



CaLP Case Study
**Vouchers for flood relief in
Cotobato city and Sultan Kudarat,
ARMM, the Philippines**
Action Against Hunger / ACF international

In response to a rapid-onset emergency, Action Against Hunger / ACF International, with funding from AECID, implemented a cash transfer program in Cotabato City, situated in the Autonomous Region of Muslim Mindanao in the Philippines. The project established a cash voucher program through local supermarkets to provide flood-affected people with essential food and non-food items. The program also piloted the use of debit cards for the first time in the Philippines.

1 Humanitarian context

Background

Natural disasters, particularly typhoons, are a common occurrence in the Philippines. In May and June 2011 tropical storms brought heavy rains that forced the Rio Grande de Mindanao over its banks which led to extensive flooding in Cotabato City and Sultan Kudarat in the Autonomous Region of Muslim Mindanao (ARMM). As a result, more than 20,000 people were forced to seek refuge at evacuation centers (ECs) in the area.

ACF began working in the Philippines in 2000 to aid persons displaced due to conflict in the ARMM. Clashes between the national government and the Moro Islamic Liberation Front (MILF), a local separatist group, have contributed to instability within this region. Political tension in the ARMM influenced ACF's programming, as did the limited amount of time they had to plan and implement the program.



Figure 1: Map of Philippines. The ACF cassava plant indicates the location of Cotabato City and Sultan Kudarat.



ACF responded to this disaster with a cash transfer program (CTP). A small proportion of beneficiaries also received debit cards in lieu of paper vouchers. While this was ACF Philippines' first experience with a CTP in the ARMM, the use of debit cards in an emergency response was the first not only for the entire national humanitarian community, but also for ACF International globally. This pilot program provided an opportunity for ACF to test a practical medium for cash transfers and evaluate how best to use debit cards in future interventions.

Assessment

The state of local markets created an environment which supported the use of a CTP to respond to people's immediate needs. ACF's rapid assessments from June 2011 recorded that overcrowding at ECs had contributed to a rapid deterioration of conditions. Families lacked proper sleeping mats and mosquito nets, which led to negative health outcomes for internally displaced persons (IDPs) at the ECs. In-kind food aid from the government was insufficient in quantity and quality. As many IDPs' purchasing power had been negatively affected by the floods, they were required to sell assets they had salvaged during evacuation in order to buy supplementary foods. Of the 35 ECs in Cotabato City, 25 were located within 1-2 kilometers of supermarkets and were accessible by public transportation or by walking. Supermarkets were located in areas unaffected by floods and were still conducting business as their supply chains had not been interrupted. Market assessments found that prices of staple commodities were relatively stable.

2 Program Overview & Rationale

ACF's objective was to provide immediate assistance to the flood-affected population, which was aimed at reducing food insecurity and the risk of negative health

outcomes by providing access to clean water, sanitation, and hygiene (WASH) items. The project had two elements:

1. CTP using two cash vouchers, either in paper form or as debit cards, valid at two supermarkets on approved commodities¹. With the voucher, beneficiaries were able to select appropriate quantities and types of items to meet their specific needs. Vouchers increased their access to food and non food items (NFIs) of acceptable quality while limiting their purchases to commodities relevant to their basic needs.

2. In-kind distribution of WASH items in order to ensure that all beneficiaries received the appropriate type, amount and quality of items needed for ameliorating health conditions. Superama and South Seas supermarkets agreed to be commodity suppliers for the CTP. Through a partnership with the CaLP, the company Visa Inc, assisted ACF to establish a debit card program in collaboration with the Philippines Veterans Bank (PVB).

How could a debit card pilot program be considered in the Philippine conflict context?

The commodity and point of sale restrictions on both forms of cash vouchers reduced both security threats and the potential for diversion of funds. Debit cards were programmed to be blocked for use only at the approved supermarkets and could not be used to withdraw cash. In order to provide ACF with the ability to effectively monitor the pilot program, debit cards were only distributed to beneficiaries registered at one EC, selected based on its organized structure, the relationship between ACF and barangay (village) officials and social stability in the area.

3 Implementation

Beneficiary selection and targeting

The CTP provided 2,516 families (16,354 individuals) with vouchers, 305 of which received debit cards in lieu of paper vouchers. ACF targeted all affected families in ECs that served the areas most heavily impacted by floods. ECs that had not received relief assistance were given particular consideration. ACF worked with the Cotabato City Disaster Risk Reduction and Management Council and the Social Welfare and Development Office to compose a master list of beneficiaries and confirm identities during the project. IDPs at selected ECs presented their official or temporary identity cards to government social workers, who registered them as beneficiaries on a

master list. Lists indicated which beneficiaries were more vulnerable, namely pregnant women, women with children, female-headed households, elderly people, and people with disabilities.

Setting voucher values

Each family received two vouchers with a combined value of PHP2,000 (approximately USD \$46), which was calculated with consideration for the average purchases made by households to complement in-kind aid and the value of a one-month food and NFI kit. The first voucher of PHP1,200 (approximately USD \$28) was provided to purchase food and basic NFIs, while the second voucher of P800 (about USD \$18) met additional food requirements.

Payment method

ACF designed the CTP to include two separate vouchers to accommodate beneficiaries' inability to store fresh foods. Vouchers were distributed two weeks apart, with each installment valid for one week. The amounts and timing were the same for both paper vouchers and debit cards. Paper vouchers were distributed face-to-face at ECs both times. Debit cards, however, were given out at the selected EC at the beginning of the program only and reloaded electronically for the second installment.



Top: An IDP signs to confirm that she received her paper vouchers and NFI kit. Above: Beneficiaries visit a voucher and debit card validation counter set up at the store prior to shopping.



A store continues to operate, despite flood conditions, in Poblacion 8, Cotabato City

The voucher distribution was completed simultaneous to in-kind distribution of hygiene items and mosquito nets. The latter items were not incorporated into the CTP because it was not mandatory that beneficiaries purchase all items on the approved commodity list. It was important to ACF that all beneficiaries access WASH supplies in quantities and qualities that met Sphere standards.

Prior to shopping, beneficiaries' vouchers and debit cards were validated and their names were matched to the master list. ACF team members were present on the first day of voucher and debit card validation at supermarkets to facilitate the purchasing process. The need for ACF support in supermarkets was limited after the initial day since staff and beneficiaries quickly understood how the program operated. ACF staff continued to monitor implementation and were available for questions throughout the program.

ACF implemented its debit card pilot program at an EC selected for its organized structure, social stability, and responsive barangay officials. The pilot revealed the following advantages and disadvantages of this transfer mechanism:

Debit Card Vouchers

Advantages

- Allowed beneficiaries to utilize the program multiple times;
- Streamlined the set-up process as distribution only had to occur once since reloading was done electronically;
- Pilot operational despite security issues in the area as debit cards programmed to only be valid at supermarkets which eliminated the potential for diversion of funds.

Disadvantages

- Cost more than paper vouchers (PHP40 or USD \$0.90 per debit card) and PVB charged a service fee of PHP15 (USD \$0.34) to ACF for each card swipe and PHP5 (USD \$0.11) to reload cards;
- Prevented remaining funds from being reallocated due to limits on debit card usage;
- Complicated implementation due to lack of community awareness around use of debit cards.

PVB signed a contract with ACF which provided their staff with responsibility of managing the technical aspects of the debit card pilot program. PVB agreed to train ACF staff on operational features of the cards, issued and activated all of the debit cards and reloaded debit cards for the second installment of the program. ACF staff provided program services and support and appointed a focal person at the bank to resolve customer service issues and respond to errors brought to their attention by ACF.

Staff of affiliated supermarkets assumed responsibility for beneficiary verification, customer assistance and completing transactions as outlined in their contracts with ACF. Cashiers ensured that beneficiaries selected approved commodities before completing transactions.

Costs

Almost half of the program budget (47%) was transferred to beneficiaries, with PHP4,422,000 distributed through vouchers (approximately USD \$102,030) and PHP610,000 (approximately USD \$14,075) through debit cards. The total cost to produce the paper vouchers was USD \$403 and USD \$331 for the debit cards. Bank charges related to debit card use, such as swipe fees and reloading charges, totaled approximately t USD \$72 and were charged on the logistic line. An additional 18% of the budget (USD \$44,964) was utilized for WASH items and rehabilitation. The remaining funds were utilized for support costs and staff salaries.

4 Program Impact

ACF conducted monitoring activities both during and after the project. Prices were monitored during the CTP. No noteworthy price change was observed throughout the duration of the project. Any

fluctuations followed predictable, national trends. Contracts made with supermarkets ensured prices remained competitive and in accordance with existing government policies regarding pricing.

Post-distribution monitoring (PDM) focused on the advantages and challenges that the beneficiaries experienced in the CTP, including project impact, selection of commodities purchased and recommendations for future CTPs. PDM involved collecting this data by conducting interviews with vendors, local authorities and beneficiary households.

Beneficiaries found the CTP to be a better mechanism than in-kind distribution due to the flexibility it provided them to cover their specific needs. The amount of money available via the CTP provided beneficiaries access to foods they would otherwise have been financially incapable of purchasing. The quantity of food that beneficiaries were able to purchase contributed to a reduction in household food expenses, which allowed them to allocate money for other basic needs not targeted by ACF’s project and for debt repayment.

The main household and cohesive social impact of the CTP on beneficiaries was flexibility in prioritizing and meeting their needs. They were able to choose the brand and quantity of goods when making purchases. They were also able to purchase food of higher quality than that which was distributed in-kind and to stock up on staple items. ACF’s assistance allowed beneficiaries to set aside their own money for expenditures other than urgent basic needs, such as education fees or clothing.

While the program’s overall impact was very positive, some social jealousy occurred when home-based affected families realized that they were excluded from the program. When non-beneficiaries realized that they had been excluded since targeting was limited to ECs,

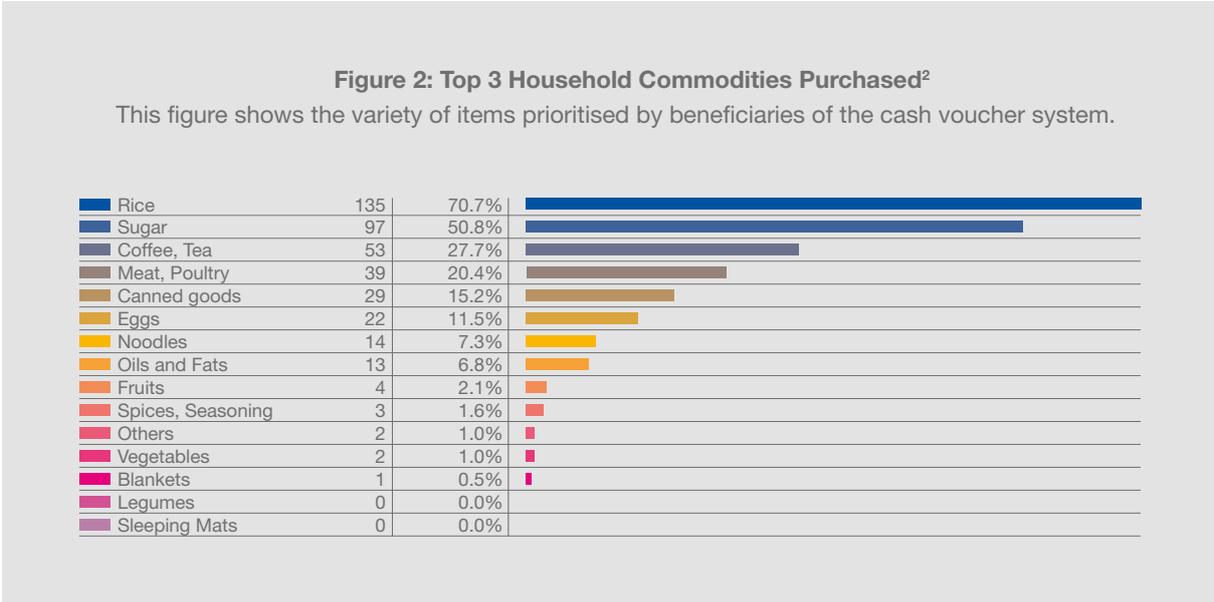


Figure 3: Once familiar with the process, beneficiaries showed a preference for CTP over in-kind assistance

	No.	% cit.
Voucher/card	120	85.7%
Others	16	11.4%
Both	3	2.1%
In-kind	1	0.7%
Total	140	100%

many tried to register at ECs in order to receive aid. However, ECs did not have the capacity to take in more people and ACF's program could not be expanded to include new registrants. While these issues are not CTP-specific, there was a perception that exclusion may have created more social tension than normal because vouchers could not be shared the same way in-kind aid can be, although some beneficiaries reported sharing the commodities purchased with vouchers.

There were no negative impacts reported related to the use of a cash-based aid modality. The voucher system controlled IDPs' purchases through the list of allowed commodities. This calmed peoples' apprehensions about the possibility that cash would be 'misused' or diverted and demonstrated that vouchers could be one appropriate response to the emergency despite local political tension. The CTP was well accepted by the IDPs, local government units and other stakeholders. The only negative feedback received was about exclusion; not about the use of CTP as a tool for response.

Another important impact of this CTP was that it increased awareness within the local government of how cash vouchers and debit cards could be utilized as a response tool in similar situations. Knowledge gained from implementation of the CTP was shared with local actors and NGOs in order to foster development of other CTPs in the future.

5 Challenges, solutions and lessons learned

ACF faced challenges related to registration and distribution logistics and security, although these are not significantly different from what might have been experienced for an in-kind distribution. Some beneficiaries from other ECs went to other distribution sites in search of extra vouchers.³ Many beneficiaries also registered at more than one EC in an attempt to receive more assistance.

One particular incident could have escalated into conflict. In this case, many of the IDPs at one EC had moved back home as flood waters receded. ACF only targeted the IDPs that remained, however

the other IDPs returned when they found out about the vouchers. To complicate matters, vouchers were delivered to the site on the designated distribution date for only the original EC capacity. A police presence had to be requested due to concerns about the number of vouchers available and the potential conflict that could ensue and ACF negotiated with barangay officials to be responsible for managing people who were changing ECs.

6 Lessons Learned and Recommendations

To increase preparedness to respond to future emergencies with a CTP (when appropriate), aid agencies should:

- Consider reviewing their process of selecting target areas and beneficiaries and devise an approach for quickly identifying the most affected areas and households as opposed to limiting selection to families registered in ECs. Agencies should keep in mind the proximity of markets to targeted areas when considering using cash as a response tool. During this project, many families living in homes on stilts did not evacuate and were hence excluded from the CTP. They were later identified as part of the population that was affected by the floods and had needs that could have been met by the CTP. However, the capacity of the program only allowed for assistance to the beneficiaries that had originally been identified at ECs and could not be expanded to include these other families.
- Prepare two standard orientation modules that can provide an overview of CTPs to local partners and authorities: one to be used in a preparedness scenario; the other for sharing information after an emergency occurs.
- Explore the possibility of including small-scale traders/suppliers in the CTP. This would require sharing of information prior to a disaster, but doing so in such a way that is sensitive to the potential for raising expectations. A standard contract template should be drafted to facilitate implementation. Agencies should also consider which modalities and transfer mechanisms are most suitable for partnerships with small-scale vendors in order to avoid undesirable limitations.

- Forge partnerships with banks that can meet the requirements of humanitarian debit card operations. Include in contracts that banks fully orient the agency's staff on how their debit card system works, including their information and communication infrastructures.
- Do a dry run of the debit card system with relevant staff from both the agency and the partner bank as part of a contingency planning exercise.

To improve future CTP planning and implementation, aid agencies should:

- Develop plans with local partners on how to maintain transparency and communication around targeting and registration, including how to manage and respond effectively to complaints from people excluded from the CTP. Many barangay officials had difficulty providing explanations about the process in selecting beneficiaries and providing protection to staff against harassment from excluded families.
- Seriously consider the possibility of using a commodity voucher or a combination of in-kind and CTP to provide WASH-related aid when market conditions in the affected area(s) allow. Grant receipt can be made conditional and based on participation in training/orientation on WASH practices.
- Consider using debit cards when implementing programs with multiple cash transfers. Given the production and operational costs, debit cards make for a more appealing transfer mechanism when the associated fees per use are reduced by having more than one installment of funds.
- Consider using debit cards when mobility of beneficiaries is anticipated. Since cash transfers with vouchers are made electronically, debit card users can relocate without creating distribution issues for future installments of the CTP.



ACF and AECID stickers indicate approved commodities at partner supermarkets

- Encourage households to shop together. This CTP promoted sharing within and amongst families, which may foster social cohesion. Any potential literacy issues that could have created problems for beneficiaries signing debit card receipts were overcome by families shopping together. Beneficiaries held larger family dinners at ECs because they were able to expand their shopping lists in terms of the amount and the types of items purchased.
- Agree with the partner bank on communication and support strategies that will be used during a CTP. Designating focal points on both sides streamlines communication, simplifies coordination and reduces the risk of sending mixed messages.
- If using debit cards, have a backup plan (e.g. paper voucher) so that persistent technical issues do not inconvenience beneficiaries.

Contact details and further reading

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Please refer to the extended version of this case study, "Cash Transfer Programming for the Assistance to Flood-Affected Population in Cotabato City and Sultan Kudarat, ARMM," for more detailed information on this program. The PDM report, "Post Distribution Monitoring (PDM): Food Security Pilot Cash Transfer Programming- Vouchers and Debit Cards; WASH Hygiene Kits Distribution," (Sept 2011) is also available.

The following documents are all available in the CaLP online library (www.cashlearning.org/resources/library):

CaLP (2011) *Vouchers: A quick delivery guide to cash transfer programming in emergencies* (CaLP)

CaLP (2010) *Delivering Money: Cash Transfer Mechanisms in Emergencies* (Save the Children UK)

Harvey, P. and Bailey, S (2011) *Good Practice Review 11: Cash Transfer Programming in Emergencies*, (ODI/CaLP)

Poisson, G. (2011): *Cash transfer programming in emergencies: cash transfer mechanisms and disaster preparedness in the Philippines* (CaLP)

1 Approved commodities consisted of processed and preserved foods, including canned goods, spices, sauces, rice, noodles, cereals, flour, meat, poultry, seafood, dried fish, dried seafood, eggs, vegetables, fruits, oils and fats, sugar, coffee, tea, creamer (not milk), blankets and sleeping mats.

2 Ibid.

3 ACF follows the policy that if less than 10% of the delivered aid is left at the end of distribution, leftovers are given out to bystanders. Locals were aware of this policy and thought that it would be applied to the vouchers as well.



CaLP

The Cash Learning Partnership (CaLP) aims to promote appropriate, timely and quality cash and voucher programming as a tool in humanitarian response and preparedness.

Originating from the will to gather the lessons learnt from the Tsunami emergency response in 2005, the CaLP is today composed by Oxfam GB, the British Red Cross, Save the Children, the Norwegian Refugee Council and Action Against Hunger / ACF International. The five steering committee organisations have come together to support capacity building, research and information-sharing on cash transfer programming as an effective tool to support populations affected by disasters in a way that maintains dignity and choice for beneficiaries while stimulating local economies and markets.

In 2010, the CaLP partnered with the International Federation of the Red Cross and Red Crescent societies (IFRC), with support from ECHO and Visa Inc.

For more information visit: www.cashlearning.org

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Front cover: A beneficiary uses his cash voucher to buy poultry at a local supermarket in Cotobato City.