



# working paper

## THE USE OF CASH TRANSFERS IN LIVESTOCK EMERGENCIES AND THEIR INCORPORATION INTO LIVESTOCK EMERGENCY GUIDELINES AND STANDARDS (LEGS)

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The Livestock Emergency Guidelines and Standards (LEGS) have been developed as a set of international guidelines and standards for the design, implementation and assessment of livestock interventions to assist people affected by humanitarian crises. LEGS provide guidance on the identification of appropriate livestock responses.

LEGS was developed by a steering group of professionals from the Feinstein International Center of Tufts University, the Food and Agriculture Organization of the United Nations, the International Committee of the Red Cross, the African Union and Vétérinaires Sans Frontières Belgium, working with a team of technical writers and contributors from around the world.

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## Abbreviations

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<b>CAHW</b>	Community animal health worker
<b>CFW</b>	Cash for Work
<b>EMMA</b>	Emergency Market Mapping and Analysis
<b>LEGS</b>	Livestock Emergency Guidelines and Standards
<b>MIFIRA</b>	Market Information and Food Insecurity Response Analysis
<b>NFI</b>	Non Food Items
<b>Sphere</b>	The Humanitarian Charter and Minimum Standards in Disaster Response

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## Executive summary

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This paper reviews the use of cash transfers within the livestock sector and suggests how they can be incorporated into and support Livestock Emergency Guidelines and Standards (LEGS).

Knowledge and experience of cash transfers has been growing for the past decade. This paper provides an overview of the current knowledge and thinking on cash transfers, and makes the case that their application is relevant for livestock emergency interventions, would complement LEGS and should be incorporated into the LEGS process.

Cash transfers are a useful tool for humanitarian agencies and have the potential to transfer more of the decision-making to recipients and to support local private sector market driven activities. In order to decide which cash approaches are most appropriate in any context, agencies using LEGS need to have sufficient knowledge and understanding of the approaches and the options available.

The paper's structure reflects the stages of the LEGS Handbook as these in turn reflect good project cycle management. The paper provides information on specific cash transfer issues and case studies related to preliminary assessment, response identification, assessment of technical interventions and options, plus monitoring and evaluation. Particular attention is paid to upgrading the LEGS assessment process to include the market assessments that are vital if cash transfers are being considered. The paper refers to two key market assessment tools - the Emergency Market Mapping and Analysis (EMMA) Toolkit and the Market Information and Food Insecurity Response Analysis (MIFIRA) - both of which are considered to be complementary to LEGS.

The use of cash transfers in social protection schemes is also discussed, as a form of preparedness against disasters and an opportunity to link emergency response to long term development and therefore relevant to LEGS. Some recent lessons from the analysis of social protection schemes on the use of wealth ranking are relevant to LEGS and are provided.

The information in this paper should enable users of the LEGS Handbook to begin to use cash transfers in humanitarian interventions involving livestock owning communities. In the medium term LEGS training materials can be adjusted and in the longer term this paper along with feedback from projects and practitioners can be incorporated into the next edition of the LEGS Handbook.

# 1. Introduction

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Awareness of how cash transfers can be used and their impact has grown rapidly over the past six years. In 2007, Harvey published an overview of their use and concluded that in situations where markets are functioning, “it is possible to target and distribute cash safely, and people spend money sensibly on basic essentials and on rebuilding livelihoods. Cash transfers can provide a stimulus to local economies, and in some contexts can be more cost-effective than commodity-based alternatives” (Harvey, 2007).

The objective of this paper is to review the use of cash transfers within the livestock sector, to provide guidance to and support livestock sector professionals considering the use of cash transfers, and to suggest how they can be incorporated into and be supportive of the Livestock Emergency Guidelines and Standards (LEGS). At the time of the publication of the LEGS Handbook (2009), cash and voucher responses were relatively new and there was limited documentation of impact and methodologies. However, since then, cash and voucher responses have grown significantly and a review of their application in the livestock sector is timely.

It is anticipated that LEGS will become a companion module to the Sphere Project<sup>i</sup> in May 2011. The Sphere Project has already incorporated guidance on the use of cash transfers in the new edition of the Sphere Handbook (Sphere, 2011). Detailed recommendations to the LEGS Steering Group to feed into the revision process of the LEGS Handbook are included in Annex 5.

Cash transfers cannot be discussed in isolation, since every cash transfer is part of a larger effort to save lives and livelihoods. Because food aid is still the largest humanitarian response globally, most discussion of cash transfers in the literature has focused on cash transfers as an alternative to food aid. In reality, there are many examples of cash transfers complementing food rations and in-kind<sup>ii</sup> provision of humanitarian assistance, as well as providing an alternative to such provisions.

There are various types of cash and voucher transfer, including conditional and unconditional cash grants, cash for work, vouchers and social protection may be used in the livestock sector. In this paper, the term ‘cash transfer’ is used to cover all such interventions. Definitions are provided in Table 1.

This paper begins with a brief overview of the history and experience to-date of cash transfers, then considers them in the context of the livestock sector. The

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<sup>i</sup>The Humanitarian Charter and Minimum Standards in Disaster Response

<sup>ii</sup>Shelter materials, seeds, tools, livestock, fodder, water and veterinary medicines

remainder of the paper uses the key stages of the LEGS approach (preliminary assessment, response identification, common standards and specific technical interventions and options) as a framework to discuss the application of cash transfers in the livestock sector, with particular reference to the LEGS guidelines. Finally, the paper mentions briefly how cash transfers may be used in social protection programming in non-emergency contexts. Social protection schemes have a role in supporting chronically vulnerable people so they are more prepared for the next emergency

**Table 1:** Definitions of types of Cash Transfer

<b>Cash Transfer Interventions</b>	<b>Definition</b>
<b>Cash grants, Unconditional cash transfers</b>	<p>Money disbursed as a direct grant without conditions or work requirements. These can be grants provided in emergency or development settings (for example as part of social protection programmes) to meet basic needs and/or to protect or recover livelihoods.</p> <p>Unconditional Cash Grants are most commonly provided soon after an emergency, once basic needs have been identified through assessments. Where markets are still functioning they are an appropriate response, as they allow households to prioritise their own needs.</p>
<b>Conditional cash transfers</b>	<p>Money disbursed with a condition that recipients do something in return (such as attend school, plant seeds or demobilise).</p> <p>These transfers are often given in instalments and monitored to ensure that it is being used for the “correct” purpose before receiving additional instalments.</p> <p>Conditional transfers should not be made when basic household needs are not being met.</p> <p>Conditional transfers are sometimes used as a development response to encourage households to access certain services such as keeping children in school, getting children vaccinated etc. Conditional transfers should not be provided unless the intended service is readily available and functioning to an acceptable standard.</p>
<b>Indirect cash transfers to reduce expenditure (and thus release income)</b>	<p>Grants or waivers to reduce the cost of basic services, such as waivers for healthcare user fees or grants to schools to cover education fees. These are mainly used in development settings, but a few examples exist for emergencies.</p>
<b>Cash-For-Work, employment, public works</b>	<p>Payments using cash (or vouchers) for taking part in rehabilitation or construction of community assets. These can be part of emergency recovery programmes or social protection.</p> <p>Cash-for-work (CFW) projects can be implemented when there is a large amount of available labour and adequate micro-projects can be identified. The purpose of CFW is to ensure that beneficiaries earn enough income to meet basic needs and/or other essential long term or short term needs.</p>

Cash Transfer Interventions	Definition
<b>Vouchers</b>	<p>A printed piece of paper, document or token that the recipient can exchange for a set quantity or value of goods.</p> <p>Vouchers can either specify a cash amount (exchangeable for any goods with any vendor) or specific commodities or services.</p> <p>Both cash and commodity vouchers are commonly designed to be exchanged in pre-selected shops, with specified traders/service providers or at specially organized fairs. This intentionally restricts beneficiaries in their selection of traders/services.</p> <p>Combined vouchers (cash and commodity values) also exist.</p>

Source: (Jaspar *et al.*, 2007) (Harvey, 2007) (Horn *Relief*, 2010)

## 2. Cash transfers: History and experience to date

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Humanitarian agencies are continually evolving their strategies and tools for tackling disasters. For the past few decades the focus has been on how best to provide goods and services needed by disaster-affected populations to meet their basic needs and rebuild their livelihoods. It has meant, and still means, food allocated to the food insecure, ‘non-food items’ (NFI) given to those who have lost their belongings, temporary shelter provided to the homeless followed up with building materials to help them re-home; and the distribution of seeds, tools, livestock and other goods and services to those re-building their livelihoods.

In the early 2000s agencies began to explore how cash might be used to enable people to purchase the goods and services that they most need in post-disaster situations. The use of cash initially came from a realisation that famines were not merely caused by a lack of food but are commonly an acute crisis of *access* to food, particularly related to weak purchasing power (Dreze and Sen, 1989) (Lautze, 1997) (Lautze, *et al.* 2002 ). Markets generally provide food to people if traders are confident it will be paid for.

Understanding the role markets can play in disaster mitigation and response has not resulted in rapid adoption of cash transfers by humanitarian agencies, in part because there have been a number of institutional and policy barriers to overcome. These barriers include: the dominance of international responses by the World Food Programme which was mandated only to provide food; a reluctance by the donor community to consider cash transfers (until recently) due to practical fears such as security and the capacity of implementing agencies to handle cash; and, for some humanitarian agencies, a concern that they will lose control of the relief process. For example, some specialist organisations feel they have a better understanding of the complex causes of malnutrition or are better able to make an informed choice about how resources should be spent than the disaster-affected population (Barrett\_ *et al.*, 2009) (Harvey, 2005).

In 2004 the G8 countries announced ‘we will unleash the power of markets through cash-for-work and cash-for-relief programs as a response to famine in the developing world’. Subsequent studies by a range of research groups, NGOs, donors and UN agencies have produced a consistent narrative that cash transfers are a useful and practical tool and this in turn has resulted in several excellent sets of guidance notes. These are referred to in the Bibliography attached to this paper as Annex 4. Many agencies, including the LEGS Steering Group, have been waiting for feedback on the impact of cash transfers before adopting these tools for themselves.

## **2.1 ADVANTAGES AND CHALLENGES OF CASH TRANSFERS**

The main improvements to emergency relief that cash transfers may bring, compared to in-kind provision, are as follows:-

- **Flexibility:** cash enables beneficiaries to choose goods and services that best correspond to their individual needs rather than the humanitarian agency deciding (ideally through consultation) what the community needs.
- **Efficiency:** delivering cash avoids the large shipping, storage, transport and distribution costs of in-kind assistance. Cash may also mean that beneficiaries will not be forced to sell, usually at a large discount, the in-kind assistance they receive in order to meet their wider needs e.g. selling food aid or seeds to buy other goods and services. However, there may be other costs, such as a need for additional finance staff.
- **Economic impact:** transfers inject cash into local markets, with multiplier effects that can stimulate the local economy and help it recover. Cash transfers are less likely than in-kind transfers to have disincentive effects by discouraging local trade or production.
- **Dignity and choice:** cash can provide assistance to beneficiaries in a manner that enables them to make decisions about their own welfare in ways that in-kind assistance does not. Using banks as delivery mechanisms can also enhance dignity in the receipt of assistance by removing the need for people to queue at distribution sites.

The challenges that need to be considered when utilising cash transfers are:

- **Security:** cash may present more security risks for staff and beneficiaries than in-kind assistance.
- **Corruption:** cash may be prone to capture by elites, to diversion or to seizure by armed groups. However, it may also be safer to deliver than in-kind aid, and avoids the risk of corruption, diversion or looting during procurement and transport.
- **Anti-social use:** cash is easier and more flexible to use than in-kind goods and may therefore be more readily 'wasted' or used in a manner that does not serve household welfare. Equally, in-kind assistance can be sold and used anti-socially.
- **Gender:** because women typically have more control over food resources than cash in their households, cash could disempower women. Cash could provoke more household conflict regarding expenditure priorities than might be the case with in-kind assistance. However, there is evidence that where cash has been specifically targeted at women it has sometimes given them greater control within the household.
- **Inflation:** inflation can diminish the value of a fixed cash transfer. The impact of the cash transfers themselves might cause local inflation, which erodes the value of the transfer and also disadvantages non-recipients.

- **Organisational capacity:** while organisations have systems, policies and staff in place for delivering in-kind assistance, these are not necessarily capable of nor appropriate for implementing cash transfer projects. Although cash transfer logistics are often simpler, there may be a need for additional finance capacity. Assessments and monitoring do need to include analysis of markets.
- **Targeting:** Because cash is attractive to everybody it may be more difficult to target, as even the wealthy will want to be included. In practice, because targeting cash projects is done carefully it does not appear to have been any more problematic than targeting in-kind assistance.
- **Generation gaps:** in countries badly affected by HIV/AIDS it is not uncommon for a generation to be missing. Where cash transfers have been given to support children living with grandparents or caregivers there have been issues over who controls the cash.

*(Adapted from Bailey 2008 and Harvey 2007)*

Good understanding of cash transfer mechanisms allows planners to assess the risks and benefits of using cash transfers versus in-kind distribution on a context-by-context basis. Every situation will be different and some situations will favour cash transfers. For example, where robust markets exist and cash delivery systems are already in place (e.g. banks, remittance services), with functional infrastructure and security, cash transfers will be relatively easy. In situations without a banking system, where markets are fragile and insecurity is an issue, cash interventions will be more difficult to implement, but these conditions do not necessarily make them impossible. In fact, many of the constraints facing cash transfers also apply to in-kind assistance (security risks, impacts on local markets, corruption etc) (Harvey, 2007). Cash transfers have been successfully implemented in fragile states such as Somalia, Afghanistan and the Democratic Republic of Congo.

## **2.2 WHEN TO USE CASH TRANSFERS**

The appropriateness of cash transfers varies with the type and stage of the emergency. The LEGS Handbook distinguishes rapid and slow onset emergencies. A further distinction is made when any of these emergencies are complicated by war or civil strife, causing a complex emergency, which may provide added concerns about the security of cash. LEGS also makes brief reference to chronic or long running emergencies. The application of cash interventions in these various types of emergency are summarised in Table 2.

**Table 2:** Applicability of cash and vouchers in different types of emergency

	Rapid Onset	Slow Onset	Chronic or Long Running
<b>Complex Emergency</b> [e.g. War, Civil Strife]	Security concerns will be particularly important and banking systems less likely to exist. There may still be innovative ways to deliver cash e.g. remittance networks such as the <i>hawala</i> systems in Somali areas.) In some conflicts, cash may be safer because it can be delivered more discreetly	Markets may be disrupted, making cash difficult or inappropriate	If there is a slow descent into conflict, there may be opportunities to consider cash and vouchers as part of preparedness measures, and to establish robust and discreet transfer mechanisms
<b>Natural Disasters</b> [e.g. Floods, Earthquakes, Drought, Tsunami, Blizzard]	In long-running conflicts, markets often re-establish themselves in periods or places of relative security. If conflicts continue for decades there may be a need to consider how long-term welfare and service delivery can continue even in conflict	Cash may be difficult in early stages due to displacement, disrupted markets, and damage to infrastructure, but may be more feasible during recovery phase	Slow-onset events may provide greater opportunities to plan cash or voucher interventions and to link them with long-term social protection or welfare programmes
			Many natural disasters are recurrent (e.g. floods in Bangladesh or droughts in Ethiopia). Cash or voucher interventions could be pre-planned as part of preparedness measures, and linked with mitigation and social protection

Adapted from (Harvey, 2007)

Cash transfers are appropriate in contexts where the markets are functioning but failing to meet peoples' needs because people lack the income to purchase available goods – so-called ‘demand failure’. When food and other essential items are just not available in markets – so-called ‘supply failure’, in-kind assistance is more likely to be an appropriate response. The provision of cash, however, could still trigger a supply response with traders moving to make goods available once they know a cash distribution is going to take place. Markets can recover quickly and this means there is often a time dimension to the appropriateness of cash transfers. In-kind assistance may be needed in the short term, but cash transfers should not be ruled out since they may become appropriate at a later stage.

There are contexts where a combination of cash and in-kind assistance is the most appropriate response, with in-kind assistance meeting immediate supply failures, and a cash component helping to stimulate demand and enabling people to purchase items that are available. Concurrently organisations must take into account the security risks, organisational capacity and political feasibility, and how the programme will interact with other activities on the ground, just as they would in planning any intervention (Bailey\_ *et al*, 2008).

## **3. Cash transfers and livestock interventions**

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### **3.1 LIVESTOCK, LIVELIHOODS AND FOOD SECURITY**

Livestock are an integral part of nearly all rural livelihood farming systems (Ashley\_et\_al, 1999). It is estimated that 1 billion poor people depend on livestock as a source of income and subsistence. These livestock keepers are commonly vulnerable in disaster situations. Many of them live with chronic poverty and malnutrition. Livestock provides traction for about 50 percent of the world's farmers and is a source of organic fertilizer for most of the world's croplands, converting waste products into high-value food (World\_Bank, 2009). In the arid areas of the world, livestock are often the only source of livelihood, and people's diet is predominantly based on animal products (The\_World\_Bank, 2005).

Livestock are an important resource and act as a 'bank' for poorer households, which enhances their capacity to cope with shocks and reduces their economic vulnerability. In times of crisis (e.g. when people are forced to move due to drought, floods or internal conflicts) livestock play an important role because they are a mobile food asset. . For many landless people, livestock are the only productive asset they have next to their labour. Their livestock can be grazed on road side verges or communal land, kept in house compounds, and fed household scraps and crop by-products. Compared to land, the ownership of livestock is generally more equitable (LivestockNet, 2006).

### **3.2 INTRODUCTION TO LEGS**

The Livestock Emergency Guidelines and Standards [LEGS] are a set of international guidelines and standards for the design, implementation and assessment of livestock interventions to assist people affected by humanitarian crises. They are based on livelihood objectives that aim to provide rapid assistance to crisis-affected communities; and to protect and to rebuild their livestock assets.

The LEGS process grew out of a recognition that, while livestock are a crucial livelihood asset for people throughout the world and livestock interventions are often a feature of relief responses, there were no widely available guidelines to assist donors, programme managers or technical experts in the design and implementation of livestock interventions in disasters.

The LEGS Handbook (LEGS, 2009) therefore guides humanitarian workers through four stages of response:-

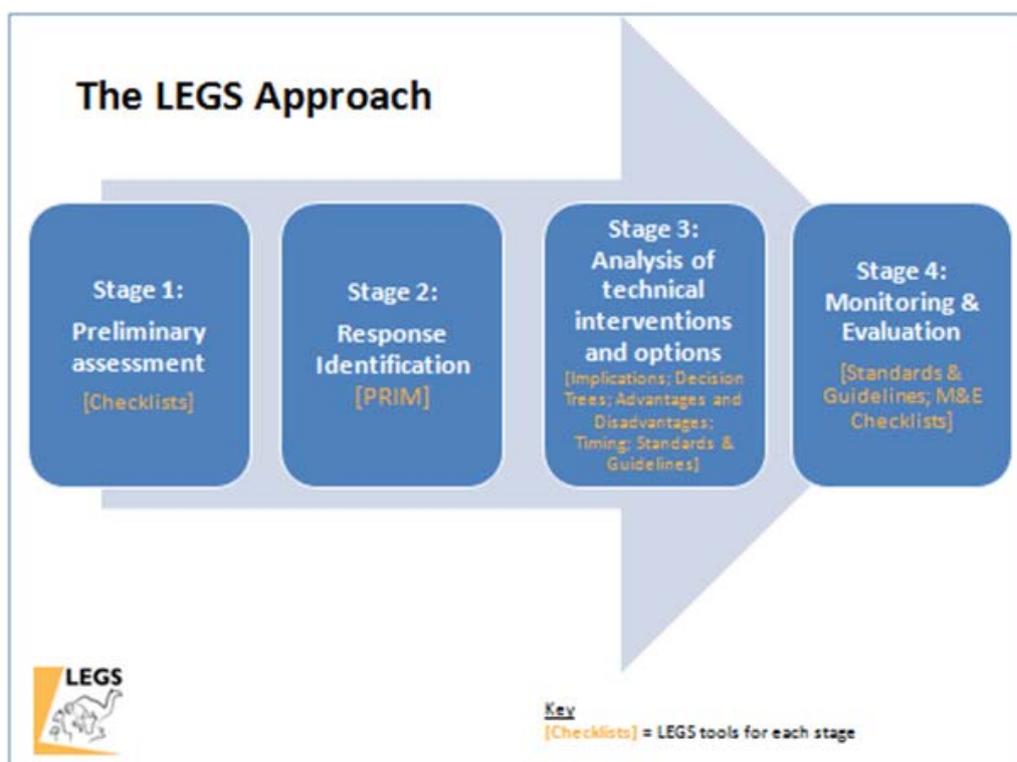
- i. Assessment,
- ii. Identification of the overall response,

- iii. Preparing technical interventions
- iv. Monitoring and evaluation

LEGS Provides a series of tools to support this approach. (Figure 1)

Cash transfers are not described in any detail in the LEGS Handbook because evidence of impact and guidance on their use was relatively new at the time of publication. However, bearing in mind recent advances in the knowledge of cash transfers (see Bibliography in Annex 4), it is now possible to incorporate them into the four stages of the LEGS approach. The following sections show each of the LEGS stages and provide examples of how cash transfers could complement LEGS.

**Figure 1:** The LEGS Approach (Stages and Tools)



## 4. LEGS assessments and response identification

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### 4.1 PRELIMINARY ASSESSMENT

Chapter Two of the LEGS Handbook states that the preliminary assessment process is made up of three parts, which may be carried out concurrently, as follows:-

1. *The role of livestock in livelihoods*: to determine whether livestock play a significant role in the livelihoods of the affected people and if a livestock-related response is appropriate
2. *The nature and impact of the emergency*: to determine whether an emergency intervention is necessary
3. *Situation analysis*: to determine whether an intervention is feasible in the area, for example the security situation hinders any kind of movement at present; or other actors are already providing sufficient support to affected populations)<sup>iii</sup>

To assess the possibility of a cash transfer, the preliminary assessment process could include a ‘market analysis’ component to assess how markets would be likely to respond to injections of cash or in-kind goods. Market analysis does not have to be complicated, indeed, it may be best to start with a broad overview to check whether a cash transfer is even a possibility and then to focus on specific commodities and services. A broad list of key questions needed to assess the possibility of cash transfers is shown in Table 3. The conclusion or exit points for this type of broad market analysis allow the following end points to be reached:-

- whether the market is able to provide for people’s basic needs in terms of food and non-food items (this includes shelter for people);
- whether the market can support livelihood recovery by availing the goods needed to restart income generation / business, availability of credit, and the market opportunities available for these businesses;
- the feasibility of a cash transfer intervention in terms of security, corruption and cost effectiveness;
- whether any cash transfer initiative needs to take account of gender issues.

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<sup>iii</sup> LEGS Handbook: Appendix 2.1, pp 32-35

**Table 3:** Broad market analysis checklist

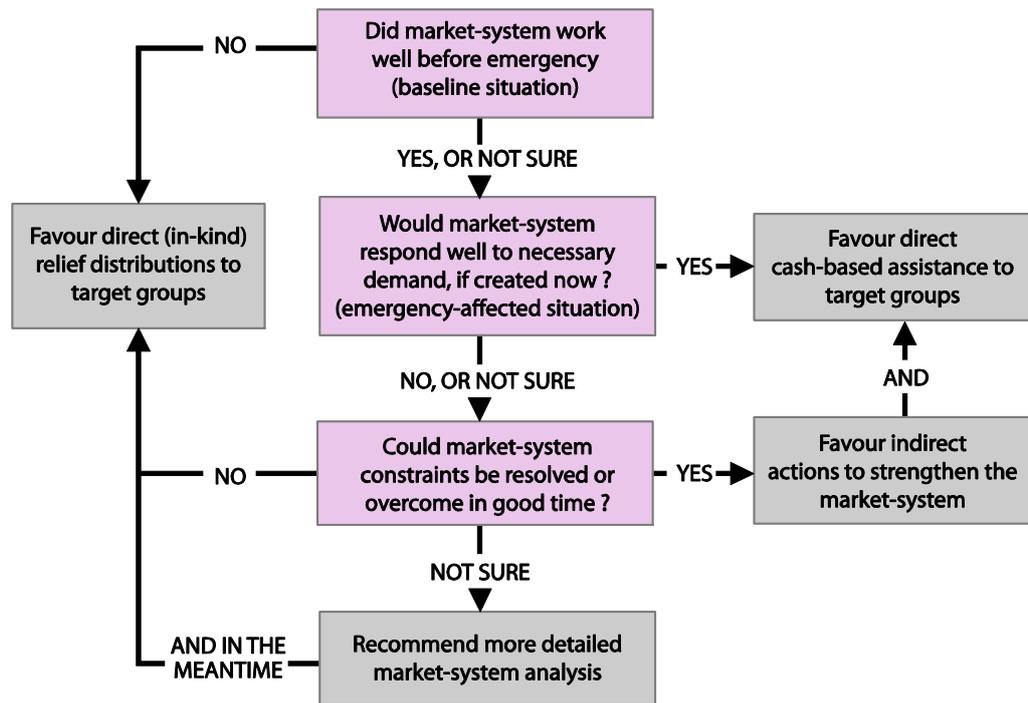
<b>Issue</b>	<b>Key Questions</b>
<b>Needs</b>	<p>What are people likely to spend cash on?</p> <p>Do emergency-affected populations have a preference for cash or in-kind approaches?</p>
<b>Markets</b>	<p>How well and competitively are markets functioning?</p> <p>Are the key basic items that people need available in sufficient quantities and at reasonable prices?</p> <p>How quickly will local traders be able to respond to additional demand?</p> <p>What are the risks that cash will cause inflation in prices of key products?</p> <p>How do debt and credit markets function, and what is the likely impact of a cash injection?</p> <p>What are the wider effects of a cash project likely to be on the local economy, compared to in-kind alternatives?</p>
<b>Security and delivery mechanisms</b>	<p>What are the options for delivering cash to people?</p> <p>Are banking systems or informal financial transfer mechanisms functioning?</p> <p>What are the risks of cash benefits being taxed or seized by elites or warring parties?</p> <p>How do these compare to the risks of in-kind alternatives to cash?</p>
<b>Gender issues</b>	<p>How will cash be used within the household (do men and women have different priorities)?</p> <p>Should cash be distributed specifically to women?</p>
<b>Cost effectiveness</b>	<p>What are the likely costs of a cash or voucher programme, and how do these compare to in-kind alternatives?</p>
<b>Corruption</b>	<p>What are the risks of diversion of cash by local elites and project staff?</p> <p>How do these compare to in-kind approaches?</p> <p>What accountability safeguards are available to minimise these risks?</p>

*(Adapted from Harvey 2005 and Barrett et al 2009)*

The LEGS Handbook provides a ‘Preliminary Assessment’ check list of key questions to use. Annex 5 shows some specific suggestions for additional questions to be added to these LEGS checklists.

Market and response analysis needs to be carried out every time a ‘demand failure’ is observed, i.e. where markets are functioning but failing to meet needs of the target group because they lack the income to purchase the goods or service. The logical thinking around demand failure and the need for cash transfers is shown in Figure 2. For livestock projects relevant demand normally includes purchases of veterinary services, replacement stock, water, fodder or grazing rights, shelter and in some cases labour.

Figure 2: Decision tree when demand is low



Source (Albu, 2010)

#### 4.2 ASSESSMENT APPROACHES

LEGS advocates a participatory approach to assessment, although it recognises, particularly during rapid onset emergencies, that the need for speed in assessing and responding to the situation may limit the opportunities for participatory approaches. If cash transfers are a possibility and the situation is urgent, initial market analysis would likely be confined to the broad questions indicated in Table 3. More in-depth market analysis would, ideally, occur at the start of the recovery phase of a rapid onset emergency. However, deeper, more quantitative, market analysis should be possible during the alert and alarm phases of slow onset emergencies, when specialist support for the analysis could also be organised. Market analysis could be continued through the recovery phases of slow, chronic and complex emergencies.

#### 4.3 ASSESSMENT METHODOLOGIES

LEGS recommends that assessment teams be gender-balanced and include both generalists and livestock specialists with local knowledge. LEGS recognises that shortage of time in an emergency context limits the extent to which detailed quantitative surveys may be carried out and deliberately advocates the use of largely

qualitative methods, based on participatory inquiry and crosschecked with local community representatives, local government and agency workers<sup>iv</sup>.

Market analysis tools can also be participatory and qualitative in nature. The most accessible of these is the Emergency Market Mapping and Analysis (EMMA) Toolkit (Albu, 2010) but the Market Information and Food Insecurity Response Analysis (MIFIRA) decision tree tool is also available. Whilst the latter has been developed to analyse responses related to cash, local food purchase or imported food aid, it can easily be adapted for in-kind vs. cash response analysis (Barrett\_et\_al, 2009). Other market analysis resources include FAO's web-based Market Assessment and Analysis training<sup>v</sup> and Making Market Systems Work Better for the Poor (M4P) promoted by DFID and others<sup>vi</sup>.

### **4.3.1 Emergency Market Mapping and Analysis (EMMA) Toolkit**

Like LEGS, EMMA provides accessible, relevant guidance to staff who are not already specialists. EMMA is primarily used post emergency, once absolute priority needs (survival) are already being addressed; once displaced people have settled (at least temporarily) and once market actors (e.g. producers, retailers, traders) have had a chance to assess their own market situation and begin coping strategies. The EMMA toolkit has been designed to improve understanding of the most critical market systems in an emergency situation and for this reason does not dwell on quantitative data collection methods. Although originally geared to rapid onset disasters, EMMA market mapping and analysis principles can be used during the early stages of a slow onset emergency (during the alert and alarm phases) or during chronic or long term emergencies, in which case more time can be spent on data collection and quantitative methods may also be used.

The EMMA Toolkit complements the LEGS process<sup>vii</sup>. EMMA has the following characteristics:

- It forces humanitarian workers to think differently by drawing attention to the importance of market systems that are meeting the affected populations' priority needs both immediately and in the longer term.

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<sup>iv</sup> LEGS Appendix 2.2 page 36-37

<sup>v</sup> Part of FAO's online 'Food Security' training the course illustrates how markets operate and how they relate to, and affect, food security and vulnerable households. The two hour course describes market components and how they function, and introduces some of the methods and indicators used to assess markets for improving food security analysis. See <http://www.foodsec.org/DL/elcpages/food-security-courses.asp?pgLanguage=en&leftItemSelected=food-security-courses>

<sup>vi</sup> <http://www.value-chains.org/dyn/bds/docs/488/M4P%20Summary%20Description.pdf>

<sup>vii</sup> The EMMA Toolkit book is available for purchase from Practical Action Publishing and an introductory chapter can be downloaded from <http://albu.myzen.co.uk/wordpress/wp-content/uploads/2010/02/EMMA-introduction-and-overview.pdf>.

- It encourages lead agencies to consider unconventional kinds of response including ‘indirect’ actions to rehabilitate or support damaged market systems. Examples of indirect responses include rehabilitation of key infrastructure such as bridges to support market access, or grants to businesses to restore stocks / repair vehicles, or even the provision of expertise to local businesses and service providers.
- EMMA is about making markets work for women and men affected by disasters but does not put the market before people.
- It differentiates between different livelihoods and social groups, recognising that men’s and women’s normal livelihood strategies shape their relationship with market systems, their coping strategies and different needs during emergencies.
- It is an iterative process that gradually gathers new information to repeatedly revise and refine market analysis and present both the analysis and the results of that analysis in easy to understand formats.

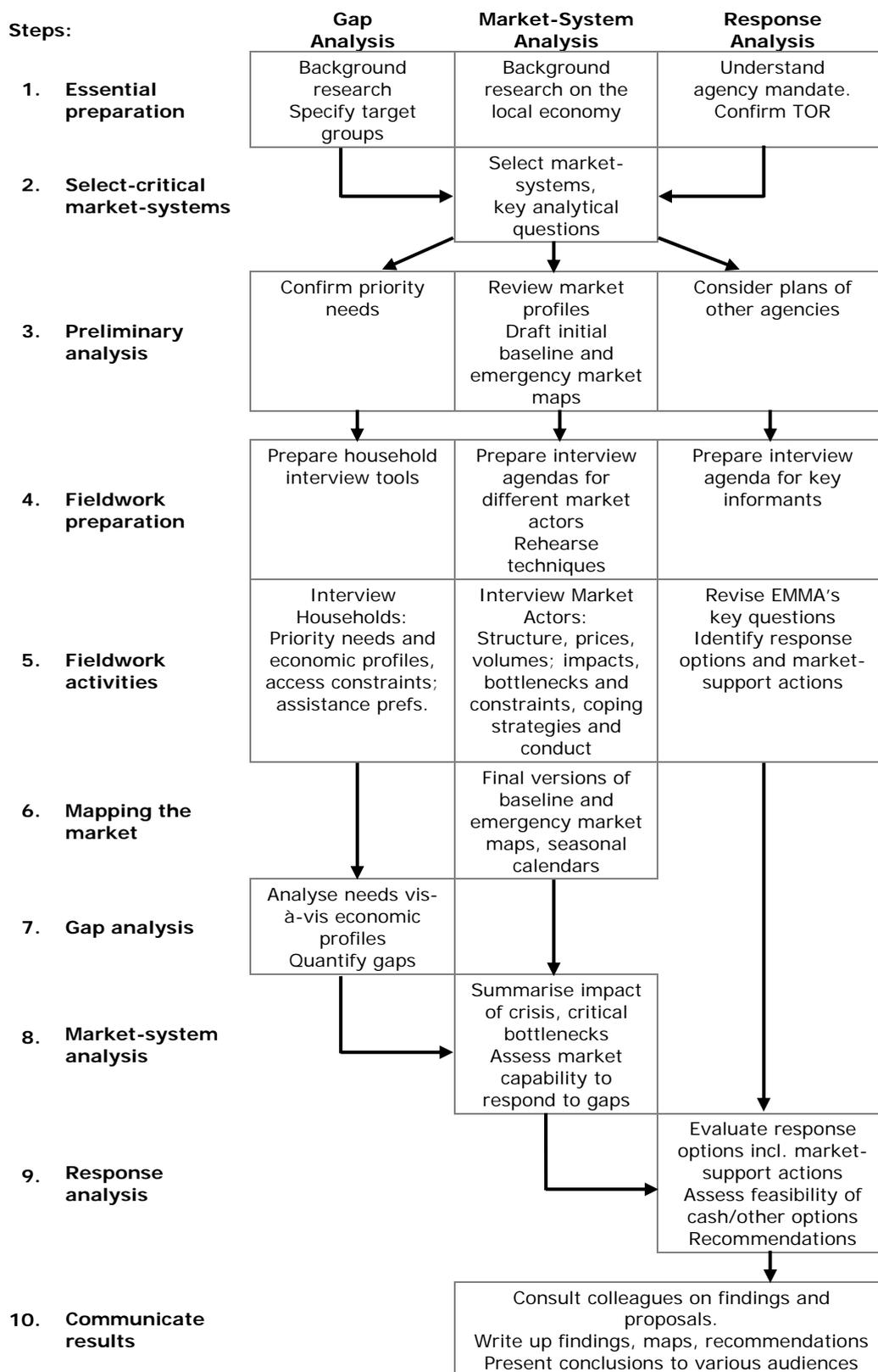
The central tool of EMMA is production of a market system map that shows changes created in a given market system by the emergency. The mapping can reveal bottlenecks in supply chains, indicate where local procurement is possible and highlight opportunities for non-conventional emergency responses. An example of a market map is shown in Case Study A, Figures 6 and 7, in Annex 2. The market map has three levels that illustrate the following:-

1. **The Value Chain:** the central portion of the map is the chain of different market actors who buy and sell the product as it moves from primary producers / suppliers to the final consumers. These actors include, for example, small-holder farmers, larger-scale producers, traders, processors, transporters, wholesalers, retailers, and the consumers
2. **Key infrastructure and support services:** the lower third of the map shows various types of critical infrastructure, inputs, and services that are provided by other service enterprises, organizations, and governments. These actors and services are those which support the market system’s overall functioning or performance, even though they do not directly buy or sell the item.
3. **The market environment:** the upper third of the map shows other factors that strongly influence how producers, traders, consumers, and other market actors operate in the emergency situation. These factors include formal policies, regulations, and rules; informal social norms – such as gender roles; official and business practices; trends and current affairs – including patterns of social and political conflict; and economic and environmental trends.

Overall EMMA has ten steps that help understanding of the situation before and after the emergency, the functioning of the market system in question, and finally the possible responses (Figure 3). For LEGS to better understand livestock markets all the steps are relevant and indeed many are already incorporated into LEGS. Table 4 shows how the two processes are very similar in terms of participatory and

consultative approach to assessing the situation. It is only in the latter stages, where EMMA focuses on market gaps and maps that the two processes diverge.

Figure 3: EMMA's 10 steps and process flow chart



(Albu, 2010)

**Table 4:** Commonalities and differences between LEGS and EMMA

EMMA STEPS	Commonalities with LEGS	Additional Features in EMMA
<b>1. Essential Preparation</b> <ul style="list-style-type: none"> <li>• Assemble a Team</li> <li>• Back ground research</li> <li>• Specify target groups</li> </ul>	<p>Use of existing situation reports, maps and livelihoods analysis as part of preliminary assessment</p> <p>Gender balance within the team</p> <p>Define target groups using a combination of livelihoods analysis, wealth ranking, gender roles and social exclusion</p>	<p>An experienced EMMA practitioner recommended for large market studies</p> <p>EMMA places strong emphasis on the use of gender disaggregated seasonal calendars for target groups because the market demand, supply and prices will usually be linked to the seasons.</p>
<b>2. Select Critical Market Systems<sup>viii</sup></b>	<p>EMMA uses a consultative approach to decide what the critical markets are for the target population. This is similar to LEGS ‘PRIM’ meeting.</p> <p>EMMA has 3 categories of critical market system that align to LEGS 3 livelihoods objectives.</p> <ol style="list-style-type: none"> <li>Ensuring survival ≡ Rapid Assistance</li> <li>‘Supply Markets’ e.g. fodder, vet services ≡ Protecting Livelihoods</li> <li>‘Income Markets e.g. restoring livestock production ≡ Rebuilding livelihoods. (In LEGS the main focus is on ii. and iii.)</li> </ol>	<p>EMMA uses 6 criteria for selecting critical markets</p> <ul style="list-style-type: none"> <li>- Urgently relevant market systems</li> <li>- Most affected market systems</li> <li>- Agency mandate and competencies</li> <li>- Seasonality and timing</li> <li>- Plans of government and other agencies</li> <li>- Emergency-response feasibility.</li> </ul> <p>Once the critical market is selected EMMA stresses the need to agree key analytical questions which further steps will answer. E.g. <i>How has the XXX market been affected by the disaster? What are the best and most feasible response options to support the target group in the short and longer term?</i></p>
<b>3. Preliminary Analysis.</b> <ul style="list-style-type: none"> <li>• Sketch preliminary maps of the market system, indicating how and where the target group fits into the critical market.</li> <li>• Revise analytical questions if necessary</li> </ul>	<p>Use of seasonal calendars.</p> <p>Subsistence farmers, gender roles and informal markets are not neglected.</p>	<p>Draft mapping is carried out before field work as it identifies the key parties in the value chain who need to be interviewed.</p> <p>Two maps are produced one of the baseline (pre-emergency) and one post-emergency.</p> <p>EMMA does address market segmentation. E.g. within a market for fodder some types of fodder may not be relevant to the target group if they tend to be only sold to wealthier groups.</p>

<sup>viii</sup> In an emergency situation, ‘critical’ market systems are those that played, play, or could play a major role in ensuring survival, and/or protecting livelihoods of the target population.

<b>EMMA STEPS</b>	<b>Commonalities with LEGS</b>	<b>Additional Features in EMMA</b>
<b>4. Preparation for Fieldwork</b>	Preparation of plans for interviewing key informants. EMMA provides lists of key or sample questions to ask the target group, local market actors, larger market actors and large employers. These questions are mainly qualitative and focus on before and after issues.	EMMA stresses ‘Gap Analysis’ or ascertaining how the market has changed in terms of prices, household income, capacity to supply, coping mechanisms, and whether target groups have a preference for cash-based or in-kind assistance. EMMA provides examples of data collection forms for more quantitative information collection.
<b>5. Fieldwork Activities and Interviews</b>	Interviewing a wide range of key informants and market actors using triangulation to check findings.	EMMA provides advice on interview techniques and recording of findings.
<b>6. Mapping the Market System</b>	Finalise seasonal calendars	Finalise market maps for critical markets, one to show normal situation and one to show market after emergency. Quantities and prices can be added to the maps along with explanatory notes.
<b>7. Gap Analysis</b>		Analyse all the information to-date to estimate the total shortfall or gap which the target population is facing for the critical item or service.
<b>8. Market-System Analysis</b>		Using the results of 6 and 7 assess the capacity of the critical market, through increased production and trade, to fill the gaps facing the target population. This step particularly examines demand and supply problems as indicated by throughput and price. Table 5 shows how price trends can be used to assess the health of the market.
<b>9. Response Analysis</b>	Similar to the LEGS PRIM, the EMMA response plan includes timing. Similar to LEGS ‘Response Programme Plan’ the EMMA response plan mentions outcomes and indicators	Putting together the findings for the gap analysis (7) and the capacity of the market to respond (8) the EMMA team formulate a response plan that mentions key risks, assumptions, timing and effect of each activity on the market and process and outcome indicators.
<b>10. Communicating Results</b>	Communicate the proposed interventions in a timely and effective way to decision makers and beneficiaries.	

**Table 5:** Guidance on how to interpret price data to diagnose supply and demand problems

	Prices rising or much higher than baseline	Prices stable and similar to baseline	Prices or much lower than baseline
Volumes higher than baseline	<b>Demand is very strong. Supply response is good.</b> Indicates market system is performing well. However, high prices suggest that suppliers are still unable to satisfy surge in demand, or there are bottlenecks that raise costs for traders.	<b>Demand is strong. Supply response is good.</b> Indicates market system is performing well, compared with baseline: meeting increased needs, without creating price distortions.	<b>Demand is normal. Supply is excessive.</b> Indicates system is being saturated by over-supply. This is most likely where desperation forces people to sell labour, livestock, or assets on poor terms.
Volumes similar to baseline	<b>Demand is strong. Supply response is constrained.</b> Indicates trade levels are normal, but insufficient to satisfy increased demand. Alternatively, bottlenecks are raising costs for traders.	<b>Demand is normal. Supply is normal.</b> Indicates that market system is little affected, compared with the baseline situation.	<b>Demand is relatively weak. Supply is normal.</b> Indicates (income) market system is being saturated due to weak demand.
Volumes lower than baseline	<b>Demand normal (or strong). Supply response weak.</b> Indicates supply problems are very severe. Despite high prices, supply is insufficient to satisfy either normal or increased demand.	<b>Demand is weak. Supply response is uncertain.</b> Indicates that demand is constrained: buyers probably lack spending capacity.	<b>Demand very weak. Supply response is uncertain.</b> Indicates that demand is highly constrained: buyers lack spending capacity.

(Albu, 2010)

#### 4.4 RESPONSE IDENTIFICATION

LEGS uses a tool called the ‘Participatory Response Identification Matrix’ (PRIM) to facilitate discussions with stakeholders, to summarise the findings of the preliminary assessments in order to identify which interventions are most appropriate and feasible. By adding a market analysis component to the LEGS

preliminary assessment process (Section 4.3 above), decision makers can be better informed and able to assess the impact of market orientated options within the 6 LEGS technical interventions:-

- Destocking (accelerated offtake using the market; slaughter destocking)
- Veterinary Services (primary clinical veterinary services; support to public-sector veterinary functions)
- Provision of Feed (relocation of livestock; emergency feeding)
- Provision of Water (water point rehabilitation; new water point establishment; water trucking)
- Livestock shelter and settlement (settlement; infrastructure; shelter)

None of the technical interventions currently described in LEGS include unconditional cash transfers to the target population, which by definition allow the beneficiaries to decide which livelihoods support mechanism to opt for. It may be that households receiving unconditional grants may choose non-livestock sector purchases in order to protect their livestock assets. Unconditional cash transfers may therefore provide institutional challenges for sectoral organisations with a mission statement focused on livestock. However experience of unconditional grants is positive and they should certainly be considered by decision makers using LEGS. Case studies 8.d. and 8.f. from Mongolia and Niger show that unconditional transfers are efficient and effective. In Mongolia a comparison between unconditional grants and in-kind distributions showed that the cash grant offered significant advantages:-

- The response and preparation time was short
- Overheads were kept low
- Beneficiaries became economic and social actors in their own community again, taking their own decisions on how to spend the money

Section 6 of this report provides some guidance on how to implement unconditional cash transfers. A decision on whether to use them or at least investigate their possibility further should be taken during the PRIM consultation.

## 5. LEGS common standards

LEGS provides eight common standards that are common to and an integral part of each of the livestock related or ‘technical’ chapters within the Handbook. As in the Sphere Manual, each common standard includes key indicators and guidance notes. Whilst the good practice described in LEGS on common standards still applies, if cash transfers are to be incorporated into LEGS then particular issues or challenges related to them must be incorporated into relevant guidance notes. These additional considerations are described in Table 6.

**Table 6:** Cash transfers and LEGS' common standards

Common Standard	Additional considerations related to Cash Transfers
<b>Participation</b>	No additional guidance is required in LEGS bar the need to ask target populations if they would prefer in-kind support or cash transfers. This may be particularly relevant to women. See targeting below.
<b>Initial Assessment</b>	As mentioned in Section 4.1 on assessments, stronger analysis of markets is critical to making judgements about the appropriateness of cash transfers. However, market analysis is also helpful in informing and designing humanitarian responses more generally. It should not be seen as necessary just for cash-based responses.
<b>Response and Coordination</b>	<p>Incorporation of cash transfers has implications for coordination and timing, resource sharing and the need to provide technical support.</p> <p>An important point to note is that cash transfers are part of a tool box of responses. They can complement in-kind responses and service provision.</p> <p>Coordination remains vital to any successful intervention. For example, the value set for transfers is context-specific. Calculations should be in coordination with other agencies and based on the disaster-affected population’s priorities and needs, prices for key goods expected to be purchased in local markets, other assistance that has been and/or will be given, additional related costs, method, size and frequency of payments and timing of payment in relation to seasonality, and objectives of the programme and transfer (Sphere, 2011).</p> <p>Coordination with stakeholders, including government welfare and social protection programmes providing cash transfers, is essential for targeting (as for in-kind transfers) (Sphere, 2011).</p> <p>Coordination with other agricultural organisations’ inputs can lead to complementarities, e.g. access to government schemes and subsidies may be out of reach until a cash transfer happens. This occurred in Malawi where cash transfers enabled farmers to access government subsidised fertiliser (Harvey, 2007).</p> <p>Coordination with finance organisations is important because cash transfers have the potential to undermine repayment of micro-finance loans. This was an issue in the post 2004 Tsunami response where loans were written off in an un-coordinated manner (Adams and Winahyu,</p>

Common Standard	Additional considerations related to Cash Transfers
	<p>2006.) Where coordination and analysis is strong cash transfers also have the capacity to support loan mechanisms. There is evidence that a proportion of cash transfers is used to pay off crippling debts to allow investment in livelihood options and to also regain access to future credit (Dietz, 2005.) (Harvey, 2007)</p> <p>Coordinating cash transfers with remittance mechanisms is useful as these allow payments using tried, tested and secure mechanisms, for example the Hawala system in Somalia (Dunn, 2010)</p> <p>Cash transfers need to be coordinated with the provision of extension advice whether this be technical livestock advice or financial advice on starting a new business. One of the advantages of cash transfers is that they reduce procurement, transport and storage of in-kind assistance. Time and resources can therefore be redirected to more sustained provision of extension advice to households rebuilding their livelihoods.</p> <p>Timing of transfers is also important (Adams_ &amp; Kebede, 2005) (Mattinen, 2006) (Harvey_ &amp; Savage, 2006). The EMMA toolkit emphasises the importance of seasonal calendars because agricultural seasons impact markets and markets are crucial determinants of whether cash transfers achieve project objectives. For example, cash transfers may be implemented during a hunger season or during particularly harsh times, in which case it is more likely the cash will be spent on meeting basic needs at a time when prices are high and hence the cash will buy less. In such times, if the primary objective is to rebuild livelihoods it might be best to consider giving in-kind basic needs (e.g. food) contributions before or in combination with cash. Similarly cash transfers provided in the immediate aftermath of a sudden emergency are much more likely to be spent on basic needs when prices are high.</p> <p>Timing the cash transfer to coincide with increased income such as peak milk yield, egg production, weaner / fat stock sales means that the target population is more likely to invest in livelihood options. Similarly agencies wishing to support the rebuilding of livelihoods as well as meeting basic needs should consider extending their cash transfer support beyond the immediate aftermath when prices are high.</p>
<b>Targeting</b>	<p>Ensuring relief reaches the neediest population is not easy in any emergency. The diversity within any society means that the impact of a disaster will vary from household to household and individual to individual. There has been the perception that identifying a target population for cash transfers will be more difficult because firstly, everyone can use some more cash and the rich may use their influence to skew cash transfers in their favour. They may not be so interested in in-kind handouts that they may have to queue for! Secondly, cash is flexible and it may be a dilemma choosing who to support. For example, provision of veterinary medicines is only really of use to stock owners but provision of cash means that people without stock can also benefit. Despite these concerns a review of case studies has concluded that “targeting cash is not significantly more difficult than targeting in-kind assistance” (Harvey 2007).</p> <p>The reason targeting has worked is that agencies that have used cash transfers have continued to use the good practice that LEGS already</p>

Common Standard	Additional considerations related to Cash Transfers
	<p>advocates. These are:- i) working with local communities to agree selection criteria and the actual beneficiaries and ii) ensuring the local population is aware why cash transfers are being utilised and who will benefit.</p> <p>Cash transfers to support livelihoods recovery require key decisions with regard to targeting. According to Harvey (2007) “there are three main choices:-</p> <ul style="list-style-type: none"> <li>• Targeting people based on poverty or vulnerability, and giving grants only to the poorest.</li> <li>• Targeting based purely on whether people were affected by the disaster, and giving the same amount to everyone.</li> <li>• Targeting based either on pre-disaster livelihoods, or on the livelihoods that people want to engage in after the disaster, and providing cash assistance at levels that enable particular types of businesses to resume.</li> </ul> <p>Trying to target different levels of cash assistance to individual households based on business plans or levels of loss requires much greater capacity and imposes significant burdens in terms of administration and monitoring”.</p> <p>Bailey (2008) notes that generational issues also need to be taken into account. For example when AIDS orphans live with caregivers or grandparents, who is the target population and who controls the cash transfer benefits?</p> <p>Targeting women has been advocated by a number of organisations and gender considerations do need to be addressed during assessment. It is important to ask women what their preference is. In an SOS Sahel cash-for-work programme in Ethiopia, women said they preferred food as this had an immediate impact on food security. In Burundi, the wives of men participating in a food for work project asked for part of the wage in food; and women in Guatemala preferred to be paid in food, which they felt they could control. In general, however, there is little evidence to support the view that cash necessarily disadvantages women, although this is a difficult subject and challenging to monitor (Harvey 2007).</p>
<b>Monitoring and Evaluation of Livelihoods Impact</b>	<p>Monitoring and evaluating cash transfer projects is similar in many respects to the monitoring and evaluation processes already described in LEGS. Cash transfers present some particular challenges, primarily because cash is a flexible instrument and people may decide to spend it in a wide range of ways. Furthermore the cash received from a cash transfer initiative is unlikely to be the only source of income for a household. Differentiating between different sources of cash income is not easy without prior baseline information on spending patterns and relatively in-depth household surveys. Such surveys will require more planning, expenditure and time.</p> <p>As with any project both output and outcome indicators need to be selected.</p> <p>Particular monitoring issues include:-</p> <ul style="list-style-type: none"> <li>• what people are spending the cash on</li> </ul>

Common Standard	Additional considerations related to Cash Transfers
	<ul style="list-style-type: none"> <li>• the accessibility of markets and where people are buying key goods</li> <li>• what is happening to prices</li> <li>• whether people are receiving the right amount of cash and are able to spend it safely</li> <li>• wider impacts on livelihoods and indirect impact on local economies</li> </ul>
<p><b>Technical Support and Agency Competencies</b></p>	<p>Cash transfers provide effective support to people who wish to rebuild or protect their livelihoods. However, they are a tool that should not be provided in isolation. Technical assistance still needs to be provided if livelihood gains are to be sustainable. This applies to both conditional and unconditional cash transfers. Support to beneficiaries of cash transfers requires the implementing agency to be more supportive than directive, providing a basket of choices that enable people to develop their own answers. This has implications on the type of staff employed. They need to be more consultative, listening and collaborative than controlling.</p> <p>The nature of the support to beneficiaries can include:-</p> <ul style="list-style-type: none"> <li>• technical advice</li> <li>• support with procurement and market access</li> <li>• business plan advice</li> <li>• vocational training</li> </ul> <p>Some agencies facilitate discussions among recipients about how they might make the most productive use of cash. The group members share ideas and usually encourage one another toward sound investments. In some cases groups have pooled their cash to invest in joint activities.</p> <p>New agency skills for managing cash transfers will include:-</p> <ul style="list-style-type: none"> <li>• market analysis and cash delivery mechanisms experience for assessments</li> <li>• expertise in analysing prices and inflation risks during the monitoring phase - see Table 5 for an example of what price trends and market supply can indicate;</li> <li>• database management as part of transferring resources through banks and other financial institutions</li> <li>• advocacy and communication skills as many donors still do not have clear positions on cash transfers but appear open to persuasion.</li> </ul>
<p><b>Contingency Planning Preparedness and Early Response</b></p>	<p>The increased use of market analysis tools such as EMMA in early response is mentioned above in Section 4.3.</p> <p>It is useful to consider contingency plans against inflation when arranging cash transfers. If inflation is observed during the monitoring of a cash transfer a quick means of addressing the problem is to increase the size of the transfer for each recipient. This can maintain the original purchasing power of the grant. However this also means extra book keeping and explanations about the increase to both recipients</p>

Common Standard	Additional considerations related to Cash Transfers
	<p>and donors. Whilst this is possible its best to avoid triggering inflation.</p> <p>LEGS guidance on exit strategies following an emergency is that recovery phase activities should be planned to converge with sustainable long-term livelihood support activities. This means LEGS activities could support or develop into long term social protection schemes, and at the least should coordinate with them. Social protection initiatives are increasingly utilising cash transfers and these are discussed in Section 6.5.</p>
<p><b>Advocacy and Policy</b></p>	<p>One of the reasons unconditional cash grants are not commonly supported by some donors or they prefer vouchers to cash transfers is that they feel that accountability is higher and risks are lower for vouchers. However all humanitarian programmes in disaster situations are open to abuse and to-date lengthy and detailed evaluations of cash transfer projects have found little evidence of corruption and insecurity compared to in-kind approaches (Harvey, 2005) (Harvey, 2007) (Creti_ &amp; Jaspers, 2006) (ICRC, 2007) (ACF, 2007) (Bailey_et_al, 2008) (Horn_Relief, 2010). This does not mean there are not risks that do need to be assessed. Most cash projects in insecure environments have been relatively small-scale, and security risks may grow as larger programmes are implemented. The use of banks and other financial institutions potentially reduces the security risks associated with cash transfers (Annex 3 describes mechanisms and criteria for distributing cash).</p> <p>It is important that all agencies carefully monitor and evaluate cash transfer initiatives and publish their findings. Donors will eventually be swayed by a sound body of evidence particularly if it means better value for money.</p>

## 6. LEGS technical interventions and cash transfer tools

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LEGS provides specific guidance and information on six technical interventions. This guidance is valid whether the interventions are in-kind or a cash transfer. In Table 1 of the introduction we defined five differing types of cash transfer tool that might be utilised. Each of these tools has advantages and disadvantages that make them more or less applicable to each of the LEGS technical interventions. The decision whether to use a cash transfer is context driven as factors of market function, project scale, security, the preference of the target population, donor and agency all need to be considered. Once an assessment has been completed (including market analysis) and a cash transfer looks feasible, LEGS cannot be prescriptive about which type of cash transfer to utilise. However, it can advise which types of transfer might be appropriate for different technical interventions plus the advantages and disadvantages of each. Rather than replicate detailed guidance, LEGS readers should be referred to specialist cash transfer ‘how to do it’ guides, of which there are a growing number (see Bibliography, Annex 4)

Table 7 summarises which cash transfer tools are most likely to be used to support each LEGS technical intervention. The advantages and disadvantages of each cash transfer option and some guidance on factors that need to be considered are described in the subsequent sections.

Unconditional cash transfers do not sit clearly within any LEGS technical intervention and as result receive more detailed attention in Section 6.1. A decision tree on which cash transfer tool to utilise is shown in Annex 1, Figure 5.

**Table 7:** Cash transfers available for livestock technical interventions

LEGS Technical Intervention and Options	Types of Cash Transfer					Notes and Examples
	Unconditional Cash Grant	Conditional Cash Grant	Cash For Work (CFW)	Indirect Grants <sup>ix</sup>	Vouchers	
<b>Destocking</b> -Accelerated off-take -Slaughter destocking				✓	✓	Indirect grants= subsidies to traders and truckers who facilitate off-take Vouchers paid to owners bringing livestock for slaughter or sale, particularly in insecure areas where cash payments are risky. Vouchers later converted to cash.
<b>Veterinary Services</b> ✓ -Primary clinical services -Support to public sector vet functions		✓		✓	✓	Cash and vouchers can be given specifically for vet services Veterinary services can be subsidised as a form of indirect grant.
<b>Feed Resources</b> ✓ -Relocation of livestock -Emergency feeding in situ -Emergency feeding in camps		✓			✓	Cash and vouchers can be given specifically for feed purchase, payment of grazing rights, and where relocation occurs, transportation of livestock.

<sup>ix</sup> Examples of how a livestock project might use indirect cash transfers include waiver of slaughterhouse fees, movement permit fees, market fees, veterinary fees, subsidised trucking costs, provision of fuel to water users associations to reduce water cost, or government subsidy or price caps on feed supplements.

LEGS Technical Intervention and Options	Types of Cash Transfer					Notes and Examples
	Unconditional Cash Grant	Conditional Cash Grant	Cash For Work (CFW)	Indirect Grants <sup>ix</sup>	Vouchers	
Water Provision -Rehab of existing water sources -Establish new water sources -Water trucking	✓		✓ ✓		✓	CFW can be used for rehabilitation of existing or building of new water sources (see Case Study E in Annex 2) Cash and vouchers can be given specifically for water purchase (see Case Study J, Annex 2)
Livestock Shelter -Temporary shelter -Durable shelter	✓	✓ ✓	✓ ✓		✓ ✓	Cash and vouchers can be given specifically for shelter materials. CFW can be paid where communal shelter is built (see LEGS Handbook Case Study 8.5)
Livestock Provision -Herd reconstitution -Livestock replacement	✓	✓ ✓			✓ ✓	Cash and vouchers can be given specifically for restocking. Restocking fairs can be organised

## **6.1 UNCONDITIONAL CASH TRANSFERS**

Unconditional cash grants are the most empowering type of cash transfer and some agencies see them as a default option (see ICRC Decision Tree – Annex 1 figure 5). They build on local and individual knowledge and allow individuals flexibility. They are also challenging for sector-focused humanitarian organisations and workers as they pass the choice of how to respond to the target population, hence their use may require a change in mindset.

Unconditional cash transfers are still being utilised on a relatively small scale, usually as a one-off payment post-disaster. However their use is growing as evidence of their impact is collected. A review completed in Mongolia (Case Study D, Annex 2) compared in-kind distributions with cash grants to poor herders. It showed that the impact, timeliness and cost effectiveness of the cash grant programme was superior.

Unconditional cash grants are used in three scenarios:-

- v. to provide rapid assistance immediately after a disaster;
- vi. to both rebuild and protect livelihoods during a recovery phase (once households have stabilised their immediate food, water and shelter needs and can start to think about rebuilding their livelihoods)
- vii. in situations of chronic vulnerability where recurrent emergencies are addressed through regular cash payments made to the poorest and most vulnerable people. These latter payments are geared towards improving income and resilience.

Organisations using LEGS are most likely to utilise unconditional cash transfers in two ways:-

- During an emergency recovery phase, where the target populations' primary means of food security and income is from livestock production, where markets are functioning and where each household has a variety of livestock technical options<sup>x</sup> (Table 7) available to them.
- To protect previous progress and investments made with the target population. Case Study E (Annex 2) provides an example of an organisation that provided unconditional CFW and cash grants following crop failure to support communities that would otherwise have had to sell assets and migrate. The intervention successfully allowed communities to retain their food security and livestock assets until the next rains and reduced their long term vulnerability through the building of fodder banks using the CFW.

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<sup>x</sup> Veterinary services, restocking, purchasing water or food for livestock, shelter for livestock

Because, by definition unconditional grants cut across all the technical interventions described in LEGS they need to be discussed at the response identification stage (PRIM) in the LEGS Handbook. The advantages and disadvantages of such grants are shown in Table 8 and a decision tree for both unconditional and conditional cash transfers is shown in figure 4.

The most important factor influencing any decision to use an unconditional cash grant is the performance of local markets. Will people be able to buy what they need locally at reasonable prices? If the market cannot meet demand created by cash grants there is a danger that the prices of key goods will rise rapidly (inflation). This means the value of the cash diminishes for both the recipients of grants and the rest of the community. The need to carry out a market analysis during assessment remains crucial.

As unconditional grants can be spent on anything, good consultation with the target beneficiaries is important and the subsequent market assessment needs to survey what the target group may purchase. This will narrow the number of market maps (Section 4.3.1) required. Because it is sometimes difficult to predict how the market will cope with demand, market prices do need to be continually monitored during implementation. Experience has shown that where markets are functioning traders are remarkably good at meeting demand if they are given sufficient notice.

**Table 8:** Characteristics of unconditional cash transfers

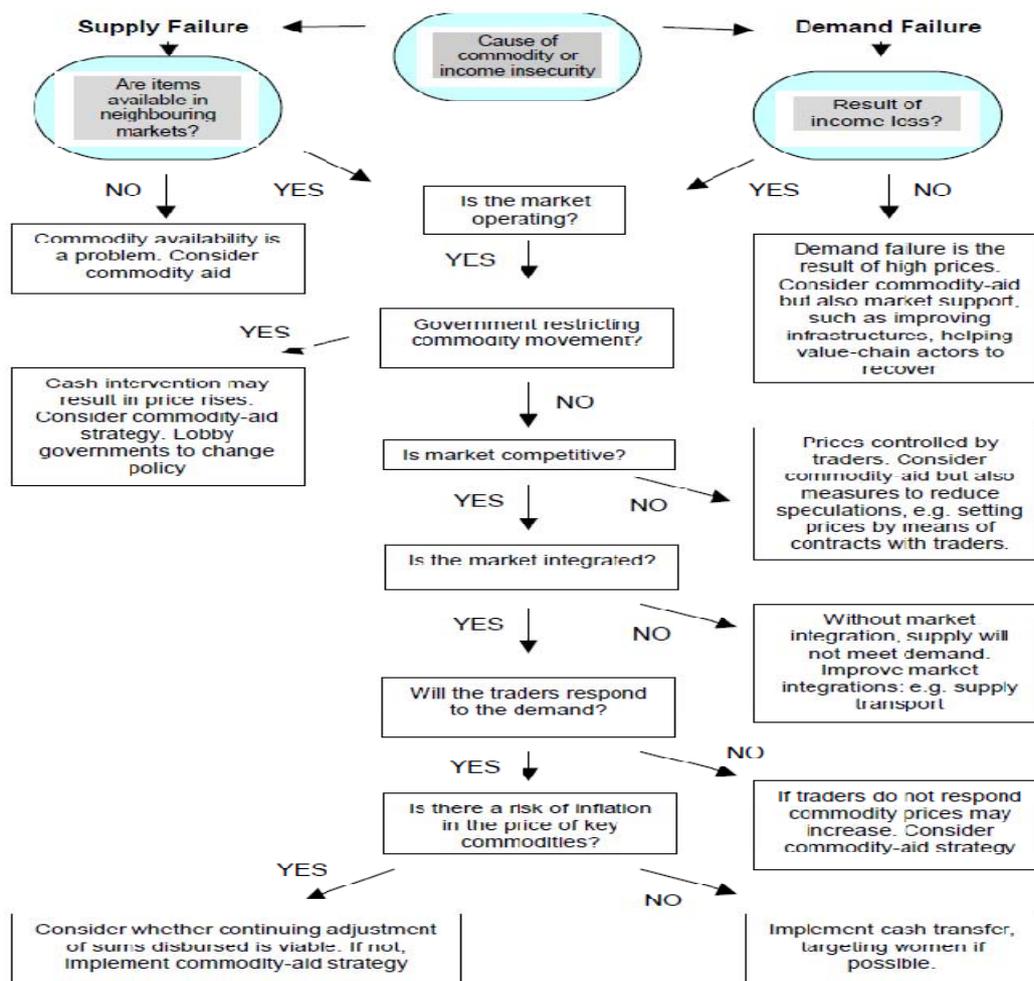
Advantages	Disadvantages
<i>Speed</i> - Quick to distribute and can be given to moving populations.	<i>Inflationary risks</i> – if an injection of cash causes prices for key goods to rise, then recipients will get less for their money and non-recipients will be worse off.
<i>Cost efficient</i> – distributing cash is likely to be cheaper than in-kind alternatives because transport and logistics costs are lower	<i>Anti-livelihoods use</i> – cash can be used to buy anything. Some may be used for anti-social purposes (though what is considered anti-social will vary from culture to culture)
<i>Choice</i> – cash allows recipients to decide what they should spend the money on. This enables people to choose what they most need, and allows for this to vary from recipient to recipient	<i>More difficult to target</i> – because cash is attractive to everybody it may be more difficult to target, as even the wealthy will want to be included
<i>Multiplier effects</i> – distributing cash can have knock-on economic benefits for local markets and trade if the money is spent locally, and it may stimulate crop production and other areas of livelihoods	<i>More prone to diversion</i> – cash may be more attractive than alternatives and so particularly prone to being captured by elites, to diversion particularly where corruption is high and to seizure by armed groups in conflicts
<i>Avoids disincentive effects</i> – unlike commodities (food, shelter) cash is unlikely to discourage local trade or production	<i>Disadvantages women</i> – women may be less able to keep control of cash than alternatives such as food
<i>Dignity</i> – cash can be better at maintaining the dignity of recipients.	<i>Less available from donors</i> – donor

governments may be more willing to provide commodities than cash

*Poor utilisation* - May not address the causes of vulnerability and may encourage a return to negative coping strategies.

Adapted from (ICRC, Guidelines for cash transfer programming, 2007) (IFRC, 2006)

Figure 4: Decision tree for deciding whether to distribute cash or in-kind items.



Adapted from (Creti & Jaspers, 2006)

Key issues to consider in advance of any unconditional cash grant include<sup>xi</sup>:-

1. **Markets:**

- a.) Confirmation that the market can meet the demand for goods and services, that sufficient traders are operating to avoid monopolies developing, that high inflation is unlikely to occur for goods in high demand, and that market access in terms of infrastructure will be sufficient. As mentioned in Table 6 on LEGS Common Standards, contingency plans for inflation need to be considered.
- b.) The value of the cash grant should be based on the difference between what the target population can afford to pay for their essential needs and what they actually require to preserve their food security and improve their livelihood assets. Different target populations may have differing costs associated with restoring their livelihoods. For example, households with partial herd losses wishing to top up herd numbers are different from households who have completely lost their herds and are looking to restock, or from households diversifying away from livestock. A review of Oxfam's cash-for-work project in Turkana, Kenya, found that larger sums paid were more likely to be spent on productive assets such as livestock, or setting up small shops (Frize, 2002).

2. **Targeting:** Social relations, power and seasonal work patterns within the household and community all need to be considered at the assessment stage. Targeting approaches for cash need to be thorough, and be clear and acceptable to recipient and non-recipient communities. As noted in the LEGS Common Standards, working with affected people to establish selection criteria helps identify who should receive the assistance. Choices often have to be made regarding acceptable levels of inclusion and exclusion. Speed of providing the transfer is generally more important than accuracy of targeting in sudden-onset situations. It is also important to consider the role that women play within the household when deciding who should be registered to receive cash, as well as noting any other specific groups who may be excluded.

3. **Technical support:** It should not be assumed that all households know how to best recover their livelihoods. If the objective of the cash grant is to rebuild livelihoods assets, it is important that the target population also receive advice on their livelihood options. This is where the LEGS technical chapters can support the implementing agency.

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<sup>xi</sup> These are also relevant to conditional cash grants

#### **4. Security and Corruption:**

- a.) Where cash has to be distributed directly, security risks need to be assessed. Many different and novel methods of transferring money safely have been used in insecure or remote areas. (see Annex 3 for examples).
- b.) Transparency and careful monitoring are the keys to avoiding diversion of cash to local elites. It is important that, where appropriate, the government is consulted and approves of the cash transfer mechanism.

### **6.2 CONDITIONAL CASH GRANTS**

Conditional cash grants are normally used to rebuild and protect livelihoods. As they are conditional they are easily incorporated into those LEGS technical interventions where an item or a service needs to be purchased (e.g. feed, water, vet services, shelter materials, restocking). As defined in Table 1 on page 1, the grants are often paid in instalments. This reduces risk, as further payments are contingent upon an item or service being both procured and utilised effectively. As for all cash grants it is important that the implementing agency checks market functionality and considers the risk of inflation. The advantages of conditional cash grants are similar to unconditional cash grants as indicated in Table 8. A certain level of choice can still be built into the conditions. Indeed it is important that beneficiaries understand what is not eligible for purchase and furthermore, that misconduct could lead to a recipient being denied the next instalment of their grant. It is also possible to combine conditional and unconditional grants. The bulk of the grant could be conditional but a balance of unconditional cash could be used in a flexible way to support the process. Case Study A (Annex 2) shows how a market analysis using EMMA following floods in Vietnam resulted in a combination of in-kind transfers of pigs and chickens to affected small farmers, unconditional grants to (female) farmers, cash vouchers to affected (female) farmers to buy piglets/chickens from medium-scale farmers and micro-credit or loans to medium-scale farmers.

Sources of detailed guidance on the provision of cash grants can be found in Annex 4. The basic steps in planning a cash grant intervention should include the following:-

- consult other NGOs, development actors, government officials, and local leaders about the proposed programme
- explain the purpose of the project to the community
- strengthen community-based groups or establish a relief committee. Several agencies use elected relief committees for:-
  - disseminating information on objectives and the size of cash grants
  - defining selection criteria
  - selecting beneficiaries
  - maintaining order on payment days

- calling names from the register
  - receiving complaints about the programme
  - keeping the agency informed about the operation of the system and any changes in circumstances which would make it necessary to alter the size of the cash grant
- recruit and train project staff – field monitors, accountants, and food security/emergency livelihoods staff – to assess and supervise and monitor the project activities
  - develop targeting criteria
  - set the value of the cash grant
  - develop a system for paying the beneficiaries
  - collect baseline information to plan and monitor the receipt, use, and impact of the grant
  - develop a monitoring system

### **6.3 CASH-FOR-WORK AND INDIRECT GRANTS**

Cash-for-work (CFW) programmes can be demanding in that they require considerable organisation and management. They are primarily used to protect livelihoods assets and to support whole communities through the construction of public facilities.

They mostly occur during a recovery phase of an emergency and are useful during complex emergencies where normal employment is undermined by conflict. Furthermore, CFW can be used to help communities meet their basic needs during lean periods (e.g. a prolonged dry season) and even to protect gains made previously. Case Study E (Annex 2) shows how CFW was used to protect previous development gains by preventing high volumes of migration from the area, malnutrition and the forced sale of animals.

CFW may be implemented directly or via a third party including government bodies. Most of the work carried out in larger CFW projects is for the benefit of the local community.

Indirect cash grants take the form of subsidies or support to goods and services that can help to protect and/or rebuild livelihoods. Examples of CFW and indirect cash grants within LEGS technical interventions are shown in Table 9.

**Table 9:** Examples of CFW and indirect cash grants within LEGS technical interventions

Technical Intervention	CFW	Indirect grants
<b>Destocking</b> -Accelerated off-take  -Slaughter destocking	CFW may be required if the meat is being dried for use elsewhere e.g. schools.	Commercial transportation of animals from remote areas is sometime subsidised as this encourages traders to buy in those areas.  Slaughter destocking may be subsidised by payments to slaughter houses and processors
<b>Veterinary Services</b> -Primary clinical services -Support to public sector vet functions		Veterinary service subsidies. CAHWs can be paid incentives. E.g. during animal health voucher schemes (Case Study C, Annex 2) or by government for disease surveillance, public vaccination campaigns and public health activities.
<b>Feed Resources</b> - -Emergency feeding in situ -Emergency feeding in camps	CFW can be used to harvest fodder before it is transported to livestock.	
<b>Water Provision</b> -Rehab of existing water sources -Establish new water sources	CFW is useful for the rehabilitation and construction of water sources.	
<b>Livestock Shelter</b> -Temporary shelter -Durable shelter	Cash grants or vouchers are normally used for livestock shelter but it may be necessary to use CFW for larger communal construction projects	

The advantages and disadvantages of CFW initiatives are shown in Table 10. CFW requires attention to key issues, as described below:-

- **Pay rates:** Salaries have to be worked out so that they both meet the needs of the workers but also do not disrupt other labour markets. If salaries are too high there is a risk that people will leave existing employment to join the scheme. If the salary is too low, a household may still not be able to afford to

purchase livelihood assets with their income. Tasks that are normally done on a voluntary basis during normal times should not be paid for.

- **Regulations:** Wage taxation, insurance liability and government policy all need to be considered.
- **Targeting:** CFW jobs are often quite limited in number and consideration needs to be given to who is selected, how long they work for, and how the CFW is eventually withdrawn. CFW can be used to target women and attention needs to be paid to the disabled, elderly and young who may not be able to work.
- **Materials and ownership:** ownership and management of the infrastructure constructed through CFW need to be agreed in advance, as does the purchase of materials and the fate of tools after the work is completed.
- **Monitoring:** how to supervise, manage poor work, slow work and attendance rates needs to be agreed in advance.
- **Appropriateness;** environmental and disaster risk reduction strategies must be employed in the work carried out. The work should complement seasonal work calendars.

Further and detailed step-by-step guidance is available for planning CFW programmes (ICRC, 2007) (Creti\_&\_Jaspers, 2006).

**Table 10:** Pros and cons of Cash-For-Work

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Can be self-targeting (the type of work can exclude some of the better-off population).</li> <li>• Results in the rebuilding of community facilities/clean-up of damaged areas.</li> <li>• Potential for skills transfer (possible link to livelihoods programmes).</li> <li>• Encourages return to villages/localities as there will be a source of income.</li> <li>• Community infrastructure can be rebuilt taking into account risk-reduction strategies.</li> <li>• If labour is the norm, CFW will allow for a return to a normal way of life.</li> <li>• Reduces the risk of economic migration.</li> <li>• Community empowerment.</li> </ul>	<ul style="list-style-type: none"> <li>• Disruption of local labour markets.</li> <li>• Possible disruption of cultural coping and recovery mechanisms.</li> <li>• Often short term in nature.</li> <li>• Can take time away from seasonal livelihood activities, e.g. planting.</li> <li>• May exclude those not physically able to work (although there are some specific forms of work that can target physically disabled people).</li> </ul>

(ICRC, *Guidelines for cash transfer programming*, 2007)

## 6.4 VOUCHERS

Vouchers come in two main forms. ‘Cash vouchers’ can be exchanged for a range of commodities up to the cash value printed on the voucher. ‘Commodity vouchers’ must be exchanged for a fixed quantity of named commodities. The key difference between cash grants and voucher schemes is the degree of control the implementing agency has over their use. Vouchers can only be traded through producers, traders, middle men and retailers who have reached a prior agreement with the agency. Whilst this is laborious and slower to organise it does offer more control. Voucher schemes tend to be used when there is high risk associated with handling cash, where markets are weak and the risks of inflation are high, and where the target population identifies the need for a particular commodity which is available locally. The advantages and disadvantages of voucher schemes are described in Table 11.

**Table 11:** Pros and cons of vouchers

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Encourages productivity and stimulates markets.</li> <li>• Quality of goods and prices can be monitored.</li> <li>• Items purchased can be monitored.</li> <li>• If specific commodities are scarce, vouchers can ensure that everyone is able to access them.</li> <li>• Commodity vouchers protect recipients against inflation (which is borne by the implementing organization).</li> <li>• Allows for greater security for the implementing organization and recipient as no large amounts of cash are handled.</li> <li>• Increased accountability.</li> <li>• Limited security risks if each trader / shops are allocated only a small number of recipients to supply.</li> <li>• Allows tracking for theft.</li> <li>• Can direct recipient choice.</li> </ul>	<ul style="list-style-type: none"> <li>• Less applicable with mobile populations</li> <li>• Can limit recipient choice.</li> <li>• Requires more planning, preparation and administrative back-up. Agreements with traders have to be reached and this increases overall cost and the time to organise them.</li> <li>• Traders who are not involved in the programme may be disadvantaged.</li> <li>• Bulk purchase discounts are difficult to ensure through voucher programmes as individual traders are purchasing separately.</li> </ul>

*Adapted from (ICRC, 2007)*

Vouchers can be used for most LEGS technical interventions but particularly for the purchase of animal health services (as described in Case Study A, in Annex 2), water, feed, shelter materials, and provision of livestock<sup>xii</sup>. Issues of assessment and targeting are no different from other interventions, however serious consideration needs to be paid to the high levels of organisation and the time required to implement voucher schemes. For example, there has to be some negotiation with traders to ensure supply is at agreed prices, contracts have to be signed with each trader, vouchers have to be printed and tracked etc.

#### **6.4.1 Voucher Fairs**

One variation on the use of vouchers is ‘livestock fairs’, whereby cash vouchers are distributed but can only be exchanged for livestock products during an organised fair. This system was developed for the purchase of seeds and has been adapted for the purchase of livestock as part of restocking projects. Such fairs allow buyers to purchase animals according to their own preferences in terms of breed, type and price using vouchers. Fairs are usually organised when people are not easily able to obtain livestock and yet they are available in sufficient quantities and quality within a reasonable distance of the affected area. The fairs also offer an opportunity for exchange of information between buyer and seller plus the provision of extension advice. They also allow other suppliers e.g. vets / CAHWs to sell their products and services.

The advantage of fairs is that they provide more choice to buyers, strengthen local procurement and production systems, encourage traders to affected areas, create awareness of alternative livestock breeds and products, and allow for links and information sharing between farmers. The main risks with fairs are that vendors may fail to bring sufficient numbers and variety of livestock or products to sell. Detailed assessment and planning are therefore crucial.

Agencies may also consider using existing markets where they are operational for a modified version of the livestock fair. In this scenario agreements need to be reached with market traders on prices and the handling of vouchers in advance of a particular market day.

### **6.5 SOCIAL PROTECTION**

LEGS focuses on improving the quality of humanitarian interventions in emergency situations. Guidance on issues associated with linking relief and development and the many challenges of long-term development among livestock keepers are peripheral to LEGS. However there is increasing interest in using social protection or safety nets as a way of reducing the need for recurrent spending on

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<sup>xiii</sup> See Case Study 9.1 in the LEGS Handbook.

humanitarian relief in situations of chronic and repetitive emergencies. Long-term safety nets are viewed, by some, as a better way of dealing with chronic poverty, food insecurity and destitution. It can be argued therefore that social protection schemes are a form of preparedness, linking with the LEGS Common Standards on 'Contingency Planning, Preparedness and Early Response'.

Evidence that long-term social protection strategies may be affordable in poor countries and that they have positive impacts on growth and development has been growing (Farrington\_et\_al., 2005). In recent years several large scale social protection schemes have been piloted and assessed. Cash transfers within these schemes are deemed to be viable and increasingly utilised (Harvey\_&\_Holmes, 2007).

The basic principles of when to use cash transfers apply to long term social protection schemes. Functioning markets, timing and provision of advice on how best to utilise cash remain key issues (Harvey\_&\_Holmes, 2007).

Social protection schemes force agencies to take a long-term view of livelihoods recovery. This long-term perspective and the use of social protection in pastoralist areas have produced some interesting lessons for LEGS. Research from the Horn of Africa shows the importance of thoroughly checking assumptions about livelihood recovery mechanisms (Aklilu\_and\_Catley, 2009) (Catley\_&\_Iyasu, 2010). If the assumptions are wrong, the cycle of poverty and vulnerability is unlikely to be broken. Case Study I (Annex 2) confirms the need for good understanding of livelihoods frameworks, how wealth is distributed and the strategies used by poor and rich households to build and maintain livelihood assets. The research described in this Case Study (Catley\_&\_Napier, 2010) attempted to explain the conundrum that the volume of livestock exports from the Horn of Africa was increasing over time but the pastoralist communities who produced them were increasingly vulnerable to disasters. It was discovered that the commercialisation of production in these areas is favouring richer pastoralists with large herds who are gaining control of key water and grazing. In a finite rangeland production system, those pastoralist households with too few animals are becoming increasingly unviable and unable to recover from repeated cycles of drought. This finding has serious implications for initiatives to assist poor pastoralists to increase their livestock numbers without concurrent changes to policies on range management, land tenure and livestock marketing.

This paper has discussed the greater use of seasonal calendars and market mapping improve humanitarian responses utilising cash transfers (Section 4). The research described in Case Study I suggests that the wealth ranking and participatory appraisal tools used to ascertain how people move between wealth groups should perhaps be used more frequently to explore how to rebuild livelihoods for communities recovering from emergencies.

## 7. Conclusion

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Experience of using cash transfers to meet the objectives of humanitarian response to disasters and chronic vulnerability has been growing rapidly over the past five years. From 2006, numerous reviews of this experience, associated data and evidence of impact have been completed. The overall conclusion of these reviews is that cash transfers have proven to be a useful tool and that they need to be used more frequently. As with all tools, guidance is needed on when to use them and how to use them and several humanitarian agencies have produced detailed guidance on this topic. These agencies primarily refer to experience from their own projects and produce the guidance for their staff, but despite the number of these guidelines, there is strong congruence between them. For humanitarian and development workers and agencies wishing to know more about cash transfers it would now be useful to have one definitive set of guidance notes.

This paper has looked at how to use cash transfers successfully from the perspective of the Livestock Emergency Guidelines and Standards. Whilst it is not the role of LEGS to produce more guidelines on how to implement cash transfers, it is important that LEGS adapt to allow for the inclusion of cash transfers options within its common standards and technical responses and incorporates unconditional cash grants where they are appropriate.

The basic LEGS approach is already in line with much good practice required to implement cash transfers. The information contained in this paper should allow users of the LEGS handbook to begin to use cash transfers in humanitarian interventions involving livestock owning communities. In the medium term LEGS training materials can be adjusted and in the longer term this paper and subsequent feedback can be incorporated into the next edition of the LEGS Handbook.

Key areas of LEGS that need to be upgraded to refer to and promote the option of cash transfers include the following<sup>xiii</sup>:-

- **Assessments:** the inclusion of some broad questions about markets and people's attitudes to the use of cash (Table 3 and Annex 5). If cash transfers appear to be a possibility then more in-depth market analysis needs to occur. Comparison of the new EMMA toolkit and LEGS (Table 4) shows they share very similar approaches and it is only really at the gap and market analysis stages where they diverge (Figure 3). LEGS should build tools and techniques from both EMMA and MIFIRA into its assessment guidance. LEGS should also develop a livestock-specific emergency market mapping and analysis tool.

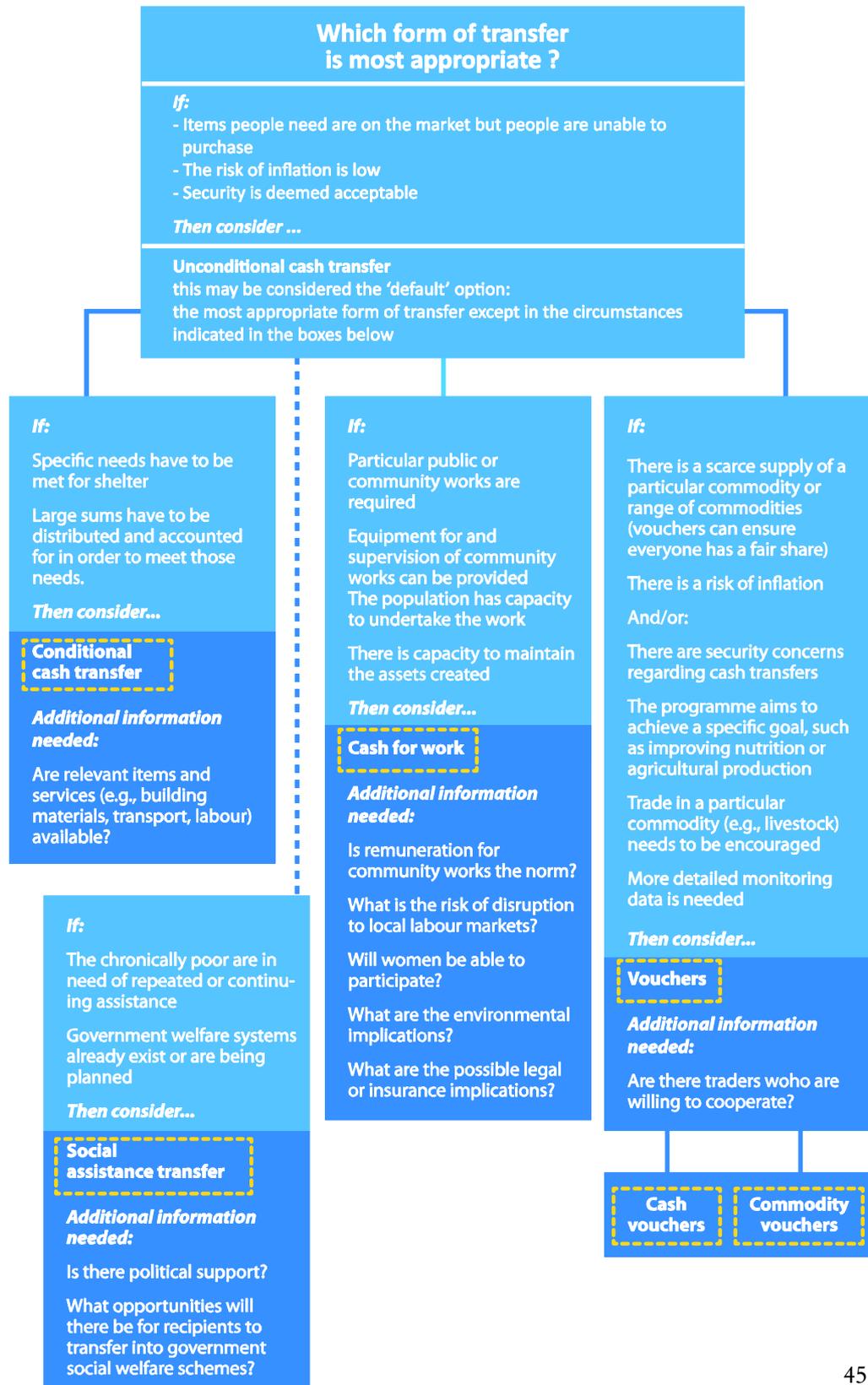
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<sup>xiii</sup> See Annex 5 for more detailed suggestions to the LEGS Steering Group on revisions to the LEGS Handbook

- **Monitoring:** cash transfers require an additional level of questions to be asked during monitoring. These include :-
  - what people are spending the cash on
  - the accessibility of markets and where people are buying key goods
  - what is happening to prices
  - whether people are receiving the right amount of cash and are able to spend it safely
  - wider impacts on livelihoods and indirect impact on local economies
  
- **Staff Skills:** cash transfers require both a shift in attitudes and new expertise. Cash transfers, particularly unconditional ones, allow the beneficiaries much more say in how to utilise the transfer. Implementing agencies and staff may need to shift their engagement with beneficiaries to one which includes much more guidance and support. To successfully implement a cash transfer the agency may need to bring on board particular skills, including:-
  - market analysis and cash delivery mechanisms experience for assessments
  - expertise in analysing prices and inflation risks during the monitoring phase
  - database management as part of transferring resources through banks and other financial institutions
  - advocacy and communication skills to influence partners and donors who are still undecided about cash transfers
  
- **Unconditional Cash Grants:** these grants do not fit neatly within any technical chapter of LEGS because by definition they enable beneficiaries to decide for themselves how to spend the cash. LEGS needs to provide some guidance on their use during the response identification phase.
  
- **Social Protection:** social protection schemes are largely beyond the scope of LEGS. However they should be mentioned in the LEGS Common Standard on preparedness as a means of averting future emergencies. Because social protection schemes look at livelihoods recovery over the long term they can provide useful lessons to LEGS.

# Annex 1: ICRC Decision Tree for cash transfer options

Figure 5: Appropriateness of cash transfer options



### **A. EMMA CASE STUDY - THE PIG AND CHICKEN MARKETS, VIETNAM FLOODING**

In 2010, torrential rain caused severe localised flooding that affected more than 80 villages at a time when many men were working away. Women were left to cope as rice and rice seed stocks washed away, farm implements were lost, and livestock drowned.

In the immediate aftermath of the floods, the Government, NGOs and private donors supplied flood affected people with food, cash and non-food items in the form of hygiene kits, water and sanitation supplies, school supplies and education kits. Six weeks after the disaster a multi agency team of 5 carried out a 4-day EMMA to support sectors not traditionally covered by disaster response and recovery activities (EMMA\_Vietnam, 2010). This team assessed the target population, seasonal calendars and critical markets using data from emergency assessments and informal interviews with key stakeholders. The team confirmed there were no specific emergency food needs to be addressed. Agriculture was the main livelihood option for the affected population and the team therefore drew up a list of possible critical markets related to agriculture, from agricultural inputs to livestock, farm products and supporting services. After determining that the government was already covering seed distribution to support farmers, the team took account of the 45% contribution to agricultural production in the district provided from livestock and the large number of livestock farmers affected, and chose to focus on the pig and chicken markets for their detailed analysis.

They attempted to answer two questions:-

- i. How has the pig/chicken market been affected by the flooding?
- ii. What are the best and most feasible response options to support (female) farmers in the short and longer term?

Key findings were encapsulated in 'before' and 'after' market maps for live pigs and live poultry value chains. Figure 6 shows the chicken market baseline map and Figure 7 shows the post emergency chicken market map. For both pig and chicken sub-sectors, care of livestock as well as the purchase and selling is largely done by women. The analysis confirmed that small farmers were struggling to regain their livelihoods due to lack of and cost of replacing pigs and chickens. This shortage of replacement stock would continue for another 6-9 months. Livestock feed, particularly for chickens was not a major problem.

Figure 6: Chicken market baseline map, Vietnam

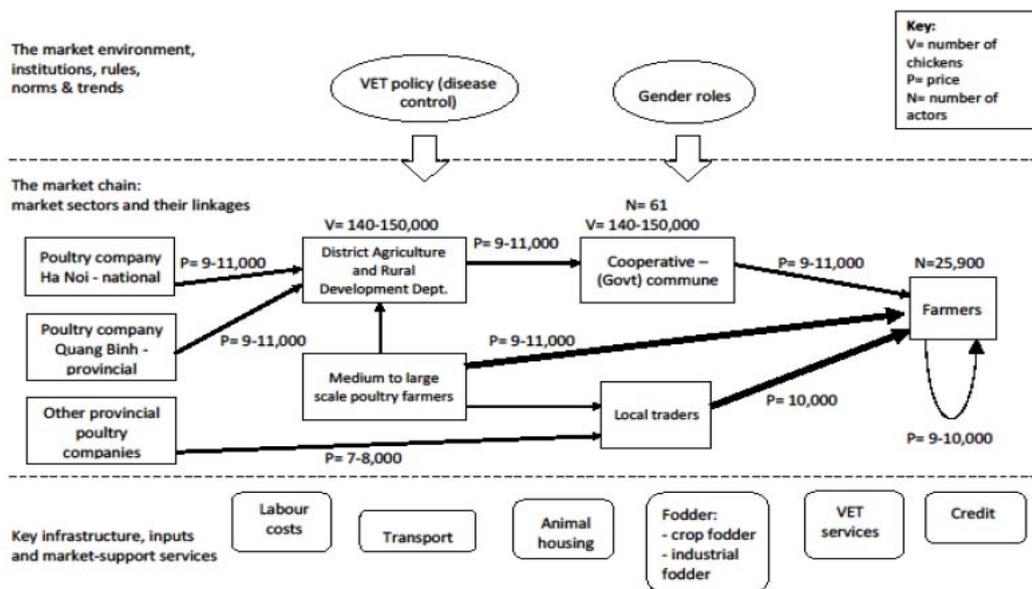
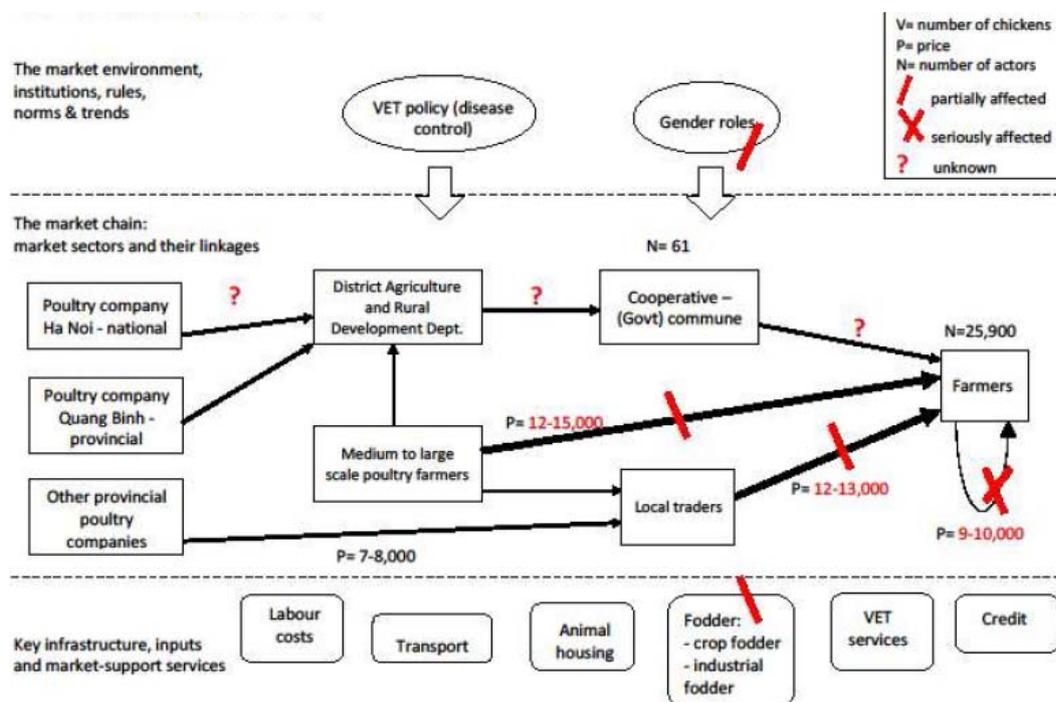


Figure 7: Post emergency chicken market map, Vietnam



To support female farmers restocking, the team recommended 4 interventions, as follows:-

- Phased piglet/chicken provision to (female) farmers, including vaccination for existing livestock, noting the farmers' preference for chickens instead of pigs, as investment and maintenance costs for pigs are higher
- Cash grant to (female) farmers, as cash was the main preference of farmers
- Cash voucher to affected (female) farmers to buy piglets/chickens from medium-scale farmers, benefiting farmers as well as medium-scale farmers
- Micro-credit or loans to medium-scale farmers, in combination with other farmer targeting responses

Note these interventions are a combination of distribution of non-food items (pigs and chickens), conditional vouchers, and unconditional cash grants.

## **B. EMMA CASE STUDY - PAKISTAN FLOOD RESPONSE 2010**

In late July 2010, severe flooding moved southward along the Indus River from severely-affected northern regions of Khyber Pakhtunkhwa Province (KPK) toward western Punjab and to the southern province of Sindh in Pakistan. In total, the National Disaster Management Authority (NDMA) reported that approximately 20 million people were affected, over 1.8 million houses were damaged or destroyed, and 1.3 million hectares of field crops were destroyed. In KPK rapid flash floods of high intensity and erosive power damaged valley bottomlands in the north and devastated transport infrastructure and river flood plains further south. At least 2.4 million hectares of standing crops were lost. An estimated 1.2 million livestock and 6 million poultry were lost, and more became sick due to lack of proper feed and veterinary support.

In September 2010 a multi-agency, multi-disciplinary KPK EMMA team carried out a 10 day field assessment (Pakistan Flood Response, 2010). The team used a standard EMMA methodology:-

- Review of existing data and reports
- Gap analysis through household profile and seasonal calendar assessments with target groups
- Market mapping

They reported that mountain areas were recovering more slowly than the lowland areas. Markets were functioning at reduced capacity in some areas, but in remote areas high prices and shortages of some commodities were apparent. Without major infrastructure repairs local markets in the uplands were unlikely to be able to meet the demands of the local population, so in-kind responses were likely to be the best option for meeting immediate needs.

Livelihoods analysis in KPK revealed that the people most severely affected were predominantly small farmers and unskilled labourers. More than 60 percent lost

immediate access to their primary livelihood and experienced a drop in their already low income by more than half. The significant increase in food prices in flood-affected areas exacerbated the situation. The retail price of staple foods like broken rice and wheat increased by 80% after the flood. Poor people in rural areas rarely earn a living from a single source of income, but through a variety of different types of activity by different members of the household. For example, a small farmer with access to less than 5 acres will typically split production between crops for consumption, cash crops and fodder crops for livestock. It was determined that the flood had by and large increased access to labour opportunities for the landless labourers of the agricultural plains area.

After consultation the EMMA team focused on critical market areas of wheat seed, livestock, agriculture labour and timber poles (for shelter). The livestock component found that livestock were a critical safety net for the key target groups of small farmers and landless labourers. Tenant farmers tended to prioritize saving/replacing animals over agricultural input purchases such as wheat seed. Livestock-related flood impacts were most severe in the agricultural plains areas, as livestock had few alternatives for grazing or fodder, resulting in the deterioration of livestock condition and health. Crisis sales of diseased livestock were unprofitable due to the decline in price at village level. In the mountain areas, shelter for livestock was urgently required in preparation for winter, to prevent loss of livestock livelihoods and in order to prevent the need for migratory animal movements into the agricultural plains. No agencies were considering livestock shelter options.

The team recommended, along with recommendations related to wheat, labour and timber supplies, five livestock interventions:-

- targeted cash-based livestock fodder /shelter programmes (fodder & shelter in plains; shelter in mountains) to start immediately and run through the winter
- livestock programmes that contribute to the survival of remaining animals to start immediately for medium term impacts
- mixed fodder, timber and fuel woodlots and field edge plantings to start immediately for medium term impacts
- quick shelter solutions for livestock in mountains before winter, and incorporation of livestock shelter into all/most shelter programming
- improved fodder storage and fodder seed banks over the longer term

### **C. VETERINARY VOUCHER SCHEMES, ETHIOPIA**

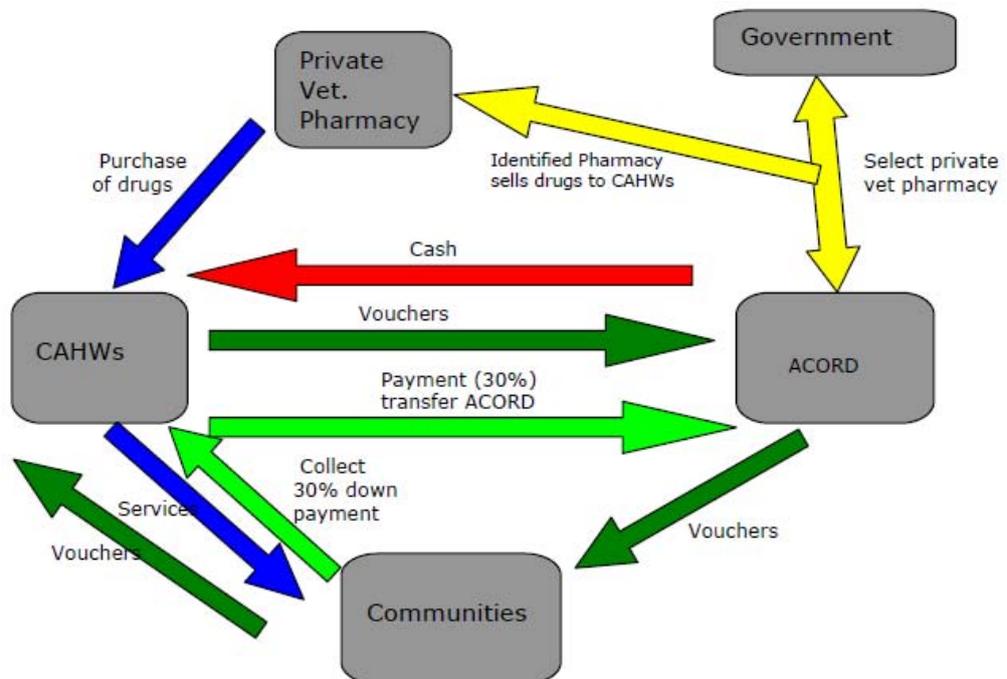
Several NGOs, FAO and local government in Ethiopia collaborated on the implementation of veterinary voucher schemes during the recovery phase of a drought. The projects were in remote areas where private veterinarians did not operate, so government vets took on a supervisory role and worked with private

veterinary pharmacies, Community Animal Health Workers (CAHWs) and local communities. There was variation between the projects but it was reported the most successful model was the community members issued with vouchers were still obliged to pay 30% of the treatment costs provided by the CAHWs. The CAHWs were obliged to buy their initial drug stocks from a private veterinary pharmacy at full cost. Once treatment had been completed, CAHWs received the voucher worth 70% of the cost of the drug and the 30% as cash. They gave the 30% cash as a form of cost recovery back the NGO (ACORD) along with the spent voucher. ACORD then reimbursed the CAHW for the cost of the drug along with a payment for their service to the community (Figure 8). The incentive paid to the CAHW was 20% of the cost of the treatment.

In all the voucher projects the target population consisted of the poorest and most vulnerable households and female headed households, as selected by the community.

The value of the vouchers varied from project to project but those projects that distributed vouchers worth more treatments were the most successful. If the voucher value was too small the beneficiaries complained and the process became overly bureaucratic for each household.

Figure 8: ACORD treatment voucher system



The Vouchers were for the treatment of a specified range of common diseases in the areas concerned, not for any disease.

FAO completed an assessment of the programme (FAO\_Ethiopia, 2010) using key indicators of availability, accessibility and quality of the service as well as intervention impacts on the existing animal health services, both public and private. The assessment concluded that in areas with strong CAHW programmes and private veterinary pharmacies and where stakeholders participate in the design, implementation and monitoring, a treatment voucher system will be effective and efficient in addressing the immediate veterinary needs of targeted beneficiaries during emergencies. The report stated that “efficiencies and the effectiveness of treatment vouchers emanate from the following merits:-

- they ensure service access to the intended beneficiaries (usually resource poor.)
- quality veterinary inputs are made available
- the private sector is supported and strengthened
- beneficiaries are empowered to get services
- the existing animal health service system, including CAHWs, is strengthened
- disease transmission risk is reduced as animals are not collected in one place
- assists to measure impact
- increases accountability”

One of the NGOs that used veterinary vouchers in Ethiopia, SC-US, also carried out an impact assessment of their scheme. They found that the mortality of the herds treated using SC-US vouchers was significantly lower than that of the control herds, both for small ruminants and for cattle ( $p < 0.001$ ). SC-US concluded that “given that the veterinary voucher scheme impacted positively upon the privatized systems, upon pastoral livelihoods, and upon the health of animals in the intervention area, it is worth trying in other areas” (Save\_the\_Children\_US, 2009).

#### **D. UNCONDITIONAL CASH DISTRIBUTION PROJECTS IN MONGOLIA**

In the early 2000s Mongolia suffered a series of devastating winters in which millions of animals perished and the livelihoods of thousands of herder families were seriously affected. Since livestock production is crucial to Mongolia’s economy the effects of the losses were widespread. By the summer of 2003 the situation had stabilised and many areas were in a recovery situation. Markets and supply chains were functioning and there was no increase in food prices due to shortages, although prices were high due to increased transportation costs. However many poor families were still unable to generate income to buy food (wheat) by selling their services (e.g. firewood), by selling animals or by taking up loans. This meant that their assets were being continually being depleted in the run-up to winter. Two separate initiatives by two organisations set out to support these poor people. In one initiative in-kind items (mainly wheat) were distributed and in the other a one-off unconditional cash grant was made. Similar selection

criteria for the target populations were used by both initiatives. An external review of the two programmes (Dietz, 2005.) made the following observations:-

- The impact achieved within the selected target group by the unconditional cash grant was significant. Many people used the opportunity to invest in assets from which they may benefit in the long term. The grant made use of the creativity and experience of beneficiary families to develop strategies to escape from their crisis and to start to implement them. The costs of running the programme were comparatively low, at 20% of the total available budget. The cash grants also had a very positive impact on shop owners, since beneficiaries used part of the cash to repay loans, which helped the wider economy. In general people did not spend all their money on one particular item but rather spread their spending as summarised below:-
  - Beneficiaries invested about 55% of the money they received in buying animals. The animals were essentially used to stock up herds. This was done strategically, balancing between small and large and young and old animals
  - 61% of the beneficiary families spent money on buying food
  - Roughly 30% of the beneficiaries used money to repay loans, spending similar amounts of money on repaying loans as they spent on buying food. This is a form of insurance as most families have to buy consumables on loan during the year
- The impact of the distribution of in-kind items was less by comparison. Beneficiaries appreciated receiving the in-kind contribution and people valued the quality of the produce. However, only a few people were able to use the money saved from not having to buy wheat flour and spend it on other, productive purposes, since cash at hand in most beneficiary families was nil or near nil. The long term impact from the provision of wheat flour, shoes and clothing was therefore rather small. It did however help beneficiaries not to further increase their debts and to avoid selling animals to raise the necessary cash for buying food.
- The cash grants programme showed that poor people and those under severe economic stress are perfectly capable of handling cash responsibly, and of developing and taking strategic decisions on what to spend the money on, in order to improve the livelihood of their families in the medium and long term. In situations in which a population has been exposed to severe economic stress over some time and in which a trading and market infrastructure is still intact while no rampant inflation exists, the cash approach offered significant advantages over the in-kind approach:-
  - response and preparation time was short
  - overheads can be kept low
  - beneficiaries become economic and social actors in their own community again, taking their own decisions on how to spend the money

## **E. PROTECTING INVESTMENTS: UNCONDITIONAL CASH FOR WORK, NIGER**

A shortage and poor distribution of rainfall for the 2009/2010 crop year resulted in a severe food shortage in Niger in 2010. Overall food insecurity was calculated at 47.7% of the population or at least 7.1 million people. The Irish Red Cross Society (IRCS) has a long term development programme in Niger. In order to strengthen and protect investments already made, IRCS planned to support vulnerable communities to cope with the rapidly deteriorating food insecurity situation. Their strategy aimed to reduce the intensified short-term vulnerability and strengthen the resilience of communities through the implementation of a Cash Programme.

An assessment of markets and food security determined that essential items were readily available in the markets and shortage was not envisaged to be a main concern. In this context, a cash transfer was considered appropriate as it encourages trade and production, and creates secondary economic benefits, whilst also allowing people greater choice and control over how they will rebuild their lives, thus helping to maintain their dignity as well as their livelihoods. Two methods of cash transfer were chosen: Cash-for-Work (CFW) and unconditional cash grant. The CFW programme targeted beneficiaries who were physically able to carry out work, and focused on the retrieval of land for agro-forestry-pastoral use, in order to increase water availability for plants, help in the reduction of storm water runoff and soil erosion, and promote water infiltration. Recipients of the cash transfer were identified by the local communities and included the elderly, sick and disabled.

The implementation of the activities in the field was carried out through the mobilisation and training of Niger Red Cross volunteers and the creation of community committees which were supervised by an IRCS team. Technical expertise for the CFW was provided by the Department of the Environment throughout the project, from the identification of appropriate sites and activities and training of the volunteers, right through to the final evaluation of the work completed.

The strategy and objectives of the CFW programme (e.g. the different elements of the work, the envisaged payment process and the management of tools) were explained at local village level. The committees were also formed during these meetings to assist in the management of the CFW activities. Payments were agreed against each structure built and made weekly. The final payment was made after the inventory of tools was validated and handed back to the IRCS.

A campaign to sensitise each village and to identify the cash transfer beneficiaries was carried out 3 weeks after the CFW had commenced. A vulnerability assessment carried out in late 2009 was utilized as a base for the identification of the beneficiaries. This element of the programme had not been addressed prior to the commencement of the CFW, in order to ensure that those physically unable to

work were easily identifiable through the daily monitoring of the CFW teams. In consultation and with unanimous agreement from the village chief and the villagers the corresponding households were identified. A coupon for 3 cash payments was given to each beneficiary.

To ensure the success and sustainability of the land recovery, seeds and trees were planted in the structures built using CFW at the end of the initiative.

An evaluation report of the scheme (IRCS, 2010) confirmed that beneficiaries utilised the monetary input to purchase cereals and general condiments to meet their basic food needs. It also allowed people greater choice and control over how to sustain and/or rebuild their lives. This intervention limited the overall negative impacts of a food security crisis such as high volumes of migration, reduction in number of meals and selling of animals. The distribution of cash directly to the beneficiaries encouraged trade and production, and created secondary economic benefits. In some cases, the money was used to purchase clothes, animals or other items which increased household assets and long-term livelihoods.

An indirect benefit of the project has been the development of water retention structures and significant growth of fodder on all the CFW sites.

A key recommendation arising from the evaluation was for any future CFW programme to begin earlier. This would allow for the completion of the activity prior to the arrival of rains, freeing the targeted population to then work in their fields. In the context of an emergency situation, an earlier intervention would in addition assist the population at an earlier stage of the crisis, alleviating their suffering, and would consequently reduce the destructive cycle of untimely migration.

## **F. UNCONDITIONAL CASH GRANT, NIGER**

With technical support from the British Red Cross, the International Federation of the Red Cross (IFRC) implemented a cash transfer project in Niger in 2005 designed to enable households in 90 villages to meet their basic needs. The project provided 5,713 households (34,000 people) with a cash grant of \$240, enough to cover subsistence needs for 40 days. An evaluation of the project found that families spent the money on foodstuffs, cattle and household implements. The cash was also used to pay off debts.

Having cash in hand gave farmers more choice as to when to sell their harvest, ensuring better management of crops and livestock, and families were able to stockpile millet, to help them through the lean period. Households were able to diversify their diets, and many communities pooled part of the cash to fund common projects, such as digging wells. A number of the more remote villages covered by the programme used some of the cash they received to buy carts to transport goods and people to and from market towns and health centres.

Concerns that distributing cash could lead to higher food prices proved largely unfounded. Weekly market monitoring indicated that overall market turnover increased by 40%, while the local bank reported a 30% increase in transactions, suggesting that the cash injection had boosted savings.

*Sources: (University\_of\_Arizona, 2006) (IFRC, 2006)*

## **G. COMPARING IN-KIND AND CASH TRANSFERS, HURRICANE MITCH (ICRC, 2007)**

In October 1998, Hurricane Mitch devastated several countries in Central America. Many people died - there were more than 7,000 victims in Honduras alone. The region's crop production, for both internal consumption and export, was badly affected. In response to this tragedy, the operating National Society and the International Federation of the Red Cross designed an agriculture rehabilitation programme for El Salvador, Guatemala, Honduras and Nicaragua. The programme benefited more than 30,000 peasant families providing certified corn and bean seeds, grain, fertilizer, spray pumps and complementary cash payments in two of the four countries.

The cash component was intended to cover immediate food needs where the food situation was desperate and to provide resources so that recipients could buy complementary items. Cash programmes were controversial at the time and only two country programmes decided to include such a component.

The overall programme included an action research module to compare six communities which received cash (in Guatemala) or cash and food (in Nicaragua) with six others that did not (in El Salvador and Honduras). The key findings of this study were as follows:-

- The support package composed exclusively of seed and fertilizer helped the beneficiary communities to restore production and would probably result in above average harvests. However, this type of package addressed neither the problem of immediate food scarcity nor the lack of economic resources to support production. As a result, recipients would be more likely to sell the seed in order to raise cash to solve immediate problems.
- Where the basic agricultural input package was reinforced with food aid and cash, it had an immediate impact on livelihood security, as it alleviated urgent needs for food, consequently decreasing the risk of the agricultural inputs being sold to raise cash.
- The distribution of an agricultural input package reinforced with cash (Guatemala) or with cash and food (Nicaragua) was found to be the best option. Cash permitted the improvement of livelihood security as it provided currency for immediate subsistence and also reinforced investments in production (inputs, labour and, on a moderate scale, long-term productive assets).

- In general, the beneficiaries used the cash in a responsible way. It was mainly employed to buy food and medicines, other agricultural inputs and complementary services, chickens, pigs and/or tools. There was no evidence of intra-household conflicts for control of the money. In most cases it remained in women's hands and couples negotiated its use. The inclusion of food aid and cash in Nicaragua strengthened the probability that the cash would be spent on productive investments (inputs, labour and capital).
- When consulted on their opinion regarding the ideal composition of the support package, the majority of the communities expressed preference for a combined assistance package that includes food, agricultural inputs and cash, although the percentage of opinions varied in each country, tending to favour the package which each received.

## H. CASH-FOR-WORK IN SOMALIA

Action Contre La Faim (ACF) implemented cash-for-work as part of a food security programme in the Wajid area of southern Somalia in 2004. In all, \$138,891 was distributed to 4,029 households. The salary was set at a level that enabled restocking (one of the objectives of the project) and distributed as a lump sum on completion of the work, to encourage households to make larger investments. Initially, cash was distributed directly by ACF, but in the second phase, for security reasons, beneficiaries were given vouchers which they could redeem with local businesspeople.

Post-distribution monitoring showed that the cash was predominantly used to repay debt. Access by beneficiaries to credit increased even prior to the distributions. During the 'hunger gap', more cash was spent on food and only a small amount on livestock (the amount spent on livestock rose from 5% to 29% after the harvest). Traders were able to respond to the increased demand. Villages that received cash were able to plant and harvest more and purchase more seeds than villages where the project was not implemented.

A key finding was around the timing of the project. It was concluded that direct grants might have been more appropriate during the hunger gap, and that to meet the objective of restocking, cash-for-work would be most effective following the harvest.

*Sources (Harvey, 2007) (Mattinen, 2006)*

## I. CASH-FOR-WORK, REBUILDING LIVELIHOODS, ETHIOPIA

The Somali and Oromiya Regions in Ethiopia are regularly affected by droughts and floods. The vulnerability of the pastoralists residing in these areas to such disasters has been gradually increasing over recent decades, driven by a combination of conflict, climate change, weak governance and population growth. There are

numerous ongoing relief and social protection initiatives to support the affected populations.

A project designed to protect, build and diversify assets in food insecure pastoralist areas has been supporting destitute and poor households through cash-for-work (CFW). The work included construction and rehabilitation of ponds (water pans), gully rehabilitation, weed clearance, dam and drain construction and hillside terracing. The expected outcomes of the CFW included:-

- provision of cash necessary for beneficiaries to purchase vital food supplies (i.e. no need to sell assets)
- population stays in area
- population in favourable position to benefit from seed fair activities
- improved access to water
- livelihood diversification through income generating groups

A midterm review of the project (Catley\_ &\_ Napier, 2010) suggested that one off CFW payment levels were insufficient to allow poor or destitute households to rebuild, protect or diversify livelihoods and that the CFW payments were merely allowing the purchase of vital food supplies.

The review team demonstrated their findings using simple economic models to show patterns of asset growth over time, and in the face of different pressures on livelihoods such as drought. The models also showed that higher levels of cash payment would be required to allow poor households to breed up to the minimum herd size required for sustainable pastoralism. The models were reinforced by case studies of successful cash transfers to enable restocking in Kenya (O'Donnel, 2007) (Croucher, 2005).

The review process raised the issue of whether it was best to support a large number of households to feed themselves for a few weeks by spreading the CFW very thinly or to provide larger amounts of cash to fewer households and enable them to sustainably rebuild their livelihoods.

## **J. USE OF MOBILE PHONES, SMART CARDS AND SOLAR TECHNOLOGIES TO PAY FOR WATER SUPPLIES**

Solar energy and mobile phone technology are helping residents of Katitika village in Eastern Kenya, one of the driest areas in the country, to access clean water. The facility is made of hybrid technologies combining the use of a solar-powered pump, a computerised card reader, a power bank comprising rechargeable batteries for energy storage, and electronic pre-paid cards. The solar-powered pump, which is linked to a borehole, transports clean water to a fetching point, fitted with an automated card detector, just like a cash point outside a bank. Using prepaid cards,

residents pay for a given quantity of fresh water. Cards can be recharged using the mobile phone-based money transfer system M-Pesa. “Until this facility was developed, we had to walk 11 km to the seasonal Kaiti River where we made shallow wells in the dry riverbed in search of water,” said villager Monica Kiilu.

Dubbed ‘maji ya kompiuta’ (computerised water), the water point was developed through a collaboration between mobile phone provider Safaricom, Danish company Grundfos Lifelink and the local Katitika Self Help Group (SPORE, 2010).

## Annex 3: Payment mechanisms

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The practicalities of how to pay people cash should not be underestimated. As every situation is likely to be different, it is important that agencies are familiar with the issues around how and when to pay the cash and through whom to pay it.

The options for how to pay cash, vouchers or e-money include: direct delivery (cash in envelopes); delivery through banking systems (either over the counter, from ATMs or other mobile banking technologies); and delivery using smart cards, debit cards, prepaid cards and mobile phone technologies. These can be paid via government agencies, aid agencies, banks, post offices, mobile phone companies, micro-finance companies, security companies, local traders or a combination of these.

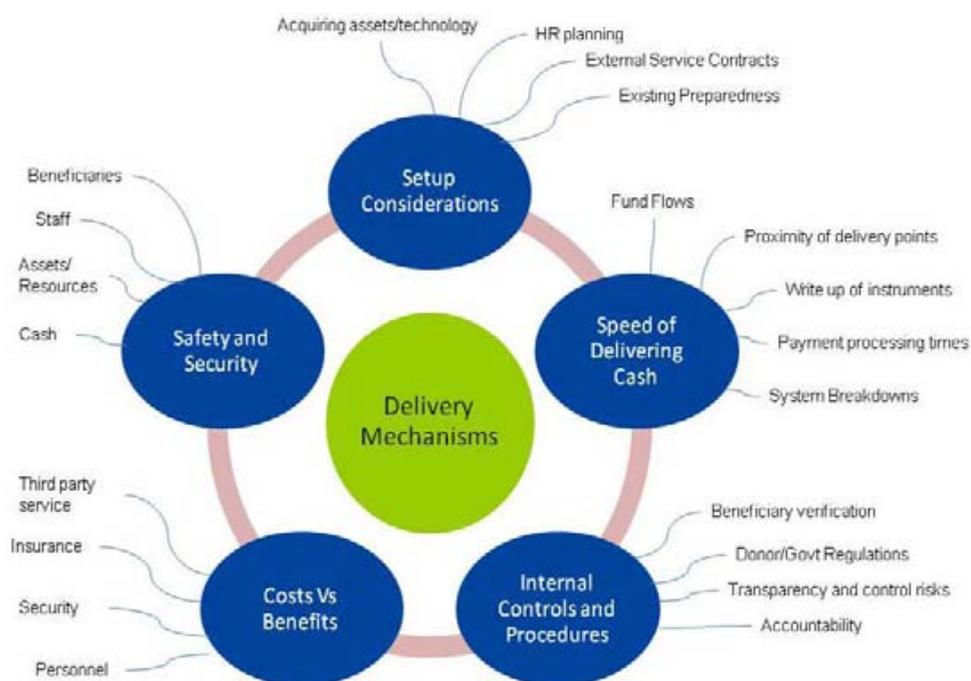
(Harvey\_et\_al., 2010) have prepared a comprehensive:-

- the costs and benefits to both the recipients and the delivery agents
- the speed with which the transfer mechanism can be established
- the resilience of the mechanism in the face of an emergency situation
- the capacity to of the mechanism to access vulnerable groups such as the sick and the elderly

Banks are usually efficient and effective but may be less accessible to vulnerable people. However, if banks are accessible, perhaps through mobile banking, they can be a more secure option. The choice of delivery mechanism requires an assessment of options and consultation with recipients. Issues to consider are costs for recipients (bank charges, travel time and costs, time at collection points); costs for the organisation (charges and set-up costs of provider, staff time to set up and administer, and transport, security, education and training of recipients); and efficiency and effectiveness (reliability, resilience, accountability, transparency, monitoring, flexibility, financial control, financial security and access by vulnerable people). An approach that may appear costly may still be the most appropriate transfer mechanism (Sphere, 2011). Figure 9 presents some of these considerations while some of the advantages and possible disadvantages of each delivery mechanism are described in Table 12.

Ensuring a viable payment mechanism is a crucial part of preparedness, particularly for large scale cash transfers. For example if smart cards are printed and ready for use or agreements with phone companies and banks are in place in advance of an emergency the speed and scale of response can be faster and larger.

Figure 9: Key issues to consider when determining a cash delivery mechanism



Source (NAWAZ, 2011)

Table 12: Advantages and disadvantages of different cash delivery options

Cash delivery option	Advantages	Possible disadvantages
<b>Direct delivery (cash in envelopes)</b>	Speed, simplicity, and cost. Flexible if recipients move location.	Security and corruption risks. Often labour intensive, especially in terms of staff time. For recipients a lack of flexibility in when they receive cash and possible long waiting times.
<b>Delivery using bank accounts</b>	Reduced workload for agency staff. Corruption and security risks may be reduced if institutions have strong control systems. Flexibility and convenience for recipients who can choose when to withdraw cash and avoid queues. Access to financial system for previously unbanked recipients. Can link to existing social protection programmes that pay into bank accounts.	Time needed to negotiate terms, contractual terms and establish systems. Reluctance to set up accounts for small amounts of money. Bank charges may be expensive. Recipients may be unfamiliar with financial institutions and have some fears in dealing with them. Possible exclusion of people without necessary documentation and of children.
<b>Without accounts using cheques</b>	As above and can avoid delays that can be caused by having to verify transfers.	As bank accounts are not opened, recipients do not gain access to the banking system.
<b>Delivery using sub-contracted parties (remittance companies)</b>	Sub-contracted parties accept some responsibility for loss. Security risks for agency reduced. Remittance companies may have greater access than agencies to insecure areas. Recipients may be familiar with these types of systems. Flexibility and access – these systems may be near to where recipients live and may offer greater flexibility in receiving their cash	The system may require greater monitoring for auditing purposes. Reduced control over distribution time frame. Credibility could be at risk if the transfer company cannot provide the money to the agreed time schedule. Recipients may be more removed from aid agency and so less able to complain if things go wrong.
<b>Delivery via pre-paid cards or mobiles</b>	As with banks, possible reduced corruption and security risks, reduced workload for agency staff, greater flexibility for recipients. Greater flexibility in where cash can be collected from (eg, mobile Points of Sale, local traders). A mobile phone (individual or communal) can be provided at low cost to those who don't already have them.	Systems may take time and be complex to establish. Risks of agents or branches running out of money. Costs and risks of new technology such as smart cards. Recipients may be unfamiliar with new systems. Form of identity required to use payment instrument depends on local regulations and may exclude some people.

Source (Harvey et al., 2010)

## Annex 4: Bibliography

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## **MARKET ANALYSIS**

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## Annex 5: Suggestions for revision of LEGS

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The LEGS Steering Group is responsible for the content and format of LEGS, and for endorsing changes to the LEGS Handbook, following wide consultation. The content of this Annex provides specific ideas for the Steering Group's consideration. The suggestions are grouped according to the relevant LEGS chapter.

### CHAPTER 2 – ASSESSMENT AND RESPONSE

The LEGS assessment questions on the impact of the emergency<sup>xiv</sup> will need to be enhanced to include more detailed market analysis if LEGS is to include the possibility of cash transfers. For example, LEGS Assessment Checklist question 2.7 deals with the impact of the emergency on overall livestock management strategies and question 2.7.2, specifically asks, '*What is the impact on access to water resources for livestock?*' If the answer is that water resources have been severely negatively impacted, then a more in depth market analysis of water supply will be needed. Once an assessment of the functionality of a water market has been determined, decision makers, in consultation with local communities and traders, may then decide if their technical response could include a water-related cash transfer. This could be through a number of different cash transfer tools. For example, a voucher scheme where vouchers are traded for water deliveries, a CFW scheme to repair or upgrade water supplies, or even an unconditional cash grant so that people with livestock can buy water and people without livestock can meet their individual needs in other ways.

Similarly, if the answer to Assessment Checklist question 2.7.5 '*What is the impact on livestock services?*' determines that either clinical veterinary inputs have been disrupted or livestock owners no longer have the resources to pay for vet services or both, then an appropriate market analysis needs to be carried out on private veterinary service provision to assess the capacity for the market to respond. This could include a variety of options depending on context, e.g. the availability of Community Animal Health Workers (CAHWs), para-vets, private vets, government policy and legislation, private veterinary pharmacies, security etc. Suggested changes include:-

- Preliminary Assessment Checklist 1: should include an extra question on the management of household income
- Preliminary Assessment Checklist 2: add a further group of questions to complement market related questions in 2.8 around 'What markets have been

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<sup>xiv</sup> LEGS Appendix 2.1 page 33, questions 2.6, 2.7 and 2.8

most affected by the emergency?’ These questions should be based on core MIFIRA questions as follows:-

- Are target beneficiaries well connected to local markets?
  - How will local demand respond to transfers of cash or specified in kind goods and services?
  - What quantity of in-kind goods and services can traders and service providers supply at or near current costs?
  - Do local food traders behave competitively?
  - Do target beneficiaries have a preference over the type of assistance they receive (cash or in-kind)?
- Preliminary Assessment Checklist 3: add questions on:-
    - What are the options for delivering cash to people?
    - Are banking systems or informal financial transfer mechanisms functioning?
    - What are the risks of cash benefits being taxed or seized by elites or warring parties?
    - How do these compare to the risks of in-kind alternatives to cash?

This paper notes the similarities between LEGS and EMMA and notes that MIFIRA can support response analysis on whether to utilise an in-kind or cash transfer response within LEGS technical interventions. As neither tool is perfect, it is recommended that LEGS commission the development of a ‘Livestock Emergency Market Mapping and Analysis Toolkit’ that could be annexed to LEGS or at least available on the LEGS website.

Unconditional cash transfers can provide institutional challenges for sectoral organisations with a mission statement focused on livestock. However experience of unconditional grants is positive and they should certainly be considered by decision makers using LEGS. The ‘Identifying livestock-related emergency responses’ section of LEGS (page 23) should provide brief guidance on when and how to implement unconditional cash transfers (Section 6.1 of this paper) and refer readers to more detailed guidance (ICRC, Guidelines for cash transfer programming, 2007) (Sphere, 2011). It is important to note in this section that agencies providing unconditional cash grants to livestock owning communities should still provide technical guidance to recipients based on the six technical chapters of LEGS.

## **LEGS COMMON STANDARDS CHAPTER**

Refer to Section 5 for general comment on common standards.

### Common Standard 2 – Initial Assessment:

- Add ‘understanding of market systems’ to the standard.

- Add key indicator/actions:-
  - Key Action: Design assessments that consider how affected markets, households, and enterprises operated prior to the crisis; how markets were impacted by the crisis; and how markets respond on an ongoing basis following the crisis (SEEP, 2011)
  - Key Indicator: Assessments provide a picture of how affected households, enterprises and market systems operated prior to the crisis; how they were impacted by the crisis; and how they cope now (SEEP 2011)
  - Key Indicator: Assessments use a systemic approach. They place economic recovery strategies within a wider context of market systems, economic trends, and political and socio-economic institutions (SEEP 2011)
- Guidance Note 3: refer readers to EMMA, MIFIRA (plus any Livestock Emergency Market Mapping and Analysis Toolkit developed) and mention that financial services should also be assessed.

#### Common Standard 5 – M&E and Livelihoods Impact:

- Key Indicators (sixth bullet) page 53: add ‘Impact is assessed according to changes in the livelihoods of the affected communities, traders and service providers (see guidance note 5)’
- Add Key Indicator ‘Any intervention in kind or cash based can have a market effect. M&E systems take into account prices of key relevant commodities’.
- Guidance note 1, page 53 add: Monitoring and evaluation as a priority: to date relatively little is known about the impact on people’s livelihoods and market systems of the many livestock interventions which have been carried out as part of humanitarian response over the last few decades.
- Guidance note 3, page 54: mention monitoring should include prices of key goods, multiplier effects in local economies and price fluctuations. Key questions are: What are people buying with the cash and vouchers provided? Can people receive and spend cash safely? Are cash and vouchers being diverted? Do women influence how the cash or voucher is spent? Also mention market assessment should analyse the situation before and after the disaster, and the competitiveness and integration of the market to respond to current needs (Sphere, 2011)
- Guidance note 5, page 54: also mention the impacts of cash and vouchers in the market

#### Common Standard 6 – Technical support and agency competencies:

- Change wording of common standard to ‘Agency staff possess appropriate qualifications, attitudes and experience to effectively plan, implement and assess livelihoods-based livestock programmes in emergency contexts’.

- Key Indicator bullet one: change to: ‘Agency staff possess relevant technical qualifications, and the knowledge and skills to conduct rapid participatory assessments, market assessments and joint planning of interventions with all relevant population subsets and vulnerable groups (see guidance note 1).’
- Guidance note 2, page 56: add ‘In addition, workers also need to be familiar with livelihoods-based programming and basic market analysis. All of these knowledge requirements can be addressed in short training courses before disasters occur.’ Refer readers to sources of training on market analysis (EMMA, FAO Food Security and MIFIRA).

#### Common Standard 7 – preparedness:

- Guidance Note 3, page 57: add that the cash payment mechanism needs to be prepared in advance.

#### Common Standard 8 – advocacy and policy:

- Guidance Note: add that agencies should advocate governments consider non-traditional interventions such as cash transfers, as necessary.

### **LEGS TECHNICAL INTERVENTION CHAPTERS**

#### Destocking

- Section 3: Slaughter Destocking: Guidance note 3 use the term voucher rather than coupon.

#### Veterinary Services

- Refer to new Case Studies (Annex 2) as appropriate.
- Decision tree: utilising MIFIRA checklist of questions, add a decision tree on how to provide ‘Primary Clinical Veterinary Services’ options, to include cash/voucher schemes, unconditional grants, free or subsidised veterinary services.
- Standard 1: service design and implementation, guidance note 2, page 102: refer to Case Study C (Annex 2).
- Appendix 5.2, page 109: add process indicators related to cash and vouchers.

## Feeding

- Options, page 116: make strong statement that conditional cash grants and voucher schemes have proven to be effective and should be considered where markets are functioning.
- Emergency Feeding, disruption of local markets, page 118: add guidance on use of cash and vouchers for feed purchase.
- Table 6.1, page 119: remove sentence ‘cash or food for work opportunities for caretakers /guards’ next to emergency feeding (CFW generally applies to large numbers of people).
- Emergency Feeding Standard 2, feed safety: note that voucher schemes are particularly useful where households lack storage facilities. The feed can be stored properly at a central facility and voucher used when feed is required.
- Emergency Feeding Standard 3: sources and distribution of feed resources, guidance note 2, page 133: add guidance on the use of cash / vouchers and unconditional grants.
- Appendix 6.2, page 139: add a new heading on ‘Impact on Feed Markets’ and add checklist questions.

## Water

- Options, page 145: make strong statement that conditional cash grants and voucher schemes have proven to be effective and should be considered where markets are functioning.
- Table 7.1, page 147: mentions CFW in rehabilitation of water sources. Mention that conditional and unconditional cash transfers can be utilised both to pay for water and to provide more flexibility in water transport. Provide case study on how one community opted to purchase camels to carry water rather than pay for water trucking. The camels remained productive for years.
- Decision trees: expand to include cash transfer options.
- Appendix 7.2, page 164: add new heading and checklist for water market development.

## Shelter

- Livestock Shelter and Settlement Standards 1 and 4: add guidance notes on market assessment and use of conditional cash/vouchers for purchase of shelter materials.
- Appendix 8.1, page 181: under shelter add questions on whether cash transfers can be used without increasing market prices.

## Provision of livestock

- Other livestock distribution approaches, page 189: strengthen section on cash distributions to emphasise good practice, refer to (Sphere, 2011) section 4.2.
- Decision tree, page 195, add further options on cash and voucher use.
- Standard 2: definition of the package, page 198: add key indicator on setting of cash values.
- Standard 3: credit, procurement, transport and delivery systems, guidance note 5, page 201: discuss use of indirect cash grants and vouchers to facilitate transport planning.
- Standard 4: additional support, guidance note 5, 6 and 7, page 203: mention use of cash and vouchers to assist with all these support options.
- Procurement checklist, page 205: note this list contains good market-orientated questions.

## **LEGS TRAINING OF TRAINERS**

- Experience on the use of cash transfers should be included as one of the selection criteria for TOT training.
- Prepare a 'Deep Content' session on cash transfers. Draw on (Sphere, 2011) to prepare this.
- Rather than trying to include detailed training on cash transfers into the current LEGS training, refer interested trainees to specific cash transfer training as organised by the Cash Learning Partnership (CaLP)
- In the medium term consider a livestock and cash transfers training. This would need to be at least 2 days long and utilise the increasing amounts of evidence of good practice and impact of cash transfers in the livestock sector.

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