

October 19th - 21st 2016. Juba



SOUTH SUDAN

Food Security & Livelihoods Cluster

Strengthening Humanitarian Response

Cash-based programming for the food security and livelihoods sector

DAY 3

Session 8 - Transfer value calculation

Guiding principle

- ▶ Calculations for the transfer size are based on the **objectives of the programme.**
 - ▶ Meeting specific needs: food, health, NFIs
 - ▶ Social safety net objectives:
 - ▶ Protective - Relief from economic and social deprivation
 - ▶ Preventive - Mitigate the impact of shocks
 - ▶ Promotive - Enhance assets and human capital
 - ▶ Transformative - Policy and macro level to address inequality
- ▶ N.B. What are the objectives of your programme? What is your measure of success?

The food gap approach

Difference between nutritional needs and what targeted beneficiaries are able to provide for themselves without adopting distressed strategies.

Food Gap

=

Nutritional Needs:

Average intake of 2,100 kcal/p/day

(with an appropriate proportion of calories from proteins (10-12%) and fats (min. 17%) and adequate amount of micro nutrients)

Nutritional Value of the food the household is able to provide for themselves without resorting to negative coping strategies.

How to meet the food gap?

In-kind food → **WFP Food Basket**



Cash and Vouchers →

Transfer Value
determined by the
minimum
**Nutritionally Balanced
Food Basket** available in
the market

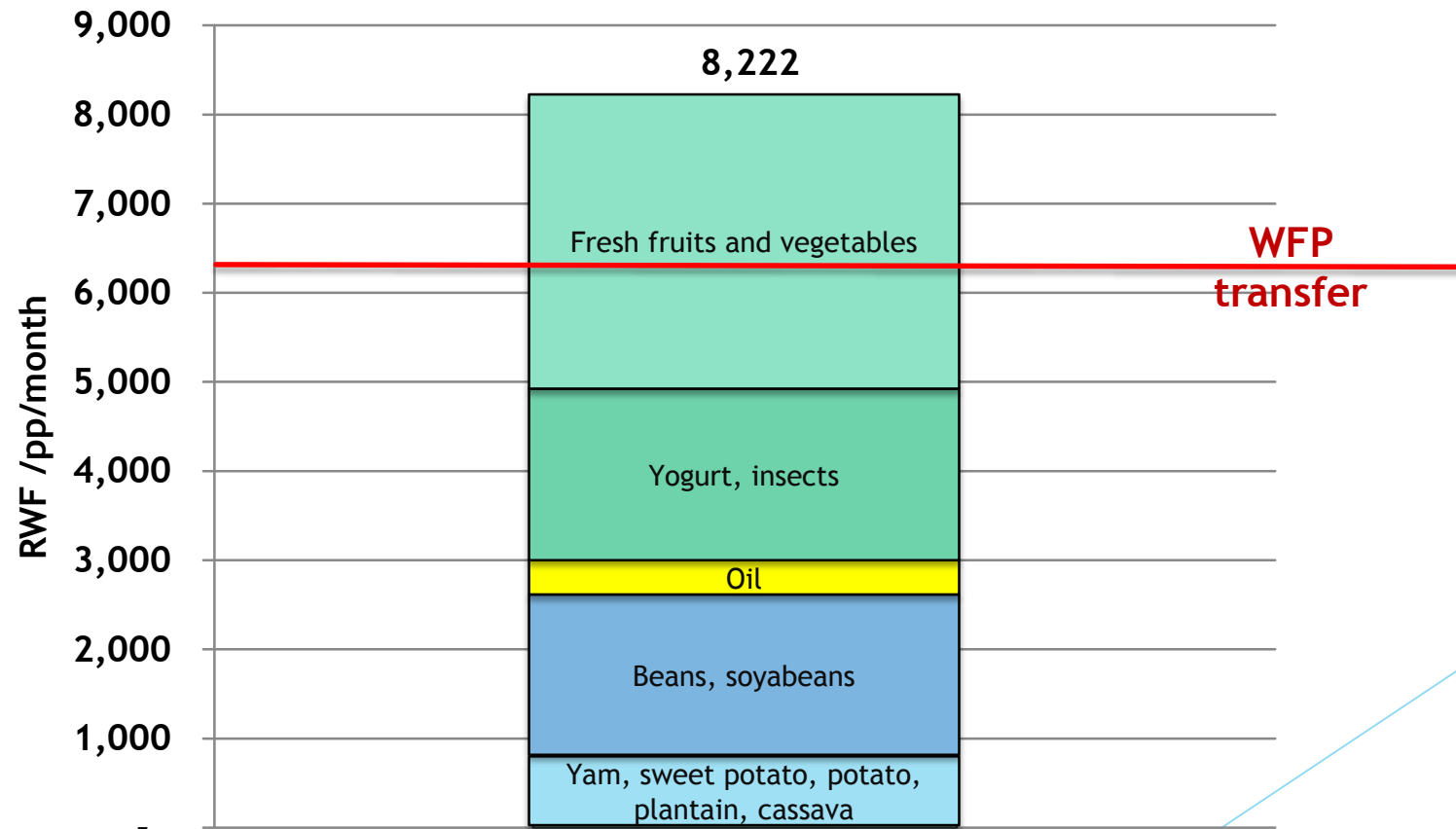


Some aspects to consider

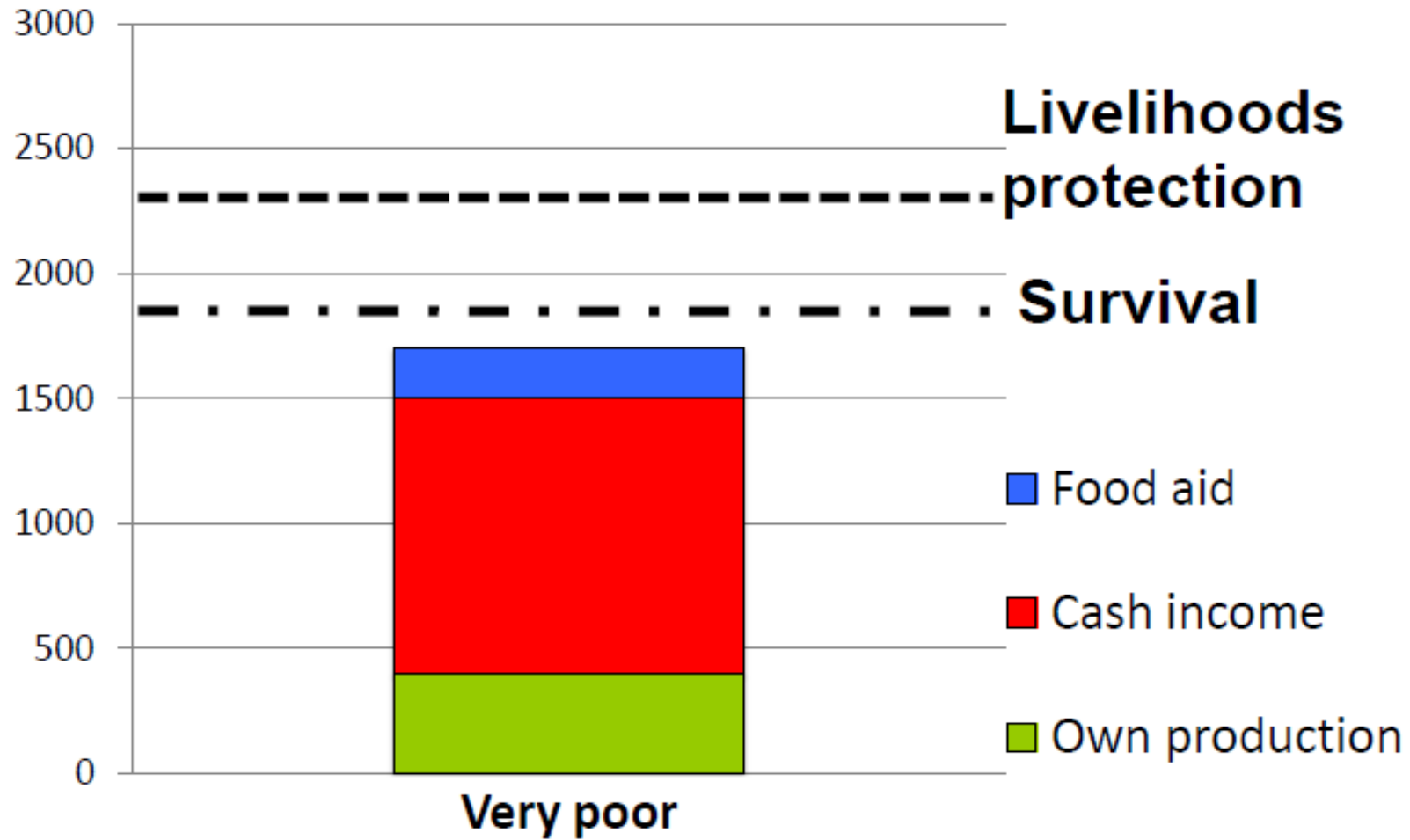
1. What aspects of food preference, preparation, cultural acceptability, and local palatability have to be considered in determining the food basket?
2. Which commodities are available on local markets at different seasons?
3. Are commodities prices likely to rise during the duration of the project? What is the expected inflation?
4. Is there an additional cost incurred in accessing the cash and/or the market?
5. Do beneficiaries receive assistance from other programmes or partners?

Cost of Diet approach

- ▶ What is the minimum cost of a healthy, balanced diet at the local market?



Livelihoods approach (HEA)



Minimum expenditure basket approach (MEB)

The background of the slide features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the right side and bottom of the frame, creating a modern, dynamic aesthetic.

Cash for NFIs

- ▶ Market value of the NFI (seeds, tools, building materials, etc)

Cash for Work / Cash for Assets

- ▶ Daily labour rates should be set just below the usual market rate (self-selection)
- ▶ Payments can vary according to the skill level of work, the length of the workday and the time period of the project
- ▶ Monitor that CFW is not linked to labour shortages

(IFRC)

Cash for Work / Cash for Assets (2)

- ▶ Fixed wages 10 to 20% lower than regular market rate
- ▶ In the immediate aftermath of a large-scale disaster, the majority of employment activities may be interrupted. In this case, it may be appropriate to adopt wage rates comparable or even superior.
- ▶ If local businesses have difficulties hiring sufficient laborers, aid agencies should either
 - ▶ restrict the number of participants
 - ▶ decrease the number of days worked
 - ▶ reduce wages
- ▶ Payments can be
 - ▶ Per unit
 - ▶ Per timeframe
 - ▶ Pay as daily wage

(Mercy Corps)

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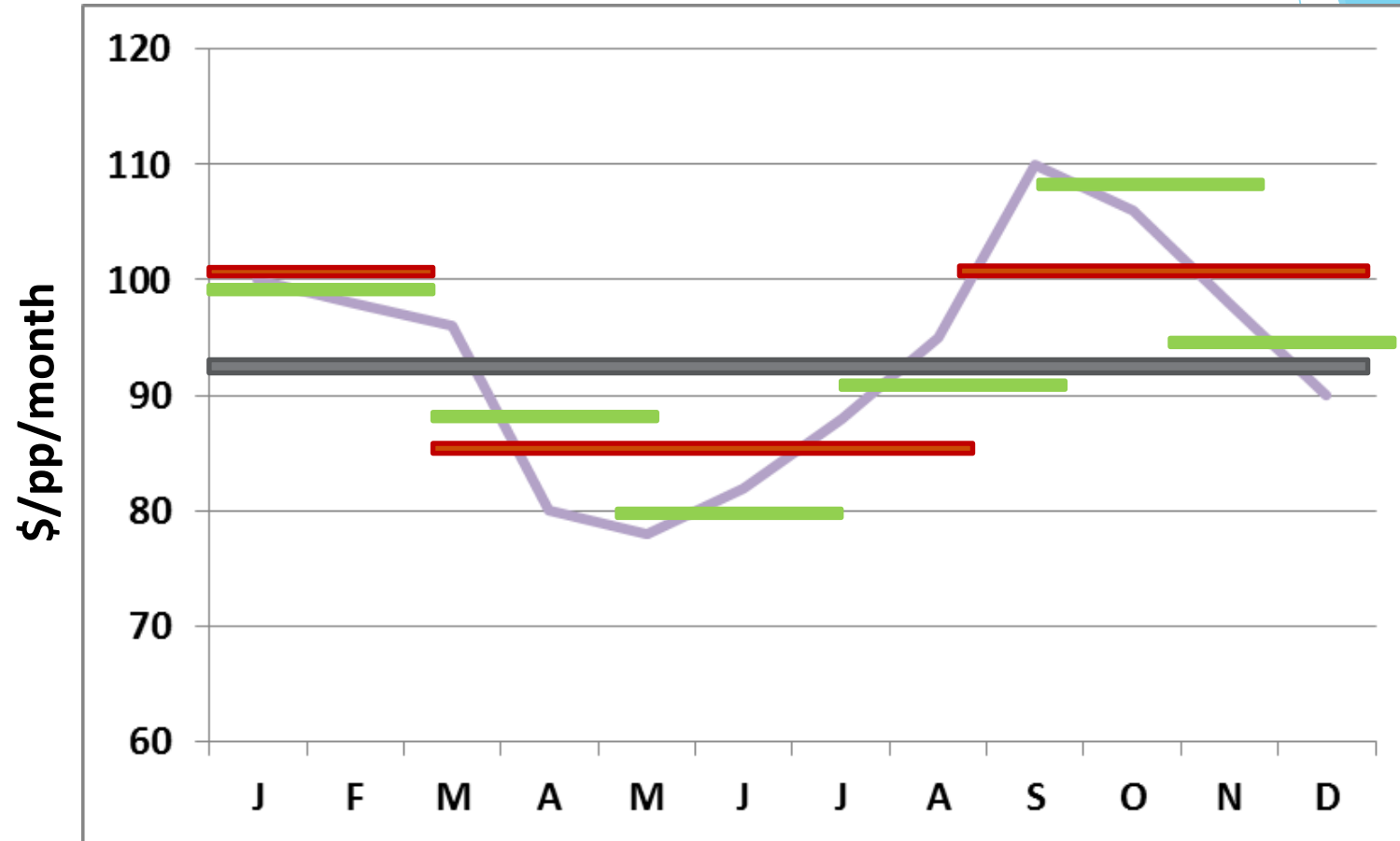
(Mercy Corps)

Cash for Work / Cash for Assets (3)

- ▶ Consider a differential wage structure to reflect the structure you have set up for the management of public works (i.e. public works coordinators, overseeing a number of team leaders, who in turn oversee 'x' number of workers)
- ▶ Consider variability of wages between urban and rural populations

(Save the Children)

Seasonal variation



- Annual average
- Seasonal average (X2)
- Bi-monthly average (X6)

Potential mistakes

- ▶ Value of in-kind assistance most likely is not comparable to value of similar item in the local market
- ▶ Not including transaction costs for beneficiaries
- ▶ Not consideration for costs associated to the transformation/utilization of the purchased item

Session 9 - Cost efficiency and effectiveness

Efficiency and effectiveness



Cost-efficiency

Cost of delivering programme:

- Running costs
- Operational costs

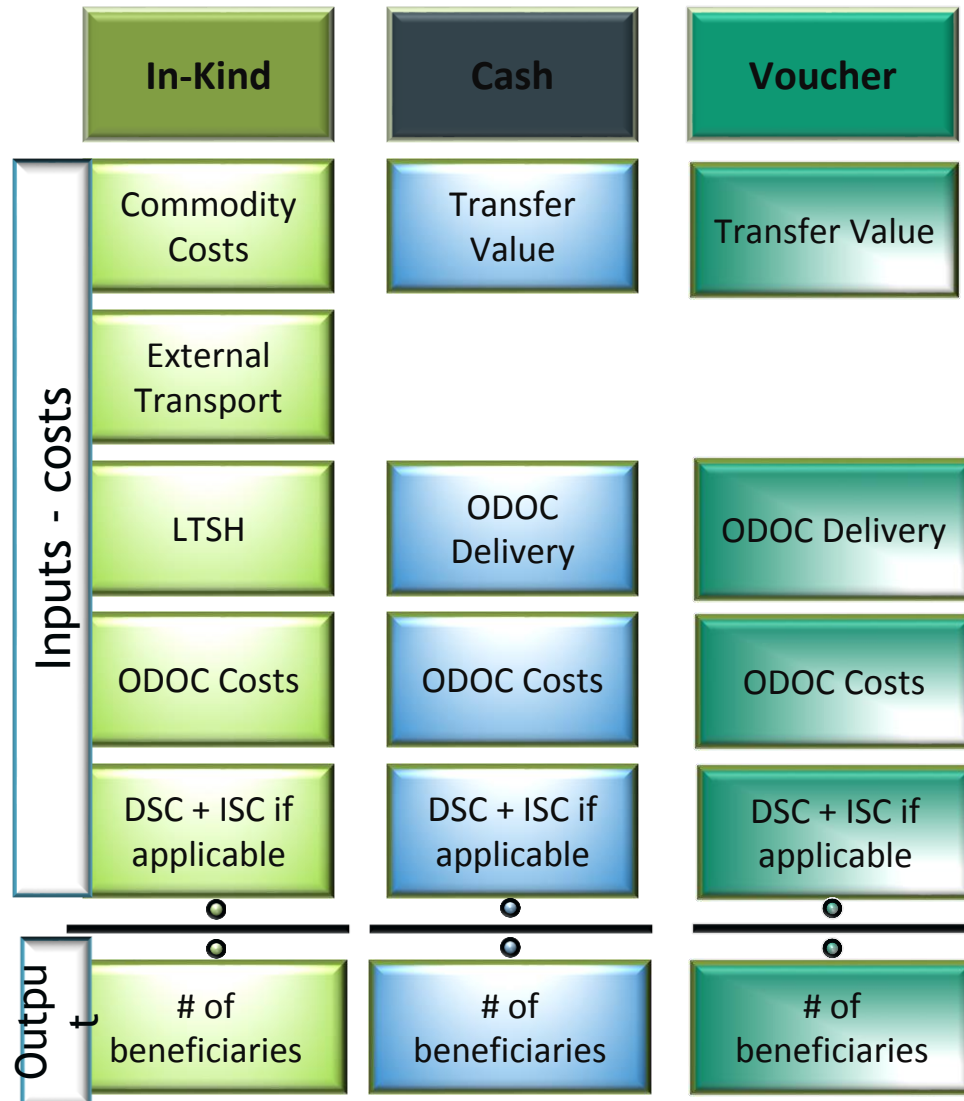
Cost-effectiveness

- Objectives
- Agency mandate
- Community priorities
- Government priorities
- Opportunities for sustainability

Clarifying points

- ▶ Cost-efficiency measures input costs against outputs in monetary terms.
- ▶ Not all benefits can be measured in monetary terms, therefore cost-effectiveness is difficult to assess and to gauge.

Cost-efficiency in WFP

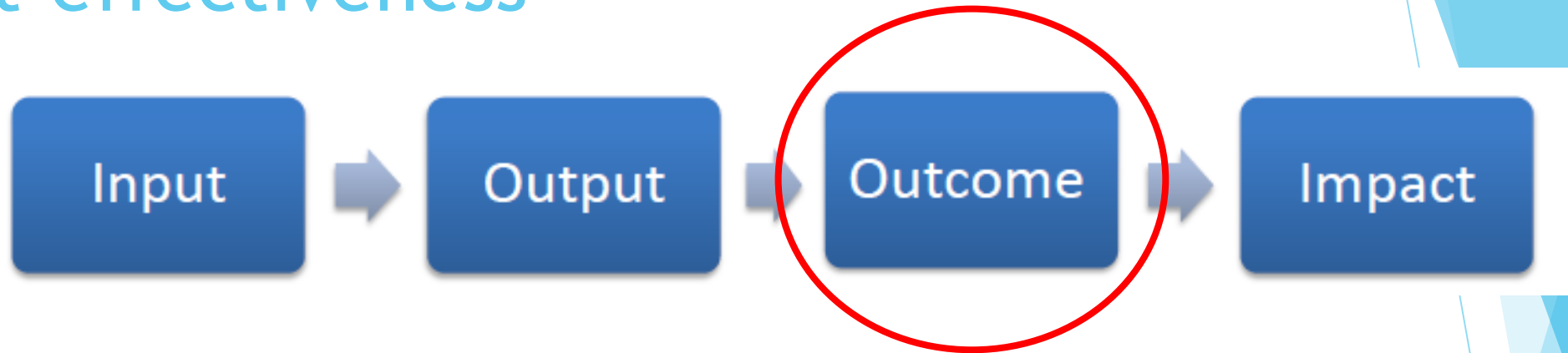


All baskets should be equivalent in **energy kcal** according to the identified food gap.

The **output** for each transfer modality is:

- Number of beneficiaries assisted/reached

Cost-effectiveness



- ▶ What are your intended outcomes (based on the objectives of the programme?)
- ▶ Are there any unintended outcomes that cash-based programmes are producing?

Basic measurement of cost-effectiveness

$$\text{Cost of improving indicator} = \frac{\text{Transfer size + delivery costs}}{\% \text{ improvement of indicator}}$$

Basic measurement of cost-effectiveness

Example

Cost of in-kind delivery = USD 14 /person/month

Cash transfer size = USD 12/person/month

Cash delivery costs = USD 1.5/person/month

FCS at baseline = 39

FCS after 6 months of in-kind = 42

FCS after 6 months of cash = 44

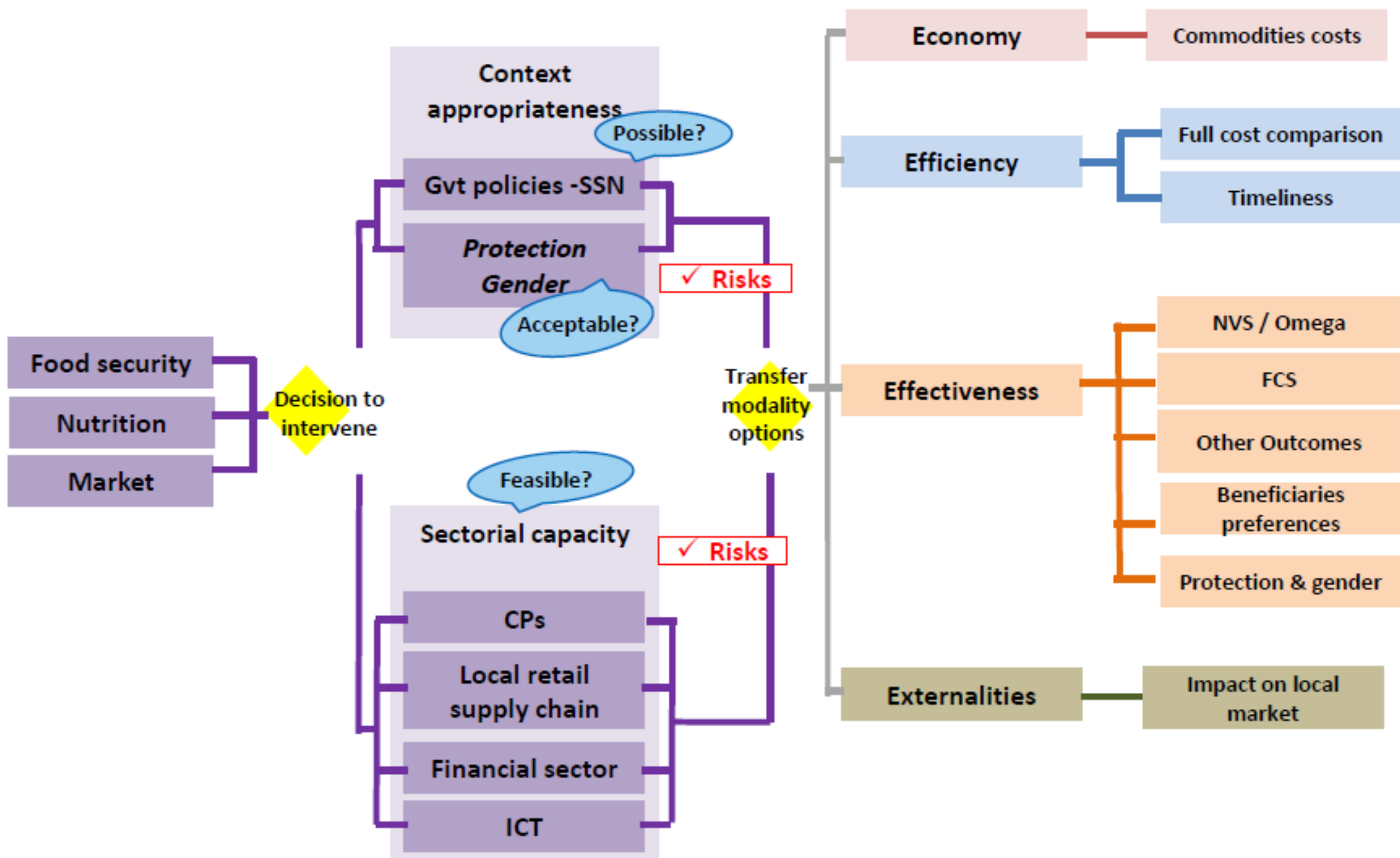
$$\text{Cost of improving indicator} = \frac{\text{Transfer size + delivery costs}}{\% \text{ improvement of indicator}}$$

Additional outcomes

- ▶ Beneficiary dignity
- ▶ Beneficiary choice
- ▶ Impact on local economy
- ▶ Financial inclusion
- ▶ Social cohesion

Session 10 - Protection considerations

Session 11 - Decision making



How to select the most appropriate modality?

Weighted ranking score

1. Establish criteria
2. Give weights to each criteria (how important they are)
3. Score each modality against the criteria
4. Calculate the weighted score

Establish criteria and assign weights

What am I looking for in a transfer modality that helps me achieve programme objectives?

1. Cost-efficiency
2. Reliability of technology
3. Country-wide solution
4. Minimize security risk
5. Beneficiaries acceptance
6. Traders' acceptance

Exercise: Establish weights

From 1 to 5 (5= very important)

1. Cost-efficiency
2. Reliability of technology
3. Country-wide solution
4. Minimize security risk
5. Beneficiaries acceptance
6. Traders' acceptance
7. Impact on local economy

Exercise: Score each modality

How well each modality meets the criteria?

(1 to 5, where 5 means very good performance)

	Direct cash	Paper voucher
Cost-efficiency		
Reliability of technology		
Country-wide solution		
Minimize security risk		
Traders' acceptance		
Beneficiaries acceptance		
Impact on local economy		

Exercise: Calculate weighted score

	WEIGHT	Direct cash	Paper voucher
Cost-efficiency	3		
Reliability of technology	5		
Country-wide solution	2		
Minimize security risk	5		
Traders' acceptance	4		
Beneficiaries acceptance	3		
Impact on local economy	2		
TOTAL			

