



Food and Agriculture Organization  
of the United Nations

# FAO and Cash+

## How to maximize the impacts of cash transfers

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### QUESTIONS AND ANSWERS



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## Background

This second webinar on social protection was presented as part of a series of webinars organized by the Knowledge Sharing Platform on Resilience (**KORE**) within the INFORMED programme and dedicated to sharing knowledge on resilience building. This series of webinars is the result of a collaboration between EU-DEVCO and FAO strategic programme on resilience.

## Introduction

Poor rural households often depend on agriculture for their livelihoods and face a series of constraints in terms of their equitable access to productive resources, finance, markets and services – which trap them into poverty. They are also disproportionately affected by shocks and crises. Evidence shows that agriculture and social protection can jointly optimize their impacts in combating hunger and poverty. To promote those synergies, FAO works, in both stable and fragile/protracted crisis contexts, to **improve the welfare of poor households and the resilience of their livelihoods** in rural areas.

FAO has developed a specific intervention in both humanitarian and development settings: **Cash+**, which combines cash transfers with productive assets, inputs, and/or technical training and activities to enhance the livelihoods and productive capacities of poor and vulnerable households. The cash component enables beneficiary households to address their immediate basic needs, including for food, while the ‘plus’ component supports investment in household production, helping to protect, restore and develop livelihoods.

Recent experience and research showed that this approach can significantly improve agricultural production, income, asset ownership, economic empowerment, dietary diversity and food security, while reducing beneficiaries’ resort to negative coping mechanisms in response to shocks.

FAO is supporting the design and implementation (by Governments as well as by FAO country offices) of Cash+ interventions in several countries, following a normative, evidence-based and context-specific approach, to ensure greater impacts on beneficiaries. While different type of Cash+ interventions exist, different entry points to promote Cash+ at country level are used, depending on the existence and maturity of national social protection schemes, the level of coordination and involvement of the Ministry of Agriculture, the livelihoods context, the objectives of the programme, among others.

Against this background, the **webinar** specifically aimed at:

- Promoting FAO's approach, evidence and work on Cash+, based on the recent [policy brief on Cash+](#);
- Enabling cross-country and cross-regional knowledge exchange on FAO's Cash+ interventions, presenting practical examples in Somalia, Kyrgyzstan and Lesotho;
- Contributing to strengthening internal and external collaboration and partnerships.

## Questions and answers

### 1. Are there studies set in place to better understand how cash is used?

Generally, the use of cash is not always easy to monitor unless the programme uses e-vouchers. However, several studies have been focusing on the use of cash and on their impacts. For example, the [Transfer Project](#) (multi-partner initiative of UNICEF, FAO, Save the Children UK, and the University of North Carolina at Chapel Hill), in collaboration with national governments, national and international researchers, analyzed the impacts of cash transfers in different countries of sub-Saharan Africa and showed that cash was used for:

- Enabling beneficiary households to address their immediate basic needs, including for food, which minimizes the need to resort to negative coping mechanisms; and
- Investing in economic activities when access to cash reduces the liquidity constraints faced by poor households. This mostly depends on the size of transfer and duration of the programme.

Based on this research, a [paper](#) analyzes evidence on six common perceptions associated with cash transfer programming: Whether transfers: 1) induce higher spending on alcohol or tobacco, 2) are fully consumed (rather than invested), 3) create dependency (reduce participation in productive activities), 4) increase fertility, 5) lead to negative community-level economic impacts (including price distortion and inflation), and 6) are fiscally unsustainable. By gathering strong evidence, this paper refutes each of these claims.

[Other evidence exists](#) to show that social cash transfers do not increase the spending on alcohol and tobacco. FAO is also currently publishing an additional paper in the American Journal for Agricultural Economics to show that social cash transfers are also used as investments (and not fully consumed) and can increase participation in productive activities (rather than creating dependency).

### 2. In countries where quality standards of goods and services are compromised, how do you ensure beneficiaries of social protection obtain maximum benefits?

Social protection plays an important role to improve the access to basic goods and services. To ensure the quality of those goods and services, FAO, as well as other UN

agencies and partners, generally promotes a better coordination with different relevant ministries. That could be the case for the education or health sectors for example. In the case of FAO, a stronger coherence with relevant ministries working on food security and nutrition (and joint interventions) is promoted in order to maximize the regular and stable availability and access to healthy and diversified food.

### **3. Is there a well-established M&E system to maximize the outcomes of Cash+?**

A well-established M&E system is a must to maximize the outcomes of any programme. A dedicated effort to monitor and evaluate Cash+ interventions (possibly including baseline and endline data, post-distribution surveys, market monitoring before and after programme implementation, impact and process evaluations, and micro and macro simulations) is recommended in order to analyse how beneficiaries use the assistance provided by the programme and how it impacts food security, income, nutrition and/ or resilience, depending on the programme objectives. The results of such analyses will allow the identification of the most effective Cash+ modalities, for potential replication and scale up in a similar context.

The monitoring should provide constant feedback on the extent to which Cash+ programmes are achieving their objectives and a reliable flow of accurate information to keep track of progress and allow adjustments as needed. Moreover, monitoring should track whether all sectors of the target population have access to the programmes (e.g. by reporting on enrolment rates in each programme, level of participation, etc.). Choosing the most rigorous evaluation methodology (including mixed-method approaches, with both quantitative and qualitative surveys) requires taking intended outcomes, aims of evaluation, the design of the programme and available resources into account.

The definition of comparison groups (control), sampling, and survey timing, including seasonality implications and frequency requirements, need to be carefully planned. For example, in fragile contexts, follow-up surveys could be carried out at short intervals (even starting a few months after the baseline survey). In addition, two or three main indicators could be collected every couple of months from a limited number of beneficiaries, especially with regard to the plus component. Evidence from Africa, Asia and Latin America shows the positive productive and social impacts of cash transfers across multiple outcomes. The evidence from programmes that combine cash transfers with in-kind assistance or training is still somewhat limited, although the existing research indicates that such programmes can have positive impacts that go beyond the effect of an individual intervention.

### **4. What is the impact of Cash+ interventions on the cost of agriculture labour? Are Cash+ beneficiaries be less motivated to engage in labour in other farmer's fields (i.e. weeding or harvesting)?**

Regular, frequent and predictable transfers (including Cash+) provide liquidity and certainty for poor and vulnerable households. This allows them to smooth their consumption and opens up possibilities to invest in agriculture, invest in human capital development, increase participation in social networks (an important risk management strategy), better manage risks and more importantly, to answer this question, reallocate labour to on-farm activities. The access to social cash transfers also contributes to reduce casual paid labor and re-allocate family labor across members.

In the context of a Cash+, it may have the same impacts but it depends on the system of incentives generated by the specific “plus” component.

In the case of limited access to land, beneficiaries might also invest in off-farm activities. Evidence shows that the access to cash does not represent an incentive to not work, does not reduce the total labor supply or increase the dependency to social assistance programmes.

**5. Can you share any experiences on provision of 'nutrition bonus' or allocation of funds to engage with vegetable gardens/small stock through Cash+ programmes?**

FAO is currently implementing a Cash+ pilot project in Kirghizstan and Armenia to improve nutrition intakes of beneficiaries. Another example is the [Child Grants Programme \(CGP\) and Sustainable Poverty Reduction through Income, Nutrition and access to Government Services \(SPRINGS\)](#) package, implemented in Lesotho, with the support of UNICEF, FAO and Catholic Relief Services. This programme provides unconditional cash and a package of interventions composed by community based savings and lending, income generation, homegardening, related trainings and improved access to government services (health, nutrition, education and protection) through One Stop Shops/Citizen Service Outreach Days.

Other type of Cash+ projects have been piloted in [Mali and Mauritania](#), as training on good farming, pastoral and nutritional practices and other interventions were added to cash interventions. The Cash+ programme in Mali and Mauritania benefitted 1 250 vulnerable households affected by food insecurity.

**6. How do you see adaptability of Cash+ and livelihood programs by government partners?**

FAO is working in both stable and fragile/protracted crisis contexts to enhance the coherence between social protection and agriculture at policy level in order to improve the resilience of the livelihoods of vulnerable populations. Cash+ can be one way to bring about this coherence.

In a development context, Cash+ should be designed based on robust and regular interactions at policy and programme levels between the existing social protection and

rural development sectors. Context allowing, efforts to strengthen policy coherence between the sectors are essential for mobilizing political commitments for Cash+ interventions, ensuring the quality of Cash+ interventions, sustaining financial capacities and guaranteeing long-term impacts. At the country level, policy coherence between agriculture and social protection for Cash+ interventions should be based on the following three pillars:

- Political commitment and policy framework;
- Institutional capacities and coordination mechanisms; and
- Financial capacities.

In fragile or emergency contexts, social protection schemes and rural development programmes can provide rapid, timely and adequate support to vulnerable households in anticipation of and/or in response to shocks using Cash+ as a delivery mechanism through national shock responsive social protection systems.

#### **7. Can you elaborate on the multiplier effect of the Cash+ on the community level?**

As noticed in evidence in [research done by FAO in Malawi and Zambia](#), cash interventions can stimulate local demand for food and other goods as households have more disposable income. This creates spillover benefits for non-beneficiaries and further feedback effects on beneficiaries when non-beneficiaries spend their extra income locally. Total impact of all such effects can be described by a multiplier: how many units of extra income each unit transferred by the programme generates.

There will also be an impact on the price level. Real impacts (when increase in price level is taken into account) depend on how supply responds to demand: if there is no supply response, increased demand will translate into higher inflation. In this context, the “+” provided through agricultural programs can assist local farmers to cope with the greater demand of local goods, and reduce inflationary pressures.

#### **8. Has there been any analysis of the effects/use of cash transfers in areas where infrastructure such as health centers, markets are inaccessible due to insecurity? If so, can you share these analyses?**

The forthcoming FAO report related to the evaluation of the Integrated Nutrition-Social Cash Transfer in Ethiopia looks at the impact of a combination of cash and access to health centers and social services. Preliminary results show that the combination leads to considerable improvements of food and nutrition security and of productive outcomes.

#### **9. How do you see the future of the Linkages and Referrals programs in Latin America as a part of graduation programs and as a tool to avoid the future vulnerability of current and exit beneficiaries?**

There are many examples of Cash+ interventions implemented in Latin America, led generally by Governments. You may want to refer to an [FAO review of evidence on the](#)

[interaction between social protection and agriculture](#). It shows the impacts of many examples of interventions implemented in Latin America, especially in Bolivia, Brazil, Colombia, Mexico and Peru. In many of those countries, integration of social protection and agricultural interventions is growing for reducing all sorts of vulnerabilities.

- **Somalia-specific questions:**

**10. What is the criteria of selection for the beneficiaries?**

FAO targets the most vulnerable rural populations to be enrolled in its Cash Transfer Programme including Cash for work (CFW) and unconditional cash (UCT) interventions as well as livelihood support (Cash + agriculture, livestock and fisheries). FAO selects beneficiaries via community-based targeting where partners target beneficiaries with the help of existing structures (elders, village relief committees). Partners are requested to prioritize households with the following characteristics:

- Households with few or no sources of income, with few or no assets and who lack any substantial form of assistance who are often or always hungry and food insecure;
- Female-headed households (depending on the modality the threshold is set at 30% – 50%);
- Households with people living with disability or chronically ill;
- Households with children affected by malnutrition;
- Households with pregnant or lactating women and elderly (normally considered under UCT component of CFW);
- Households that have 10 or less livestock; and
- Households affected by natural disaster, if any (flooding, drought, etc.).

Depending on the type of intervention, the below should be considered:

- Rural pastoralist communities living majorly in pastoral and some agro-pastoral zones in Somalia;
- Vulnerable households with agricultural farmland involved in agriculture production (for cash + agriculture); and
- Households along the riverine or coastal lines (for cash + fish).

**11. What are the best practices for cash targeting to maximize cash impacts in protracted crisis emergency contexts, and in mixed communities, i.e. refugees and host communities; refugees, IDP, returnee and host communities; IDP and host communities, etc.?**

In line with the practice of other humanitarian actors, FAO employs community-based targeting (CBT) for identification of beneficiaries. This takes place through community consultations that utilize the already existing community structures (elders, council member and village relief committees). CBT is premised on the view that community members often have better information about their neighbors' vulnerability levels. The



targeting exercise is usually supervised by implementing partners trained by FAO before the start of implementation where they work with multiple formal and informal layers of governance when identifying participants. During the training, partners are familiarized with FAO's selection criteria and are informed of critical steps they need to take in order to ensure the process is transparent, consultative and inclusive of the different segments in the community. FAO aims as well to align its targeting mechanism with the guidelines released by the [Food security cluster in Somalia in 2018](#). Following the finalization of the targeting exercise, FAO monitors closely through its call center and third party monitoring bodies to ensure the selection of beneficiaries was fair.

## **12. How does FAO use and/or plan to use technology to monitor and measure impact?**

Depending on the context, FAO employs various technology in delivering and monitoring activities as well as measuring impact of its interventions.

- **Form Management Tool (FMT)**

A system used to register beneficiaries and monitor the progress of activities (for example, FAO partners update the dimensions of rehabilitated infrastructure under CFW activities using FMT). This system as well allows for biometric registration and of beneficiaries and biometric validation at time of cash payments.

- **Remote sensing**

Remote sensing compares high-definition satellite images and aerial pictures to confirm execution of the rehabilitation works. The first images (comparing before, during and after work) are made available prior to the start of implementation works.

FAO Somalia also performs the systematic geo-localization/mapping of the activity sites by GPS photo-cameras. The images enabled with GPS coordinates also help with the supervision and implementation of work throughout the entire process in addition to impact.

- **Open Data Kit (ODK) on mobile phones**

FAO has been using ODK on mobile phones both for data collection as part of beneficiary registration, as well as monitoring for impact evaluation. FAO uses ODK to collect data on specific indicators such as those used to calculate the Food Consumption Score (FSC) and Dietary Diversity Score (DDS)

- **Biometric Money Application (BiMO)**

The BiMO app is an android mobile app that is used by mobile money operators to disburse cash and commodity payments to FAO Somalia beneficiaries. It incorporates a photo ID and biometric features to verify the beneficiaries during disbursements as a form of security. The verification is ID is done one time to ensure a sim card number is associated with the right FAO beneficiary; after which mobile money is disbursed to the sim card upon FAO's request. Besides mobile money, the application can be used to



disburse cash in hands upon verification of biometrics and photos by contracted money vendors.

**13. What are the misconceptions related to cash-based interventions?**

A common misconception in Somalia in regards to cash is related to its impact. Government stakeholders often regard emergency funds in the form of cash as lacking in capacity to influence long term development outcomes in the country. Cash is assumed to deviate resources from developmental activities such as infrastructure development.

**14. What method was used to evaluate the impact of the responses in the different location?**

FAO uses field monitors and third party monitors to assess the impact of the interventions on target beneficiaries through conducting post-distribution assessments (PDAs). Moreover, the crop yield assessment is also conducted simultaneously using the pictorial evaluation tool (PET) to estimate agricultural production and productivity of grain crops (maize and sorghum) comparing beneficiary farmers with non-beneficiaries. The assessments measure key food security indicators including the FCS, DDS, Coping Strategies Index (CSI) and expenditure patterns.

**15. How do you minimize security concerns when implementing cash-based programmes?**

FAO involves community structures and local government structures in planning the interventions, in the selection of villages and identification of beneficiaries through a consultation process. These measures tend to minimize security problems or tensions within communities. In addition, FAO enforces a rigorous risk management framework that is frequently updated to accommodate for the dynamic changes in the Somali context. In areas with access restriction, FAO continues to improve remote sensing technologies and continues to build capacity of its third party monitors who are part of FAO's remote risk control. FAO also has offices in different parts of Somalia who regularly provide feedback in case of any changes on the ground. Furthermore, FAO is heavily engaged in the cash working group which similarly feeds information to all cash actors in Somalia in case of newly arising risks.

**16. Can you tell us more about the cost of the package and the resulting cost benefit?**

- **Cash+ livestock packages**

The total cost of the livestock inputs package is approximately USD 122 per household. This includes a milk container of 10 litre capacity, 2 pieces of mineral blocks (5 kilos each) and deworming of up to 10 animals. Combined, the feed blocks for supplementary feeding and deworming maintains milk production when little forage is available. On average, a well fed goat can produce 0.5 litres per day, approximately 1.5 litres of milk produced from lactating animals per household (approximately 30% of the herd). This is sufficient to

provide nutritious food to 5 children per day. The mazzican containers help keep milk sanitary and fresh longer (e.g. less bacteria, more nutrients).

- **Cash+ agriculture packages**

This package includes 15 kg sorghum, 10 kg cowpea and 240 g of vegetables distributed at a total cost of USD 90 per household inclusive of delivery costs. From this package beneficiaries are able to produce an average of 2.2 Mt of sorghum grains, 300 kg of cowpea grains, 10 sacks of pods and 13 bundles of fodder each. Each beneficiary is estimated to have made USD 552 from the sales of the harvested sorghum and cowpea grains and fodder. From the above we can estimate that with every dollar used in the procurement and delivery of the agriculture inputs, the targeted beneficiaries produced 5 times the value of the inputs.

## **17. How do you calculate the amounts of transfer?**

The transfers for Cash+ are based on the value of the food minimum expenditure basket in the different regions in Somalia. Food Security and Nutrition Analysis Unit (FSNAU) monitors markets and provides an updated dollar value of the basket on a monthly basis. In 2017, all beneficiaries targeted were in IPC phase 3 and 4 (critical and emergency). The recommendation from the cash working group was to cover 100% of the food minimum expenditure basket (MEB) value for those groups given the dire conditions

For CFW activities, FAO follows a different methodology in determining transfer rates.

- **Approach 1: In response to a crisis:**

When the CFW programme is instigated in response to a crisis (drought, famine, etc); FAO will:

- i. Emphasize responding to basic needs of the communities in need;
- ii. Set CFW rates at a value equal to the transfer value recommended to cover the basic food needs; and
- iii. Take the casual labour wage rates into consideration when determining the number of working days per month. The number of working days per month will be calculated by dividing the value of the total monthly transfer (100 percent food MEB in Somalia) by 90 percent of the local daily wage rate.

- **Approach 2: In a development setting**

When the CFW programme is instigated as part of a rural development effort, FAO will:

- i. Recruit unskilled workers usually at a rate that is 10% less than the market rate for casual labor. In Somalia, FAO sets the CFW rate at 90% of the market rate for casual labor<sup>1</sup>; and

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<sup>1</sup> The casual labor rates for Somalia are released on a monthly basis by FSNAU.

- ii. Calculate the rate based on an average of the last 3 months in order to accommodate for any spikes (upwards or downwards) due to temporary factors that will subside shortly.

**18. Are there gender-disaggregated data for the Cash+ programmes (such as intra-household/individual level data on nutrition impacts, on coping mechanisms, etc.)?**

With the integration of nutrition sensitive approaches in the delivery of the livelihood packages, FAO intends to collect Women's Dietary Diversity (WDD) scores for women between 15 – 49 years and track changes in hygiene practices; with a focus on hand washing. The WDD score will be used to inform on the impact of the livelihood packages on the improvement of micronutrient adequacy and nutrition quality of the diets within the target communities.

**19. What is the rate of women's participation in the CFW programming?**

FAO requests a minimum of 30% female beneficiaries under its CFW schemes. It should be noted that FAO Somalia ensures that pregnant and lactating mothers are registered as cash for work beneficiaries but the work is undertaken by an able-bodied household member. FAO ensures that CFW hours are short (four hours) and working times are also flexible in order not to disrupt other livelihood activities pursued by the households. This is as well meant to ensure that women are left with ample time to attend to other chores such as taking care of children.

## For more information

- [FAO's cash-based transfers](#)
- [FAO and Cash+: How to maximize the impacts of cash transfers](#)
- [Social protection in protracted crises, humanitarian and fragile contexts](#)
- [The role of social protection in protracted crises \(guidance note\)](#)
- [Webinar series on social protection](#)
- [Social Protection Webinar I - Shock-responsive social protection for resilience building](#)

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