

HPG Background Paper

Cash transfer programmes in Afghanistan: a desk review of current policy and practice

Charles-Antoine Hofmann

About HPG

The Humanitarian Policy Group at the Overseas Development Institute is dedicated to improving humanitarian policy and practice. It conducts independent research, provides specialist advice and promotes informed debate.



**Britain's leading independent
think-tank on international development
and humanitarian issues**

Overseas Development Institute
111 Westminster Bridge Road
London, SE1 7JD
United Kingdom

Tel: +44 (0) 20 7922 0300
Fax: +44 (0) 20 7922 0399

Email: hpg@odi.org.uk
Websites: www.odi.org.uk/hpg
and www.odihpn.org

Cash and vouchers in emergencies:
a research study by the Humanitar-
ian Policy Group

Humanitarian Policy Group
Overseas Development Institute
111 Westminster Bridge Road
London
SE1 7JD
United Kingdom

Tel: +44 (0) 20 7922 0300

Fax: +44 (0) 20 7922 0399

Website: www.odi.org.uk/hpg

Email: hpgadmin@odi.org.uk

Overseas Development Institute, London, 2004.

Table of contents

- 1. Introduction**
- 2. The rationale for cash-based responses**
 - 2.1 Food or cash: the origin of a debate**
 - 2.2 An overview of cash-based programmes in Afghanistan**
- 3. Planning and decision-making processes**
 - 3.1 Needs and vulnerability assessment**
 - 3.2 Decision-making mechanisms*
 - 3.3 Programme objectives*
- 4. Implementation**
 - 4.1 Security*
 - 4.2 Targeting*
 - 4.3 Self-targeting*
- 5. Monitoring and evaluation**
 - 5.1 Monitoring practice*
 - 5.2 How is the money spent?*
- 6. The impact of cash-based programming**
 - 6.1 Impact on lives and livelihoods*
 - 6.2 Impact on markets*
 - 6.3 Impact on gender*
- 7. Conclusion**
- References**

1. Introduction

This case study of cash and voucher programmes in Afghanistan forms part of wider research conducted by the Humanitarian Policy Group (HPG) which seeks to analyse recent experiences with cash- and voucher-based responses.

Afghanistan is an interesting case study subject for several reasons:

- The security situation remains very volatile. Médecins Sans Frontières, for example, decided to leave the country on security grounds in July 2004, despite claims from the transitional government that the country is entering a post-crisis, reconstruction phase. Cash-based programming in such a context presents an example of the use of cash in an insecure environment.
- Unlike other contexts, there is a significant amount of experience in cash-based programming in Afghanistan, mainly in the form of cash-for-work. The related cash-for-work versus food-for-work debate is of particular interest.
- This form of intervention is not used only by international agencies. The transitional government has played an increasingly important role in promoting the use of cash as part of its development strategy. There has been an interesting transition from largely international aid agency-led food-based programming to increasing government engagement with cash-based programming.

The case study focuses on the post-Taliban period, from the signature of the Bonn agreement on 5 December 2001 to the creation of the transitional government in October 2004. It was conducted in July–September 2004. It draws on a review of grey literature from humanitarian actors in Afghanistan, as well as individual contacts with key stakeholders from international agencies and local government. A summary of the project was published in the July 2004 issue of the newsletter of the Afghanistan Research and Evaluation Unit (AREU). A short

questionnaire was also sent to individuals from NGOs, the UN and ministry personnel.

Given the pressures agencies face in Afghanistan, and given the fact that the study did not include a field visit, it proved difficult to collect information in a comprehensive manner. The relatively limited information that was received did not allow for a systematic analysis of current cash-based interventions in Afghanistan. Although it is believed that the study provides a fair summary of the type and scope of cash-based interventions currently being undertaken, it is not possible to assess with any certainty the scope of this form of intervention in quantitative terms, compared to in-kind distributions. However, we believe that the most important aid actors involved in cash programmes have been covered.

The case study is in five chapters. The first chapter provides a background to the debate around food- and cash-based responses after the fall of the Taliban regime, and gives an overview of the main humanitarian actors involved in these programmes. The next four chapters critically examine the current practice of cash-based programming, beginning with the initial phase of needs analysis and programme design, followed by specific implementation issues, monitoring and evaluation practices and the question of the impact of cash-based programming.

2. The rationale for cash-based responses

Cash-based interventions, principally in the form of cash-for-work, account for an important portion of the current humanitarian response in Afghanistan, to a level probably unequalled in other complex emergencies. A significant number of agencies are engaged in this type of programme. These agencies recognise that, in some situations, cash can be a more appropriate form of response than food. This section examines the reasons for the appearance of cash-based responses in the post-Taliban period, and provides background on the principal agencies involved in this programming.

2.1 Food or cash: the origin of a debate

The level of humanitarian aid in Afghanistan increased considerably after the 9/11 attacks and the start of the US-led 'war on terror'. Although food aid has remained the dominant form of response, cash-based interventions became an acceptable and widespread alternative. WFP, which has over 180 international and national NGOs as implementing partners, argues that food aid has to be 'combined with other resources in a coordinated approach to address underlying causes of hunger and poverty' (WFP, 2003). A number of factors came together to cause a widespread questioning of the continuing appropriateness of large volumes of food aid.

First, the international legitimacy of the government is a crucial factor in determining which form of aid is acceptable to donors. Although governments are not the direct recipients of cash transfers in humanitarian programmes, local (or national) governments can be involved in identifying the beneficiaries, and sometimes in the distribution itself. Aid in the form of cash was particularly controversial under the Taliban regime, and there was little, if any, cash-based programming. The transitional administration received enough international support to make cash transfer programmes an acceptable option for the donor community.

The nature of the humanitarian crisis is also a determining factor in the choice of intervention. There is a common understanding that the use of cash is more appropriate in situations of chronic crisis or in transitional phases, while food aid remains the favoured intervention in acute emergencies and conflict situations.¹ Even if the nature of the humanitarian crisis may not have changed drastically in terms of humanitarian needs or levels of violence, the international community is unanimous in describing the current situation in Afghanistan as one of transition. This allowed for new forms of aid, such as cash transfers, and stimulated the direct involvement of the transitional government in humanitarian aid coordination and, to some degree, delivery. New aid actors also appeared, such as the World Bank and the Asian Development Bank. Nonetheless, the shift

towards the wider use of cash would not have happened without some strong lobbying from the humanitarian community. Christian Aid, for instance, argued strongly against food aid, on the grounds that it undermined the cereal market for Afghan farmers and encouraged the cultivation of poppy (Christian Aid, 2003).

The common criticism of food aid is that it is logistically costly and complicated, that it may damage local food production and markets, and that it does not necessarily correspond to need. Humanitarian agencies' critique of food aid was reinforced by a number of studies that pointed to the need to move away from the resource-driven Vulnerability Assessment Mapping (VAM) approach used by WFP to identify food aid requirements towards a more nuanced analysis of food and livelihood insecurity. The Feinstein International Famine Center's 'cash famine' report (Lautze et al., 2002), various AREU publications, including Ian Christoplos' study on agricultural policy and Afghan livelihoods (Christoplos, 2004), and the major Tufts University work on human security and livelihoods (Tufts, 2004) all recommend a wider range of livelihoods interventions, including cash transfers.

Aid agencies working in Afghanistan agree that cash has advantages over food aid. There is also agreement about the minimum conditions under which cash can be used. In particular, humanitarian agencies agree that cash payment, or monetisation, is the best policy for Afghanistan's cities (MEDAIR, 2002). An evaluation of Oxfam's cash-for-work project in Hazarajat summarises the advantages of cash and disadvantages of food (Table 1). Oxfam decided to discontinue its food-for-work (FFW) programme on the basis of some of these disadvantages (Oxfam, 2004b). Most agencies use similar arguments to justify their cash programmes.

Table 1: Possible advantages of cash compared with food (Oxfam 2004a)

Possible advantages of cash	Possible disadvantages of cash
<ul style="list-style-type: none"> • Provides households with greater choice (flexible, fungible) • Cost-effective in comparison to alternatives (restocking, seed distribution, etc.) • Relatively low distribution costs • Beneficiaries receive a greater portion of donated money • Faster delivery • Potential benefits of cash injection on local markets and trade • Easily invested in livelihood security as long as the transfers are sufficient • Can improve the status of women and marginalised groups • Makes up for lack of variety in food rations • In CFW, projects benefit the community as a whole • Potentially reduces risk of corruption (money is earned and hence more valuable to beneficiaries) • Can be quicker to mobilise than alternatives such as food purchase and transport 	<ul style="list-style-type: none"> • Only viable in cash economies • Targeting is more difficult since cash is of inherent value to everyone, and so is not self-targeting • Could lead to inflation and increased local prices • Potential security problems especially for the implementing agency and the targeted beneficiaries • Women may not retain control of income • The provision of cash may cause other social problems such as family disputes and domestic violence • Cash may be abused (e.g. purchase of illicit substances or goods not shared by family) • CFW may divert people from other productive activities • In CFW, work is often inappropriate for the most vulnerable (sick, old, children) • In CFW, the workload of women may be increased • CFW may affect community participation in future development-type projects • Presumed to have a greater potential for corruption and diversion

International NGOs were not the only actors making the case for cash-based interventions. The transitional government too embarked on an important lobbying exercise in favour of cash. The Ministry of Rural Reconstruction and Development has stated that:

On behalf of the people of Afghanistan, we would like to make an appeal. We request the international community to increasingly channel humanitarian resources in coordination with clear

government strategy, through labour intensive programmes for employment generation, in cash whenever possible ... The humanitarian transition must be marked by an emphatic shift from kindness 'in-kind', to opportunities 'in-cash' (Minister of Rural Reconstruction and Development 2004: 5–6).

The government's arguments in favour of cash are very similar to those humanitarian agencies generally refer to. The transitional government argued that cash transfers improved cost and targeting efficiencies, promoted market recovery, enhanced individual choice and provided better prospects for institutional strengthening (Transitional Islamic Government of Afghanistan et al., 2004a: 29).

There is also a wider political interest in making a case for cash, which is part of the broader debate about the nature of the situation in Afghanistan. The transitional government has an interest in describing the Afghan situation as one of transition, and promoting a shift from a 'permanent humanitarian crisis' to a situation where a social protection model for welfare is promoted: in other words, from a state of emergency and relief to a state of peace, security and economic and social development.

2.2 An overview of cash-based programmes in Afghanistan

Of the three categories of cash transfers (cash grants, cash for work and vouchers), cash for work is the most commonly used approach in Afghanistan. Several factors explain the predominance of this form of cash transfer: the fact that unemployment is identified as a major problem in Afghanistan, particularly after the return of over 3 million refugees after 2001; the widespread use of food-for-work programmes which can be combined or replaced by cash-for-work, and the particular expertise of aid agencies. Projects include road reconstruction, rebuilding schools, irrigation systems and quilt-making (Bryer, 2004). A consortium of NGOs (ACTED, MEDAIR, Mercy Corps and CARE) was established to support Kabul's most vulnerable people over the winter of 2002–2003 with a

winterisation programme consisting of cash for work. Some of these programmes are analysed further in the next chapter.

There are very few examples of cash being provided as grants, e.g. without a labour component.² The terms of the debate have been limited to food or cash, and more particularly ‘food-for-work’ or ‘cash-for-work’. For instance, in 2001–2002, huge amounts of non-food items and shelter materials were provided, but there was little if any discussion of whether cash might sometimes be an appropriate alternative. Similarly, vouchers seem to be rarely used in Afghanistan. One exception is Catholic Relief Services (CRS)’s Afghanistan Livelihood Voucher System, which provides seed fairs for farmers in order to help them restart crop production and access locally adapted and improved varieties of seed after an emergency, through local sellers who saved seed during the emergency. The vouchers enabled farmers to buy wheat and vegetable seeds, fertilizer, tools and tillage equipment, tools/wool for weaving carpets, tools for blacksmiths and carpenters, flour grinding mills, poultry, lambs and goats, threshing machines and material to make grain silos (CRS, personal communication).

It is difficult to provide strong evidence of the significance of cash-based interventions in terms of financial volume. Data specifically on cash-based interventions is lacking, and OCHA’s Financial Tracking System does not provide detailed information. Cash interventions do not appear as a specific activity, and tend to be included in larger categories, such as food aid, multi-sectoral activities or economic recovery and infrastructure. Cash-for-work activities are typically included under generic headings such as ‘livelihood interventions’. Some figures are, however, available. For example, USAID’s budget for the 2004 financial year was \$9.8 million, of which more than a third was allocated to CFW programmes. However, if one includes food supplied under the USAID Food For Peace scheme (valued at \$21.7 million in 2004), the USAID Office of Transition Initiatives, which provided \$17.5 million, and State Department/Bureau of Population, Refugees and Migration (BPRM) assistance (\$30.5 million), the CFW component accounts

for only around 4% of the total (USAID, 2004). The European Union (EU)'s humanitarian and reconstruction support both have a CFW component. In 2004, the EU humanitarian aid budget provided through ECHO was provisionally €35 million, down from €73 million in 2002. The reconstruction budget, which stood at over €205 million in 2002, is relatively stable.

An interesting feature in Afghanistan is that the transitional government is actively involved in cash-based interventions. There are two national programmes as part of the government's Livelihoods and Social Protection Strategy that involve the use of cash: the National Solidarity Programme (NSP) and the National Emergency Employment Programme (NEEP) (see Box 1). In the joint appeal from the UN and the Afghan transitional government in 2004, cash appears to be a recognised aspect of the overall humanitarian aid system (Transitional Islamic Government of Afghanistan et al., 2004b). Even if this may not be significant in financial terms, there seems to be a clear shift in how programmes are conceived.

Box 1: Afghanistan's National Programmes

The National Solidarity Program (NSP), sponsored by the World Bank, involves around 7,500 communities throughout Afghanistan's 32 provinces in local reconstruction and development. In 2003, the first year of operation, subsidies of more than \$150 million were made available. Through the NSP, donor funds are for the first time being given directly to the government for the purpose of nationwide rehabilitation.

The NEEP is funded by the World Bank and the International Labour Organisation (ILO). It was launched in late 2002 with pilot road maintenance and rehabilitation projects. NEEP aims to provide a timely, efficient, self-targeting and widespread social safety net based on cash-for-work. At the start of work, \$2.6 million had been committed to 159 rural road repair projects in 16 provinces. This involved an estimated 1,754km of rural roads. Larger works have been identified for local contractors (Bryer 2004: 91–92).

Both NSP and NEEP programmes have very significant budgets compared to some other international NGO programmes. The transitional government currently lacks the capacity to directly implement these programmes, and so still heavily relies on NGOs. For example, CARE has been involved in the implementation of the World Bank-funded Labour Intensive Works Programme, part of the NEEP.

3. Planning and decision-making processes

Cash-based programmes require a particular understanding of the needs and vulnerabilities of the Afghan population. The type of analysis that is conducted before the start of a programme, the decision-making process that leads to the programme, and the manner in which programmes are designed are all important elements to consider.

3.1 Needs and vulnerability assessment

Proponents of cash-based interventions argue that providing cash is a more appropriate strategy to meet a vulnerable population's needs. There is a tendency in the relief system to use a one-size-fits-all approach, rather than responding to the actual needs of the population.³ The Feinstein International Famine Center's study on food insecurity in Afghanistan argues that 'relief interventions must be grounded in assessments of vulnerability' (Lautze et al., 2002): 51). Despite the different forms and levels of vulnerability observed in Afghanistan, most aid agencies recognise the lack of labour and the significant level of indebtedness, exacerbated by war and the return of refugees, as national problems. The term 'cash famine', used by Sue Lautze in the Feinstein study, describes a problem that affects a large part of the Afghan population, in both rural and urban areas. The causes may differ, as well as the coping mechanisms and the appropriate form of response, but the symptoms are similar throughout the country. The

problem of indebtedness is confirmed by the findings of several cash-for-work programmes, namely that the population use a significant portion of the money they receive to pay back debts. This guarantees further borrowing when required (Mercy Corps, 2003).

Box 2: Rural and urban vulnerability

The analysis of vulnerability and coping strategies in Afghanistan generally distinguishes between rural and urban forms of vulnerability. As Jo Grace notes: 'while access issues, such as access to roads and markets, dominated the rural debate, inadequate housing due to the destruction of previous years and the huge recent influx of people to cities, particularly Kabul, dominated the urban debate' (Grace 2003: 1).

Most of the vulnerability analysis conducted in Afghanistan covers either urban or rural settings. For instance, AREU has completed two separate studies on urban and rural livelihoods and vulnerability (AREU 2004b; AREU 2004c). Some NGOs have conducted their own analysis focusing on rural or urban settings (Action Contre la Faim, 2004). There is very little overall analysis of vulnerability in Afghanistan, for the main reason that threats, living conditions and coping strategies are significantly different between rural and urban settings. The type of programme conducted by aid actors is logically influenced by urban/rural vulnerability patterns.

The AREU study on urban vulnerability shows that unemployment, loss of income and indebtedness are specific features. This is particularly true in Kabul, where high rents due to the increased population and the number of international organisations present are one of the biggest problems and factors of vulnerability. This is obviously exacerbated by the winter problems: 'the major threats of winter are exposure to cold temperatures and less disposable income due to less work, lower wages and higher expenditure requirements (Grace 2003: 1).

Despite a general recognition that vulnerability analysis requires accurate and diversified information at the national level, there are relatively limited sources of information beyond the data on food availability provided by WFP's VAM analysis. Andrew Pinney notes that the Afghan Ministry of Rural Rehabilitation and Development (MRRD) together with WFP has a huge need for information about poverty, vulnerability, market access and the state of rural infrastructure in order to effectively implement and target a wide range of reconstruction and social

protection programmes. MRRD's decisions on whether to allocate cash or food to areas that the country-wide assessment of 2002 identified as food-insecure were based purely on the predicted level of food insecurity. Areas with high levels of food insecurity were allocated food assistance, whereas areas with lower levels of food insecurity were targeted with cash-based programmes. Such an allocation process does not, however, take into consideration market access indicators (AREU, 2004a).

Pinney proposed a set of market access indicators for the 2003 National Risk and Vulnerability Assessment, which was discussed with the MRRD:

- Where bartering is a significant form of exchange.
- The location, time and cost for accessing the nearest market centre, clinic and school.
- Frequency of transport to the nearest market centre (number of times/week).
- Number of months during the winter when market access is severely restricted or impossible.
- Whether there is another market centre further away that is an important aspect of trade within the community, and if so, what it is and for what commodities it is used.
- Community views on food versus cash as a programming response to food insecurity (AREU, 2004a).

Most of the programmes reviewed for this case study insist on the need for a proper and detailed assessment of needs and the vulnerability context, including the functioning of the local market. Several reports of cash-based programmes refer to Sen's entitlements theory, which has been very influential in current approaches to food security.

Agencies implementing cash-based programmes use a variety of internal and external information sources. For example, MEDAIR has used WFP VAM

information, UNHCR weekly population statistics, internal surveys and evaluations and other agencies' evaluations in its cash programme in Kabul (MEDAIR, 2002: 5). Similarly, CARE uses information from the government, the local population and VAM surveys, as well as internal information (personal communication). When time and budgets allow, some agencies do pilot projects (Mercy Corps, 2003) or have long assessment phases built into their programme cycle.

When a programme is based on assumptions rather than on proper assessment, significant problems are likely to result. For example, Chris Johnson's evaluation of the Labour Intensive Works Programme notes that a number of false assumptions at the start of the programme generated a series of problems. Assumptions included:

- that Afghanistan was at peace, and that therefore there were no security issues that would seriously affect programme delivery;
- that community structures existed in all parts of the country that could be used to deliver programmes at local levels;
- that there was a year-round demand for unskilled jobs; and
- that the country either had the systems and human resources to quickly implement a complex, multi-agency programme, or that these could rapidly be brought into being (Johnson, 2004).

3.2 Decision-making mechanisms

Levels of food security are always an important part of the decision to start cash-based programmes. There is a consensus amongst agencies implementing cash-for-work in Afghanistan that this approach should only be used in areas where there is sufficient food available in the market.

WFP uses several levels of analysis to identify areas for cash- and food-based interventions:

- market indicators;
- identify those areas where respondents to the National Risk and Vulnerability Assessment (NRVA) stated a clear preference for food over cash or a combination of the two;
- identify those areas where there is no winter/spring access to markets due to snow;
- identify those areas where cash-based interventions are likely to be hampered by insecurity, but where food can be monitored by the government and deliveries escorted by the military; and
- undertake a gap analysis, plotting on-going and planned NEEP and NSP projects by area. WFP fills the gaps in food-insecure areas (personal communication).

MEDAIR looks at four different factors (MEDAIR 2002):

- VAM status of the region;
- availability of a mixed food basket locally;
- availability and price of wheat on the local market; and
- nutrition levels.

3.3 Programme objectives

Cash-for-work programmes generally address two related but distinct objectives: the primary objective, which is in relation to the cash provided; and the secondary objective, which is about the type of work done in exchange for cash, such as building roads, drilling wells or collecting garbage. The primary objective targets individuals through the provision of cash, whereas the secondary objective benefits the entire population, whether involved in the programme or not.⁴ The secondary objective poses several problems which are rarely mentioned by agencies. First, depending on the type of work contemplated specific skills may be needed, making the programme more complicated. For example, Johnson notes that most of the roads rehabilitated under CFW started to deteriorate because of a lack of skills among the engineers (Johnson, 2004). Second, the

secondary objective sometimes seems to be perceived as less important than the primary one: the work provided under CFW or FFW schemes is not properly implemented and monitored, resulting in poor-quality outputs. This may be due to a lack of sufficiently skilled labourers, or a lack of technical knowledge within the agency, or both.

The fact that there are two different objectives can be problematic. Johnson notes that one of the main problems of the LIWP was that the programme had multiple objectives, which were at best in tension, at worst in opposition. Objectives such as improving employment in rural areas, rehabilitating rural infrastructure, ensuring winter access to remote villages and empowering the government were mentioned in the LIWP project. Tensions arose between objectives such as maximum job creation and reaching the most vulnerable. For instance, building a road creates many jobs, but the project may not reach the most vulnerable isolated communities. In one case, Johnson notes that the only people who could get to the job site were those who owned a bicycle – and hence were obviously not the worst off (Johnson, 2004).

4. Implementation

A number of criticisms of cash-based programming centre on the practical difficulties encountered in implementation. The security risks associated with handling cash are probably the source of most concern. Another criticism is that cash programmes do not necessarily target the most vulnerable. This section reviews these different arguments by analysing how agencies are implementing cash-based programmes in Afghanistan.

4.1 Security

Security is often a concern with cash-based programming, especially in unstable or conflict situations. Cash is sometimes seen as more vulnerable to looting or misuse than food aid: although food diversion often happens in emergency situations, trucks fully loaded with food are certainly more difficult to take, hide and transport than a briefcase full of cash. On the other hand cash can be

handled with more discretion, provided one takes the appropriate security measures. Given the extremely volatile security situation in some parts of Afghanistan, security is probably the most important obstacle to the implementation of cash programmes. Agencies agree that cash-based interventions are difficult, and perhaps inappropriate, when the security situation is bad. According to Michael Jones from WFP:

food is bulky and highly visible. It is difficult to steal or misappropriate ... A review of the security incident reports from UNSECOORD [the UN security coordinator] over the past six months reveals that a large number of incidents involve armed car jackings of vehicles carrying salaries/petty cash for remote/secluded CFW projects. It is a weekly occurrence and the trend is rising. Many of the CFW projects involve bore hole drilling, bridge building and other engineering that require continued/uninterrupted presence by highly skilled technicians/engineers. Many of these projects are imported and not identified/generated through local community councils with security guarantees from local elders. Finally, money changes many hands and does not always reach the worker/intended beneficiary due to corruption, resulting in further insecurity (personal communication).

Agencies are exploring innovative ways to reinforce the security of money transport and salary payments. For example, Mercy Corps notes that relatively good security in northern Afghanistan has allowed staff to pay individual labourers personally. However, the situation in the south has never allowed for this. Instead, Mercy Corps has devised an alternative method which uses the existing local 'banking' system (the *hawala*) to transfer the relatively large sums required to meet payroll needs in the field. Paymasters then transfer the payroll cash to group leaders, and they pay individual labourers, with Mercy Corps project engineers providing oversight. While this system is clearly not ideal, it

was felt to be the best solution. Other organisations in the region have followed Mercy Corps' procedures (Mercy Corps, 2003).

One evaluation of Oxfam's programme in Hazarajat notes that, although the current system focuses on minimising risks, there is considerable scope for improvement. Money is transported by Oxfam staff, who pay salaries directly. The evaluation also suggested using the *hawala* system: 'This would ensure that transported monies were the responsibility of the moneychanger whilst also boosting traditional systems of cash transfer. It is important to note that discussions on security in the area indicate that the team and communities are confident that insecurity is not a serious risk' (Oxfam, 2004a: 10).

When agencies transport money and pay salaries directly, they appear to have very strict procedures to minimise the risks of looting. For example, Medair states that 'the distribution days were varied and the details of the time and date were not disclosed in advance to anyone other than the senior staff distributing the money. The location names were coded and 2 vehicles used to visit each location with 5 senior staff members. Each beneficiary was required to show their ID card and signed for money received. Receipt sheets show all the transactions and details' (MEDAIR, 2003: 9).

4.2 Targeting

Another important aspect in the implementation of CFW programmes is targeting. An important issue is whether CFW programmes reach the most vulnerable people. An AREU study on rural livelihoods found that most relief agencies' programmes did not reach the very poor (AREU, 2004c: 2). This is a common critique of any 'for work' programme, since it is often the case that the most vulnerable are not capable of working.

This does not, however, mean that these programmes do not help people clearly in need of support. In some cases, CFW programmes may be combined with other types of support for those who cannot work. For instance, the CFW programmes

run in Kabul in the winter of 2002–2003 included distributions of emergency items to non-able-bodied people or those otherwise not reached by CFW. Agencies can also rely on other mechanisms to reach the most vulnerable, such as social redistribution within communities. The Oxfam Hazarajat evaluation notes that ‘the direct beneficiaries of the CFW have elected to pay a part of their wage towards the support of households deemed to be particularly vulnerable within a community. The payment is “unofficial” but has been used by Oxfam before in its FFW programming. The significance of the payment lies in its adherence to traditional forms of alms giving and charity and it is note worthy that the CFW appears to have allowed this important form of traditional “safety net” to continue’ (Oxfam, 2004a: 7).

Community participation is an important element of targeting. In the case of Oxfam’s programme in Hazarajat, targeting is done with the aid of community groups, based on the traditional *shura* system. These groups have been put in place by Oxfam teams to facilitate engagement with communities to gather information and organise targeting and the implementation of programmes. Targeting is predominantly Oxfam-led, with vulnerability criteria agreed with the *shuras*. Medair targeted its winter relief programme by first going through the *wakils*, or municipal representatives. The *wakils* were provided with criteria for selection. Then they were asked to create lists of vulnerable people able to work. Household vulnerability was then verified door-to-door by Medair surveyors, who checked 100% of the lists. Checking resulted in half of the households being disqualified. This indicated major problems in working with the *wakils*, as well as the importance of having a verification process (Rodey, 2003).

4.3 Self-targeting

The question of salary level is another important implementation issue. Agencies generally attempt to set the salary rate below the market rate, to avoid disrupting the local market and stimulating in-migration of workers. This also enables ‘self-targeting’: those in ‘real need’ are more likely to be willing to work below what the market can offer. Mercy Corps notes:

It was agreed at the start of the program that wage levels should be established so that they do not encourage 'in-migration' or displacement, but would allow families to meet minimum food needs through borrowing. Thus daily wages were set lower than the market rates for unskilled labor in all target areas. This 'self-targeting' of labourers was thought to be an effective way of guaranteeing that only the most vulnerable participate in the project activities (Mercy Corps, 2003).

The fact that several agencies are conducting CFW may result in some variation in the wages being paid in one area. This clearly works against the idea of self-targeting and may result in negative impacts on the local market. The assessment of the Kabul CFW programmes notes that the way in which CFW was provided differed slightly in terms of work periods and the duration of enrolment. The wage rates were also slightly different, but below market rates in all cases. Although no problems were reported, these differences are a potential source of confusion. Similarly, the Oxfam evaluation notes:

Given the need to establish realistic and appropriate labour rates, it is extraordinary that there is not more national level discussion and sharing of program experience. This is not just a feature of Oxfam but of all actors in the field. Solid coordination of program activities would ensure that agencies were able to set waged labour rates that were appropriate to the area and which did not undermine the existing labour market (Oxfam 2004a: 14).

Decisions about rates are complicated by the fact that they may have to change over the lifetime of a programme. Medair noted that, due to the increasing cost of living, what was originally a middle-range daily labour rate become, despite a small increase, the lower end of the daily rate. This generated complaints

(MEDAIR, 2003). Agencies must be prepared to follow the cost of living (inflation), and adapt rates accordingly.

The seasonal nature of the labour market also has to be considered when implementing CFW (or FFW) programmes. There is usually no work in the winter (and therefore large numbers of available workers); conversely, there is usually a labour shortage at harvest time. These variations influence self-targeting: Johnson notes that low wage rates tend to be more generally acceptable in winter when rural communities have little other work, thus reducing the self-targeting effects of low rates (Johnson, 2004).

5. Monitoring and evaluation

The primary function of programme monitoring is to make sure that the cash provided reaches the targeted beneficiaries. The risks of diversion may be higher with cash, and the manner in which salary payments are made and monitored is therefore important in minimising those risks. Monitoring and evaluation is also useful in tracking how cash has been used. A common critique of cash is that it may be used in ways contrary to the intent of the programme (for alcohol or luxury items, for instance).

5.1 Monitoring practice

To respond to criticisms of cash, a thorough monitoring of cash relief is an important, and often well integrated, component of cash programmes. For instance, Medair sees monitoring as a key element of its programme, and systematically assesses the implementation and running of its CFW distributions. Medair makes payment for the work carried out directly to the beneficiaries, requiring them to sign or thumb-print a distribution list each time they receive cash. The amount of money paid will depend on the amount of work carried out by that beneficiary. Attendance records and production levels will be carefully monitored in order to calculate payment due. At the distribution, each beneficiary has to present their Medair photo ID card in order to receive payment.

Supervisors are present at each distribution, verifying the identity of the beneficiaries (MEDAIR, 2003).

Mercy Corps monitored the impact of cash injections on household and community economies to ensure that the extra cash did not cause commodity prices to rise beyond the reach of the community. Mercy Corps also monitored the use of cash on a household level to determine the impact of the project on household debt and livelihoods (Mercy Corps, 2003).

In the Oxfam evaluation, it was recommended that monitoring focus on these areas (Oxfam, 2004a: 12):

- The broad economic impacts of the programme (inflation, trading activity, terms of trade).
- Global situation monitoring (general security, food security, coping strategies, health and nutrition status).
- Household-level impacts (household decision-making, how cash is used, the impact on family relations, gender impact).
- Other programme impacts (agricultural productivity, erosion, access to fuel wood).

ActionAid carries out ‘community-based’ monitoring through a social audit process done by the community itself. Through this process money spent, materials purchased and resources allocated, along with any other information relating to the progress of the project, is displayed on public information boards. These boards are supplemented by the work of community committees responsible for procurement, support and monitoring of the day-to-day activities of the project. These committees are required to present all work, vouchers and bills at these meetings (Action Aid, 2004: 11).

Whereas most agencies implementing cash transfer programmes have put in place rigorous monitoring systems, evaluations of programmes seem to be less

common. Greater investment in evaluation would be useful in more rigorously documenting the feasibility and appropriateness of cash-based approaches.

5.2 How is the money spent?

Monitoring systems often aim to track whether beneficiaries have received the cash, and how the money has been spent. The Oxfam evaluation reports that 90% of the cash was spent on food, and it seems that, in general, cash was not used for building up assets (Oxfam, 2004a: 11). Another evaluation notes that, in 92 of the 100 households surveyed, food was consistently the biggest household expenditure. For the other eight households, fuel was their greatest expenditure (Grace, 2003: 28). Mercy Corps notes that the vast majority of CFW wages were spent on servicing debt (many labourers had fallen into serious debt with local traders in order to obtain food for their families). A study in 2003 indicated that CFW employment in some areas served as a guarantee for future loans from traders (Mercy Corps, 2003).

6. The impact of cash-based programming

Given the criticism and scepticism that surround cash-based programmes, the question of impact is particularly important. The task is complex for a variety of well-known reasons, which will not be addressed here (see Hofmann et al. (2004) for a more detailed discussion of impact measurement and its difficulties). A complicated aspect of ‘for work’ programmes is that, as discussed above, they usually have more than one objective. The cash provided as a salary will have a direct impact on the worker, as well as his or her household. The work will also have a wider impact on the community as a whole. The injection of cash into a local economy may in itself affect local markets. All these aspects are important when considering the impact of cash-based programming. Possible intended impacts of CFW include:

- employment generation for those able and willing to work;
- an injection of cash into cash-poor economies;
- benefits from the use of local resources in reconstruction projects; and

- short-term improvements in livelihoods.

This paper distinguishes between direct impacts on beneficiaries (in terms of lives and livelihoods) and wider impacts on markets and the economy. The paper also analyses the impact on gender relations within the household. Cash-based programming is sometimes criticised for having a negative impact in this area, as men may control the household's spending and are seen as being more likely to use cash for anti-social purposes.

6.1 Impact on lives and livelihoods

Few programmes systematically collect impact indicators. The Oxfam evaluation, for instance, notes that:

The project proposal lays out a number of indicators with which to measure program impact. As a general observation on the indicators, many of them involve information that is not currently being collected or adequately analysed by Oxfam. These include indicators on the reduction of mortality and the maintenance of nutritional status (Oxfam, 2004a).

Grace studied four NGO programmes at three different points in time (with interviews with randomly selected household members) in an attempt to distinguish some of the impacts of these programmes. According to Grace, only 22 households out of 100 reported a positive change in both the quality of the food bought and the ability to purchase it. Grace also noted some improvement in health status and the ability to seek treatment, but cautioned that it was extremely difficult to attribute this to the programmes under review since the beneficiaries had other sources of income (Grace, 2003: 28–30).

Whereas it is extremely difficult to demonstrate impacts on lives (e.g. changes in mortality and morbidity status), it is much easier to show some impact on beneficiaries' livelihoods. One regularly mentioned impact, by the Grace study,

for instance, is on debt repayment. Debt constitutes a major source of distress in Afghanistan, and debt repayment is a priority for many households. The inability to reimburse a credit means that no further credit will be accessible. Other positive impacts reported by agencies include preventing the sale of assets and reducing migration in search of work. As the Oxfam evaluation observes: ‘In discussions it was noted that households that may have moved from the area were encouraged to stay as a result of the cash income. It is also clear that the cash prevented the sale of assets, or at least the number of assets, which would normally have been sold. It was particularly noted that people had not been required to sell the number of animals they would normally have had to’ (Oxfam, 2004a: 10–11).

6.2 Impact on markets

It is generally recognised that food assistance represents a threat to local markets, as food prices drop following a distribution. Lautze remarks that:

on average, wheat prices immediately fell by 20% because of the relief distribution. There were sharp drops below this average as people sold a portion of their wheat for as little as 45% of the pre-distribution prices. At these prices, both traders and shopkeepers faced losses even though one of the main reasons people sold wheat was to purchase complementary commodities (pulses, oil) that were also sold in this market’ (Lautze, 2002: 46).

Brian Jones asserts that ‘in all discussions held with communities, the relationship between food aid and market prices was raised as an important issue and concern over the possibility of price rises should FFW programs cease, was expressed’ (Oxfam, 2004a: 12).

Whereas the negative impact of food aid on local markets is widely cited, there seems to be relatively little analysis of the impact of cash responses on local markets. A key concern is whether the markets will be able to respond to an

increased demand for commodities. While there is insufficient evidence from Afghanistan to support firm conclusions, it is likely that the volumes of cash supplied are marginal in comparison to normal economic activity.

6.3 Impact on gender

Although most agencies try to engage women in CFW programmes, there is very little information about the impact of CFW on gender. Medair specifically compared male and female participants in its programming, but the size of the sample does not allow any firm conclusions to be drawn (Rodey, 2003: 29). The very fact of enrolling women into CFW programmes represents progress in the context of the gender situation prevailing in Afghanistan. Mercy Corps notes:

Women were specifically targeted for CFW projects. For example, a female member of Mercy Corps' staff recruited and managed 20 women from Taloqan to weave gabions – a project requiring over 800 person-days. This project was the first time that many of the women had directly received payment for work they had done – empowering them as a money earner in their community and household (Mercy Corps, 2003).

In its discussion of a women's embroidery project, the Oxfam report notes that:

women were pleased that they had been directly targeted and given the opportunity to contribute to the family income. Many told of how they were afraid that the initial information on the project was a rumour and that they would end up disappointed ... Community acceptance of the work was extremely good and women often pointed out that 'If the men did not like the program we would not be able to work'. It seems that men were proud of the women's contribution to the family income and extremely supportive of the activity. Most importantly the CFW appears to have contributed to an

increase in standing within the household and in particular their self esteem (Oxfam, 2004a: 8).

The evaluation notes further:

It is gratifying to note that women's control over the cash appears to have been good and they were able to successfully negotiate purchases with their husbands. In one instance a woman recorded that she had been instructed to buy animals by her father-in-law but had decided to purchase wheat and clothes instead (ibid.: 9).

ActionAid faced difficulties in integrating women into their programme:

The mobilisation of women in Khojaw Do Koh was somewhat problematic. Male family members were restricting women from participating in the CFW activities. This was resolved through the social mobilizers and communities, that over time began to understand the importance and relevance of women participating. (Action Aid, 2004: 13).

The ability of women to participate in any projects in Afghanistan remains highly constrained; cash-based programmes are no different. Public works programmes represent particular difficulties in this respect, because of the need to identify types of work that women will be able to do and that will be culturally acceptable. Aid agencies have clearly made real efforts to identify opportunities to encourage female participation, but these remain limited and restricted to traditional female occupations such as embroidery or weaving. Constrained female participation in public works projects does not seem to have led to questioning of the appropriateness of a works requirement for safety net programmes. Nor is there much evidence of analysis of the ability of women to negotiate the use of cash wages from public works programmes within the household.

7. Conclusion

This case study has highlighted a significant change in humanitarian programming in Afghanistan in the aftermath of the fall of the Taliban regime. The number of agencies engaging in cash-for-work programmes, and the significant debate that accompanied this shift, is probably unequalled in other humanitarian crises.

The examples reviewed in this case study provide some strong evidence that cash-based programming is possible even in insecure environments. The well-known critique that cash is inappropriate in unstable contexts does not seem to hold true. In particular, humanitarian agencies have demonstrated a capacity to find innovative solutions, such as using the local *hawala* systems to minimise security risks. Some of the other criticisms usually levelled at cash are equally invalid in the case of Afghanistan. For instance, the fear that cash will be misused by the beneficiaries can be rejected as a patronising assumption: evidence from programme monitoring shows that cash is spent on what beneficiaries most need. Another common criticism of using cash concerns its potential negative effects on local markets. Although agencies do not systematically monitor the impact of cash on markets in the course of a programme (collecting information on market prices, the local labour market and local traders, for instance), they do use information on market prices and food availability at the start of the project in order to decide whether to start a food intervention, or a cash-for-work intervention.

For the Afghan experience to be useful elsewhere, the shift in the policy and practice of donors and humanitarian agencies seen there would merit further documentation. The case study has found sporadic and anecdotal evidence regarding the effectiveness and impact of cash-based interventions. Given the wealth of experience that exists in Afghanistan, a more systematic ‘lessons-learnt’ exercise would be useful. One area that would merit particular attention is

the potential linkage of relief programming with longer-term social protection, which cash-based intervention seems to be enabling. In providing responses more nuanced than food aid (which is often criticised as being a blunt instrument), cash can potentially address a larger range of ‘needs’, as expressed by the ‘beneficiaries’, rather than as envisaged by external humanitarian actors.

References

- Action Aid 2004, *Community Based Participatory Change Plan Process*.
- Action Contre la Faim 2004, *Kabul Vulnerability Mapping*.
- AREU 2004a, *National Risk and Vulnerability Assessment 2003: A Stakeholder-Generated Methodology*.
- AREU 2004b, *Rethinking Rural Livelihoods in Afghanistan* Synthesis Paper Series.
- AREU 2004c, *Urban Vulnerability in Afghanistan: Case Studies from Three Cities* Working Paper Series.
- Atmar, H. Humanitarian Issues in Transition. Speech by Haneef Atmar, Minister of Rural Reconstruction and Development, to the Implementation Group Meeting in October 2002. 2004.
- Bryer, J. 2004, *Working for Afghanistan. The Impact of Non-Governmental Organisations*.
- Christian Aid 2003, *Against the grain*.
- Darcy, J. & Hofmann, C.-A. 2003, *According to need? Needs assessment and decision-making in the humanitarian sector*, ODI, London, 15.
- Grace, J. 2003, *One Hundred Households In Kabul: A study of winter vulnerability, coping strategies and the impact of cash-for-work programmes on the lives of the vulnerable*, Afghanistan Research and Evaluation Unit, Case Studies Series.
- Johnson, C. 2004, *Final Evaluation Report of the LIWP (Labour Intensive Works Programmes)*, CARE.
- Lautze, S., Nojumi, N., & Najimi, K. 2002, *Qaht-e-Pool "A Cash Famine" Food Security, Malnutrition and the Political Economy of Survival: A Report from Kabul, Herat and Qandahar, Afghanistan*.
- MEDAIR. Projet Proposal - Relief to Kabul Vulnerables - Phase IV. April - December 2002. 2002.
- MEDAIR 2003, *Final Report. Relief to Kabul Vulnerables - Phase IV*.
- Mercy Corps 2003, *Emergency Support for Drought and Conflict Affected Populations in Afghanistan. November 1, 2001 through March 15, 2003*.
- Oxfam 2004b, *The Food for Work vs Cash for Work Debate in Oxfam GB programming. Paper written by Oxfam GB team in Hazarajat*.

Oxfam 2004a, *Evaluation of Oxfam GB's ECHO-funded cash for work project in Hazarajat.*

Rodey, B. 2003, *A 2003 Evaluation of the MEDAIR Kabul vulnerables programme and recommendations for future directions.*

Transitional Islamic Government of Afghanistan, Asian Development Bank, UNAMA, UNDP, & The World Bank Group 2004a, *Securing Afghanistan's Future: Accomplishments and the Strategic Path Forward.*

Transitional Islamic Government of Afghanistan, UNAMA, UNDP, & The World Bank Group 2004b, *Securing Afghanistan's Future: Accomplishments and the Strategic Path Forward.*

USAID 2004, *Afghanistan Complex Emergency. Situation Report #2.*

WFP 2003, *Protracted Relief and Recovery Operation - Afghanistan 10233.0.*

Notes

¹ For example, Oxfam GB guidelines on cash-based programming suggest that the use of cash in the early stage of slow-onset emergencies, such as drought, or during the recovery or rehabilitation phase of fast-onset emergencies, is appropriate.

² The only significant exception where cash has not been used primarily as an alternative to food is the repatriation grant provided by UNHCR for refugees returning to Afghanistan.

³ One of the central conclusions of HPG's study on needs assessment was that 'assessment typically is subsumed within a process of resource mobilisation, with assessments being conducted by agencies in order to substantiate funding proposals to donors' (Darcy & Hofmann, 2003). This study suggested that a vulnerability analysis provides a more appropriate framework for understanding not only needs, but also the risks and threats people face.

⁴ Similar issues are found in food-for-work programmes. This author believes that, although this issue is not specific to cash-based programming, it represents a potential problem in programme design.