

# Direct Response to Emergency Cash Transfer Project (DiRECT)

## *A Synthesis of Learning*

The Direct Response to Emergency Cash Transfer project (DiRECT) modelled an emergency response to household food insecurity using short term cash disbursements to specific demographic groups in five districts in Western and Southern provinces of Zambia. The aim of the model was to propose and demonstrate a cash based emergency response modality to the Government of Zambia. This document summarises the key learning points from the project.

### Headlines

The Direct Response to Emergency Cash Transfer project (DiRECT) reached 20,568 food insecure households with two emergency cash transfers valued at 13,899,790 Zambian Kwacha (ZMK) offering a viable alternative to in-kind food distribution as a humanitarian response.

Cash transfers were flexible and increased resilience: households were able to meet immediate food needs, cover costs for education and health and make productive investments.

Local markets, though poorly developed, were able to meet demand without a significant rise in prices.

DiRECT tested three payment modalities: cash in transit, mobile money and Xanaco Xapit. At present, cash in transit is the most effective for rapid response. Electronic payment systems need investment to address limited network coverage, poor penetration of mobile money agents and low levels of interaction with the formal banking sector.

DiRECT demonstrated the need for a pre-registration process in order to secure a rapid response with further work needed on metrics and thresholds to trigger a response and prepare contingency budgets.

The Disaster Mitigation and Management Unit should lead and coordinate emergency cash responses. Structures exist at the district and community level to implement the response but need further investment to define roles and build capacity.



This project is funded with UK aid from the British people

## The situation

Rural smallholder farming communities had been badly affected by two consecutively poor agricultural seasons between 2014 and 2016. The effect was most acutely felt in the southern areas of Zambia particularly the southern districts of Western province, and the eastern and southern lowland valley areas of Southern province. Many households in affected areas were critically food insecure. Poor harvests equated to low or non-existent household food stocks. Communities had to rely on markets for food, but had fewer resources with which to do so.

The Government of Zambia's Disaster Mitigation and Management Unit (DMMU) completed the Vulnerability Assessment Committee's (VAC) report in April 2016 which identified 162,623 severely and moderately affected households (975,738 people) in need of support from August 2016 through to March 2017.

*Figure 1: Registering Mothers of Children under Two in Limulunga*

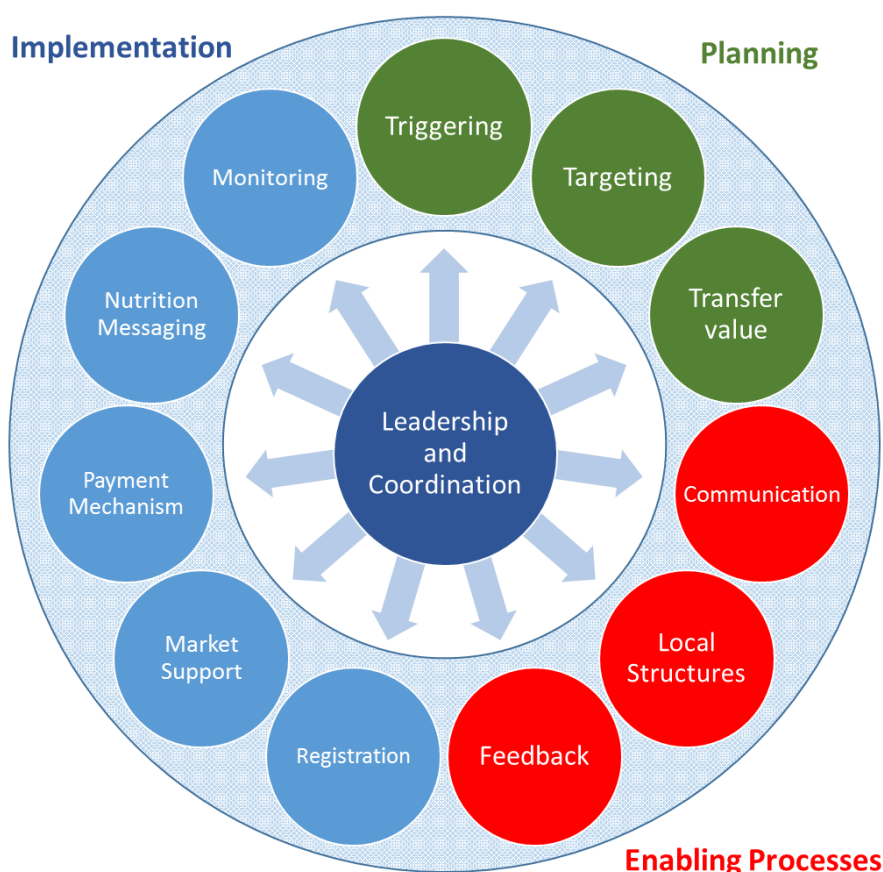


## Considering responses

Using support from the START fund, Concern Worldwide commissioned an Emergency Market Mapping and Analysis in April 2016. The findings indicated that (1) the principal problem was inadequate household food stocks and financial resources to meet immediate and short-term household food needs; and (2) the market system was poorly developed but functioned sufficiently to ensure food could be moved from surplus producing areas to areas affected by poor rains.

A market based approach could address household resource deficits with complementary strategies to support market actors, specifically food retailers, meet an increase in demand. The crisis offered an opportunity to pilot either a temporary scale up of the existing social cash transfer programme or operate a separate complementary cash transfer programme to achieve humanitarian objectives.

Figure 2: Components of the DiRECT Model



## The project

The DiRECT project model comprises the above components grouped under the headings of planning, implementation and enabling processes.

DiRECT provided emergency cash distributions to 20, 568 poor and vulnerable households over a 10 month period. DiRECT included supplementary grants and intensive training support for 161 market traders in rural areas to provide the necessary liquidity to meet any increase in demand.

The project worked through district and community level structures (Welfare Assistance Committees and Disaster Management Committees) to coordinate and implement activities. DiRECT included nutrition messaging targeted at recipient households through the cash distribution process and through training of traders. The project addressed accountability through a comprehensive communication strategy and feedback procedure.

Monitoring, evaluation and learning processes were integrated into the project in order to generate evidence. The project monitoring processes included a baseline, endline, post distribution and trader monitoring surveys. The project also commissioned research on the Cost of Diet: a comparative efficiency and effective analysis of different response options (food vs cash) and an external impact evaluation. The World Food Programme (WFP) provided monthly price monitoring data through mobile Vulnerability Analysis and Mapping Bulletin (mVAM).

DiRECT was led by a Steering Committee comprised of the key implementing agencies and stakeholders. In addition to monthly meetings, the Steering Committee organised three separate learning events to review project progress and identify evidence for the model.

### Shock Responsive Social Protection

DiRECT is a model for a shock responsive social protection intervention in the context of an existing social protection system. An existing social protection system might respond to a shock by vertical expansion (increase the value or duration of the transfer), horizontal expansion (increase numbers of recipients), piggy backing (using an existing systems administrative systems), refocussing (reducing existing social protection schemes to target specific people) or through a parallel system aligned with the existing social protection system.<sup>1</sup>

DiRECT comprises a horizontal expansion by including new targeting criteria (categorical and means tested, in specific drought affected districts) with a parallel system that is aligned with existing social protection programmes and humanitarian response (FRA/WFP food distribution). There are also some elements of piggy-backing as DiRECT used local government structures to register new beneficiaries and in some cases deliver cash/aid.

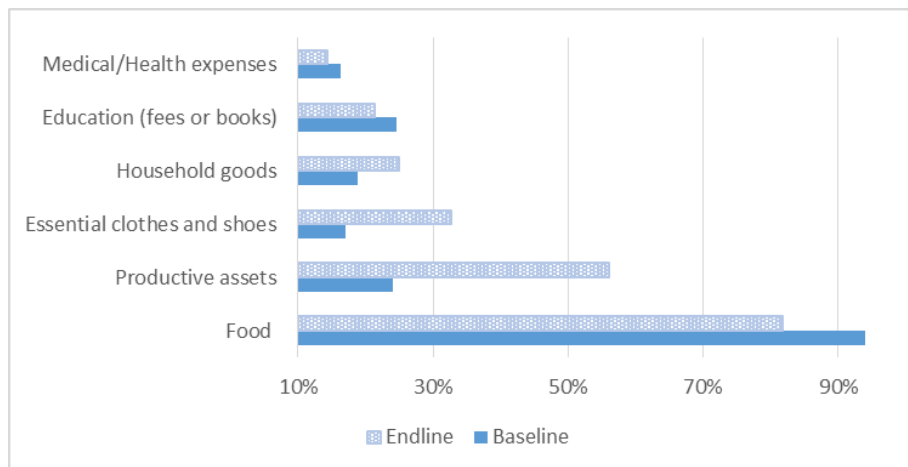
### Project results – validating the response

The project aimed to transfer a monthly cash amount of 90 Zambian Kwacha (ZMK). Payments were due to start in November 2016 but as payments were delayed by three months due to logistical reasons, the disbursements were consolidated into two transfers of 270 ZMK and 360 ZMK respectively.

- 20,353 households received the first transfer of 270 ZMK
- 20,568 households received the second transfer of 360 ZMK
- 18, 542 (87%) received both transfers. 539 (2.5%) received no payments.

The graph below compares how households utilised the cash transfers from baseline and endline. Recipients prioritised spending on food, but the cash also enabled households to meet urgent non-food expenditures such as health and education. The endline figures are interesting; after food, the second most important expenditure was in productive assets, which are for the most part seeds and agricultural inputs. This was probably facilitated by the aggregated transfers, and reflects household priorities at the end of the harvesting season.

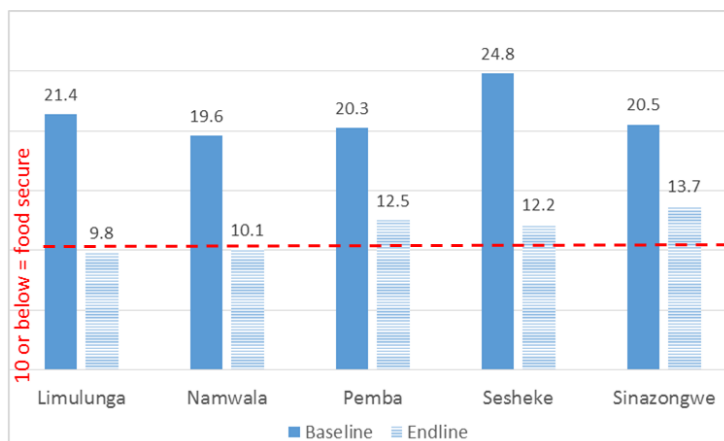
Figure 3: How recipients utilized cash transfers



<sup>1</sup> Oxford Policy Management (2016), 'DFID Shock-Responsive Social Protection Systems research: Literature review', February, Oxford Policy Management, Oxford, UK.

Scores on the Household Food Insecurity Access Scale<sup>2</sup> decreased, reflecting improved perceptions of food security. It is noteworthy that even at the end of the project all but one district still perceived themselves food insecure based on the scale.

Figure 4: Household Food Insecurity Access Scale scores



### Women’s Diet Improved

Minimum dietary diversity requires a respondent to consume five or more key food groups per day. A score of five or more increases the likelihood that all food groups are being met, but does not guarantee this. Despite the increase in the percentages of women achieving a minimum score during the project timeframe, the scores highlight the poor dietary diversity amongst the target group overall.

Variable	Baseline	Endline
Minimum Dietary Score (average)	3.061	4.266
Achievement of Minimum Dietary Diversity (%)	18%	41%

### Child Increased Diversity of Diet and Meal Frequency

The percentage of children achieving minimum dietary diversity (consuming four or more of seven food groups) increased by 16%. The number of children achieving minimum meal frequency also increased very significantly. The low scores at endline highlight the poor level of dietary diversity in children overall, and the fact that most children amongst the target group are not able to eat frequently enough.

Variable	Baseline	Endline
Achievement of Minimum Dietary Diversity (%)	4%	20%
Achievement of Minimum Meal frequency (%)	3%	47%

The post distribution surveys and impact evaluation confirmed that the cash enabled recipient households to meet immediate food needs and other important expenditures. But the results also reflect the different seasons during which the baseline and endline took place; with the endline taking place at the end of a significantly better harvest than the previous two years.

<sup>2</sup> The scale is comprised of nine components assessing degrees of access to food scored out of 27. The higher the score the more food insecure the respondent is. A score of 10 or less indicates food security.



## Support to Market Traders

The support to market traders was included as the initial market assessment concluded that retailers at local levels might not have the necessary liquidity to meet significant and rapid increases in demand. DiRECT provided a cash grant of 500 ZMK and training to 161 market traders. The trader survey confirmed that the cash grant was used to invest in their inventory, and that most traders supplemented the grant with their own funds. Traders didn't report any significant increase in trade, and this was also confirmed by WFP mVAM price monitoring data which showed prices remaining relatively stable.

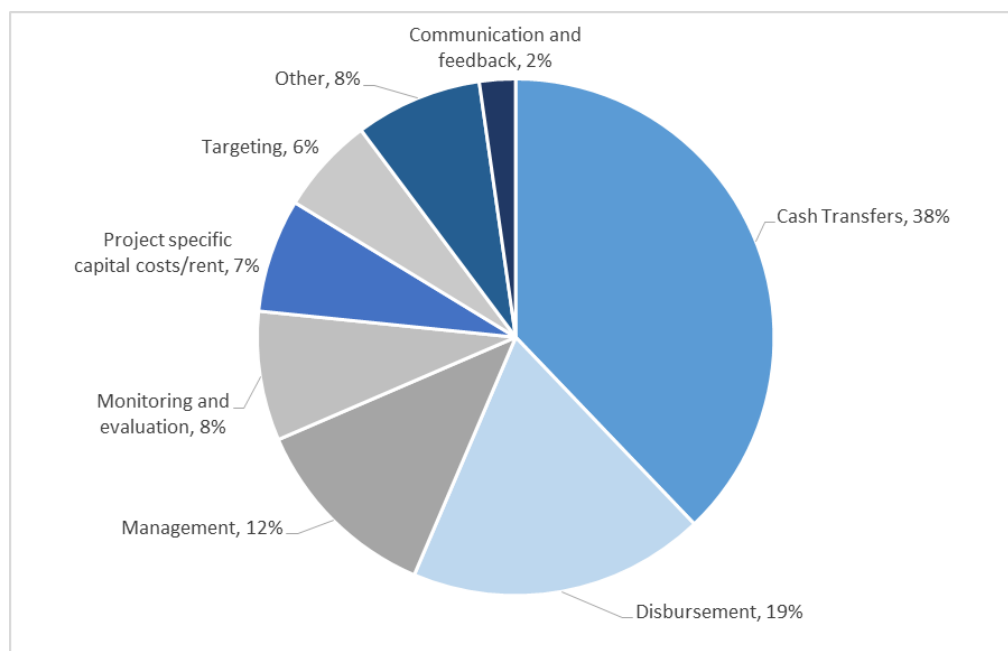
## Nutrition messaging

The project integrated a communication campaign to support positive infant and young child feeding practises and promote good hygiene and sanitation. DiRECT monitored changes in behaviour through Knowledge Attitude and Practise surveys. Overall changes in behaviour were minimal. This is unsurprising given the short term nature of the intervention. This should not detract from the utility of integrating nutrition messaging in such a response, particularly in the event that future responses use categorical targeting of pregnant and/or women with young children.

## Cash was more flexible than food as a response

In addition to limiting the negative impact on local markets, the main arguments for a cash rather than in-kind response are (1) cost effectiveness/efficiency (2) flexibility (3) recipient preference. Due to a lack of timely data, a comparative cost-effectiveness analysis comparing food and cash was not possible at the time of writing. However, comparative analysis of food and cash responses generally indicate that cash responses can be significantly more cost-efficient at least at the point of receipt.

Figure 5: Breakdown of DiRECT expenditure



A cost-efficiency analysis shows the ratio of the total project budget to the cash transfer value was 1.37 meaning it cost US\$137 to deliver US\$100 in aid (excluding learning events and project specific capital costs). This ratio is high mainly due to the costs of targeting and registration (6% of total expenditure) and managing and tracking the three different disbursement modalities (19%). The

project was also designed to test a model and built in significant monitoring and evaluation components (8% of expenditure).

Households preferred cash to food. Cash provides households with more flexibility. Of the surveyed recipients 88% preferred cash to food; citing the ability to use the cash for purposes other than buying food if necessary.

### Triggering future responses

DiRECT was developed on the basis of a number of information sources: FEWSNET and other international sources issued warnings regarding the impact on agricultural production of the 2015/2016 El Nino weather system. In Zambia the government and international agencies were aware that this would compound the problems caused by poor seasonal rains in the 2014/2015 agricultural season. This provided the initial impetus to consider and prepare for a response.

In Zambia the lead on triggering an emergency response is the DMMU. The DMMU does an analysis of shocks or events through the VAC and then coordinates a response through the Consultative Forum (which includes representatives from across government Ministries, UN bodies, Cooperating Partners and Civil Society) and looks to mobilise resources as necessary. Therefore the role of the VAC in any triggering is critical in justifying the response and understanding the scope and scale.

An objective triggering system requires decisions to be made on what metrics are most appropriate and makes judgements as to what thresholds would indicate an impact on different demographic groups sufficient enough to require an emergency response. The livelihood zones in Zambia do not lend themselves well to a single indicator and DiRECT did not develop such scenarios. This remains a highly technical, though potentially very useful, additional piece of work.

*Figure 6: Validating the Recipient Lists*



### The right resources must be available in time

DiRECT was funded by DFID, an external donor, as a discrete project with a budget of over three million pounds sterling. Ideally, an institutionalised system would make use of contingency funds that could be supplemented as necessary by government transfers or donors.

Moving from a food in-kind to cash based emergency response could have implications for how the Government of Zambia manages its strategic food reserves and in particular the budget allocated for procuring maize each year. This would be potentially part of a more profound policy change with significant implications for the agricultural sector. Part of this change would require developing parameters for contingency budgets. These parameters, which would need to be preceded by clear

decisions on triggering metrics and impact scenarios, would enable the Government of Zambia to understand the scope and scale of any response and the resources required to achieve this.

### The transfer value should be increased

The value of the monthly DiRECT transfer was 90 ZMK. This is the same amount as the monthly transfer made to Social Cash Transfer recipients of the regular Social Cash Transfer programme (SCT). DMMU had initially requested a monthly transfer of 150 ZMK but the lower value was agreed based on the assumption that the FRA food distributions would also be taking place in districts targeted by DiRECT. The Ministry for Community Development and Social Welfare (MCDSW) wanted the amount to be the same as SCT as it was concerned that there would be the perception of unfairness in the three districts where DiRECT and SCT were delivered alongside each other.

An institutionalised shock responsive system needs to make a transfer of sufficient value to enable the recipient to meet their household food needs for whatever duration is calculated as being necessary. DiRECT commissioned a Cost of Diet (CoD) analysis to understand more about the resources required to meet a household’s nutrition needs.

The CoD analysis indicated that to meet a family of five’s minimum energy requirement cost 159-281 ZMK in Sesheke and 174-305 in Namwala per month. A nutritious diet required 615 to 821 ZMK in Sesheke and Namwala respectively. From the perspective of meeting a household’s minimum nutrition requirements it is clear that 90 ZMK is insufficient.

The CoD also showed that of the foods required to meet minimum nutrition requirements very few were present regularly at the market. The limited dietary diversity in Zambia is both a factor in and constraint to more nutritious food consumption. The market itself is poorly developed; constrained by poor infrastructure, lack of investment and policy choices that subsidise and promote maize production.

### Targeting and registration needs to be completed more quickly

DiRECT targeted two household categories: in non-SCT districts, DiRECT targeted food insecure households using VAC criteria, while in SCT districts DiRECT targeted food insecure households with Pregnant and Lactating Women (PLW) or with children under 2 not in receipt of SCT.<sup>3</sup> These two criteria were chosen to understand how a humanitarian/needs based approach (based on a community assessment of food insecurity) and categorical targeting (based on nutritional vulnerability) would work in providing effective early response to a disaster.

Both targeting criteria have different characteristics:

<b>Needs Based Targeting</b>	<b>Categorical Targeting</b>
<p><i>More accurate</i></p> <p><i>Requires community based ‘push’ registration</i></p> <p><i>Needs a validation process</i></p> <p><i>But slower, potentially, open to manipulation, puts pressure on people registering recipients, needs community buy in and requires strong accountability systems</i></p>	<p><i>Simpler, quicker and less open to bias</i></p> <p><i>Enables self-referral – ‘pull’ registration</i></p> <p><i>But it doesn’t differentiate between different levels of poverty or vulnerability and would require means testing of beneficiaries to overcome perceptions of unfairness</i></p>

Beneficiary targeting within the selected districts was undertaken in consultation with the District Welfare Assistance Committees (DWAC) and Community Welfare Assistance Committees (CWAC).

<sup>3</sup> Criteria used by the SCT are not linked to food security but rather vulnerability and labour availability



CWACs performed well in SCT districts, but less so in non-SCT due to their inexperience. Some CWACs were clearly biased in the targeting process. This highlighted the need for any programme to communicate clearly and directly with communities regarding targeting criteria to ensure that CWACs are held accountable.

It took three months to register DiRECT cash recipients. This eventually contributed to a delay in cash transfers. This highlights the problem with initiating a new targeting and registration process for each response. This requires any institutionalised system to consider some kind of pre-registration process. This could involve using household data collected in the SCT programme (it is understood that there are plans for a single registry to be held by the Ministry of Community Development and Social Security). This data could be used to inform horizontal expansion (an increase in numbers) and a vertical expansion (an increase in the transfer value) on the basis of the impact of various co-variate shocks using an analysis of various scenarios developed in the triggering process.

### Cash delivery modalities – opportunities and limitations

DiRECT aimed to transfer cash quickly and efficiently to meet the project's humanitarian objectives and test three different payment modalities: cash in transit (CIT), mobile money and Xanaco Xapit. Zanaco and Airtel were selected as partners through a competitive bidding process, with CIT planned to be used as a back-up modality where mobile/ATM transfer modalities were not viable, or experienced system failures.

Each modality demonstrated strengths and weaknesses. CIT is secure and quick to set up. But it is expensive and requires heavy supervision. In DiRECT, CIT also required two contracts to cover the transport to the distribution point, and final distribution to the recipient. Both XAPIT and mobile money were secure and generate reports which can be reconciled if each recipient has a discrete identification number. However, the physical infrastructure necessary for such systems isn't currently in place in much of rural Zambia.

The programming context included sparsely populated areas characterised by very low levels of mobile phone ownership, poor mobile telecommunication network coverage, poor penetration and density of mobile money agents and very low levels of interaction with the formal banking sector. Rural Zambia also has high rates of illiteracy. These characteristic do not lend themselves well to electronic delivery platforms.

Long distances and waiting times were associated with CIT and mobile money (recipients had to wait for the mobile money agent who effectively operated as cash distributors): 43% of recipients walked for more than an hour to receive the cash and 71% of recipients waited for more than an hour at pay points. Many complaints were about distances to the pay points.

It is challenging to set up innovative or new systems in an emergency. The learning events and the impact evaluation confirmed that CIT would have been the most appropriate modality. In SCT, pay point managers are still the channel of choice with the number of pay points being increased to reduce risk. Given the current situation, future short term cash responses should look to using a similar system and pilot other modalities where specific conditions are met (numbers with formal bank accounts, levels of phone ownership, ratio of mobile money agents to population and good network coverage).

In the long term, enabling mobile delivery platforms requires investment and development, and a better understanding of the various drivers of change in rural areas. The current context doesn't present, on its own, a sufficiently attractive market for either mobile telecommunications firms or the formal banking sector to make that investment. It therefore requires policy solutions that will support

this in the future. This requires addressing the fact that low population densities often equate to higher/or poorer returns on operational costs.

## Leadership and coordination is vital






The project formed a Steering Committee led by Concern Worldwide and Save the Children with DMMU, MCDSW, WFP, UNICEF and DFID which met regularly to track and manage project implementation. The Steering Committee worked well and enabled good horizontal coordination and communication. Vertical coordination and communication was more problematic. The roles of district and community level bodies in implementing the project were not clearly defined and need to be developed and formalized for future responses.

In DiRECT, INGOs fulfilled the role of convener with with DMMU, DFID and MCDSW. If the Government of Zambia were to adopt a shock responsive model the role of convener would need to be formally agreed and allocated. The DMMU would be an obvious lead given the current role and mandate.

It would also require support to fully develop the actions related to the role of convening a cash based response and developing communication protocols and subsequent roles and responsibilities within and between other Ministries in the Government of Zambia. This would require a review of existing capacities at DMMU and district level bodies and a plan to develop the necessary skills and institutional capacity where necessary.

Figure 7: Flyer developed for DiRECT

**DiRECT: NEW EMERGENCY CASH TRANSFER PROJECT**

<b>What?</b>	 <p>Those households in your district which have been the hardest hit by recent poor agricultural seasons, and are unable to meet both their food and essential non-food requirements will soon be considered for an emergency cash transfer project called 'DiRECT'.</p> <p>The households which are finally selected will receive a small amount of cash every month for six months from December, with the first payment being the money for both November and December. 'DiRECT' is implemented by Concern Worldwide and Save the Children, supported by the Government of Zambia, and funded by UKAID.</p>
<b>Who?</b>	  <p>DiRECT will help those households which:</p> <ul style="list-style-type: none"> <li>• Have a pregnant woman or girl, or are caring for a child under the age of 2</li> <li>• And are affected by the recent poor agricultural seasons</li> <li>• And are not registered under the Social Cash Transfer</li> <li>• And have been in the community for at least six months</li> </ul>
<b>How?</b>	  <p>Pregnant females and/or the primary caregiver of the child under the age of 2 within such households should come to the DiRECT desks with their NRC card plus either their ante-natal card or under-5 card/birth certificate/birth registration at one of the times and locations which will be communicated by Community Welfare Assistance Committees or Satellite Disaster Management Committees. After registration, you will then be assessed for possible final selection using a digital questionnaire. These final lists of beneficiaries will be posted in the communities.</p>

*NOTE: Registration under DiRECT is free: no beneficiary should ever have to pay to be eligible for the project*



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## Local structures should be more involved

At the district level DiRECT worked through DDMCs and DWACs in order to communicate and coordinate project activities. But these bodies were not directly involved in project development and design. In implementation, DiRECT took a pragmatic approach and often circumvented the DDMCs and DWACs working directly with the CWACs at the community level.

The specific roles and responsibilities for DDMC and DWAC and their community level bodies need to be defined in an institutionalised set up. At district levels, implementation would require the leadership and strength of both DDMC and DWAC in the absence of INGO or other external involvement.

The DDMC as a multi sectoral committee chaired by District Commissioner could provide oversight for any emergency response. The operational side of any response would lend itself to the existing skills and focus of the DWACs and CWACs at the community level.

## Communication is key at all stages

Communication was an important component in DiRECT. The need to ensure that communities had a clear understanding of the DiRECT target groups was imperative. This was because some target districts were also part of the existing SCT programme.

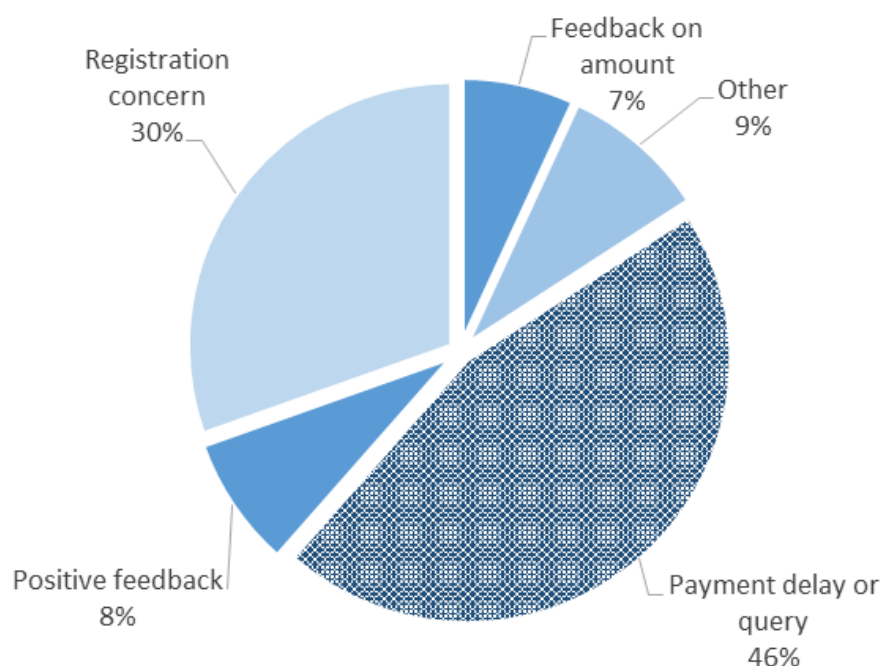
For the most part DiRECT communicated very successfully. Based on the Post Distribution Monitoring reports, 97% of recipients understood why they had been registered. Focus Groups also validated this findings demonstrating a strong understanding of the categorical and means tested targeting criteria.

This was because DiRECT established a clear, distinct brand from the start. Project materials such as training guides, leaflets and t-shirts were designed and consistent in terms of the font and style used. At the start-up phase the project made a significant investment in inducting and training all personnel involved in the project. Communicating project components was integrated into the project work plan and formed part of the responsibility of all team members.

## Feedback processes ensure accountability and limit manipulation

DiRECT encouraged feedback through a project specific complaints and response mechanism. This is a standard component of cash disbursement projects implemented by INGOs. The complaints and response system comprised of complaints boxes in 140 locations, an email account and a toll-free hotline. Recipients were also able to complain to the CWACs directly. DiRECT received 983 complaints overall. The majority of complaints concerned a payment delay or query (46%) or a concern about registration or eligibility (30%). Some (8%) used the CRM process to provide positive feedback.

Figure 8: Complaints received in DiRECT



The results demonstrate the need for a formal feedback process, and validate the system put in place for DiRECT. Of the total number who received a delayed payment in round one 32% used the CRM process to seek redress. An institutionalised feedback process would also require a grievance mechanism, probably operated at a district level. Such a system would ideally work where a clear separation roles exists between the entity tasked with dealing with the complaint and the entity operating the cash transfer.

## Conclusions

- Cash can provide an effective emergency response mechanism in Zambia and was well received; only 9% of households would prefer food instead of cash and markets were able to respond.
- Existing infrastructure is inadequate to foster innovative low-risk and cheap mechanisms for disbursing cash in rural areas. There needs to be investment in the infrastructure for cash transfers and coordination amongst the many interested parties in Zambia from public and private sectors and amongst civil society is critical to advance this agenda.
- Future responses need leadership, a simple and timely trigger, a rapid registration process and an efficient cash transfer mechanism.
- More research and development, with explicit engagement of stakeholders, is needed to simplify registration, identify potential triggers and related mechanisms, agree a value for the transfer and strengthen the capabilities of the institutions that would be involved in an emergency cash transfer.

## References and Available Documents

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FEWSNET <https://www.fews.net>



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