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Re-balancing the ‘value for money’ calculations in humanitarian cash assistance by including beneficiaries’ perspectives

Recommendations for international donors on designing and evaluating humanitarian cash programmes

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Brief Summary:

This policy brief integrates beneficiaries’ experiences and expectations on humanitarian cash and voucher assistance (CVA) with traditional Value for Money considerations, and analysis on how they intersect. It is based on a multi-case research study (Juillard et al, 2020) that allowed space to capture the voices of crisis-affected people receiving assistance via different operational models (Unified Delivery Platforms, linking to Social Security Networks, and consolidation of grants). It is important to acknowledge the strengths, but also the limitations, of different operational models for delivering at scale. The findings suggest that the debate on humanitarian CVA Value for Money needs to go beyond scale alone, and take the quality assistance, defined as effective, equitable and sustainable, into account alongside traditional economy and efficiency considerations to meet beneficiaries’ expectations. To research the majority of crisis-affected people, there is also still a need for other, more agile and supplementary programmes to complement large-scale programmes. Based on the findings, this document offers practical guidance for assessing value for money taking different priorities into account.

This policy brief:

- Unpacks the strengths of different operational models;
- Highlights concerns from the beneficiaries’ perspective;
- Offers recommendations on how to address these challenges;
- Suggests that equity may be achieved via a mix of different operational models to ensure the needed level of flexibility to reach most crisis-affected people.

Background

Cash and voucher assistance (CVA) has become a popular humanitarian tool to support crisis-affected people. While CVA only accounted for approximately ten per cent of humanitarian aid delivered in 2016 (CaLP, 2018:3), a range of commitments to cash, including the Grand Bargain, or ECHO's 10 Principles for increasing the adoption of multi-purpose grants, underline the sector's intention to increase the use of CVA in the years to come. Expectations of CVA are high: the provision of humanitarian aid is thought to be more cost-effective and efficient than in-kind assistance (OECD, 2017). This is particularly important in a global context of increasing and prolonged humanitarian crises, where needs exceed available resources, and the sector needs to reach more people with the available means. These resource constraints support the importance to understand how CVA can be delivered best, and, how different operational models impact on costs but also results.

Evaluating Value for Money

It is against this background that Value for Money (VfM) evaluations have gained importance to determine how to best spend resources. Such evaluations usually follow the 4-'e'-framework, looking at *economy*, *efficiency*, *effectiveness* and *equity*. The current use of the framework, as well as the planning and evaluation of many international (economic) interventions more generally, risk reaching conclusions that leave out the voices of those they are aimed at (Distler et al., 2018). VfM assessments tend to use a narrow set of indicators of quantifiable data at the expense of more nuanced

consideration (King, 2018). The data are often incomplete, or hard to compare across programmes due to different decisions on the inclusion of direct and indirect costs.

Our research project (Juillard et al 2020) aimed to improve DFID's, and more broadly humanitarian stakeholders', understanding of how specific, programme design-related decisions can affect the VfM of CVA. Importantly, the study placed significant emphasis on how beneficiaries perceive programmes. Looking at three operational models, Unified Delivery Platforms (UDP), the linkage with Social Security Networks (SSN) and the consolidation of grants, we found that donors and beneficiaries prioritise different aspects. The study took place in Colombia, Jordan, Kenya and Turkey.

Below are key findings about value for money in different operational models, and what (sometimes hidden) transaction costs they might bear from the beneficiary's perspective. Together, they create a more nuanced picture of how to think about VfM and suggest donors should pay due attention to effectiveness and equity alongside economy and efficiency.

Maximising VfM

All of the design related decisions analysed had the ambition to streamline and combine CVA delivery. In all three different types of operational model, scaling-up leads to economy and efficiency gains. In the case of unified delivery platforms, gains are achieved through the consolidation of payment process across programmes. Using social safety

nets, streamlining happens by making use of pre-existing systems rather than setting up parallel ones. And in the case of consolidation it is the merger of several grants into one that contributes to resource savings. Likewise, in all cases, programmes got more cost effective over time, as set-up phases require an additional investment and (staff) time.

Key points UDPs

Unified Delivery Platforms mean that multiple organisations are using the same financial service provider (FSP) for their assistance. The financial volume that is channelled through the platform is the primary determinant of transfer fees and therefore delivery costs. UDPs thus increase the financial volume (scale), which may lead to lower transfer fees, and consequently reduced delivery costs.

The higher the volume, the more leverage platform users have with the FSP to negotiate transfer fees. This pre-supposes that a) platform users leverage their negotiation power and b) there are alternative FSPs.

Key points SSNs

There is good evidence that delivering CVA through existing social safety net systems has potential to improve cost efficiency. However, it depends heavily on the maturity, robustness and capacity of the SSN delivery systems, as well as on contextual factors such as the scale of assistance and financial service development. In Turkey, both CVA programmes have good cost-transfer ratios of about 86%. However, these CTR do not include staff time from government officials, suggesting that the humanitarian sector just "outsourced" some costs.

Linking with a social safety net programme also present trade-offs for implementers. For example, set up time can be longer but as a result, delivery time can be faster than the traditional programming. There are considerable gains if households can be enrolled ex-ante as preparedness measures. In Kenya, for example, mass registrations have taken place to quickly deliver assistance in response to shocks (drought), which makes it both cheaper and quicker than reactive humanitarian responses. As such the effectiveness of operational models also depends on the type of shock, and linking with SSNs can be useful for recurrent and protracted crises as the longer set-up period is less important.

Key points consolidation

Similar to UDPs, scale is the prime determinants of economy, rather than consolidation itself. It can save costs by reducing the number of transfers, and as such the amount of fees, required to cover transactions with FSPs. Consolidation is itself therefore not a primary determinant of delivery costs. However, if organisations had to deliver the same amount of funds to the same number of recipients, but through several sector-specific grants instead of one multipurpose transfer, they would have to pay fees several times for each targeted beneficiary/household.

The beneficiaries' experience: Increasing effectiveness and equality

It is against this backdrop that international donors should rebalance the factors they consider when planning and evaluating CVA programmes. Our research has shown that, unsurprisingly,

beneficiaries place most emphasis on effectiveness as the ability of the transfer to meet their needs. This is determined by both the size of transfer value in relation to their needs, and predictability and timeliness of its delivery and their ability to access it easily. Factors impacting on these expectations can, but do not necessarily have to, be linked to a specific operational model. They often cut across. The study encountered some issues from the beneficiaries' perspective that will be discussed below.

The highest priority of recipients, obviously, is that the assistance meets their emergency requirements. While linking with existing SSN might have delivery advantages, it can impact on defining CVA grant sizes due to programme regulations, or political interests. In Turkey, for instance, the government was concerned about refugee grants exceeding the value of social assistance to Turkish citizens. This means that aid agencies were only able to pay roughly half of the planned transfer amount leaving a sizable gap between the (predicted) needs of refugees and the actual aid delivered via SSN.

The second priority of recipients is the ability to access the assistance easily. The operational model is less important here than the final landscape in country and the geographical location of the crisis. In Turkey, where ATM penetration is high and banks partly allow withdrawals from another banks' ATMs free of charge, recipients have much lower costs than in rural Colombia.

Further, large-scale delivery implied in all of the programmes studied the use of digital payment instruments.

The use of ATMs and SIM cards can be challenging for illiterate recipients, or recipients less familiar with technology. In our study this negatively affected women disproportionately. These payment methods also hold the risks that recipients are left without assistance altogether if they cannot connect to mobile networks, lose cards or enter incorrect pins. It is thus important that mechanisms are in place that address these challenges. Either through training of recipients or an adjustment of transfer methods.

Lastly, recipients need clarity on whom to contact if things go wrong. Aid agencies assume that consolidation of transfers or using a unified delivery platform enhances effective communications with recipients as it simplifies and limits the number of interactions. Recipients, however, are often in contact with multiple organisations, and are unclear which organisation they needed to contact.

Thus, the following points should be considered from the recipients' point of view:

- **Transfer size:** If political reasons, or SSN programme regulations, result in a lower than planned transfer amount, programmes need to be flexible enough to find creative solutions that ensure recipients receive adequate aid to cover their needs. This could be done through top-ups, other additional payments or complementary programming that provides good or services.

- **Cash out costs:** Travel costs and ATM fees needs to be reflected in the transfer value. There can be less visible opportunity costs, such as loss of income travel days to cash points and areas with network

coverage, or the need for childcare. It is important to be aware of which additional costs different demographics might encounter.

● **Timing:** Unified delivery platforms only reduce travel time and related costs if organisations coordinate their distribution timing, so recipients can cash out the assistance received from multiple organisations at once.

● **Equity gap:** There is a need for detailed mappings of barriers different groups face in accessing assistance to adequately take equity considerations into account. It might be necessary to provide adequate training to some recipients on how to access their assistances if unfamiliar payment instruments are used.

● **Communication:** Effective communication with aid agencies is one of the key needs of recipients. No design related decision limits the necessary investment in an effective communication system. Recipients need clear information on whom to contact in case of issues (losing payment cards, not receiving assistance, targeting questions).

● **Social tensions:** Donors should be aware of the potential social and socio-economic implications CVA can have on communities. Again, effective communication around targeting can help to mitigate tensions.

Thinking beyond the crisis

Starting new programmes comes with considerable set-up costs, so it is important to think about the sustainability after the crisis or in case of new shocks. Enrolment in SSNs provided the best chances to quickly react to new shocks. However, no programme planned for

the payment instruments to be used beyond programme life span. Thus, financial inclusion does not happen as an unintended outcome of any operational model but needs to be planned for.

Conclusion

In times of scarce resources it is important to maximise the value of every pound spent. However, to deliver the best results for crisis-affected people it is also important not to fall into the efficiency/economy trap that places value on quantitative considerations alone. Scaling up offers the opportunity to reach more (but not all) crisis-affected households, quickly, and using less resources. This can achieve greater Value for Money when delivering to a large portion of the target population, but it may be to the detriment of those that face greater access challenges, are harder to reach, or have greater needs. Donors and programme managers thus should envision cash transfers from the recipients' point of view which will place emphasis on questions of effectiveness and equity. To ensure equity and effectiveness for the most vulnerable, in some circumstances, it might be best to opt for a mix of different operational models of different sizes to ensure the needed level of agility to reach out to those that may have been left out of the large-scale operational models. The operational model decision is not an end in itself. It should be designed in the interest of good programming, based on evidence rather than assumptions. In other words, which model or models to choose should be determined by the response analysis, considering crisis-affected households' needs

and the specific context in which the programme is implemented.

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The project

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