



Cash Based Interventions (CBI)

Key points

- IOM has many decades of experience of Cash Based Interventions (CBI) across multiple departments and programmes. Although Cash Based Interventions are not new, globally there is growing interest for their increased use in humanitarian operations.
- When used in the right context and coupled with appropriate programming, CBIs constitute an effective and efficient response option that empowers affected individuals and communities and contributes to restoring local economies.
- IOM is committed to consistently consider and increasingly use CBI on equal footing with in-kind assistance.

Overview

Cash transfers have long been an integral part of IOM operations, but the arrival of new technologies (and electronic money transfers), and a more recent body of evidence and focus on supporting the choices of crisis affected people, has led to a renewed focus on cash as a key modality for delivering humanitarian assistance to people affected by crises.

Well-implemented CBI programmes have demonstrated the ability to strengthen recipient's accountability and choice, as well as being able to restore empowerment and dignity. They also can support the recovery of local markets and financial infrastructure recovery. This has led to the Grand Bargain and IOM's position on it committing to increase the use and coordination of CBI programming, and subsequent work-streams taking a series of interagency CBI-related issues, questions and policies forward.

Nevertheless, CBI, in its different forms, is only one out of many available modalities to deliver humanitarian aid to people-in-need. The selection of the most appropriate modality must be based on solid analysis, understanding and assessment of needs, context and operating environment. It is also important to note that IOM does not foresee an end to in-kind assistance but rather considers CBI as complementary to in-kind goods and services, capacity-building and technical support as and where appropriate.

Relevance to IOM's Emergency Operations

IOM uses the term "**Cash Based Interventions**" (or CBI) for all projects where cash assistance (in one form or another) is provided to beneficiaries (individuals, households or communities) to directly purchase and access

goods or services. Depending on the context, the delivery mechanisms used to distribute the cash will vary and can include cash in envelopes (hard cash), bank transfers, mobile transfers, pre-paid cards, cheques, unrestricted monetary paper or e-vouchers or e-cards. It includes programmes directly implemented by IOM and implemented by partners.

This term (CBI) is to be used for both external programmatic discussion/coordination as well as for internal and accounting communication.

The use of CBI is a way to deliver the assistance to meet project objectives and assessed needs, across a variety of projects in response to crises. However, CBI assistance is a "transfer modality" and a means to achieve project outcomes. **CBI are not a programme in itself.** When needed, **CBI should be in association with technical assistance** to beneficiaries. IOM acknowledges from its experience that, even when financial resources are available, specific technical resources can still be required to ensure effective recovery. Such support should be based on a two-way communication strategy, aligning project objectives with beneficiaries' needs and feedback, a system where the modality becomes the catalyst of change by allowing people to materialize more informed choices.

Coordination

Inter-agency cash coordination remains an active area of discussion. At field level, there remain multiple ad-hoc cash coordination groups, whilst sectors and clusters continue to remain as the main mode of coordination of current humanitarian architecture. Generally speaking, Cash Working Groups (CWGs) are established to coordinate the design, implementation and monitoring of cash and market based responses.

Where CBI can increasingly represent a significant part of any given response, IOM missions are required to pro-actively collaborate, monitor and engage in Cash Working Groups (CWGs), as they can impact strongly on several other sectoral programmes. Collaboration can include but is not limited to programming areas such as registration, market monitoring, agreeing on assistance packages, usage of similar (or joint) transfer mechanisms, needs analysis and post distribution monitoring and impact studies.

Also, seek to frequently assess and review how cash transfers and market-based responses can best be utilized in sectors and contexts. If IOM has a cluster/sector coordination role in the response, the coordination staff must actively engage with the cash working group on behalf of the sector.

If inter-sectoral coordination is lacking, IOM missions are encouraged to take the lead in ensuring that both sectors/clusters and cash actors frequently discuss and coordinate CBI activities.

Globally, IOM actively engages in various Cash related fora – most notably in the Geneva Based Cash Working Group, the Grand Bargain Cash Workstream, in IASC discussions, in the Global Shelter Cluster Cash Working Group and in its role as Global CCCM cluster lead for natural disasters.

Operations

CBI can be used for several purposes and to deliver different programmatic objectives. Potential types of CBIs include, but are not limited to:

CBI - Multi Purpose Cash transfers (MPC)	multi-purpose cash grants usually distributed based on a minimum expenditure basket established at country level (this assistance gives the recipient the choice to buy what they need or access any service they want).
CBI - Cash for Work (CfW)	cash being paid to beneficiaries within a target community having provided labour for various projects related to the achievement of humanitarian objectives.
CBI for construction materials	cash or vouchers to be used to purchase construction material
CBI for shelter construction/repair	cash or vouchers used for shelter construction or rehabilitation works
CBI for household NFIs	cash or vouchers to purchase basic NFI
CBI for winterization	cash or vouchers to allow access to heaters, blanket or winter clothing (as part of the winterization package)
CBI for WASH items	cash or vouchers to be used to purchase WASH material
CBI for medical/health objectives	cash assistance provided to enable patients either to access or receive healthcare
CBI for fuel	cash or vouchers used to purchase fuel
CBI for rent	cash for rent either through payment to targeted beneficiary or landlord
CBI for training	cash provided to training participants as a form of assistance
CBI for food	cash or vouchers to be used/exchanged for food
CBI for transport	cash assistance to cover transportation costs (only for CBI-related projects)
CBI for education	cash or vouchers enabling students to either access schools or get needed stationary, books, etc.
CBI for specific material for business development/start-up	cash or vouchers dedicated to purchasing needed material, tools and equipment for business start ups
CBI for business start-up capital	cash support as a capital for a business start-up (as part of an IOM livelihood or return and reintegration project)

Examples of IOM's Cash Based Interventions

IOM has diverse experiences in CBI. These include:

- The German Forced Labour Compensation Programme between 2000 and 2007, which provided financial reparations to those who had suffered forced labour or lost property or wealth due to the actions of the Third Reich. This programme reached 96,656 claimants with a total of USD 480 million.
- South Sudan, IOM supported shelter upgrades in the Wau Protection of Civilians site (PoC) through a combination of cash for work and vouchers, whereby a trader's fair was established in the camp to support people's purchases. Between January and March 2017, 810 conditional cash grants were provided and 180 individuals received skills training in bamboo thatching.

- In response to the 2010, 2011 and 2012 floods in Pakistan, the IOM One Room Shelter (ORS) programme supported over 77,400 flood-affected families to rebuild safer shelters in 24 districts in Sindh, Punjab and Khyber Pakhtunkhwa provinces. The programme was fundamentally a cash transfer programme with a training component. In total over USD 22 million were transferred to beneficiaries in three tranches conditioned to the completion of construction stages.
- Between 2014 and 2017 in Turkey, following the onset of the Syrian crisis, IOM provided restricted cash assistance to support the basic needs of Syrian refugees through e-cards to purchase food, non-food items and winterization materials, reaching over 200,000 persons. The most vulnerable refugees were supported with monthly top-ups to support their basic needs whereas others were supported with one-off assistance during the winter months.
- In the Central African Republic, Cash for Work (CfW) was a key element of broader early recovery and community stabilization projects that began in 2014. A particular project in Bangui used CfW to revitalize the fragile economy, promote social cohesion, and to provide both immediate relief and longer-term resilience building for displaced persons and host communities.
- In support of the recovery of conflict affected communities in Ukraine, in 2016 IOM rolled out a CfW initiative targeting 400 vulnerable IDPs and host community members in Eastern Ukraine. Activities are focused on improving the municipal environment and infrastructure.

Additional projects were also implemented in other countries. In total, IOM reached around 420,000 persons through CBIs in 16 countries in 2017.

Although relatively flexible, IOM systems are not always best adapted to CBI. There is also active inter-departmental discussion in relation to CBI and, if you wish to set up CBI projects, contact IOM's CBI Support team

for practical experiences in project set-up and specifically in relation to IOM systems.

Delivery Mechanisms

The selection of a delivery mechanism (i.e. the means of delivering the transfer) will establish the specific links with required internal processes including, among others, the creation of commitments, liquidation of expenses, legal templates, procurement process, due diligence for downstream partners and risk/fraud mitigation controls and reporting.

From an accounting, treasury and security perspective, IOM strongly discourages to the extent possible the direct handling and provision of cash (currency and notes) within operations, which should be used only as a last resort and following coordination with: 1) Department of Resource Management (DRM) including the Accounting (ACO) and Treasury (TSY) Divisions, 2) the Staff Security Unit (SSU) and, 3) the Legal Department (LEG).

Select who should implement the transfer based on country context, content of planned intervention and availability of resources and payment mechanisms:

Via Implementing Partners (Subcontracting)	Via Financial Service Providers (FSPs)	By IOM directly
- To allow local knowledge and resources and or for large scale activities in complex environments.	- Service Providers may assist with specific delivery	When time is of the essence, IOM has staff and administrative capacity to implement itself, and/or no suitable Implementing Partners / Service

<p>- In Cash for Work activities, Implementing Partners are better suited to comply with local labor legislation and will be required to organize insurance for participating beneficiaries – thereby reducing IOM's risk exposure.</p> <p>- Use B.1 Project Implementation Agreement template found on the LEG page in the intranet (Agreements & Templates)</p>	<p>mechanisms, e.g. remittance agencies, ATM card issuers, mobile phone payment facilitators, etc.</p> <p>- Aim to use C.1 Service Agreement template found on the LEG page in the intranet (Agreements & Templates)</p> <p>- LEG Contract Review can be contacted for guidance.</p>	<p>Providers can be identified in time, IOM may opt to implement / pay directly.</p> <p>- Try to avoid payment of actual cash (currency and notes), though if impossible obtain approval from ACO, TSY, SSU and LEG.</p> <p>- LEG Contract Review can be contacted for advice on applicable templates if beneficiaries are contracted.</p> <p>- In Cash for Work activities, insurance has to be obtained for the beneficiaries in case of accident.</p>
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Choice of delivery mechanism

There are many ways of delivering CBI assistance to beneficiaries. The delivery mechanism should be selected in line with the financial infrastructure available in country, people preferences, resources availability and the implementation method chosen, in order to maximize the impact of the selected modality of assistance, while ensuring security of IOM's staff and assets.

CBI may be implemented using one of the following transfer methods:

- Bank transfers/ bank accounts;
- Cheques;
- Prepaid debit cards;
- Mobile phone payments;
- E-Vouchers, Coupons or Paper Vouchers
- Cash - i.e. currency/notes (as a last resort, only in exceptional circumstances with approval of ACO, TSY, SSU and LEG);
- 'Hawalas'/ Local community-based financing systems;
- Other new financial technologies (tech-fins, e.g. Blockchain, which are non-bank based institutions).

In most cases, Financial Service Providers (FSPs) are contracted to conduct the transfer.

Terminology / Glossary

For terminology on CBI, IOM generally follows the CALP glossary which is the de-facto interagency standard (<http://www.cashlearning.org/resources/glossary>).

- **Conditional cash-based interventions** refers to cash assistance provided after and strictly and only if/ once the beneficiary has undertaken a specific activity/action, (eg. attending a training programme or school, building a shelter or undertaking some form of work). Cash for work, cash for training or cash for assets is one of the main examples of conditional CBI which IOM and other agencies undertake.

- **Unconditional cash-based interventions** refer to cash provided to recipients without requiring them to specifically undertake an activity beforehand. It could be provided based solely on the vulnerability of the individual or an agreed upon defined beneficiary selection and targeting criteria for assistance.
- **Restriction** is related to the utilization of a cash transfer after and once it has been received by a recipient. It is distinct from conditionality, which pertains only to prerequisite conditions that someone must fulfil before in order to receive the transfer.
- **Restricted cash** refers to transfers whereby the beneficiary can only purchase particular goods or services pre-defined by IOM and is usually linked to a sectoral outcome (eg. cash for NFIs or cash for rent/shelter depending on how it is implemented whereby the beneficiary may be able to select the type and quality of NFIs or shelter items, rental accommodation but cannot purchase anything further). Restricted cash is usually provided in the form of paper or electronic plastic e-vouchers redeemable at selected vendors or service providers.
- **Unrestricted cash** (sometimes through the form of multipurpose cash grants MPGs or Cash-for-Work/Cash-for-Training) is when the beneficiary can use and spend the cash received in any way they choose, based on a predetermined amount (e.g. national labour wage rates or cost of a minimum expenditure basket MEB e.g. to meet basic needs) meaning IOM does not impose a limitation on a beneficiary's expenditures.
- **Multipurpose Cash Grants (MPGs)** are transfers often corresponding to the amount of money a household needs to cover, fully or partially, a set of basic and/or recovery needs. They are by definition unrestricted, so IOM can have no control of how they are spent. The MPG/MCA can contribute to meeting a Minimum Expenditure Basket (MEB) or other calculation of the amount required to cover basic needs, but can also include other one-off or recovery needs.

Key Considerations

Cash Based Interventions are a means to deliver on projects and not a project in itself. All Cash Based Interventions should be clear on the objectives and engage with relevant sectors.

Ensuring projects provide access to technical assistance will allow beneficiaries to maximize project inputs and objectives. To be effective, this process also needs a two-way communication strategy that enables access to information and feedback from beneficiaries.

Cash Based Interventions are dependent upon the functioning of local markets; availability of financial infrastructure for secure/accountable/responsible cash delivery, and; the financial literacy of target populations being adequate for them to safely access cash assistance through the selected modality.

Lessons Learned / Best Practice

IOM developed a template for Standard Operating Procedures (SOPs) for CBI, to be adapted at the country level. The latest draft of the template SOPs and accompanying Guidance Note is available in the References and Tools Section of this entry.

IOM Cash-Based Transfer, Update and Case Studies - November 2015

- This series of case studies demonstrate the range and breadth of IOM's CBI programming. The objective is to demonstrate lessons to be learned, with the recognition that all projects should take into consideration the local context and needs of the affected population, which will differ in every case. See also IOM Cash updates, 2017 for IOM's recent progress in CBI globally.

IOM has examples of country level tools and documents that can be made available upon request. Email the CBI Support team in Geneva for these examples.

Links

IFRC cash in emergencies toolkit
Global shelter cluster position paper on cash and markets
ODI: Doing Cash Differently
CaLP Dgroup
Markets in crisis D group
Emergency Market Mapping and Analysis Toolkit
Cash Learning Partnership (CALP)
The Logistics Cluster: Cash and Markets

Contacts

Contact For more information please contact CBI Support: cbisupport@iom.int

For guidance and approval of legal contacts contact Leg Contract Review: legcontracts@iom.int

References and Tools

- Operational Guidance and Toolkit for Multipurpose Cash Grants
- Template SOP_CBI_Outline
- Template SOP_CBI_Guidance
- IOM Grand Bargain Commitments
- IOM strategy for cash based interventions

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