

# Learning from cash responses to the tsunami

## Issue Paper 6

### Monitoring and evaluation

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**T**his Issue Paper focuses on the question of how to monitor and evaluate cash transfer programmes, with special reference to the learning that has emerged from the tsunami response. Some of the key questions that monitoring and evaluation systems should try to address include:

- What objectives were set for the cash transfer?
- What impacts do we need to monitor?
- How much cash was delivered, and what was it spent on?
- Did the right people get the cash? Who was excluded?
- How did the market react? How accessible were key goods? What happened to prices?
- How significant were issues around gender, security, corruption and 'anti-social' use?
- How did the cash transfer compare with in-kind approaches? Is it possible to compare the costs of the cash intervention with the hypothetical or real cost of in-kind 'alternatives'? Would the beneficiaries have preferred in-kind aid?

Key issues to consider, and methods and indicators that might be developed to address them, are set out in more detail in the table overleaf. As an absolute minimum, agencies should monitor:

- What people are spending the cash on.
- How accessible markets are, and where people are buying key goods.
- What is happening to prices.
- Whether people are receiving the right amount of cash, and are able to spend it safely.

#### Objectives: what to monitor

Cash is a flexible instrument, and people may decide to spend it on a wide range of things.



Oxfam GB's Cash for Work programme in Matara, Sri Lanka

Agencies may try to control what people purchase by imposing conditions, providing the cash in staged payments or getting recipients to write business plans. If agencies have set particular objectives for the cash, such as enabling people to rebuild houses or follow business plans, it may be necessary to monitor and evaluate whether the project has been successful in terms of these objectives. Alternatively, rather than evaluating specific objectives, agencies can choose to look at the wider intended and unintended impacts of cash transfers. Did the cash project have an adverse effect on traditional systems of community self-help? Did it impinge upon debt and credit markets, and if so how?

#### Process and methods

Many of the issues involved in monitoring cash projects are not peculiar to cash. Just as with in-kind interventions, there needs to be a clear

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Key questions	Methods/indicators
<b>Process and design</b>	
Did people get the right amount of cash, and were distributions efficient?	Post-distribution monitoring surveys Amount received Time spent waiting at distribution sites
Was cash delivered and spent safely? Were any security issues reported? Were any beneficiaries disadvantaged by the transfer system chosen?	Interviews, focus group discussions, analysis of any security incidents Accessibility of transfer mechanism Distance to distribution point Focus on potential discrimination against particular groups in the transfer mechanism
Was targeting effective?	Assess whether beneficiaries met targeting criteria and whether people who met the criteria were excluded Ideally, make comparisons with targeting in other interventions
Was there any corrupt abuse of cash by agency staff, local elites or authorities involved in targeting or distribution?	Interviews, focus group discussions – ideally by an independent body
Did the agency have sufficient skills to manage the cash programme effectively?	Interviews with project staff
What were beneficiary views on the use of cash? If cash is an explicit alternative to in-kind assistance, which option did beneficiaries prefer?	Interviews and focus group discussions, with special attention to the reasons for any preferences
How cost-effective was cash compared to in-kind alternatives?	Cost-effectiveness analysis
How did the cash project coordinate with other interventions?	Mapping of other interventions. Interviews with other aid agencies working in the area Interviews with agency staff working on other projects. Interviews with affected communities about the range of interventions
<b>Impact and outcomes</b>	
What did people spend the cash on? How did this affect livelihoods?	Interview, surveys, focus group discussions Significance of the transfer as a component of household income
Where and how accessible were the markets where cash was spent? Did any beneficiaries find it difficult to reach markets (distance, time)?	Interviews, surveys, focus group discussions Distance to market Time taken to purchase goods Focus on potentially vulnerable people, such as the elderly
How have prices changed, and were prices influenced by the cash transfer?	Market price monitoring
What was the impact of cash transfers (positive or negative) on the local economy?	Interviews with traders and local businesses
How was the use to which the cash was put decided within the household? Were there any tensions?	Interviews, focus group discussions with key informants, grant recipients and non-beneficiaries. Separate discussions with women and men
Have women or marginalised groups been empowered as a result of the cash project?	Interviews and focus group discussions (e.g. awareness that women have a right to equal pay for equal work)
Did cash meet specific objectives, such as shelter recovery, small business promotion or promoting savings?	Depends on objective, but look at e.g. the number of beneficiaries who managed to start up an income-generating activity; the number of income-generating activities still going after x months; the number of houses built, the number of beneficiaries with savings
<b>Wider/unintended impacts</b>	
How has the cash project affected traditional systems of community self-help? How has the cash project influenced local debt and credit markets?	Use of cash to repay existing debts Influence of cash on willingness to repay debts Interviews with credit providers (both formal and informal)

Key questions	Methods/indicators
<b>Cash for work</b>	
Did cash for work projects build useful and sustainable community assets?	Assess the quality of assets built and sustainability issues, such as arrangements for maintenance
Did cash for work projects affect local labour markets?	Local casual labour rates before and after cash for work projects Interviews and focus group discussions with labourers and employers
What was the level of employment (disaggregated according to gender)	Number of people who worked, disaggregated by gender and if possible marital status, household type (female/male-headed) and former occupation Number of work days provided in total by the project Number of average work days per household Number of work days provided in total for village and average across project area
Did labour-poor households and other at-risk groups benefit economically (and sufficiently) from the project?	Find out whether policies were in place to ensure support was provided to labour-poor and vulnerable households Find out if children worked, or if they were excluded. If children were excluded, were their needs addressed?

distinction between process (how well are we doing the work?), progress (how far have we got compared to our plans?), design (is the cash value right? Is the disbursement system right?), context (are price changes due to our intervention? Is the security situation better or worse than we anticipated?), results (who got what?) and impact (what people did with the cash and the wider impacts on livelihoods and local economies).

### Expenditure, prices and inflation

In monitoring and evaluating the impact of cash transfers, the most obvious question is what people spent the money on. In some ways this is an easy one to answer, as people tend to be able to give fairly detailed accounts of the choices they made and the reasons behind them. But how reliable are these accounts, and to what extent are monitors being told what beneficiaries think they want to hear in the hope that aid agencies will continue to provide support? Strong information about markets and prices, and how these evolve over time, is key to judging the appropriateness, impact and cost-effectiveness of cash. It is important to know not just what people were spending cash on, but where and at what price. This is necessary not just to understand whether inflation is taking place, but also to track what people are able to buy with the money that is provided. Monitoring of prices by aid agencies was generally weak in the tsunami response (for further discussion of price monitoring and the risk of inflation in cash programming, see Issue Paper 1 – Analysing markets).

### Cost-effectiveness

Cost-effectiveness is clearly a crucial question in any evaluation of a cash response: in other words, is it more cost-effective to distribute food, or to

give people the cash to buy it? Cost-effectiveness analysis is, however, difficult because of the variety of things that people buy. If people spend most of the cash they are given on a single commodity or a narrow range of goods, it may be possible to compare the cost of buying goods locally with the cost to the aid agency of purchasing and transporting them. But these sorts of calculations are fraught with difficulties. How do you compare the transport and distribution costs of in-kind approaches with cash transfers? How best to address exchange rate fluctuations, inflation and price changes? It is important to find creative ways to make cost-effectiveness comparisons. As long as agencies are explicit about the assumptions they are making this effort should still be useful,

#### Trying to calculate the cost-effectiveness of a cash and voucher project in Indonesia

An evaluation attempted to compare a pilot project providing cash and vouchers with the costs of directly delivering food aid. This was made difficult by the fact that food aid was being provided to a greater number of people. The evaluators calculated that the administration costs of the cash project were 18% of the total cost – lower than with food aid. They concluded that ‘the market-based approach is much less expensive to operate and manage and, therefore, more cost-effective than the direct delivery of food aid’. They also noted that the cash and voucher project seemed to require significantly fewer staff and less transport than the food aid programme, since warehouses, trucks, security guards and labourers were not needed.

Source: Chuzu and Viola (2006).

even if the analysis has its limitations; it is better to have some bad figures to argue about than to have no figures at all.

### How cash is used: gender, corruption and security

Some of the more difficult issues involved in monitoring how cash is spent concern what is problematically labelled ‘anti-social’ use, the effect of the cash transfer on gender relations and corruption. People are intrinsically unlikely to tell a monitor working for an aid agency that they spent part of a cash transfer on alcohol, that cash was diverted by local elites or that a transfer caused conflict within the household. It is therefore no surprise that, in common with most emergency cash projects, evaluations during the tsunami have found little evidence of anti-social use.

Current monitoring and evaluation methodologies make going beyond standardised responses in interviews, surveys and focus group discussions difficult. A wider range of methodologies may help to get at these issues. These might include greater triangulation through talking to a wider range of actors within communities and more extensive independent monitoring and evaluation. Independent monitors or evaluators would need to be local, with a deep understanding of local contexts and with the ability to dig beneath the surface of conventional responses. Finding these sorts of skills is difficult, particularly given the short time-scale of most evaluations.

### Beneficiary preferences

Great care is needed when trying to assess whether the beneficiaries of a cash programme preferred cash, or would rather have received in-kind aid. There may be a tendency for recipients to express a preference for what they have received before, in the hope of being given additional assistance. But the reasons given for people’s preferences can still be interesting, and people sometimes make relatively informed comparisons, so it can still be useful to ask about preferences as long as the answers are treated with care. An evaluation of WFP’s pilot project in Sri Lanka conducted by the International Food Policy Research Institute (IFPRI) found that there was a strong preference for cash assistance in areas with stronger markets; in poorer areas, where the physical and market infrastructure was less robust, the strong preference was for food aid (Sharma, 2006: 4).

### Comparing cash with alternatives

Many of the concerns about cash programming, for instance in relation to gender, ‘anti-social’ use and markets, are not particular to cash transfers. In-

kind assistance projects may also be used ‘anti-socially’ if people sell food aid to buy alcohol; equally, food aid might create tensions within households, and might adversely affect local markets. Cash projects have tended to be more intensively monitored and evaluated because they are still seen as innovative.

It is important to compare cash with *something*. Evaluated on its own, it is clearly better to get cash than to get nothing, but this is relatively meaningless without some point of comparison. How this is done, however, calls for a good deal of care. Comparing a well-implemented, intensively managed small-scale cash project with a less

### Comparing cash with food

WFP’s cash pilot in Sri Lanka was designed explicitly to compare cash and food aid. Within each selected Division, half of the villages received cash and the other half received food aid.

The pilot was evaluated by IFPRI using an analytical method known as ‘double difference’. This allows for a comparison between different groups (in this case villages receiving cash and villages receiving food). Comparisons were made before the transfer began, and during implementation. The evaluation included a baseline and follow-up survey and econometric analysis of survey data. Focus group discussions explored issues around food consumption, the allocation of cash resources, control over cash and household preferences. A cost-effectiveness analysis was also carried out, and operational issues around capacities, leakage and security were also evaluated.

Overall, the results indicate some significant changes in consumption patterns between cash- and food-receiving households. Cash households were more likely to spend some of their benefits on diversifying their diet, buying more expensive cereals, more meat and dairy products and more processed foods. However, this increased diversity in consumption was achieved at the expense of reduced consumption of the basic staple, rice. Another significant impact of the cash programme was increased spending on clothing and footwear. Almost half of the cash households also reported using the cash to finance business and home improvements. However, cash households were significantly less likely than food households to be working in casual labour markets, raising the question whether the cash was acting as a disincentive to work. On the other hand, although cash transfers improved household liquidity, they did not significantly affect overall household indebtedness.

Source: Sharma (2006).

well-implemented because less intensively managed and larger-scale food aid programme tells us very little about the relative merits of cash in this instance. Comparative assessments are also difficult because evaluations typically only look at one type of assistance.

### Monitoring and evaluation in the tsunami response

Many of the issues around monitoring cash programmes in the tsunami were familiar, including insufficient time or investment in monitoring, not enough capacity to analyse the information collected and a focus on process and outputs rather than impact. Agencies often set quite specific objectives, with cash intended for particular purposes (as a replacement for food aid, for building houses or to provide grants tied to business plans). There might have been scope for considering whether objectives could have been framed more broadly. Mercy Corps, for example, provided community cash grants during the early stages of the response, which the agency accepted would be spent on a broad range of items.

Systems for compliance monitoring (whether people received the right amount of cash) were excellent in many organisations, and tracking systems were established at the outset to record key data on beneficiaries. This also facilitated close collaboration between finance and programme departments in implementing cash projects. Data were usefully disaggregated, for instance by village, and linked to other sector databases.

Several agencies were quick to evaluate early cash transfer projects. Helvetas, for example, recorded the problems that it met in its cash programmes, and any remedial action taken. Oxfam evaluated its cash transfers in Sri Lanka against Sphere standards and the Red Cross Code of Conduct (Mohiddin, 2005). Post-distribution monitoring was however generally weak, and this sometimes meant that distribution problems were not picked up and dealt with. As cash transfers are new to most agencies, and the various elements of the design needed to be tested, post-distribution monitoring was critical, for instance to check whether the disbursement mechanism was appropriate, or whether the right amount of cash was being delivered. Price monitoring was also a weakness.

Pilot projects comparing cash or vouchers with food aid invested significantly in monitoring and evaluation, in order to document the advantages and disadvantages of cash compared to in-kind interventions. Both CARE in Aceh and WFP in Sri Lanka recruited external evaluators to enhance objectivity. Mercy Corps in Aceh developed a partnership with academic institutions, which helped to develop monitoring systems for cash for work and to document learning (Doocy, 2006; Chuzu and Viola, 2006; Sharma, 2006).

### Helvetas' impact monitoring

Helvetas in Sri Lanka provided livelihood restoration grants to 162 families registered under the Cash for Host Families project. The average grant amount was Rs20,000. An impact analysis was carried out six months after the last instalment was provided. Forty beneficiaries were interviewed, with people selected from each of the five main categories of livelihood for which support was provided (petty trading, paddy cultivation, poultry and livestock, carpentry and masonry and other activities). Of the 40 families interviewed, 31 said that they had benefited from the grant received. In nine cases the activity had collapsed, the grant was diverted to other uses or the activity had not been started or had been stopped. The impact of grants was highest among skilled people (masons, carpenters, tailors), many of whom had returned to pre-tsunami income levels. Activities typically carried out by women, such as rice pounding, provided only marginal returns.

Source: Helvetas (2006).

One interesting lesson from the tsunami projects is that it is possible for monitoring and evaluation to highlight particular corruption risks. The Swiss Development Corporation (SDC)'s project to provide cash support to host families in Aceh was evaluated after the last payment in early June 2005. In analysing the use of cash, the evaluation found that over half the host families reported giving some of the cash they received to others. Of those who had given some cash away, a quarter reported giving it to the district head, and a third to the village representative. This raised clear concerns around corruption. Helvetas' impact monitoring of its cash programme for host families in Sri Lanka found that, in two of the five divisions it was working in, people had to pay bribes to get registered, people who met the criteria were being excluded and some people on beneficiary lists had no legitimate reason for being there. In the other three divisions, there were no reported incidents. This was dealt with in a subsequent cash project by making an independent organisation, the Centre for Peace Building and Reconciliation, responsible for registration.

International agencies could perhaps have taken greater advantage of the presence of local anti-corruption and peace-building networks to monitor and deal with corruption or insecurity. Gerak, an anti-corruption NGO in Aceh, identified cases of graft within some international NGO programmes, both cash and in-kind. The British Red Cross worked with a local NGO and with independent journalists to monitor its interventions.

### Monitoring and evaluation of government cash transfer schemes

In both Sri Lanka and India, government cash transfers were an important part of the post-tsunami assistance received by affected populations. These cash transfers tended not to be as closely monitored and evaluated as aid agency projects. However, the government schemes played a key part in people's livelihoods and

recovery, and agencies could arguably have been more involved in monitoring their effectiveness and advocating on behalf of groups that might have been excluded. For example, in India inland fishing communities that have historically been marginalised due to their low social statuses were often not registered for assistance. Likewise in Sri Lanka, more attention could have been paid to government cash assistance schemes, and how they related to aid agency efforts.

### Resources and references

Chuzu, P. and M. Viola (2006) *Market Based Food Assistance Pilot Project: Report of Final Evaluation*, CARE International Indonesia.

Doocy et al. (2006) 'Implementing Cash for Work Programmes in Post-tsunami Aceh: Experiences and Lessons Learned', *Disasters*, vol. 30, no. 3.

Helvetas Sri Lanka (2006) *Cash for Livelihood Restoration Project, Report on Impact Monitoring Pilot Project*.

Meyer, J. (2006) *A Market Based System for Food Assistance: A Pilot Project Designed and Implemented by CARE International in Indonesia*.

Sharma, M. (2006) *An Assessment of the Effects of the Cash Transfer Pilot Project on Household Consumption Patterns in Tsunami affected areas of Sri Lanka*, IFPRI.

### Internet resources

A suggested checklist for post-distribution monitoring for cash for work projects:  
[http://www.odi.org.uk/hpg/tools/Tools\\_PDM\\_checklists\\_CFW.doc](http://www.odi.org.uk/hpg/tools/Tools_PDM_checklists_CFW.doc).

A form developed by Helvetas Sri Lanka for monitoring a project providing cash grants for livelihoods recovery:  
[http://www.odi.org.uk/hpg/tools/Tools\\_Helvetas\\_Progress\\_Monitoring.doc](http://www.odi.org.uk/hpg/tools/Tools_Helvetas_Progress_Monitoring.doc).

A household questionnaire format developed by Oxfam for evaluating cash for work tools:  
[http://www.odi.org.uk/hpg/tools/Tools\\_CFW\\_Evaluation\\_format\\_MRDS\\_Oxfam\\_Lamno.doc](http://www.odi.org.uk/hpg/tools/Tools_CFW_Evaluation_format_MRDS_Oxfam_Lamno.doc).

A form developed by Oxfam Sri Lanka for monitoring markets:  
[http://www.odi.org.uk/hpg/tools/Tools\\_Oxfam\\_SL\\_Market\\_price\\_database&charts.xls](http://www.odi.org.uk/hpg/tools/Tools_Oxfam_SL_Market_price_database&charts.xls)

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