Overview for Cash Transfer Programming Modalities

- **Bond notes:**
  - Advantages:
    - Flexibility for beneficiaries
    - Empowerment of local markets
    - No extra charges for payment
  - Drawbacks:
    - Unstable exchange rate for organisations
    - Difficult and very limited access to bond notes
    - Limited access to food on markets
    - Risks of leakage/theft/exchange loss during transport, transfer or usage processes.
    - Contributes to fuelling inflation

- **Mobile Money - RTGS transfers:**
  - Advantages:
    - Beneficiaries can access money whenever they need it most
    - Very high flexibility and immediately usable
    - Beneficiaries are familiar with this modality
    - Safe and easy to monitor transfer process, no transport needed
  - Drawbacks:
    - Extra charges for payments and withdrawal
    - Low opportunity and access to withdraw cash
    - Not all wards are completely covered by mobile network
    - Not all beneficiaries might have a mobile phone/mobile money account, in particular the most vulnerable ones
    - A Help desk must be accessible and available non-stop
    - Limited access to food on markets
    - Contributes to fuelling inflation

- **Mobile Money - USD transfers:**
  - Advantages:
    - More convenient for organizations as transfer value does not need to be re-calculated every month
    - Removes the risk of losses due to inflation if beneficiaries do not spend the cash immediately, giving greater flexibility
• **Drawbacks:**
  - Need to provide financial literacy trainings
  - A Help desk must be accessible and available non-stop
  - Extra charges for payment and withdrawal
  - Low opportunity and access to withdraw cash
  - Not all wards are completely covered by mobile network
  - Not all beneficiaries might have a mobile phone/mobile money account, in particular the most vulnerable ones.
  - Limited access to food on markets
  - Contributes to fuelling inflation

- **Voucher-based interventions (Commodity Vouchers / Value vouchers / E-Vouchers, Fairs):**
  - **Advantages:**
    - Prices and quality of goods can be monitored.
    - Commodity vouchers protect beneficiaries against inflation
  - **Drawbacks:**
    - Low flexibility
    - Requires more planning, preparation and administrative back-up as a network of partner vendors must be set-up first
    - Traders who are not involved in the programme may be disadvantaged, thus potentially creating adverse market distortions
    - High risk of exchange loss supported by humanitarian organizations in case of inflation

- **In-kind distribution:**
  - **Advantages:**
    - Prices and quality of goods can be monitored
    - Beneficiaries protected against inflation
    - Assistance is immediately usable
    - If food is procured out of Zimbabwe: can contribute to alleviating inflation and food shortage in the country
  - **Drawbacks:**
    - Low flexibility
    - Risk of shortage, threatening supply chains
    - High transport costs
    - High risk of exchange loss supported by humanitarian organizations in case of inflation
Cash transfer programs in general

- In some contexts, cash transfer programs may initiate or support existing efforts to empower women by: facilitating women’s access to financial resources; recognising the role played by women in the household economy; and by supporting women’s economic leadership. A strong analysis of gender relations must inform the choice of cash recipients in a short term/one off cash transfer programs and the principle of „do no harm“ must be followed.

- In general, cash transfers programs are more cost effective as compared to in-kind transfer because they do not require a large number of staff and reduce purchase, warehousing and transportation costs. If well planned, cash transfer programs can also increase the speed of response as the set-up time is lower compared to an in-kind distribution programme.

- However, in the environment of Zimbabwe, where a part of markets faces a limited supply of goods or services, an influx of cash may lead to inflation, price distortions or shortages of key items if supply cannot meet the increased demand.