



## Cash and Voucher Assistance (CVA) in Transitional Development Assistance

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### English Version

#### 1. Introduction

Cash and voucher assistance (CVA) have a long history in Transitional Development Assistance as an instrument **to temporarily stabilise household incomes and avoid negative coping strategies during and after crises**, such as child labour, rationing meals or selling off livestock or seeds. Moreover, they are used to **cover the basic needs of vulnerable groups, e.g. access to food**. In contrast to delivering in-kind assistance (e.g. food items), CVA have the advantage of supporting the self-reliance of beneficiaries by providing them with the opportunity to make **self-determined choices** on how to use their received transfers. In addition, CVA can help to reduce transport costs, which can arise for in-kind commodities, and **support local markets by raising demand**. Also, in **humanitarian assistance**, cash and voucher assistance is used **to protect livelihoods and to address basic needs**.

CVA also have a long history **within social protection programmes which aim to reduce poverty across multiple generations**, to cushion life cycle-based income losses (e.g. due to pregnancy, sickness, workplace accidents, unemployment or high age), to foster investments into human capital and to create a fundament for social cohesion. In order to achieve **sustainable results**, CVA need to be **embedded in a systemic approach**.

It is important to note that **cash and voucher assistance is implemented by multiple actors in a variety of contexts with different objectives and in different degrees of sustainability and institutionalisation**. Within Transitional Development Assistance projects, however, CVA poses only one of various options to assist people to cope with crises. In order to decide if, how and when to use cash and voucher assistance, several factors need to be taken into account. **Depending on the context and the project goal**, it has to be elicited e.g. if the transfers can be linked to other instruments and measures and which modalities and transfer mechanisms are most appropriate. The **transfer amount, duration and frequency of payment are critical factors** that need to be considered in project planning.

**Cooperation and coordination** are paramount for the success of cash and voucher assistance. For instance, good coordination can enable actors to make use of already existing transfer mechanisms offered by other organisations and institutions. Moreover, it is recommended to coordinate the amount, duration and frequency of cash payments with other actors at country level (Do No Harm). Since project implementation in crisis contexts is regularly faced with many challenges and **conflicting goals** are commonplace, e.g. when different actors determine different transfer amounts, it is crucial to **carefully balance** these factors. **Conflicting goals cannot always be dissolved – therefore, it is all the more important to be transparent and open about them**.

As BMZ, it is our **goal** to design the context- and target-specific employment of cash and voucher assistance within our Transitional Development Assistance effectively and – where possible – sustainably. This checklist shall provide guidance towards that goal.

## Sustainability in Transitional Development Assistance

Sustainability in cash and voucher assistance can be approached on different levels and should be considered in advance planning as well as in deeper analysis as a cross-cutting matter.

Therefore, it is fundamental to weigh if the **context and objective of the measure** as well as one's own **implementation capacity** and that of **implementing partners** enables the **sustainable use and implementation** of cash and voucher assistance and thus fosters the resilience of individuals and/or institutions in the medium- and long-term.

- Sustainability on individual / target group level:  
The sustainability of impacts of CVA (e.g. an improved nutritional status) can be enhanced e.g. when temporary cash-based transfers are combined with capacity-building measures to support the self-reliance of people, such as trainings. Furthermore, the amount and frequency of cash transfers can influence the ability of people to sustainably improve their own capacities, for instance by investing in better seeds, the setup of new income sources or schooling.
- Sustainability on institutional level:  
Both the linkage of CVA to already existing social protection schemes and to the financial sector as well as the setup of new structures (e.g. databases, targeting and transfer mechanisms that can be handed over to national actors) can positively contribute to the sustainability of their impacts. The focus lies on strengthening institutions (e.g. financial service providers, local authorities, social affairs ministry) in order to set up or reinforce a social protection system.

## 2. Using the checklist and orientation guides

The attached checklist (**chapter 3**) takes stock of central guiding questions by which to plan the implementation of cash and voucher assistance. The checklist aims to help to consider and explore relevant questions before submitting project outlines and applications. The decision for the use of CVA and certain modalities is – as outlined above – one to be made only after prior consideration of the country context, the project goal and one's own and the project partners' implementation capacities. The use of CVA therefore does not by default increase the likelihood of approval for a project proposal. After a first assessment of the feasibility and adequacy of using cash in a project, a number of decisions accrue in designing the respective CVA measure. **Chapter 4** shall provide guidance for this process.

We require that the preconditions for the use of cash and voucher assistance be monitored for changes both before as well as during running project implementation. This includes, but is not limited to, **assessing the context, the needs, target groups, the prevalent market situation as well as opportunities for sustainable project design** in cash and voucher assistance. Moreover, it is necessary to take into account and to thoroughly assess the amount and frequency of payments in order to achieving the respective project goal. The following checklist aims to give an overview over the most relevant questions to be considered in project planning in regard to the mentioned domains. The development of a monitoring system should be part of the planning process of measures which entail CVA in order to fulfil their project goal. **The checklist shall merely outline the most relevant questions to be considered from a BMZ perspective and therefore is not exhaustive.**

### 3. Checklist: guiding questions for planning a CVA measure

#### □ Context: incl. household and community level

- Is the participation of decision makers and relevant societal/social (marginalised) groups included in planning and implementation of the measures?
- Can political, social or economic risks posed to the targeted groups by cash and voucher assistance be avoided?
  - Can negative impacts on gender relations be avoided?
  - Can negative impacts on the relations between refugees / IDPs / returnees and host communities be avoided?
- Are national labour law and international conventions on decent working conditions taken into account in the implementation of the CBT (in the case of Cash for Work measures)?

#### □ Needs and target groups:

- Are the needs of target groups identified? (What is lacking? What is available? Which needs must be addressed first?)
- Are the target group's main barriers to accessing basic social services and products (e.g. food, health) identified, duly considered and – where possible – addressed comprehensively?
- Will particularly vulnerable target groups (pregnant women, children) be reached directly / indirectly with the transfers?
- Is a regular monitoring of payment modalities, the market situation and target group needs already envisaged in order to enable adaptations if they become necessary? Will the impact and quality of the measures be assessed regularly?
- Is the use of cash known to and accepted by the beneficiaries?

#### □ Market situation:

- Do beneficiaries and suppliers have safe access to markets?
- Are barriers to markets and financial institutions – possibly for specific target groups – identified?
- Is the local supply and demand situation for important goods and/or services known and can these be provided (a) in adequate quality and quantity, (b) to adequate prices even in case of increased demand and (c) is price stability guaranteed as well as competition between suppliers of goods and services assured?
- Is the risk of inflation due to cash and voucher assistance duly considered?
- Are potential barriers and hidden costs for the use of cash and voucher assistance identified, e.g. for access to markets and/or financial institutions (e.g. transaction costs)?

#### □ Sustainability:

- Are opportunities for meaningfully linking capacity-building measures with cash transfers considered for specific target groups?
- Is it ensured that the amount, duration and frequency of payments can be defined diligently in order to contribute to the fulfilment of the project goal?
- Are potential pre-existing traditional and/or governmental social support systems identified, in order to, in a second step, determine possible linkages with or support for already existing structures?

- Are opportunities for coordination and cooperation with other organisations / actors explored and have existing payment mechanisms been identified and taken into account (i.a. to prevent parallel structures)?

**Guidelines for further reading:**

[www.calpnetwork.org/](http://www.calpnetwork.org/); <https://elan.cashlearning.org/>; [ECHO](#); [SPHERE-Handbook](#); [Multipurpose Cash Assistance](#); [CaLP glossary for CVA](#)

#### 4. Orientation guide for choosing and programming modalities

Once the fundamental preconditions for using cash such as the appropriateness, the functionality of markets and (technical) feasibility are given, the scheme and info box below provide additional orientation and guidance for choosing an adequate CVA modality. Often, choices for certain modalities are not mutually exclusive, so that **certain instruments and modalities can mutually complement each other** in fulfilling the project goal (e.g. cash for food and in-kind assistance for hygiene products). In order to build up sustainable structures, it is crucial to embed cash and voucher assistance and in-kind assistance into comprehensive approaches. They should be complemented with appropriate measures, such as nutrition education, improving cultivation methods, training on entrepreneurship and diversification of income sources.

##### 4.1 Contrasting cash, vouchers and in-kind assistance

<p><b>Cash is more appropriate, when</b></p> <ul style="list-style-type: none"> <li>+ quick distribution to beneficiaries is needed</li> <li>+ the purchase decisions of target groups require minimal or no regulation</li> <li>+ low administrative costs are sought</li> <li>+ a flexible instrument is needed</li> </ul>	<p><b>In-kind assistance is more appropriate, when</b></p> <ul style="list-style-type: none"> <li>+ there is no sufficient supply of demanded basic social products/services (e.g. food, health services)</li> <li>+ cash transfers pose a potential security risk to the target group</li> <li>+ the target group has no access to financial service providers</li> </ul>	1. decision level
	<p><b>Vouchers are more appropriate, when</b></p> <ul style="list-style-type: none"> <li>+ the purchase decisions of target groups require regulation</li> <li>+ security risks need to be minimised</li> <li>+ the exchange of vouchers ought to be tracked</li> <li>+ inflation is to be expected</li> </ul>	2. decision level

A decision between cash transfers and vouchers as preferred modality – but also between other further implementation modalities – only becomes relevant once a general decision for the use of cash and voucher assistance has been made

## 4.2 Info Box: Modalities

**Vouchers** (in paper or in digital form) provide access to pre-defined commodities or services, i.e. they can be exchanged only in designated shops or in fairs and markets for certain products. This restriction shall ensure that a specific need is covered and shall prevent misuse for other purposes.

**Unrestricted cash assistance** leaves the decision of how to use the transfer to the beneficiary. This kind of transfer presupposes the assumption that beneficiaries know best what they need. It also includes multipurpose cash transfers (MPC) which can be transferred once or in tranches and which are meant to cover different needs and services (e.g. food, hygiene, drinking water, shelter) in whole or in parts for one household (MEB – Minimum Expenditure Basket).

Both cash and vouchers can be transferred to individuals and households without conditions (**unconditionally**) or can be tied to certain obligations (**conditionally**). Conditional transfers can be used to mobilise certain contributions from beneficiaries (e.g. cash/vouchers for work) or to encourage certain behaviours (e.g. sending children to school). Both conditional and unconditional cash and voucher assistance can positively conduce to building up sustainable structures when embedded in a comprehensive approach.

Cash and vouchers can be handed out via multiple transfer mechanisms. Depending on the technical conditions at hand, both modalities can be transferred electronically (e-cash/e-vouchers), which has the advantage vis-à-vis paper transfers (e.g. money in an envelope) that the transfer becomes less visible and therefore can protect the beneficiaries and those otherwise involved against e.g. assault.