitments over the 2011-2014 period.

In the case of Niger, several key contributory factors allowed ECHO partners to scale-up their cash programmes, including:

- **In-country proof-of-concept:** the example of WFP's switch to introducing cash in Niger in 2011. ECHO partners cited WFP's success, and the evidence of it, as a key driving factor in changing attitudes towards cash in Niger. It was reported that this localised proof-of-concept opened the door for NGOs by breaking down internal resistance inside their own organisations, that of donor organisations and, to some extent, of civil society in Niger.
- **Establishment of an NGO alliance:** ECHO built an alliance of NGOs working together in Niger over the period 2011-2014. The alliance maintained the independence of each contracting organisation, but allowed ECHO and its partners to harmonise approaches to targeting and funding levels, build capacity through knowledge sharing and capitalisation work, and encouraged geographical coordination between partners.
- **Capacity building initiatives:** the work of CALP in 2010-2012, combined with the injections of personnel and in-house capacity-building activities of some of the larger INGO ECHO partners over the same period had a positive impact on partner capacity to implement cash projects in Niger. Partners cited a significant increase in internal organisational capacity over this period, and NGO familiarity with and usage of market analyses and targeting tools is now relatively high compared to other regions.

Barriers that remain in Niger include:

- **Delivery mechanisms:** mobile transfers have been tried but with very limited success due to the lack of network coverage and capacity. The only available alternative has been to use microfinance institutions (MFIs). Here again, capacity constraints have caused problems for ECHO partners, with problems linked to liquidity, customer service and organisation.
- **Targeting needs:** some ECHO partners noted that scaling up cash transfers added to the need for a common targeting approach in order to avoid overlaps with other actors (including government-led programming). In this regard, the work of the ECHO country

office to build a common targeting approach amongst, first, NGO partners, and then separately, among other actors, has been viewed positively by ECHO's NGO partners.

4.2 What specific factors are responsible for driving the selection of a particular transfer modality within DG ECHO funded actions?

Summary EQ 4.2: Drivers of Choice of Transfer Modality

ECHO staff and partners both perceive market analysis as an important factor driving modality selection. ECHO policy guidance ask partners to select the most appropriate modality on the basis of an analysis of the local situation including beneficiary needs and market analyses. The review of ECHO partner project proposals shows that response and market analyses have consistently been included and ostensibly the rationale for modality selection, as explained in partner proposal, is generally explained by reference to these factors.

However, further probing suggested that decision making processes are more complex. A primary consideration for many partners are the internal organisational attitudes, experience and mandates. At the onset of a crisis, when agencies need to respond rapidly, they will usually default to a familiar modality. In a protracted crisis there may be more room for innovation based on the local context. Secondly donor attitudes and preferences are key. Strong preferences are often articulated of ECHO staff and partners anticipate what will be favourably received.

Therefore, in practice partners often determine a preferred transfer modality prior to proposal development. The response analysis helps to confirm the feasibility of the proposed transfer modality. The analysis is not necessarily conducted to support decision making between alternative modalities.

I#	Indicator	Lit. Rev	Data review	Tel. Int.	ECHO Survey	Partner Survey	Field Visits
4.2.1	Opinions of partners on the relative significance of the response analysis, attitude toward specific modality, attitude toward a specific transfer mechanism, influence from donor or other external factors, capacity and other factors in determining the choice of transfer modality			x		X	x
4.2.2	Opinions of DG ECHO staff on the relative significance of the response analysis, attitude toward of specific modality, attitude toward a specific transfer mechanism, influence from donor or other external factors, capacity and other factors in determining the choice of transfer modality			x	X		x
4.2.3	Frequency of comparative analysis of different modalities included in funding proposals to DG ECHO		X	x			x

Data review:

Response and market analyses have been consistently included in project proposals:

- Partner proposals have consistently included a response analysis and clear justification for the choice of transfer modality: 100% of the 30 SingleForms reviewed for this task area included a response analysis, and 87% (27 proposals) included a clear rationale for the modality selection.
- Of the 27 proposals reviewed that did provide a selection rationale 81% (22 proposals) cited factors linked to the **situation analysis** as justificatory factors, 63% (17 proposals) cited factors linked to the **market analysis**; and 37% (10 proposals) cited factors linked to **programme objectives**.

Telephone Interviews:

Donors often view market analysis, needs assessments and organisational capacity as the most important driving factors in modality selection. Donor interviewees cited partner's response analyses, including market functionality, commodity accessibility and humanitarian needs assessments as key drivers in the selection process.¹⁶⁹

But partners themselves tended to cite organisational attitudes as the most important driving factors in the selection of a particular transfer modality, not the market assessments. NGO interlocutors cited organisational attitude and familiarity with each

¹⁶⁹ Interview notes ND003, ND006, ND008.

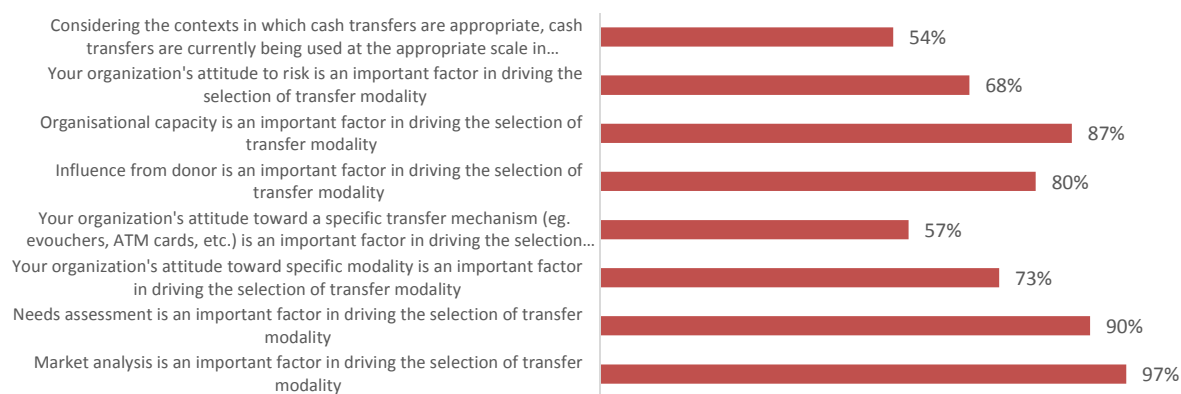
modality, and indeed, each transfer mechanism, as a key selection factor. This was partly explained in terms of risk aversion and preferences at the governance level.¹⁷⁰

ECHO and Partner surveys:

- 98% of partners surveyed, and 97% of ECHO staff, agreed that partners use market analyses to justify their proposals either very often or sometimes.
- ECHO survey respondents also ranked needs assessments and organisational capacity as the other most important driving factors:

Figure 26 ECHO views on factors driving modality selection

(Percentage of respondents agreeing or strongly agreeing with the following statements)

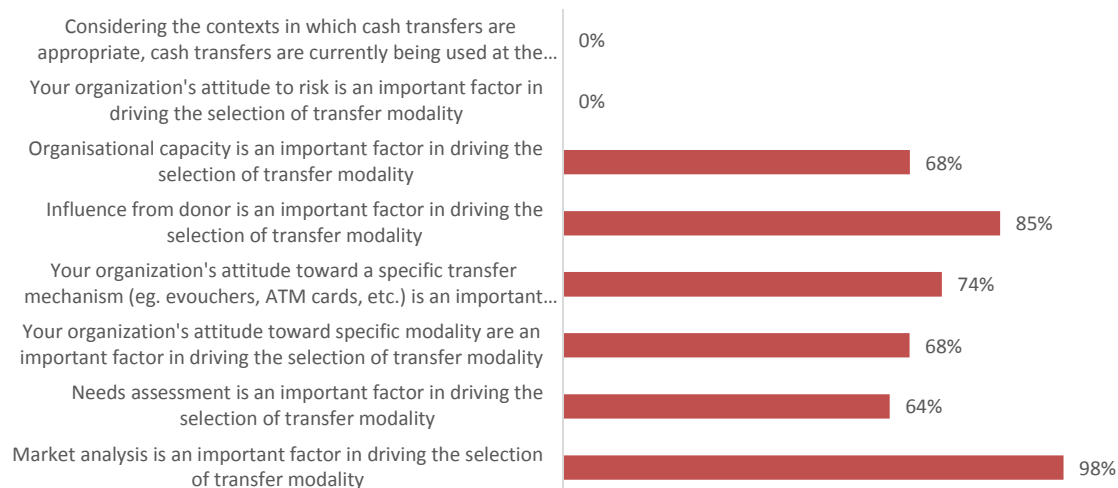


- Respondents to the partner survey cited influence from donors as the second most important driving factor in the selection of transfer modality at project level. This was followed by attitude towards specific transfer mechanisms (e.g. e-vouchers or ATM cards).

¹⁷⁰ Interview notes ND002

Figure 27 Partner views on driving factors for modality selection

(Percentage of respondents agreeing or strongly agreeing with the following statements)



Field visits:

- Partner familiarity was cited by most interviewees as having the biggest influence on modality selection. ECHO partners in both Jordan and Niger were accustomed to implementing cash and voucher programmes and cited familiarity with this modality as a driving factor for future cash and voucher programmes. In the case of Niger, partners cited the lack of familiarity with cash programming before 2010, which in turn had an influence on their propensity to avoid it. Once the tipping point was crossed in 2010-2011, with WFP and other actors demonstrating the viability of cash in Niger and an influx of partner staff from other countries who had familiarity with the modality, cash programming became widely practiced. ECHO staff further noted that unconditional cash transfers using MFI delivery systems have now become the norm in the country, with little evidence of NGOs seeking to try out innovative new modalities, transfer mechanisms, or other approaches.
- Response analyses, including market assessments, price analysis, commodity availability and accessibility were cited by several ECHO partners as having a key influence on the modality selection, beyond familiarity with particular modalities.
- A number of partners cited indirect donor pressure as a contributory factor. ECHO notably was cited as being transparently in favour of cash programmes. Whilst no NGO partners felt explicit pressure to implement cash programmes, some claimed that their approach towards cash was inevitably influenced by the knowledge that one of their largest donor partners was clearly in favour of cash programming in-country.

4.3 To what extent is the conditionality associated with a transfer driven by factors other than by an objective response analysis?

Summary EQ 4.3: Drivers of use of conditionality

The definition of conditionality could be improved to distinguish conditions on behaviours such as vaccinations or school attendance (commonly termed CCTs) from work conditions (CFW).

Most ECHO partner proposals were found to provide a justification for whether or not conditions were given for receipt. This was usually on the basis of either the situation or market analysis, or programme objectives. For example, in the emergency phase response, such as rapid large-scale refugee arrivals in Lebanon and Jordan, unconditional transfers were preferred as the most appropriate way to cover large populations in need of emergency assistance. Whilst in protracted crises, such as Somalia or Niger, examples were cited of cash-for-work transfers being used to build in resilience programming whilst tackling food security needs.

Whilst partner proposals justify selection rationale in terms of the response analysis, informally many partners acknowledge that organisational familiarity as a key factor in determining whether to impose conditions on the transfer. The ECHO guidance on the use of conditions is minimal. It only considers work conditions (not behavioural conditions) and advises partners to apply work conditions wherever possible. This position does not appear to be used as the basis for decisions.

I#	Indicator	Lit. Rev	Data review	Tel. Int.	ECHO Survey	Partner Survey	Field Visits
4.3.1	Frequency of funding proposals to DG ECHO which provide a justification for using conditional transfers		X				
4.3.2	Justifications given for conditionality in sampled SF proposals		X				X
4.3.3	Opinions on the main factors determining whether transfers are conditional or unconditional						X

There is a degree of confusion regarding the understanding of the term conditionality. Some stakeholders understood conditionality to refer to conditions on the use of the transfer (e.g. receipt is contingent on behaviours such as vaccinations or school attendance), whilst others understood it to refer to the eligibility conditions for receipt (e.g. cash for work, or food for work).

For the avoidance of doubt, conditionality is herein understood as referring to the eligibility conditions for a transfer and not its usability conditions. Eligibility conditions are understood as the extent to which members of the target population are asked to fulfil certain conditions

in order to receive the transfer. Cash-for-work programmes are an example of a conditional transfer in this sense because they require recipients to carry out some work in order to receive the transfer – despite the fact that there are no restrictions on the use of the transfer by the recipient. In contrast, unconditional food vouchers are defined as unconditional because they do not require members of the target population to meet any conditions in order to receive aid transfers – despite the fact that they do have usability conditions in that they can only be used to purchase food items.

Literature review:

The ECHO Thematic Policy No 3 includes a reference to the use of conditionality (implicitly defined as a work conditions) as ‘*Are targeted people able to a) work and b) without interfering with their own productive activities? Are there feasible work projects?*’ The preference of this guidance is to apply a work condition. If the answer is ‘yes’ then partners are advised to use cash for work. UCTs are seen as a ‘last resort’.

Data review:

Most partners have provided justification for conditionality as part of their modality selection, but there is little evidence of partners using other factors to justify conditionality, beyond partner’s own views on the factors that drive modality selection in general

- 80% of the 30 proposals reviewed for this Task Area (24 proposals) provided a justification of the conditionality used on the basis of either situation or market analysis, or programme objectives.
- In the 6 proposals reviewed where conditionality was not justified by analysis of the situation, market or programme objectives, no other justifications were given.
- The checklist was not used as a basis for deciding on conditionality.

Field visits:

- The major factors cited as determining the choice of conditionality in field interviews related to the response analysis. In emergency phase, such as rapid large-scale refugee arrivals in Lebanon and Jordan, unconditional transfers were preferred as the most appropriate way to cover large populations in need of emergency assistance. Whilst in protracted crises, such as Somalia or Niger, examples were cited of cash-for-work transfers being used to build in resilience programming whilst tackling food security needs. In these instances, the motivation was to include work activities that built beneficiary resilience, such as agricultural infrastructure improvements.
- Some instances were seen of unconditional cash being used by ECHO partners on “autopilot”. In Niger, for example, ECHO’s NGO partners have been conducting unconditional transfers on repeated funding cycles from 2011 onwards. Some stakeholders noted that there had not been much consideration of changing this approach in the intervening years, e.g. by considering cash for work on resilience projects.

4.4 What tools are used to select a transfer modality?

Summary EQ 4.4: Tools used to support choice of transfer modality

ECHO partners consider that adequate tools exist to support decision making - a wide variety of market assessment and response analysis tools are available to support the selection of transfer modalities. The different tools vary considerably in terms of the resources they require and the type of information that they provide. Indeed choosing between a plethora of options is confusing for some agencies.

ECHO partners cite EMMA and MIFIRA as the most commonly used tools. The main challenges of using the tools were seen to include the time and expert capacity, the need for good baseline data for the tool to function which is often lacking and accounting for evolving market conditions (i.e. the need for periodic re-analyses).

The resource demands of market assessments presents a challenge for all agencies, especially the smaller agencies lacking specialist capacity. In several instances, NGO partners sought to overcome the resource-requirements of market assessment by centralising the process. Instead of conducting individual market assessments on a project-by-project basis, some partners collaborated on a crisis level market study.

Partner infrequently refer to DG ECHO guidelines and the decision tree in their project proposals.

I#	Indicator	Lit. Rev	Data review	Tel. Int.	ECHO Survey	Partner Survey	Field Visits
4.4.1	Frequency of use of different response analysis tools in sampled proposals		X				
4.4.2	Frequency of reference to use of DG ECHO tools in ECHO appraisal		X				
4.4.3	Stakeholder opinions on usefulness of tools in guiding selection of transfer modality	x		x	X	X	X

Literature review:

Response analysis tools:

The following overview presents a snapshot of the types of modality selection tools being used by some of ECHO's major NGO and UN partners, as well as the most recent advice for NGOs provided by the (ECHO-funded) Cash Learning Partnership (CaLP). The overview covered the following documents:

- CaLP (2011)a Advanced Cash Transfer Programming in Humanitarian Response (Activity 4.1a and 4.2b). CaLP.
- CaLP (2011)b Conception d'interventions de PTM. CaLP.
- Oxfam (2013) Working with Markets and Cash: Standard Operating Procedures and Guidance Notes. Oxfam.

- Concern Worldwide (2013) Concern Worldwide Cash and Voucher Programming Standard Operating Procedures and Best Practice Recommendations. Concern.
- MercyCorp (2014) E-Transfer Implementation Guide. MercyCorp.
- UNHCR (2011) Operational Guidance for Cash-Based Interventions in Displacement Settings. UNHCR.
- IFRC (2007) “Guidelines for cash transfer programming”. ICRC & IFRC, Practical tool 2, Market assessment.¹⁷¹
- ACF (2012) Implementing Cash-Based Interventions: A Guideline for Aid Workers. ACF.
- ECB (2012) Emergency Food Security and Livelihoods (EFSL) 48-hour Assessment Tool.
- World Food Programme (2014) Cash and Vouchers Manual. Second Addition 2014
- Save the Children, Concern Worldwide and Oxfam (2014) The Situation and Response Analysis Framework

CaLP (2011)a and (2011)b encourage a relatively nuanced response analysis compared to ECHO’s own guidelines:

- CaLP is currently designing updated tools and guidelines in collaboration with UNHCR, to be integrated into its capacity building programme for partners. But CaLP’s 2011 training tools had already provided a simple tool for modality selection based on a three step process.¹⁷²
- Steps 2 and 3 include a more fine-grained definition of modalities and payment methods than other guidelines, such as ECHOs (e.g. including unconditional and conditional cash grants, cash vouchers, commodity vouchers, cash-for-work, fairs).
- The training tools emphasise the importance of providing context-specific assessments, and prioritising demand-side factors (e.g. crisis-context, beneficiary-reach of different payment methods) over supply-side ones (e.g. organisational familiarity with a given modality) when deciding between modalities and payment methods.¹⁷³
- The tools describe a wider range of decision-factors than ECHO’s policy guideline, including: market readiness, commodity availability and access, vulnerabilities and security risks, market flexibility, recipient choice/dignity, nutrition and consumption impact, targeting, organisational capacity of partners, corruption risks and general factors (e.g. political and governance context, social and cultural impact).

The NGO, UN agency and IFRC SOPs all provided “quick and dirty” assessment tools:

- They are intended to allow project managers with no technical expertise to make rapid assessments of the appropriateness of different transfer modalities.
- Only one, (Concern (2013)) recommended that project managers use a more heavyweight assessment tool, such as EMMA, if feasible.

¹⁷¹ The IFRC tool is based on the decision tree provided in Creti and Jaspers (2006).

¹⁷² Step 1: defining programme objectives. Step 2: identifying pros and cons of each transfer modality for your programme. Step 3: identifying pros and cons of each payment method for your programme.

¹⁷³ CaLP (2011b).

Almost all of the SOPs and guidelines covered a range of issues, beyond pure market assessments. The factors covered varied from one organisation to another, but included:

- Social, legal and political context, e.g. social and political norms or regulatory constraints concerning the provision of cash by donors
- Capacity assessments of key partners and, in the case of MercyCorp, the e-transfer infrastructure in-country
- Security assessments for transferring cash in-country
- Cost-effectiveness and/or efficiency of cash/voucher transfers as opposed to in-kind

The following table marks with an “X” each factor taken into account by the various organisational SOPs:

Table 44 Factors taken into account by Organizational SOPs

NGO	Social, legal & political context	Capacity assessment	Security assessment	Cost-efficiency or effectiveness	Market functionality	Market competitiveness	Commodity availability	Price trends	Market integration
Oxfam (2013)	X		X					X	
Concern (2013)	X	X	X		X	X	X	X	
MercyCorp (2014)	X	X							
UNHCR (draft)	X		X	X	X	X	X		X
IFRC (2014)	X	X	X	X	X	X	X	X	X
ACF (2012)	X		X		X	X	X	X	
ECB (2012)					X		X		

Not all of these tools are intended to provide exhaustive assessments:

- Some of these tools, such as the ECB (2014) “48 hour tool”, are designed to be conducted at specific points in the response cycle.
- Others, such as MercyCorp (2014) explicitly note that other tools should also be used in the response cycle, such as the EMMA market assessment tool.

Market assessment tools:

Sivakumaran, S, (2011) and WFP (2011) provide an overview of currently available market assessment tools. These tools are intended to provide implementing organisations with an assessment of market quality, across a range of indicators including functionality, competitiveness, integration, price stability and other factors. They do not explicitly target other factors of importance to the selection of transfer modalities, such as capacity assessments, security risks of cash transfers, or cost-effectiveness and efficiency of different transfer modalities. As such, they are intended to be used as specific market assessment tools within the wider toolbox used to complete a response analysis along the lines of the decision trees cited in the table above.

Key findings of relevance to Task 4 are the following:

There is a wide variety of market assessment tools available: Sivakumaran, S. (2011) provides an overview of the different tools available. The tools provide different degrees of analytical depth (from descriptive the highly analytical) and level (from micro- through to macro-analysis):

Table 45 Available Market Assessment Tools

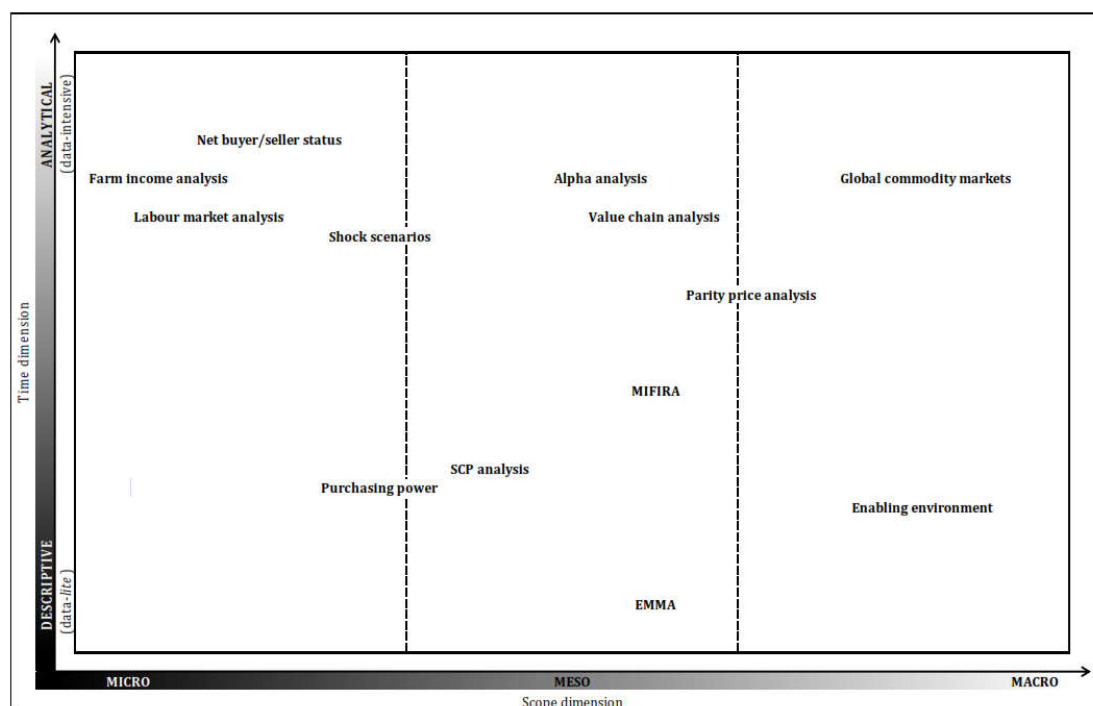
Scope	Analysis	Resources available
MICRO	Farm income	WFP Market Analysis Tool: How to Conduct a Food Commodity Value Chain Analysis?
	Shock scenarios	PDPE Market Analysis Tool: Shock Scenarios
		PDPE Market Analysis Tool: Price and Income Elasticities
	Trader Capacity	WFP Market Analysis Tool: How to Conduct a Trader Survey?
Net buyer/seller status	WFP Market Analysis Tool: How to Estimate Household Net-Seller/Buyer Status and the Welfare Impact of Shocks?	
MICRO-MESO	Country-level Elasticities	USDA Economic Research Service (ERS)
	Purchasing power	FEWSNET Market Guidance, No.5: Terms of Trade and Food Security
		PDPE Market Analysis Tool: Terms of Trade
	FEWSNET Market Guidance, No.3: Adjusting Prices for Inflation and Constructing Price Indices	
MESO	SCP analysis	FEWSNET Market Guidance, No.2: Structure-Conduct-Performance and Food Security
	Statistical performance analysis	PDPE Market Analysis Tool: Market Integration
		IFPRI Food Security Portal: Policy Tools
	Value chain analysis	WFP Market Analysis Tool: How to Conduct a Food Commodity Value Chain Analysis?
Alpha analysis	WFP P4P Monitoring and Evaluation	
MESO-MACRO	Import Parity price analysis	FEWSNET Market Guidance, No.1: Import/Export Parity Price Analysis
		PDPE Market Analysis Tool: Import Parity Price
MACRO	Enabling environment	World Bank Prospects: Commodity Markets
		World Bank Doing Business Reports
		World Bank Indicators
		Economic Intelligence Unit
		WTO Tariff Profiles
		IMF Country Reports
	Global commodity markets & prices	WFP VAM Datastore
		WFP VAM Market Monitor
		FAO Global Information and Early System Price Tool
		Regional Agricultural Trade Intelligence Network (EAGC)
		South African Futures Exchange (SAFEX) Commodity Derivatives Market
		International Grain Council (IGC) Markets Reports
		FEWSNET Production and Flow Maps
Foreign Agriculture Service (FAS) World Market and Trade Archives		
MIFIRA	Barrett et al. Market information and food insecurity response analysis (2009)	

Scope	Analysis	Resources available	
Broader response analyses	EMMA	Emergency Market Mapping and Analysis Toolkit	
	BELLMON Analysis	Bellmon Profile Format	
	Food Security Analysis		WFP Emergency Food Security Assessment Handbook
			WFP Comprehensive food Security & Vulnerability Analysis Guidelines
			Famine Early Warning Systems (FEWSNET)
	Scenario Development		FEWSNET Scenario Development for Food Security
	Summary tool		Technical Guidance Sheet: The Basics of Market Analysis for Food Security
	Multiplier Analysis		IFPRI Social Accounting Matrices and Multiplier Analysis
	Multiple Market Modelling		FAO Primer on Multi-Market models (Agricultural Policy Impact)
Computable General Equilibrium models		IFPRI General Equilibrium Models using General Algebraic Modelling System for Computable General Equilibrium Models	

The different tools vary according to resource requirements:

- The resource and time requirements imposed on users of these tools vary according to the analytical depth provided, regardless of the analytical level.
- WFP (2011) provides a graphic presentation of the variance between currently available tools in terms of time requirements and analysis level:

Figure 28 Market analysis tools: levels of analysis against time requirements¹⁷⁴



¹⁷⁴ Sivakumaran, S. (2011), p.33.

Limited information on tool usage is available:

- Limited information has been found on the actual usage of the different tools by ECHO partners in this literature review, although Sivakumaran, S, (2011) states that EMMA has been one of the most widely used, followed by MIFIRA.
- Furthermore, there are indications, notably in CaLP (2011)a, to suggest that many organisations stick to those modalities with which they are most familiar, rather than conducting an objective assessment each time.

There are indications that the range and breadth of available market assessment tools presents a difficulty for non-specialists:

- “many different tools, approaches and conceptual frameworks have proliferated in recent years...making sense of the multitude proves a daunting task for the analyst and even more so for the non-economist.”¹⁷⁵
- “these days a variety of market analysis tools and guidance is available....given the number of tools, approaches and conceptual frameworks, the task of integrating market analysis into assessment practices, let alone implementing responses, has been daunting for non-specialist personnel”.¹⁷⁶

Key challenges noted for the most commonly used tools (EMMA and MIFIRA) include:¹⁷⁷

- Translating results into realistic response choices for humanitarian actors
- Time and capacity requirements (e.g. MIFIRA, which requires more time than EMMA and needs specialist staff to operate it)
- Accounting for evolving market conditions
- The need for good baseline data for the tool to function (which is often not available).

Data review:

The tools most commonly used in the selection process were market assessment studies including EMMA, MIFIRA or other market assessment tools. Whilst the majority (23 out of 30) of the partner proposals reviewed for this task area did not cite particular assessment tools, of those that did, all cited either EMMA, FEWSNET or other market analysis tools (WFP, rapid market assessments).

DG ECHO tools were referred to in partner proposals only very rarely. Only 1 of the 30 proposals reviewed for this task area included reference to the DG ECHO guidelines at all.

Telephone interviews:

Interviews with ECHO partners demonstrated that they do not consider there is a need for more decision or guidance tools at this stage. Most interviewees referred instead to the over-abundance of selection tools that are now available for NGOs to use

¹⁷⁵ WFP (2011), p.32.

¹⁷⁶ Sivakumaran, S, (2011), p.3

¹⁷⁷ Ibid., p.6

when deciding between transfer modalities. Instead, NGO partners tended to cite the need for more training and resources to conduct market assessments or point to the possibility of donors conducting macro-level market assessments themselves in order to avoid taking up partner resources on some of the more resource-intensive assessment tools.

ECHO's NGO partners on the whole agreed that DG ECHO's guidelines are useful in their own right. Some NGO interlocutors stated that the guidelines have been useful as a strategic direction, helping their organisations to develop their own standard operation procedures in this area.

ECHO and Partner Survey:

- Both Partner and ECHO survey respondents cited a mix of market studies as the most-used tools, led by EMMA, and followed by food sector specific approaches:

Figure 29 Partner market assessment tool preferences

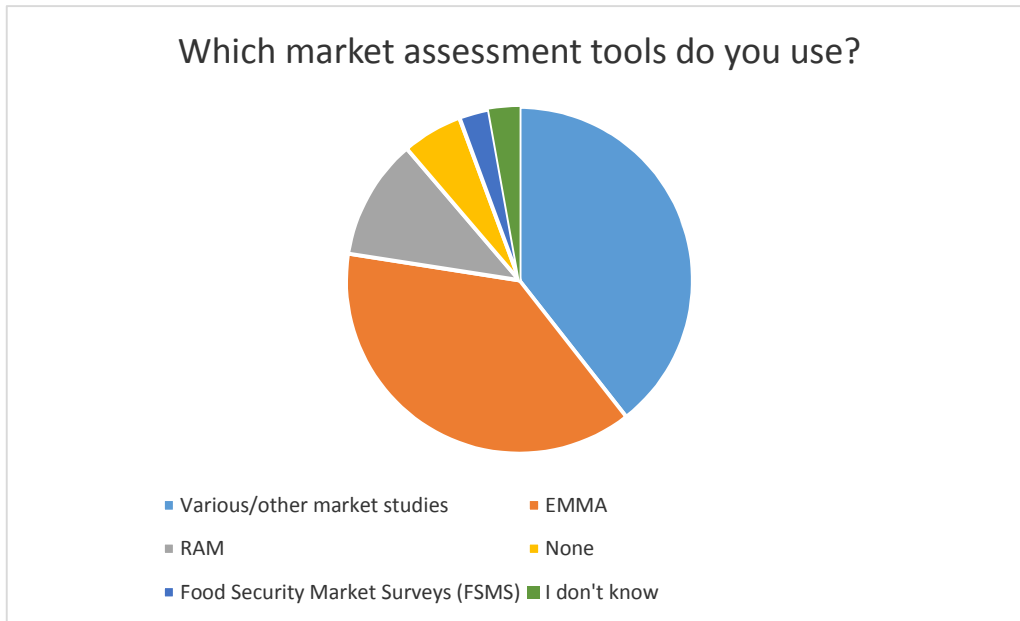
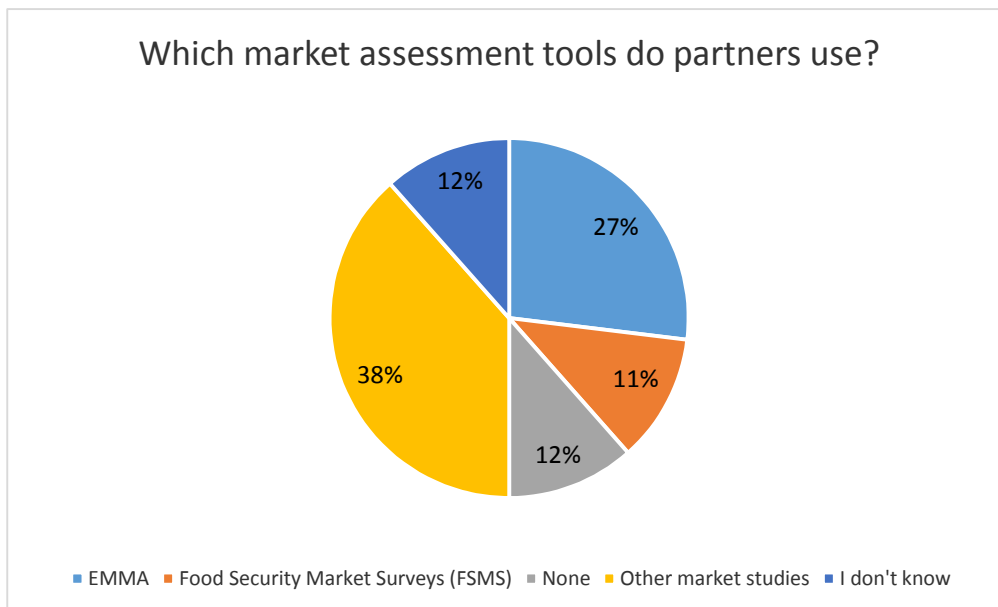
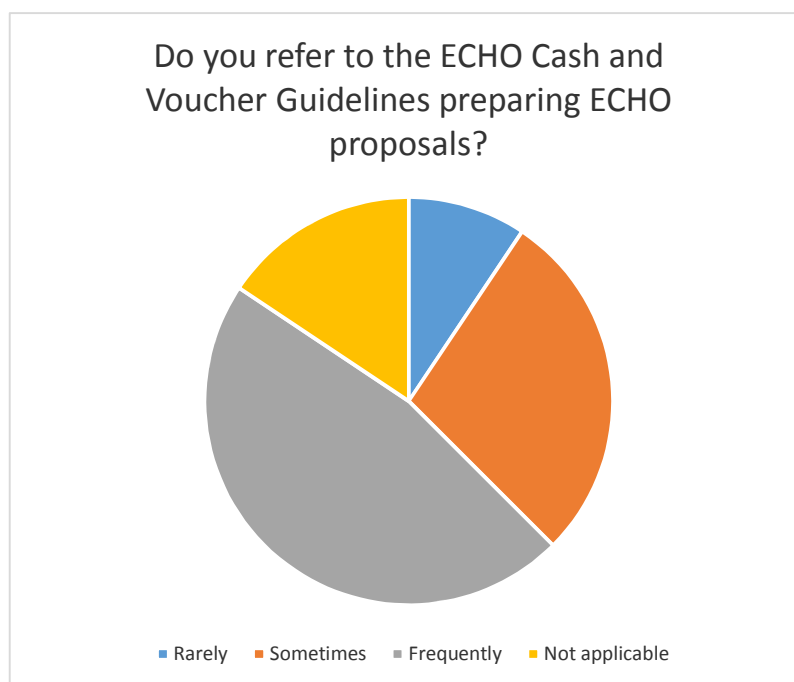


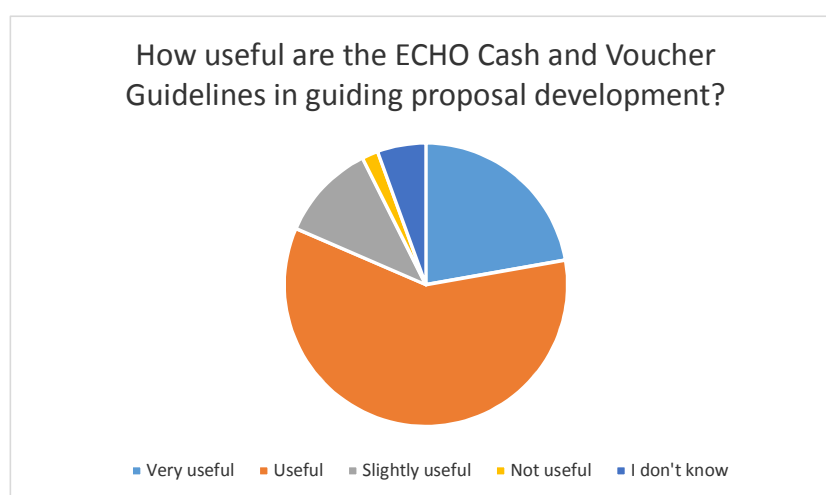
Figure 30 ECHO staff views on partner market tool preferences



DG ECHO tools were referred to in partner proposals only very rarely. The majority of respondents to the partner survey stated that they rarely refer to the ECHO guidelines when preparing proposals:

Figure 31 Partner usage of ECHO guidelines when preparing proposals

Despite not being cited often in proposals, partners on the whole agreed that **DG ECHO's guidelines are useful in their own right**. 81% of partners surveyed agreed that the ECHO guidelines are either useful or very useful for them when guiding proposal development:

Figure 32 Partner approval of the guidelines**Field visits:**

Field interviews confirmed the view presented in the surveys of a wide range of tools being used by partners for modality selection and market analysis.

In several instances, larger INGO partners sought to overcome the resource-requirements of market assessment by centralising the process. Instead of conducting individual market assessments on a project-by-project basis, some partners were conducting ongoing market studies in country head offices, and then referring to these in their project proposals.

4.5 To what extent are the tools proposed by DG ECHO used and understood by its partners?

Summary EQ 4.5: Partner understanding of ECHO selection tools

ECHO partners were generally aware of the cash and voucher policy and familiar with the decision tree. A majority of partners did see a need to update the thematic policy at this time.

ECHO partners typically did not cite ECHO tools and guidelines in the proposal development process or see them intended for this purpose. Instead most partners referred to ECHO guidelines as useful at a policy level to help them understand ECHO's approach to cash, and as a reference for the development of their own internal SOPs. In some instances NGO partners referred to specific ECHO field officers insisting on the use of the ECHO decision tree in proposal development.

ECHO policy documents are not the key communication channel used by partners to understand the ECHO position on transfer modalities. Partners typically cited the HIPs and direct contact with the field staff as the main means for understanding ECHO's strategic directions.

I#	Indicator	Lit. Rev	Data review	Tel. Int.	ECHO Survey	Partner Survey	Field Visits
4.5.1	Ability of partners to reference and explain DG ECHO tools			x	x	X	
4.5.2	Frequency of reference to DG ECHO tools in partner proposals		X				
4.5.3	Opinions of partners on the usefulness of DG ECHO tools			X			X

Data review:

The tools most commonly used in the selection process were market assessment studies including EMMA, MIFIRA or other market assessment tools. Whilst the majority (23 out of 30) of the partner proposals reviewed for this task area did not cite particular assessment tools, of those that did, all cited either EMMA, FEWSNET or other market analysis tools (WFP, rapid market assessments).

DG ECHO tools were referred to in partner proposals only very rarely. Only 1 of the 30 proposals reviewed for this task area included reference to the DG ECHO guidelines at all.

Telephone interview:

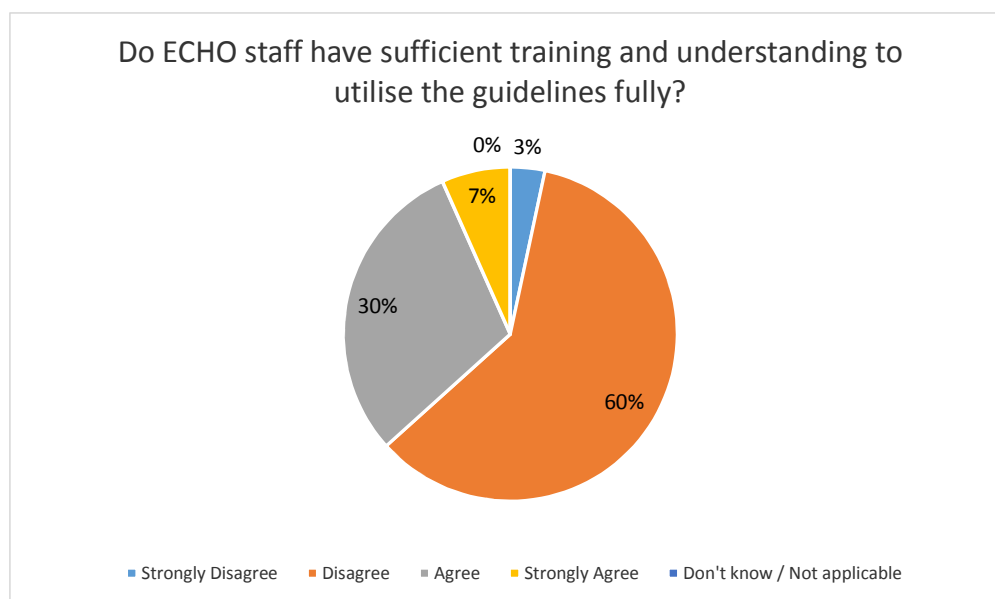
NGO partners showed awareness of the ECHO tools and guidelines, but did not specifically understand them to be operational tools. Rather, most partners referred to ECHO guidelines as useful at a policy level to help them understand ECHO's approach to cash, and as reference for the development of their own internal SOPs.

ECHO & Partner survey:

As shown above, DG ECHO Guidelines were often used by partners in guiding their proposal development or for developing their own internal standard operating procedures. But there is evidence to suggest that the guidelines could be better utilised by ECHO staff through improved training:

Almost two thirds of ECHO staff surveyed for this evaluation stated that they did not agree that ECHO staff have sufficient training and understanding to fully utilise the guidelines:

Figure 33 ECHO's internal understanding and utilisation of the guidelines



Whilst the majority of partners felt that the Guidelines did not need improvement, some made recommendations for improvement:

- 57% of partners surveyed stated that they would not like to see any changes in the guidelines.
- But of those who did, the most commonly cited changes were insertion of good practice examples and more guidance on market analysis.

Field visits:

- ECHO partners showed awareness of the tools and guidelines on cash and voucher modalities, and familiarity with the decision tree. But messaging on ECHO approaches to modality selection came more strongly through the HIPs and the field officers

themselves, with whom the majority of ECHO partners cited a close collaborative relationship.

- ECHO partners typically did not cite ECHO tools and guidelines in the proposal development process. Instead most partners referred to ECHO guidelines as useful at a policy level to help them understand ECHO's approach to cash, and as reference for the development of their own internal SOPs.
- In some instances, however, NGO partner referred to particular ECHO field officers as insisting on the use of ECHO tools and guidelines in proposal development. In those cases, ECHO tool were perceived as useful, whilst complementing their own tools and guidance on modality selection.

Note on Analysis of Fichops

The sample of fichops and singleforms was taken from the set of results reviewed for Task Area 1 and 2 above. Within this set, the evaluators extracted only those projects with results marked as combined modality, in order to increase the chances that the singleforms included discussion of modality selection. This yielded 123 results, of which 92 were English-language results:

Table 46 Eligible results for fichop and singleform review

Country/region	# results
SYRIA CRISIS	28
SOMALIA	17
PHILIPPINES	15
YEMEN	7
AFGHANISTAN	5
PAKISTAN	5
INDIA	4
BANGLADESH	4
CENTRAL AMERICA	3
MYANMAR	3
PALESTINIAN TERRITORY OCCUPIED	1
Grand Total	92

The evaluators selected 30 results from this set. The selection sought to encourage a broad spread of geographical locations, whilst respecting the proportional spread of projects in different countries. It proceeded in three steps:

- **Step 1:** Given that half of the total 92 projects were implemented in only two countries (Syria crisis response and Somalia), the evaluators divided the countries into two tiers corresponding to the first 45 results and the second 47 results. 15 results were taken from each tier. This ensured that countries and regions towards the bottom of the table were included in the sample, despite only having low numbers of eligible results.
- **Step 2:** Within each tier of 15 results, the number of results per country/region was determined by the proportional representation of each country/region in the total number of projects within that tier. Thus:

Table 47 Fichops reviewed per Country

Country/region	# results	Tier share	# results reviewed
Tier one: results 1-45:		(/45)	15
SYRIA CRISIS	28	62%	9
SOMALIA	17	38%	6
Tier two: results 46-92:		(/47)	15
PHILIPPINES	15	32%	5
YEMEN	7	15%	2
AFGHANISTAN	5	11%	2
PAKISTAN	5	11%	2
INDIA	4	9%	1
BANGLADESH	4	9%	1
CENTRAL AMERICA	3	6%	1
MYANMAR	3	6%	1
PALESTINIAN TERRITORY OCCUPIED	1	2%	0
Grand Total	92		30

- Step 3: results per country/region were then selected by total project size (€ millions) starting with the largest projects.

Annex VII: Evidence Paper 5

Links to Social Transfers

INTRODUCTION.....	2
5.1 TO WHAT EXTENT HAVE EXISTING SOCIAL TRANSFERS AND SAFETY NETS INTERVENTIONS BEEN TAKEN INTO ACCOUNT IN THE SITUATION AND RESPONSE ANALYSIS IN HUMANITARIAN ACTIONS FUNDED BY DG ECHO?	3
5.2 TO WHAT EXTENT WERE HUMANITARIAN CASH TRANSFERS FUNDED BY DG ECHO COST-EFFICIENT COMPARED TO EXISTING SOCIAL TRANSFER INTERVENTIONS ALREADY IN PLACE, TARGETING THE MOST VULNERABLE GROUPS?	15
5.3 TO WHAT EXTENT IS THE APPROACH OF LINKING EXISTING SOCIAL TRANSFERS WITH HUMANITARIAN TRANSFERS RELEVANT TO BE FURTHER PURSUED?	25
5.4 TO WHAT EXTENT HAS DG ECHO PROVIDED THE NECESSARY STRATEGIC GUIDANCE AND TECHNICAL TOOLS/SUPPORT TO PARTNERS TO TAKE INTO ACCOUNT SOCIAL TRANSFER PROGRAMMES IN THEIR PROJECTS?	47
Figure 34: ECHO respondents who considered a need for changes in ECHO guidance to support links to social transfer systems	53
Figure 35: Partner respondents who considered a need for changes in ECHO guidance to support links to social transfer systems	53
Table 48 : Status of Social Transfers in ECHO focus countries	4
Table 49: Reference to social transfer systems in selected ECHO HIPs 2015.....	13
Table 50: Frequency of reference to national social transfer/safety net programmes in partner proposals	15
Table 51: Examples of cost efficiency of various Social Transfer programmes in LICs	18
Table 52: Added value of and barriers to ECHO's engagement in social transfers for crisis response.....	29
Table 53 partners' opinion on whether ECHO should pursue the channelling of humanitarian aid through established national Social Transfer systems.....	34
Table 54: partners' opinion on which functions ECHO partners should be responsible for, in the channelling of humanitarian aid through established national Social Transfer systems	36
Table 55: Enabling factors and challenges affecting the delivery of emergency transfers through the Philippines's national safety net programme	40
Table 56:Lessons on the benefits and challenges of using the RFM in 2011	43

Introduction

This Task Area examines the links between cash transfers and social transfers in ECHO funded operations. For the purpose of this analysis social transfers are defined as non-contributory cash transfer programmes provided by, or overseen by, national governments. However, the discussion also considers other *institutionalized* models of on-going social assistance fully financed and managed by non-state actors.

ECHO guidance views the terms as essentially interchangeable “*The terms “safety nets”, “social transfers” and “social assistance” all refer to non-contributory transfers. ... substantially, they all indicate the same set of social protection instruments*”¹⁷⁸. While most sources draw careful distinctions between the terms, for the purpose of consistency, this paper uses terminology in line with ECHO.

The paper presents findings on the four Evaluation Questions (EQs) within Task Area 5:

EQ 5.1

To what extent have existing social transfers and safety nets interventions been taken into account in the situation and response analysis in humanitarian actions funded by DG ECHO?

EQ 5.2

To what extent were humanitarian cash transfers funded by DG ECHO cost-efficient compared to existing social transfer interventions already in place, targeting the most vulnerable groups?

EQ 5.3

To what extent is the approach of linking existing social transfers with humanitarian transfers relevant to be further pursued?

EQ 5.4

To what extent has DG ECHO provided the necessary strategic guidance and technical tools/support to partners to take into account social transfer programmes in their projects?

For each of these evaluation questions the following sections summarize the respective findings, which are in turn are based on data derived through five main evaluation tools:

- f) A document review; including ECHO documents and other literature
- g) A quantitative analysis of Single Forms and Fichops held in the HOPE database
- h) Telephone interviews conducted with a range of global stakeholders including ECHO staff, partners, donors and researchers
- i) An electronic survey of ECHO staff and partners
- j) Field missions in Jordan, Somalia and Niger; which included further interviews with stakeholders and some additional data collection

¹⁷⁸ De La Rosa, J. (2014).

Social transfers are an emerging area of investment and are not pursued in all contexts. Partly in consequence there are not a great number of country contexts where ECHO has implemented emergency CTP alongside national social transfer programmes.

The research relied on a case study approach that drew upon examples from slow onset and rapid onset emergencies, based on the countries identified by ECHO in their on-going development of their approach to supporting safety nets in countries including the Philippines, Ethiopia, Kenya, Somalia and the Sahel. In the time available small scale quantitative analysis will be conducted on project documents extracted from HOPE for particular country contexts, using a key word approach.

5.1 To what extent have existing social transfers and safety nets interventions been taken into account in the situation and response analysis in humanitarian actions funded by DG ECHO?

Summary EQ 5.1 Extent to which existing social transfers are considered in ECHO situation analysis

ECHO lacks a clear, shared, corporate definition on what constitutes a safety net or social transfer.

National safety nets are only established in a subset of ECHO operational contexts. A review of the ten countries where ECHO focuses on cash and voucher transfers found approximately 2/3 have a poverty safety net of some kind. Fewer of these national systems include a disaster response component, to complement the core social protection objective of providing transfers to alleviate chronic poverty. Three countries were identified where ECHO has collaborated with national social transfer systems that display a capacity to scale-up in response to emergencies: Kenya, Ethiopia and the Philippines.

The integration of safety nets into ECHO's country strategies remains inconsistent. A review of HIPs for the regions where ECHO analysis identified potential for building linkages to safety nets (MENA; Sahel; Horn) found a great variation in the extent to which national safety nets are mentioned and/or linked to ECHO's strategic response or advice to partners. The significant variations in context lead to very different strategies proposed for ECHO's engagement. The most coherent regional strategy is that for the Sahel.

An analysis was made of proposals from partners in the three focal countries (Philippines, Ethiopia, Kenya). Few gave consideration to the national system in the response design; most in Ethiopia, and fewest in the Philippines.

The evaluation methodology defined a number of indicators to help answer the evaluation question and further identified the respective data sources to be used in collecting data against these indicators. For reference these are shown in the table below, and for each of the evaluation questions that follow.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Interview	ECHO Survey	Partner Survey	Field Visits
5.1.1	Number of DG ECHO focus countries with established social transfer systems	X			x		
5.1.2	Number of national social transfer systems in DG ECHO focus countries with ability to scale-up in response to emergencies	X		X	x		
5.1.3	Frequency of reference to possible use of existing social transfers in ECHO intervention strategies	X					
5.1.4	Frequency of analysis of links to existing social transfers in partner proposals		X				

5.1.1 Number of DG ECHO focus countries with established social transfer systems

Literature Review

A brief search of existing literature was undertaken to summarise the status of transfer programmes or systems in selected ECHO countries (as per the countries identified in the Inception Report as being a focus in terms of cash and voucher programmes¹⁷⁹). Results are shown in Table 48.

Table 48 : Status of Social Transfers in ECHO focus countries

Country	Social Transfer Programme	Source
Somalia	None established in South Central Somalia ¹⁸⁰ . There are very small scale and ad hoc initiatives in the north of the country in the areas that are claiming autonomy. These include a cash transfer to approximately 1200 households caring for orphans and vulnerable children in Puntland and a variety of small scale food assistance projects of the Ministry of Labour and Social Affairs in Somaliland.	Smith (2013)
Democratic Republic of Congo	None recorded in the literature	
Bangladesh	The Government of Bangladesh has introduced several social transfer programmes to address different dimensions of poverty including geographical, seasonal and life cycle related vulnerability. There are around 90 social protection programmes currently implemented. Many schemes are	Smith and Watson (2015)

¹⁷⁹ Somalia, DR Congo, Bangladesh, Pakistan, Occupied Palestine Territories (oPT), Philippines, Cote d'Ivoire, India, Afghanistan and Haiti.

¹⁸⁰ The field mission found evidence that such a system is now being piloted.

	administered by the Department for Social Welfare and Woman Affairs, whilst education stipends are the mandate of the Department of Education. The majority are based on cash or food transfers to households identified as poor. These include the Vulnerable Group Distribution (VGD); Vulnerable Group Feeding (VGF); Employment Guarantee Programme (EGP); Maternity Allowance; Widow Allowance; Old Age Allowance; Disabled Allowance; Primary School Stipend; Secondary School Stipend and Disability Stipend.	
India	India, in Bangladesh, provides a wide variety of social transfer programmes to poor and vulnerable sections of the population. The flagship programme of the national government is the Mahatma Gandhi National Rural Employment Guarantee Scheme. This is based on the Act of the same name and is designed to provide a legal job guarantee for at least 100 days in rural parts of the country. The programme has operated since 2005. Beneficiaries participate in public work-related activities and receive the minimum wage. Besides this there are many other, smaller scale social transfer programmes operating at the State level in the country including the Disability pension, Widow pension, Old age pension, school scholarship and orphan support.	Smith and Watson (2015)
Occupied Palestine Territories	Given the socio-political context in OPT, social transfers until recently consisted of disaster relief and ad-hoc, project based measures to provide aid to the vulnerable. In 2010 the Palestinian Authority Ministry of Social Affairs with support from EU and the World Bank introduced the reformed Palestinian National Cash Transfer Programme. This builds on poverty-based targeting (proxy means testing) to identify the extreme poor. The size of assistance is provided based on their economic and social condition. The programme is the main component of the national social protection strategy and the largest social transfer in terms of both coverage and funding, representing approximately 1% of GDP. The cash transfers are complemented by a package of assistance, including access to education and health services and food. Over 75,500 households living in extreme poverty are presently enrolled.	Jones and Shaheen (2012)
Pakistan	The Benazir Income Support Programme (BISP) is a non-conditional cash transfer programme launched in 2008 that provides financial assistance to low-income families through bi-monthly cash payments. It is the largest such programme in Pakistan and a key pillar of the National Social Protection Strategy. Households are targeted based on their poverty (through a proxy means test). Payments are made to the female head of the family, comprising PKR 3,000 (US\$ 30) once a quarter, through the postal service or debit card. As of 2011 there were around 5million registered beneficiaries on the programme.	OPM (2011)

Cote D'Ivoire	Côte d'Ivoire has not yet established any kind of national cash transfer programme.	Hodges et al (2014)
Philippines	The main social transfer programme is the Pantawid Pamilyang Pilipino Program (4Ps) a conditional cash transfer programme reaching over 4 million poor and vulnerable people and with the objective to improve health, nutrition, and education of children under the age of 14. Beneficiaries receive monthly conditional cash grants. Further information is provided in Box 5.3.	Smith (2015)
Haiti	The Ti Manman Cheri (TMC) programme is Haiti's first social transfer programme. It is a conditional cash transfer designed to provide financial support for mothers with school-age children living in impoverished and underprivileged communities and ensure the attendance and retention of these children in schools. Established in 2012, it was reaching 75,000 mothers after one year of operation. Allowances of between \$10-\$20 are provided on a monthly basis depending on the number of children in the household. This is one of the only examples of a national social transfer programme that is seeking to deliver payments through mobile money transfer.	Zimmerman and Bohling (2013)
Afghanistan	No social transfer programmes identified. The National Solidarity Programme is the largest development programme in Afghanistan. Now in its third phase until end of 2015, it has established more than 22,500 community development committees across 361 districts in all 34 provinces and financed more than 50,000 development projects since 2003. This is sometimes cited in literature on social protection but does not involve social transfers to households, rather it is block grants to communities.	Pain (2012)

Surveys

ECHO staff were asked which ECHO countries had an established government-led safety net programme in operation

Respondents to this question identified a total of 16 countries¹⁸¹ where safety net programmes existed. Some of these align with those identified in the literature review and phone interviews. There is a question on the reliability of some of this data, since for example Somalia is listed however there is no government led social safety net programme in Somalia, though there was a small scale project implemented by two INGOs. This perhaps highlights variation in the understanding of participants of the question – such as the definition of a safety net as a government programme or a project of an aid agency - or the difference between safety nets and social services (such as health or education).

¹⁸¹ Algeria, Bangladesh, Burkina Faso, Ethiopia, Jordan, Kenya, Lebanon, Libya, Mali, Palestine, Philippines, Somalia, Sudan, Syria, Tajikistan, Tunisia

5.1.2 Number of national social transfer systems in DG ECHO focus countries with ability to scale-up in response to emergencies

Telephone Interviews

Key ECHO staff leading internal discussions on social transfers and their relevance to ECHO's work were asked to identify focus countries for ECHO in terms of linking humanitarian transfers or funding to safety nets. ECHO are in the process of developing a series of internal papers to guide ECHO's global understanding of safety nets and what exists where, to inform ECHO's future engagement in this area. The internal ECHO social safety net scoping study¹⁸² is the first output available and later in 2015 ECHO plan to develop case studies to map in more detail particular contexts of interest to ECHO for alignment of ECHO humanitarian support with safety net systems.

The main geographic areas of interest for ECHO are West Africa, East/Horn of Africa and Middle East since they are expecting to invest 80% of budget here, plus natural disaster contexts.

ECHO have identified 3 potential 'Tiers' for further consideration of the possible linkages:

1. LICs in which a safety net programme is on-going and led by the government with protracted and recurrent crises, and where ECHO will continue to engage and invest ((Kenya, Ethiopia, some Asian countries). The question here is whether, and what ECHO should do going forward with their funding/TA, to complement these systems and ensure humanitarian needs are met.
2. Those countries considered conflict affected or fragile, where no nationally owned safety net programme yet exists and where there is a regular need for humanitarian intervention; where development donors are not yet investing widely and where NGOs and UN agencies are running project based 'safety nets' (Somalia, S Sudan, Sudan, Lebanon, Jordan). The question in these transitional countries is whether, and who, ECHO should fund, to provide something more regular and predictable and ideally to support transition to something more sustainable and nationally owned.
3. Those more stable countries where there is willingness where there are chronic cyclical crises requiring humanitarian support and interest on the part of government and development partners to start up some national safety net (West Africa especially Niger and Mali). The question here is what seed support (funding or TA) can ECHO provide to support the early stages and foundations of such a system, with intention to hand over.

Within these Tiers, discussion with ECHO and other donors¹⁸³ identified three countries where ECHO are providing humanitarian funding through a project approach and that have

¹⁸² De La Rosa, J. (2014)

¹⁸³ World Bank, DFID, SDC

a national social transfer system that has the proven or potential ability to scale up in response to emergencies: Kenya, Ethiopia and Philippines (Tier 1 countries). In the time available these became the focus of the qualitative research, along with collecting emerging lessons from Tier 2 (Somalia) and Tier 3 (Niger)¹⁸⁴.

Literature Review

The increasing frequency and severity of disasters and crises worldwide, the costs of disasters and the knowledge that the poorest and most vulnerable can often be hardest hit, coupled with the increasing investment in development of national safety net programmes or systems in disaster-affected countries has led to growing interest in the potential for national safety net programmes to be used as a mechanism for coordinating more efficient and effective emergency response at times of crisis¹⁸⁵. Interest has been driven by experiences in contexts of cyclical, slow onset crises, but is potentially also applicable to countries affected by recurrent weather-related shocks.

ECHO's internal scoping study on the feasibility of linking humanitarian interventions to national safety nets for crisis response concluded that there are very few working examples, in either low income countries, or more wealthy countries. The study concludes that for the time being, it will be important to look for opportunities to learn from attempts to use social protection programmes in this way, as and when they occur¹⁸⁶. A search of literature was therefore undertaken to summarise safety net programmes/systems in these ECHO focus countries that have the potential or proven ability to scale up in an emergency (Philippines, Ethiopia and Kenya).

Both the Productive Safety Net Programme (PSNP) in Ethiopia, and the Hunger Safety Net Programme (HSNP) in Kenya were established to provide an alternative response in situations where much of the hunger found was seasonal or chronic rather than unpredictable, and where the predominant food-based response was raising concerns about inefficiency and ineffectiveness since food assistance often arrived late. The focus therefore switched from emergency response to the provision of a more predictable and sustainable 'safety net' system. The PSNP has an inbuilt shock response mechanism allowing it to scale up during crisis periods (see Box). Based on lessons from this mechanism and emergency responses in Kenya in 2011, phase II of the HSNP in Kenya is attempting to build in something similar (Box 2). Meanwhile in Philippines during the response to Typhoon Haiyan, WFP piloted channelling their emergency funds through the national safety net programme in typhoon-affected areas (Box 3).

¹⁸⁴ Other countries identified where emergency transfers have been linked to a social safety net include Brazil, Pakistan and Ukraine (2015). However these are not ECHO focus countries and in the time available these examples were not pursued further.

¹⁸⁵ De La Rosa, J. (2014); Pelham, Clay, and Braunholz (2011); Practical Action (2011), Ridsdel (2012)

¹⁸⁶ De La Rosa, J. (2014)

Box 5.1 Ethiopia's Productive Safety Nets Programme (PSNP) and the Risk Financing Mechanism

The Productive Safety Nets Programme in Ethiopia Originated in a 2005 consensus between Government and donors that successive annual emergency food aid appeals were not a suitable or effective way of dealing with chronic hunger (households who are routinely hungry). It is implemented by Ministry of Agriculture and supported by a donor coalition including World Bank, CIDA, DFID, EC, Irish Aid, RNE, SIDA, USAID and WFP. The annual budget is approx. US \$347 million.

Each year the PSNP provides six months of transfers (cash, food or a mix) to households identified by communities as chronically food insecure with the aim of enhancing food security status for male chronically food insecure (CFI) households in CFI woredas. 80-85% of beneficiaries get transfers as wages on local public works projects; 15-20% 'direct support' beneficiaries (the disabled, elderly, pregnant women) get transfers with no work requirement. Other livelihood support is offered through access to the Household Asset Building Programme. The programme currently operates in 319 woredas in 6 region. Coverage peaked at 7.8 million people (2009/10 – around 10% of the population); with graduation (people assessed as food secure and moved off the programme), coverage is now down to 6m (2014/15 plan). 4 highland regions (Amhara, Oromia, SNNPR and Tigray) account for 80% of the beneficiary caseload; 2 lowland regions (Afar, Somali) account for 20%.

The PSNP incorporates mechanisms intended to allow scale-up in response to progressively larger droughts. Since the beginning there have been woreda and Regional contingency budgets. The Contingency Budget comprises 20% of the total annual PSNP budget and is divided into two portions of 5% and 15%, the former to be spent at the discretion of woreda level officials (normally on exclusion errors from the targeting exercise, and transitory needs), the latter held at Regional level and eligible for drawdown on request and justification from the woreda level to address transitory need only. The regional budget is dependent on corroborating data from the Early Warning System (EWS) and the existence of Contingency Plans to be activated when a shock is anticipated or occurs.

Since the contingency budget was largely committed to regular caseloads, in 2009 a Risk Financing Mechanism (RFM) was introduced to allow a rapid mobilisation of additional resources in the event of an emergency. The RFM was established in 2009 with a fund of US\$160million based on an in-principle donor commitment, allowing for up to \$80 million to be mobilised for a particular crisis each year. The RFM depends on an established Early Warning System (EWS) that is in place to monitor the situation and trigger the release of funds. The RFM should provide a first response to seasonal acute need, designed to reduce the 'typical' timeline for humanitarian response (around 8 months in Ethiopia), so that households receive more preventative assistance. It can be implemented in individual woredas in a region.

As the RFM is part of the PSNP, it can only be implemented in existing PSNP districts. The Humanitarian Requirements Document is released twice a year and defines the needs

of those in non-PSNP woredas and in PSNP woredas who are outside the PSNP safety-net. These needs remain defined mostly in terms of food aid though there is a cash element for non-food requirements such as water, health and education provision.

The PSNP provides transfers to chronically food-insecure households between February and August. Early indications of impending crisis in the highlands of Ethiopia emerged in February 2011. Between February and August, the needs of transitory food-insecure households were met through the PSNP Contingency Budget in the usual way. The federal government then triggered the RFM in August 2011 to address the transitory food needs of approximately 9.6 million people living in PSNP districts to support households in the months preceding the November 2011 harvest. 6.5 million were existing PSNP clients whilst an additional 3.1 million people living in PSNP areas also received up to three months' support. The revised HRD appeal of July 2011 requested approximately 380,000MT of assistance serving almost five million people.

Source: DFID (2014); RFMC (2012), Hobson and Campbell (2012)

Box 5.2 Phase II of Kenya's Hunger Safety Nets Programme

Kenya's arid and semi-arid lands are routinely food insecure and rates of acute malnutrition regularly rise above emergency thresholds, becoming particularly severe when there are environmental, market or security shocks. Historically, the principal means of addressing this has been costly and often poorly targeted food aid, with limited attention being given to non-food interventions.

The HSNP Phase I ran from 2007 to 2012, funded by DFID. The programme cost £40.5 million and tested an alternative approach to food aid in four of the poorest and most vulnerable counties. Coverage for the first phase was 69,000 poor and vulnerable households in four drought prone districts in the Arid and Semi-Arid Lands (ASAL) of northern Kenya: Mandera, Wajir, Marsabit and Turkana. The HSNP aims to provide beneficiaries with regular and guaranteed cash transfers to reduce poverty, hunger, and vulnerability to shock for the poorest in the ASALs. Phase I also tested the relative benefits and costs of three targeting mechanisms to identify the poor and vulnerable (poverty targeting, community based targeting and categorical targeting based on age).

Phase I didn't include a risk financing mechanism, however the programme is operational in areas that were some of the worst affected by the regional drought in 2011. Through the HSNP, DFID was able to channel supplementary support to existing beneficiaries during the drought emergency, effectively doubling the regular HSNP cash grant from 2,150 to 4,300 Kenyan shillings for a period of two months.

Cash transfers in Kenya are being consolidated into a single National Safety Net Programme (NSNP). This incorporates the HSNP, the Cash Transfer for Orphans and Vulnerable Children (CT-OVC), the Older Persons Cash Transfer (OPCT), the Persons with Severe Disability Cash Transfer (PwSD-CT) and the Urban Food Subsidy Cash Transfer (UFS-CT). Phase II of the HSNP, which started in January 2013, aims to benefit 100,000 of the poorest households whilst building on lessons from the emergency in 2011

and the RFM on the PSNP to create a more shock responsive safety net, by building in and testing a scalable emergency cash transfer response to drought. Under this phase the HSNP has moved under the control of the National Drought Management Agency (NDMA) under the Ministry of Devolution and Planning. Under this approach, 100,000 of the poorest households will receive the regular cash payment worth £17-19 a month over the next 4 years, intended to stop them sliding into further poverty and enable them to increase their expenditure on basic needs and wider livelihood opportunities. However 470,000 households (3,384,000 people) (over 80% of the population in the targeted counties) are being registered and will have bank accounts opened. The aim is to enable HSNP to lead the scaling up of emergency cash transfers as part of the national drought management response, with agreed levels of GoK contingency financing as well as funds from DFID and other donors.

Source: CaLP (2013), Harvey et al (2010)

Box 5.3 Emergency response through the Philippines' Pantawid Pamilyang Pilipino Program (4Ps)

In 2007, DSWD launched its Pantawid Pamilyang Pilipino Program (4Ps) to reach extremely poor households and improve health, nutrition, and education of children under the age of 14. Beneficiaries receive monthly conditional cash grants of up to 1,400 pesos:

- 500 pesos/month for health or nutrition expenses.
- 300 pesos/month per child for educational expenses (maximum of three children per household).

The programme aims to target some of the poorest and most vulnerable households with children, through a household poverty survey based on proxy means testing which is administered in four year intervals by the LGU. Grants are provided on the condition that targeted children in beneficiary households attend school and receive appropriate healthcare. Payments are delivered on a bi-monthly basis through an established network of payment providers including remittance companies, the postal service and card based payments, managed by Land Bank.

The programme is implemented in practically all municipalities in 80 of 81 provinces. As of June 2013 the programme had almost four million registered households and extensive coverage across some of the poorest parts of the country. 805,672 of these households (20.5% of the caseload) resided in the areas of the country that were affected by the super Typhoon Haiyan in November 2013. In the provinces of Leyte and Eastern Samar, almost half the population qualified for the programme before the typhoon.

In the aftermath of the typhoon the primary objective of WFP's approach during the response phase (December 2013 to February 2014) was to increase the food security of the most vulnerable and where possible stimulate market recovery. WFP had an existing partnership arrangement with the DSWD to support emergency response. They channeled humanitarian response funding to DSWD and used the 4P programme payment platform to reach the caseload of disaster affected households who were 4P beneficiaries.

WFP provided an additional unconditional ‘top-up’ cash transfer of \$30 per month, plus 50kg of rice, to 4P beneficiaries (over 500,000 people) in over 60 of the typhoon-affected municipalities for two months. This totalled over PhP 740million (US \$16.5m). At the same time the usual conditions associated with use of the 4P grant (to ensure attendance of children at school and health clinics) were waived by DSWD since these were not appropriate during the emergency. The assistance provided by WFP plus the standard 4P transfer allowance provided by DSWD meant that families received assistance covering 100% of the food basket during this period.

Source: Smith (2015)

Surveys

ECHO staff were asked which countries with an established government-led safety net programme had the ability to scale up in response to an emergency

Those respondents who had identified the 16 countries where safety net programmes existed were asked this question. They identified a total of 13 countries¹⁸⁷ where this was the case. Some of these align with those identified in the literature review and phone interviews. However there is a question on the reliability of this data, since for example in the case of Mali a national safety net is being planned, transitioning from humanitarian aid, but is not yet operational. Again, this perhaps highlights variation in the interpretation of the question.

5.1.3 Frequency of reference to possible use of existing social transfers in ECHO intervention strategies

Literature Review

The HIPs for the countries and regions of strategic interest to ECHO in taking forward this approach¹⁸⁸ were reviewed, to understand the extent to which strategy documents referred to national social transfer programmes (either existing or in terms of supporting their development). Findings are illustrated in Table 49.

There is wide variation in the extent to which national safety nets are mentioned and/or linked to ECHO’s strategic response or advice to partners. The most coherent strategy is that for the Sahel. There is no definition provided on what constitutes a safety net/social safety net.

¹⁸⁷ Algeria, Bangladesh, Burkina Faso, Ethiopia, Kenya, Lebanon, Libya, Mali, Palestine, Philippines, Sudan, Syria, Tajikistan

¹⁸⁸ Including Horn of Africa, Sahel region and Middle East

Table 49: Reference to social transfer systems in selected ECHO HIPs 2015

HIP	Reference to social transfer systems
Syria crisis response countries (2015)	No mention to national safety net or welfare programmes in the HIP or technical annex.
Horn of Africa (2015)	<p>Humanitarian needs:</p> <ul style="list-style-type: none"> ▪ Kenya: under needs of displaced people, attention is drawn to protection such as documentation and registration challenges that may limit access to social safety nets and benefits. No mention of the HSNP in the context of the needs of the food insecure. ▪ Ethiopia: under needs of food insecure people, reference made to the PSNP's role in supporting the chronically food insecure and the planned expansion of this caseload which would reduce the caseload on the HRD. No mention of linkages between PSNP and humanitarian assistance. <p>Most pressing humanitarian needs: Under food security and livelihoods insufficient access to social safety nets is mentioned as a challenge for both Ethiopia and Kenya. There is no mention to contributing to building these systems directly - rather that there is still a need for sustained relief food assistance and for a further transition to capture structurally food insecure households by safety nets.</p> <p>National capacity: The PSNP and RFM are detailed for Ethiopia. No mention of social protection systems of the government for Kenya though there is mention of the National Drought Management Authority and the National Drought Contingency Fund.</p> <p>ECHO response: No mention of building/linking to/consideration of safety nets under any of the ECHO response pillars including resilience buildings and protracted emergencies. Advocacy to government on the need for safety nets is mentioned under 'Exit strategy'.</p> <p>Technical Annex: More detail for partners is provided here.</p> <p>In the Horn of Africa ECHO will advocate for the establishment and/or expansion of predictable safety nets and for the development of a surge capacity ("crisis modifiers") to be deployed when crisis strikes to ensure the continuous provision of basic services.</p> <ul style="list-style-type: none"> ▪ The linkages between safety nets and humanitarian activities should be illustrated in each relevant resilience building proposal. ▪ In Ethiopia, the multi-annual proposals should be aligned wherever relevant with EU Delegation SHARE funding and the PSNP. ▪ No mention in reference to Kenya. <p>No mention in reference to Somalia in either the HIP or the Technical Annex.</p>
West Africa (2015)	<p>Most pressing humanitarian needs: Explains that food pipelines and safety nets for the most vulnerable and food insecure people will be needed during the lean season in particular and that programmes should be designed to support the development of sustainable safety net systems focused on the poorest households that are often not the primary target of development programmes.</p> <p>International humanitarian response: references the Sahel Strategic Response Plan and ECHO's alignment to this, which includes the objectives to increase the resilience of the population, to develop a "pro-poor" policy at national level to fight food insecurity, to develop access to basic services (such as health), and to design and implement efficient and targeted safety nets.</p>

	<p>ECHO response: a focus on safety nets is a core of ECHO's Strategic Pillar 1 - Nutrition and food security: Integrated approach of under-nutrition in addition to a multi-sectorial approach on prevention (focus on safety nets, community interventions and health). Within this it is envisaged that actions to secure food pipelines and emergency cash transfers will be part of the response package and that these will be designed to support the development of sustainable safety net systems in the region, for crisis prevention. Specific operations to be funded under this approach include i) Support to the development of effective social and productive safety nets schemes with nutrition objectives; ii) Measures to improve the preparedness and response to shocks (including improvement of early warning systems); and iii) Analyses/studies of livelihood systems (Household Economic Analysis) to improve targeting.</p> <p>Other interventions: The planned work of the World Bank and DFID in the area of shock responsive social protection are mentioned – notably World Bank's increased commitments towards the set-up of institutionalized safety nets, reducing the hunger burden in the Sahel region, and moving forward with the concept of adaptive safety nets to handle drought and other shocks.</p> <p>Exit: the HIP highlights that ECHO has a unique approach in the Sahel region based on advocating for longer-term systems for institutionalized hunger safety nets, including working closely with DEVCO and EU Delegation to support their development in the longer term.</p>
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5.1.4 Frequency of analysis of links to existing social transfers in partner proposals

Data review

Proposals from partners in the three focal countries for this desk review with an existing social transfer system (Philippines, Ethiopia, Kenya¹⁸⁹) were extracted from HOPE, and reviewed to assess the frequency that proposals took national safety net programmes into account in the design of responses. Findings are illustrated in Figure 5.3.

In the Typhoon Haiyan response in Philippines there was only one proposal that made reference to the government's 4P programme. In Ethiopia and Kenya, response programmes and more recently resilience programmes have been making reference to these national safety nets - often though not consistently (more so in Ethiopia).

In some cases reference was in terms of strategic positioning and reducing duplication between safety net beneficiaries and emergency programme beneficiaries. In one case advocacy to the HSNP for inclusion of additional caseload was mentioned. Two cases in Kenya has specific objectives relating to building the capacity of the national safety net system through the Action (both WFP). A number of those in Ethiopia were seen to be complementing and adding value to the PSNP, either through targeting those who were not PSNP beneficiaries and/or providing additional services to PSNP beneficiaries.

¹⁸⁹ Philippines context – response proposals incorporating cash and vouchers from the typhoon Haiyan emergency response and recovery 2013-14; Kenya context – food security focused proposals incorporating cash and vouchers 2011-2014 (national or ASAL-focused); and Ethiopia context – food security focused proposals incorporating cash and vouchers 2011-14 outside of camps.

Table 50: Frequency of reference to national social transfer/safety net programmes in partner proposals

Year	Kenya		Ethiopia		Philippines	
	No. proposals	Reference to national programme	No. proposals	Reference to national programme	No. proposals	Reference to national programme
2011	4	1	1	1		
2012	2	2	5	3		
2013	3	1	1	1	5	1
2014	2	2	2	2		
TOTAL	13	6	9	7	5	1

5.2 To what extent were humanitarian cash transfers funded by DG ECHO cost-efficient compared to existing social transfer interventions already in place, targeting the most vulnerable groups?

Summary EQ 5.2 Cost efficiency of ECHO funded transfers compared to social transfers

A number of quantitative studies have been conducted on the cost efficiency of national social transfer systems. A basic comparison of the efficiency ratios shows that national systems deliver transfers relatively cost efficiently compared to ECHO funded humanitarian transfers. Cost efficiencies of national systems are found to be strongly correlated with the scale and maturity of the programmes.

However, none of the studies of national systems specifically analyse the cost efficiency of a shock response component and the cost profile is likely to be different to the costs of delivering regular poverty focussed transfers. While precluding a more definitive conclusion, the evidence does still suggest that social transfers may be a cost efficient option. For example, in Ethiopia and Kenya – where systems include a shock response element - it appears that the cost efficiency compares favourably to ECHO cash transfers. One evaluation of the response to the food crisis in the Horn of Africa in 2011 (Slim 2012) estimated the cost of routine support to 7.2 million people via the PSNP was \$270 million compared with \$822 million for relief to 5 million people – although the conclusions were seen as controversial by some respondents.

In disaster prone countries there is some evidence of cost efficiencies in transitioning from humanitarian response to more long-term, predictable support through national transfer systems. One analysis suggests very large cost savings as a result of moving to early response and resilience - in Kenya these savings are projected as high as \$21 billion over 20 years.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Interview	ECHO Survey	Partner Survey	Field Visits
5.2.1	Meta-analysis of cost efficiency studies of social transfer and safety net systems	X					
5.2.2	Meta-analysis of cost efficiency analyses on using established transfer systems for emergency response	X					X
5.2.3	Examples of DG ECHO cash transfers implemented through established social transfers	X		x			X

5.2.1 Meta-analysis of cost efficiency studies of social transfer and safety net systems

Literature Review

The main source of data available identified was DFID's Guidance on Value for Money in social transfer programmes¹⁹⁰ which synthesises findings of cost efficiency studies of a number of social transfer programmes and some overarching conclusions for cost efficiency on social transfers – including the extent to which it is even feasible to make comparisons across programmes and countries. The authors make it explicit that this is intended to guide analysis of VfM on initiatives to address chronic poverty and vulnerability, rather than emergency humanitarian interventions. None of the studies referenced in the guidance relate to the expected or actual cost efficiency of a shock response component of a social transfer programme.

Cost-efficiency analysis in the context of social transfer programmes focuses on the relationship between the administrative costs of the social transfer programme and the value of the transfers delivered to beneficiaries¹⁹¹. Analysis of social transfer programmes globally has highlighted a number of important cost-efficiency lessons:

- Where available, the data on these measures show wide variations between programmes and countries, and between different years for the same programmes. These differences reflect not only differences in programme objectives, design and implementation, but also declining unit costs and a shifting structure of costs as programmes develop beyond pilots to scale up and reach 'maturity'. Differences in these cost-efficiency measures also reflect differences in transfer levels, which

¹⁹⁰ White et al (2013)

¹⁹¹ Generally identified as the total cost-transfer ratio (TCTR) (i.e. ratio of total programme cost to value of transfers) or cost-transfer ratio (CTR) (i.e. ratio of administrative costs to transfer costs). Unit costs include the cost per unit of output; and cost per direct recipient (and per beneficiary) per period. Alternative measures are the ratio of transfer costs to total costs ('alpha ratio') or ratio of administrative costs to total costs. These figures should be compared to national and international benchmarks but bearing in mind also the context, programme scale/maturity and other determinants. For in-kind transfers it is appropriate to determine the cash value at point of distribution using local market prices adjusted for transaction costs; and to compare levels and cost-efficiency with a cash alternative.

automatically affect all the ratios mentioned above. If two programmes have identical non-transfer costs but the transfer level is twice as high in one as the other, then the first will be twice as cost-efficient as the second. Table 51¹⁹² underlines the wide range of size, generosity and cost-efficiency seen in social transfers. PSNP is the second largest programme in terms of numbers of beneficiaries. It had one of the lowest costs per beneficiary in 2010-11 in part because the transfer value was very small (the PSNP average transfer per individual was only about US\$ 24 in 2010-11).

- Cost-efficiency improves as programmes evolve from small pilots to expand programme coverage. For example the total cost-transfer ratio for Mexico's PROGRESA fell sharply from 2.34 in year 1 to 1.05 in year 4, mainly due to the rapid increase in transfer volumes. Kenya's Hunger Safety Net Programme followed a very similar pattern. Thus it is important to consider the stage of maturity of the programme when referring to cost-efficiency, especially when making comparisons between programmes.
- Based on a sample of 55 schemes of different types, analysts recommend that reasonable administrative costs (share of administrative costs in total programme costs) are generally in the range of 5 to 15% in well-executed cash and in-kind transfers through social transfers. However there are huge challenges in making cost efficiency comparisons across programmes and countries because contexts and design vary hugely and these cannot be like for like comparisons. This includes different methods of measuring cost; different challenges for delivery according to factors such as insecurity, geography, and government capacity; different programme objectives and designs and varied transfer values as a result; the difference between pilots and national programmes and maturity of the programme; and because efficiency may mask flaws in programme design undermining effectiveness (i.e. total amounts transferred to beneficiaries are too low).
- Social pensions in general appear to be among the most cost-efficient programmes, due to their simple targeting approach and large scale. Social transfer programmes with more complex targeting (based on PMTs and/or community targeting) tend to be more administratively expensive, as do conditional cash transfers (CCTs) which require mechanisms for monitoring compliance. Nevertheless, these programmes can be cost-efficient when they are taken to scale and initial fixed costs diminish in importance. Of these, programmes in low-income Africa tend to be less cost-efficient, but this is at least partly explained by the fact that they tend to be smaller and more tightly targeted, and/or less generous than in the middle-income Latin American countries.

¹⁹² This table provides both unit cost metrics and cost-efficiency ratios for specific years for a selection of programmes, measured ex ante after five years of operation, and/or ex post for the most recent year for which data are available. Since both are influenced by the stage of maturity of a programme and its scale, columns 2 and 3 show year of operation and number of direct recipients for each programme. Columns 4 to 6 are unit cost metrics for total cost per direct recipient and per wider beneficiary, and administration cost per direct recipient. These reflect both the cost-efficiency and the level of generosity of programme transfers. Columns 7 and 8 are cost-efficiency ratios: administrative cost as percentage of total cost and TCTR – these are in fact unit costs of a kind, being equivalent respectively to cost of administration per unit of programme spend, and total cost per unit of value transferred.

Table 51: Examples of cost efficiency of various Social Transfer programmes in LICs

(1) Programme	(2) Year of operation	(3) No. of direct recipients	(4) Cost per direct recipient	(5) Cost per wider beneficiary	(6) Admin cost per recipient	(7) Admin cost as % of total cost	(8) Total cost-transfer ratio
Ex ante costs (2012 US\$)							
Ghana LEAP, 2012	5	164,370	155	40	35	23%	1.29
Nigeria CDG, 2017	5	60,000	400	100	107	27%	1.37
Tanzania PSSN, 2018	5	275,000	296	55	104	35%	1.54
Zambia Child Grant, 2015	5	85,502	237	47	60	25%	1.34
Actual costs (current US\$)							
Bangladesh CLP, 2011-12	8	17,485	940	235	347	37%	1.59
Ethiopia PSNP, 2010-11	7	7,535,451	34	34	9	28%	1.38
Ghana LEAP, 2010	3	26,079	132	34	69	53%	2.11
Kenya CT-OVC, 2008/09	3	15,000	331	75	83	25%	1.34
Kenya HSNP, 2011/12	4	68,611	297	50	51	17%	1.21
Mexico PROGRESA/ Oportunidades	2000 2012	2,600,000 6,500,000	314 815	63 163	16 42	5% 5%	1.05 1.05
Zambia Child Grant, 2011	2	32,643	251	50	111	44%	1.79
<i>Notes and sources:</i> Total cost-transfer ratio is the ratio of total programme costs to the value of transfers LEAP = Livelihoods Empowerment Against Poverty Programme, Ghana (White, 2011) CDG = Child Development Grant, Nigeria (White, 2012) PSSN = Productive Social Safety Net, Tanzania (White/World Bank-Tanzania, 2012) CLP = Chars Livelihood Programme, Bangladesh (White, 2012) – includes complementary support PSNP = Productive Safety Net Programme, Ethiopia (White & Ellis, 2012) CT-OVC = Cash Transfers for Orphans & Vulnerable Children, Kenya (OPM, 2010) HSNP = Hunger Safety Net Programme, Kenya (DFID Kenya, 2013) PROGRESA = Programa Nacional de Educación, Salud y Alimentación (renamed Oportunidades), Mexico (Caldés et al, 2004; http://www.oportunidades.gob.mx/ , 2012)							

Source: White et al (2013)

5.2.2 Meta-analysis of cost efficiency analyses on using established transfer systems for emergency response

Literature Review

In disaster prone countries there is evidence available of the expected cost efficiency of transitioning from humanitarian response to more long-term, predictable support. For example DFID's study to examining the economics of early response and resilience in five such countries¹⁹³ (Kenya, Ethiopia, Mozambique, Niger and Bangladesh) compared the cost of three scenarios – late humanitarian response, early humanitarian response and building resilience. The findings indicate that there is the potential for very large cost savings in all countries as a result of moving to early response and resilience. In Kenya, these savings are as high as \$21 billion over 20 years. Benefit to cost ratios of investing in resilience range between \$2.3 and \$13.2 for every \$1 spent. These benefits allow for a large margin of error in the implementation of 'no regrets' policies (i.e. an early response is activated but the humanitarian crisis doesn't materialise). The study recommended a move to multi-year humanitarian funding, financing mechanisms to respond early and building longer-term interventions.

Shock responsive social protection programmes are one such approach – though such programmes are in their infancy and evidence is only just beginning to emerge. The three programmes mentioned above were the focus of this analysis and the available evidence collated through a review of publically available studies and internal documents shared by key informants. This was extended to include any evidence on cost effectiveness. Overall it can be said that robust evidence on the cost efficiency of linking emergency response to established social transfer systems is very limited. Key informants from these programmes also reflected on the likely cost efficiency based on their experiences and these findings are included in Section 5.3.2 below.

There has been no cost efficiency or cost effectiveness study of the Risk Financing Mechanism of the PSNP. Some evidence can be taken from some studies and evaluations of aid effectiveness during the food security crisis in the Horn of Africa in 2010-2011, which make comparisons to assistance provided through traditional humanitarian channels and comparisons of the impact of the crisis across countries in the Horn of Africa region.

It is also worthwhile citing the evidence from evaluation of the PSNP 2006-2010 since the rationale for developing the programme was to move to a more efficient and effective way of meeting the needs of the chronic poor than through humanitarian assistance. By assuring access to food/cash, the PSNP in Ethiopia reduced the annual food gap of recipients by 1.3 months between 2006 and 2010 and livestock holdings also increase (five year participation raised livestock holdings by 0.38 Tropical Livestock Units)¹⁹⁴ which in turn reduces the requirement for humanitarian assistance.

¹⁹³ Cabot Venton et al (2013)

¹⁹⁴ Berhane et al (2011)

DFID's assessment of the VfM of multi-annual humanitarian assistance¹⁹⁵ cites a DFID VfM assessment of the PSNP, that during the food security crisis in the Horn of Africa in 2010-2011, the cost of delivering food aid under the PSNP was \$487 per Metric Ton (MT) (2010/11), compared with the cost of WFP's late humanitarian aid which was estimated at \$845 per MT (including internal transport, storage and handling costs). Other estimates suggest that the cost of food aid provided early in Ethiopia could be even lower; for example, World Bank (2009), "Project Appraisal Document for a Productive Safety Net APL III Project" cites a cost of \$422 per MT (2009 data), a 50% decrease.

The synthesis report of the IASC real time evaluations of the humanitarian response to the food crisis in the Horn of Africa in 2011¹⁹⁶ concluded that prevention via national safety nets and concerted DRR gives the best value for money in areas of chronic emergency. It cites that the cost of routine support to 7.2 million people via the PSNP was \$270 million compared with \$822 million for relief to 5 million people.

The recent Ethiopia VfM case study by DFID assessed the cost per beneficiary of delivering assistance through the PSNP compared to through the UN agencies¹⁹⁷. Under the PSNP, the total costs to deliver one birr of cash transfer to a household varied between 1.15 and 1.28 birr between 2009 and 2012. Estimated administration costs for the cash transfers (5% of total programme costs) compare well with the international benchmarks set out above. Analysis suggested that cost efficiency for the delivery of cash transfers was broadly similar for WFP relief and PSNP delivery. No comparison was possible with food resources due to limitations in the data available from WFP and USAID, it is not possible to calculate a similar TCTR for food transfers.

The analysis concluded that the existing systems of the PSNP allowed for a more timely and predictable response, at scale and so could be considered more effective. The study also estimated some of the indirect costs to beneficiaries required to obtain their transfers. Costs to collect payments were found to be relatively small, at least in terms of direct, monetary costs and 84% reported incurring no costs in travelling to receive payment. In total, the monetary costs to beneficiaries of enrolment and transfer collection are estimated at 113 m birr (\$5.6m) in 2010. This amounts to 2% of total programme costs. If time costs were monetized, the indirect costs would be higher.

The ICAI assessment of the VfM of DFID's humanitarian response to the Horn of Africa¹⁹⁸ crisis in 2011 concluded that large increases in mortality were prevented among Kenyan and Ethiopian populations (compared to Somali populations) and credited part of this to DFID's funding of safety net programmes in these countries. Firstly the PSNP and HSNP safety net programmes continued to support families, already more vulnerable to food shortages, during this crisis period and that this saved lives. It cites the real time evaluation of the

¹⁹⁵ Cabot Venton (2013)

¹⁹⁶ Slim (2012)

¹⁹⁷ Cabot Venton et al (2013)

¹⁹⁸ ICAI (2012)

humanitarian response in Ethiopia 2011¹⁹⁹ which reported that PSNP provided a ‘first line of defence’, in that it provided help to 7.8 million of the most vulnerable and prevented mass starvation especially in the Southern Nations (SNNP) highlands, where malnutrition is a structural problem. Over 50% of those interviewed counted the PSNP as their best help through this period.

Support was insufficient to protect assets in 2011 although it prevented some depletion of livestock and deterioration of farmland. The PSNP contingency of 20% and risk financing mechanism was also concluded to have further supported existing and additional households facing transitory food insecurity – however that the government’s delay in triggering the RFM until 6 months after the crisis was understood and some administrative delays in disbursing payments in some areas (until February 2012²⁰⁰) reduced the effectiveness of this instrument. The real time evaluation notes that the ration provided under the RFM is not a full food basket because it is designed to meet needs earlier in the response. Delays to its release meant that there was a discrepancy between the level of assistance provided to households supported under PSNP and the fuller ration that ‘relief’ beneficiaries received.

The committee concluded that more pre-agreed triggers for action, combined with pre-approved and flexible funding mechanisms, are needed within the humanitarian system.

The World Bank’s economic appraisal for the new phase of the PSNP 2015-2020²⁰¹ estimates that shifting the programme to provide 100% cash rather than a mixture of cash and food would create savings of \$11m annually.

There is no cost efficiency and cost effectiveness study available for Phase I of the HSNP – something that the final evaluators of Phase I suggest would be useful – and no robust analysis of DFID’s top up funding through the HSNP mechanism during the drought response. There was no data found comparing the HSNP to humanitarian assistance. It is worthwhile looking at some of the headline findings from the HSNP Phase I evaluation and the real time evaluation of the humanitarian response to the drought in Kenya in 2011, which demonstrate the potential for the HSNP to reduce the need for humanitarian assistance for the chronically vulnerable and which have influenced the design of Phase II.

The final evaluation of HSNP Phase I²⁰² measures the impact of the programme on HSNP households after 24 months of assistance, comparing the situation of HSNP beneficiaries and control households to the situation at baseline. Over this 24-month period most of the HSNP households had received 11 or 12 bi-monthly transfers (initially KES 2,150, increased to KES 3,500 by the end of the evaluation period). The HSNP was found to have had significant impact on increasing consumption and reducing extreme poverty, with HSNP households 10 percentage points less likely to fall into the bottom national poverty decile than control households. This impact was achieved despite the severe drought that affected

¹⁹⁹ Sida et al (2012)

²⁰⁰ Sida et al (2012)

²⁰¹ World Bank (2014)

²⁰² Merttens et al (2013)

programme districts in 2011. During this time consumption and poverty indicators and deteriorated markedly and negative coping strategies increased among control households compared to beneficiary households. The study concluded that the HSNP is acting as an effective safety net to mitigating the negative impact of shocks for HSNP households and the usefulness of safety nets as a shock response system.

The ICAI Assessment of the VfM of DFID's Response in the Horn of Africa²⁰³ includes a VfM assessment of DFID's response to the 2011 humanitarian crisis in the Horn of Africa highlights first hand evidence of the positive impacts from the HSNP in benefited some of the most vulnerable women and children in the worst-affected areas of the country and concluded the programme had contributed to meeting their immediate survival needs and providing greater resilience to shock. It is clear that the humanitarian response in these areas would have been greater without the existence of this programme and some better off families not on HSNP had become poorer than the beneficiaries.

The HSNP Phase II Business Case²⁰⁴ changed the design of the programme to introduce a shock response component of the programme that will be able to scale up to provide financial support to additional temporary caseload of 'transitory vulnerable' households in the early stages of a crisis. This is being activated for the first time in April 2015 so no evidence on cost or impact is available. The business case for Phase II of the programme provides data supporting the rationale for this function in terms of efficiency and effectiveness²⁰⁵. The cost effectiveness of the shock response component is to be measured through plans to compare the unit cost to complementary or competing instruments such as food aid and temporary cash transfers triggered by exceeding weather thresholds in specified geographic areas, in response to future drought emergencies.

Another example that was identified through key informant interviews was the case of Lesotho topping up the Child Grant with emergency payments, however there was no supporting literature or data available for this programme.

Linking humanitarian response to existing social safety nets in Lesotho

In 2012 Lesotho faced three humanitarian crises in quick succession (widespread drought; followed by early frost and flash floods) which increased the already high levels of food insecurity in agricultural areas. At the time UNICEF were supporting the Ministry of Social Development to roll out the Child Grant – an unconditional cash transfer to some of the poorest households with children under the age of 18. Normally payments are quarterly and based on size of the family.

²⁰³ ICAI (2012)

²⁰⁴ DFID (2012)

²⁰⁵ The targeting and registration exercise to establish the foundation for the 'shock response mechanism; is projected to cost £5.3 million, but is justified on the basis of i) improvements in targeting accuracy using the combination of PMT and CBT and ii) the scalable benefit beyond the predictable transfers to create a much wider public good element, which together are considered to improve the cost effectiveness of the programme. Administrative costs are expected to return to about 20% of total costs from 2015/16 and it is expected that future re-targeting exercises will be less costly (DFID (2012)).

Analysis showed there was a good deal of overlap between these beneficiaries and those worse affected by the emergency. UNICEF already had an MOU to provide support through the government and decided to follow the same process for their humanitarian funding provided by DFID, to top up the payments to Child Grant beneficiary households and cover the needs gap during the emergency. UNICEF also supported expansion of the Child Grant programme to include drought-affected households in areas where the Child Grant was not yet present.

Source: interviews with UNICEF Lesotho, CaLP

In countries where such an approach has been put into practice (Ethiopia; Lesotho; Philippines) ECHO also supported project based humanitarian transfer interventions through implementing partners. It is not possible to make a comparison of these approaches from the perspective of cost efficiency for several reasons:

- i) No evaluations have been identified pertaining to these ECHO funded projects.
- ii) There is no time to undertake manual extraction and review of all project documents in the relevant HOPE files however based on the type of data generally included in end of project reports it is extremely unlikely that such cost efficiency data would be available.
- iii) In any case this data, if available, would not be directly comparable since they are targeting different cohorts of the population and have different delivery mechanisms, durations and values of assistance, etc.

Field Visits

Niger: The World Bank runs a social safety net programme in Niger, which has been integrated within the cross-ministry government structure for food security (the “dispositif nationale”) since 2014. In parallel, ECHO has supported an alliance of NGOs to respond to the food crisis using cash transfers targeted by a common needs assessment methodology. No comparative studies are available assessing the cost efficiency and cost effectiveness of the two approaches. At least one study on the cost efficiency and cost effectiveness of ECHO-funded responses through the Research on Food Assistance for Nutritional Impact (REFANI) consortium, but no direct comparison will be made with the World Bank’s safety net.

5.2.3 Examples of DG ECHO cash transfers implemented through established social transfers

Literature Review

A review of known literature relating to those country contexts where there has been movement towards design of shock responsive social protection programmes or piloting the provision of humanitarian support through a national safety net programme (Ethiopia, Kenya, Philippines) did not identify any role for ECHO. This is in line with findings from the interviews with key informants below.

Telephone Interviews

Interviewees were asked if there were there any examples of DG ECHO funding humanitarian cash transfers that have been implemented through an established national social transfer system?

10 respondents were asked this question including reps from ECHO country offices, technical advisers, and donors and UN agencies designing and implementing humanitarian programmes through established national social transfer systems. There were no examples of ECHO funding humanitarian cash transfers through an established national social protection system.

Surveys

ECHO staff were asked if there were any examples of DG ECHO funding humanitarian cash transfers that have been implemented through an established national social transfer system

Those respondents who had identified the 16 countries where safety net programmes existed were asked this question. They identified a total of 4 countries²⁰⁶ where this was the case. Some of these align with those identified in the literature review and phone interviews. However there is a question on the reliability of this data, since for example in the case of Philippines, it is understood that no ECHO funding has been put towards such an activity²⁰⁷, whilst in Mali ECHO is looking to support a transition from humanitarian relief to development of a national safety net, rather than the other way around. Again, this perhaps highlights variation in the understanding of participants in the definition of safety net (i.e. that it should be an established government programme, not a project of an aid agency) or in the interpretation of the question.

Field visits

The Government of Jordan (GoJ) provides considerable support to refugees access to essential services; education, subsidised health, water and security. Some major donors, including the EU, have started to explore the potential of addressing refugee needs through the delivery of cash transfers through the national safety nets system (the National Aid Fund or NAF) and the religious, charitable Zakat²⁰⁸ system.

Harmonizing support to refugees through the NAF offers several potential benefits to donors including;

- Recognizing that this is a protracted crisis, links to the NAF would allow needs to be met cost efficiently and linked to predictable sources of external finance

²⁰⁶ Mali, Palestine, Philippines, Syria

²⁰⁷ Based on personal communication with ECHO Philippines and interview with WFP Philippines, who used DFID funds to pilot such a response in 2013-14

²⁰⁸ Islamic charitable system where 2.5 of annual savings should be given to the poor, and can operate across international borders.

- A harmonized system of assistance that treats refugees and the host population equally would minimize tensions between refugees and host populations
- In the long-term it facilitates the eventual integration of refugee caseloads and an exit strategy for external donors

EU delegation has been working towards/supporting a long term vision: that reduce transaction costs and build long term sustainability in the response. The

Delegation has been concentrating on low key capacity building and technical advice support to NAF to improve current safety net provision to poor Jordanians as the first step in an ambitious strategy to engage with the Jordanian Govt in developing 2 windows in the NAF (i) for poor Jordanian and (ii) for Syrian refugees. The EU could potentially offer technical assistance plus budget support.

The Jordanian Government shows understandable reluctance to open a window in NAF for provision for refugees. Main challenges/blockages to increased use of safety nets in region for refugee provision: the sheer number (over a third of population is refugee) means that extending safety nets to refugees is a substantial/excessive commitment. GoJ has ruled out a refugee window in the medium term.

So far there are no synergies evident between humanitarian cash transfers funded by ECHO and the Jordanian NAF. ECHO does not appear to be engaged in these strategic discussions. However, ECHO could be useful allies as advocates to national governments on relevance of safety nets – and allies to the Delegations.

5.3 To what extent is the approach of linking existing social transfers with humanitarian transfers relevant to be further pursued?

Summary EQ 5.3 Should the approach of linking social transfers and humanitarian programming be further pursued?

Strong reasons were advanced for ECHO strategic engagement with national social transfer systems. Global experiences linking emergency transfers to national systems have been generally positive though evidence is still very much emerging. Arguments include improved cost efficiency, greater effectiveness through improved timeliness and predictability, and increasing the responsibility of national authorities.

ECHO staff and partners strongly agreed that ECHO should pursue the channelling of humanitarian aid through established national Social Transfer systems.

Significant variations in context – both in the status of national social transfer systems and of risk and vulnerability – imply a range of potential strategic responses options including:

- **Advocating for the establishment of social transfer systems where they don't yet exist.** Limitations of capacity and mandate suggest that ECHO does not have

a comparative advantage in a more direct engagement. Perhaps greatest added value is influencing DEVCO to fund and support such systems.

- **Direct support to existing systems to respond to shocks.** Experiences from other donors in providing direct support evidence from experiences (Kenya, Philippines and Ethiopia) is general positive, but ECHO has no current experience and would currently need to fund governments via an intermediary.
- **Funding complementary partner-led activities.** There is little evidence yet on this approach – although partners highlighted the risk reverting to fragmented project based approach.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Inter view	ECHO Survey	Partner Survey	Field Visits
5.3.1	Opinions of stakeholders on contexts where linkages to existing systems are relevant			X	x	x	X
5.3.2	Lessons learnt from linking emergency transfers to established social transfer systems	X		X			X
5.3.3	Examples of DG ECHO cash transfers being transformed into institutionalized social transfer mechanisms	X		X			x

5.3.1 Opinions of stakeholders on contexts where linkages to existing systems are relevant

Telephone Interviews

Interviewees were asked ‘Should DG ECHO pursue further the objective of linking humanitarian transfers with existing national social transfer programmes and are there particular contexts where this approach is likely to be most relevant?’

25 respondents answered this question. The majority (17) were key informants from the programmes piloting the linking of humanitarian interventions to safety net systems (Philippines, Kenya, Ethiopia); and ECHO staff and partners intervening in those ‘priority countries’ for ECHO for social transfers going forward (Kenya, Somalia, Ethiopia, Niger, Mali).

There was broad agreement on the importance of humanitarian donor support complementing such initiatives in contexts where there are cyclical emergencies and where i) much of the humanitarian caseload is made up of chronically vulnerable or ii) first wave responses to rapid onset emergencies can be supported through national systems.

There was broad consensus of opinion on ECHO’s potential added value in this field as well as the constraints ECHO may face. These are detailed in Figure 5.5. Key informants also

commented on some of the activities that ECHO are presently funding in the Horn of Africa and Sahel context (see box).

Box 5.5 ECHO in the Horn of Africa and Sahel: Bridging Humanitarian and Development

ECHO are presently funding a variety of partner-led activities in Ethiopia, Kenya, Somalia and the Sahel region which aim to build greater resilience to shock for the chronically poor and vulnerable and reduce the impact of crises and the requirement for humanitarian assistance. Several of these relate to development of national safety nets in some form or other, as a means to move the chronically vulnerable from ad hoc assistance to national predictable systems.

Kenya

- ECHO are funding WFP's Complementarity Initiative which aims to provide strategic coordination support to the National Social Protection Secretariat in the Ministry of Labour and build the capacity, systems and processes to efficiently and effectively deliver the national portfolio of social protection initiatives under the NPSP. WFP's objective is to fully integrate their food assistance programmes into the national social protection system and the data into the government's national single registry, which can then form the basis of strategic decisions for humanitarian response targeting. An indicator of success is the extent to which vulnerable households are included onto regular safety nets from where it is expected that the impact of shocks on these households will be mitigated over time and a reduction in the current caseload requiring assistance during droughts. Little evidence out there yet as so new. Another indicator is a coherent strategy and action plan for government ownership, such that government is able to take responsibility for funding and implementation to ultimately move away from humanitarian donor support.
- Resilience programming: ECHO are funding a consortium of NGOs led by Oxfam that is working at community level, in the most vulnerable of the ASALs in the north. Work is focusing on nutrition and livelihoods and is based on a DRR approach, with emergency preparedness and preventative response a core component of the programme. Activities include reinforcing the EWS, responding to what may happen based on EWS, and influence at county level through support to NDMA and development of county response plans. An emergency envelope is included in the programme budget (25% contingency) that can be flexibly used during emergencies.

ECHO Ethiopia

ECHO in partnership with DEVCO is implementing the SHARE programme (Support the Horn of Africa Resilience), €60m are committed to date and it is expected to be further supplemented with European Development Funds (EDF) in 2015/16. This is committing

ECHO to supporting programming for a number of years. SHARE is implemented through consortia of INGOs in 8 clusters of districts (covering 34 Woredas) and is a multi-sectorial approach to build resilience to shock in drought prone problem areas. The approach comprises components focusing on improving basic services (health, nutrition, WASH); livelihood improvement (for both the agricultural and non-agricultural labour markets); disaster risk management and disaster preparedness; and through establishing strong links with the PSNP. ECHO consider that this is in effect providing the ‘cash plus’ component for PSNP beneficiaries to support their chances to graduate from the safety net programme.

Through this consortium ECHO now have three possibilities for supporting crisis response:

- i) NGOs can use funds within their programme budget to address the new humanitarian needs within the resilience building cluster area, in the sense of a ‘crisis modifier’.
- ii) Humanitarian response funds managed by ECHO in country, through the INGO IRC. This is a contingency budget of €50,000 that can be implemented within or outside the resilience building cluster area.
- iii) Additional ad hoc decisions to reinforce the above, in the event of a major crisis.

ECHO Sahel

- In Niger ECHO has supported an alliance of NGOs to deliver food security and chronic malnutrition responses since 2012. The alliance does not constitute a formal consortium or explicitly a proto-safety net approach. Nevertheless, it has allowed ECHO to develop a consistent approach to food security and chronic malnutrition over the medium-term. Working with this structure has allowed ECHO to develop a cluster of NGOs using common needs assessments and targeting methods, funding levels, transfer modalities and evaluation approaches. The alliance has sought to bridge the link between acute and chronic needs, with year-on-year funding expanding, for some partners, from food security to livelihoods and eventually broader programming (including education).
- In tandem to funding the NGO alliance, ECHO has sought to contribute towards the development of a nationally-led and multi-donor approach to long-term vulnerability in Niger. The institutional landscape in this domain is complex. The Government of Niger has a longstanding cross-departmental structure for tackling food insecurity and acute food shortages: the “dispositif nationale”. This is complemented by a World Bank safety net operating in a limited number of governorates, as well as the donor-funded but government-led 3N initiative (Nigeriens feed Nigeriens). ECHO’s role has been to demonstrate technical achievements in tackling chronic vulnerability through the NGO alliance, e.g. by providing evidence for the effectiveness of the household economy approach to targeting, as well as to take a vocal role on the board of the dispositif nationale,

where it has sought to encourage strategic thinking about how to use this instrument to tackle chronic food insecurity and malnutrition.

- Stakeholders interviewed in the field reported that ECHO's active engagement in the area between acute humanitarian response and longer term resilience has been successful. Notwithstanding the friction among some stakeholders that ECHO's advocacy approach created, it was generally agreed that ECHO's work had led to concrete improvements in targeting methods and positively influenced the approach of other stakeholders in the field. ECHO advocated strongly for the World Bank to switch away from proxy means tests as a targeting methodology in the nascent safety net they have funded in Niger. ECHO INGO alliance partners have used the household economy approach when targeting their own year-on-year cash transfers. Both ECHO partners and the World Bank published studies showing that, even when targeting the same needs in the same communities, the two methodologies yielded very little overlap in terms of beneficiary households. This finding was followed up by an advocacy effort to encourage the World Bank to amend its targeting approach so as to better serve the objective of tackling food insecurity and chronic malnutrition.

Source: interviews with DFID Kenya, ECHO Kenya, WFP Kenya, ECHO Ethiopia, DFID Ethiopia, World Bank, ex-ECHO Sabel, interviews during field mission to Niger

Table 52: Added value of and barriers to ECHO's engagement in social transfers for crisis response

Context	Added value of ECHO	Barriers
Where no social protection system exists (Sahel, Somalia, Sudan)	<ul style="list-style-type: none"> ▪ Support building capacity of nationally owned safety nets systems. ▪ Awareness raising and training for the government. ▪ In context with government support, design and field test something transitional (through implementing partners) that government can subsequently take on. ▪ In fragile environments, move beyond ad hoc fragmented responses to build something more predictable and create a window to engage with government on this issue. ▪ Advocacy to DEVCO to support such activities longer term. 	<ul style="list-style-type: none"> ▪ Don't underestimate that this may be very difficult to do at scale without the basic operational systems (ID system; database registries) - implications of the costs of doing so. ▪ Lack of technical expertise in ECHO. ▪ Challenge of filling the gap in financing during the transition from transfer support through humanitarian, project based programming to something nationally funded. As even where ECHO funds are very significant (Sahel) they are not predictable year to year. This requires a longer term vision that may go beyond ECHO's mandate.

<p>Disaster prone context where a national system exists (Kenya, Ethiopia, Philippines)</p>	<ul style="list-style-type: none"> ▪ Look at ways to support existing systems to respond to shocks both vertically and horizontally – perhaps through a UN intermediary. ▪ Invest in activities that ensure more of the chronically vulnerable are supported through national systems including system strengthening. ▪ Complement national systems by aligning programing to ‘fill the gaps’ and support those households who are not safety net beneficiaries. ▪ Focus on the complementary activities ‘cash plus’, especially around such things as nutrition. ▪ Advocacy to DEVCO for long term support. 	<ul style="list-style-type: none"> ▪ Where these systems are working well, ECHO’s present funding restrictions limit support to national governments. ▪ Need to be aware of differences between social protection and humanitarian objectives and the risk of channelling funds through a social protection programme that doesn’t reach those most affected by the disaster. ▪ Also of errors of exclusion in the targeting and registration system including due to corruption. ▪ DEVCO are lagging behind on the links between resilience and safety nets, which is the big strategic vision and linking of dev-hum. ▪ Lack of technical expertise in ECHO. ▪ Requires long term funding.
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Source: interviews with key informants

There were some challenges identified with some of ECHO’s present project funding in these country contexts:

Challenge in Kenya: whilst it was agreed that an effort of development and humanitarian donors should be to support nationally owned safety net programmes, some respondents explained that there needs to be some level of surety that government will eventually adopt these. It was considered that there is still some scepticism in the government of Kenya about the HSNP approach and so perhaps a question mark here on the appropriateness of investing in pooled funding for a risk financing mechanism through HSNP.

Challenge in Ethiopia: several respondents considered that the joint EU-ECHO resilience programme, which is being supported with large amounts of funding from EU development budgets, was effectively removing money from the PSNP which is already short of funds and which is a tried and tested system for improving crisis response and fostering resilience to shock. The PSNP was borne out of a realization of the need to move away from projects and fragmented aid and this was seen as at risk of creating more fragmentation. Some questioned the rationale for doing so and whether such an approach was aiming to continue ECHO’s legitimacy in the country. Whilst the intensive cluster approach was considered to be interesting there were questions as to why this had been established through NGOs when a system through government would be more appropriate for longer term sustainability and

scaling up if the approach is proven. The objective of graduation – not opposed to the principle of graduation per se but no targets etc. and needs to be realistic

Challenge in Niger: ECHO's INGO implementing partners were considered to be filling a gap but that they don't necessarily have the right expertise for design or implementation of safety nets, at least of the sort that can be taken on as a nationally owned system. ECHO also lacks this expertise. The government's own structures for responding to food crises have not been designed with the long-term strategic vision of becoming a fully-fledged hunger safety net. Given the high percentage of the Nigerien population that are vulnerable to food shocks, the sustainability of such a system without long-term donor support is questionable. Capacity constraints within the government structures have also presented significant obstacles. ECHO's role in this context has been limited to the demonstration of success on a smaller scale through its INGO partners, in tandem with advocacy for the use of appropriate technical standards by other donors who have the potential to foster a response on a larger scale.

Recommendations to ECHO from key informants to move forward with supporting national social transfer systems:

- Develop a clear policy position on what they can and cannot invest in regarding safety nets and define ECHO's role in crisis response and resilience building in the context of safety nets. ECHO should decide whether to put support through such systems and/or to complement these through direct support including building the necessary coordination with the national system. Where a national system is proven, ECHO should think carefully about starting up a parallel system. It is not clear right now what ECHO's added value would be in funding established safety nets, in terms of accountability, efficiency, or targeting. In contexts such as Niger, where the safety net is at the beginning, ECHO funds have more added value.
- Where they don't exist ECHO should be pushing for their development – but need to consider how to do this. ECHO have a role in supporting this sort of thing but not necessarily only through funding. The extent ECHO should pursue a role in establishing an underlying system is likely to depend on the context – on the extent of expertise within the country programme and the enabling environment such as the interest of development donors and national government. This was seen by ECHO as a key difference between the Sahelian and Somali contexts.
- Develop technical expertise so that in contexts where a national safety net exists, strategies for response are based on an understanding of this system and of how ECHO's programmes will complement and/or affect this system.
- ECHO's real added value is strategic influencing of DEVCO to support development and financing of these systems, especially where humanitarian funds are being used to deal with what is a chronic issue, and develop more joined up thinking between ECHO and DEVCO on this issue.
- Carefully consider the need for policy/legislative changes governing the present restrictions to what ECHO is able to finance (both duration of funding and alternative funding arrangements such as through government systems). In 2014 ECHO participated in a pooled fund for the first time in CAR, which was possible

in partnership with DEVCO member states. Evidence from studies of the VfM of the PSNP should be used by ECHO to make arguments that it's time to change their rules to enable implementation of a more effective response. It would also be more efficient to fund governments directly rather than going through an implementing partner intermediary which can add 7% to overheads²⁰⁹. If ECHO do move to put funds through pooled mechanisms and/or governments, it will be important that this doesn't detract from their capacity to respond quickly with their own funds where necessary.

- Another added value of ECHO is to add a humanitarian perspective to the debate on shock responsive social protection and to make those involved mindful of the limits of what should go through a national system. Some contexts might not be appropriate to do humanitarian response through a national system even if such a programme does exist. ECHO could fund research and studies on the feasibility and appropriateness of doing this. Don't layer too much on to emergent social safety net systems – so don't push development of shock responsive mechanisms in contexts where covariate shocks are not the main challenge. Need to move slowly and learn, and expect challenges.
- Much of the above needs to be undertaken in the downtime between emergencies – such activities should not be considered for the first time once an emergency has hit and response is critical.

Survey

Participants were asked their opinion on whether ECHO should pursue the channelling of humanitarian aid through established national Social Transfer systems. Respondents selected an answer from a scale of four responses as to how they agreed with the statements listed in Figure 5.6 below, or if they could not say ('Don't Know').

²⁰⁹ Key informant, ECHO Brussels

Table 53 shows the results for those respondents from partners who answered these questions (i.e. – did not reply ‘don’t know’). This shows that a large proportion of respondents agreed or strongly agreed that ECHO should increase the use of national safety net systems. However respondents also considered that to do so would require changes to the humanitarian architecture and changes to ECHO policies. A smaller proportion were concerned that this might compromise humanitarian principles.

Table 53 partners' opinion on whether ECHO should pursue the channelling of humanitarian aid through established national Social Transfer systems

Answer		Strongly Disagree	Disagree	Agree	Strongly Agree	Don't Know	Total
Providing assistance via government safety nets may compromise humanitarian principles	Count	2	18	29	6	8	63
	%	3%	29%	46%	10%	13%	100%
The use of government safety nets in emergencies should be increased by ECHO	Count	4	4	37	33	5	83
	%	5%	5%	45%	40%	6%	100%
Providing more humanitarian aid via safety nets would require changes to the humanitarian architecture	Count	1	3	26	25	5	60
	%	2%	5%	43%	42%	8%	100%
Providing more humanitarian aid via safety nets would require changes to ECHO policies	Count	1	3	24	27	9	64
	%	2%	5%	38%	42%	14%	100%

Participants were asked their opinion on which functions ECHO partners should be responsible for, in the event that ECHO were to channel humanitarian aid through established national Social Transfer systems. Respondents selected an answer from a scale of four responses as to how they agreed with the activities listed below, or if they could not say ('Don't Know').

For those respondents from ECHO who answered these questions (i.e. – did not reply 'don't know'), the five most important activities identified (in that over 80% of respondents agreed or strongly agreed) were the soft skills supporting effective and accountable system operations – including managing grievance procedures, monitoring and evaluation, audit, lesson learning and training of government counterparts. Other significant activities (over 60% of respondents agreed or strongly agreed) included support for system design and implementation - including targeting, delivery of transfers and IT system support - and complementary activities such as nutritional support.

Table 54 shows the results for those respondents from partner agencies. This highlights the importance placed upon support to targeting. Behind this, other activities of equal importance identified (in that between 40-50% of respondents agreed or strongly agreed) are similar to those highlighted by ECHO and include monitoring and evaluation, audit, lesson learning and training of government counterparts and complementary activities such as nutritional support.

Table 54: partners' opinion on which functions ECHO partners should be responsible for, in the channelling of humanitarian aid through established national Social Transfer systems

Answer		Strongly Disagree	Disagree	Agree	Strongly Agree	Don't Know
Targeting	Count	1	3	26	33	5
	%	1%	4%	38%	49%	7%
Beneficiary registration	Count	3	11	24	25	5
	%	4%	16%	35%	37%	7%
Sensitisation of beneficiaries and communities	Count	2	7	27	27	5
	%	3%	10%	40%	40%	7%
IT system support	Count	2	17	26	14	9
	%	3%	25%	38%	21%	13%
Delivery of Transfers	Count	3	17	23	17	8
	%	4%	25%	34%	25%	12%
Managing grievance procedures	Count	3	18	17	22	8
	%	4%	26%	25%	32%	12%
M&E	Count	2	0	22	38	6
	%	3%	0%	32%	56%	9%
Audit and accountability	Count	2	7	26	27	6
	%	3%	10%	38%	40%	9%
Lesson learning	Count	1	3	36	23	5
	%	1%	4%	53%	34%	7%
Capacity building/ training of Government staff	Count	2	4	25	32	5
	%	3%	6%	37%	47%	7%
Complementary activities for households (e.g. nutritional support; training)	Count	1	2	25	34	6
	%	1%	3%	37%	50%	9%
Transfers to those who are excluded from the national system	Count	1	3	19	39	6
	%	1%	4%	28%	57%	9%

Field Visit

Jordan: Stakeholders general view that although provision through safety nets would be preferred it is unrealistic to expect/anticipate much enthusiasm from governments in middle east regional context where the majority of the current case load is such a high proportion of those in need being the refugee case load (over a third of population in most country cases). Governments are already shouldering a substantial burden of support and subsidies to refugees. On top of which the existing NAF system is relatively new and has substantial challenges. Consensus on best approach seems to be to work to improve and strengthen existing safety net systems and then as/if government acceptance increases to refugees being included, to work to support that.

Niger: Stakeholders were generally not in favour of ECHO using the national safety net to channel humanitarian aid in Niger. Concerns remained about the targeting, purpose and

small size of the government transfers within this system. However, most stakeholders were appreciative of the advocacy work that ECHO has done to improve the targeting of the World Bank funded safety net and to shape the strategic direction of the government-run structure for responding to food insecurity (the “dispositif nationale”).

Somalia: The Somalia crisis is complex and protracted. Assistance is needed for both the chronically poor and those affected by cyclical emergencies (upsurges in fighting and natural disasters): 96% of Somali population are below the poverty line and GAM rates typically hover in the 15-17% range. Given this context social transfers/ safety nets have attracted considerable attention as part of the overall response. The theory is that a safety net could have contributed to a quicker response to the 2011 crisis, rather than the delay that led to so many deaths. A safety nets approach could reduce vulnerability over time to future shocks.

The EUD fund a big resilience programme (55m EUR) in Somalia that includes an objective to move towards social protection policy and strategy and are trying to develop a strategy on this, in cooperation with the Somali government. Still early days on this, so no clear idea of what the end structure may look like. Multi Year, multi donor fund, predictability, there are all key elements for EUD in driving the move towards social protection. There are question marks about who should be the delivery agency.

Selected NGOs are working to develop a social safety net in Puntland. Weak government institutions are a major challenge. Gathering evidence for possible rolling out a longer term safety net model in the future.

A WFP pilot project is aimed at setting up the structure of a potential social protection system. SCOPE allows them to programme funds into different e-wallets, funded through different partners. Critically trying to establish a centralized beneficiary distribution list. - short circuit a lot of the coordination challenges. But agreements on sharing the information with other actors has been reached yet. Because WFP has this registration and monitoring capacity, the can ask their partners to focus on other things: with a programmatic partnership rather than chasing the reports and papers. This could link into a future safety net style project, with SCOPE becoming the social protection delivery platform. Challenges include what is the role for government engagement?

WFP's System of Cash Operations (SCOPE)

SCOPE (System for Cash Operations) is WFP's digital platform for cash and vouchers, leveraging cutting-edge technology to deliver humanitarian assistance at scale. The SCOPE Solutions Suite consists of:

- **SCOPEID:** Electronic beneficiary registration – works ‘offline’ and can optionally also capture beneficiaries’ pictures and fingerprints. SCOPE can import beneficiary data from other databases, e.g. national safety nets or WFP's cooperating partners.
- **SCOPEBenefit:** A web-based beneficiary and transfer management solution that allows users to plan, execute and track cash and/or voucher distributions to registered beneficiaries.
- **SCOPELink:** Electronic cash/voucher delivery mechanisms that interface with SCOPEBenefit to verify beneficiaries’ ID, access beneficiary balances and carry out transactions using those balances.

SCOpe is built to use both WFP-designed delivery mechanisms as well as ‘plug-in’ to locally available solutions.

Source:<http://documents.wfp.org/stellent/groups/public/documents/communications/wfp264995.pdf>

Regional East Africa: ECHO are looking at contexts where the government is not involved in delivery or even on policy development. This is the area where the policy work needs most support, e.g. Sudan: Bashir government not willing to support Darfur. There is a big safety net there, but run through WFP (300m USD for the last 12 years). This is a large multi-year programme with predictable funding streams. In contexts like this, ECHO can’t work alone. Necessary to link to DEVCO or other donors that have flexibility to run multi-year mandates.

5.3.2 Lessons learnt from linking emergency transfers to established social transfer systems

Literature Review

This section consolidates additional lessons to those mentioned in Section 5.2.2 from the available literature for the three shock responsive mechanisms in Philippines, Ethiopia and Kenya.

Lessons from WFP’s piloting of putting their humanitarian response funding through the national social safety net (4P) programme are captured in the cash coordination review of the response to Typhoon Haiyan²¹⁰. WFP considered that supporting humanitarian response through this mechanism was a success and was a more rapid way of reaching large numbers of those affected by the disaster:

“The first cash we got out was through our NGO partners. But to reach the scale that we reached with CTP through the 4P partnership - there was no other way of doing this rapidly. The targeting, verification, ID, delivery instrument and multi-pathway delivery channels with pre-existing contracts all helped. WFP reached 500,000 people within two months compared to 85,000 through NGOs”.

The report highlights a number of factors that enabled the smooth implementation of the pilot as well as some challenges faced, these are detailed in

²¹⁰ Smith (2015)

Table 55.

Table 55: Enabling factors and challenges affecting the delivery of emergency transfers through the Philippines's national safety net programme

Enabling factors	Challenges faced
<ul style="list-style-type: none"> ▪ UN agencies had longstanding relationship with DSWD and previous due diligence to draw upon. ▪ Using the lists of existing beneficiaries meant that a significant portion of disaster-affected households could be identified and verified quickly. ▪ Using an existing distribution system that reached rural areas prevented the need to set up a parallel delivery system in the affected areas which would have been time consuming and costly. ▪ Beneficiaries were familiar with the system and no training was needed. ▪ The 4P's platform of parent's associations proved a useful conduit through which to locate and inform beneficiaries. 	<ul style="list-style-type: none"> ▪ Challenges of coordination with other actors also delivering cash in the affected areas. ▪ Some difficulties for the FSPs with managing the additional monthly payment (liquidity; branch capacity). ▪ WFP requested hard copy receipts for reconciliation. ▪ The 4P programme was not designed to serve both developmental and humanitarian objectives. This meant the approach was limited to support for 4P households only which are not the only chronically vulnerable families and excluded the new 'transient poor' created by the disaster.

Source: Smith (2015)

The coordination of emergency aid from the humanitarian community, in the form of cash transfers, through the national social protection programme was the first time such a mechanism has been adopted in a rapid onset emergency. The mechanism was coordinated through UN agencies that had established partnerships with the government, which facilitated decision making. Using the 4P programme's existing systems for targeting meant those for inclusion in assistance could be identified rapidly. Meeting the needs of those who were 4P beneficiaries through this mechanism also supported coordination of WFP's cash interventions through implementing partners – who focused on the non-4P beneficiaries. The relationship was essentially bi-lateral and therefore transfer values provided were not informed by joint analysis of needs across sectors. DSWD has already reached out to WFP to request similar support during the response to Typhoon Ruby, where WFP supported 6810 households through the same mechanism.

A case study of DFID's approach in the 2011 to topping up beneficiary payments through the HSNP²¹¹ concludes that the challenges of scaling up this programme to provide an emergency response were far greater than on the PSNP. This included challenges of scaling up in far more remote areas and among pastoralist beneficiaries; the earlier stage of programme implementation; lower level of coverage of the programme (since it is one of several programmes in Kenya) and the lower level of government involvement. The main challenge was that this and the other social protection programmes in Kenya have not been designed with a shock response component in mind. Therefore there was no clarity on which targeting system would be applied to identify new emergency beneficiaries, whilst plans to establish a National Drought and Disaster Contingency Fund were not yet operational and

²¹¹ Slater, R. & Bhuvanendra, D. (2014)

plans for an Early Warning System were not fully developed so the trigger mechanism were not in place.

Lessons from how the PSNP responded to the drought crisis in 2011²¹² was prepared by the then-lead of the PSNP Donor Group. It presents a comparison of the timeliness of the PSNP RFM compared to the humanitarian appeal to support the crisis in 2011. The humanitarian appeal was launched in March 2011, five months after the semi-annual seasonal assessment was completed. This resulted in some resources however it took until December 2011 (nine months after the appeal was launched and 13 months after the original assessment) to leverage all funding. By comparison in August 2011 the RFM completed a rapid verification of needs in highland areas within a month of the request (June-July 2011) and financing was disbursed within two weeks. From request to disbursement took six weeks. This shows that, when the preconditions are met, the RFM is a far more efficient and therefore effective system since it can provide a preventive response to transitory needs and help affected people to avoid negative coping strategies.

That said, the RFM didn't function as well as it could have done. The decision of the government to trigger the RFM was made only after Regional governments requested the release of RFM resources, based on their regional early warning information. According to the RFM Guidelines, such early warning should be provided by the Livelihood Early Assessment Protection (LEAP) system of the PSNP and the federal government's Early Warning System (the Livelihood Impact Assessment Sheets (LIAS)). At the time the LEAP system was still under development and there was a lack of clarity regarding the harmonisation of the LIAS in the RFM. So, while there was a warning far earlier in the year that people in PSNP areas would require additional support, this was not provided by the 'official' early warning process in the RFM Guidelines and so was not acted upon.

Telephone Interviews

Interview question of 'Are there any countries where emergency cash transfers have been linked to an established national social transfer programme and what are the lessons learned?'

Twelve respondents who had been involved in programmes piloting or were about to pilot this approach in Philippines, Lesotho, Ethiopia and Kenya shared their experiences of successes and challenges.

Interview with WFP in the Philippines confirmed that WFP consider this approach was a more cost efficient and cost effective means of reaching existing programme beneficiaries affected by the disaster than the alternative of delivering transfers through a parallel system.

- Whilst no comparative data exists, it is logically cheaper to deliver transfers as top-ups to an existing payment system. The programme was also very efficient in terms of a timely response.
- WFP explained that unless they had had an existing programme intervening in the area, with lists available, and a partnership with a financial service provider already in

²¹² Hobson and Campbell (2012)

place, they could not have done anything like as quickly. This timeliness twinned with the low cost of implementation can be considered to make this approach more cost effective means of reaching existing beneficiaries. However they explained that targeting support only through such a system is not enough and emphasised the need to combine this assistance with other humanitarian support to fill the gaps and reach those who are not 4P beneficiaries.

- Interviews with UNICEF Lesotho captured the lessons and experiences from UNICEF's pilot of linking humanitarian response funding to the Child Grant programme. The vertical expansion of the programme to top up the value of assistance provided to existing beneficiaries was considered extremely efficient. These processes and systems were already in place and providing cash to households, through a bank partner and a security firm in rural areas. UNICEF had to cover the marginal increase in the programme's operating costs - topping up the insurance of the delivery partner to deliver the increased value of assistance.
- The horizontal expansion of the programme to include new households also happened relatively easily and quickly as the Child Grant programme was already in a planned process of expansion. Targeting on the child grant comprise: i) general data collection of socio economic characteristics of all households, captured in the national info system for social assistance (NISSA); followed by ii) PMT for selection of those thought to be in the bottom 2 quintiles; and iii) community identification; and triangulation of these lists. Such a process can take time – however the programme's expansion was already planned and so the expansion in the emergency could make use of existing systems – the targeting process and national registry. They just needed to prioritise the geographic areas affected. For future emergencies, this targeting procedure wouldn't have to be repeated as the NISSA is now completed.
- UNICEF reported that in comparison with WFP's traditional approach of providing transfers, UNICEF's mechanism reached many more people and much more quickly. UNICEF considered that given the speed in which the linkage to the programme enabled them to respond, combined with the low costs of implementation, this approach could be considered very cost effective at meeting humanitarian needs in a food crisis. However it was noted that this alignment was only relevant for emergencies where impact of the crisis (in terms of who will be affected) can be predicted on the basis of poverty. However even in a natural disaster, where poverty targeting isn't so relevant, this NISSA by the end of 2016 will provide a complete HH list which will be useful for more rapid response. The database will allow you to see who is receiving what to ensure strategic positioning of resources are avoid duplication and be accessible to all government and NGO agencies.
- If such systems are to be effective, agencies must understand the nature of poverty and also be aware of the limitations of whatever targeting methodology is used on the national social protection programme. There will be errors of exclusion on any national programme but this can be problematic on those targeting on the basis of poverty in contexts where a large percentage of the population shares similar wealth characteristics. 80% of the population lives on \$2/day or less and UNICEF noted that those families in quintile 3 and 4 in Lesotho are excluded from the Child Grant but are also very vulnerable to food insecurity. In fact, a recent review of the targeting mechanism on the Child Grant has led to realisation that the PMT is not the best way to identify the most vulnerable and to a redesign of the approach to targeting in

Lesotho based more on CBT. Another lesson has been the need for inclusion of the disaster management authority and WFP and FAO, to make the NISSA more disaster-appropriate.

Interviews with key informants in Ethiopia²¹³ provided similar lessons to those captured in section 3.2.2 on the experiences of using the PSNP to meet humanitarian needs. These are shown below.

Table 56: Lessons on the benefits and challenges of using the RFM in 2011

Benefits	Challenges
<ul style="list-style-type: none"> ▪ Proven concept that having a long term, predictable safety net of broad coverage is a more effective means of dealing with covariate shocks than traditional humanitarian response. ▪ Proven concept that such programmes can respond more efficiently and effectively to shocks when they occur, when they are designed to do so. 	<ul style="list-style-type: none"> ▪ Administrative and political factors contributed to delays in triggering the RFM, which undermined its potential effectiveness. Needed to be triggered by the government not by the programme. ▪ Overlaps with the Humanitarian Requirement Document (HRD) which still included a significant chronic caseload (2/3 of households were on the HRD for the last 3 years). ▪ Led to some difficult relationships between developmental (PSNP) agencies/donors and those who are primarily humanitarian, who were sceptical about the RFM but seen as being due to a conflict of interest. ▪ Still low coverage of the PSNP according to the level of chronic vulnerability in the country.

It was reported that as a result of these lessons the design of the PSNP and the RFM are changing in the next phase of the PSNP (2015-2020). The programme will expand coverage to a total caseload of 10 m people in 411 woredas. In 2015 this is made up of 7.8m chronic cases (who receive the regular assistance) and 2.2m transitory cases. From 2015 the PSNP and HRD will use the same assessments and a unified registry based on comprehensive wealth ranking to determine the seasonal caseload. Gradually over the years, those cases on the HRD that are identified as chronically vulnerable will move over to the PSNP, which will mean the proportion of the PSNP caseload that are chronically vulnerable will increase and the transitory caseload will eventually drop to 1.7million. The RFM funds will be pooled with the HRD and this will be used to support additional, transitory and acute caseloads during crisis years. The value of assistance provided will therefore also be aligned across the emergency response.

This next phase also plans to make targeting on the programme more objective by combining the existing CBT approach with a PMT. This is an additional expense but was justified on the basis of reducing inclusion errors. Respondents considered that this was a bit of a worry, particularly given the diversity of livelihoods and wondered whether all risks - the effectiveness of the PMT mechanism and of community tensions- had been adequately considered.

²¹³ ECHO Country Office; DFID Social Protection Adviser; World Bank ex-Donor Group Coordinator

Key informants²¹⁴ discussed the planned shock response component of Kenya HSNP II and experiences to date. As of April 2015, 75,000 of the targeted 100,000 beneficiary cohort for Phase II of the HSNP are receiving cash and 75% of all bank accounts for the ‘transitory’ cases are opened. Trigger indicators for launching a shock response mechanism are being developed based on remote sensing data (vegetation cover index). This was considered as the one source of data that is objectively verifiable, is available immediately, and is historically available for every month for the last 14 years, per sub-county, from which it is possible to model the costing of various scale up scenarios.

An options paper²¹⁵ which costs five different Options for HSNP Scalability will form the basis for consultation with stakeholders at national and county levels to reach consensus on the final approach to be adopted as Guidelines. Some options are triggered later when there is more certainty of crisis whereas other (more costly) options are triggered earlier with more potential for a preventative function. It is estimated that the annual average cost for the middle ground response the HSNP is expected to deliver will cost around \$6m and that working through the existing system of HSNP will mean cost and time savings compared to traditional response²¹⁶ which in turn will prevent further deterioration. In response to the failure of the rains HSNP is embarking on a pilot that will transfer emergency payments to approximately 90,000 new (transitory) households from April 2015. This has selected one of the scale-up options from the options paper and aims to generate a working model to learn from. The Government of Kenya is keen for the mechanism to expand to reach more people rather than further top up existing beneficiaries.

However for this mechanism to function requires a long term predictable source of funds as is provided in Ethiopia. Discussion on this is still in the early stages but the ambition is for such a pool to be established with contributions from donors and government, perhaps through an independent trust fund managed in common. Preliminary discussions on this are just underway and the concept has been presented to DFID, OFDA, WFP and ECHO. It is expected that humanitarian donors may have certain restrictions on what they are willing or able to fund through such a mechanism. Part of the shock response function could also be risk financed through an insurance type mechanism such as the Africa Risk Capacity funded by DFID and World Bank, in extreme years.

The potential of this mechanism was acknowledged by all respondents. There were also the following points raised:

- **Setting of the transfer value:** WFP queried the transfer value planned for under the HSNP expansion, which based on the cost of the food basket in the ASALS is not enough to meet the MEB. The food security steering committee has set the emergency value of assistance as 75% of the food basket, the value transferred is 50% of this.

²¹⁴ DFID social protection adviser, HSNP operations director, ECHO country office, WFP head of innovations

²¹⁵ NDMA (2015)

²¹⁶ It is anticipated that remote sense data twinned with clear operational rules concerning triggers and release of funds will mean decisions could be made in five days, and payrolls implemented within 10 days. The long rains assessments process at the moment takes approximately 3 months.

- **Potential to reduce duplication and align humanitarian and development programmes:** WFP, the government and other implementing agencies base targeting during humanitarian responses on the national rains assessments, where the numbers of vulnerable households are determined geographically before verification at local level. During this imminent response phase in April and May 2015, WFP plan to capture household data electronically and include them in the single registry that is being developed. Whilst there will be no time to do this before this emergency, such measures should mean that going forward it will be possible to identify those vulnerable households to be covered by the HSNP and ‘fill the gaps’ with emergency assistance. One challenge of this coordination will be whether communities know they are going to be included in the HSNP scaled up support. Lessons from this ‘pilot’ can inform future implementation.
- In the malnutrition crisis of 2013 ECHO and implementing partner NGOs had considered something similar – the registration process of HSNP II was still ongoing and beneficiaries were not yet receiving payments. Therefore in areas that were very affected, an ECHO-funded Oxfam-led resilience consortium provided these registered beneficiaries with the equivalent support that they would have got under the HSNP, making use of the consortium contingency funding (see box) for crisis response. There were some delays experienced in such areas as receiving the beneficiary list from DFID so was not considered to have been much quicker in the end than those who did their own targeting. The DFID website now sets out rules governing data sharing under HSNP.
- **Targeting accuracy:** there have been some questions raised as to the clarity, and accuracy, of the HSNP targeting methodology, which is based on the proxy means test and did encounter some challenges during Phase II registration, which was difficult for communities to understand in a context where the majority of the population live below the poverty line and opened up questions of ethnic bias in a context where this topic is highly political. It is also not yet clear how often retargeting will need to be undertaken to keep the list accurate. ECHO questioned whether supporting a programme that targets based in poverty was the best use of their humanitarian funding.

There is much interest to see the learning – and evidence of the costs and benefits – that comes out of HSNP and to discuss further the potential of such an institutionalized mechanism.

5.3.3 Examples of DG ECHO cash transfers being transformed into institutionalized social transfer mechanisms

Field Mission

Niger: ECHO is not funding cash transfers through the pre-existing World Bank safety net in Niger, nor through the government-run *dispositif nationale*. They have instead supported an alliance of NGOs to target food security and nutrition responses through cash and voucher-based programming. This has allowed ECHO to build a common approach to household targeting (household economy approach) among the consortium members, and

to encourage consistent levels of cost-efficiency between partners by fixing the budget level per number of beneficiaries targeted. On this basis, ECHO and its alliance partners have advocated for technical improvements within both the government dispositif and the World Bank safety net, including improvements to the targeting methodology. In addition, ECHO has supported technical capacity within the government-led 3N initiative (Nigeriens feed Nigeriens) which in turn has sought to develop the dispositif long-term strategy to enable development of a safety net programme that can tackle chronic vulnerability.

ECHO funded cash transfers through an alliance of INGO partners in Niger during the evaluation period. The alliance funding does display some of the characteristics that might be thought of as potentially transferable to an institutional social transfer mechanism, e.g. harmonised funding level, targeting, transfer modality, mechanism, periodicity, and monitoring and evaluation approaches. But all stakeholders interviewed agreed that this transferring funding directly to an institutional social transfer mechanism is a long way off. Key obstacles included:

- the complexity of the institutional landscape around social safety nets in Niger (including the presence of multiple potentially overlapping structures (the dispositif nationale, the 3N initiative, the World Bank safety net)
- the limited scale and capacity levels of the government-run structure to respond effectively to chronic malnutrition or to provide a timely response to sudden food crises
- the lack of strategic vision regarding the potential for the government structures to take on the role of a comprehensive safety net targeting food insecurity and chronic malnutrition.

Somalia: ECHO have expressed some interest and funded UNICEF in a study to undertake a vulnerability analysis and propose a safety net system for Somalia in 2014. The study emphasised the need for a permanent system of social assistance for the vulnerable as the best protection against shocks, with flexibility to scale up in crisis years. ECHO seem open to supporting the crisis response component only.

Several agencies are actively investigating the possibilities of making these linkages, including considerable interest from the EU DEL. For example, a local NGO, ADESO, is working with the EU DEL to establish a social protection system in south central Somalia. First multi-year contract being signed with DEVCO now. Covers poverty reduction, and a scale-up system with DEVCO.

However, there is a disconnect between EUD and ECHO programming. In general ECHO have installed a firewall between the humanitarian and stabilization programmes for fear of compromising their humanitarian principles. Timeframes and project length also present challenges in making these linkages.

5.4 To what extent has DG ECHO provided the necessary strategic guidance and technical tools/support to partners to take into account social transfer programmes in their projects?

Summary EQ 5.3 Has ECHO provided the necessary strategic guidance to take account of social transfers?

ECHO guidance for partners on linkages to social transfer systems is limited and indirect. The Thematic Policy on the use of Cash and Vouchers (DG-ECHO 2013a) does not define safety net or provide a rationale for partners to take these into account. The technical annexes of the HIPs address the topic inconsistently and in an ad hoc manner. An internal scoping paper on feasibility of linking crisis response to safety nets is not yet circulated to partners.

The clearest statement is in the Food Assistance Thematic policy which states that social safety nets are clearly best suited to development actors working with multi-annual budgets, and not to humanitarian actors with short planning horizons and limited ability to engage with governments.

The extent to which linkages with social transfer systems are discussed in ECHO strategy is largely dictated by context and personal interest. Partners recommend that ECHO building more clarity on their position through policy development and global guidance. Clarifications are requested to specify the overall aims and ways ECHO will consider linking to, or complementing, national systems. Several respondent noted that this was not a case of adapting existing policies and guidance but developing a new one specifically on this issue. At the national level more detail could be provided in the HIPs through an ad hoc chapter.

A need is also identified for complementary capacity building and analytical tools, both the ECHO experts and partners. ECHO field experts also requested access to specialist technical advice on social transfers.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Interview	ECHO Survey	Partner Survey	Field Visits
5.4.1	Perception of partners on the ECHO policy position on links to established transfer mechanisms			x		X	
5.4.2	Guidance provided by DG ECHO to links with existing social transfer mechanisms in funding decisions	X		x			
5.4.3	Stakeholder opinion on adequacy of guidance provided by ECHO on links to established social transfer mechanisms			x		X	x

5.4.1 Perception of partners on the ECHO policy position on links to established transfer mechanisms

Telephone interviews

Question to interviewees ‘Are you familiar with ECHO’s policy position on links to established national social transfer programmes or systems?’

After the initial interview with ECHO’s Technical Expert leading the internal discussion and activities around linking ECHO’s support to national safety nets it emerged that this position paper will only be developed later in 2015. What exists now is the initial literature review from which the proposition of the potential Tiers of ECHO support for national safety nets is based. Therefore this question was removed from the interviews.

5.4.2 Guidance provided by DG ECHO to links with existing social transfer mechanisms in funding decisions

Telephone Interviews

Question to interviewees ‘What are the types of guidance that were provided by ECHO to field offices and partners on links with existing social transfer mechanisms in funding decisions?’

Key informants within ECHO were asked this question. They responded that ECHO does not have any official guidance for partners on this issue at global level. They identified three sources of information that could be classed as some form of guidance and this informed the literature review below:

1. ECHO Cash and Voucher Guidelines
2. The technical annexes of the HIPs
3. The ECHO internal scoping paper on the feasibility of linking crisis response to safety nets in LICs and fragile states²¹⁷

Literature Review

This focused on the ECHO publications identified by key informants within ECHO above.

ECHO Cash and Voucher Guidelines: There are three references to safety nets in the guidelines for implementing partners and ECHO staff in compiling and appraising partner project requests for funding:

- Section 2.3.2 Assessment: this section explains that ‘the common starting point for any humanitarian intervention is an assessment of the actual humanitarian needs, taking into account also the possible existing *institutional social transfers*’.

²¹⁷ De La Rosa, J. (2015)

- Section 2.3.5 evaluation: amongst other things, partners are encouraged to use evaluations of DG ECHO funded projects to fill key knowledge gaps on linkages between humanitarian cash programming and *social safety nets*.
- Section 1.3 Checklist for cash and vouchers projects: this checklist is intended to be used in conjunction with the ECHO decision tree supporting the analysis of appropriate response modality and is intended to be used by both partners and DG ECHO to guide the response analysis and evaluate a project proposals' appropriateness respectively. Under Needs Assessment, one of the checks to complete is 'Have existing *institutional social transfers* and other humanitarian assistance been taken into account?'

The Guidance lacks common terminology, provides no definition for partners or ECHO staff on social protection, social safety net or social transfer, and provides no guidance as to HOW or WHY these programmes and systems should be taken into account.

ECHO internal scoping paper: This has yet to be shared widely within ECHO. It includes an extensive section early in the paper that sets out to define social safety nets and social transfers and to set out the relevance of these interventions for crisis response. It is intended that this paper plus further action research undertaken in 2015 will inform the development of a draft policy which will clarify for ECHO staff and partners going forward stakeholders what is ECHO's position on social transfers for supporting crisis preparedness and response and ECHO's role in building linkages between social transfer systems and humanitarian response.

Humanitarian Food Assistance Thematic Policy 1: References to Social Protection include:

- “Conversely, chronic food insecurity and its structural causes are best tackled through predictable social safety-nets, social transfers, social-protection or sustainable livelihood development programmes, which in turn are best implemented over a long-term horizon, with strong national and local ownership. Such interventions are clearly best suited to development actors working with multi-annual budgets, and not to humanitarian actors with short planning horizons and limited ability to engage with governments”. (p13)
- “At policy-level, the Commission will strive to ensure full coherence and complementarity between its humanitarian food assistance policy, other EU humanitarian policies and guidelines, and related development policy frameworks, particularly those focusing on food-security, nutrition, social transfers, social protection, and disaster-risk reduction.” (p 32)

HIPs: These were reviewed under section 5.1.3 above.

5.4.3 Stakeholder opinion on adequacy of guidance provided by ECHO on links to established social transfer mechanisms

Telephone interviews

Does DG ECHO provide adequate guidance to partners concerning linking with established national social transfer programmes or systems in their funding decisions?

14 respondents including ECHO staff and implementing partners considered this question and there was broad consensus across respondents.

For the most part implementing partners didn't know about any specific guidance from ECHO about linking to social transfers. ECHO staff in Niger, Somalia, Ethiopia and Kenya referenced the HIPs for the Horn of Africa and West Africa as setting out some operational recommendations for working with national programmes in social protection and safety nets. For example the HIP for Horn of Africa has one reference that analysis of ongoing safety nets should be taken into account in design of partner interventions. ECHO Ethiopia also referenced their RESET paper which will be out later in 2015 and outlines the concept of the ECHO-DEVCO resilience programme strategy for partners including complements to the PSNP.

The extent to which linkages with social transfer systems are discussed by partners with ECHO seems to be very much down to the context and the individuals in question. For example, an ECHO implementing partner in Kenya explained they had been discussing social protection and fostering complementarities between safety nets and humanitarian programming with ECHO for some time in this mission but considered that this was due to the context and the fact that this implementing partner has this as a strategic area for the organisation's mission in the country.

It was explained that here ECHO were consistently asking during proposal appraisals for how WFP's plan to coordinate with social protection programmes and systems. However they were unaware of any similar stipulation to other implementing partners. ECHO Kenya and Ethiopia explained partners funded under the resilience envelope are now expected to make the appropriate links between their proposed transfers and the national social assistance programmes (partially borne out by analysis of the partner proposals in 5.1.4). Meanwhile implementing partners in Philippines said they had received no guidance from ECHO on this. It was reported that reference to safety nets by partners in their programming documents was expected as part of the strategy of all partners in the Sahel. In Niger this is captured in programme log frames since 2013 and is reportedly emerging now in the other Sahel countries since 2014.

Partners and ECHO staff had some recommendations for improving guidance in this area going forward:

- **Internal capacity building:** ECHO staff commented on the need to build capacity internally in order to be able to provide guidance to partners. Some mentioned that the linkages with DEVCO and ASSIST were not being exploited; also that learning coming

from some country office experiences such as Niger was not being disseminated through the organisation. To move forward in this area ECHO staff recommended:

- Building more clarity within ECHO on their position in this area through policy development and global guidance.
 - Capacity building/training for advisers, country offices and desks on social protection/safety nets and the relevance to ECHO's mandate and strategic areas of intervention.
 - Internal technical implementation tools including a check list to support managers to assess proposals.
 - Funding of further technical assistance roles, with expertise in safety nets, and access the technical assistance provided to DEVCO under ASSIST (including selection of research topics of relevance to the humanitarian agenda and shock responsive social protection).
- **Guidance to partners:** ECHO staff and partners had the following suggestions:
- Provide more detail in the HIPs including an ad hoc chapter on SP-SN within all HIPs where this is relevant, which provides more detail on the social protection context in the country and ECHO's strategic objectives for supporting/complementing this.
 - Clearer guidance on their overall aims of the support they are providing and the different ways ECHO intend to link to and or complement national systems – which takes into account differences in context and without becoming directive on programme design.

Interestingly no one (whether partner or ECHO) mentioned the inclusion of reference to social transfers in the cash and voucher guidance. This may be because the guidance is no longer widely used by many of the respondents who were included here.

Surveys

Respondents were asked whether there was any need for clarification of ECHO policies and guidelines to support links to social transfer systems.

Of the 29 respondents from ECHO who answered this question, opinion was divided. Just over half (55%) thought that clarification of existing policies and guidance was needed to support links to social transfers, compared to 44% who thought this was not needed. This is shown in

Figure 34.

Of the 68 respondents from partner agencies who answered this question, opinion was also divided. 38% thought that clarification of existing policies and guidance was needed to support links to social transfers, compared to 68% who thought this was not needed. This is shown in Figure 35.

Figure 34: ECHO respondents who considered a need for changes in ECHO guidance to support links to social transfer systems

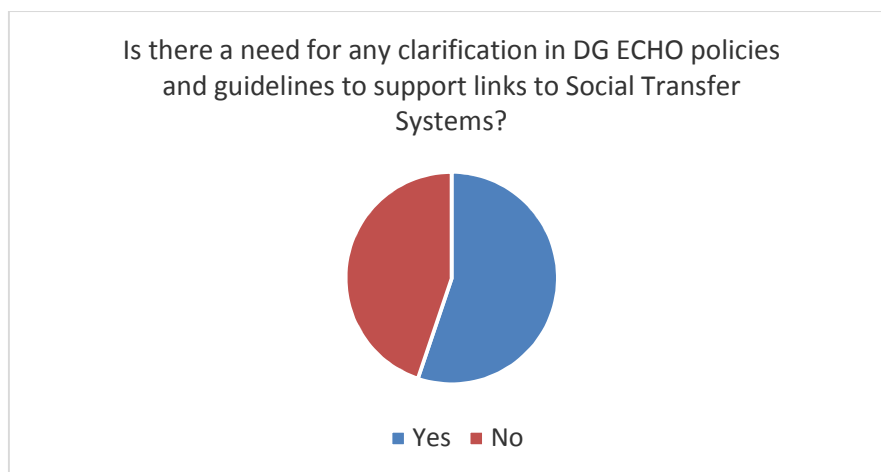
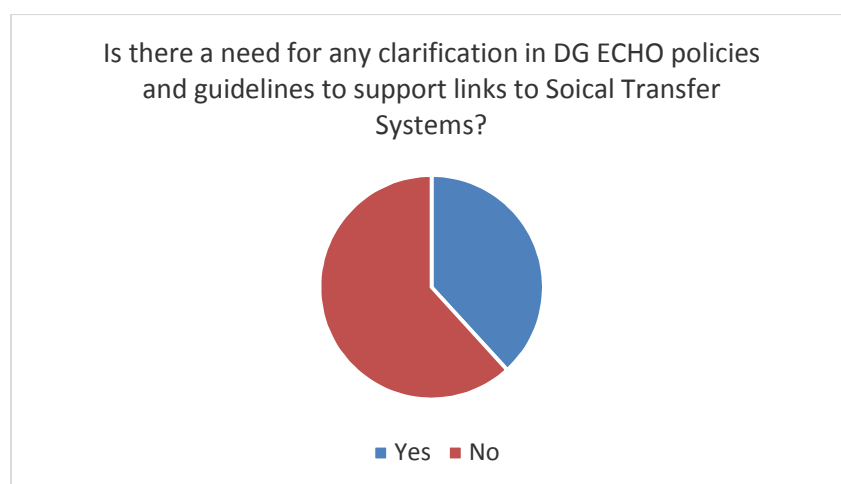


Figure 35: Partner respondents who considered a need for changes in ECHO guidance to support links to social transfer systems



Specific suggestions included that:

- Several respondent noted that this was not a case of adapting existing policies and guidance but starting from scratch as none exists.
- Clarify that this is not ECHO's job. ECHO should strongly advocate towards development actors so that they get involved in supporting national social transfer systems at a level that fully corresponds to their resources and mandate.
- To the best of my knowledge DG ECHO does not legally authorize transfer of money to the local state. A legal framework would have to be set to set up procedures and get MoU in advance (for instance with DEVCO involvement in safety that could be scaled up).
- Clarifying the role of partners in this scheme and the possibility of transferring funds and monitoring the transfers with national bodies
- There is a need for training of field ECHO staff on safety nets, not all experts are either food aid expert or economist.

- Intégrer la possibilité de fournir de l'aide humanitaire sous forme de transfert sociaux, via les structures étatiques existantes, notamment l'ONASA pour le cas du Tchad.
- Operationalize more on how would the role of the partner on the linkage between humanitarian aid and social transfer systems (examples).

Field Missions

Somalia (and regional inputs): There is evident traction within ECHO to develop guidance on social transfers and safety nets: e.g. ECHO Africa regional seminar in Brussels in June 2015 will cover safety nets and social protection. By the end of 2015 ECHO plan want a position paper and TIP (Technical Guidance for TAs) on social transfers.

This momentum driven by multiple agendas:

- Magnitude of humanitarian needs has reached a level that cannot be managed through the traditional transfer modalities, alongside a recognition that markets are generally functioning.
- Meeting on development finance in Addis Ababa in July 2015, in line with new SDG. Using social transfers in transition from humanitarian to development finance. Preparatory documents for this meeting include consideration of social safety systems for humanitarian response;
- The WHS includes a segment on the future of cash transfers, linked to the DFID High Level Cash Panel.
- The FCAS in Geneva in June 2015 will have side event on safety nets and social transfers (World Bank, DFID, ECHO, USAID and UN agencies (UNICEF, WFP) – discussion of humanitarian perspective to SDGs and fragile states.
- The preparation of a concept paper with DFID on safety nets in fragile contexts.

Annex VIII: Evidence Paper 6

Accountability and cross-cutting issues

INTRODUCTION.....	2
6.1 TO WHAT EXTENT ARE THE TRANSFER MODALITIES USED IN THE ECHO-FUNDED ACTIONS COHERENT WITH THE EXISTING POLICY DOCUMENTS?.....	3
6.2 TO WHAT EXTENT DOES THE CHOICE OF TRANSFER MODALITY INFLUENCE THE IMPACT OF ECHO-FUNDED INTERVENTIONS?.....	11
6.3 TO WHAT EXTENT DOES THE CHOICE OF TRANSFER MODALITY IMPACT ON PROTECTION ISSUES? ARE RECOMMENDATIONS IN THIS REGARD NECESSARY FOR THE ECHO POLICY DOCUMENTS AND GUIDELINES?	17
6.4 TO WHAT EXTENT DOES THE CHOICE OF TRANSFER MODALITY INFLUENCE THE INVOLVEMENT, PARTICIPATION AND CONSULTATION OF (I) VULNERABLE GROUPS (CHILDREN, ELDERLY, DISABLED PEOPLE, WOMEN) AND (II) COMMUNITY NETWORKS?	22
6.5 TO WHAT EXTENT HAS ECHO'S APPROACH BEEN SUCCESSFUL IN PROMOTING CASH TRANSFERS AS AN ALTERNATIVE MODALITY TO IN-KIND DISTRIBUTIONS IN THE HFA SECTOR? WHAT IS THE PERCEPTION OF PARTNERS AND OTHER DONORS IN THIS REGARD?.....	26
6.6 WHAT EXAMPLES ARE TO BE FOUND OF ECHO-FUNDED CASH-BASED INTERVENTIONS BEING SUCCESSFUL LINKING RELIEF TO DEVELOPMENT (LRRD)?.....	34
Figure 36: Percentage of results achieving target outcomes by modality	12
Figure 37: ECHO staff perceptions of the Effectiveness of ECHO Capacity Building and Advocacy for Cash Transfers	29
Figure 38: Partner perceptions of the Effectiveness of ECHO Capacity Building and Advocacy for Cash Transfers	29
Figure 39: ECHO Staff opinion on whether ECHO should adopt a 'Cash First' Approach	31
Figure 40: Partner opinions on whether ECHO should adopt a 'Cash First' Approach.....	32
Figure 41: ECHA staff views on the potential of different modalities on LRRD	38
Figure 42: Partner views on the potential of different modalities on LRRD.....	39
Table 57 Partners Use of ECHO C&V Guidelines in Preparation of Proposals.....	6
Table 58 Partners Rating of Usefulness of the ECHO Guidelines	6
Table 59 Views of ECHO Staff on whether the C&V Guidelines require updating	6
Table 60 Views of Partners on whether the C&V Guidelines require updating	6
Table 61 Do ECHO staff have sufficient training and understanding to utilize the C&V Guidelines fully.....	7
Table 62: Success limiting factors.....	12

Introduction

The paper presents findings on the six Evaluation Questions (EQs) relating to Task Area 6 of the evaluation. In contrast to the other Task Areas these EQs are essentially standalone questions and do not fall within a common (sub) theme:

EQ 6.1	To what extent are the transfer modalities used in the DG ECHO-funded actions coherent with the existing policy documents?
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EQ 6.2	To what extent does the choice of transfer modality influence the impact of ECHO-funded interventions?
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EQ 6.3	To what extent does the choice of transfer modality impact on protection issues? Are recommendations in this regard necessary for the DG ECHO policy documents and guidelines?
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EQ 6.1	To what extent does the choice of transfer modality influence the involvement, participation and consultation of (i) vulnerable groups (children, elderly, disabled people, women) and (ii) community networks?
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EQ 6.2	To what extent has DG ECHO's 'cash first' approach been successful in promoting cash transfers as an alternative modality to in-kind distributions in the HFA sector? What is the perception of partners and other donors in this regard?
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EQ 6.3	What examples are to be found of ECHO-funded cash-based interventions being successful linking relief to development (LRRD)?
---------------	--

For each of these evaluation questions the following sections summarize the respective findings, which are in turn are based on data derived through five main evaluation tools

- k) A document review; including ECHO documents and other literature
- l) A quantitative analysis of Single Forms and Fichops held in the HOPE database
- m) Telephone interviews conducted with a range of global stakeholders including ECHO staff, partners, donors and researchers
- n) An electronic survey of ECHO staff and partners
- o) Field missions in Jordan, Somalia and Niger; which included further interviews with stakeholders and some additional data collection

6.1 To what extent are the transfer modalities used in the ECHO-funded actions coherent with the existing policy documents?

Summary EQ 6.1: Coherence of use of transfer modalities with ECHO policy

The core ECHO policy guiding the use of transfer modalities is the Thematic Policy No 3 on Cash and Vouchers. ECHO sectoral policies have very limited reference to transfer modality choice, cross references to the Thematic Policy No 3 or other guidance related to the choice of transfer modality or delivery mechanism.

ECHO staff and technical experts in partner organizations are generally aware of the Thematic Policy No 3 – although may not always be familiar with the contents. The core policy tool of the decision tree is not used consistently to guide the selection of transfer modality. Systems and procedures to ensure adherence to ECHO policies are informal and inadequate. ECHO staff identified the need for further training on the cash and voucher thematic policy.

As discussed in Evidence Paper 4 (Annex V), partner decisions on transfer modality choice are largely guided by other factors including: their assessment of suitability to context, familiarity with modalities and knowledge of best practice (e.g. from CaLP); and interpretation of messages coming from the HIP and the interpretation of messaging from donors on organizational preferences.

Opinion was evenly divided on whether the thematic policy required updating. Issues highlighted for attention included: better distinguishing the use of cash and vouchers; shifting the emphasis to use cash as a default option; more details on the use of market analysis and electronic delivery mechanisms; links to national systems; and, details of cost efficiency analysis.

The evaluation methodology defined a number of indicators to help answer the evaluation question and further identified the respective data sources to be used in collecting data against these indicators. For reference these are shown in the table below, and for each of the evaluation questions that follow.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Interview	ECHO Survey	Partner Survey	Field Visits
6.1.1	Coherence of ECHO sectoral policy documents in guiding choice of transfer modality	X		x			x
6.1.2	Awareness of partners of ECHO sectoral policy positions on transfer choice			X		X	x
6.1.3	Procedures to ensure adherence to policy and guidance (e.g. programme proposal document formats encourage analysis against policy commitments)	X		x	x	x	x

6.1.1 Coherence of ECHO sectoral policy documents in guiding choice of transfer modality and 6.1.2 Awareness of partners of ECHO sectoral policy positions on transfer choice

Literature Review

The policy document containing the most specific reference to the choice of transfer modalities are the Cash and Voucher funding guidelines.

Other ECHO policy documents are coherent in promoting best practice principals which underlie the choice of transfer modality. These are best encapsulated in section four of Humanitarian Food Assistance (COM (2010) 216 Policy commitments) summarised below:

- Do no harm principle: i.e. dependency, market disruption, exposure of beneficiaries to undue risk, minimizing environmental impact and exacerbating conflict.
- Assessment of protection risks.
- Human dignity, beneficiary involvement/participation, and special needs of vulnerable groups considered.
- Recognizing different needs, capacities and roles of women, girls, boys and men and mainstream gender in programmes.
- Linking to emergency and development needs (LRRD).

A wide variety of policy documents make further commitments to an integrated, multi sector and long term coordinated approach, e.g. *“They will facilitate complementary, multi-sector and integrated programming to ensure that humanitarian food needs are addressed holistically and effectively”*²¹⁸ However these wide ranging and challenging commitments (partially perhaps due to the relative infancy of the debate on alternative modalities, in relation to the age of some of the policy documents) do not generally translate into much specific or detailed guidance in terms of TM choice.

The Humanitarian Food Assistance (COM (2010) 126) Policy commitments, Section 4 – Food assistance policy is one of the only sectoral policy documents that does refer to some key principles related to modality selection. These include:

- “The design of any response should compare alternative activities and tools on the basis of their cost-effectiveness for meeting the defined needs.” (European Commission (2010) Food assistance COM 2010 – 126), p.6.
- “Local purchase (i.e. purchase in the country of operation) or, secondarily, regional food purchases (i.e. procuring from neighbouring countries) are favoured, so as to maximise acceptability of food products, protect or support local markets, and reduce transportation costs and delivery timeframes”. (EC (2010) Food assistance COM 2010 – 126), p.6.
- “Humanitarian food needs are met in ways that do not create undue dependency on the relief system, nor disrupt the functioning of markets, nor expose beneficiaries to undue risk in receiving assistance, while minimising negative environmental impacts

²¹⁸ European Commission (COM (2010) 126)

and ensuring that conflicts over natural resources are not ignited or antagonised.”
(EC (2010) Food assistance COM 2010 – 126), p.6.

There does not appear to be a strong push to disseminate ECHO policies or to actively encourage their understanding by partners, and it is clear that individual policy documents (excepting, perhaps the C&V guidelines) make limited reference to the role that good response analysis and TM selection plays.

Telephone Interviews

Partners gained most of their guidance of ECHO policies from the HIP and ECHO TA staff policy interpretation.

Staff and partner perceived policies as relatively coherent between themselves, however that policies were very wide ranging and often partners were not necessarily familiar with or guided by them. Partners were more aware (though not all) of the C&V guidelines than any other policy document, however it should be remembered that the interviews were primarily held with cash specialists within stakeholders. The weight of policy documents and principles, however coherent, is challenging to any partner. Smaller, less experienced agencies demonstrated a lower capacity to understand, conform and comply with policies in general and in relation to TM choice in particular.

Most partners did not have a detailed knowledge of other ECHO policies, particularly LRRD and protection. Partners felt that this was less important as they assumed that the policies were likely to be coherent and in line with best practice. Partners indicated that they primarily followed their own agency procedures, guidelines and best practice gathered from CaLP and other opinion forming organisations.

Field Missions

ECHO and Partners were largely in agreement that policies were seen to be coherent but had limited reference or guidance related to TM choice (excepting the C&V guidelines). However, partners were clear that they had limited knowledge of the wide ranging policies. Probing suggested protection and LRRD were least accessed or understood policies, although there did seem to be a better knowledge of LRRD in Niger, however this did not emanate from the policy but the stronger country debate on LRRD matters. Overall the findings in the country interviews were in line with the surveys as indicated below.

Surveys

Partner were asked if they referred to the ECHO Cash and Voucher Guidelines in preparing their proposals. Two thirds of the respondents replied that they did so either frequently or sometimes, while 71 % found the Guidelines either very useful or useful.

Table 57 Partners Use of ECHO C&V Guidelines in Preparation of Proposals

Answer	Count	%
Rarely	6	9%
Sometimes	18	28%
Frequently	30	47%
Not applicable	10	16%
TOTAL	64	100%

Table 58 Partners Rating of Usefulness of the ECHO Guidelines

Answer	Count	%
Very useful	12	22%
Useful	32	59%
Slightly useful	6	11%
Not useful	1	2%
I don't know	3	6%
TOTAL	54	100%

Opinion was fairly evenly split amongst ECHO staff on whether the Guidelines required amendment whilst a majority of partners felt that they did not need revision at this time.

Table 59 Views of ECHO Staff on whether the C&V Guidelines require updating

Answer	Count	%
Yes	11	41%
No	13	48%
Don't know	3	11%
TOTAL	27	100%

Table 60 Views of Partners on whether the C&V Guidelines require updating

Answer	Count	%
Yes	7	25%
No	16	57%
Don't know	5	18%
TOTAL	28	100%

Suggestions of changes required included:

- The current wording of C&V misleads the reader and the humanitarian practitioner, because C&V are considered as the same tool. I suggest instead having a comprehensive guidelines on the appropriate use of transfer modality, including in kind, cash, vouchers as three separate choices.
- They are oriented strongly toward not using cash whereas this should be the default and the justification should be inverted.
- More details on market analysis tools and expectations.
- Update the guidelines to take into account new electronic delivery mechanisms and technologies (biometrics) and the challenges they pose in the implementation of cash and vouchers programmes.

- National legal frameworks and cost-efficiency should be underlined.
- More details/guidance on what ECHO sees as appropriate types of market support (to remove constraints to market access or support infrastructure) that enables more voucher and cash programming.
- Some individuals felt that the decision tree required more detail as well to be more practicably useful and should be “aligned with other existing decision trees through a consultation process (e.g facilitated by CaLP)”.
- A note on the type of minimum details that should be contained in proposals (cash value, etc.)
- Add more on good practices and concrete examples
- While C&V guidelines may no longer be up to date they have the merit of being accepted by all sectors and is the only single reference framework. Any proposed changes should be accepted by all sectors rather than be imposed by a single one.

ECHO staff were asked ‘Do ECHO staff have sufficient training and understanding to utilize the guidelines fully?’ 63% of ECHO staff feel they do not have ‘sufficient training and understanding to utilise the guidelines fully’ and further capacity building was requested in general with specific identification of; market analysis and market tools, new technologies and calculating/appraising cost efficiency.

Table 61 Do ECHO staff have sufficient training and understanding to utilize the C&V Guidelines fully

Answer	Count	%
Strongly Disagree	1	3%
Disagree	18	60%
Agree	9	30%
Strongly Agree	2	7%
Don't know / Not applicable	0	0%
TOTAL	30	100%

6.1.3 Procedures to ensure adherence to policy and guidance

Literature Review

The literature review indicated that the majority of ECHO staff frequently referred to the cash and voucher guidelines in their assessment of partner proposals. However, the formats do not in themselves make formal reference to the policy documents nor are procedures in place to ensure adherence.

Telephone Interviews

ECHO staff felt that there remain insufficient other procedures in place to ensure adherence to policy and guidelines, but that that in reality the staff involved were able to informally guide to ensure adherence (by accepting proposals or not, and through programme monitoring systems). Staff, partners and proposal documents indicate that there is no requirement, for example, to show evidence of a detailed and wide ranging response analysis.

It was widely felt that more research and analysis effort should be undertaken to establish better adherence practices and systems and procedures.

Partners were largely in line with the above finding, but were reluctant to see increased bureaucracy in procedures of this nature preferring the approach of increased capacity building around the use of common agreed and accepted and best practice tools (particularly around response and market analysis) that can then be used and supplied as evidence. Further research on the identification of commonly accepted²¹⁹ tools that can be used by donors to ensure adherence to 'best practice' rather than donor specific policies would be advantageous.

Interviews indicated that there are gaps that do need to be addressed in the depth of understanding of some ECHO staff²²⁰ and some partners related to ECHO policies in general and in particular on policies on transfer modality choice and responsibilities regarding protection, vulnerability, gender, children and LRRD.

Field Missions

ECHO staff indicated that the programmes funded were in their opinion 'coherent' with ECHO policies, and that programmes were not often rejected primarily due to failure to comply with policy guidelines. However there was some small indication that would warrant further investigation that on occasions there may be rejections of proposals with more of a LRRD aspect on the basis that "development is beyond the mandate of ECHO".

Interviews in the field indicated there some staff and partners felt that there was not always a 'level playing field' in terms of assuring adherence to standards and the monitoring and evaluation of cash, voucher and in kind programmes²²¹. One Jordan NGO partner felt that there were higher standards for cash programmes, and that this was something to be proud of and that it was now essential that in kind programmes be held to the same standards. In general there was agreement that improved, easy to use and commonly agreed formats and procedures for adherence to policies and best practice at the proposal stage should be continued through into the reporting and M&E procedures and that these should be as stringent for cash as for in kind.

Further questions identified for future research in this area include: Are evaluations of different TMs sufficiently robust²²² and on a level playing field; is market impact analysis, cost efficiency/effectiveness and multiplier analysis equally required of both IK and CTP? Are evaluations sufficiently robust in relation to evaluation of payment method options in particular and the differing protection consequences of these in particular?

²¹⁹ By donors, agencies and sectors.

²²⁰ A large proportion of ECHO staff appeared to equate protection with only GBV, for example.

²²¹ The market implications of in-kind programs was most frequently cited as an example.

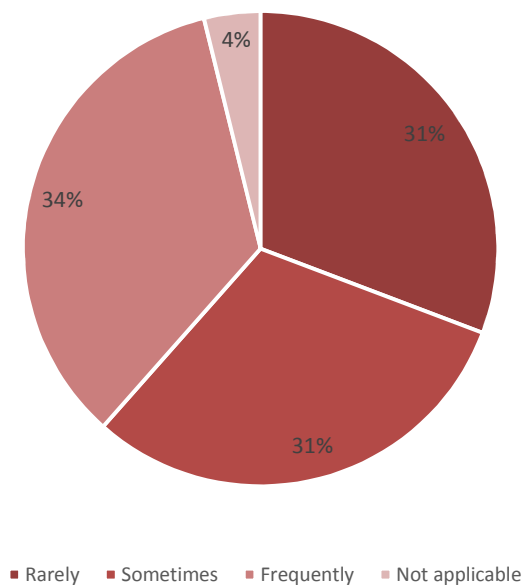
²²² Particularly in relation to delivery mechanism aspects.

Surveys

Over 80% of partners²²³ found the cash and voucher guidelines either useful (59%) or very useful in ‘guiding proposal development’.

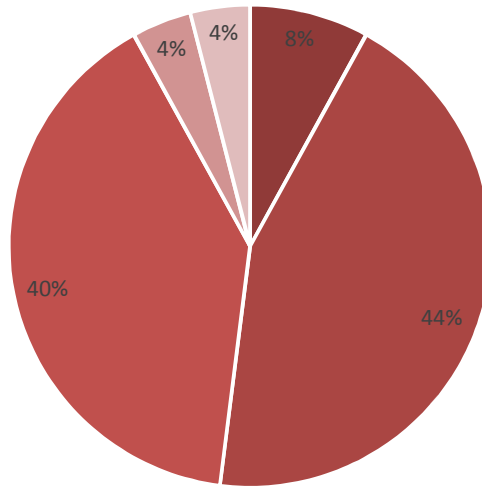
Significant proportions (52% useful or very useful) of ECHO staff find the C&V guidelines assist them in ‘guiding the appraisal of partner proposals and 35% refer to them frequently when appraising programmes, though 35% rarely do.

Do you refer to the ECHO Cash and Voucher Guidelines in appraising partner proposals?



²²³ It should be noted that all partners surveyed were those who had succeeded in gaining funding. It would be interesting for future research to analyse the extent to which agencies that are not successful in gaining funding are familiar with the guidelines and wider policy document.

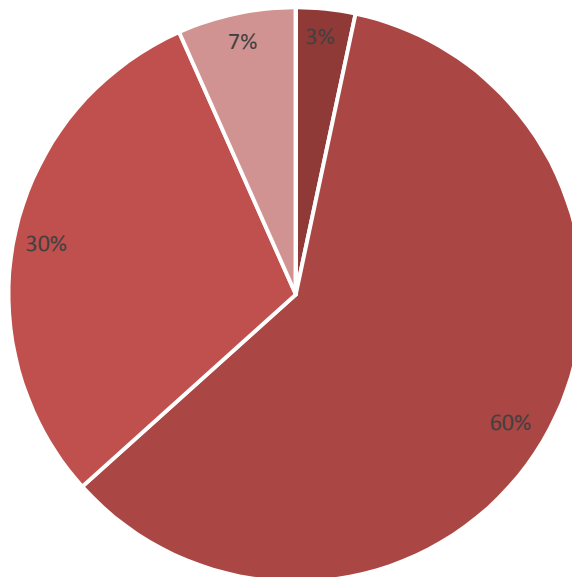
How useful are the ECHO Cash and Voucher Guidelines in guiding the ECHO appraisal of partner proposals?



■ Very useful ■ Useful ■ Slightly useful ■ Not useful ■ I don't know

Do ECHO staff have sufficient training and understanding to utilize the guidelines fully?

Do ECHO staff have sufficient training and understanding to utilise the guidelines fully?



■ Strongly Disagree ■ Disagree ■ Agree ■ Strongly Agree ■ Don't know / Not applicable

6.2 To what extent does the choice of transfer modality influence the impact of ECHO-funded interventions?

Summary EQ 6.2: Impact of different transfer modalities

This evaluation question is taken to supplement EQ 2.1, examining how the different modalities have reached and impacted on the most vulnerable communities.

Data on partner's self-assessment of effectiveness was extracted from HOPE. The data reflects partners own reporting of their performance against the self-selected outcome indicators. The different modalities appear to have similar levels of effectiveness – although combined modalities did appear to perform better than the alternatives.

In vast majority of cases explanations given for under-performance referred to either unanticipated changes in beneficiary numbers, logistical constraints or other contextual factors. Only in three out of 67 projects reviewed (4%) were specific constraints identified related to the choice of transfer modality.

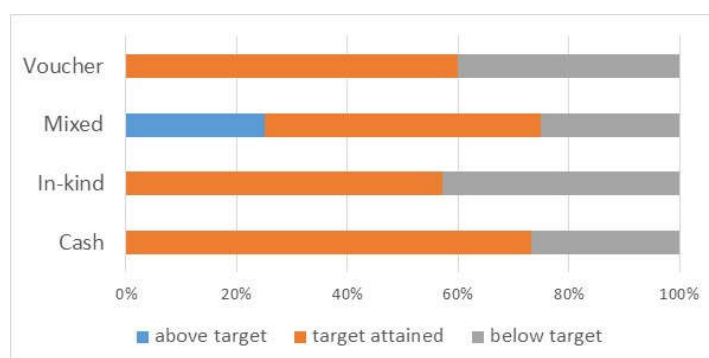
I#	Indicator	Source					
		Lit Rev	Data Review	Tel Interview	ECHO Survey	Partner Survey	Field Visits
6.2.1	Comparative attainment of planned results by modality in ECHO funded actions		X				
6.2.2	Stakeholder opinions on the effectiveness of different modalities, including identification of indirect impacts	x		X			x

Data Review

Data on partner's self-assessment of effectiveness – as opposed to *cost* effectiveness – was extracted from HOPE. The data reflects partners own reporting of their performance against the self-selected outcome indicators for 38 results^{224 225}. Given the limited sample size it would not be reasonable to impute too much significance in the differences in results by modality, but reasonable to conclude that the different modalities appear to have similar levels of effectiveness.

²²⁴ The results reporting at outcome level (38) differs from the total on the previous table (17) as several results report on outcomes using self-defined, non-standard outcome measures.

²²⁵ Below target was defined as falling >10% below target and above target as >10% above the target.

Figure 36: Percentage of results achieving target outcomes by modality

Explanations given in the fichops to explain the reason that targets were not met are given in Table 6 below. In vast majority of cases these refer to either unanticipated changes in beneficiary numbers, logistical constraints or other contextual factors. Only in three out of 67 projects reviewed (4%) were specific constraints identified related to the choice of transfer modality.

Table 62: Success limiting factors

Success limiting factors
The beneficiary target has been unilaterally revised from 1000 family (5000 person) to 804 families (4020 person). The revised target has been fully achieved.
The total number of beneficiaries assisted was less than originally anticipated.
La principale difficulté a été liée à la détérioration du contexte qui a conduit à une suspension temporaire des activités et à une réduction de l'accès pendant certaines phases du programme.
les montants transférés n'ont pas permis de répondre aux besoins immédiats et primaires des populations (populations urbaines: les besoins sont beaucoup plus élevés qu'en milieu rural). L'accent devra être mis sur des enquêtes initiales de qualité prenant en compte réellement le coût du panier des ménages.
résultats positifs malgré des imprécisions dans le nombre exact de ménages ayant déclaré l'augmentation du SCA et la diminution du CSI.
résultats positifs malgré des imprécisions dans le nombre exact de ménages ayant déclaré l'augmentation du SCA et la diminution du CSI. Une partie des semences non plantée mais consommée immédiatement.
Les activités planifiées ont été menées même si elles ont accusé du retard dans la mise en oeuvre du à la reprise du ciblage
La quatrième rotation (pour 145 bénéficiaires) n'a pu avoir lieu pour cause de la clôture des activités pour cas de force majeure (déclenchement des hostilités), les travaux ne sont pas achevés. De plus un manque de ressources nécessaires a été relevé : il est important d'allouer une partie du budget de CFW aux matériaux et à une main d'oeuvre plus qualifiée afin de répondre à des besoins exprimés et identifiés par la communauté
formation des bénéficiaires mais pas de suivi des AGR car retrait de l'ONG de la zone après déclenchement des hostilités. Pour la même raison, aucun indicateur de résultat.
L'identification des besoins par le partenaire au stade de la proposition était inappropriée. L'action conduite sort du cadre contractuel. Le résultat n'est pas atteint.

<p>1) 100% des transferts monétaires bénéficient aux ménages les plus pauvres et pauvres d'après les critères des AEM disponibles. Les sources de vérification ne sont pas annexées et ne permettent pas d'apprécier l'exactitude de l'assertion par le partenaire que l'indicateur e résultat est atteint. Pas objectivement vérifiable. le narratif laisse d'ailleurs entendre que le processus de ciblage n'a pas été optimal. 2) Les données transmises dan+BT82s le RF étant soient erronées soit fallacieuses, on peut également douté de la fiabilité des PDM. Le rapport final et les annexes sont dépourvus d'une analyse des résultats atteints.</p>
<p>le retard dans l'implémentation de certaines activités n'a pas permis le relèvement immédiat des bénéficiaires (fin de la période de soudure)</p>
<p>La valeur finale du SCA (46%) est de loin inférieure à la valeur cible (70%). ECHO travail désormais avec des seuils de SCA différents, les seuils paraissent trop ambitieux.</p>
<p>Décision d'annuler la location d'un bulldozer pour des contraintes logistiques et en contrepartie augmentation des bénéficiaires du CFW. Faiblesses techniques : mauvaise qualité et durabilité des travaux (les exigences des populations ne sont pas satisfaites).</p>
<p>certains indicateurs en deçà de la cible initiale (notamment celui concernant le nombre moyen de repas journalier)</p>
<p>seulement 40% du budget prévu pour l'acquisition d'intrants est engagé, ce qui pourrait signifier que les bénéficiaires ont eu bien moins que ce qui était prévu.</p>
<p>le choix de privilégier les matériaux en bois (et donc moins coûteux) plutôt qu'en dur et l'orientation des travaux nécessitant de la main d'oeuvre non qualifiée ont permis d'augmenter le nombre de bénéficiaires des activités CFW</p>
<p>1) 13% des menages beneficiaires ont eu recours à des stratégies d'adaptation nefastes. Cela veut dire que la ration qui leur etait donné n'arrivait pas à leur suffire. 2) Certains aspects tels que la capacité des commerçants locaux, la distance des foires par rapport au lieu/domicile des beneficiaires n'ont pas fait l'objet de bon suivi et été mentionnés dans le rapport final.</p>
<p>The number employed was slightly lower than the expected 400 since it was planned that each beneficiary would work for 30 days, in order to earn an average of \$90. However this only enabled 356 beneficiaries to participate, at the more appropriate local rate of \$3 per day.</p>
<p>les bénéficiaires n'ont pas été contents des prix qui leurs étaient imposés pendant cette foire. Ils n'ont pas reçu les semences pour la valeur prévues et pour eux cette foire a plus profité aux commerçants (spéculation).</p>
<p>couverture satisfaisante des besoins alimentaires des bénéficiaires. Mais le climat d'insécurité de 2012 pose la question de la perennité des résultats du projet</p>
<p>As of mid-July 2013, owing to budget constraints, WFP capped its caseload to only serving beneficiaries living in the 14 camps where it was operational. Therefore, the planned targets for the last quarter of the year were not met as these foresaw an expansion of the no explanation for the number of beneficiaries below target</p>
<p>In general let's say for this result that the money given has contributed to protect the livelihood assets of most vulnerable people. But the quality of the programme that was sought was not achieved. Concern has not been able to readapt their operational mood to adjust to reel needs as shown by the fact that only 49% of beneficiaries have access to basic staples with ease. In that case they should have directly shifted the mode of distribution from cash to a food one.</p>
<p>Le SDAM (=HDDS) moyen des ménages est resté inférieur à la baseline pendant toute la durée de l'action. La saisonnalité de la disponibilité d'aliments et une hausse globale des prix des denrées durant la période de soudure ont été les principales explications évoquées par le partenaire. Le SDAM reste plus élevé chez les bénéficiaires (5,9 contre 5,3).</p>
<p>Rapportage de qualité inacceptable et incomplet : - Comme déjà mentionné pendant le monitoring, le démarrage des distributions a été retardé de 2 mois, ne coïncidant plus avec le pic de la période de soudure. L'essentiel des distributions a donc eu lieu pendant la période « faste » de l'année.</p>

- CARE ne rapporte pas sur le pourcentage de ménages ayant reçu l'intégralité des montants prévus. Cette information est cruciale étant donné les suspicions de fraude confirmées pendant la 1ère phase du projet.
45,6% des ménages ont une alimentation acceptable (SCA > 38) au lieu des 70% escomptés. Indicateur SCA non pertinent dans le contexte (stricte variété alimentaire)
the long dry spell between July and August, the beneficiaries lost an average of 60% of the maize crops, so the partner considers that the target number of families producing enough maize to ensure a food reserve for 6 months was not reached.
Le partenaire n'a pas rapporté sur tous les éléments des activités. Cela suscite quelques interrogations : - Comme mentionné le processus du ciblage n'a pas été bien expliqué, est-ce que toutes ces activités se sont bien tenues : convocation assemblée, tenue d'une assemblée d'information mise en place de 2 comités de ciblage séparés ; élaboration de 2 listes de ménages ; discussions et validation en assemblée d'une liste finale ; vérifications spontanées de ces listes ; mécanisme de plainte. Il devrait bien documenter ce processus de ciblage. - D'autres part quel a été l'impact des activités nutritionnelles blanket feeding sur l'amélioration du statut nutritionnel des enfants ? Est-ce que cela a été mesuré ? - Pourquoi le partenaire s'est seulement focalisé sur les villages déficitaires du SAP alors que le message a été très clair dès le départ au sein de l'alliance de voir plus large en terme de couverture géographique avec un objectif d'éviter des facteurs d'exclusion pour des raisons non objectives.
Le ciblage des plus pauvres n'a pas suivi les critères HEA ce qui a sous-estimé le nombre de très pauvres et donc exclu par ce fait une partie de la population.
Le nombre de transferts prévu était de trois : il y a bien eu trois transferts mais la dernière tranche a été effectuée sur la base du budget restant du fait d'une sous consommation dans les résultats 1 et 2 et n'a couvert qu'une partie des besoins (protection des moyens ('existence)). Les deux premiers transferts correspondaient aux besoins initialement identifiés. - Les transferts ont été relativement tardifs : octobre, décembre 2012 et avril 2013, limitant ainsi l'impact de l'aide apportée pendant la période la plus critique. A noter cependant que 73,5% des personnes étaient satisfaites de la période de distribution et 25,5% très satisfaites. Les transferts monétaires ont principalement été utilisés pour l'achat de denrées alimentaires, en ligne avec les besoins identifiés. BR199
The coverage under this result served more beneficiaries than the baseline set at the start because the PRS assisted were hosting new comers' families and sharing the voucher component with them. As a result, more people were assisted but the quantity of food available was insufficient.
Principales explications évoquées par le partenaire. Bien que les objectifs fixés en début de projet ne soient pas atteints, ces valeurs sont à le seuil retenu comme objectif (SCA > 42) n'est pas atteint car irréalisable. Privilégier le seuil de situation "limite" (28.5 < SCA < 42)
Le SCA de 42 n'arrive pas à la cible fixée mais comme rapporté par le partenaire cet indicateur standard n'était pas franchement atteignable même dans les zones non touchées par le choc. Il sera désormais formulé de la manière suivante: "80 à 90% de la population est au-dessus du score alimentaire limite de 28"
The reported value is slightly lower than the intermediate results and lower than the target value. As explained by the partner, this may be due to the feeling of insecurity at the project end.
The number of families varied significantly, with the number of recipients of this modality in line with previous figures for 2012 during the final quarter, however the number of families availing of food-in-kind dropped considerably during the first two quarters of 2013 (1,815 and 1,806 respectively) as more families choose cash transfers instead. This was because the receipt of a Cash for Food payment provided greater flexibility and choice for residents to choose the items they required, rather than receiving a basket containing items selected by the Agency.

UNRWA decided to end the cash and provide only in-kind (other result) assistance. UNRWA mentions that cash for food was less cost efficient than in kind food.
le projet a réduit la somme à fournir de 35 à 45% pour pouvoir toucher le double de bénéficiaires. La somme prévue devait sûrement être calculé au préalable pour permettre aux bénéficiaires de se procurer des biens dont le coût n'a pas dû baisser entretemps. Donc la réduction de la valeur prévue a eu, à coup sûr, des incidences sur l'impact sur la réhabilitation de leur sécurité alimentaire.
The caseload was not reached because the initial figures of 60 000 refugees were planning figures; the real number of refugees that arrived at the end of the project did not yet reach the planning figures
There is no explanation provided for the very low achievement. This is however likely a result of a discrepancy in the methodology used to estimate beneficiary figures at proposal stage and that employed at final stage. The modified figure of 72,600 beneficiaries arose from the summation of the 10,100 HH (60,600 individuals) supported in the first 5 months of the action and an additional 2,000 HH (12,000 individuals) to be supported in the last 6 months).
However, in Puntland the end line project evaluation established that average household size was 8 indicating that an additional 3,440 individuals have indeed benefited from the food voucher activities
evaluation established that average household size was 8 indicating that an additional 3,440 individuals have indeed benefited
Targets were not fully met owing to the difficulties faced by WFP in scaling up cross-border deliveries (for more details on this please refer to section 4.3) to meet original targets.
Though the improved security and political situation within Mogadishu and in the surrounding areas, some IDPs may have returned to their place of origin which has reduced the number of beneficiary IDPs from 80% to approximately 60%.
109,715 people are reported to have benefitted from this result. This is slightly (4.5%) more than the planned figure of 105,000. The activities however reached the planned number of households. The observed variation in the number of beneficiaries is reported to have been as a result of a slightly higher number of persons per households in reality.
The under expenditure is attributed to positive negotiations of water prices. The number of beneficiaries was also lower than planned as
The final value is closest to the target with > 28 for 62% of beneficiaries. The objective is not totally achieved because of the continuous rise of the food prices and the limited resilience capacity of the most vulnerable households.
That is due to the pipeline constraints and the additional influx of IDPs (following insecurity incidents along the Liberian border) which did not permit to continuously provided the required ration of 2100 kcal under GFD for the most vulnerable groups. WFP has to distribute half ration for several months.
Only to be noted that the planned vs. reached number is higher with regard to families than to individuals, which only implies that average family size was smaller than initially anticipated.
no general food distribution took place in Sa'ada due to access. / security issues
It is noted that the targets may not have been achieved but largely due to normal fluctuations in number of refugees in the camps over the period of time. WFP had included a much higher target of refugees which catered for the influx from South Sudan over the period under this action.
During much of 2014, IDPs continued to receive reduced rations (half a ration). This reduction was originally introduced due to the resource constraints in early 2013. Therefore, the quantity of the distributed commodities is lower than planned.
WFP reduced ration size to be able to assist a higher number of beneficiaries than expected between April and October

The low number of job opportunities created during the reporting period in the 19 refugee camps can be explained by two main factors. The first factor is the under-funding of the multi-donor action that affected the overall results of the programme. The programme received 74% of the expected funds for the reporting period while it reached 77% (46,547 job opportunities) of its target in terms of Job opportunities. By offering shorter contracts of 1 and 2 months duration rather than 3 month contracts the programme could reach its overall target of 20,000 households. However, the percentage of the Result 2 is remains under target as specified in the Final Actual Number of Beneficiaries. This is due to the fact that only a quarter of the refugee population is resident in the camps. The programme took into account the mentioned proportion and the Da'am indications in the distribution resident in the camps.

Due to pipeline breaks resulting from funding shortfalls and long procurement lead times, over the second half of 2013 WFP was forced to reduce the planned food ration by an average of 8%. During the first quarter of 2014, the average ration reduction in caloric terms amounted to 18%.

As the ECHO proposal was submitted retroactively, the planned figures reported from June to September was based on the actual distributions, hence, exactly the same dollar value and 100% planned versus actual met. As of mid-July 2013, owing to budget constraints, WFP capped its caseload to only serving beneficiaries living in the 14 camps where it was operational. Therefore, the planned targets for the last quarter of the year were not met as these foresaw an expansion of the programme to new camps to serve an additional 10,000 individuals each month.

Telephone and Country Visit Interviews

Many of the staff and partners interviewed were the cash focal persons within their agencies and therefore they were not only the most cash knowledgeable but were understandably more highly pro-cash and felt cash had the potential to be effective. However, even amongst these individuals there was an acknowledgement that IK still had its place and was effective in terms of delivery of basic needs, particularly immediately after rapid onset crisis.

Knowledge of combined and more integrated modality programming was not widespread, however, on detailed probing, a number of the most experienced cash specialists were of the opinion that the value of combined approaches was often overlooked and guidance not available. The most frequently cited example was the ability of IK to help whilst markets recover and then cash or vouchers (very occasionally cited with reference to combined with direct support to market actors) to help stimulate market recovery and was felt to be underused. These highly experienced individuals felt more capacity building and experience sharing in deliberate combined and integrated programming and support to market actors was a research gap that has not yet been filled.

A small number of very experienced interviewees felt that TM selection and response analysis was only ever taken at a set point in time and they considered it should be an ongoing process. IK may be identified as most appropriate in emergency phase, transitioning to combined approaches or vouchers to support specific traders (receiving indirect market support etc.) in the later relief phase, followed by later analysis of TM responses that might indicate conditional cash for shelter and unconditional cash for other purposes (livelihoods often cited). In other words, there should be a move towards more flexible and ongoing/iterative response analysis and TM selection over time, with the selection of nuanced modality choices that fit changing context and phases. Further advocacy and capacity building would be

required to encourage such iterative/ongoing assessment of which TM suited at which moment in the transition post crisis.

Other areas identified by both staff and partners where ongoing gaps remain that warrant further research and analysis include; the indirect impacts of both cash and in kind, This was also felt to be the case in terms of evaluation best practice in the evaluation of cash and in kind programmes in terms of these indirect impacts and in terms of the implications of payment method/delivery mechanism choices and implications, where often significant positive and negative indirect impact aspects are omitted from M&E (protection, multipliers, payment method satisfaction etc.)

6.3 To what extent does the choice of transfer modality impact on protection issues? Are recommendations in this regard necessary for the ECHO policy documents and guidelines?

Summary EQ 6.3: Impact of choice of transfer modality on protection issues

There is a widespread lack of understanding of the scope of protection and it tends to be seen equated to Gender Based Violence (GBV). In the context of the evaluation the choice of transfer modality was seen to have a limited relevance to the question of ‘stand-alone’ protection activities and more relevance from a ‘do no harm’ perspective.

There is little evidence that the choice of transfer modality significantly impacts on protection risks. A recent evidence review (Berg and Seferis, 2015) found that “Women aren’t disadvantaged” by cash. Stakeholder perceptions were mixed, some seeing cash transfers as increasing protection risks, whilst others felt electronic cash transfers (and vouchers) can significantly reduce risks.

Opinion suggested that policy advice should focus on promoting good technical design and implementation practices that minimize a range of protection risks through mitigation measures. New guidance in relation to choice of transfer modality was not perceived to be a priority, but better use could be made of the checklist contained in the Thematic Policy No 3.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Inter view	ECHO Survey	Partner Survey	Field Visits
6.3.1	Stakeholder perceptions of impact of transfer modality on intra-household tensions and women’s rights	x		x		x	X
6.3.2	Stakeholder perceptions of impact of transfer modality on inter- and intra-community tensions	x		x		x	X
6.3.3	Stakeholder opinions on the extent to which ECHO guidance adequately addresses protection issues	x		x			x

Literature review findings

ECHO is mandated to directly finance protection. The European Union in its Consensus on Humanitarian Aid (EU Consensus) recognises that: "EU humanitarian aid encompasses assistance, relief and protection operations..." and more particularly "protection strategies against sexual and gender based violence must be incorporated in all aspects of humanitarian assistance."

In practice, DG ECHO is funding protection activities implemented either by mandated international organisations, such as: - ICRC: protection of civilian populations and those no longer taking part in the hostilities (in situations of armed conflict) and others in need of protection (in other situations of violence), - UNHCR: protection of refugees and IDPs, and - UNICEF: protection of children, or by other specialised humanitarian partners, UN agencies, Red Cross societies and non-governmental organisations.

In addition, ECHO policies embrace a 'do no harm' approach to mainstream a concern for protection across all its' financed actions. "Regarding protection in particular, this principle implies that humanitarian actors have an obligation to ensure that their actions in all sectors do not undermine protection, nor exacerbate the protection problems, and, going a step further, they should do everything possible, within their capacities, to mitigate the effects of and prevent abuses and mainstream protection concerns in each of their actions. Humanitarian organisations are under the obligation not to promote, actively participate in, or in any other manner contribute to, or endorse policies or activities, which do or can lead to human rights violations."²²⁶ The document also recognises the longer term commitment required for protection matters: "protection issues imply much longer timeframes and financial means than could possibly be afforded by humanitarian budgets, and multiple facets require multiple responses."

In the context of the evaluation the choice of transfer modality was seen to have a limited relevance to the question of 'stand-alone' protection activities and more relevance from a 'do no harm' perspective.

In general, there are limited policy references to the impacts of TM on protection outcomes. Where made these are almost always in relation to risks of violence against women, and not in relation to people in general nor identification of the risks posed to specific groups such as children²²⁷, the elderly or any other vulnerable groups (PWD, PLWHA, IDPs or refugees etc.) nor to risks to men and boys or inter community or other²²⁸ tensions.

The Cash and Voucher Funding Guidelines refer to TM selection issues related to gender roles and potential protection issues, stating: "*The decision on who to distribute to within the household should take into account the different roles each gender plays, the objective of the programme, the potential impact this may have on how the cash is spent and household dynamics. Empowering women through*

²²⁶ European Commission (2009)

²²⁷ No specific reference was found to protection and children, PLWHA or PWD.

²²⁸ Such as ethnic or religious and linguistic tensions.

a cash distribution can create potential risks or have potential benefits, which should be monitored and mitigated.”

Guidance an good contextual analysis that relate to protection from C&V guidelines, Section 3.2 (p8):

The analysis should answer the following questions: (most relevant to CTP/I-K selected and listed)

- Who are the groups at risk (sex, age, ethnicity, political and socio-economic background...)? Vulnerability, time/duration of exposure and resilience capacity/coping mechanisms should be assessed for each group of concern.
- What are the threats (patterns, risk, expressed fears, violence, coercion, deprivation...)?
- Who are the perpetrators?
- Who is or could be involved (stakeholder analysis)?
- How can the communities' strategies to avoid the threats be supported? - What are the strategies and activities to be considered? Who would be the best positioned potential partners to provide services?

A review of ECHO sectoral policy and guidance documents and other stakeholder documents indicates that there is a gap in provision in guidance on the assessment of protection risks (e.g on how best to identify who within households are likely to: go to access the money, and how decisions are made between household members²²⁹ about the use the money will be put to).

The most detailed guidance on protection is contained within Annexes 1.3 and 2 of the ECHO protection policy (see text boxes below), however interviews indicate these are not widely referred to or well-known/understood, and even these are considered too general and insufficient to adequately guide practitioners or represent the growing literature on this subject.

Protection policy Annex 1.3 Examples of good practices to mainstream protection concerns into humanitarian assistance programmes

- Identify protection issues (frequently gender and age related) in the situation analysis, and ensure that the proposal for humanitarian assistance mainstreams those issues (e.g. ensure that food rations are adapted in size, weight and frequency so that unaccompanied children and child-headed households are able to benefit from food distribution or ensuring that jerry cans are adapted to enable children or elderly to carry them)

; ensure monitoring of this mainstreaming as well as an on-going context analysis and identification of uprising protection issues in order to facilitate modifications of the type of assistance or ways to deliver it

²²⁹ Whether by men, women, jointly or with others.

- Ensure that the assistance programmes do not discriminate against particular groups or individuals within the community and that they are accessible by all members of the community (including vulnerable groups)

Protection policy - Annex 2: How to select protection indicators?

1. **Impact indicators** show changes in conditions or institutional practice that affect the population of concern and its welfare. They review whether a programme is having the expected result and, if not, what changes should be made to improve it. They also verify whether any aspect of the strategy has produced any adverse effects on members of the community or any other actor. They are set at the result level. Ex: x % primary enrolment for boys and girls / number of children recruited reduced by at least y % / # girl soldiers have been reintegrated into normal life / # children (or z % of separated children) have been reunited with their families / x % of the women recognise the threats of sexual violence and know how to limit the risks / the detaining authority affords overall improvements for detainees in line with IHL / x % of children who attend weekly guided psychosocial workshops show improved emotional well-being, social behaviour and skills over the course of the twelve-month programme / y % of children participating in guided psychosocial workshops show increased ability to listen to and cooperate with other children in the group For the impact indicators to be effective, baseline data should provide the initial information against which changes can be measured.
2. **Performance indicators** measure progress in relation to an implementation plan. They are set at the activity level and cover: - input monitoring which determines whether human, financial and material resources are mobilized and deployed as planned, clinics opened in three major cities and staffed to receive 200 IDP and other persons of concern each month / # school kits distributed / number of expats present in the field - and output monitoring which establishes whether products or services are being delivered or planned. Example: Ten-minute radio programmes promoting girls' attendance are broadcast weekly, April to September, reaching x % of the population / # children are participating in a DDR programme, of which # girls / # refugees assisted in registration or return / # detainees visited / # hectares of mined land cleared.

Relevant initial findings emanating from an ongoing DFID research on protection²³⁰ include the following:

- No evidence that cash transfers affect violence against women and girls or intimate partner violence in either direction.
- Cash transfer programmes alleviate inter-household stress between husbands and wives, but may worsen inter-generational tension or tension within polygamous households

²³⁰ "Summary paper on the risk of theft, corruption and diversion in cash transfer programming and a DESA presentation to BRCS by L.Gordon May, 2015.

- Women raise security fears around carrying cash outside the home or travelling to access cash. E-transfers can mitigate this.
- Cash is often held to higher standards than in-kind aid.
- Most studies do not distinguish between risks common to any programme (e.g. gender impacts; targeting risks) and those specific to cash.
- Comprehensive security assessment should look at relative risks of different modalities.
- Gender impacts of aid in the household, regardless of type of aid

The research raises questions related to the implications of TM choice on protection implications which it is recommended that future more detailed research investigate further. These are summarised briefly as:

- Is the potential impact on protection (intra household tension) considered or a factor in TM selection at design stage? This ECHO TM evaluation has identified that this is perceived by stakeholders to seldom be the case for either intra or inter household or community tensions.
- Are protection issues related to accessing aid (IK or cash) adequately assessed and analysed prior to TM selection? Anecdotal evidence from the interviews of this evaluation indicate that this is rarely undertaken in ECHO funded or other programmes.
- Are there greater protection issues related to cash, voucher or in-kind TMs? Are the perceived increased protection related matters in relation to cash valid? The DFID draft research concludes not and the findings from this ECHO TM indicate that practitioners are increasingly realising that most TM pose increased risks but that some cash modalities and certain payment methods can help to reduce these risks (increased discretion from distribution through accounts and electronic transfers are most often cited).
- The recent reviews, research and this evaluation have indicated the lack of case studies of where transfer modality choice has impacted positively or negatively on household tensions and protection which would facilitate the identification and dissemination of pertinent learning points.

Telephone and Field Interviews

A large proportion of both ECHO staff and partners showed indications of not fully understanding the concept of protection. Some confused protection for social protection. The predominant view was that protection was purely related to violence against women issues or 'GBV' and not as a wider issue.

There was a general perception amongst both ECHO staff and partners that cash has a higher potential of risk of impacting on inter household and inter community tensions. In general there seemed a strong consensus that all TMs share risk, but cash can be slightly higher risk, however more experienced staff and partners were keen to emphasise how much could be achieved through relatively simple mitigation measures. Partners in particular identified that good practice and good TM selection and programme design minimised these risks and more capacity building was considered essential in this area.

However some partner and ECHO staff who (in line with DFID findings) were of the opinion that cash and specific payment delivery mechanisms can reduce intra and inter

household protection risks and tensions, due to increased discretion. In Jordan, some partners and staff had a small number of examples of where the highly public nature of some IK distributions to refugees in urban areas caused significant and real inter-community tensions, whereas moving to electronic transfers was able to avoid this to some extent. Some informants identified the problems and increased tensions that re-sale can cause, and others identified how poorly run IK distributions can lead to vulnerable individuals missing out and potentially being hurt which was considered less likely in a cash distribution.

A small minority of informants recognized that cash can ‘promote women’s rights’ and has had some successes in terms of financial and decision empowerment for women. Further probing indicated that few organisations conducted analysis of decision making within the household around the use to which cash was put.

There was recognition that inter community tensions was ‘almost never’ considered in TM choice or referred to in guidelines or CB/trainings.

In terms of indicator 6.3.3 ‘Stakeholder opinions on the extent to which ECHO guidance adequately addresses protection issues’ only a small number of ECHO staff were able to refer to the checklist in C&V guidelines, but acknowledged its limitations and were aware that it was not widely known or utilised. Partners were unanimous that there was insufficient clear and simple guidance on protection anywhere, not least within ECHO documents, and some felt that protection had been somewhat ‘ghetto-ised’ and had not been mainstreamed within organisations or across sectors.

6.4 To what extent does the choice of transfer modality influence the involvement, participation and consultation of (i) vulnerable groups (children, elderly, disabled people, women) and (ii) community networks?

Summary EQ 6.4: Impact on transfer modality on participation of vulnerable groups

Stakeholder perceptions are that it is not the choice of transfer modality that determines beneficiary’s involvement, participation and consultation, but good technical design and implementation practices. A cash, voucher, in-kind or combined approach is just as capable of involving, and enabling participation and consultation as any other modality if designed and implemented well.

However, it can also be argued that cash transfers are more involving and participatory in the sense that it inherently increases beneficiary’s choice and dignity.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Interview	ECHO Survey	Partner Survey	Field Visits
6.4.1	Stakeholder perceptions on the impact of transfer modality on involvement of identified vulnerability groups in proposals	x		X			x

6.4.1 Stakeholder perceptions on the impact of transfer modality on involvement of identified vulnerability groups in proposals

Literature Review

There is relatively little direct reference to beneficiary participation, involvement and consultation within ECHO policies and guidelines - particularly related to transfer modality choice. A short summary is provided of key references that do exist below.

A variety of ECHO policies and documents do make commitments to targeting (and the vulnerable) such as: *“They will ensure that the special needs of vulnerable groups within their beneficiary caseloads (e.g. disabled, elderly, chronically ill) be factored into the design of humanitarian food assistance responses.”* (Food assistance 126) and section 4.3 of the European Commission Staff Working Document SEC(2010) 374 which provides commitments to participation of communities in targeting criteria: *“The Commission's partners should involve beneficiary communities in identifying the criteria by which food-assistance can be most effectively targeted, wherever possible.”* (EC (2010) SEC(2010) 274).

The same document further accepts that blanket targeting is relevant in some contexts and that a balance is required between costs of investments in targeting and the risk of inclusion/exclusion error: *“A balance needs to be struck between speed, ease and practicality on one side, and effectiveness in reducing inclusion and exclusion errors on the other”* (EC (2010) SEC(2010) 274) and *“careful targeting of assistance is critical to ensure that resources are used with maximum effectiveness and efficiency.”* (EC (2010) SEC(2010) 274).

Specific reference is made in European Commission (2013) Thematic Policy Paper No.3 to targeting with cash relating to increased attractiveness and ‘self-targeting’, as in cash-for-work (and recognising that most vulnerable people can be easily missed out from standard cash-for-work programmes: *“The need for effective targeting arrangements for cash in particular has been highlighted, given the attractiveness of the resource. Self-targeted transfers – for example conditional transfers dependent on work – may be simpler to target than unconditional transfers, but risks exclusion errors.”*²³¹

There is moreover a recognition that all transfers have targeting problems: *“Cash transfers in particular are perceived to be at higher risk of potential inclusion errors, although targeting of all types of resource transfers remains a problematic issue.”*²³²

²³¹ EC (2013b), p.9.

²³² EC (2013b), p.15.

In terms of the inclusion, involvement and participation with respect to gender, children and other vulnerable groups, no references were found to C&V programmes in any of three policy documents on children.

The DG ECHO Thematic Policy Doc 6 – Gender; Different needs, adapted assistance, 2013 does however make some passing references to TM options and CTP (see text box below). However these do not represent clear commitments or guidance, particularly with respect to TM options, on involvement, participation and consultation.

The DG ECHO Thematic Policy Doc 6 – Gender; Different needs, adapted assistance, 2013:

- Section 3: “the risk of domestic violence as a response to changes in intra-household power relations following a cash-for-work programme targeting women should be carefully assessed. Mitigating measures should be put in place to avoid any negative consequences, both during and after the action”
- “Activities are designed and implemented in such a way that women, girls, boys and men benefit equitably and access services (e.g. healthcare), goods (e.g. food) and opportunities (e.g. training, cash for work), according to their needs and capacities.”
- Section 5.2.2 – “For example, cash for work projects can at times neglect opportunities for women or only propose very stereotyped activities that can contribute to locking women into their traditional roles.”

ECHO (2013) “Gender Age toolkit” provides guidance on how to integrate gender and age concerns in humanitarian action. It makes one reference to cash programmes: “*Livelihood or cash programmes for women can also change power relations within households, especially in societies in which men traditionally are the bread-winners. These changes can create a backlash, if men respond to such changes with increased domestic tensions or even violence. Involve male household members in consultations and the design of livelihood programmes for women – and women in the design of livelihood programmes for men. Monitor potential increased tensions and provide (mediation) support, if possible. Create links to programmes focusing on the prevention of and response to domestic violence, if these exist.*”²³³.

The toolkit also has references to practical strategies (see text box below) to minimise other risks, vulnerabilities, stigmatisation and protection issues that could usefully have emphasised how transfer modality choices can play a role, as well as outlining the important role that mitigation measures can play in minimising risk.

ECHO (2013) “Gender Age toolkit”: “*Sexual exploitation and abuse: in programmes involving the distribution of goods (e.g. food or non-food items), distributors might demand favours from recipients. This can include sexual exploitation and abuse, including requests to do unpaid labour for the distributor:*

- *Create visible public notices in writing and with pictures stating that distributions are free and require no return favours. Ensure that distributors wear nametags. Create a complaints (e.g. a box or an SMS service) and response mechanism.*
- *Monitor staff behaviour and strictly follow-up on reported cases.*
- *Offer staff training on the prevention of and response to sexual abuse and exploitation*

²³³ ECHO (2013d), p.4.

- *Undermining traditional roles: The distribution of ready-made food as part of a food assistance programme can undermine what is often seen as the traditional role of women in the society.*
- *Carefully analyse and weigh the advantages and disadvantages of different modalities of food distribution.*
- *Where traditional female roles are undermined, offer alternatives to strengthen the status of women (e.g. through livelihood programmes).*
- *Stigmatisation: A community may socially exclude individuals who are associated with certain issues or taboos, such as HIV/AIDS or rape. Humanitarian assistance that deals with these topics therefore risks exposing beneficiaries to stigmatisation.*
- *Analyse which issues represent social taboos.*
- *Avoid associations between individuals and taboos by offering mixed assistance or consultation packages, for example by including an HIV/AIDS component into general health consultations or by tackling reproductive health issues within broader hygiene education.*
- *It is also important to ensure confidentiality of consultations by offering secluded rooms and by refraining from labelling consultation rooms as "HIV consultation" or "Gender-Based Violence room".*
- *Put in place measures to ensure that sensitive data remains confidential and safely stored.*²³⁴

The gender age toolkit is the document which comes closest to providing some guidance on the involvement, participation and consultation of a vulnerable group, however none of the ECHO literature reviewed included direct references to involvement of community networks or covered how transfer modality might influence this factor.

Data Review

The findings from the survey of partners and ECHO staff were not significantly different and thus will not be compared or analysed separately. Findings were perception based only and achieved through a ranking system and therefore it is preferable to quote findings in general terms rather than statistically.

In general in the experience of both staff and partners; cash, vouchers and combined²³⁵ approaches were considered to encourage involvement and participation of vulnerable groups more than in kind. In-kind was ranked more often as likely to be poor at promoting involvement and participation and combined was ranked lowest at being poor at involvement.

Telephone and Country Interviews

ECHO staff and partners were equally of the view that it is good implementation practice that dictates whether any TM is implemented with the involvement and participation of beneficiaries and communities and their networks. Some interviewees were clear that in-kind

²³⁴ ECHO (2013d), p.4.

²³⁵ 19 ECHO staff respondents ranked cash, vouchers and combined as either good or very good at 'involvement and participation of vulnerable groups' (only 6 ranked combined as poor, 7 ranked cash as poor and 9 ranked vouchers as poor). Only 11 staff ranked in kind as good or very good (17 ranked IK as poor or very poor).

can be implemented with involvement and participation, however it does not tend to be as it is usually used in the immediate emergency period when basic needs and survival outweigh the needs for involvement and participation.

In general people perceived that cash modalities have an inherent tendency to be more involving and participatory when not restricted or conditioned (the choice factor), however it is good implementation practice (and the time and funds to undertake this) that is the key, as well as a supportive environment related to good skills and capacity, good learning and sharing. The CaLP were seen as essential in this regard.

Partners felt that this was an additional factor why 'cash should be the default where it is found to be appropriate (because of the additional benefits of involvement and participation, choice, dignity, markets, multipliers and cost efficiency).

6.5 To what extent has ECHO's approach been successful in promoting cash transfers as an alternative modality to in-kind distributions in the HFA sector? What is the perception of partners and other donors in this regard?

Summary EQ 6.5: Success of ECHO in promoting the use of cash and vouchers

Partner and ECHO staff perceive that ECHO has been at the forefront of advocacy and capacity building for cash and voucher transfers. ECHO is recognised and valued for a 'pro-cash' (rather than a cash-first) stance and viewed as an effective advocate for cash and an ally and opinion former at national and global levels.

ECHO capacity building efforts in support of cash transfers are also widely valued, although stakeholders perceive a decline in support over recent years. Overall, the role of ECHO in advocacy and capacity building is rated as important as direct financing of cash transfers.

Further opportunities were identified for continued investment by ECHO in capacity building and advocacy for cash transfers. This includes advocacy with national authorities, smaller implementing partners and many of the national societies of the RCM. Partners would like to see a more coordinated donor approach to advocacy. Other gaps include building evidence on MPCTs and multiplier effects and capacities to measure cost effectiveness and efficiency.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Inter view	ECHO Survey	Partner Survey	Field Visits
6.5.1	Perception of the effectiveness of ECHO capacity building for cash and voucher transfers	x		x	X	X	x
6.5.2	Role of ECHO advocacy in influencing other agencies policies on use of cash transfers	x		X			x
6.5.3	Extent to which partners perceive ECHO has a neutral approach to cash and vouchers modalities	x		x	x	x	x

Literature Review

ECHO has provided significant support to research, advocacy, learning exchange & capacity building activities for cash transfers principally through the Enhanced Response Capacity (ERC) funds. As noted in the ToR these contributed to:

- the establishment of the CaLP (Cash Learning Partnership) and the design and dissemination of CTP training in particular;
- the creation of the Cash for Change Unit within WFP;
- improving market and response analysis (OXFAM);
- supporting UNHCR in promoting the use of multi-purpose cash transfers in refugee camps;
- promoting the linkage between livelihood support and cash-based interventions with the Spanish Red Cross; and;
- Advocacy for cash transfers (e.g. through 2 cash round tables and participation in the Copenhagen Forum).

In terms of the presence of references within the literature to a 'cash first' or a pro or neutral ECHO cash stance. A reading of the wide range of policy documents suggests that ECHO prefer partners to promote TM selection based on context and needs (see key references in text box below).

References to pro or cash first and to justifying selection of TMs and tools to help do this (from the thematic policy document 3):

- “DG ECHO does not advocate for the preferential use of either (i) cash/voucher-based or (ii) in-kind humanitarian assistance. The requirement of the Commission is that all modalities of humanitarian assistance be systematically analysed and compared so that DG ECHO can support partners to respond to identified needs in the most appropriate way according to the context.”
- “The decision tree below aims to support the process of response analysis. A thorough situation analysis, including a preliminary market analysis, and needs assessment, are necessary preconditions for using this tool. The questions in the decision tree are

intended to promote the use of a consistent logic when identifying the most appropriate transfer modality, i.e. in kind, cash or vouchers, or a combination thereof'

The other key related policy commitments to TM response options analysis in the Food assistance policy 126 document (in the text box below): It also notably identifies the importance of '**regular review**' of TM response decisions as contexts change: *"The choice of the most appropriate intervention and transfer instrument (e.g. cash-based or in kind) must be context-specific and evidence-based, and be regularly reviewed. The relevance and comparative advantage of the proposed option –or the combination of tools to be used - must be demonstrated, based on needs assessments and causal analyses that are as accurate and up to date as possible."*

ECHO advocate for partners to look beyond in kind to a **broad range** of TMs and select the best fit through an informed analysis. It therefore needs partners to adequately consider the broadest range of TMs (above and beyond the narrow definition of 3 – in kind, cash and vouchers as utilised in the evaluation), rather than just the ones they are already familiar and comfortable with administering.

In order for ECHO to be sure an agency has assessed a broad range of tools however, there would need to be some evidence of this having occurred within proposal applications. Although EMMA, CaLP²³⁶ and other organisations such as Oxfam and IFRC have produced response options tools, there has been limited agreement and advocacy for clear response tools and guidelines nor specific capacity building to support these tools, or to demonstrate how this best be done.

Direct and indirect support to market systems is hardly referred to at all in the cash and voucher guidelines is not referred to at all in the decision tree or food assistance policy. There remains a lack of reference or guidance and lesson sharing in ECHO or any other literature or training materials to market support, a gap which stakeholders have noted as limiting their adoption of such approaches.

There is also an apparent lack of promotion of combined approaches within ECHO and other literature (in kind and cash and why to use which at what point as well as from a market perspective). Limited understanding of the power of in kind to help reduce prices in market, and give market structures time to repair.

Data Review

Results show mixed opinions on perceptions of the effectiveness of capacity building efforts. 19% of ECHO respondents viewed it as 'ineffective, only 3% viewing it as very effective and 67% did feel the CB efforts were effective.

²³⁶ In its level 2 training materials.

Figure 37: ECHO staff perceptions of the Effectiveness of ECHO Capacity Building and Advocacy for Cash Transfers

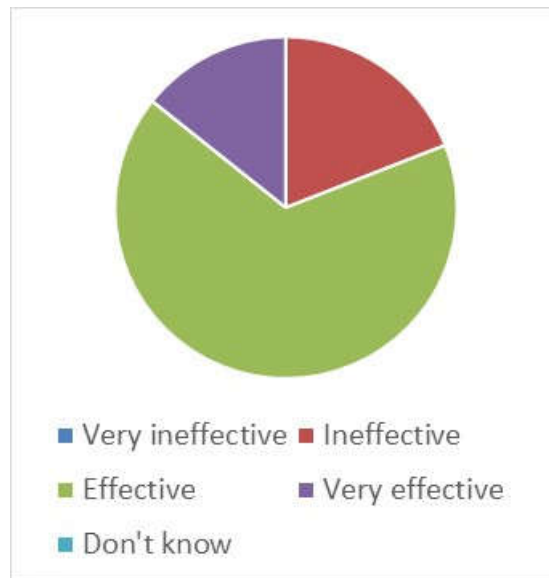
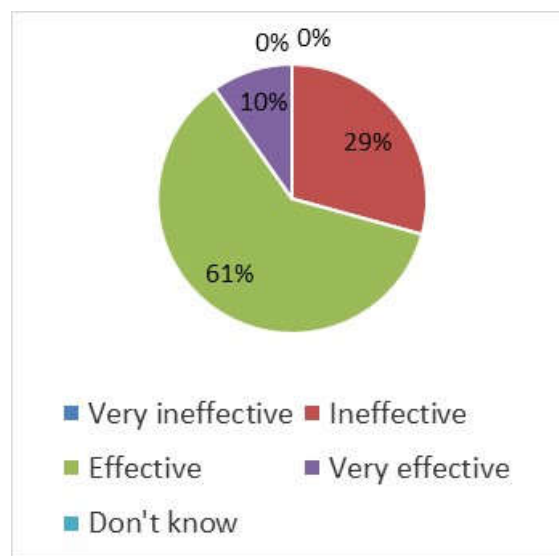


Figure 38: Partner perceptions of the Effectiveness of ECHO Capacity Building and Advocacy for Cash Transfers

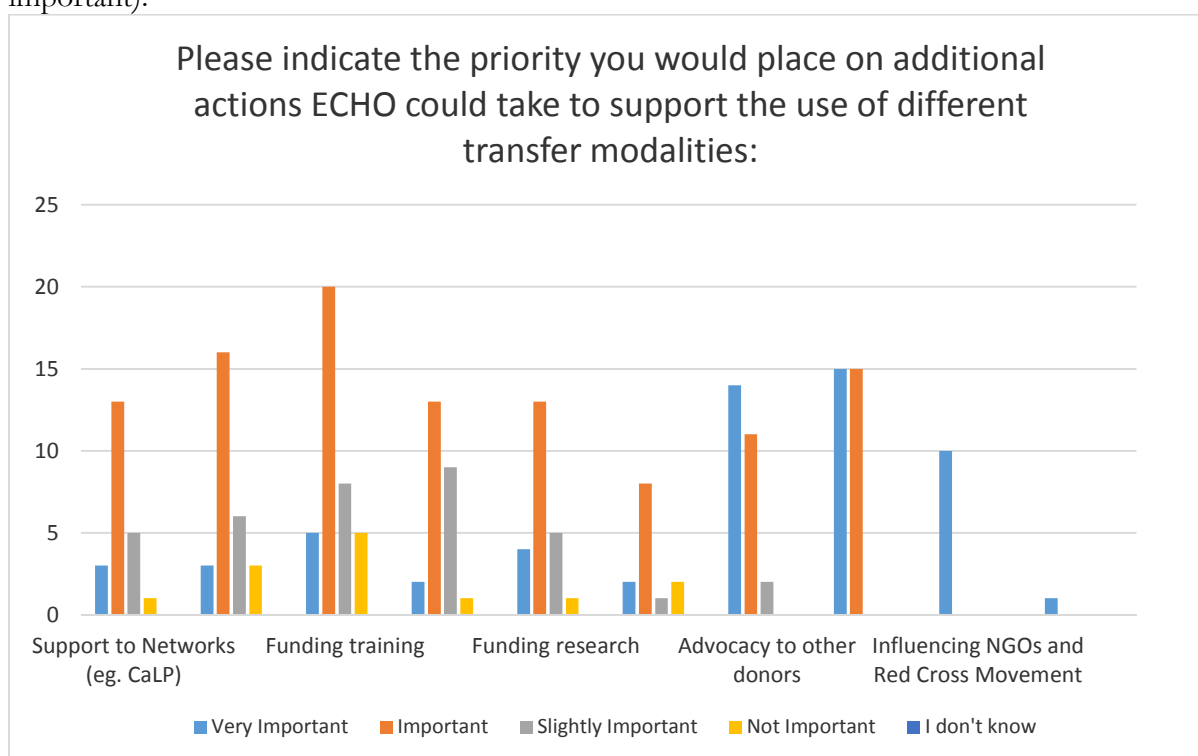


Similarly, very significant proportions of partners (29%) viewed capacity building efforts were 'ineffective'. However, more felt that the efforts were effective (61%) or very effective (10%).

In terms of perceptions of the main CTP capacity constraints faced by partners, both ECHO staff and partners views were broadly in line. ECHO staff highlighted inter-agency cash coordination mechanisms, organisational systems and policies and capacity to undertake market assessments as most important constraints. Partners also highlighted coordination and markets analysis constraints as well as response analysis constraints.

In terms of perceptions of what ‘additional actions ECHO could take’ in the future ‘to support the use of different TMs’: ECHO staff and partners both almost equally emphasised the continued need for ECHO support and advocacy roles and highlighted the continued importance of ‘influencing NGOs and the RCM,’ the UN and advocacy to other donors. Again, ECHO staff and partners continue to see support to research (ECHO - 74%, Partners 77%) as very important or important and 73% of staff (86% partners) also saw support to networks (such as CaLP) as very or important, confirming stakeholder recognition of ECHO’s central role in this area. Partners emphasised support for the funding of training and the development of and updating of tools slightly more than their ECHO counterparts.

Noticeably, ECHO staff felt support for promoting consortia working amongst partners equally as important as their partners did (Staff 77% and partners 78% as important or very important).



Partner and ECHO responses appear to indicate that stakeholders perceive that there still remains significant and important work to be achieved on all fronts within capacity building and advocacy for cash.

Half of ECHO staff respondents agreed that they had ‘undertaken advocacy in support of cash transfers’. A significant proportion of partners (22%) felt that ‘ECHO advocacy in support of cash **within the humanitarian system**’ has been Ineffective or very ineffective, with the majority seeing their work as effective (61%) or Very effective (16%). A few key Individual partner responses to ECHO priorities have been included for reference in the text box below:

- “Coordination is the utmost most important thing to sort. The CaLP can take care of capacity building, but we need additional support to ensure proper coordination and work together, cluster issues etc.”
- “It is to qualify the influencing of UN and NGO/Red Cross. Coordination is important, but it is important for ECHO to ensure that the set-up does not monopolize cash in one country. It need to be an open system where many partners can contribute. If with one partner, in particular UN, it risk of being ineffective, expensive and not implemented properly. Lebanon is a good example of where NGOs need to step in. So don't rely on UN a sole implementer”
- “Influencing regional and continental organization such AU, EU, IGAD, ECOWAS, ADB etc. to get their buy-in to different transfer modalities”
- “Standardizing tools including ICT and reporting requirements.

In terms of the appropriate stance that ECHO should take with regards to cash; staff and partners were broadly in agreement when asked “Should ECHO adopt a ‘cash first’ approach - where cash should be used unless another form of assistance is shown to be more appropriate”.

Figure 39: ECHO Staff opinion on whether ECHO should adopt a ‘Cash First’ Approach

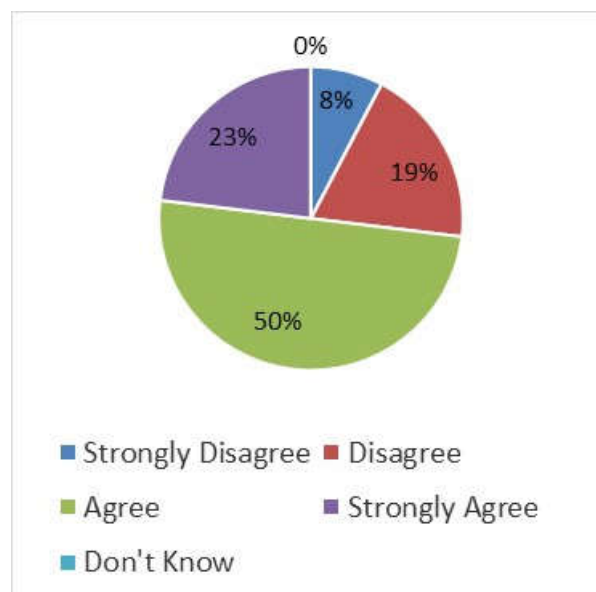
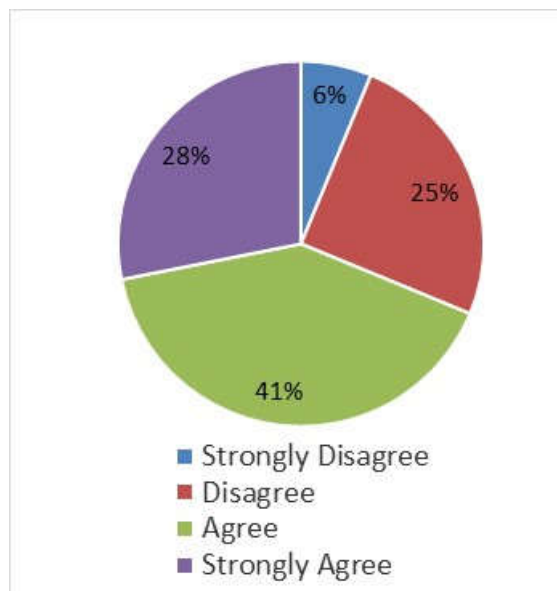


Figure 40: Partner opinions on whether ECHO should adopt a ‘Cash First’ Approach



With 73% of ECHO staff and 69% of partners either ‘strongly agreeing’ or ‘agreeing’ with the statement and 27% ECHO staff disagreeing and 31% of partners either ‘strongly disagreeing’ or ‘disagreeing’ that ECHO should have a cash first approach.

It should be highlighted that the question was qualified slightly with; ‘unless another form of assistance is shown to be more appropriate’. However, even when the statement related to ‘cash first’ is qualified in this way, a significant minority of staff (27%) and partners (31%) either disagree or strongly disagree, that cash should be promoted first.

Telephone and Country Study Interviews

It should be noted that both the telephone and country study interviews were predominantly conducted with the cash focal points or experts in their various organisations, and therefore these findings are likely to be affected by this.

There was found to be remarkably strong support for a ‘cash first ECHO stance,’ when combined with the proviso, ‘when assessed as appropriate’. Stakeholders within and without ECHO stating that because of the additional dignity, choice, flexibility, multiplier and market benefits of cash, it should be considered first and partners should resort to in kind only when cash has been assessed to be unsuitable. Others were more comfortable calling this a ‘pro-cash’ stance.

Many stakeholders, including fellow donors were keen to stress that this ECHO ‘pro-cash’ stance was an important advocacy tool and had been extremely successful in efforts to persuade long term doubters or those slow to come to terms with cash. At least one international donor was keen to stress that they had deliberately watched and learned from the ECHO support for cash and ‘followed their lead’.

ECHO was very much seen as a positive ally by the cash community of practice and highly valued for this. Some individuals were concerned that ECHO was showing recent signs of reducing its support for cash advocacy and capacity building, when many felt that there still remained significant work to be done. The strong stance has been seen to challenge others to step up to the mark (including donors and national governments, as well as agencies). There have been cases where ECHO have seen to have shown a strong arm approach to insistence on cash, but this was often seen as a necessary evil in order to overcome entrenched views.

Those individuals who disagreed with a 'cash first' approach, when further questioned, were more usually of the opinion that each case and context should be assessed and a thorough response analysis of the pros and cons of various modalities undertaken in order to properly identify the most appropriate transfer modality. In other words, it was not they were not against cash transfers, but that they recognised that different contexts and different target groups required nuanced response.

It seems to be that **the majority of ECHO, partner and other stakeholders are in agreement that they perceive that ECHO has a 'pro-cash' stance (rather than a 'cash first' stance), and that this pro-cash stance is appropriate.** A smaller number of stakeholders also believe that some individual ECHO staff members (rather than the organisation as a whole) do hold more of a 'cash first' stance. A 'cash first' stance, is largely seen to be one that encourages agencies to look to cash first and only after careful response analysis, resort to in-kind approaches when no cash transfer modality option has been found to be appropriate. Of those that recognise this 'cash first' stance in some individuals, there are a small minority who do not approve, but a good proportion of stakeholders are supportive of this 'cash- first' approach when it is employed appropriately with assurances that detailed response analysis is undertaken. There was some division of opinion, and this seemed to be that less inexperienced cash practitioners were less supportive of a cash first approach, with cash 'experts' being the ones more readily able to supply justifications for a cash first stance. These individuals who were supportive of the cash first stance within individual members and within the organisation of ECHO as a whole, justified this by outlining the 'inherent additional benefits of cash' cited as being dignity, choice, flexibility, multiplier and market benefits and perceived cost efficiencies of cash.

The telephone and country study interviews confirmed the findings of the surveys, with respect to ECHO support for advocacy and capacity building. There was wide-spread support for ECHO's support for advocacy and capacity building - and in particular the training developed through CaLP (and on to IFRC and other agencies).

There was some concern voiced however that ECHO support was now being reduced for capacity building in CTP and to CaLP more specifically. Some gaps were identified by stakeholders around cash and programming in urban areas, MiCs, protracted crisis, and gaps around indirect support to market actors, multiplier evaluation, cost efficiency methodologies.

Partners asked for a more coordinated donor approach to advocacy and in particular a streamlining of application and monitoring and evaluation and reporting procedures. The

view was expressed that donors are pushing for more joint ways of working, assessments & programming, as well as consortia approaches, and yet were not getting their own house in order.

A minority held belief was expressed that the push for consortia is based on making life easier for donor staff rather than advances in programming! There is some disquiet surrounding the push to consortia and MPCT and concerns that ECHO may be moving too quickly before there has been sufficient trialling and experienced gathered in varied contexts (generally referred to as ‘jumping on the band wagon’).

Other partners and donors have indicated the need for leadership to encourage common approaches to multiplier measurement and cost effectiveness and efficiency amongst donors. Others have identified a gap that ECHO and other donors can fill to ensure a level playing field in terms of justifications for differing TMs and other M&E matters (impacts of CTP and IK on prices and markets for example). Measuring multiplier effects and other less quantifiable additional benefits of CTP is considered by many to be key to ensuring measure like with like.

The ECHO stance on TMs is perceived to have developed over time; ECHO perceived to have moved very quickly from an organisation with only a few individuals supporting cash, to one where institutionally shifted to a more cash first approach which peaked about 3 years ago. This has now matured to one which is more measured and best defined as one that promotes (though not necessarily within its guidelines) a thorough tech design and response analysis to encourage selection of the most appropriate modality (less so for combinations of modalities or interventions to support market recovery directly – identified as area for increase CB and advocacy).

6.6 What examples are to be found of ECHO-funded cash-based interventions being successful linking relief to development (LRRD)?

Summary EQ 6.6: Examples of cash transfers being successfully linked to LRRD

EU LRRD policy seeks to link the use of the different funding instruments supported by the EC – both humanitarian and development orientated.

ECHO collaboration with the EU Delegations ranges from a strong and pro-active (as seen with the development of Joint Humanitarian Development Frameworks [JHDFs] in Jordan and Turkey to respond to the Syria crisis) to strongly bifurcated (in situations where ECHO fears engagement with other instrument would compromise its humanitarian principles – such as Somalia). Even where JHDFs have been developed very few examples could be found of effective LRRD.

Case studies from other agencies do serve to demonstrate the potential of cash transfers to create linkages between humanitarian and development programming as beneficiaries are able to adjust the use of the transfer between meeting basic needs, rehabilitation and

development purposes. However, the use of combined transfer modalities was perceived by stakeholders to be the most effective option in linking humanitarian and development programmes.

I#	Indicator	Source					
		Lit Rev	Data Review	Tel Inter view	ECHO Survey	Partner Survey	Field Visits
6.6.1	Case studies of cash interventions linked to LRRD	X		x			X

Literature Review

The EU policy on LRRD does not contain any references to the use of cash transfers²³⁷. There are references to aspects of the linking relief to recovery and development in other EU documents and in particular the EU Resilience Approach Summary in the text box below:

” The EU is one of the world's largest donors providing life-saving assistance to people affected by various crises. Over recent years the demands for such assistance have increased substantially – far outstripping the resources available. Such assistance is vital, but it is aimed mainly at coping with emergency situations and needs to be supplemented by support to populations at risk to withstand, cope with and adapt to repeated adverse events and long-term stress. Building resilience is a long-term effort that needs to be firmly embedded in national policies and planning. It is a part of the development process, and genuinely sustainable development will need to tackle the root causes of recurrent crises rather than just their consequences.

Quoted from The EU Approach to Resilience: Learning From Food Security Crises Brussels, 3.10.2012 COM(2012) 586 final

There are occasional references to LRRD within a wide range of other ECHO documents, which are summarised in this section in order to piece together the key elements of the ECHO approach for evaluative purposes. References to LRRD are often combined and overlapped with references to resilience, DRR, supporting coping strategies & preservation of assets, ‘do no harm’ and local procurement.

There are very few references to cash modalities directly in the LRRD literature, though there was one acknowledgement of the role of social safety nets in LRRD: “The Ethiopia Productive Safety Net Programme (PSNP) provides valuable lessons. It provides transfers in the form of food or cash to the most vulnerable households in the country in return for participation in public works. The PSNP is the largest social transfer scheme in sub-Saharan

²³⁷ link: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52001DC0153> provides access to the Communication from the Commission to the Council and the European Parliament - Linking Relief, Rehabilitation and Development - An assessment /* COM/2001/0153 final */

Africa and is cost-effective (about one third the cost) in comparison to humanitarian interventions.”

This same document also makes the most positive reference to the comparative advantages of cash over in-kind transfers: “Even though short term responses, and humanitarian assistance in particular, are mostly focused on life saving and asset protection, such activities can also have a long-term impact. For example, shifting from food aid to cash transfers can have a long-term effect in stimulating the local market and financing public works that can reduce the likelihood of future disasters or mitigate their impact. These types of intervention should be identified and prioritised.”

The cash and voucher thematic policy does have a specific reference to LRRD outcomes from cash; “The cash and voucher system has shown to help the morale of those in need and also prepares the ground for linking relief, rehabilitation and development (LRRD) activities.” But has limited other reference in any detail. Many of the policy documents are however dated prior to the progress of the LRRD debate. Many commitments and references are closely linked and overlap with DRR and others. DRR has its own Thematic Policy doc 5. DRR- Increasing resilience by reducing disaster risk in humanitarian action” (2013) and likewise touches on similar themes to those in the LRRD debate: “where the effectiveness and impact of emergency assistance is not compromised, humanitarian food assistance should consider simultaneous opportunities to reinforce crisis-affected communities’ resilience to future disasters, and to protect or strengthen their existing capacities to meet their own food needs, as well as the capacities of national systems to sustainably promote and maintain food-security. More fundamentally, EU’s humanitarian food assistance will seek to avoid undermining community resilience and coping capacity.”(section 4.4 staff working document).

The Food Assistance Policy 126 details the importance of a continuous approach in relation to LRRD ; “Humanitarian food assistance operations and food security development interventions should be designed and implemented in such a way that together they ensure an optimal coverage of emergency and development needs, whether they succeed each other in a continuum or coexist in a contiguum, as in many fragile states. **They should be coordinated and eventually dovetailed with each other so as to maximise opportunities for sustainable and durable impact**, pursuing the ultimate objective of self-reliance for victims of food crises.” Article 34 of the European Consensus on Humanitarian Aid also makes an indirect reference to the utility of combined approaches for LRRD purposes: “Linking food aid with other forms of livelihood support helps to enhance the coping mechanisms of the affected populations.”

There are clear commitments to coordination with other actors in relation to LRRD objectives (LRRD):”Some of the motivation for coordination is a motivation for improving cash transfer quality through capacity building, however a second motivation is to ensure lack of duplication as well as improved links with other recovery and development (LRRD) actors/ matters”. ECHO is clear in point 2.3.3 (Proposals) that : “The proposals will be (inserted: ‘linked and’) **coordinated** with existing actions, including long term actions carried out by the other services of the European Commission and other relevant donors and organisations”.

There are additionally, some clear commitments to local sourcing of humanitarian aid which indirectly touch upon the choices available within TM selection (and ‘Do no harm’). These are commitments related to not harming future development and thus do link to LRRD matters. Art. 35 of the European Consensus on Humanitarian Aid states: “Whenever possible, without unduly disrupting markets, aid including food aid, should draw on local and regional resources and procurements. Drawing on such resources and procurements not only avoids additional environmental and financial costs, but also involves local capacities and promotes the local and regional economy. Innovative modalities for aid delivery, including non-commodity based approaches (such as cash and vouchers), should also be considered.” (Journal of the European Union

Policy Document 5 on “DRR - Increasing resilience by reducing disaster risk in humanitarian action” (2013) does refer to how CTP can be used for linking immediate basic needs with longer term DRR through CFW e.g. “*Cash or Food for Work; public works are focusing on watershed management and rehabilitation;*” and a number of the few case study examples provided do refer to such programmes. It is important to note here however, that a number of leading authorities on CTP and the evaluation of such CFW programmes have questioned the sustainability of some of the works programmes. Though no references were found in the literature, it could also be said that some of the conditions imposed upon CTPs could also be said to go some way to link to DRR. Examples of this could be; training in safer construction of shelter; hygiene promotion and awareness raising across TMs related to child feeding, but cash with conditional training elements more common.

With regards humanitarian food assistance: COMMISSION STAFF WORKING DOCUMENT (COM(2010) 126 also makes reference to LRRD linked matters related to supporting coping strategies: “Food assistance should also aim to protect and reinforce livelihoods, since these are the primary means by which households secure their food consumption. In order to feed themselves, food insecure households often resort to negative coping mechanisms (e.g. sell their productive assets, abandon livelihood pursuits in favour of migration, or undertake transactional sex), all of which can further compromise their health and longer-term food security. A household's adequate food consumption in the short-term should, where possible, be achieved without it having to resort to negative, detrimental coping mechanisms that compromise its longer-term food security.” The document goes on to state; “Food assistance can be used to protect and strengthen the livelihoods of a crisis-affected population in order to prevent or reverse negative coping mechanisms (such as the sale of productive assets, or the accumulation of debts).” And make commitments to early support to livelihoods and coping strategies: “the Commission will ensure that (a) emergency livelihood-support and livelihood-recovery interventions are afforded sufficient and realistic timescales, and (b) that they are started in good-time, as an integral part of a humanitarian response and not just at its final phase.”

In conclusion; ECHO works under Humanitarian regulation, which limits their mandate and limits their potential to aim for longer term impacts that fall within the LRRD debate. Though there are very limited documents that outline in detail the ECHO LRRD approach, it is possible through a detailed examination of allied DRR and other documents to form a reasonable level of understanding of the type of approach that ECHO is aiming for. The lack of detailed and widely available documentation and information of the ECHO LRRD

approach is however highly likely to be partly responsible for the limited level of understanding of staff and partners in LRRD.

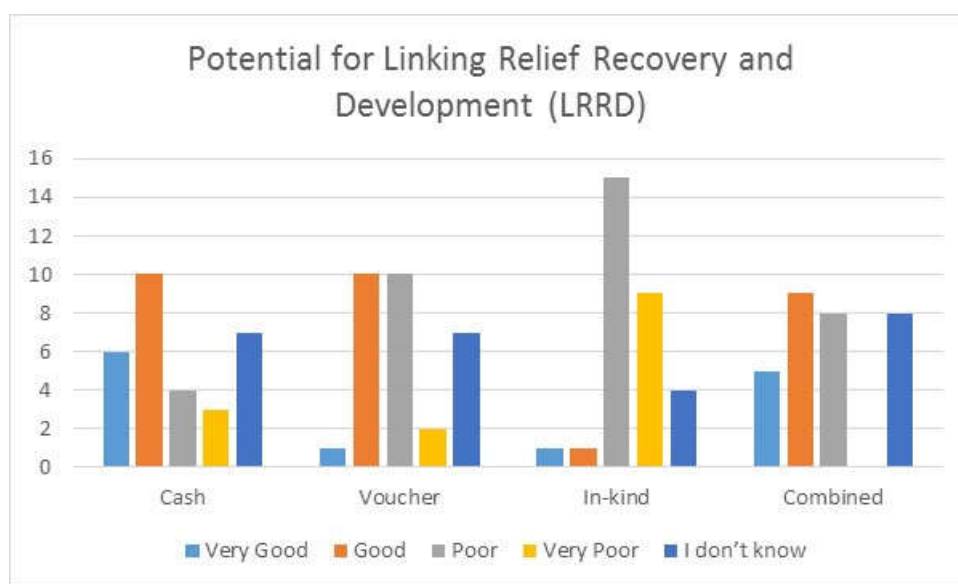
Survey

Survey respondents were asked about the potential of different transfer modalities in linking relief, rehabilitation and development.

Responses from Staff were broadly in line with partners, however, staff did appear to be of the opinion that vouchers had significantly less potential than other TMs for LRRD, than their partner counterparts²³⁸. Partners were also more optimistic than staff of the potential of combined approaches²³⁹.

ECHO staff saw the potential of cash transfers²⁴⁰, vouchers and combined approaches rather than in-kind to encourage LRRD and specifically to promote recovery and development through multiplier effects. Data showed strong support within partners for the potential of cash in particular and vouchers and combined approaches to a lesser degree, rather than in-kind approaches, to encourage LRRD.

Figure 41: ECHA staff views on the potential of different modalities on LRRD

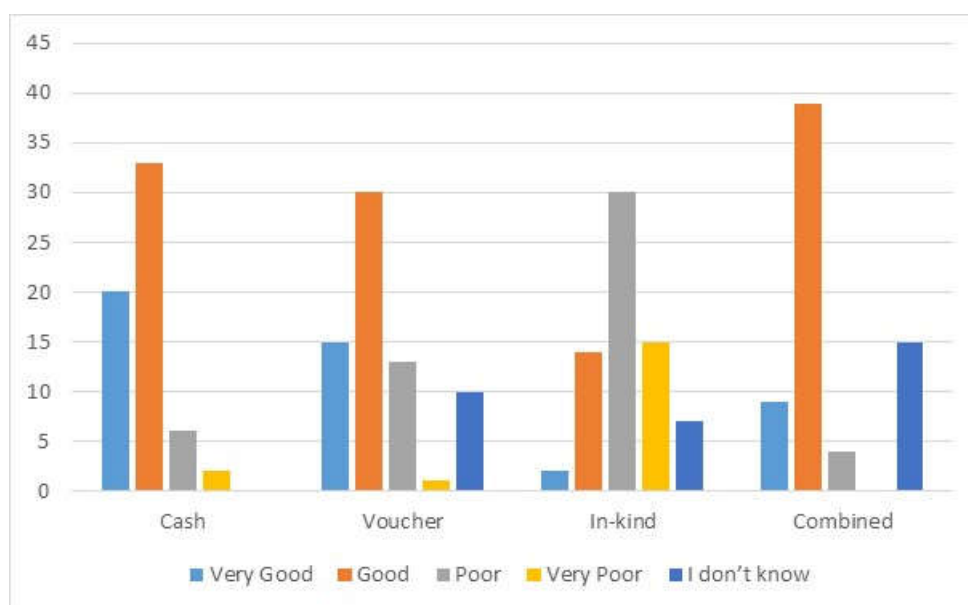


²³⁸ (65% of partners thought vouchers had good or very good potential, compared to only 36% of staff, with 40% of staff considering vouchers poor or very poor and only 20% of staff).

²³⁹ (71% of partners thought combined had good or very good potential, compared to only 47% of staff, with 6% of staff considering combined as v/poor and 27% of staff).

²⁴⁰ (perhaps slightly less so than for cash, however data set too small to show significant difference)

Figure 42: Partner views on the potential of different modalities on LRRD



Telephone and country interviews

The telephone interviews were used to ask stakeholders to help identify potential case studies of note on LRRD in general, and if possible to identify cases within the three country case studies visited. The majority of both ECHO and partner staff found it impossible to identify examples that they were aware of. This alongside a generally low level of understanding of the LRRD acronym itself and a low level of understanding of the approach in general is an important conclusion. Stakeholders when probed in detail admitted that they were ‘not really aware of what was intended by LRRD’. Others indicated that they felt that ‘development is not within the ECHO Humanitarian mandate’. It is thought that the lack of clear messaging, readily available policies and guidance on LRRD or a LRRD communications and CB strategy is likely to have impacted upon this limited knowledge base.

The text boxes below indicate a small number of the available case studies that came to light as a result of extensive enquiries. It is recommended that compilation and distribution of some good case study examples of the benefits of LRRD would be highly beneficial.

Summarised LRRD case study examples identified by FAO:

FAO are a key partner of ECHO but have surprisingly few examples of programmes with LRRD aspects. FAO were able to identify 5 within their ECHO funded portfolio. Below is a summary provided by FAO of the ECHO-funded FAO projects with a cash component that linked relief and development (LRRD).

1) West Bank

OSRO/GAZ/108/EC

01 Nov 2011 - 28 Feb 2013

EUR 1.5 million (USD 2 012 414)

Background: Drought-like conditions in the West Bank and chronic water shortages due to restricted access to water resources.

Beneficiaries: 500 vulnerable rural households (32 percent of whom were headed by women) in Jenin and Hebron governorates, in addition to 2 198 workers (skilled and unskilled workers from 24 cistern construction sites).

Objective: protect and improve the livelihoods and food security of poor rural families by sustainably improving the availability and management of water for agricultural purposes in rural areas of the West Bank and by creating jobs and enhancing income-generating opportunities.

Outcomes: 500 rainwater harvesting cisterns were either rehabilitated (7 percent) or constructed from scratch (93 percent). Out of all the cisterns, 15 percent were used for livestock purposes, 50 percent for horticulture purposes and 35 percent for backyard gardens.

CFW activities: More than 2000 skilled and unskilled workers worked for a total of 32,000 working days, to rehabilitate and/or construct 500 water cisterns. In many cases, the beneficiaries themselves were work on their own cisterns.

LRRD: Availability of and access to water improved for 500 vulnerable farmers in the West Bank. The project contributed to increase incomes and boost food security. Furthermore, the project was able to involve diverse stakeholders, including members of local civil society, while the adapted cash assistance approach injected cash into the local economy.

2) Niger

OSRO/NER/003/EC 18 Mar 2010 - 18 Mar 2011

EUR 3.000.000

Background: Drought and fodder deficit

Objective: protect the livelihoods of vulnerable households affected by a forage deficit.

Outcomes: CFW activities involved more than 42.000 households; 5.069 MT of fodder distributed for more than 33.000 households (approximately 168.900 people). 50.000 bags of multi vitamin complex for livestock were purchased and distributed. Several training sessions were provided to strengthen the capacity of partners in the management of livestock food banks.

CFW: 4.075 ha of degraded pasture were restored (102% against the target). 8.483 households (five members on average) participated in cash for work activities.

LRRD: Cash for work activities had a structural impact on the communities through the regeneration of pasture helping households to meet their food and non-food needs. Cash also significantly reduced the exodus of labourers to neighbouring countries like Nigeria

3) Somalia

OSRO/SOM/902/EC 01 Apr 2009 - 31 May 2010

EUR 3.000.000

Background: Humanitarian crisis in Somalia, with 43% of the total population of the country, or around 3.2 million people, in need of emergency lifesaving assistance

Objective: To contribute to improve food security of small scale farmers, pastoralists and fishing communities

Beneficiaries: 10,000 HH small scale farmers with distribution of seeds fertilizers and tools, 1,500 pastoralist with distribution of female lactating sheep and goat and **13,000 households (approximately 85,000 persons) with cash for work.**

CFW: rehabilitation of irrigation canals, rehabilitation of flood recession areas roads and culverts to facilitate movement of people and goods and make water available. Cash payments were carried out on a weekly basis using the Hawala system. Beneficiaries received a voucher corresponding to the amount of work done²⁴¹. All of the rehabilitated infrastructures were chosen by the communiuers.

LRRD: CFW provided immediate cash relief to households while setting the base for medium term recovery. CFW the second, long-term result of the cash for work activities was the rehabilitation of productive infrastructure, irrigation canals, water reservoirs and feeder roads that increased the availability of water for irrigation and animal consumption while the rehabilitated roads shortened the time of transport from production areas to consumption areas, facilitating access to markets.

4) Somalia

OSRO/SOM/121/EC Aug 2011 Dec 2013

4.500.000 EUR

In September 2011, FAO scaled up its CFW activities to respond to the famine declared in July. Several donors funded the scale-up of CFW including ECHO. ECHO's project reached more than 8,000 households with a budget of 4.5 million USD. See project report and the note *Linking Relief to Recovery* at <http://www.alnap.org/resource/7872.aspx>

5) Haiti

OSRO/HAI/203/EC²⁴² Nov 2012 - 30 Apr 2015

EUR 1.500.000

Background: More than 50 % of the rural population in Haiti lived on less than 1 \$ per day. Among this group, approximately 850.000 persons (8.2% of the population) were acutely food insecure. These vulnerable households often lived in rural areas highly exposed to natural disasters such as cyclones and floods that often hit the island.

Objective: formulated in the aftermath of the earthquake targeted poor subsistence farmers to support them in the transition period to recovery and development.

Seed fairs: The seed fairs set up by FAO in the department of Artibonite were linked to a FAO seed multiplication program. The seeds (e.g., beans, sorghum, maize) and the cuttings (cassava, yam, sweet potato) available at the fairs were produced by 15 farmers associations - Groupements de production artisanale de semences - (GPAS). 2.000 farmer

²⁴¹ N.B. The activities are referred in the project document and in the concept note as cash for work. In fact, since the transfer to beneficiaries took place through a voucher, it would be more appropriate to refer to the activities as voucher for work.

²⁴² Please note that FAO started setting up seed fairs in 2010 in the aftermath of the earthquake (January 2010). This particular project was funded by the European Union. In many of these seed fairs farmers had to co-pay (~ 20%) the vouchers.

households received vouchers valued at 1000 Haitian gourdes (~ 25 USD). The linkage with seed multiplication projects was an important feature of FAO programming strategy to make a sustainable impact on the small-scale agricultural production and trade sector in Haiti. Instead of inviting commercial traders to the fairs, FAO invited farmers associations. The linkage strengthened farmer associations and the bond between farmers and farmers associations.

LRRD: Increasing seed production reduced the food insecurity of the targeted families who were able to sell the surplus. The seed fairs were also linked to income-generating activities such as processing, preservation and marketing of products.

Other Summarised LRRD case study examples identified from other donors:

Swiss Development Cooperation (SDC)

The SDC cited a case study example (SDC) from Mongolia of the ‘index based livestock Insurance project²⁴³’ where an LRRD programme had gone on to become a long term social safety net/protection programme. This consisted of an SDC funded ‘cash for herders’ initiative aimed at helping livestock owners herds to survive harsh winters. This helped herders to purchase livestock after the winter was over for a number of years. This became a national index based livestock insurance programme (with government involvement) which has gone on to receive repeat funding²⁴⁴.

Canadian Food Grains Bank (CFGB)

A study by CFGB of the long term effects of three programmes from assets created through food for work (FFW) interventions found that “‘five to twenty seven years after termination of project activities, the benefits of the assets created under former FFW initiatives continue to contribute to the livelihoods (and food security) of households and communities’”. It concluded that “‘There is no doubt that each project has had significant long term impacts – even at project sites where structures were of limited technical quality.’”²⁴⁵

There are of course limitations to which ECHO is realistically likely to be involved in LRRD. One interviewee did highlight that fact that “‘the key to success in LRRD are strategies that reduce funding fragmentation and sectorisation and siloing of aid/funds/donors/agencies etc.’” And went on to reflect that: “‘ECHO humanitarian policy is realistically not compatible with its humanitarian emergency imperative rather than the longer term perspective.’”

One potential explanation with respect to the apparent lack of progress within LRRD is that LRRD is a relatively new concept and that is perhaps too early for LRRD projects to have started to be funded or have begun to have impacts. A further potential explanation is that very few programmes have been submitted as ‘LRRD programmes’ per say, but that programmes are proposed that have a small LRRD element or emphasise. Discussions with key regional staff have indicated that few programmes are either submitted as LRRD programmes, and in virtually all other regions that the Sahel, that few have been submitted

²⁴³ ‘index based livestock Insurance project’ (The World bank IBRD IDA website 2009/09/23)

²⁴⁴ Reported to be ECHO and World Bank funded but unable to verify.

²⁴⁵ CFGB Jan 2014 “Impact and Sustainability of FFW created assets”.

with even an LRRD emphasis or reference. Staff have indicated that even when submitted, few have gained support. ECHO may choose to further investigate why this might be so. It does appear that levels of acceptance for LRRD within ECHO staff are particularly low (despite the potential indicated in responses to the data survey). Reasons for this remain unclear. There may be some indication that programmes with LRRD aspects may have been submitted, but because of staff perceptions that ‘development’ does not fall under the ECHO ‘humanitarian mandate’, that these applications tend to be rejected (Senior, long standing ECHO source).

The evaluation did identify that it is not possible to track LRRD applications and that HIP documents could more often refer to LRRD objectives to motivate partners to include LRRD elements. A number of publicly available evaluations of ECHO programmes were also reviewed to ascertain whether ECHO funded programmes were being assessed for their commitments to LRRD, and this did not seem to be the case. It is recommended that in future, guidelines on the evaluation of ECHO programmes, should include reference to LRRD outcomes.

Annex IX: Evidence Paper 7

Use of cash transfers and vouchers for health services in humanitarian crises

INTRODUCTION: ORGANISATION OF HEALTH CARE IN HUMANITARIAN CRISES	1
WORKING WITH EXISTING SYSTEMS	2
CASH TRANSFERS AND VOUCHERS FOR HEALTH IN NON-HUMANITARIAN CONTEXT	3
USE OF HEALTH VOUCHERS IN FRAGILE STATES.....	5
POTENTIAL USE OF CASH AND VOUCHERS IN HUMANITARIAN CRISES	5
USE OF HEALTH VOUCHERS BY ECHO	6
USE OF MULTI-PURPOSE CASH TRANSFERS FOR HEALTH SERVICES.....	8

This annex examines the use of cash transfers and vouchers in addressing health-related needs in humanitarian crises. Drawing on the specific experience of ECHO and data, it examines the following issues:

- 1) What is the wider experience of using a) cash or b) vouchers as substitutes for the in-kind provision of health services?
- 2) To what extent is ECHO using vouchers to deliver health services?
- 3) To what extent is it appropriate to use a single ‘Multi-Purpose Cash Transfer’ to include coverage of health-related needs?
- 4) Is there any evidence on the comparative cost efficiency or cost effectiveness of different transfer modalities in delivering health services? Which standardized health output and outcome indicators could be used to compare the efficiency and effectiveness of different transfer modalities in delivering health services?

Introduction: organisation of health care in humanitarian crises

During humanitarian crises a great variety of health concerns develop while the patterns of morbidity and mortality vary significantly from context to context. Costs are also unpredictable and needs are very fluid (can change rapidly between immediately after emergency and later phases after emergency). The immediate as well as medium and long term health needs are widely different and range from need for preventive care, primary health care to tertiary care, and for a wide range of conditions/diseases; e.g. injuries, gender-based violence, infectious diseases (e.g. TB/HIV/cholera), malnutrition, obstetric emergencies etc. In the beginning of a refugee emergency the risk for epidemics and death through common diseases (diarrhoea, respiratory infections, malaria) can be high. Furthermore, affected populations also need their regular health care as any population. Access to healthcare is a critical determinant for survival during humanitarian crises, and more so during the initial stages of the crisis when there is a great need for basic curative

health care services (including secondary/tertiary care) and preventive care (immunizations, surveillance and addressing epidemics/excess mortality).

Working with existing systems

According to the SPHERE handbook²⁴⁶: *“A health systems approach to the design, implementation, monitoring and evaluation of health services is adopted as a framework for organising health services during disaster response. This is the best approach to ensure that priority health needs are identified and met in an efficient and effective manner. Principles such as supporting national and local health systems, coordination and standardisation of tools and approaches are stressed throughout.”*

In other words the health care for affected populations should ideally be organised through the existing local systems and only in specific cases through “parallel activities” such as mobile clinics, field hospitals, large scale immunization campaigns or other measures in case of an epidemic threat.

As a first step the existing local health system is analysed to determine the system’s level of performance, to identify the major constraints, and to design an appropriate intervention to strengthen the system to be able to attend the affected population. Examples of these interventions are; supporting health facilities to attend an increased patient load and/or attend specific health needs; repair or reconstruct partially/totally damaged public health facilities, hospitals, and birthing centres; strengthen disease outbreak prevention and control; enhance referral systems with for example an increased emphasis on the provision of mental health services; enhancing emergency response capacity for surgeries, including emergency obstetric care etc.

Setting up temporary parallel health services

The emergency phase of a crisis is characterized by high number of patients using health services and usually the local health system cannot cope. Therefore in a lot of cases parallel health services are set up. According to ECHO²⁴⁷ *“interventions can temporary support a relevant Basic Package of Health Services (BPHS) in circumstances where the support by the government has been disrupted by a crisis. Interventions not included in the BPHS can be proposed to cover emerging needs that were not considered in the BPHS. The expansion of the geographical scope of the BPHS can be considered when targeted populations are located in an area with low or no coverage, or when the displacement of population temporarily overwhelms existing local health system. The extension must pay attention to existing human resources and supply systems.”*

Health system in post emergency phase

According to ECHO (DG ECHO Thematic Policy Document n° 7: Health General Guidelines Feb 2014): *“the usual setup for refugee health care in the post-emergency phase is as follows:*

²⁴⁶ <http://www.spherehandbook.org/en/how-to-use-this-chapter-4/>

²⁴⁷ DG ECHO (2014b)

1. *An outreach program with home visitors. They act as the link between population and the health facilities and should especially be involved in active case finding, defaulter tracing and health information campaigns.*
2. *Peripheral health services which should only deal with the basic diseases.*
3. *A central health facility: this facility should be able to cope with most diseases and should include basic hospitalization and 24 hours services.*
4. *A referral hospital: especially needed for surgery and obstetric emergencies (if possible in an existing facility).*

However, there is no single model for organisation of health services for refugees as it is largely defined by the context (urban refugees, camps or dispersed along local population), the disease patterns and existing resources and health facilities.”

Cash transfers and vouchers for health in non-humanitarian context

Cash transfers

Use of cash transfers to beneficiaries to obtain health services is rather limited outside the humanitarian context. This is because donors/governments want to be sure that the subsidies they provide to needy populations are actually used for health services.

Vouchers

Outside the humanitarian context vouchers have been used mainly to address particular health needs of specific populations. The strengths of vouchers are:

- Targeting: this facilitates provision of subsidies to a particular vulnerable group
- Developing a “market” for specific health services, such as Family Planning or Maternal services
- Changing the health-seeking behaviour of a population which underutilise a certain beneficial health service (for example cervical cancer screening).

Health vouchers do have several limitations²⁴⁸; and some of them would limit also their use in the humanitarian context:

- Health vouchers are mostly limited to one service or a small package of services; such as a maternal and neonatal care package. The largest package known to be offered through vouchers is a primary health package for migrant farmworkers in the USA. In developing countries mostly just one health issue has been or is being addressed;
- Voucher services should relate to a common condition to ensure sufficient client volume to make it relevant to set up a voucher system;
- The service package should be clearly definable i.e. clinical need and management protocol should be largely predictable, in order to allow for manageable claims processing, and predict costs;

²⁴⁸ Gorter, C. et al (2012)

- Services should have a start and an end to limit payment to clear conditions, i.e. pregnancy and delivery or tuberculosis diagnosis and treatment. With chronic conditions, a voucher could only cover a certain period of time and after which the patient is referred;
- Acute cases are not appropriate because the patient needs time between receiving and using the voucher. Accidents or other sudden conditions, such as gender based violence, are not really suitable for vouchers, unless the vouchers are kept at the health facility and knowledge is widespread in the communities that the services are free.

In non-humanitarian context health vouchers work best when the services are related to relative common conditions, are clearly definable, time limited (with a beginning and an end) and are sufficiently relevant within the country's health policy framework to justify the costs of voucher distribution and claims processing.

Value-based vouchers

A value-based voucher could also be used instead of cash, whereby the money can only be used for health care. For this it would be necessary to develop a list of approved health facilities and pharmacies where this voucher can be used. This value based voucher is basically a hybrid of the voucher and the cash transfer.

Some of the benefits would be:

- A value-based voucher can address a much larger package of service than the "normal" health voucher;
- Money can only be used in approved health facilities which are expected to provide services of good quality. It does not have the problem that the money is not used for health care or used in low quality and/or expensive health care facilities. Hence, the minimum acceptable quality standard can be guaranteed as well as reasonable expenditures;
- The value of the voucher will be known to the beneficiary and he/she can use the voucher according to their priority needs in health;
- There would be no need for expensive claims processing of invoices as the payment is instantly deducted from the amount on the voucher.

This value-based voucher would work probably best using e-vouchers, whereby a certain amount of money is put on the e-voucher of the beneficiary and transferred after the health services have been obtained. This will be much alike how the food vouchers work.

Fraud control might be an issue, in the sense that beneficiaries can collude with health providers and actually pay more for a health service than the real value of that service or simply pay a certain amount and then split the benefits. However, in the case of cash transfers for health there is no possibility to control this behaviour. In the case of a value-based voucher, the beneficiary would lose money during the collusion with the provider and get back less than what was given, and the provider might not want to risk her/his good name.

Use of health vouchers in fragile states

Health vouchers have been successfully used in fragile states for example in Yemen and Pakistan (see attachment 1). A voucher approach has a number of advantages in fragile contexts:

- It works with both the public and private sector as a whole health system. By engaging the non-state sector it fills gaps that under-resourced and, at times, incapacitated, governments systems cannot address. We will give specific examples of this from both focus countries;
- It can keep vital funds flowing to health providers in times of conflict – as examples from Yemen will show;
- It gives women alternatives where government services have broken down;
- It standardises quality assurance for targeted services and incentivises providers to maintain and improve the quality of the services they provide;
- It is a flexible approach that can be adapted to the particular needs of the programme and context in which it operates.
- The experience of using vouchers to obtain health services during a humanitarian crisis is very limited. Only one example was found which concerned vouchers for reproductive health services for refugees from Syria. Another example was found but this concerned vouchers for animal health in Somalia. There are examples of vouchers being used in fragile states, such as the successful Yemen maternal health and family planning vouchers financed by the German Government and family planning vouchers in Pakistan (see annex 1).

Potential use of cash and vouchers in humanitarian crises

The above mentioned health interventions vary widely and also need a wide range of capacities and skills; from disease surveillance to establishing a full fledged hospital. So far vouchers and cash for health have been used in just a few cases within the context of humanitarian crisis and only for particular health needs, e.g. Syrian refugees who received vouchers to access reproductive health in Syria and cash payments to access secondary and tertiary health care in Lebanon (see above).

Even though experience is limited there are several potential uses of cash and vouchers in health which might be relevant:

- Where health services are not free: the ECHO guideline on Cash and Vouchers gives as an example: “*to help households access basic services (water, health and education) where these are not free*”. In other words, where health services are not free at point of delivery, cash transfers or vouchers can be used to help affected population to access the health services. This will also widen the number of health facilities where health can be obtained, which can be relevant when affected population is scattered among a large geographical area. Facilities would not be limited to the public sector, but can also come from NGO and private sector. In the case of public sector, fees would be lower and at a level which would be reasonable to ensure the facility to be able to enhance its capacity to attend to the increased client load.

This is a somewhat different reason than what is observed in non-humanitarian context. However, a few examples exist where vouchers have been used as a pre-payment system for populations who otherwise could not access primary health care provided by private sector (slum dwellers in India, migrant farm workers in the USA).

- Referral and treatment of patients at particular health facilities. This is not much different from the above “Where health services are not free”. However, in this case vouchers and cash transfers are specifically used for referred patients. They are used in addition to the health systems established for the affected populations (be it through local existing or temporary parallel health service systems) for particular services which can only be obtained outside those health systems, such as secondary and tertiary care (e.g. Lebanon, see below) or rehabilitation centres. This is specifically for care which would lead to catastrophic health care costs. A transport subsidy could be added to such a voucher. One can imagine that such a voucher system has the potential to reduce the need to set up e.g. tertiary care in temporary parallel health services.
- To increase uptake of priority services particularly relevant for the affected population. One theoretical reason is to use vouchers as a motivational tool; that is providing vouchers for health services which are particularly relevant for the affected population (e.g. mother and child care, HIV testing, Family Planning services). The vouchers would ensure free care at point of delivery and if relevant, could also pay for example for transport or other opportunity costs. Potential health facilities could be pre-identified, quality assessed and contracted.

Vouchers and cash transfers for health have been used for the following reasons:

- Provision of care for obstetric emergencies in health facilities where services were not for free and probably also to increase uptake of priority services; in this case promote the use of Institutional Deliveries as this can reduce maternal mortality considerably. The vouchers also widened the number of health facilities attending the affected population. The reproductive health vouchers made it possible that obstetric emergencies were attended in existing NGO clinics and a University clinic. This reduced the need to establish specific Obstetric Emergency care for the affected populations;
- Cash transfers have been used to pay for costs patients referred to secondary and tertiary care, again at health facilities where services were not provided for free.

Use of health vouchers by ECHO

In practice a very small number of cases were identified where ECHO was using vouchers to address health needs:

Vouchers for reproductive health in Syria

Vouchers for reproductive health in Syria were implemented by UNFPA and funded by ECHO and are possibly still implemented however only information on 2012 and 2013 could be obtained. It concerns vouchers for reproductive health services for refugees from Syria, specifically to obtain maternal services. The vouchers enabled women to obtain free-of-charge maternal and obstetric services at the Obstetric University Hospital and Syrian Family Planning Association clinics. The vouchers widened the spectrum of health centres, which increased the chances of beneficiaries to get services. In 2012 and 2013, UNFPA distributed

around 40,000 vouchers in violence-affected areas through outreach mobile teams or medical volunteers providing reproductive health services and information. The distribution was systematic and focused not only on shelters for Internally Displaced Persons (IDPs) but also in most needed communities through NGOs mobile teams and medical professionals working in the most affected communities in the targeted governorates in Damascus, Rural Damascus, Homs and Aleppo. The services covered by RH vouchers include mainly emergency and life-saving activities (C-section, hysterectomy, bleeding).

Vouchers for animal health treatment

There was one example whereby vouchers were used for animal health in Somalia (ECHO funded project ID 2011/01059). The vouchers were for de-worming standard treatment which targets all animals. Treatment was done by project veterinary experts identified by a regional veterinary association. Drugs were obtained from identified pharmacies through a voucher system. The activity was carried out during months of November to May which is reported to coincide with high livestock disease incidence.

ECHO financed the vouchers for reproductive health as well as the animal health vouchers. They also funded the cash transfers in the DRC which were specifically meant for health.

There is no documentation on the cost efficiency or cost effectiveness of using cash transfers, vouchers or value-based vouchers in providing health services during humanitarian crisis. There is no indication that this soon will be investigated. This is probably because the number of interventions using these modalities is very limited.

In theory, buying health care in existing health facilities which do not provide care for free might well be more cost-effective than establishing parallel systems for the affected population. Ensuring affected populations do access priority services relevant for their health might be cost-effective. Payment of services of referred clients in for example secondary and tertiary care will reduce morbidity and mortality among affected populations, however it will increase the overall costs of the humanitarian aid, especially in settings where much of the health care has been privatised.

The conclusion drawn is that vouchers and cash transfers are being used to provide health services, to a very limited extent. Reasons advanced to explain this limited uptake include that:

- Unfamiliarity among health aid workers with these tools and how they can be used.
- The complexity and unpredictability of health needs and the requirement to ensure quality and affordability.
- That one simple voucher cannot address all health needs of the affected population. One would need a voucher which would be designed more like a health insurance package for basic health services and then still it might not address all needs.
- Establishing a health voucher scheme or a value-based voucher scheme for health can take several months.

Vouchers for health services are certainly feasible and as shown in the context of Syrian refugees can be relevant as well. Furthermore, vouchers have been used successful in fragile states. Taken these limited but important experiences we can conclude that vouchers or cash

transfers or value-based vouchers for health might well be used within the humanitarian context for the following reasons as mentioned also above:

- Where health services are not free
- To increase uptake of priority services particular relevant for the affected population
- Referral and treatment of patients at particular health facilities, which can also prevent catastrophic health care costs.

Use of Multi-Purpose Cash Transfers for Health Services

Affected populations often obtain cash through various means (e.g. selling of food/other materials/vouchers, Cash for Work programmes, single cash transfers which are in practice unrestricted) and very often a small part of this cash is used to access health services. Already in 2008 a review of vouchers and cash (commissioned by ECHO and implemented by Prolog) found that: *“The monitoring data collected by some of the DG ECHO partners on the beneficiaries’ use of Cash For Work wages provides very interesting trends. It shows that as the cash/ voucher transfer allowed beneficiaries to regain control over the resources and to choose what to buy, they usually purchased food—as expected—but in addition they also spent cash on other things including health and education.”*

We found a few examples where a specific cash transfers was provided specifically meant to be used for health services (Lebanon and DRC). However, there are quite some examples of multipurpose cash transfers (sometimes named unrestricted cash transfers) where a small amount was used for health services, with in general percentages cited of around 10%.

Lebanon

Of the at least 14 different objectives of cash transfers having been identified from the Cash Actors Map in Lebanon two were for health: one to provide access to secondary and tertiary care (reimbursement of costs occurred at the health facility) and one to pay for medication (DfID Country Case Study: Lebanon).

From Jan to March 2014, 17% of households reported exchanging their WFP e-cards for cash. On average, refugees reported exchanging one-fifth of the e-card balance for cash. The four main needs covered with the cash were more food/better food (42%), rent (23%), medicine and health (14%) and hygiene or cleaning items (12%).

Democratic Republic of Congo

The Evaluation of an ECHO-funded cash and voucher food assistance in the Democratic Republic of Congo (Sarah Bailey, 2014) found that 8% of the cash transfers which could be used according to need, was spend on health: *“most of the cash (71%) was spent on the food. The balance of the transfer reportedly went to savings (9%), health (8%), debt repayment (3%), education (3%) and income generating activities (3%)”*. In an area where vouchers were used the population received an additional \$25 cash transfer to be spend on other needs not covered, such as health, debt repayment. The benefits cited included having better standing with health centres because debts were paid, children not being sent home from school (owing to non-payment of school fees), access to health services and starting small income generating

activities. For the 5% of beneficiaries who sold food assistance, their motivations were mainly to buy other types of food (32%), pay for health services (29%) and reimburse debts (21%).

Somalia

Interagency evaluations of the cash based responses to the Somalia famine in 2011 where cash assistance was provided without restrictions in its use, found that expenditures of beneficiaries changed over time, according to their priorities, in a way which would have been impossible to programme effectively through other means. Expenditure shifted over the months from food and debt repayment to include a greater proportion on health and livelihood investments (*“Initial Findings Task Area 3: Multi-Purpose Transfers”*). In the **“Final Evaluation of the Unconditional Cash and Voucher Response to the 2011–12 Crisis in Southern and Central Somalia”** (2013, commissioned by UNICEF) one of the impacts of the cash transfers cited was an increase in demand for health services. ‘Instead of waiting to see if my child will get better or worse, with the cash grant, I can just go to the clinic’ (mother, Hawl Hadag). ‘People are coming sooner when they are sick. They are not waiting until they are nearly dead’ (nurse, Bardera).

Philippines²⁴⁹

Households were able to cover part of their basic needs with the cash grant (mostly food, shelter, health and education expenses). *“Looking at cash grants for food and basic needs, the evidence shows that cash was used for diverse goods and services that span the sectors by which humanitarian aid is organised. House repair and building material were the largest category of spending followed closely by food. Other uses were agricultural inputs, medical inputs, school fees, sharing, debt repayment, clothing, hygiene, fish inputs and transport”*. Medical expenses ranged from around 7% to 12%.

Ethiopia

A DfID case study on the relief cash programme in Ethiopia describes that the report of the third round of cash distribution found that 78% of the cash is spent on food items, 17% on livestock and the remainder was used for other needs including healthcare and household items.

Theoretical the use of MPCT for the provision of health services can be appropriate if it concerns access to health care for common illness/conditions. It can be established very quickly, which is a huge benefit. It could be used for example during the acute phase of a humanitarian crisis while humanitarian aid organisations are establishing the health system which will attend the affected population. It might also be useful during the chronic phase but only for minor illness/conditions, and should be in combination of a system which provides access to health care for serious illnesses/conditions as well as preventive care such as immunizations and comprehensive child checks and maternal care and other relevant services such as HIV testing and treatment.

²⁴⁹ DFID (2014), case study on unconditional cash transfers response to Typhoon Haiyan (Yolanda).

As noted in Evidence paper 7: *”It was not considered that this meant that all material needs of disaster-affected households could be most effectively addressed through a single consolidated transfer and there was broad agreement that – depending on the context - there were certain, specific needs that may be more appropriately addressed through single sector transfers (whether cash or another modality). There were several examples that were frequently given: “Nutrition and public health for critically vulnerable groups: it was noted that in comparison to Food Security & Livelihoods activities, in the case of public health issues and contexts of nutrition crises it is likely that agencies would desire some level of assurance that specific programme objectives (relating to mortality etc.) will be met. Whilst unrestricted cash transfers can also be put towards imported nutrition of vulnerable groups such as children under 5, actions to further safeguard nutritional support to these groups through the use of modalities such as voucher may be appropriate”. “These transfers could be provided as a complement to MPCT”.*

Also it was observed that the MPCT did not address the needs of highly vulnerable groups: *“.....As a result the amount of the cash assistance is not enough for all beneficiaries to cover their needs, especially in the cases only receiving 50 JD and for those with disabled or chronically ill family members”.* Further analysis of the use of MPCTs for health services would be very interesting to explore further. MPCTs might well be a very cost-effective manner to address health needs, possibly not as the only health intervention, but as a very flexible tool to quickly arrange access to care for common illnesses/conditions. Further investigation on the use of MPCTs can shed more light on when, why and for what type of illness/conditions these are being used.

Attachment 1: Abstract of oral presentation at the 2015 International Conference on Family Planning in Nusa Dua, Indonesia, November 2015.

Providing Family Planning in Fragile Environments: the case for vouchers

Luke Boddam-Whetham, Dr Xaher Gul

1. Background

Many of the poorest countries in the world are also those beset by conflict or ongoing social and political unrest that present significant challenges to states trying to provide health services to their populations. This appears to be particularly the case in 2015, with conflicts raging across the Middle East and no end in sight for countries affected by chronic unrest such as the Democratic Republic of Congo and Pakistan. Overseas Development Assistance is increasingly focused on these fragile states as it is recognised that humanitarian needs are great and insecurity born there can spread across a region.

The challenges to delivering health services in these contexts are numerous. Even where full scale conflict is absent under resourced government struggle to provide family planning services. Often large populations are beyond easy reach of a public health facility and, even where those facilities exist, they are under-resourced and their staff often lack the skills to provide the most effective long-acting and permanent methods (LAPM) of family planning (FP). Where conflict occurs these challenges are exacerbated still further. Government systems break down, financial flows are severely curtailed and basic supplies can become extremely scarce.

This paper will look at two countries Yemen and Pakistan - ranked eight and 10 in the Fragile States Index²⁵⁰ in 2014 – and at how innovative demand side financing approaches such as the use of vouchers can catalyse uptake of family planning in these challenging environments.

2. Program intervention/activity tested

Marie Stopes Society (MSS, Pakistan) and the Yamaan Foundation for Health and Social Development (Yemen) – both working with Options Consultancy Services – have developed vouchers to subsidise access to LAPM of FP²⁵¹. Local distributors identify eligible women and provide them with a voucher. These are redeemable for free family planning services at local service providers which have been quality assured by MSS/Yamaan. In the case of MSS at their network of franchised private health providers and in Yemen at a mixture of public and private health facilities – including franchised community midwives. Once they have provided a service the health provider sends MSS/Yamaan a claim for payment – which is vetted and paid.

²⁵⁰ Fund for Peace and Foreign Policy; <http://foreignpolicy.com/fragile-states-2014/>

²⁵¹ These are dedicated vouchers. A safe motherhood voucher in Yemen also offers post-partum family planning.

3. Methodology (location, setting, data source, time frame, intended beneficiaries, participant size, evaluation approach)

Voucher programmes, given that they pay on results, have strong inbuilt data collection and analysis mechanisms. In Yemen we estimated the expected annual uptake of LAPM in one governorate based on population projections and the contraceptive prevalence rate from the recent DHS (MWRA – (pop x CBR)) x annual CPR²⁵²). We compared this against a year of service data generated by the vouchers.

In Pakistan the impact of voucher programs on CPR in rural communities have been evaluated through implementation studies, the most recent of which concluded in 2011. In addition to maintaining robust service data management systems, MSS is also currently conducting a multi cluster study to evaluate the impact of FP service vouchers when coupled with social franchising and different behaviour change approaches.

4. Results/key findings

In the governorate of Lahij in Yemen we can show a significantly higher than expected uptake of LAPM services in target areas in the year 2014 (962 women vs 602 expected). The voucher programme is the only significant extra intervention being implemented in these areas.

When the Yemen programme started very few facilities were offering LAPM services. The incentives offered by the programme have encouraged facilities to access training in LAPM through the local health offices and NGOs – thus increasing choice and access for women. Over the past couple of months the security situation in Yemen has deteriorated severely and government funds have all but stopped flowing. However, the voucher programme continues to pay providers for the services they deliver – directing extremely valuable funds to those facilities which can be used not only for FP services but also to fund other much needed health services.

In Pakistan an 18 month trial of social franchising complemented by FP service vouchers for long term contraceptive choices increased the overall CPR by 19.6 percent with an 11 percent increase in the uptake of IUCDs, which were covered by vouchers. Since July 2012, MSS has distributed over 172,000 vouchers for LAPM, of which over 150,000 have been redeemed for spacing or limiting births.

Pakistan's fragmented health system continues to suffer from poor stewardship, corruption, under-funding and lack of skilled human resource. An ever worsening security situation, high levels of poverty, illiteracy and lack of access to social services in rural areas compounds the challenge of addressing low CPR. Vouchers have been to strengthen the overall health system by effectively engaging and improving service quality of private sector providers, as well as increasing the overall demand for FP services.

²⁵² Long acting methods provide multiple couple years of protection. A crude but nevertheless indicative method is to divide an individual method's CPR by the CYP index to arrive at an approximate annual CPR for that method.

5. Program implications/lessons

A voucher approach has a number of advantages in fragile contexts:

- It works with both the public and private²⁵³ sector as a whole health system. By engaging the non-state sector it fills gaps that under-resourced and, at times, incapacitated, governments systems cannot address. We will give specific examples of this from both focus countries.
- It can keep vital funds flowing to health providers in times of conflict – as examples from Yemen will show.
- It gives women alternatives where government services have broken down
- It standardises quality assurance for targeted services and incentivises providers to maintain and improve the quality of the services they provide
- It is a flexible approach that can be adapted to the particular needs of the programme and context in which it operates

We would advocate for programme implementers in fragile settings to consider vouchers as an effective means to continue to provide family planning services to clients.

²⁵³ Both for-profit and not-for-profit

Annex X: Evaluation survey results

This annex presents the full responses to the surveys administered during the evaluation desk phase. One targeted ECHO staff (both Brussels and field-based) and one targeted ECHO partners. Both surveys were administered using an online survey tool, LimeSurvey®. Answers have been treated anonymously.

The surveys were launched by email invitation on 21st April 2015. Stakeholders were asked to complete the survey by 1st May. In order to encourage high response rates, the evaluators extended the completion deadline and sent follow-up reminders to each of the initial invitees on 4th May.

Both surveys are presented in full below, with an analysis of the respondents and the responses per question presented in table and graph form.

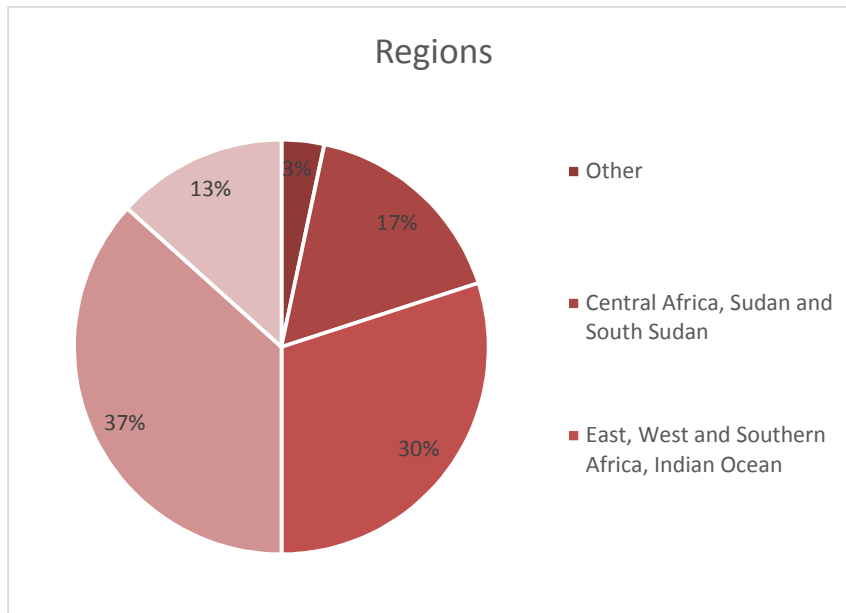
X.1 ECHO Survey

X.1.1 Analysis of respondents

The ECHO staff survey was sent to a total of 128 ECHO staff involved in the delivery of humanitarian aid operations and the assessment of partner proposals. This included all Brussels-based desk officers covering ECHO operations in each country of activity; each of ECHO's country offices; and all sectoral experts within DG ECHO's regional offices. A total of 30 ECHO staff completed the survey.

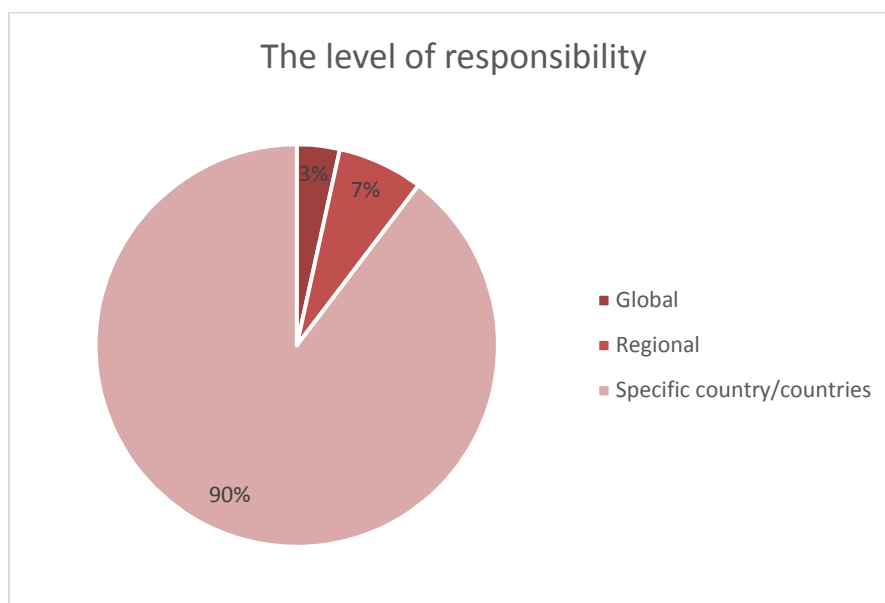
The figure below shows that 67% of the respondents work for the following regions: European Neighbourhood, Middle East, Central and South-Western Asia and East, West and Southern Africa, Indian Ocean.

Figure 43. Analysis of respondents by regions



It can also be noted (see figure below) that 90% of the respondents have responsibilities at specific country/countries level.

Figure 44. Analysis of respondents by level of responsibility



X.1.2 Responses per question

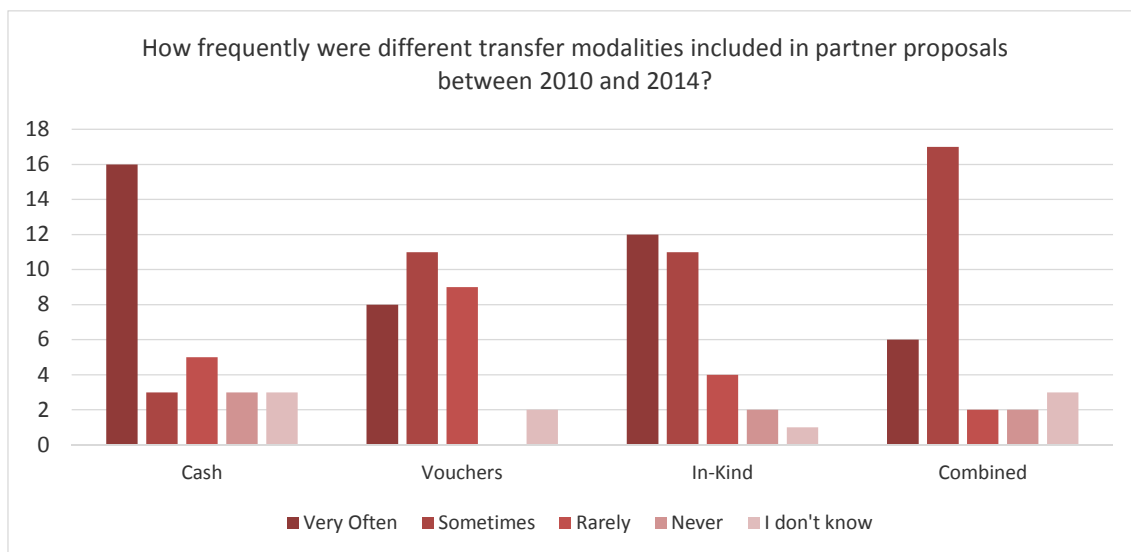
Question 2: Use of Transfer Modalities

2.1: Approximately how frequently were different transfer modalities included in partner proposals between 2010 and 2014?

Table 63: Survey responses

Answer		Very Often	Sometimes	Rarely	Never	I don't know	Total
Cash	Count	16	3	5	3	3	30
	%	53%	10%	17%	10%	10%	100%
Vouchers	Count	8	11	9	0	2	30
	%	27%	37%	30%	0%	7%	100%
In-Kind	Count	12	11	4	2	1	30
	%	40%	37%	13%	7%	3%	100%
Combined	Count	6	17	2	2	3	30
	%	20%	57%	7%	7%	10%	100%

Figure 45: Bar Graphs of responses



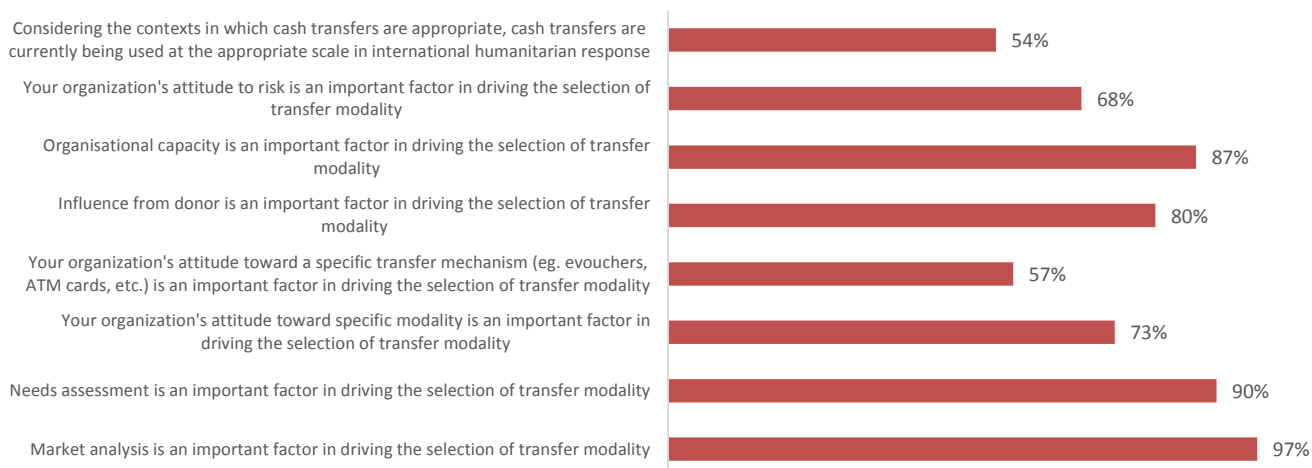
Source: ADE, based on on-line survey to MS

2.2: Please indicate your agreement/ disagreement with the following statements

Table 64: Survey responses

Answer	Strongly Disagree	Disagree	Agree	Strongly Agree	I don't know	Total
Market analysis is an important factor in driving the selection of transfer modality	1	0	5	24	0	30
Needs assessment is an important factor in driving the selection of transfer modality	1	2	7	20	0	30
Your organization's attitude toward specific modality is an important factor in driving the selection of transfer modality	1	7	15	7	0	30
Your organization's attitude toward a specific transfer mechanism (eg. evouchers, ATM cards, etc.) is an important factor in driving the selection of transfer modality	0	13	13	4	0	30
Influence from donor is an important factor in driving the selection of transfer modality	0	6	16	8	0	30
Organisational capacity is an important factor in driving the selection of transfer modality	0	4	13	13	0	30
Your organization's attitude to risk is an important factor in driving the selection of transfer modality	2	7	14	5	0	28
Considering the contexts in which cash transfers are appropriate, cash transfers are currently being used at the appropriate scale in international humanitarian response	2	10	12	2	0	26

Figure 46: Percentage of respondents agreeing or strongly agreeing with the following statements



Source: ADE, based on on-line survey to MS

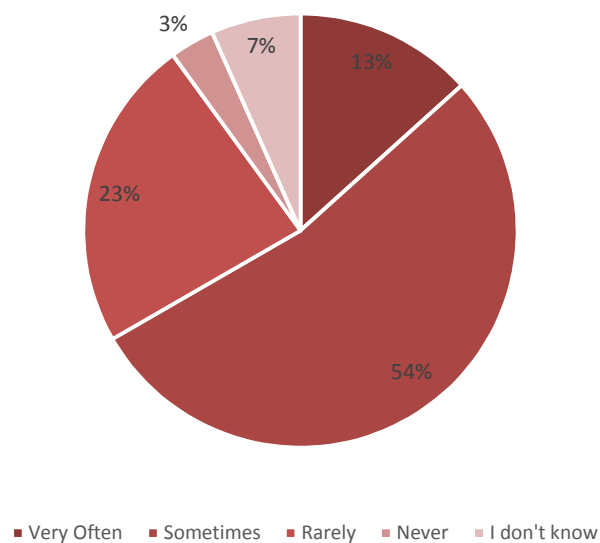
2.3 How often do partners make reference to market analysis tools to justify their proposals?

Table 65: Survey responses

Answer	Count	%
Very Often	4	13%
Sometimes	16	53%
Rarely	7	23%
Never	1	3%
I don't know	2	7%
TOTAL	30	100%

Figure 47: Pie chart of responses

How often do partners make reference to market analysis tools to justify their proposals?



Source: ADE, based on on-line survey to MS

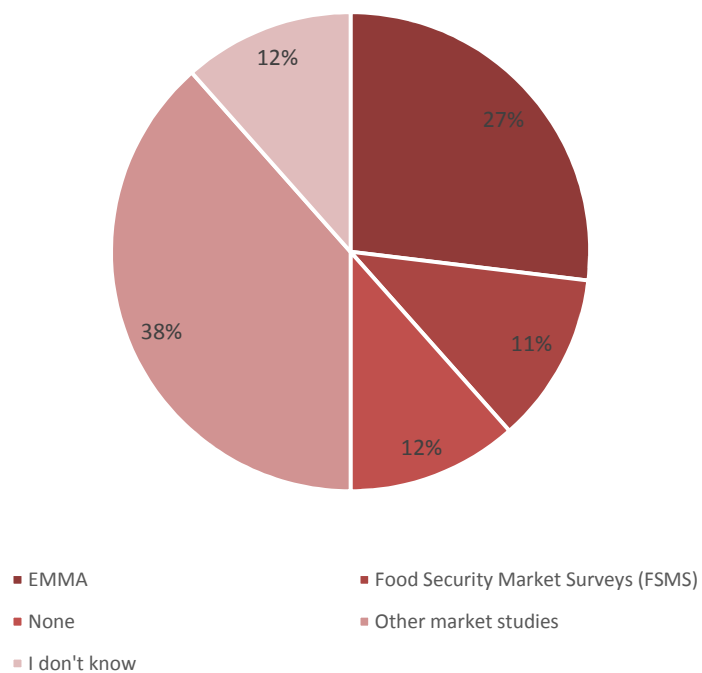
2.3.1 Which market assessment tools do partners use?

Table 66. Survey responses

Answer	Count	%
EMMA	7	27%
Food Security Market Surveys (FSMS)	3	12%
None	3	12%
Other market studies	10	38%
I don't know	3	12%
TOTAL	26	100%

Figure 48. Pie chart of responses

Which market assessment tools do partners use?



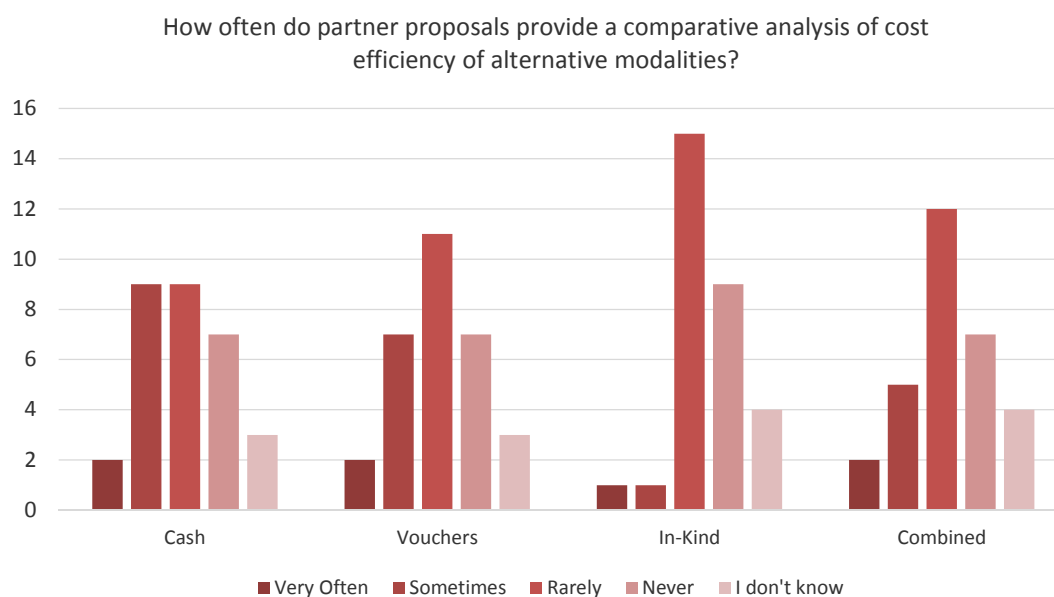
Source: ADE, based on on-line survey to MS

2.4 How often do partner proposals provide a comparative analysis of the cost efficiency of alternative modalities to support the proposed approach?

Table 67: Survey responses

Answer		Very Often	Sometimes	Rarely	Never	I don't know	Total
Cash	Count	2	9	9	7	3	30
	%	7%	30%	30%	23%	10%	100%
Vouchers	Count	2	7	11	7	3	30
	%	7%	23%	37%	23%	10%	100%
In-Kind	Count	1	1	15	9	4	30
	%	3%	3%	50%	30%	13%	100%
Combined	Count	2	5	12	7	4	30
	%	7%	17%	40%	23%	13%	100%

Figure 49: Bar chart of responses



Source: ADE, based on on-line survey to MS

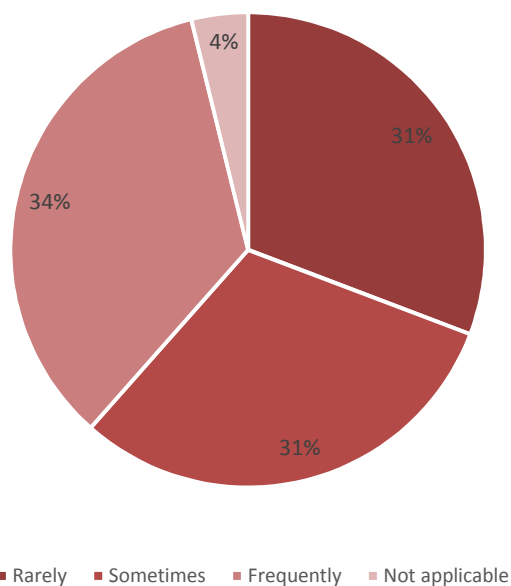
2.5 Do you refer to the ECHO Cash and Voucher Guidelines in appraising partner proposals?

Table 68: Survey responses

Answer	Count	%
Rarely	8	31%
Sometimes	8	31%
Frequently	9	35%
Not applicable	1	4%
TOTAL	26	100%

Figure 50: Pie chart of responses

Do you refer to the ECHO Cash and Voucher Guidelines in appraising partner proposals?



Source: ADE, based on on-line survey to MS

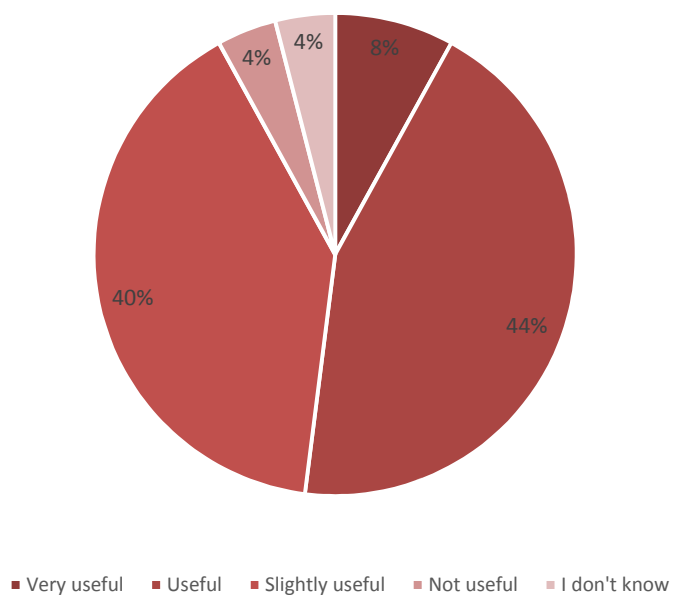
2.6 How useful are the ECHO Cash and Voucher Guidelines in guiding the ECHO appraisal of partner proposals?

Table 69: Survey responses

Answer	Count	%
Very useful	2	8%
Useful	11	44%
Slightly useful	10	40%
Not useful	1	4%
I don't know	1	4%
TOTAL	25	100%

Figure 51: Pie chart of responses

How useful are the ECHO Cash and Voucher Guidelines in guiding the ECHO appraisal of partner proposals?



Source: ADE, based on on-line survey to MS

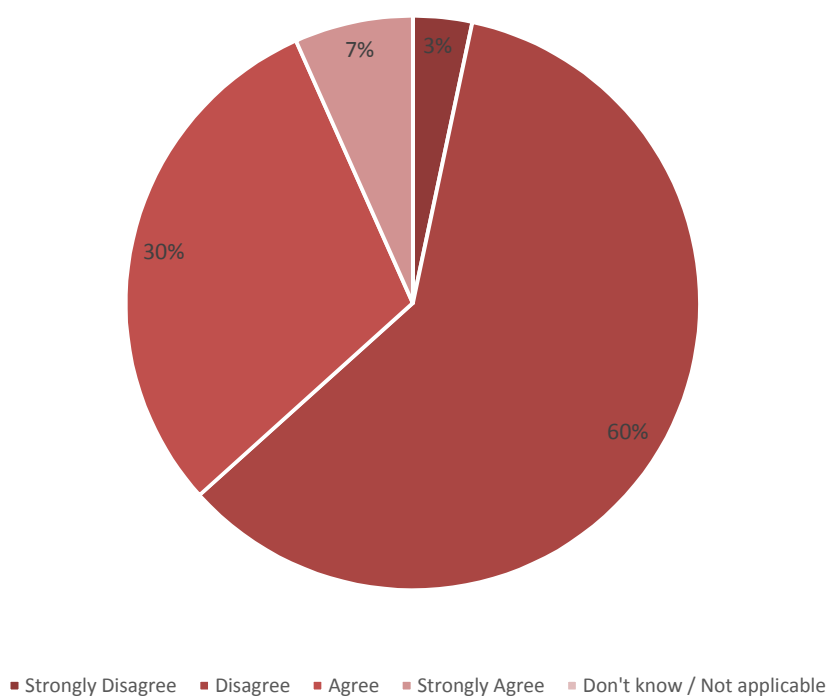
2.7 Do ECHO staff have sufficient training and understanding to utilize the guidelines fully?

Table 70: Survey responses

Answer	Count	%
Strongly Disagree	1	3%
Disagree	18	60%
Agree	9	30%
Strongly Agree	2	7%
Don't know / Not applicable	0	0%
TOTAL	30	100%

Figure 52: Pie chart of responses

Do ECHO staff have sufficient training and understanding to utilise the guidelines fully?



Source: ADE, based on on-line survey to MS

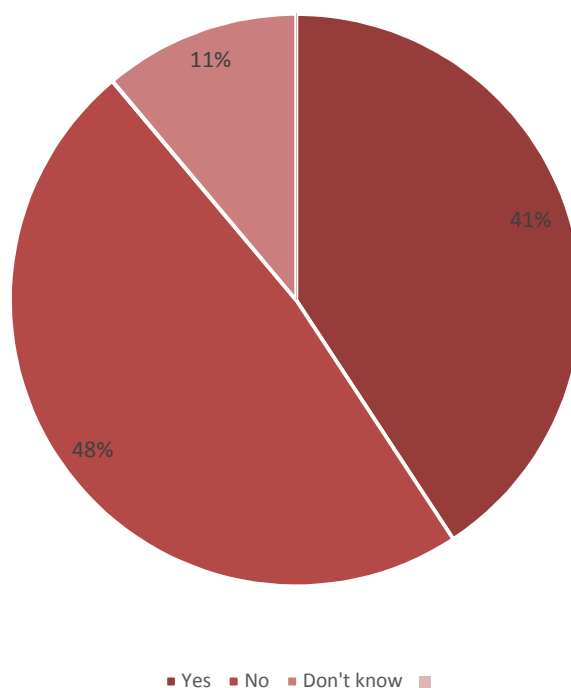
2.8 Are there any changes you would like to see in the ECHO Cash and Voucher Guidelines and the decision tree?

Table 71: Survey responses

Answer	Count	%
Yes	11	41%
No	13	48%
Don't know	3	11%
TOTAL	27	100%

Figure 53: Pie chart of responses

Are there any changes you would like to see in the ECHO Cash and Voucher Guidelines and the decision tree?



2.8.1 If yes, please specify what clarification(s) or additions (s) are needed

Table 72: Survey responses

Specific examples of conditioned cash/emergency cash/wash for work programmes and sustainability of cash programmes- linked with livelihood programmes.
More training on proposal appraisal and on the modalities itself
Not enough detailed knowledge to answer this question - more training needed
More details on market analysis tools
A note on the type of minimum details that should be contained in proposals (cash value, etc)

<p>The current wording of C&V misleads the reader and the humanitarian practitioner, because C&V are considered as the same tool.</p> <p>I suggest instead having a comprehensive guidelines on the appropriate use of transfer modality, including in kind, cash, vouchers as three separate choices.</p>
Additional capacity building needed
Communication and simplification
<p>Add more on good practices and concrete examples</p> <p>More technical guidance on how to do market analysis and monitoring</p> <p>Issues like alpha value to be better developed</p>
<p>The use of cash mobile transfer became the norm in post disasters intervention inn Bangladesh as the markets are rapidly accessible and monitored. Thus the decision tree is not very much used.</p>
National legal frameworks and cost-efficiency should be underlined.
No, it is straight forward.
<p>The guidelines are generally good and policy is clear and makes sense: transfer modality, i.e. cash or in kind, depends on needs and market functioning (or not).</p> <p>Perhaps use of new technologies, i.e. mobile cash transfer could be mentioned more. Very good experience with mobile cash transfer in Somalia.</p>
Nope, given the above (point 2.2) the guidelines is not the most deciding element.
<p>Possibly, but while C&V guidelines may no longer be up to date they have the merit of being accepted by all sectors and is the only single reference framework. Any proposed changes should be accepted by all sectors rather than be imposed by a single one.</p>

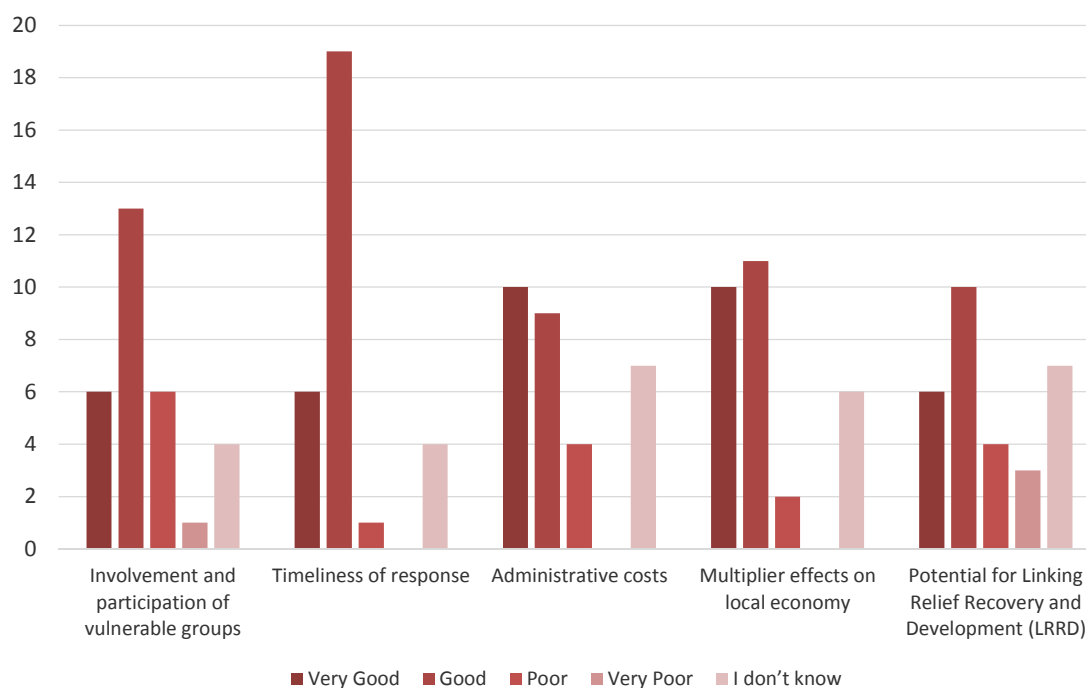
Source: ADE, based on on-line survey to MS

2.9 Please rank cash transfers according to:

Table 73: Survey responses

Factor		Very Good	Good	Poor	Very Poor	I don't know	Total
Involvement and participation of vulnerable groups	Count	6	13	6	1	4	30
	%	20%	43%	20%	3%	13%	100%
Timeliness of response	Count	6	19	1	0	4	30
	%	20%	63%	3%	0%	13%	100%
Administrative costs	Count	10	9	4	0	7	30
	%	33%	30%	13%	0%	23%	100%
Multiplier effects on local economy	Count	10	11	2	0	6	29
	%	34%	38%	7%	0%	21%	100%
Potential for Linking Relief Recovery and Development (LRRD)	Count	6	10	4	3	7	30
	%	20%	33%	13%	10%	23%	100%

Figure 54: Bar chart of responses



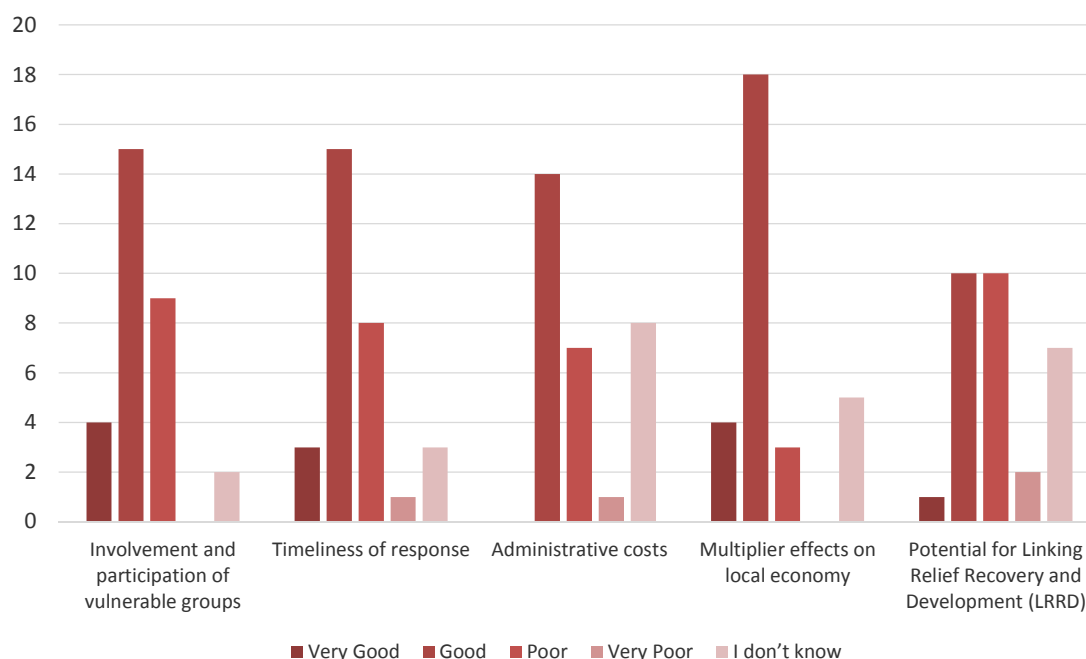
Source: ADE, based on on-line survey to MS

2.10 Please rank vouchers transfers according to:

Table 74: Survey responses

Factor		Very Good	Good	Poor	Very Poor	I don't know	Total
Involvement and participation of vulnerable groups	Count	4	15	9	0	2	30
	%	13%	50%	30%	0%	7%	100%
Timeliness of response	Count	3	15	8	1	3	30
	%	10%	50%	27%	3%	10%	100%
Administrative costs	Count	0	14	7	1	8	30
	%	0%	47%	23%	3%	27%	100%
Multiplier effects on local economy	Count	4	18	3	0	5	30
	%	13%	60%	10%	0%	17%	100%
Potential for Linking Relief Recovery and Development (LRRD)	Count	1	10	10	2	7	30
	%	3%	33%	33%	7%	23%	100%

Figure 55: Bar chart of responses



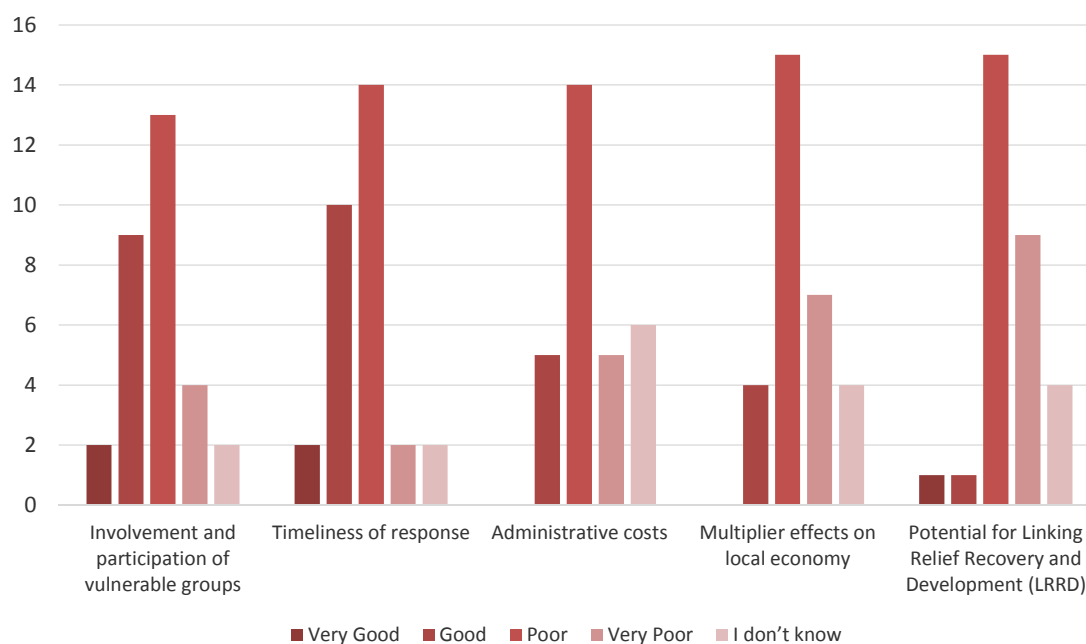
Source: ADE, based on on-line survey to MS

2.11 Please rank in-kind transfers according to:

Table 75: Survey responses

Factor		Very Good	Good	Poor	Very Poor	I don't know	Total
Involvement and participation of vulnerable groups	Count	2	9	13	4	2	30
	%	7%	30%	43%	13%	7%	100%
Timeliness of response	Count	2	10	14	2	2	30
	%	7%	33%	47%	7%	7%	100%
Administrative costs	Count	0	5	14	5	6	30
	%	0%	17%	47%	17%	20%	100%
Multiplier effects on local economy	Count	0	4	15	7	4	30
	%	0%	13%	50%	23%	13%	100%
Potential for Linking Relief Recovery and Development (LRRD)	Count	1	1	15	9	4	30
	%	3%	3%	50%	30%	13%	100%

Figure 56: Bar chart of responses



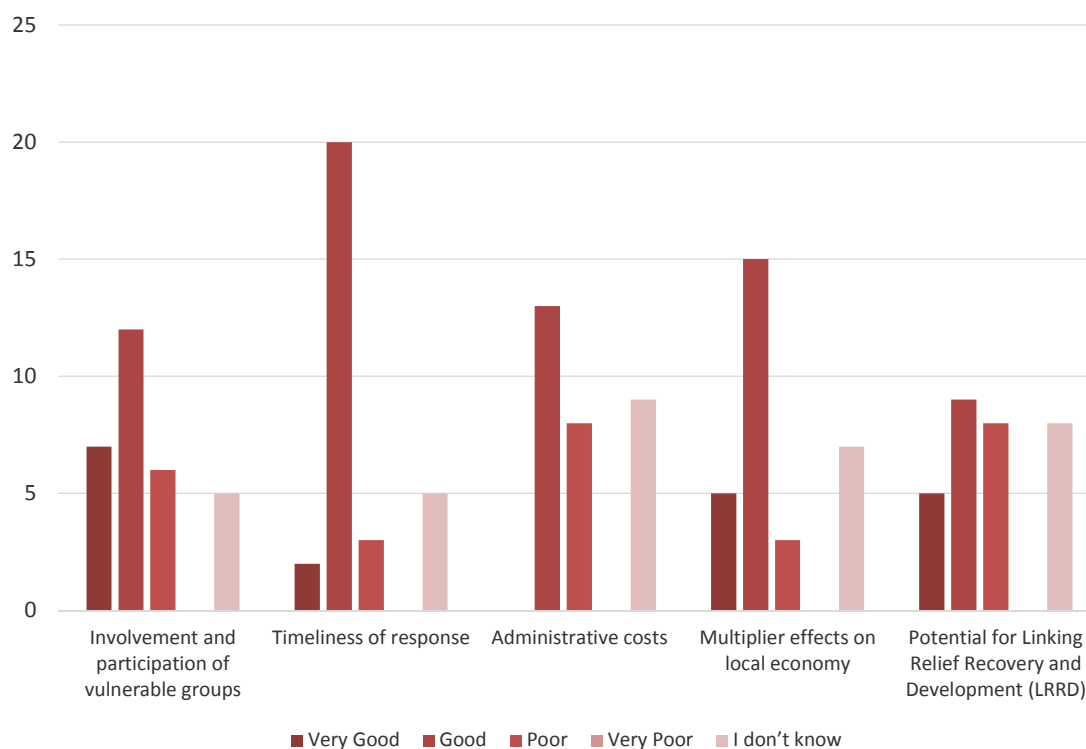
Source: ADE, based on on-line survey to MS

2.11 Please rank combined modalities according to:

Table 76: Survey responses

Factor		Very Good	Good	Poor	Very Poor	I don't know	Total
Involvement and participation of vulnerable groups	Count	7	12	6	0	5	30
	%	23%	40%	20%	0%	17%	100%
Timeliness of response	Count	2	20	3	0	5	30
	%	7%	67%	10%	0%	17%	100%
Administrative costs	Count	0	13	8	0	9	30
	%	0%	43%	27%	0%	30%	100%
Multiplier effects on local economy	Count	5	15	3	0	7	30
	%	17%	50%	10%	0%	23%	100%
Potential for Linking Relief Recovery and Development (LRRD)	Count	5	9	8	0	8	30
	%	17%	30%	27%	0%	27%	100%

Figure 57: Bar chart of responses



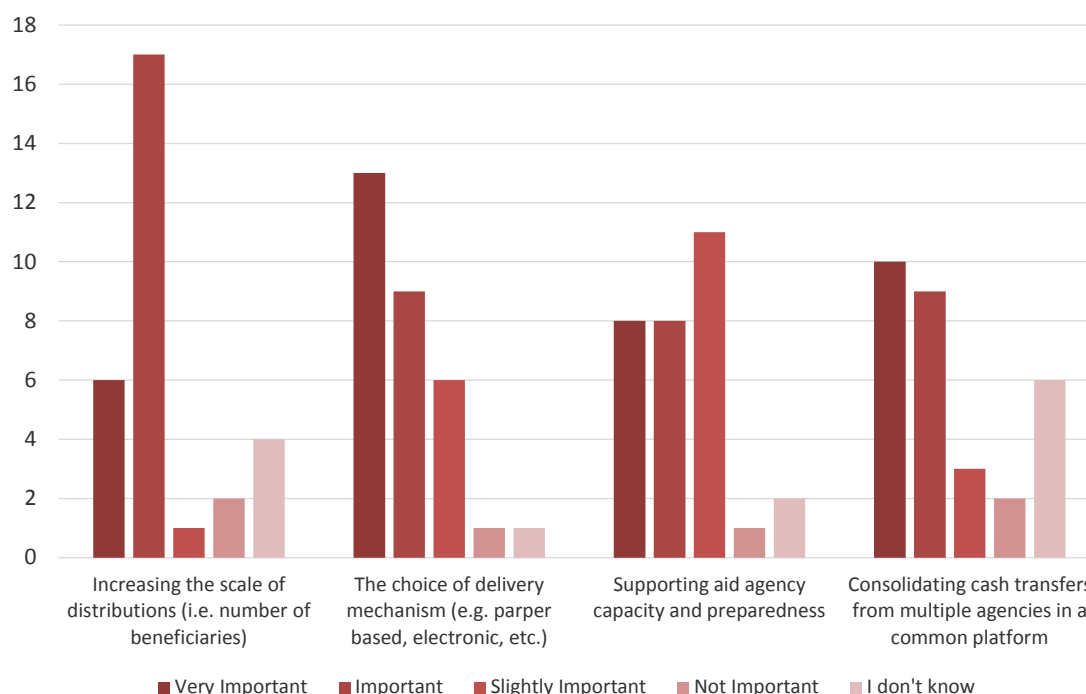
Source: ADE, based on on-line survey to MS

2.13 Please indicate how important you believe the following factors are in improving the cost efficiency of cash transfers

Table 77: Survey responses

Factor		Very Good	Good	Poor	Very Poor	I don't know	Total
Increasing the scale of distributions (i.e. number of beneficiaries)	Count	6	17	1	2	4	30
	%	20%	57%	3%	7%	13%	100%
The choice of delivery mechanism (e.g. paper based, electronic, etc.)	Count	13	9	6	1	1	30
	%	43%	30%	20%	3%	3%	100%
Supporting aid agency capacity and preparedness	Count	8	8	11	1	2	30
	%	27%	27%	37%	3%	7%	100%
Consolidating cash transfers from multiple agencies in a common platform	Count	10	9	3	2	6	30
	%	33%	30%	10%	7%	20%	100%
Other (please specify)	Count	4	0	0	0	22	26
	%	15%	0%	0%	0%	85%	87%

Figure 58: Bar chart of responses



2.14 Please specify other factors mentioned in the previous question

Table 78: Survey responses

Adequacy of amounts transferred per HH
Overcoming some security issues
reduced operational costs
It is very important to support in-country capacity and preparedness, not just global projects with big partners.

Source: ADE, based on on-line survey to MS

Question 3: Multi-Purpose Transfers

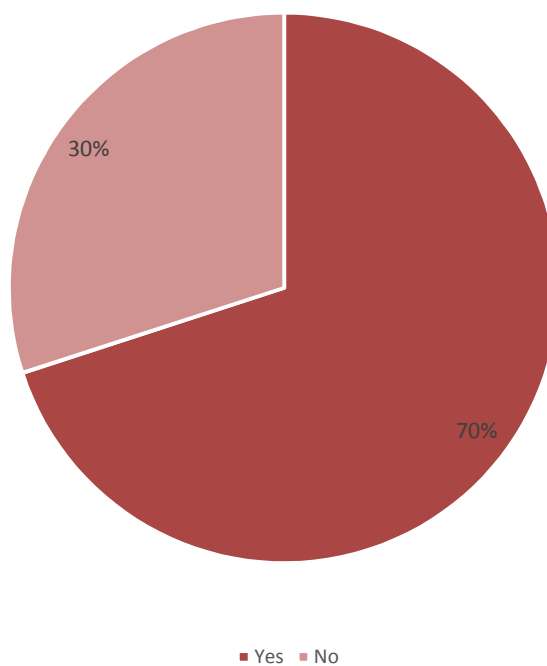
3.1 Are you familiar with the ECHO definition of Multi-Purpose Cash Transfers (MPCTs)?

Table 79: Survey responses

Answer	Count	%
Yes	21	70%
No	9	30%
TOTAL	30	100%

Figure 59: Pie chart of responses

Are you familiar with the ECHO definition of Multi-Purpose Cash Transfers (MPCTs)?



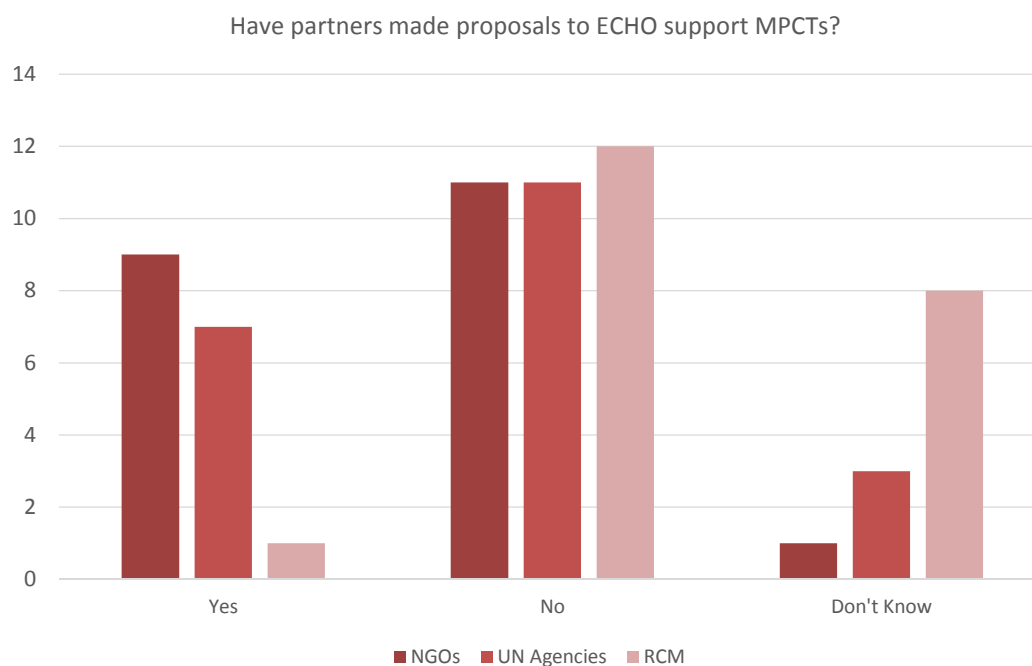
Source: ADE, based on on-line survey to MS

3.2 Have partners made proposals to ECHO to support 'Multi-Purpose Cash Transfer / Cash Grant' (MPCTs)- [NGOs]?

Table 80: Survey responses

Partner type		Yes	No	Don't Know	Total
NGOs	Count	9	11	1	21
	%	43%	52%	5%	100%
UN Agencies	Count	7	11	3	21
	%	33%	52%	14%	100%
RCM	Count	1	12	8	21
	%	5%	57%	38%	100%

Figure 60: Bar chart of responses



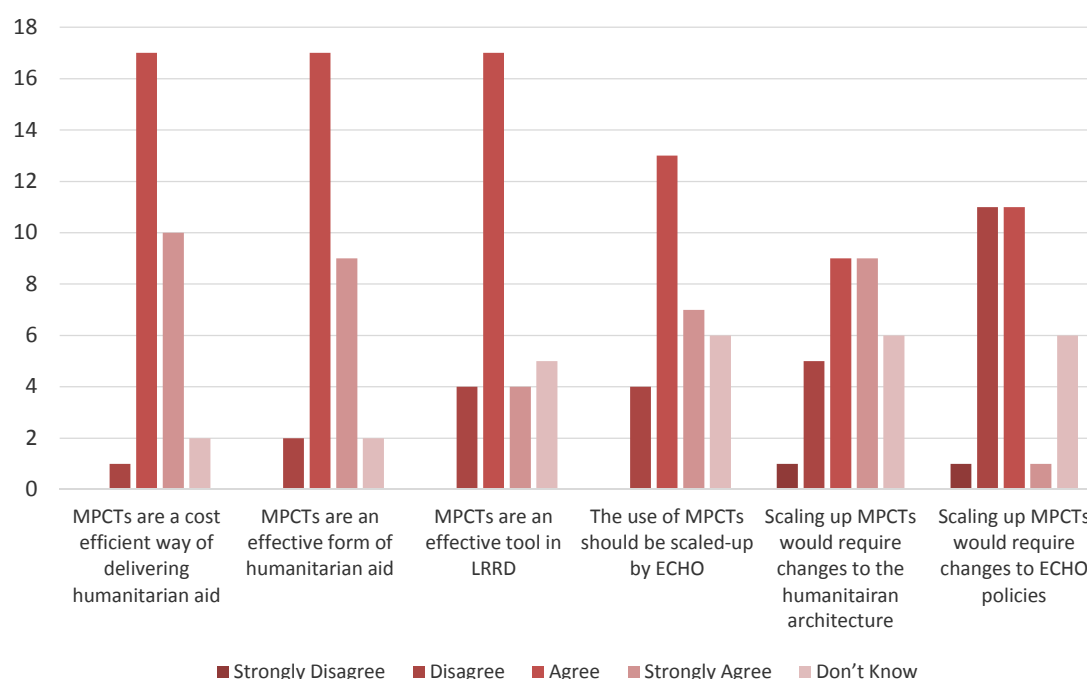
Source: ADE, based on on-line survey to MS

3.3 Please indicate your agreement/ disagreement with the following statements

Table 81: Survey responses

Answer		Strongly Disagree	Disagree	Agree	Strongly Agree	I don't know	Total
MPCTs are a cost efficient way of delivering humanitarian aid	Count	0	1	17	10	2	30
	%	0%	3%	57%	33%	7%	100%
MPCTs are an effective form of humanitarian aid	Count	0	2	17	9	2	30
	%	0%	7%	57%	30%	7%	100%
MPCTs are an effective tool in LRRD	Count	0	4	17	4	5	30
	%	0%	13%	57%	13%	17%	100%
The use of MPCTs should be scaled-up by ECHO	Count	0	4	13	7	6	30
	%	0%	13%	43%	23%	20%	100%
Scaling up MPCTs would require changes to the humanitairan architecture	Count	1	5	9	9	6	30
	%	3%	17%	30%	30%	20%	100%
Scaling up MPCTs would require changes to ECHO policies	Count	1	11	11	1	6	30
	%	3%	37%	37%	3%	20%	100%

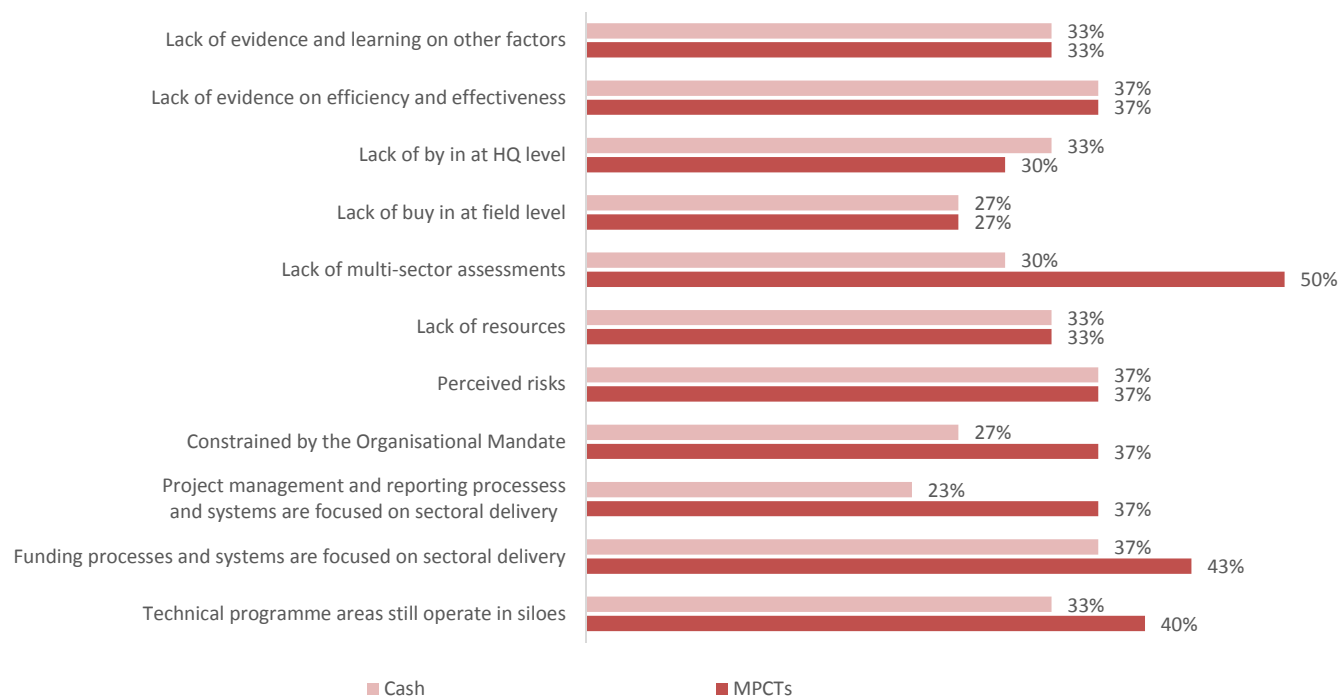
Figure 61: Bar chart of responses



Source: ADE, based on on-line survey to MS

Table 82: Survey responses

Answer	MPCTs					Cash				
	Very Important	Important	Slightly Important	Not Important	I don't know	Very Important	Important	Slightly Important	Not Important	I don't know
Technical programme areas still operate in siloes	5	7	4	5	9	2	8	8	6	6
Funding processes and systems are focused on sectoral delivery	4	9	7	2	8	3	8	7	6	6
Project management and reporting processes and systems are focused on sectoral delivery	3	8	10	3	6	1	6	11	8	4
Constrained by the Organisational Mandate	5	6	8	4	7	2	6	11	7	4
Perceived risks	2	9	9	3	7	2	9	7	6	6
Lack of resources	4	6	6	7	7	5	5	7	7	6
Lack of multi-sector assessments	3	12	6	3	6	4	5	10	7	4
Lack of buy in at field level	4	4	8	6	8	3	5	9	7	6
Lack of buy in at HQ level	3	6	11	4	6	3	7	9	6	5
Lack of evidence on efficiency and effectiveness	4	7	8	6	5	3	8	7	8	4
Lack of evidence and learning on other factors	2	8	9	4	7	1	9	8	6	6

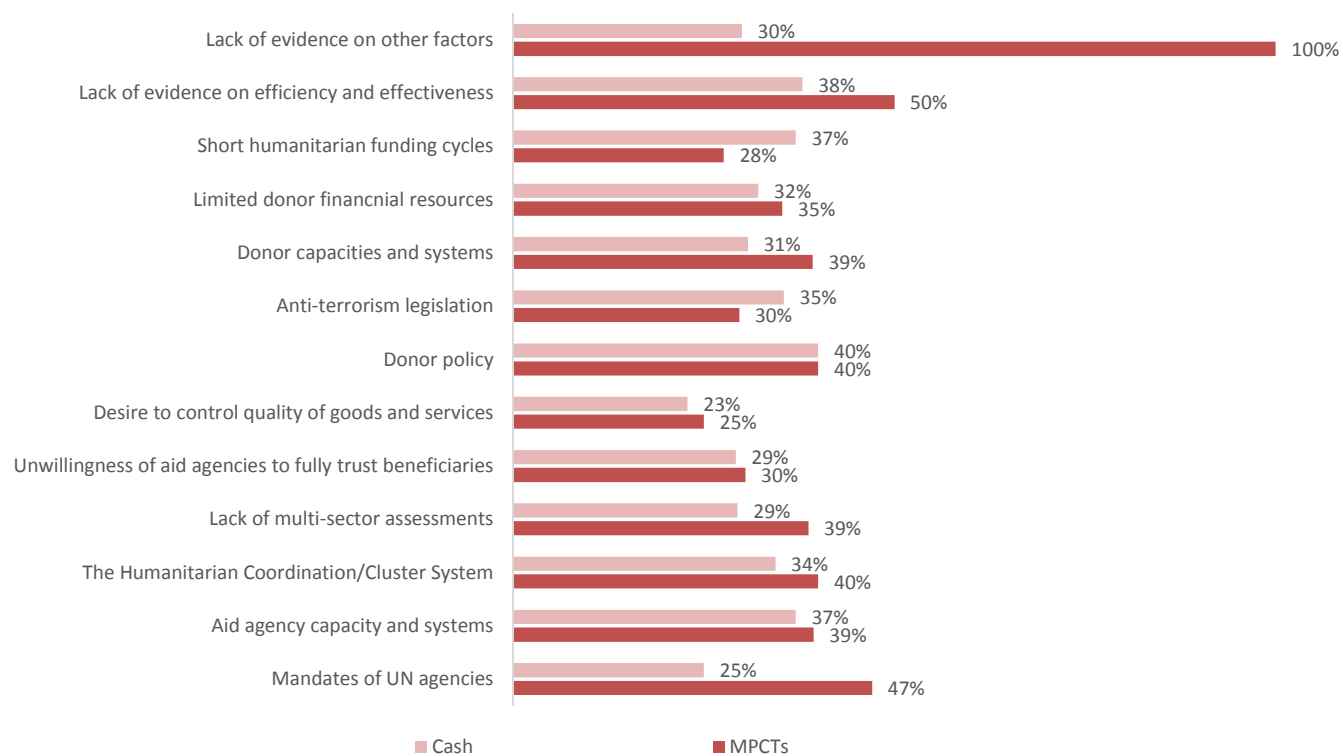
Figure 62: Percentage of respondents who agree that the following statements are important or very important

Source: ADE, based on on-line survey to MS

3.5 In your opinion how important are the following constraints within the overall humanitarian system to the increased use of multi-purpose cash transfers as compared to cash transfers in general?

Table 83: Survey responses

Answer	MPCTs					Cash				
	Very Important	Important	Slightly Important	Not Important	I don't know	Very Important	Important	Slightly Important	Not Important	I don't know
Mandates of UN agencies	8	8	8	1	9	3	4	11	2	8
Aid agency capacity and systems	9	4	8	5	7	5	5	8	3	6
The Humanitarian Coordination/Cluster System	5	7	4	6	8	1	10	7	7	7
Lack of multi-sector assessments	5	7	6	5	8	3	7	11	6	7
Unwillingness of aid agencies to fully trust beneficiaries	1	6	5	5	6	0	7	9	2	6
Desire to control quality of goods and services	3	6	11	3	13	2	6	12	2	13
Donor policy	4	6	5	2	8	1	9	5	3	7
Anti-terrorism legislation	0	8	7	2	10	1	10	9	3	8
Donor capacities and systems	1	10	6	4	7	4	4	9	4	5
Limited donor financial resources	5	7	8	7	7	3	6	9	6	4
Short humanitarian funding cycles	3	5	7	5	9	3	7	7	4	6
Lack of evidence on efficiency and effectiveness	3	8	7	4	0	3	8	8	1	9
Lack of evidence on other factors	1	11	0	0	0	1	5	6	0	8

Figure 63: Percentage of respondents who agree that the following statements are important or very important

Source: ADE, based on on-line survey to MS

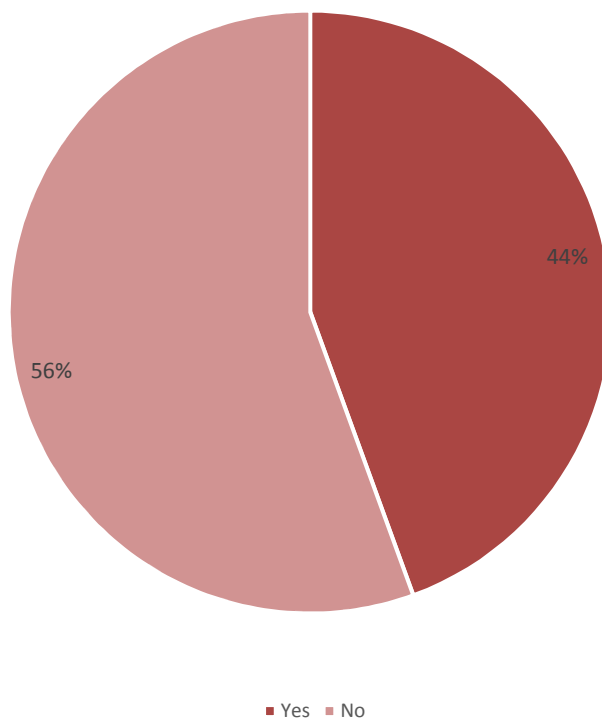
3.6 Is there a need for any clarification in DG ECHO policies and guidelines to support MPCT?

Table 84: Survey responses

Answer	Count	%
Yes	12	44%
No	15	56%
TOTAL	27	100%

Figure 64: Pie chart of responses

Is there a need for any clarification in DG ECHO policies and guidelines to support MPCT?



Source: ADE, based on on-line survey to MS

3.7 If yes, please specify what clarification(s) or additions (s) are needed

Table 85: Survey responses

It seems to me more a partner driven experience with limited inputs so far from ECHO. The use of MPCT is not very well known in-house (at least it does not transpire to the OpT country office) and we are basically learning through the improvement made by our partners on the way they delivered assistance.
General info
Additional training is needed on this issue, specifically as these questions are so context-dependent
More training needed.
training
Clear operational tips (sort of checklists)
The pros and the cons
The way this is done in practice
I understand that MPCT guidelines are under preparation. It would be good to have a short presentation of the guidelines with examples at HQ (for example lunch time session).
Inter-sector argument, e.g. combining food and WASH needs to be spelled out. Partners are still timid about this. Also, ECHO sector experts need to work more closely together.
Yes. Reassertion of the fundamental principle that aid delivery is needs based rather than modality based and that the best (combination of) modalities can be totally divergent from one sector to the next. It shouldn't be up to a single sector to dictate. On the other hand a thorough modality analysis per sector should be promoted for each sector in all response analysis.

Source: ADE, based on on-line survey to MS

Question 4: Links to Social Transfers

4.1 Of the countries that you work in, which ones have an established social transfer system (government owned safety net providing regular and predictable cash or in kind assistance) to address chronic poverty?

Table 86: Survey responses

[Countries listed below represent those for which ECHO officers answered in the affirmative:]
Algeria
Bangladesh
Burkina Faso
Ethiopia
Jordan
Kenya
Lebanon
Libya
Mali
Palestine
Philippines
Somalia
Sudan
Syria
Tajikistan
Tunisia

Source: ADE, based on on-line survey to MS

4.2 Of these national systems do any have the ability to scale-up in response to emergencies?

Table 87: Survey responses

[Countries listed below represent those for which ECHO officers answered in the affirmative:]
Algeria
Bangladesh
Burkina Faso
Ethiopia
Kenya
Lebanon
Libya
Mali
Palestine
Philippines
Sudan
Syria
Tajikistan

Source: ADE, based on on-line survey to MS

4.3 Has ECHO channelled support through the social transfer systems in the countries that you are responsible for?

Table 88: Survey responses

[Countries listed below represent those for which ECHO officers answered in the affirmative:]
Mali
Palestine
Philippines
Syria

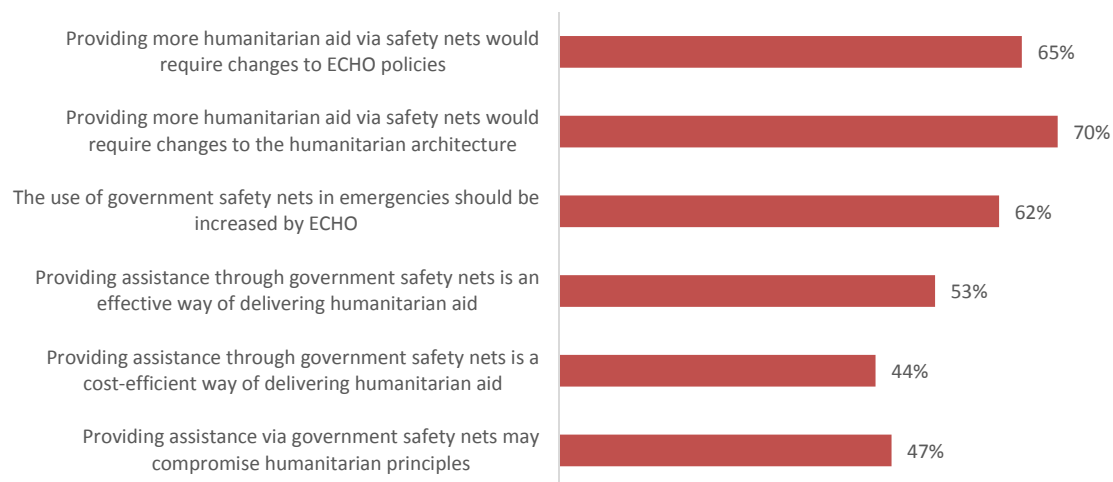
Source: ADE, based on on-line survey to MS

4.4 Please indicate your agreement/ disagreement with the following statements

Table 89: Survey responses

Answer		Strongly Disagree	Disagree	Agree	Strongly Agree	Don't Know
Providing assistance via government safety nets may compromise humanitarian principles	Count	0	8	12	2	8
	%	0%	27%	40%	7%	27%
Providing assistance through government safety nets is a cost-efficient way of delivering humanitarian aid	Count	3	7	10	6	10
	%	8%	19%	28%	17%	28%
Providing assistance through government safety nets is an effective way of delivering humanitarian aid	Count	4	8	11	8	5
	%	11%	22%	31%	22%	14%
The use of government safety nets in emergencies should be increased by ECHO	Count	4	4	10	11	5
	%	12%	12%	29%	32%	15%
Providing more humanitarian aid via safety nets would require changes to the humanitarian architecture	Count	0	1	10	4	5
	%	0%	5%	50%	20%	25%
Providing more humanitarian aid via safety nets would require changes to ECHO policies	Count	0	2	11	2	5
	%	0%	10%	55%	10%	25%

Figure 65: Percentage of respondents agreeing or strongly agreeing with the following statements



Source: ADE, based on on-line survey to MS

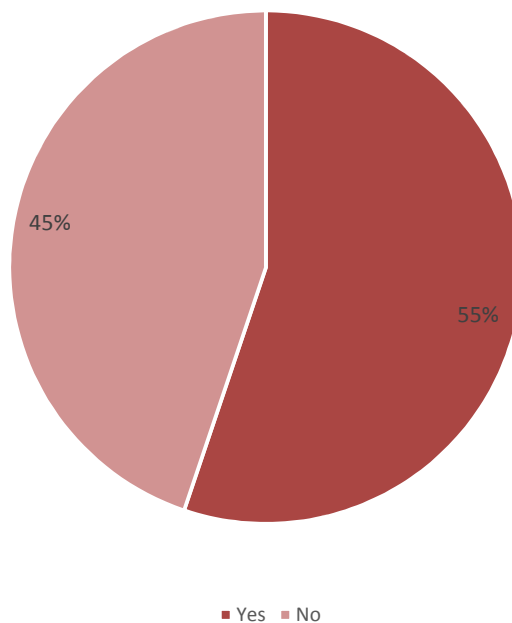
4.6 Is there a need for any clarification in DG ECHO policies and guidelines to support links to Social Transfer Systems?

Table 90: Survey responses

Answer	Count	%
Yes	16	55%
No	13	45%
TOTAL	29	100%

Figure 66: Pie chart of responses

Is there a need for any clarification in DG ECHO policies and guidelines to support links to Social Transfer Systems?



Source: ADE, based on on-line survey to MS

4.7 If yes, please specify what clarification(s) or additions (s) are needed

Table 91: Survey responses

Clarify that this is not ECHO's job. ECHO should strongly advocate towards development actors so that they get involved in supporting national social transfer systems at a level that fully corresponds to their resources and mandate.
Insufficient training on this issue + insufficient knowledge of this issue in this country context (not aware of the existence of social transfer mechanism in Palestinian context)
For many desks, STS are outside humanitarian scope
More training needed.
No mention of social transfers in any of the currently available guidelines.
there is no guidance at all right now so start from scratch
To the best of my knowledge DG ECHO does not legally authorize transfer of money to the local state. A legal framework would have to be set to set up procedures and get MoU in advance (for instance with DEVCO involvement in safety that could be scaled up).
No sure I am fully familiar with ECHO's policies on Social Transfer
First of all, there is a need for training of field ECHO staff on safety nets, not all experts are either food aid expert or economist. Secondly there is a need to dig further on what scalability really means in term of response. Indeed in Kenya, the response to drought via safety net scale up would equal to 25% of WFP food ration - is this sufficient as a response?? Or shall that be complemented by other activities? You can then question the cost efficiency of the scale up if it has to be complemented to give a decent response level.
LRRD and linkages do not work well. Also, Somalia is still in very early phase of state building with limited government capacity (plus lack of accountability and lots of corruption). Moreover, there is an armed conflict. Working with Government would compromise neutrality and therefore security.
Relevance/applicability for all sectors?

Source: ADE, based on on-line survey to MS

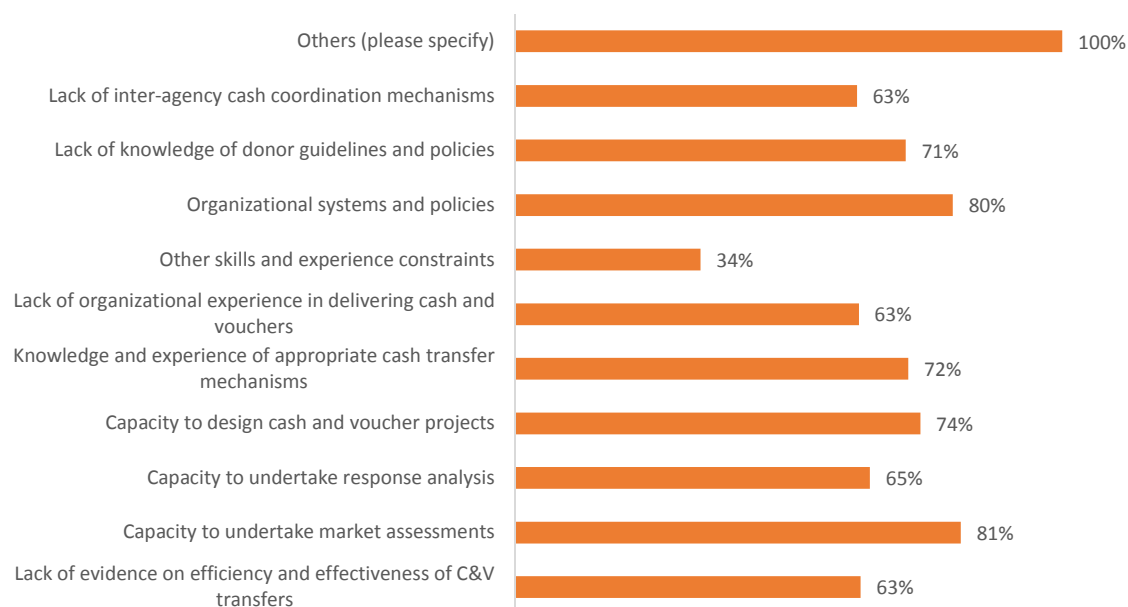
Question 5: Capacity Strengthening and Advocacy

5.1 What do you perceive as the main capacity constraints to developing and implementing projects using cash transfers or vouchers?

Table 92: Survey responses

Constraints		Very Important	Important	Slightly Important	Not Important	Don't Know
Lack of evidence on efficiency and effectiveness of cash and voucher transfers	Count	2	10	3	3	1
	%	11%	53%	16%	16%	5%
Capacity to undertake market assessments	Count	10	12	3	1	1
	%	37%	44%	11%	4%	4%
Capacity to undertake response analysis	Count	11	13	6	0	7
	%	30%	35%	16%	0%	19%
Capacity to design cash and voucher projects	Count	9	11	5	1	1
	%	33%	41%	19%	4%	4%
Knowledge and experience of appropriate cash transfer mechanisms	Count	10	13	6	2	1
	%	31%	41%	19%	6%	3%
Lack of organizational experience in delivering cash and vouchers	Count	10	12	5	7	1
	%	29%	34%	14%	20%	3%
Other skills and experience constraints	Count	3	15	10	2	23
	%	30%	50%	15%	5%	0%
Organizational systems and policies	Count	6	10	3	1	0
	%	6%	28%	19%	4%	43%
Lack of knowledge of donor guidelines and policies	Count	1	19	0	0	8
	%	4%	68%	0%	0%	29%
Lack of inter-agency cash coordination mechanisms	Count	4	1	0	0	3
	%	50%	13%	0%	0%	38%
Others (please specify)	Count	1	0	0	0	0
	%	100%	0%	0%	0%	0%

Figure 67: Percentage of respondents who agree that the following statements are important or very important



Source: ADE, based on on-line survey to MS

5.1.1 Please specify the other constraints mentioned in the previous question

Table 93: Survey responses

Willingness - the current system ensures jobs, and substantial budget. Partners want to keep milking the cow
In case of emergency health needs

Source: ADE, based on on-line survey to MS

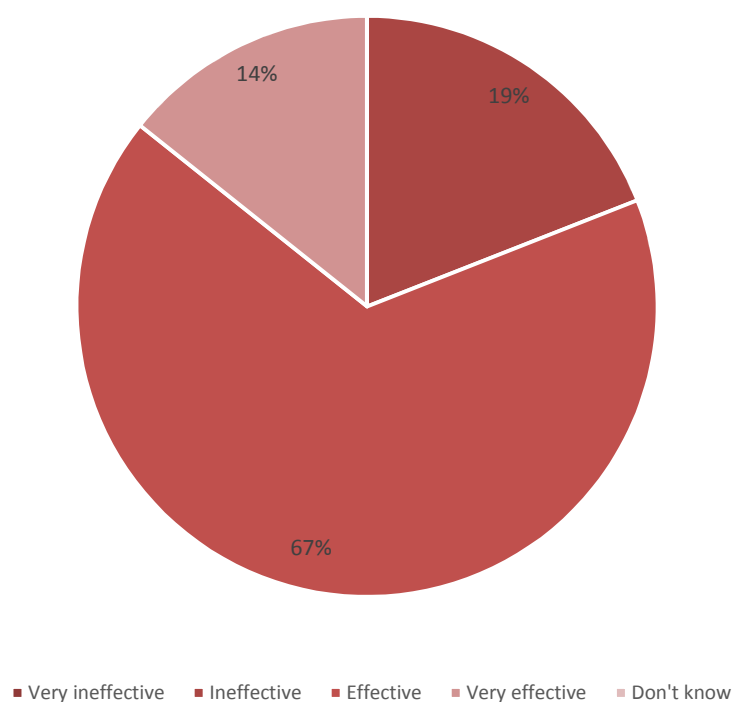
5.2 How effective has the ECHO capacity building been in support of partners using cash transfers and vouchers?

Table 94: Survey responses

Answer	Count	%
Very ineffective	0	0%
Ineffective	4	19%
Effective	14	67%
Very effective	3	14%
Don't know	0	0%
TOTAL	21	100%

Figure 68: Pie chart of responses

How effective has the ECHO capacity-building been in support of partners using cash transfers and vouchers?



Source: ADE, based on on-line survey to MS

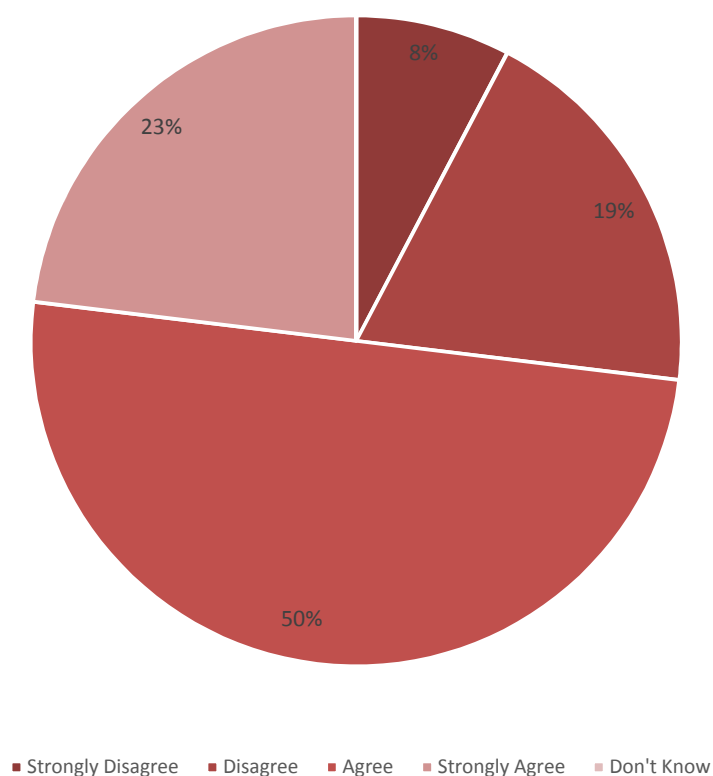
5.3 Should ECHO adopt a 'cash first' approach - where cash should be used unless another form of assistance is shown to be more appropriate?

Table 95: Survey responses

Answer	Count	%
Strongly Disagree	2	8%
Disagree	5	19%
Agree	13	50%
Strongly Agree	6	23%
Don't Know	0	0%
TOTAL	26	100%

Figure 69: Pie chart of responses

Should ECHO adopt a "cash first" approach?



Source: ADE, based on on-line survey to MS

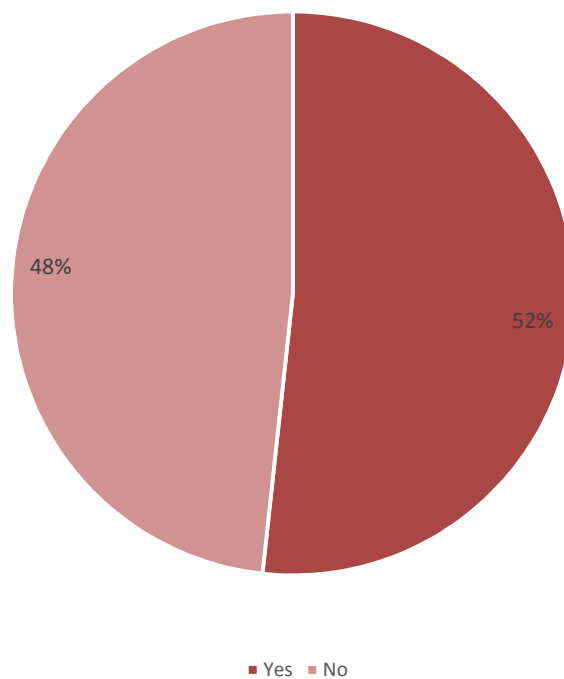
5.4 Have you undertaken advocacy in support of cash transfers?

Table 96: Survey responses

Answer	Count	%
Yes	15	52%
No	14	48%
TOTAL	29	100%

Figure 70: Pie chart of responses

Have you undertaken advocacy in support of cash transfers?



Source: ADE, based on on-line survey to MS

5.5 Please briefly describe advocacy undertaken in support of cash transfer

Table 97: Survey responses

<p>It is dangerous to push an agency to go for cash transfers if they don't have the organisational capacity or they believe that it is not appropriate/feasible. Moreover, cash is not good per se, it is only good when it is appropriate and feasible and within partner's capacity.</p> <p>When we believe that cash is the answer in a given crisis, we'd better select partners proposing cash from the start.</p> <p>This being said, when the situation allows, markets are functional, the choice of partners is limited, and we believe that the partner can do it, we may engage in a dialogue in the framework of proposals negotiation.</p>
Encouraging partners to consider use of vouchers or cash.
Cadre commun sur les filets sociaux
Mainly with WFP and some experienced INGOs (Oxfam in Cambodia in 2011/2012) both in emergencies where markets were functioning and other conditions were also met and even more in follow-up phases (e.g. early recovery).
<p>advocacy for partial cash in refugee programmes</p> <p>advocacy for use of cash in selected food relief programmes</p> <p>advocacy for cash in some cases of rapid response to sudden onset crises</p>
ECHO supported cash transfer since 2010/11, advocated through lesson learned exercises and support to FSC; even WFP uses as a routine. Already ECHO supports FsC and local Cash technical working group.
In line with ECHO policy with UN agencies and int'l and national NGOs. Note though that to date cash transfers are not feasible in Turkey (or: it is yet unclear whether they are).
<p>Organisation of a donor meeting on Cash transfer in Brussels</p> <p>Financial support to the Cash working group (we pay the salary of the coordinator)</p> <p>Funding of various assessments including KDS survey in Lebanon</p> <p>Field participating in Global meeting on Cash transfer to advocate for wider use in Lebanon</p> <p>Advocacy with donor working group</p>
<p>- pushed and funded WFP to conduct a market survey covering Northern Kenya</p> <p>- FA response to disasters are always questioned and usually cash or vouchers is preferred</p> <p>- CB of the KRCS on response analysis and delivery modalities (EP&R)</p>
When negotiating with partners on new proposals, we question the use of in-kind versus cash transfers. Cash transfers are quite common in the Philippines. In some cases a combination of in-kind/cash transfers is used in shelter assistance to ensure that the material used is of good quality.
Partners meeting; communication with partners. Proposal discussions. Cluster.
Pushing WFP and other partners to provide first Cash or demonstrate why not...and not the other way around.
ECHO and other donor monitor cash and vouchers distribution in the field
<p>1) ECHO supports MPCT through the Emergency Response Mechanism (ERM) which is used to showcase cash and MPCT to other organisations and donors</p> <p>2) As chair of the Humanitarian Donor Group shared documents and experiences on cash</p> <p>3) ECHO funds cash and voucher working group coordinator through NRC grant to support coordination; exchange of experiences and advocacy on the use of cash.</p>

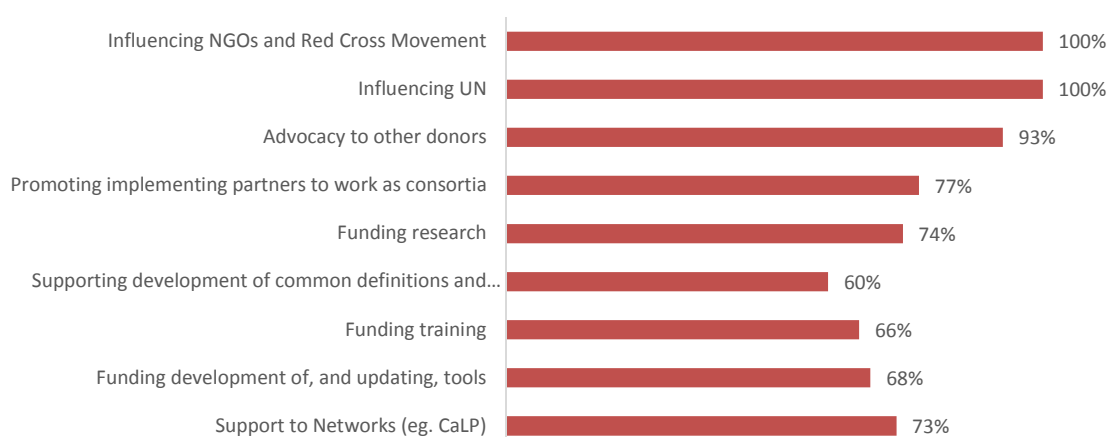
Source: ADE, based on on-line survey to MS

5.6 Please indicate the priority you would place on additional actions ECHO could take to support the use of different transfer modalities

Table 98: Survey responses

Constraints		Very Important	Important	Slightly Important	Not Important	Don't Know
Support to Networks (eg. CaLP)	Count	3	13	5	1	0
	%	14%	59%	23%	5%	0%
Funding development of, and updating, tools	Count	3	16	6	3	0
	%	11%	57%	21%	11%	0%
Funding training	Count	5	20	8	5	0
	%	13%	53%	21%	13%	0%
Supporting development of common definitions and principles	Count	2	13	9	1	0
	%	8%	52%	36%	4%	0%
Funding research	Count	4	13	5	1	0
	%	17%	57%	22%	4%	0%
Promoting implementing partners to work as consortia	Count	2	8	1	2	0
	%	15%	62%	8%	15%	0%
Advocacy to other donors	Count	14	11	2	0	0
	%	52%	41%	7%	0%	0%
Influencing UN	Count	15	15	0	0	0
	%	50%	50%	0%	0%	0%
Influencing NGOs and Red Cross Movement	Count	10	0	0	0	0
	%	100%	0%	0%	0%	0%
Other (specify)	Count	1	0	0	0	0
	%	100%	0%	0%	0%	0%

Figure 71: Percentage of respondents who agree that the following statements are important or very important



5.7 Please specify other priority mentioned in the previous question**Table 99: Survey responses**

In house training (ECHO)

Source: ADE, based on on-line survey to MS

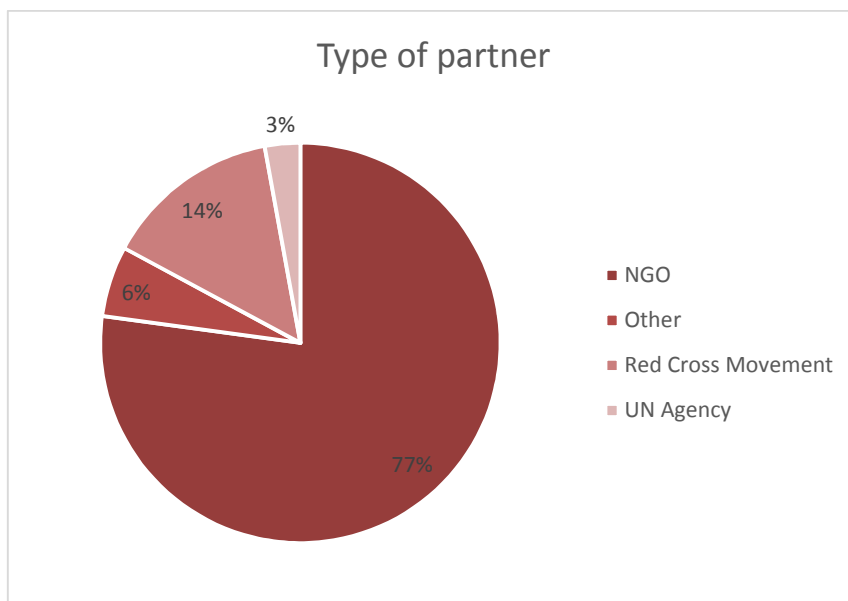
X.2 Partner Survey

X.2.1 Analysis of respondents

The partner survey was sent to all 205 organisations holding a Framework Partner Agreements with DG ECHO via ECHO’s designated email contact point. The evaluators request a maximum of one response per organisation. A total of 71 organisations completed the online survey.

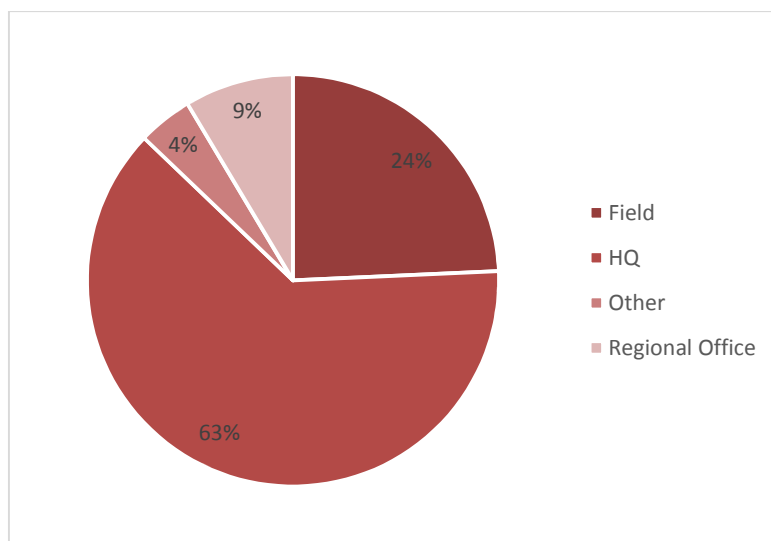
The figure shows that 70% of the respondents are coming from NGOs. It is followed by 13% from the Red Cross Movement.

Figure 72: Analysis of respondents by type of partner



The majority of them are based at HQ level (63%), 24% of them in the field.

Figure 73. Analysis of respondents



X.2.2 Responses per question

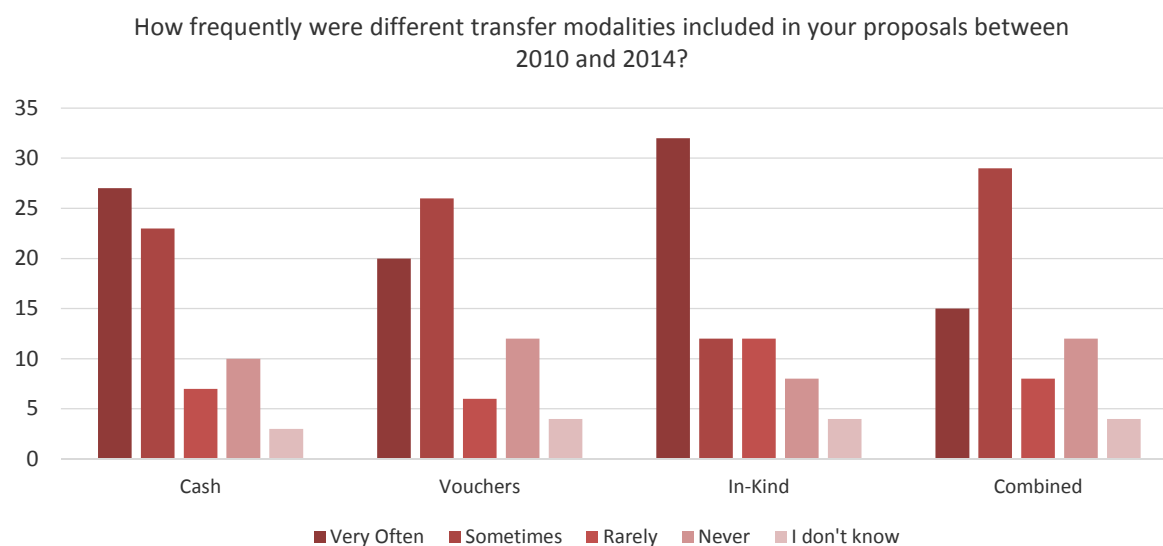
Question 2: Use of Transfer Modalities

2.1: Approximately how frequently were different transfer modalities included your proposals between 2010 and 2014?

Table 100: Survey responses

Answer		Very Often	Sometimes	Rarely	Never	Don't know	Total
Cash	Count	27	23	7	10	3	68
	%	39%	33%	10%	14%	4%	100%
Vouchers	Count	20	26	6	12	4	68
	%	29%	38%	9%	18%	6%	100%
In-Kind	Count	32	12	12	8	4	68
	%	47%	18%	18%	12%	6%	100%
Combined	Count	15	29	8	12	4	68
	%	22%	43%	12%	18%	6%	100%

Figure 74: Bar chart of responses



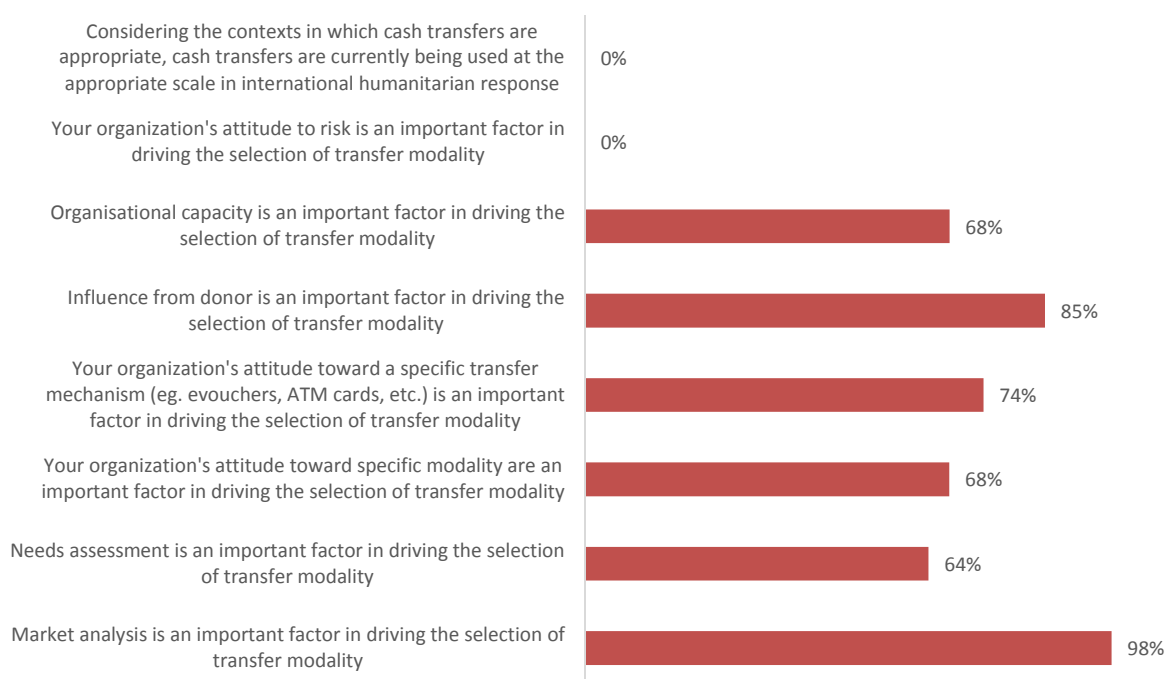
Source: ADE, based on on-line survey to MS

2.2: Please indicate your agreement/ disagreement with the statements

Table 101: Survey responses

Answer	Strongly Disagree	Disagree	Agree	Strongly Agree	I don't know	Total
Market analysis is an important factor in driving the selection of transfer modality	0	1	33	11	0	45
Needs assessment is an important factor in driving the selection of transfer modality	0	21	25	12	0	58
Your organization's attitude toward specific modality are an important factor in driving the selection of transfer modality	1	31	35	32	0	99
Your organization's attitude toward a specific transfer mechanism (eg. evouchers, ATM cards, etc.) is an important factor in driving the selection of transfer modality	1	19	33	24	0	77
Influence from donor is an important factor in driving the selection of transfer modality	2	3	32	9	2	48
Organisational capacity is an important factor in driving the selection of transfer modality	0	10	21	0	0	31
Your organization's attitude to risk is an important factor in driving the selection of transfer modality	0	19	0	0	6	25
Considering the contexts in which cash transfers are appropriate, cash transfers are currently being used at the appropriate scale in international humanitarian response	9	0	0	0	4	13

Figure 75: Percentage of respondents agreeing or strongly agreeing with the following statements



Source: ADE, based on on-line survey to MS

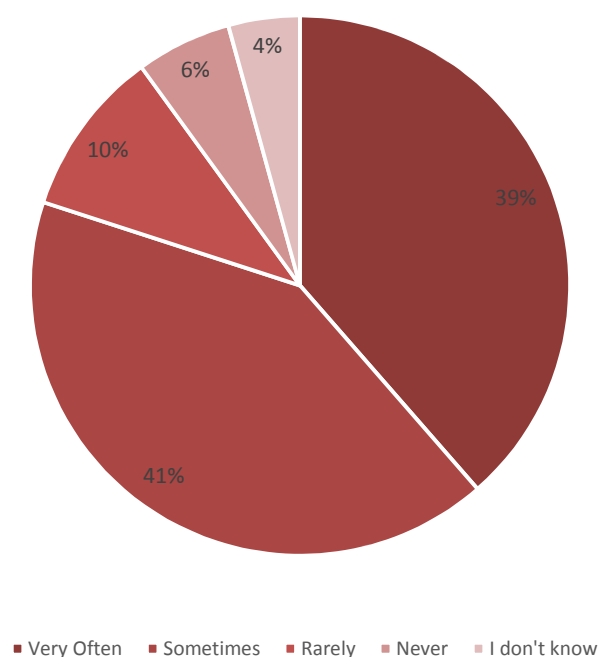
2.3 How often do you use market analysis tools to support your proposals?

Table 102: Survey responses

Answer	Count	%
Very Often	27	39%
Sometimes	29	41%
Rarely	7	10%
Never	4	6%
I don't know	3	4%
TOTAL	70	100%

Figure 76: Pie chart of responses

How often do you use market analysis tools to support your proposals?



Source: ADE, based on on-line survey to MS

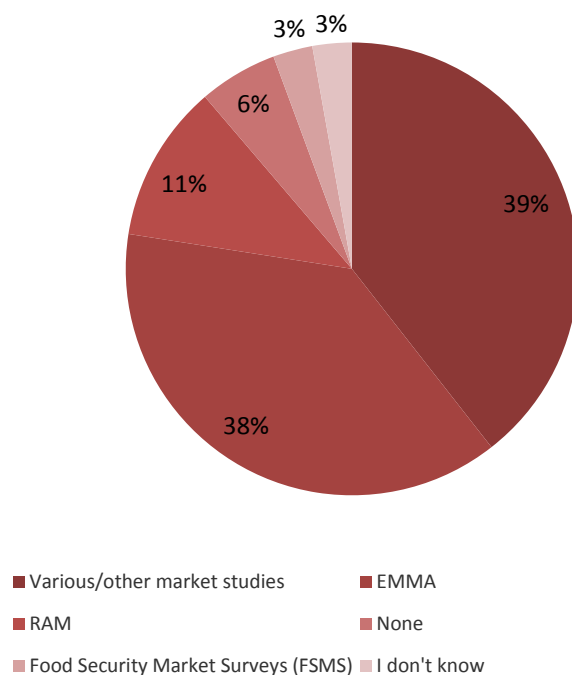
2.3.1 Which market assessment tools do you use?

Table 103: Survey responses

Answer	Count	%
Various/other market studies	28	39%
EMMA	27	38%
RAM	8	11%
None	4	6%
Food Security Market Surveys (FSMS)	2	3%
I don't know	2	3%
TOTAL	71	100%

Figure 77: Pie chart of responses

Which market assessment tools do you use?



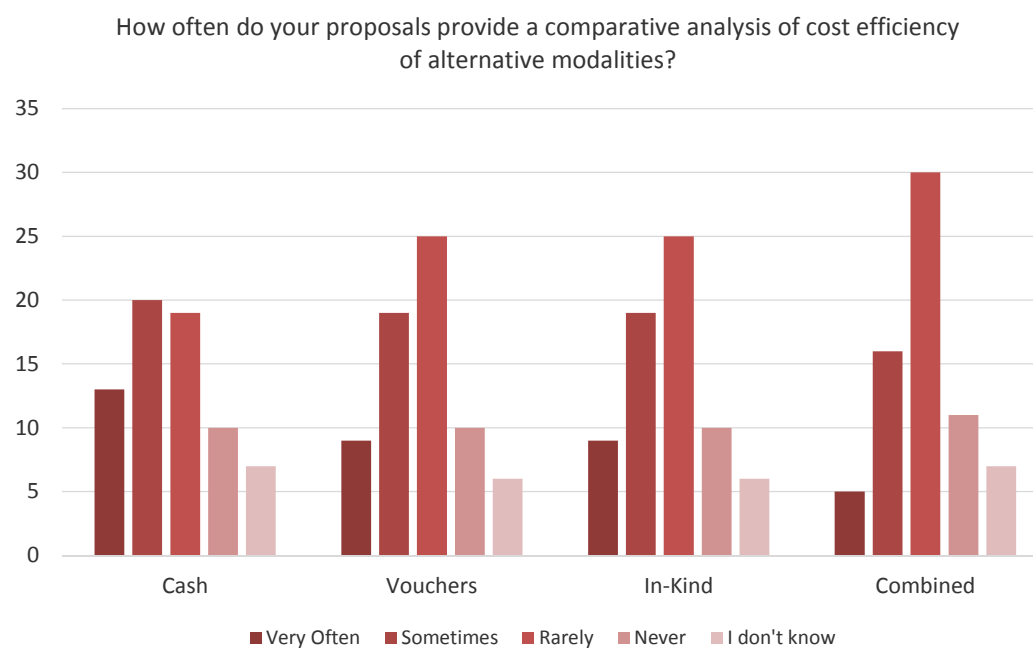
Source: ADE, based on on-line survey to MS

2.4 How often do your proposals provide a comparative analysis of the cost efficiency of alternative modalities to support the proposed approach?

Table 104: Survey responses

Answer		Very Often	Sometimes	Rarely	Never	I don't know	Total
Cash	Count	13	20	19	10	7	69
	%	19%	29%	28%	14%	10%	100%
Vouchers	Count	9	19	25	10	6	69
	%	13%	28%	36%	14%	9%	100%
In-Kind	Count	9	19	25	10	6	69
	%	13%	28%	36%	14%	9%	100%
Combined	Count	5	16	30	11	7	69
	%	7%	23%	43%	16%	10%	100%

Figure 78: Bar chart of responses



Source: ADE, based on on-line survey to MS

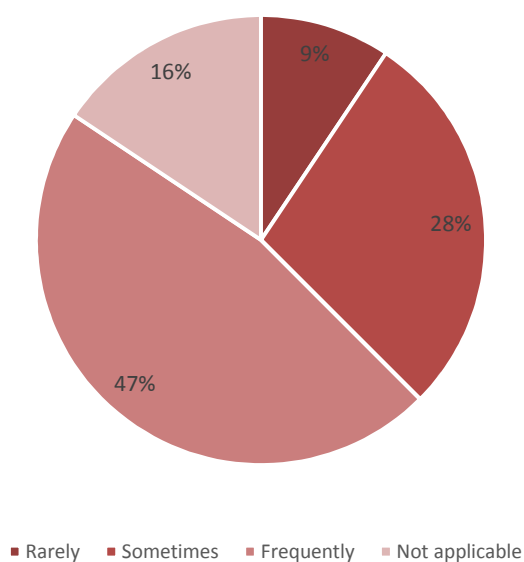
2.5 Do you refer to the ECHO Cash and Voucher Guidelines in preparing ECHO proposals?

Table 105: Survey responses

Answer	Count	%
Rarely	6	9%
Sometimes	18	28%
Frequently	30	47%
Not applicable	10	16%
TOTAL	64	100%

Figure 79: Pie chart of responses

Do you refer to the ECHO Cash and Voucher Guidelines preparing ECHO proposals?



Source: ADE, based on on-line survey to MS

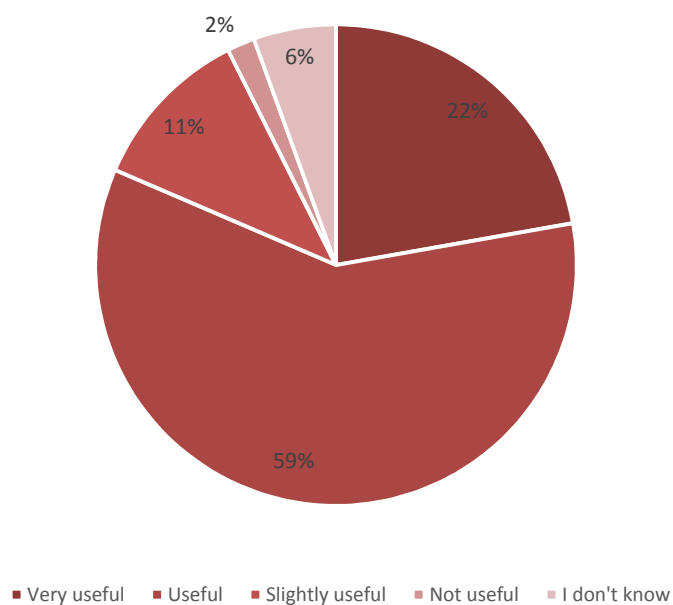
2.6 How useful are the ECHO Cash and Voucher Guidelines in guiding proposal development?

Table 106: Survey responses

Answer	Count	%
Very useful	12	22%
Useful	32	59%
Slightly useful	6	11%
Not useful	1	2%
I don't know	3	6%
TOTAL	54	100%

Figure 80: Pie chart of responses

How useful are the ECHO Cash and Voucher Guidelines in guiding proposal development?



Source: ADE, based on on-line survey to MS

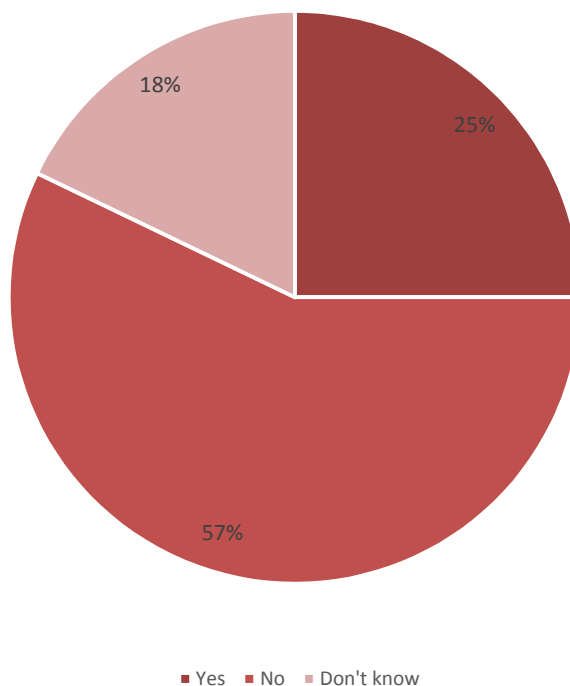
2.7 Are there any changes you would like to see in the ECHO Cash and Voucher Guidelines and the decision tree?

Table 107: Survey responses

Answer	Count	%
Yes	7	25%
No	16	57%
Don't know	5	18%
TOTAL	28	100%

Figure 81. Pie chart of responses

Are there any changes you would like to see in the ECHO Cash and Voucher Guidelines and the decision tree?



2.7.1 If yes, please specify what clarification(s) or additions (s) are needed

Figure 82: Survey responses

<p>Support in terms of market analysis tools</p> <p>I think that echo guideline should stress more on the risks and opportunities related to c&v. sometimes it seems that c&v is the only option available instead of the in kind distribution + often the protection concerned are not properly addressed</p> <p>The decision tree is ok as a summary but not detailed enough to support program design.</p> <p>Would be good to have guidance on how to gain the trust of traders- often the bottleneck in any voucher system- case studies from agencies how they manage the demands of vendors (money up front) versus the financial requirements of the donor (payment after delivery).</p> <p>It should have more on the security of the delivery systems – currently it says.</p> <p>The final decision on the best modality requires a case-by-case approach, calculating the trade-offs at the local level.</p> <p>But more guidance details should be given on the trade-offs and the solutions to address bottlenecks or security issues and problems</p> <p>Encourager, en plus des transferts saisonniers en espèces ou bons, des transferts productifs dans le cadre de renforcement de la résilience sous forme de transfert monétaires et de bons.</p> <p>I have not worked with Cash and Voucher for last 2 years and understand that new Concept, principle and guideline have been introduced.</p> <p>Yes, they are oriented strongly toward not using cash whereas this should be the default and the justification should be inverted.</p>
<p>Missing new technologies. For example: can cash be distributed safely in the target areas? if not ECHO Guidelines refers to vouchers/in kind. Needs to be a reference to new technologies, and in that case you can use cash.</p> <p>Missing other options as conditional cash grants for example: is it important to restrict spending to meet project objectives? ECHO guidelines just mention vouchers or in kind.</p> <p>The decision tree is adequate and useful. However a more detailed discussion and comparison with tools of implementation (e-voucher systems from different organisations), available systems in the field, risks for different available systems, could be interesting to add.</p> <p>Simply guidelines and disseminate to a wider circle of ECHO partners.</p>
<p>the guidelines might be good for a less experienced partner organisation engaging into cash for the first few times. For more advanced partners it is useful but less regular.</p> <p>The guidelines should give a strong emphasis on seasonality and risk financing.</p> <p>The first question of the decision tree is about the identification of needs of the affected people. I would like to see more instructions about the effective targeting of the vulnerable people, before the identification of their needs. Sometimes the targeting is affected by social and political issues that could have a negative impact on the cash transfer activities.</p>
<p>The decision tree should include consideration of the local legal context - eg. in Turkey the markets are plenty and it is very easy to undertake cash programming, but due to the legal status of Syrians they are not able to open bank accounts, hence while under the decision tree, the conclusion would be to program with cash assistance, in reality it's not possible</p> <p>Align with other existing decision-trees through a consultation process e.g. facilitated by CaLP</p>
<p>More guidance in terms of market analysis. Less focus on HEA-based information</p>
<p>Update the guidelines to take into account new electronic delivery mechanisms and technologies (biometrics) and the challenges they pose in the implementation of cash and vouchers programmes.</p>
<p>Reinforce aspects of coordination and/or harmonization in relation to Market</p>

assessments activities. Promote joint efforts at all stages of proposal writing in relation to markets scope. Other way, we tend to focus on simple trader surveys based on the scale of the project.
I would not include CFW as part of the decision tree at this stage. It "mixes" the feasibility of CT vs In kind with programmatic decisions within CTP in relation to conditionality vs non conditional that will be influence but several factors.
Best practices of cash and voucher interventions using ICT.
should incorporate Pre-Crisis Market Mapping & Analysis to inform contingency plans and preparedness.
There might not be big changes required, but the transfer should be according to community needs and specific context.
Please review the Cash for Work especially related to women beneficiaries. It resembles CCG, please work on it to make it different.
Annex with examples and good practices
To include guidance on various electronic possibilities
More details/guidance on what ECHO sees as appropriate types of market support (to remove constraints to market access or support infrastructure) that enables more voucher and cash programming.

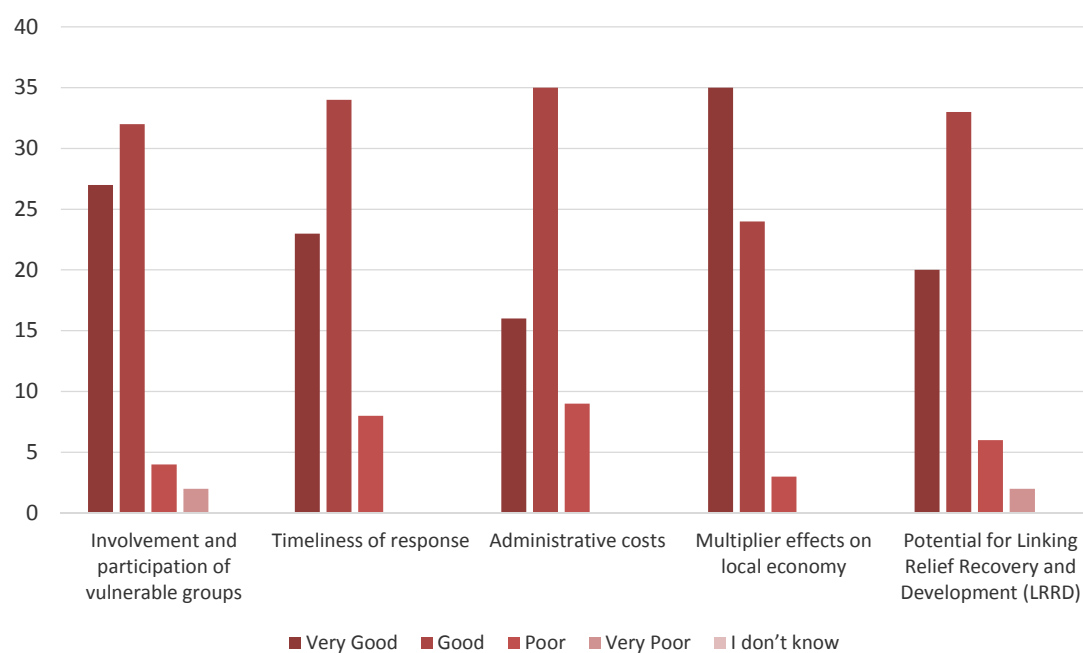
Source: ADE, based on on-line survey to MS

2.8 Please rank cash transfers according to:

Table 108: Survey responses

Factor		Very Good	Good	Poor	Very Poor	I don't know	Total
Involvement and participation of vulnerable groups	Count	27	32	4	2	0	65
	%	42%	49%	6%	3%	0%	100%
Timeliness of response	Count	23	34	8	0	0	65
	%	35%	52%	12%	0%	0%	100%
Administrative costs	Count	16	35	9	0	0	60
	%	27%	58%	15%	0%	0%	100%
Multiplier effects on local economy	Count	35	24	3	0	0	62
	%	56%	39%	5%	0%	0%	100%
Potential for Linking Relief Recovery and Development (LRRD)	Count	20	33	6	2	0	61
	%	33%	54%	10%	3%	0%	100%

Figure 83: Bar chart of responses



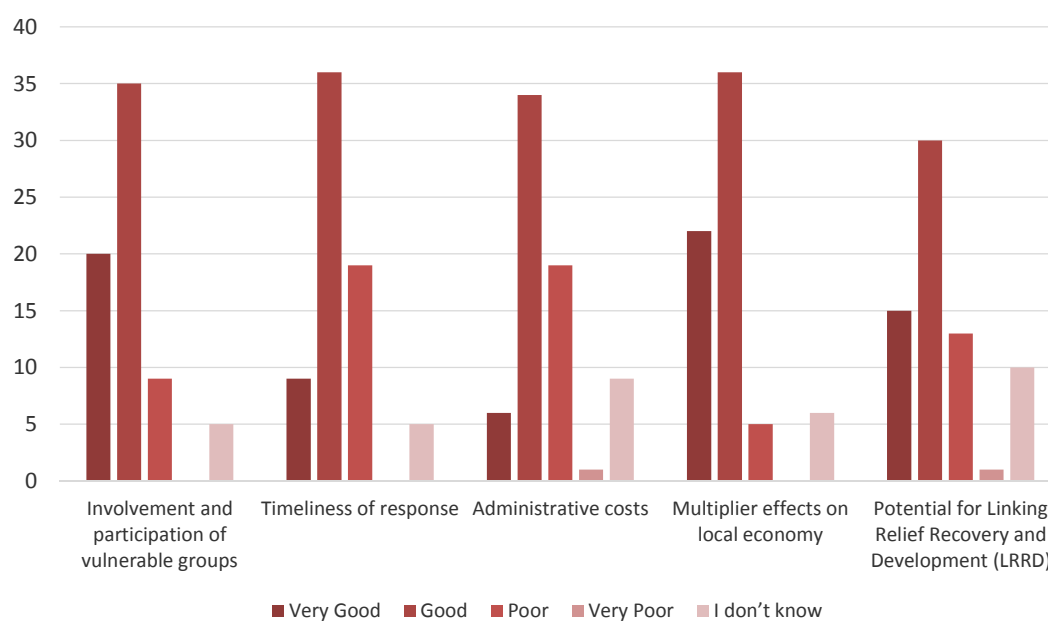
Source: ADE, based on on-line survey to MS

2.9 Please rank vouchers according to:

Table 109: Survey responses

Factor		Very Good	Good	Poor	Very Poor	I don't know	Total
Involvement and participation of vulnerable groups	Count	20	35	9	0	5	69
	%	29%	51%	13%	0%	7%	100%
Timeliness of response	Count	9	36	19	0	5	69
	%	13%	52%	28%	0%	7%	100%
Administrative costs	Count	6	34	19	1	9	69
	%	9%	49%	28%	1%	13%	100%
Multiplier effects on local economy	Count	22	36	5	0	6	69
	%	32%	52%	7%	0%	9%	100%
Potential for Linking Relief Recovery and Development (LRRD)	Count	15	30	13	1	10	69
	%	22%	43%	19%	1%	14%	100%

Figure 84: Bar chart of responses



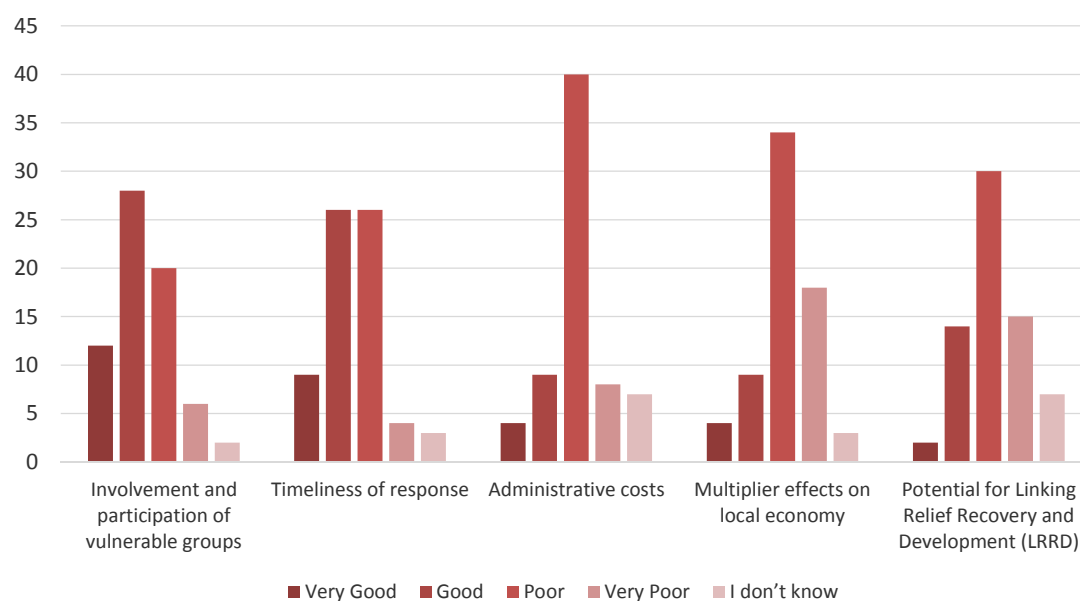
Source: ADE, based on on-line survey to MS

2.10 Please rank in-kind modalities according to:

Table 110: Survey responses

Factor		Very Good	Good	Poor	Very Poor	I don't know	Total
Involvement and participation of vulnerable groups	Count	12	28	20	6	2	68
	%	18%	41%	29%	9%	3%	100%
Timeliness of response	Count	9	26	26	4	3	68
	%	13%	38%	38%	6%	4%	100%
Administrative costs	Count	4	9	40	8	7	68
	%	6%	13%	59%	12%	10%	100%
Multiplier effects on local economy	Count	4	9	34	18	3	68
	%	6%	13%	50%	26%	4%	100%
Potential for Linking Relief Recovery and Development (LRRD)	Count	2	14	30	15	7	68
	%	3%	21%	44%	22%	10%	100%

Figure 85: Bar chart of responses



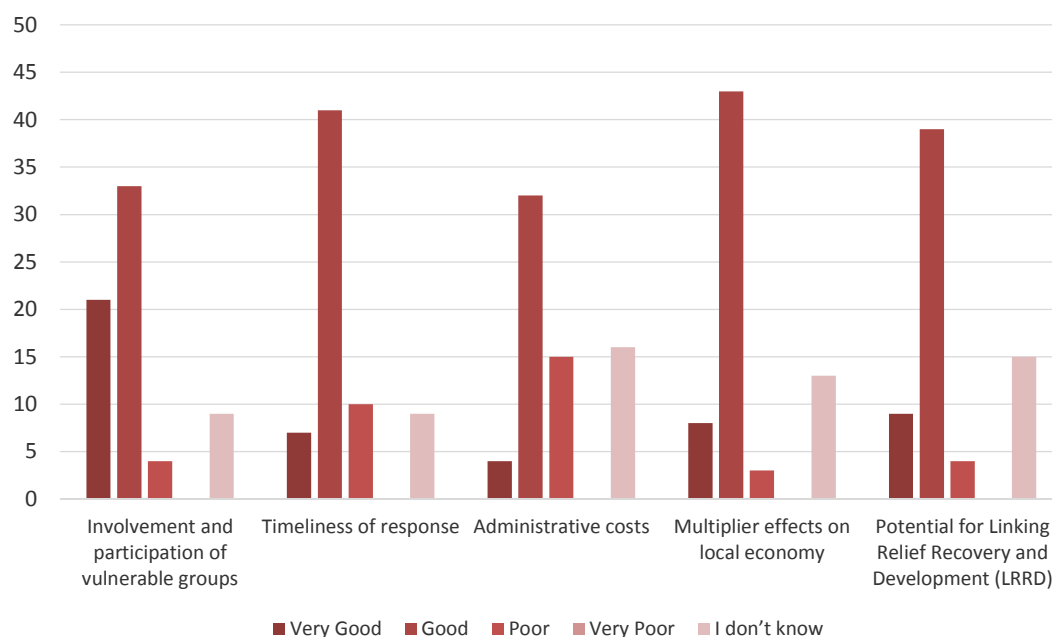
Source: ADE, based on on-line survey to MS

2.10 Please rank combined modalities according to:

Table 111: Survey responses

Factor		Very Good	Good	Poor	Very Poor	I don't know	Total
Involvement and participation of vulnerable groups	Count	21	33	4	0	9	67
	%	31%	49%	6%	0%	13%	100%
Timeliness of response	Count	7	41	10	0	9	67
	%	10%	61%	15%	0%	13%	100%
Administrative costs	Count	4	32	15	0	16	67
	%	6%	48%	22%	0%	24%	100%
Multiplier effects on local economy	Count	8	43	3	0	13	67
	%	12%	64%	4%	0%	19%	100%
Potential for Linking Relief Recovery and Development (LRRD)	Count	9	39	4	0	15	67
	%	13%	58%	6%	0%	22%	100%

Figure 86: Bar chart of responses



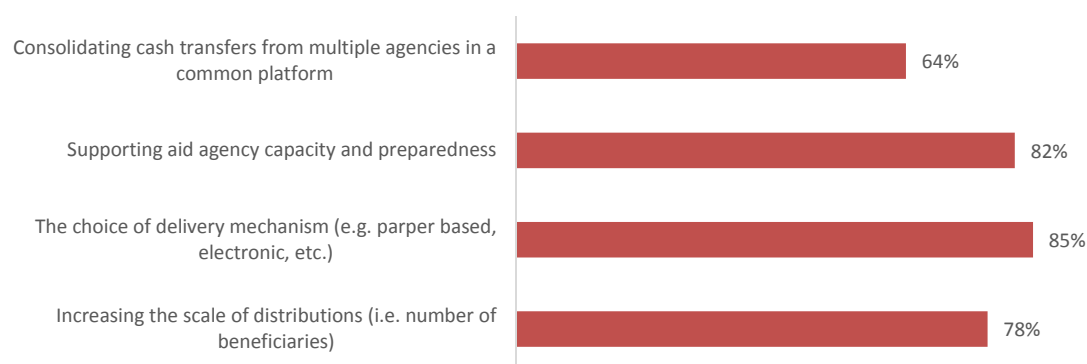
Source: ADE, based on on-line survey to MS

2.12 Please indicate how important you believe the following factors are in improving the cost efficiency of cash transfers:

Table 112: Survey responses

Answer		Very Important	Important	Slightly Important	Not Important	I don't know	Total
Increasing the scale of distributions (i.e. number of beneficiaries)	Count	19	33	9	2	4	67
	%	28%	49%	13%	3%	6%	100%
The choice of delivery mechanism (e.g. paper based, electronic, etc.)	Count	33	24	6	0	4	67
	%	49%	36%	9%	0%	6%	100%
Supporting aid agency capacity and preparedness	Count	27	28	9	0	3	67
	%	40%	42%	13%	0%	4%	100%
Consolidating cash transfers from multiple agencies in a common platform	Count	20	23	13	3	8	67
	%	30%	34%	19%	4%	12%	100%
Other (please specify)	Count	7	4	0	0	53	64
	%	11%	6%	0%	0%	83%	100%

Figure 87: Percentage of respondents who agree that the following statements are important or very important



2.13 Please specify other factors mentioned in the previous question**Table 113: Survey responses**

<p>Impliquer les opérateurs économiques locaux dans le processus de transfert</p> <p>Donor support/pressure to ensure cheap banking system/set-ups. Standard development of systems</p> <p>More than just the efficiency, donors should look at effectiveness of cash in addressing certain needs!</p> <p>Local context (availability of roads infrastructure, transport system, banking system, telecommunication, security etc..</p>
<p>Identifying the appropriate technology solution for the selected mechanism</p> <p>Sensitising banks and financial institutions</p> <p>Joint Market Analysis, Joint Targeting and data base management, Joint need analysis</p>
<p>The use of ICT</p>
<p>Supporting sustainability of provision of services and community resilience</p>
<p>Supporting monitoring costs (financial Staff) of aid agency</p>

Source: ADE, based on on-line survey to MS

Question 3: Multi-Purpose Transfers

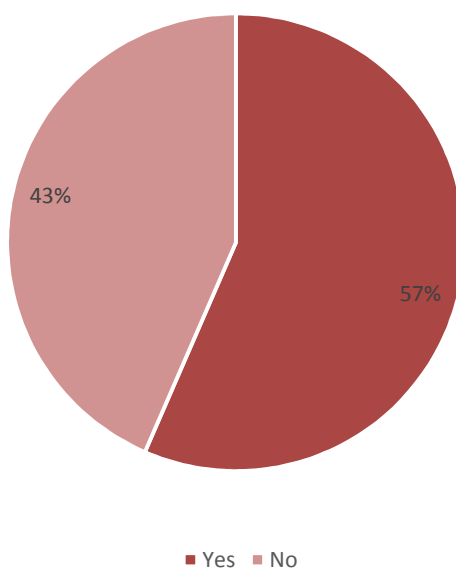
3.1 Are you familiar with the ECHO definition of Multi-Purpose Cash Transfers (MPCTs)?

Table 114: Survey responses

Answer	Count	%
Yes	39	57%
No	30	43%
TOTAL	69	100%

Figure 88. Pie chart of responses

Are you familiar with the ECHO definition of Multi-Purpose Cash Transfers (MPCTs)?



Source: ADE, based on on-line survey to MS

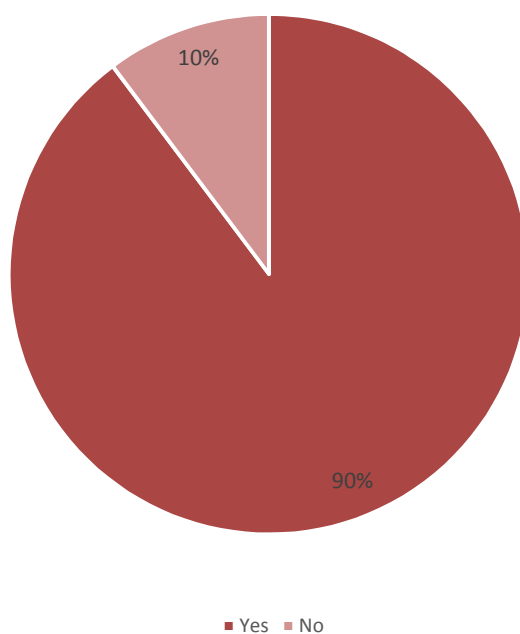
3.2 Does your organisation support the use of humanitarian 'Multi-Purpose Cash Transfer / Cash Grant' (MPCTs)?

Table 115: Survey responses

Answer	Count	%
Yes	35	90%
No	4	10%
TOTAL	39	100%

Figure 89: Pie chart of responses

Does your organisation support the use of humanitarian MPCTs?



Source: ADE, based on on-line survey to MS

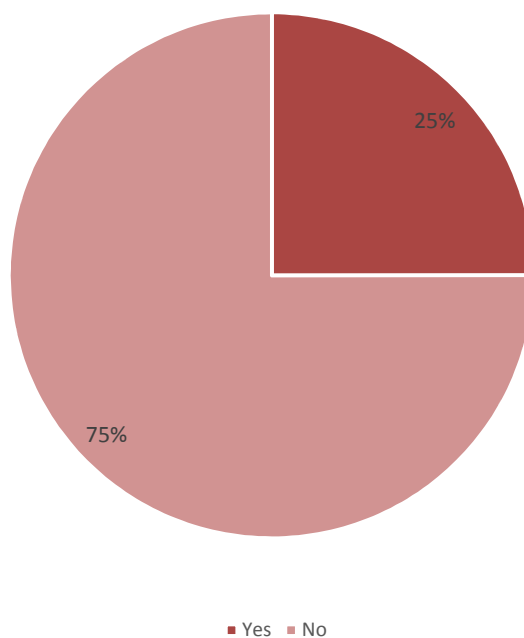
3.3 Have you applied to ECHO to fund MPCTs?

Table 116: Survey responses

Answer	Count	%
Yes	17	25%
No	51	75%
TOTAL	68	100%

Figure 90: Pie chart of responses

Have you applied to ECHO to funded MPCTs?



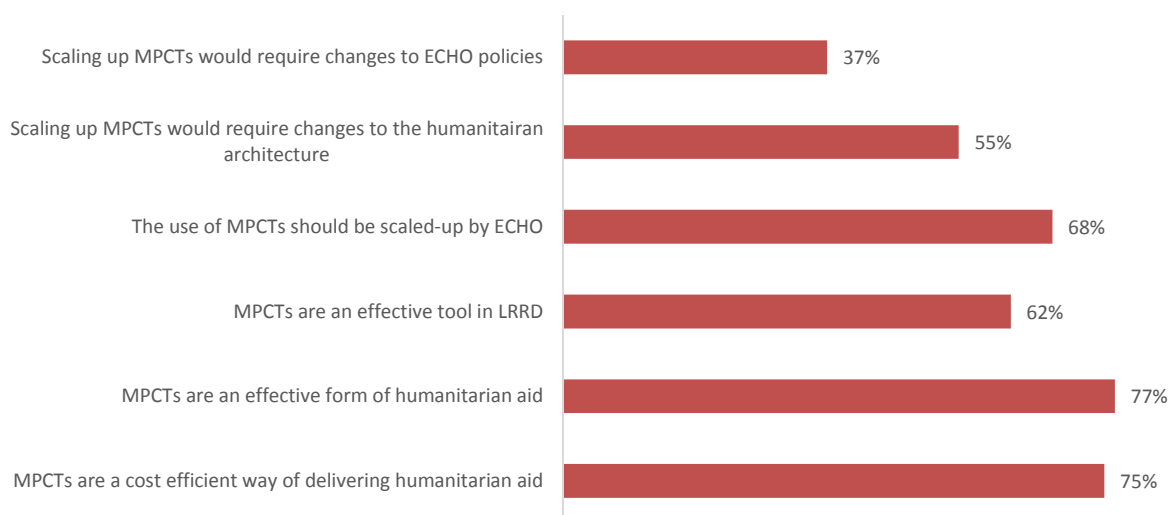
Source: ADE, based on on-line survey to MS

3.3 Please indicate your agreement/ disagreement with the following statements

Table 117: Survey responses

Answer		Strongly Disagree	Disagree	Agree	Strongly Agree	I don't know	Total
MPCTs are a cost efficient way of delivering humanitarian aid	Count	1	2	26	26	14	69
	%	1%	3%	38%	38%	20%	100%
MPCTs are an effective form of humanitarian aid	Count	0	2	31	22	14	69
	%	0%	3%	45%	32%	20%	100%
MPCTs are an effective tool in LRRD	Count	1	4	29	14	21	69
	%	1%	6%	42%	20%	30%	100%
The use of MPCTs should be scaled-up by ECHO	Count	0	4	24	23	18	69
	%	0%	6%	35%	33%	26%	100%
Scaling up MPCTs would require changes to the humanitarian architecture	Count	0	11	27	11	20	69
	%	0%	16%	39%	16%	29%	100%
Scaling up MPCTs would require changes to ECHO policies	Count	0	12	20	5	31	68
	%	0%	18%	29%	7%	46%	100%

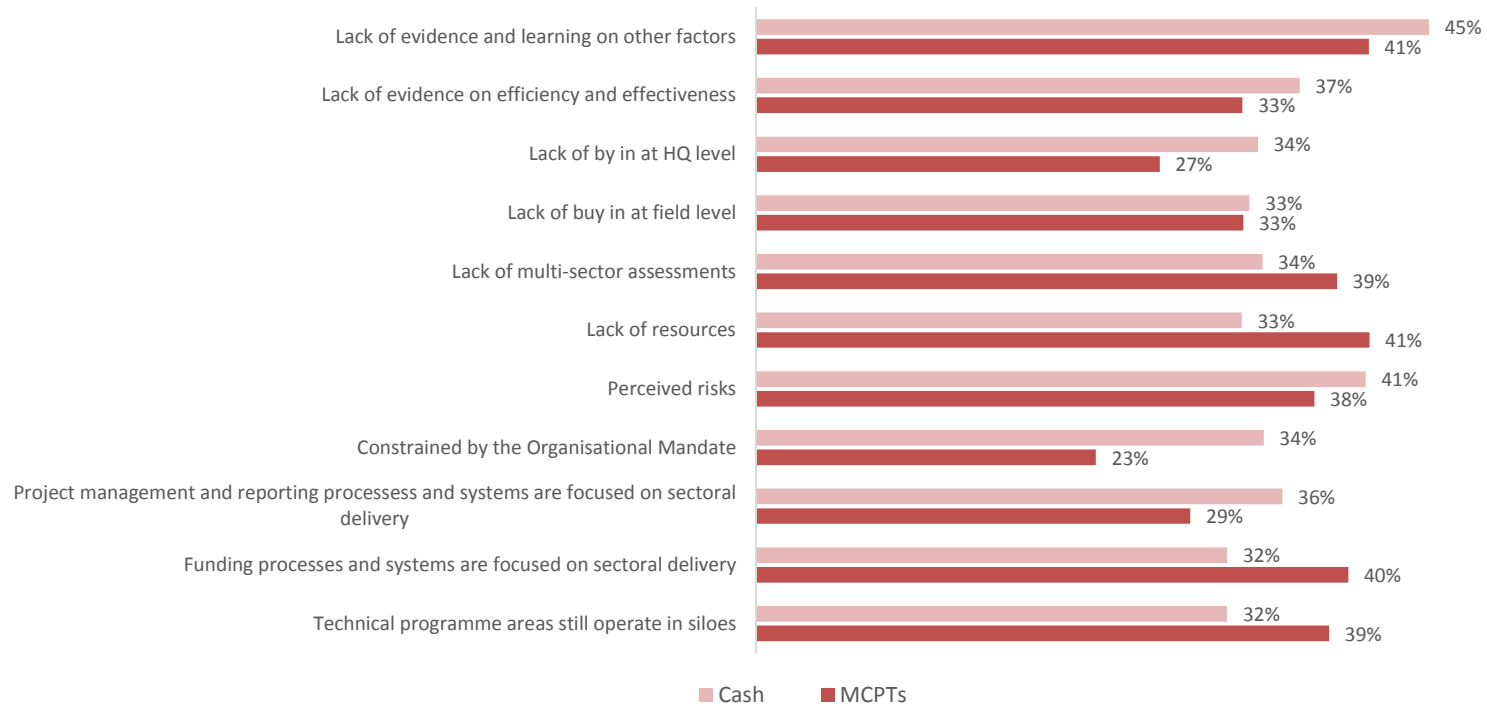
Figure 91: Percentage of respondents agreeing or strongly agreeing with the following statements



Source: ADE, based on on-line survey to MS

3.5 How important are the following constraints to the increased use of MPCTs compared to cash transfers in general in your organisation?**Table 118: Survey responses**

Answer	MPCTs					Cash				
	Very Important	Important	Slightly Important	Not Important	I don't know	Very Important	Important	Slightly Important	Not Important	I don't know
Technical programme areas still operate in siloes	12	12	9	13	16	4	17	16	13	16
Funding processes and systems are focused on sectoral delivery	17	15	15	13	20	8	20	19	26	15
Project management and reporting processes and systems are focused on sectoral delivery	5	17	7	29	17	4	12	11	5	13
Constrained by the Organisational Mandate	4	10	20	10	17	3	21	21	10	15
Perceived risks	5	18	12	11	15	6	22	15	12	13
Lack of resources	8	21	9	14	18	6	15	17	12	14
Lack of multi-sector assessments	18	13	15	12	21	11	15	18	15	17
Lack of buy in at field level	9	17	16	20	17	7	11	17	6	13
Lack of buy in at HQ level	6	12	17	15	16	2	18	20	7	12
Lack of evidence on efficiency and effectiveness	11	12	19	8	20	8	21	24	11	15
Lack of evidence and learning on other factors	6	18	5	15	14	6	19	13	7	10

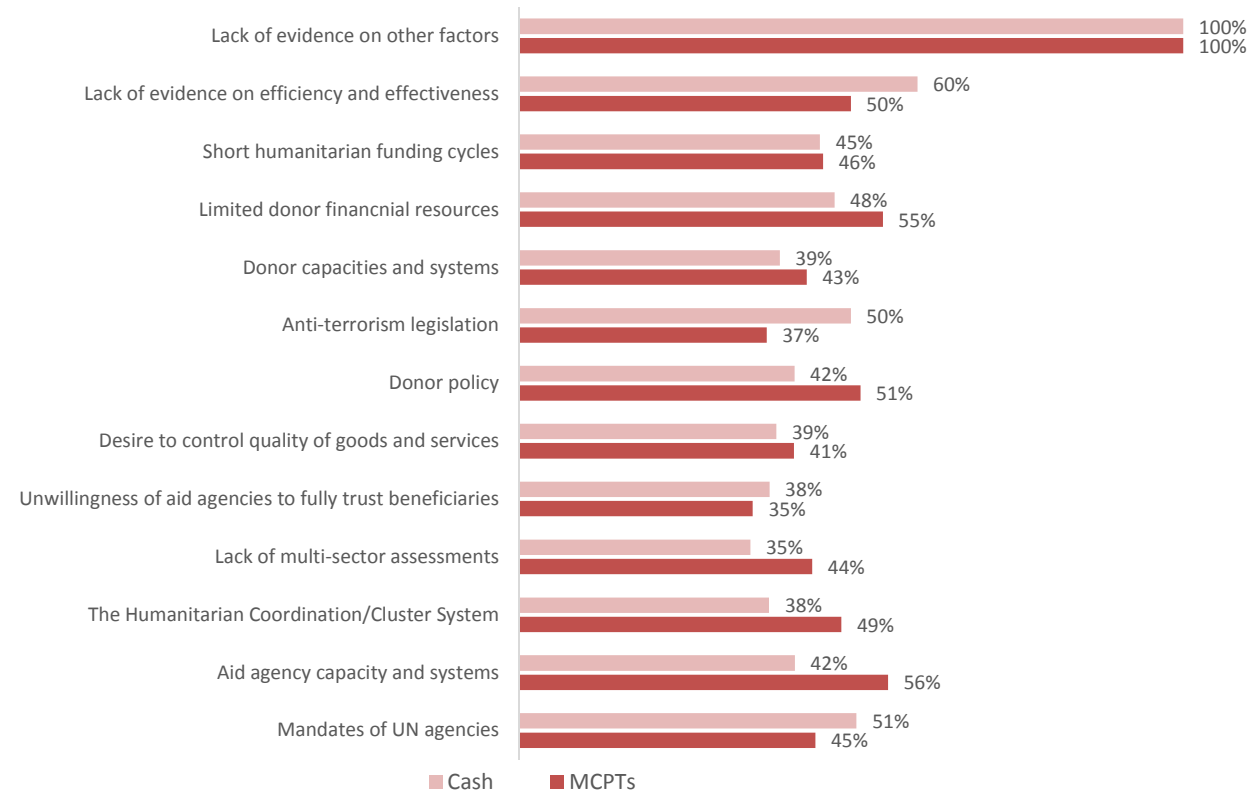
Figure 92: Percentage of respondents who agree that the following statements are important or very important

Source: ADE, based on on-line survey to MS

3.6 In your opinion how important are the following constraints within the overall humanitarian system to the increased use of multi-purpose cash transfers as compared to cash transfers in general?

Table 119: Survey responses

Answer	MPCT's					Cash				
	Very Important	Important	Slightly Important	Not Important	I don't know	Very Important	Important	Slightly Important	Not Important	I don't know
Mandates of UN agencies	12	17	10	9	17	7	24	13	4	13
Aid agency capacity and systems	12	28	13	4	15	7	20	19	6	13
The Humanitarian Coordination/Cluster System	13	20	11	7	17	11	18	23	11	14
Lack of multi-sector assessments	17	17	16	12	15	7	16	20	12	11
Unwillingness of aid agencies to fully trust beneficiaries	7	18	14	16	16	3	17	15	3	15
Desire to control quality of goods and services	9	20	7	5	29	5	26	17	7	25
Donor policy	15	21	10	7	17	9	13	13	4	14
Anti-terrorism legislation	8	14	15	7	15	8	27	19	6	10
Donor capacities and systems	4	22	10	9	15	5	17	14	10	10
Limited donor financial resources	19	21	7	10	16	13	16	12	7	13
Short humanitarian funding cycles	19	19	17	10	18	16	18	21	6	14
Lack of evidence on efficiency and effectiveness	9	14	14	9	0	9	21	20	0	0
Lack of evidence on other factors	8	20	0	0	0	4	0	0	0	0

Figure 93: Percentage of respondents who agree that the following statements are important or very important

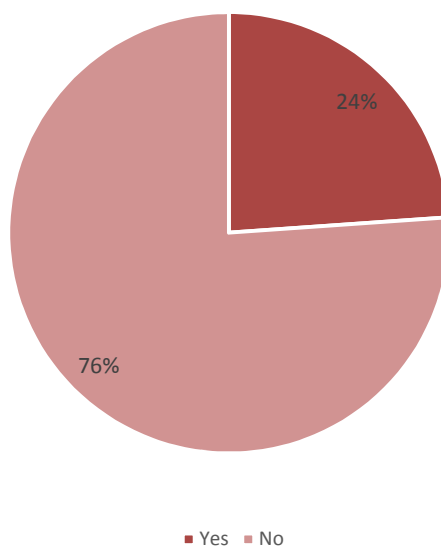
Source: ADE, based on on-line survey to MS

3.7 Is there a need for any clarification in DG ECHO policies and guidelines to support MPCT?**Table 120: Survey responses**

Answer	Count	%
Yes	16	24%
No	51	76%
TOTAL	67	100%

Figure 94. Pie chart of responses

Is there a need for any clarification in DG ECHO policies and guidelines to support MPCT?



3.8 If yes, please specify what clarification(s) or additions (s) are needed

Table 121: Survey responses

The decision tree has to be improved
They have to be promoted
More detailed policy required and key considerations to avoid misunderstanding.
Need to get more involved in the Topic to be able to reply to this questions - i.e. basics
Active promotion and coordination with other donors, mobilisation of multiple partners working on the same platform...
How the policies differ specifically from sectoral cash, if this will be more flexible, explain exactly how.
I'm not familiar whit MPCT, so I need more information
The level of reference to decide on the amount is too low (survival rather than livelihood protection or strengthening).
Funding and mechanism for coordination
Tools for needs identification/scale of support
Clarification on the appropriateness of MPCT to specific emergency contexts
Need to operationalize the 10 principles for Multipurpose. Still long way to go beyond all the learning for Middle East. Joint market assessment to cover multipurpose needs. M&E section in ECHO Guidelines need to be strengthened,
I am not familiar with the guidelines on MPTC. However I feel that it should be included in the regular trainings by ECHO.
Share info about new policies, funding opportunities and modalities at the field/country level.
The need is more on communication and "marketing": MPCT are probably well known in failed states and those in a chronic state of emergency, but much less in other Regions (e.g. southern Africa) where the scale of disasters is much smaller, but where there is still a big potential for MPCT (e.g.: recent floods in Malawi)
Integration to the Cash&Voucher Guidelines

Source: ADE, based on on-line survey to MS

Question 4: Links to Social Transfers

4.1 Of the countries that you work in, which ones have an established social transfer system (government owned safety net providing regular and predictable cash or in kind assistance) to address chronic poverty?

Table 122: Survey responses

[Countries listed below represent those for which ECHO officers answered in the affirmative:]
Algeria
Bangladesh
Bosnia
Brazil
Burkina Faso
Burundi
Cambodia
Central African Republic
Chad
Chile
Cook Islands
Ecuador
Fiji
Guinea
Guinea-Bissau
Israel
Jamaica
Kazakhstan
Korea
Lesotho
Mali
Marshall Islands
Mexico
Niger
Palestine
Papua New Guinea
Peru
Saint Lucia
Sierra Leone
Tajikistan
Tanzania
Turkey
Turkmenistan
Ukraine
United Kingdom
Yemen

Source: ADE, based on on-line survey to MS

4.2 Of these national systems do any have the ability to scale-up in response to emergencies?

Table 123: Survey responses

[Countries listed below represent those for which ECHO officers answered in the affirmative:]
Afghanistan
Burkina Faso
Cambodia
Central African Republic
Chad
Chile
Ecuador
Fiji
Guinea-Bissau
Israel
Kazakhstan
Korea
Lesotho
Marshall Islands
Niger
Palestine
Peru
Saint Lucia
Tajikistan
Turkmenistan
Ukraine
United Kingdom
Yemen

Source: ADE, based on on-line survey to MS

4.3 Has your organisation channelled support through the social transfer systems in the countries that you are responsible for?

Table 124: Survey responses

[Countries listed below represent those for which ECHO officers answered in the affirmative:]
Afghanistan
Burkina Faso
Cameroon
Central African Republic
Chad
DRC
Dominican Republic
Ethiopia
Guinea
Lebanon
Malawi
Nicaragua
Palestine
Paraguay
Philippines
Serbia
Sudan
Turkey
Uganda
Vietnam

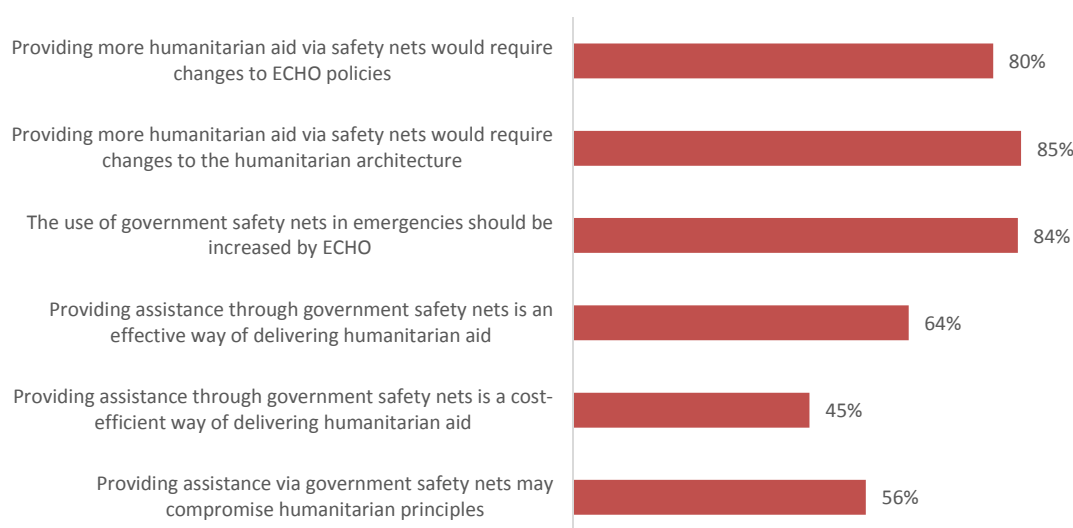
Source: ADE, based on on-line survey to MS

4.4 Please indicate your agreement/ disagreement with the following statements

Table 125: Survey responses

Answer		Strongly Disagree	Disagree	Agree	Strongly Agree	Don't Know	Total
Providing assistance via government safety nets may compromise humanitarian principles	Count	2	18	29	6	8	63
	%	3%	29%	46%	10%	13%	100%
Providing assistance through government safety nets is a cost-efficient way of delivering humanitarian aid	Count	2	21	21	14	20	78
	%	3%	27%	27%	18%	26%	100%
Providing assistance through government safety nets is an effective way of delivering humanitarian aid	Count	2	21	41	8	5	77
	%	3%	27%	53%	10%	6%	100%
The use of government safety nets in emergencies should be increased by ECHO	Count	4	4	37	33	5	83
	%	5%	5%	45%	40%	6%	100%
Providing more humanitarian aid via safety nets would require changes to the humanitarian architecture	Count	1	3	26	25	5	60
	%	2%	5%	43%	42%	8%	100%
Providing more humanitarian aid via safety nets would require changes to ECHO policies	Count	1	3	24	27	9	64
	%	2%	5%	38%	42%	14%	100%

Figure 95: Percentage of respondents agreeing or strongly agreeing with the following statements

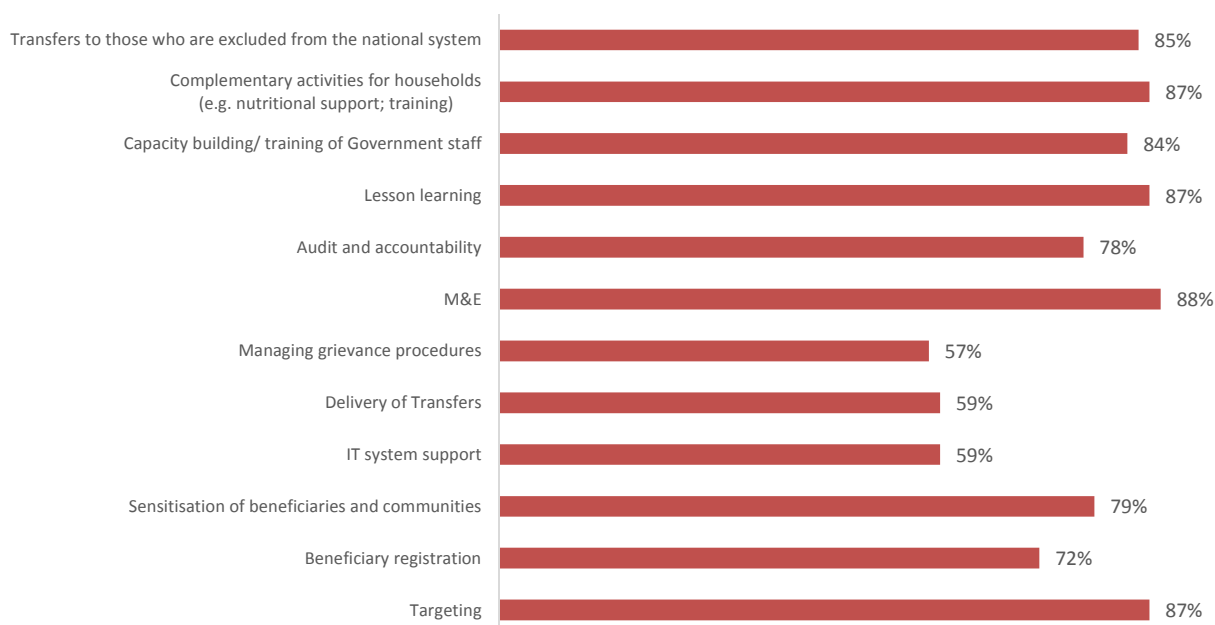


Source: ADE, based on on-line survey to MS

4.5 If ECHO were to channel the delivery of humanitarian aid through established national Social Transfer systems which functions do you think ECHO partners should be responsible for?

Table 126: Survey responses

Answer		Strongly Disagree	Disagree	Agree	Strongly Agree	Don't Know	Total
Targeting	Count	1	3	26	33	5	68
	%	1%	4%	38%	49%	7%	100%
Beneficiary registration	Count	3	11	24	25	5	68
	%	4%	16%	35%	37%	7%	100%
Sensitisation of beneficiaries and communities	Count	2	7	27	27	5	68
	%	3%	10%	40%	40%	7%	100%
IT system support	Count	2	17	26	14	9	68
	%	3%	25%	38%	21%	13%	100%
Delivery of Transfers	Count	3	17	23	17	8	68
	%	4%	25%	34%	25%	12%	100%
Managing grievance procedures	Count	3	18	17	22	8	68
	%	4%	26%	25%	32%	12%	100%
M&E	Count	2	0	22	38	6	68
	%	3%	0%	32%	56%	9%	100%
Audit and accountability	Count	2	7	26	27	6	68
	%	3%	10%	38%	40%	9%	100%
Lesson learning	Count	1	3	36	23	5	68
	%	1%	4%	53%	34%	7%	100%
Capacity building/ training of Government staff	Count	2	4	25	32	5	68
	%	3%	6%	37%	47%	7%	100%
Complementary activities for households (e.g. nutritional support; training)	Count	1	2	25	34	6	68
	%	1%	3%	37%	50%	9%	100%
Transfers to those who are excluded from the national system	Count	1	3	19	39	6	68
	%	1%	4%	28%	57%	9%	100%
Other (specify)	Count	0	0	8	3	55	66
	%	0%	0%	12%	5%	83%	100%

Figure 96: Percentage of respondents agreeing or strongly agreeing with the following statements**4.5.1 Please specify other constraints mentioned in the previous question:****Table 127: Survey responses**

Partage de la leçon apprise
I think it really depends on the capacity of the social transfer system in question - if it is strong and well-developed, then ECHO partners could only focus on the complementary activities, transfers to excluded groups, lessons learned and audit & M&E.
Field visits to ensure that the programs are running as per the standards and reaching the deserving vulnerable groups. Listening experiences of beneficiaries and bringing their views and perspective to implementing agencies/government and discuss to find better ways to address the challenges.
Market assessments and needs assessments
Need assessments, Market assessment, Transfer modality selection (support)
Reporting (compilation of data from social transfer systems, analysis and reporting to ECHO)
Setting the selection criteria and distribution modality

Source: ADE, based on on-line survey to MS

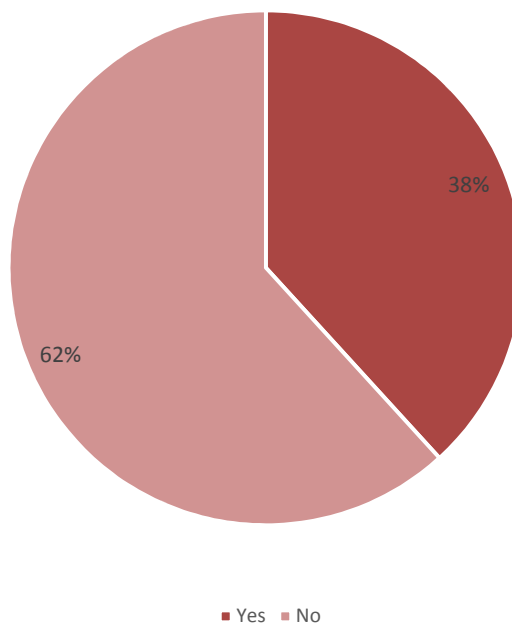
4.6 Is there a need for any clarification in DG ECHO policies and guidelines to support links to Social Transfer Systems?

Table 128: Survey responses

Answer	Count	%
Yes	26	38%
No	42	62%
TOTAL	68	100%

Figure 97: Pie chart of responses

Is there a need for any clarification in DG ECHO policies and guidelines to support links to Soical Transfer Systems?



4.7 If yes, please specify what clarification(s) or additions (s) are needed:

Table 129: Survey responses

<p>Clarifying the role of partners in this scheme and the possibility of transferring funds and monitoring the transfers with national bodies The guidelines need to be further developed and detailed to adapt to different models of support to Social Transfer Systems. I would like to have more clarification on the way of working</p>
<p>Role of ECHO partners</p>
<p>I have no comment but the form wouldn't allow me to submit unless I typed something</p>
<p>Intégrer la possibilité de fournir de l'aide humanitaire sous forme de transfert sociaux, via les structures étatiques existantes, notamment l'ONASA pour le cas du Tchad.</p>
<p>Country level social transfer system is not streamlined in many countries and the process is bureaucratic leading to delay etc. These challenges are to be taken into account</p>
<p>The system has to be promoted, it is not well known</p>
<p>A policy and expectations</p>
<p>Processes and limits of the NGOs responsibilities, how to build on relationship/ coordinate with the government, establishment of clear procedures.</p>
<p>Review guidelines and see how they can become better used by ECHO partners, so each partner do not have separate guidelines. There is not much in the guidelines, or maybe it is not clear, hence needs to be more explicit. concrete examples. review on what countries and governments agreeing to merge/open systems etc.</p>
<p>The uptake and sustainability issues, the role of government in promoting social transfer to the poor and vulnerable.</p>
<p>Perhaps these guidelines exist but I have never seen them so it would be useful if they were disseminated more widely. Duration of ECHO funded projects, linkages with DEVCO Elaborate on how use cash transfers in Government run STS Operationalize more on how would the role of the partner on the linkage between humanitarian aid and social transfer systems (examples). I do not have evidences, I don't know There would need to be clarification on the platform used and if it is uniform for all partners involved. Roles and responsibilities of all those involved need to be very clear. IT support and seconding of staff to work within the Social Transfer System offices a means of capacity building and M&E would also need to be clarified. Mention it as preferred option in certain countries, improve learning and evidence base from short term transfer, echo can support scaling up of national safety net transfer Share info about new policies, funding opportunities and modalities at the field/country level. not familiar with DG ECHO policies and guidelines Clarification on DG ECHO Policies on what are the minimum standards for transparency and accountability that the government needs to have in place, in order for ECHO partner to support links to government social transfer systems. Yes, the DG ECHO policies and guidelines needs more clarity on links to social safety nets by government to leverage on their impacts. Does such a Guideline exist to Support governmental Social Transfer Systems?</p>
<p>Guidance on roles and responsibilities of host governments and ECHO partners (INGOs) in rapid onset emergencies vs. chronic crises.</p>
<p>Integration to the Cash&Voucher Guidelines, or dedicated Guidelines</p>
<p>These are not clear for my context</p>

Source: ADE, based on on-line survey to MS

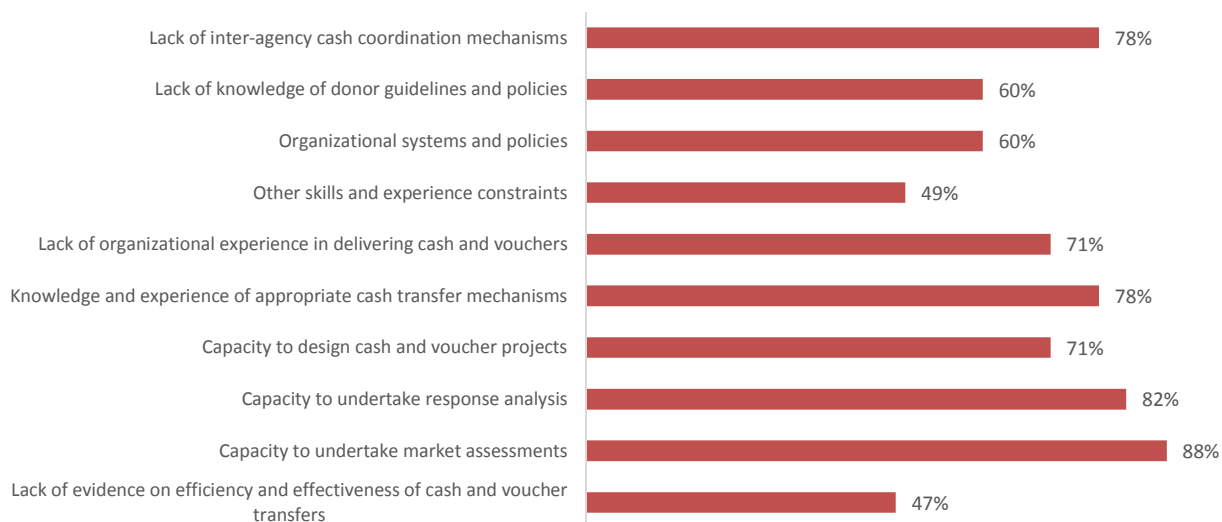
Question 5: Capacity Strengthening and Advocacy

5.1 Do you perceive as the main capacity constraints to developing and implementing projects using cash transfers or vouchers?

Table 130: Survey responses

Constraints		Very Important	Important	Slightly Important	Not Important	Don't Know
Lack of evidence on efficiency and effectiveness of cash and voucher transfers	Count	7	25	19	15	2
	%	10%	37%	28%	22%	3%
Capacity to undertake market assessments	Count	25	35	7	1	0
	%	37%	51%	10%	1%	0%
Capacity to undertake response analysis	Count	21	34	9	3	0
	%	31%	51%	13%	4%	0%
Capacity to design cash and voucher projects	Count	16	32	16	4	0
	%	24%	47%	24%	6%	0%
Knowledge and experience of appropriate cash transfer mechanisms	Count	21	32	14	0	1
	%	31%	47%	21%	0%	1%
Lack of organizational experience in delivering cash and vouchers	Count	20	28	16	4	0
	%	29%	41%	24%	6%	0%
Other skills and experience constraints	Count	4	29	20	2	13
	%	6%	43%	29%	3%	19%
Organizational systems and policies	Count	18	23	19	7	1
	%	26%	34%	28%	10%	1%
Lack of knowledge of donor guidelines and policies	Count	12	29	16	10	1
	%	18%	43%	24%	15%	1%
Lack of inter-agency cash coordination mechanisms	Count	24	29	9	1	5
	%	35%	43%	13%	1%	7%
Others (please specify)	Count	2	4	0	1	57
	%	3%	6%	0%	2%	89%

Figure 98: Percentage of respondents who agree that the following statements are important or very important



5.1.1 Please specify other constraints mentioned in the previous question:

Table 131: Survey responses

Often time's funds from donors are not released on time to do planning and market assessment.
 Lack of interest from service providers particularly a private sector such as cash transfer agents, mobile phone companies.
 willingness of banks/financial institutions to be flexible
 Lack of proper understanding of the selection criteria by the beneficiary community especially where only the most vulnerable are targeted.
 designing culture-sensitive programme intervention

Source: ADE, based on on-line survey to MS

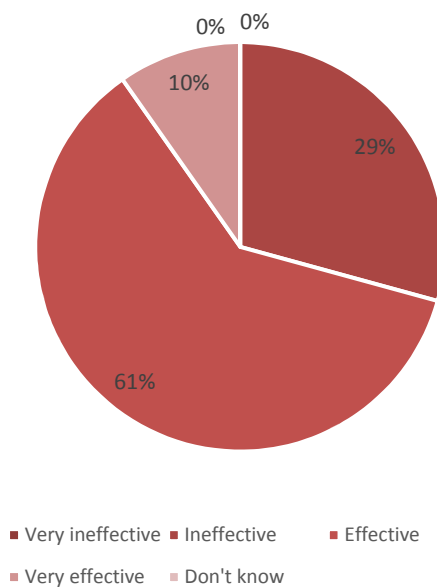
5.2 How effective has the ECHO capacity building been in support of partners using cash transfers and vouchers?

Table 132: Survey responses

Answer	Count	%
Very ineffective	0	0%
Ineffective	12	29%
Effective	25	61%
Very effective	4	10%
Don't know	0	0%
TOTAL	41	100%

Figure 99: Pie chart of responses

How effective has the ECHO capacity-building been in support of partners using cash transfers and vouchers?



Source: ADE, based on on-line survey to MS

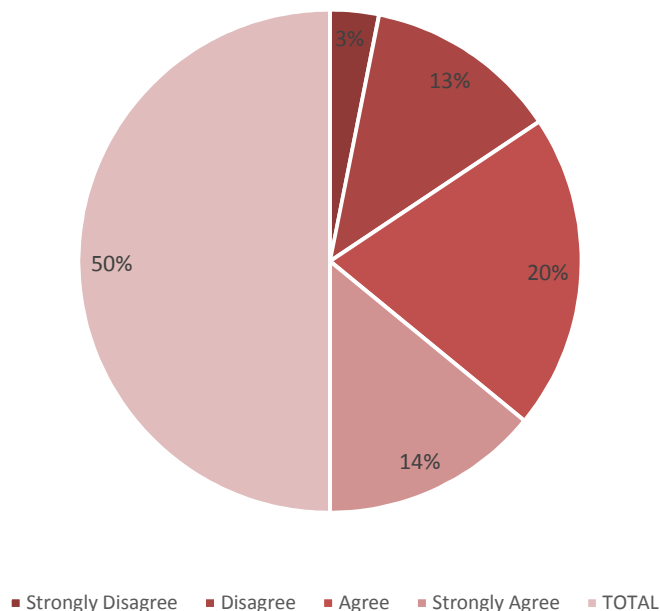
5.3 Should ECHO adopt a 'cash first' approach - where cash should be used unless another form of assistance is shown to be more appropriate?

Table 133: Survey responses

Answer	Count	%
Strongly Disagree	4	6%
Disagree	16	25%
Agree	26	41%
Strongly Agree	18	28%
TOTAL	64	100%

Figure 100: Pie chart of responses

Should ECHO adopt a "cash first" approach?



Source: ADE, based on on-line survey to MS

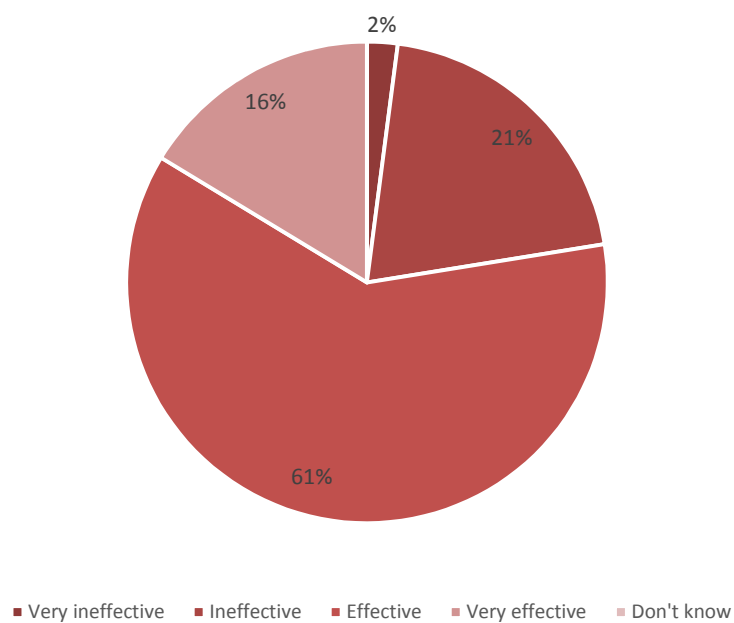
5.4 How effective has the ECHO advocacy in support of cash within the humanitarian system been?

Table 134: Survey responses

Answer	Count	%
Very ineffective	1	2%
Ineffective	10	20%
Effective	30	61%
Very effective	8	16%
Don't know	0	0%
TOTAL	49	100%

Figure 101: Pie chart of responses

How effective has the ECHO advocacy in support of cash within the humanitarian system been?



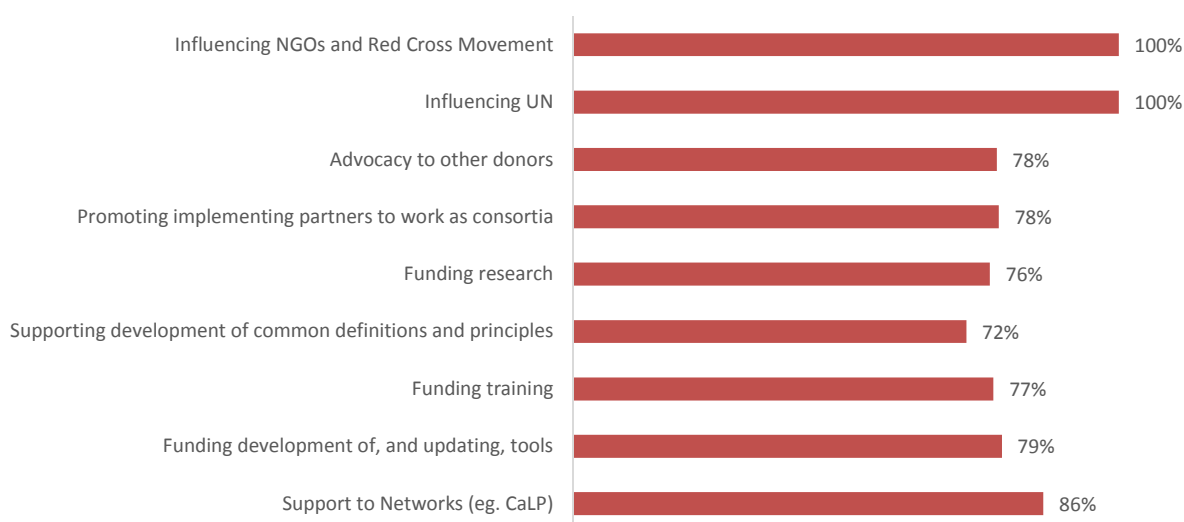
Source: ADE, based on on-line survey to MS

5.5 Please indicate the priority you would place on additional actions ECHO could take to support the use of different transfer modalities.

Table 135: Survey responses

Constraints		Very Important	Important	Slightly Important	Not Important	Don't Know
Support to Networks (eg. CaLP)	Count	24	32	8	1	0
	%	37%	49%	12%	2%	0%
Funding development of, and updating, tools	Count	25	30	13	2	0
	%	36%	43%	19%	3%	0%
Funding training	Count	27	40	11	9	0
	%	31%	46%	13%	10%	0%
Supporting development of common definitions and principles	Count	13	36	16	3	0
	%	19%	53%	24%	4%	0%
Funding research	Count	18	24	9	4	0
	%	33%	44%	16%	7%	0%
Promoting implementing partners to work as consortia	Count	16	23	9	2	0
	%	32%	46%	18%	4%	0%
Advocacy to other donors	Count	31	28	15	2	0
	%	41%	37%	20%	3%	0%
Influencing UN	Count	26	28	0	0	0
	%	48%	52%	0%	0%	0%
Influencing NGOs and Red Cross Movement	Count	17	1	0	0	0
	%	94%	6%	0%	0%	0%
Other (specify)	Count	5	0	0	0	0
	%	100%	0%	0%	0%	0%

Figure 102: Percentage of respondents who agree that the following statements are important or very important



5.6 Please specify other priority mentioned in the previous question:

Table 136: Survey responses

<p>It is to qualify the influencing of Un and NGO/Red Cross. Coordination is important, but it is important for ECHO to ensure that the set-up does not monopolize cash in one country. It need to be an open system where many partners can contribute. If with one partner, in particular UN, it risk of being ineffective, expensive and not implemented properly. Lebanon is a good example of where NGOs need to step in. So don't rely on Un a sole implementer</p> <p>Coordination is the utmost most important thing to sort. The CaLP can take care of capacity building, but we need additional support to ensure proper coordination and work together, cluster issues etc.</p> <p>Influencing regional and continental organization such AU, EU, IGAD, ECOWAS, ADB etc. to get their buy-in to different transfer modalities</p> <p>Ensure sufficient funding is available for cash especially in expensive countries</p>
<p>Standardizing tools including ICT and reporting requirements.</p> <p>designing culture-sensitive programme intervention</p>

Source: ADE, based on on-line survey to MS

Annex XI: Field Mission Debriefing Powerpoints

The following annex includes the PowerPoint presentations given to the respective ECHO field offices at the culmination of each evaluation field mission.

The presentations were given by the evaluation team to ECHO field staff on the final day of each field mission. Each presentation aimed to provide a summary of the country context and the main findings per evaluation task area in the country in question. Space was also provided to discuss emerging issues for the use of transfer modalities in each country. As such, the presentations differ from the other annexes to this report in that they focus on country-specific analysis rather than the global level.

The country-specific findings, along with the subsequent discussion of the points raised by ECHO staff in response to the presentations, were then integrated into the interpretation of field findings given in the evaluation report (most notably in the evidence papers presented in Annexes III-IX).

Annex XII: Analyzing Cost Efficiency

This annex provides a proposed approach to analyzing the cost efficiency of transfers. This applies specifically to the transfer of money or goods, but is not adapted to measuring the cost efficiency of the delivery of services which falls outside of the ToR.

This note complements and clarifies the associated recommendations made in the final report. Firstly it sets out the metrics used as inputs in the calculation of cost efficiency, with specific guidance on how relevant data could be collected by ECHO. Secondly, it provides a description of alternative measures of cost efficiency and the formulæ used to calculate them.

This is written as a practical guide tailored to the specific use of ECHO. The approach presented takes account of realistic data expectations within ECHO and is not an exhaustive, academic presentation.

Cost Efficiency Metrics

The following metrics may be used as an input to the various measures of cost efficiency. The table below also summarizes whether these metrics are currently from HOPE, and if not, what changes would have to be made to the eSF to provide the information in an appropriate format:

Metric	Description of data to be collected	Implications for eSF
Total Cost	- The total cost including indirect costs	Available at project and result level
Transfer Costs	<ul style="list-style-type: none"> - The value of cash transfers provided to beneficiaries (Euros) - The value of vouchers provided to beneficiaries (Euros or equivalent euro value of commodity vouchers) - The procurement cost of in-kind transfers (excluding all transport, storage and distribution costs) - The value of in-kind goods provided to beneficiaries on local markets (see footnote²⁵⁴) 	<p>Sometimes available in narrative</p> <p>Suggested that transfer costs to be provided by partners in the eSF (i) against each result, and (ii) at the project level</p> <p>Partners should be asked to provide two values for in-kind transfer costs (i) actual procurement costs,</p>

²⁵⁴ "In-kind transfers pose the problem of whether they should be valued at procurement cost or at their value to recipients, for example using prevailing local market prices, since the two may differ substantially. There is much to be said for the latter approach if a reasonable estimation of average market value to recipients at the point of distribution can be made, since this can help guide decisions as to the most appropriate form of transfer (cash or food, for example) under prevailing market and logistical conditions". (DFID Guidance on measuring and maximising VfM in social transfers (2013))

	<i>NB transfer values are calculated strictly as the value of the goods or cash delivered to beneficiaries. No element of staff time or other administrative cost elements is to be assigned as part of the value of the transfer.</i>	and (ii) the estimated value of in-kind transfers. The second value would be based on prices from one reference market in the project area and using market prices current at the time of proposal writing.
Administrative Costs	- Calculated as Total Cost - Transfer Cost - Will include all costs of set-up, training, targeting, enrolment, delivery, management, MIS and external M&E costs	Not needed seperately. If transfer costs are provided then this can be calculated.
Number of beneficiaries	- Number of HH - Average Number per HH - Individual beneficiaries (calculated as the product of HH x HH size)	Beneficiaries given in eSF by result but data not presented consistently (varies between HH, individuals, and number of transfers). Suggest clarifying field in the eSF, to report number of unique beneficiary HH, by result and average HH size.
Number of transfers	- Number of transfers per HH - Total number of transfers made (calculated as number of HH x number of transfers made)	Occasionally reported in narrative Suggest including a defined quantitative field in the eSF, by result, on total number of transers made.

Notes:

1. These data should be reported by partners both at proposal stage (ex-ante) and in the final report (ex-post).
2. The cost efficiency analysis is ideally done in relation to a coherent transfer activity. Depending on the content of the SF this may correspond to data for the project as a whole, one result or a combination of results. This complication means that some degree of manual manipulation is required in calculating the values. There will be a limited ability of HOPE to produce standardized reports.

3. If the analysis is at the result level, then include a relevant proportion of the indirect costs and other administrative costs (eg. where the management costs are grouped in a sperate result)
4. This cost efficiency analysis will be inevitably limited to administrative costs, ignoring private and social costs to beneficiaries, or adverse incentive, broader economic and political costs. Additional data on non-project costs may be most appropriately collected on an ad hoc basis to assist research.

Measures of Cost Efficiency

Cost efficiency is usually presented as the ratio of the amount transferred to the beneficiary against the costs incurred. Several permutations of these cost elements are used:

Cost Efficiency Ratios	Explanation and Formula
Total cost-transfer ratio (TCTR)	<p><u>Formula:</u> Total cost / Transfer value</p> <p>For example, a project costing a total of EUR 3 million delivers EUR 2 million in transfers to 50,000 beneficiary HHs and spends EUR 1 million on administrative costs, the TCTR is 3/2 or 1.5.</p> <p>The more the TCTR exceeds unity, the less cost-efficient the programme is.</p>
The alpha ratio (α)	<p><u>Formula:</u> Transfer value / Total Cost</p> <p>The reciprocal of the TCTR. In the example above the alpha value would be $2/3 = 0.67$. Expressed another way, for every EUR 100 spent, EUR67 would go to the beneficiary.</p> <p>Cost-efficiency declines as α falls below unity.</p>
Cost Transfer Ratio	<p><u>Formula:</u> Administrative Costs / Transfer Costs</p> <p>In the example above the CTR would be $1/2 = 0.5$.</p> <p>A smaller CTR is more efficient.</p>
Administrative costs per recipient	<p><u>Formula:</u> Administrative cost / Beneficiary HH or Administrative cost / Individual Beneficiaries</p> <p>In the example above the administrative costs would be $1,000,000/50,000$ or EUR 20 per beneficiary</p>

Administrative costs per transfer	<p><u>Formula:</u> Administrative cost / Total Transfers</p> <p>In the example, if each HH received 10 transfers over the project life, above the administrative costs per transfer would be 1,000,000/500,000 or EUR 2 per transfer</p>
Unit cost (at output level)	<p><u>Formula:</u> Total cost / Beneficiary HH or Total cost / Individual Beneficiaries</p> <p>In the example, the unit cost would be 3,000,000/100,000 or EUR 30 per HH. Equivalent administrative costs per recipient may also be used.</p>

These various ratios all offer slightly different perspectives on efficiency.

This report uses the Total Cost-Transfer Ratio (ICTR) (i.e. ratio of total programme cost to value of transfers) as a basic measure of cost efficiency for several reasons. Firstly it is easy to interpret conceptually. Secondly, unlike unit costs it allows both the total cost of transfers to projects and their value to recipients (expressed in money terms) to be taken into account in calculating a cost-efficiency ratio. Thirdly, it is already widely used and there are published data on TCTRs that can be used for comparative purposes.

It is suggested that ECHO should adopt one standard measure as a reference, although this can easily be supplemented by an analysis of additional ratios if thought useful. It is noted that the Cash HLP did recommend the use of the alpha value as it was seen as easier to use in external communications.

Annex XIII: Evaluation Dissemination Strategy

The evaluation will produce the following materials that will support the dissemination process:

- The evaluation report and the annexes
- One power point presentation of the full evaluation findings
- One power point presentation focussing on the conclusions and recommendations

Based on these documents it is suggested that the following dissemination channels should be considered:

1. Publication of the full report and annexes on:
 - a. The ECHO website
 - b. The EU Bookshop
 - c. Other external websites (ALNAP Humanitarian Evaluation Learning Portal, CaLP library, ODI HLP website, ELDIS, Relief Web)
2. A presentation to senior management of the main recommendations by the evaluation department, leading to an official management response and follow-up.
3. Various opportunities should be used to present the findings of the evaluation to ECHO staff in Brussels and the Field, such as:
 - a. Meetings of Technical Working Groups – specifically including PANIS
 - b. The series of ECHO regional seminars involving desks and field experts
 - c. Ad hoc presentations to interested sections within Brussels HQ
4. Presentation and discussion in established donor forums, such as:
 - a. COHAFA
 - b. FAC
 - c. GHD
5. Presentation and discussion in meetings with partners, such as:
 - a. Strategic dialogues with UN and RCM partners
 - b. Annual FPA meetings
6. Organization of a themed roundtable meeting inviting key donors, partners, other EU Directorates and ECHO staff.
7. Commissioning of specific papers for publication in humanitarian journals based on subsets of the evaluation findings, such as cost efficiency and cost effectiveness, or the use of MPCT's.

Annex XIV: Bibliography

The following bibliography presents the list of documents consulted during the evaluation.

Author	Year	Title	Copyright owner
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Campbell, L.	2015	Multi-sector & Multi-purpose Cash: An Introductory Discussion Paper	Leah Campbell
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Taylor, J. E.	2014	Evaluating the Local-economy Impacts of Cash and Vouchers	J. Edward Taylor
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World Bank	2013	Building Flexible and Scalable Social Protection Programs That Can Respond to Disasters	World Bank
World Bank	2014	Economic appraisal for the new phase of the PSNP 2015-2020	World Bank
Turnbull, M.	2014	Evaluation of Oxfam GB's Cash-For-Rent Project in Lebanon	Oxfam GB
UNHCR	2011	Operational Guidance for Cash-Based Interventions in Displacement Settings	UNHCR

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UNHCR	2015	Multi Purpose Grant Toolkit Inception Meeting Notes 6th March 2015	UNHCR
UNICEF	(n.d.)	Household Resilience in Somalia: A New Programme Approach for UNICEF	UNICEF
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WFP	2013	Markets and cash transfers in Ethiopia: insights from an initial assessment	WFP
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WFP	2015	Summary Evaluation Report of WFP's Cash and Voucher Policy (2008–2014) - Executive Board document WFP/EB.1/2015/5-A	WFP
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World Bank	2013	Ethiopia's Productive Safety Net Program (PSNP) Integrating Disaster and Climate Risk Management: Case Study	World Bank
Zuodar, N.	2014	Glossary of Cash Models (draft)	CaLP

Annex XV: Statement of Validity

This report evaluates the use of different transfer modalities (cash transfers, vouchers, in-kind transfers and combined modalities) in ECHO Humanitarian Aid actions. The validity of the evaluation depends on the ability of the evaluators to (i) present factual findings clearly and directly, and (ii) deliver conclusions and recommendations that follow from the findings, and are based on deductively valid arguments. This requires the evaluators to separate factual information from subjective content. The evaluand is a highly controversial issue, where strong and polarized opinions – often weakly related to the underlying data – are evident. In the absence of credible evidence, the findings risk being read as an argument for one side of a controversial issue.

The objectivity of the evaluation is grounded in the extensive analysis of quantitative data, principally drawn from ECHO project data held in the global HOPE database. The project budget anticipated and supported the extraction of a large amount of data – a significantly larger sample than the evaluation authors have seen in any other comparable study. A considerable investment was made in quality controlling the data extraction process to ensure the accuracy and relevance of the data used in the evaluation.

Care is taken in interpreting the data in relation to sample sizes and the text is clear where it is felt that this limits the reliability of the findings and no statistical confidence should be implied. Statistical confidence limits are given where the sample supports this. The consistency of the quantitative findings is weighed against other comparable quantitative studies, including studies by other donors, research institutes and program evaluations.

In addition, the evaluation used a number of other sources of information designed to collect information on subjective perceptions and opinions. This includes telephone interviews with key stakeholders; interviews conducted during field trips to Jordan, Somalia and Niger; electronic surveys of ECHO staff and partners; and a literature review. The challenge is to ensure that subjective opinions are used appropriately to inform conclusions and a number of strategies were employed to ensure this.

In reaching the conclusions greater weight is given to the findings from the analysis of the quantitative data. This is contrasted with subjective opinions to identify divergences and where opinions are weakly aligned with factual evidence. For some evaluation questions the quantitative evidence base was weak and greater reliance had to be placed on using subjective opinions to reach conclusions. In this situation the reliability of the evidence was enhanced by; i) consulting widely through an electronic survey; ii) probing the basis of key opinions through detailed interviews; and, iii) placing greater weight on ‘expert testimony’.

The breadth of the evaluation ToR, with six Evaluation Questions, does limit the ability to comprehensively answer the questions with fully substantiated evidence. Therefore the evaluation prioritized the questions identified within the ToR and allocated evaluation resources accordingly. Specific conclusions are prefaced by a discussion of the reliability of the underlying findings. Indications are provided on which conclusions are based on strong, objective evidence, and conversely where the conclusions are more preliminary and require further substantiation.

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DOI:10.2795/00448

