

1. GETTING STARTED: GENERAL OPERATIONS CONSIDERATIONS

Overview of Cash-Based Program Modalities

There are 3 main modalities in cash-based programs in this guidance: direct cash transfers, cash vouchers and commodity vouchers. With direct cash transfers the beneficiary receives money from the project, often in the local currency. Cash vouchers are coupons (usually digital) which have a monetary value. These coupons can be used by beneficiaries to purchase goods at selected vendors. Commodity vouchers are coupons (also usually digital) that can be exchanged for specific commodity or set of commodities, such as Jerry-can or Hygiene Kit. Commodity vouchers can be redeemed at a selected vendor in exchange for the specified items.

For each of these modalities there is a subset of parameters that shape the project:

- Conditionality (conditional vs. unconditional transfers)
- Restrictions (on voucher purchases)
- Using shops vs. setting up a fair
- Payment through cash, check, bank transfer or other methods
- Implemented by CRS or through a local partner

Based on these options a wide variety of cash-based projects are possible. The selection of the modalities depends on the project objectives as well as the possibilities in a given context. Below is an overview of the cash-based interventions described in this guidance. This guidance assumes that a needs/ market assessment and response analysis has already been done to choose the most appropriate modality or mix of modalities. (For more information on transfer modalities, see MBRRR training materials.)

| Modality | Conditionality | Shop/ Fair | Payment Method | Direct Implementation/ Partner |
|------------------------------|-------------------------------|---------------------------------|---|---|
| Direct Cash Transfers | Conditional/ unconditional | Shops/ Fairs/ None specified | -Cash -Check -Mobile Phone -Bank transfer -Debit Card -Remittance Agent -3 rd party cash agent | Direct/ Partner |
| Cash Vouchers | Conditional/ unconditional | Shops/ Fairs | -Cash -Check -Mobile Phone -Bank transfer -Debit/visa card -Electronic voucher -Remittance Agent -3 rd party cash agent | Direct/ Partner |

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|---------------------------|-------------------------------|--------------|---|-----------------|
| Commodity Vouchers | Conditional/ unconditional | Shops/ Fairs | -Cash -Check -Mobile Phone -Bank transfer -Debit/visa card -Electronic voucher -Remittance Agent -3 rd party cash agent | Direct/ Partner |
|---------------------------|-------------------------------|--------------|---|-----------------|

Staffing for Cash-Based Programs

Finance staff: From an Operations perspective, it is important to note that cash or voucher programming will generally put more strain on the Finance team, whereas traditional distributions relied heavily on the Logistics team (procurement, warehousing and fleet). As a result CPs might want to increase the number of Finance staff at the start of a cash/voucher project.

Logistics/ Procurement staff: In some programs, Logistics, Procurement or Supply Chain staff may be called upon to conduct a market assessment to inform program response. This is common because these staff generally have markets backgrounds or knowledge. Thus, Logistics, Procurement and Supply Chain staff should have capacity in market assessment and, if possible, in implementing cash-based programs.

MEAL staff: MEAL staff may be called upon to conduct market assessments or monitoring, in collaboration with Program or Logistics/ Supply Chain staff. Market monitoring is critical to ensuring that cash-based programs remain relevant and appropriate in the context. MEAL staff are also important for objective 3rd party monitoring of program activities.

Joint planning and monitoring. A key factor of the success of a cash-based program is to have regular meetings with both Programming and Operations staff. Short meetings are fine! Teams should plan for:

- At least one joint meeting during the planning phase.
- Regular meetings (at least monthly) during implementation, to look at monitoring data together and determine if any program adjustments need to be made.

Mitigating Risk

There are a number of risks associated with any kind of asset transfer program. For cash-based programs, common risks include the following:

- **Diversion:** Risks that cash transfer will be used for unintended purposes, including anti-social uses
- **Fraud:** Risks of corruption or other fraudulent activities
- **Inclusion/ exclusion:** Risks that people will be included when they do not qualify, due to coercion, political force, nepotism, or simply poor targeting (wrongful inclusion); OR, risks that people will be excluded when they do qualify

- **Inflation/ indirect beneficiary impact:** Risks that prices will increase or inflation or exchange rates will fluctuate, thus making it more difficult for both beneficiaries and non-beneficiaries to access the same quantity and quality of goods and services
- **Loss:** Risks of loss of transfer amounts for any reason
- **Security/ protection:** Risk of physical security problems or abuses of basic protection, rights, and dignity for beneficiaries, vendors or staff

CPs can use a **risk checklist** to quickly assess its systems before starting a cash-based response or to review its ongoing interventions. (See [Risk Checklist](#).)