
Module 4: Analysis

4.1 Response Analysis and Programme Design

The response analysis is the link between the situation analysis (i.e. the need and cash feasibility assessments) and the programme design. It involves the determination of response objectives, target groups and assistance modalities to best address the needs identified, as well as measures to mitigate risks. The decision on sectoral or multisectoral objectives and expected outcomes is not covered in this manual, as CBI can potentially be used to deliver any type of outcome.

4.2 Choosing the assistance modality: Cash or voucher?

Once the decision to use CBI is made, the modality is chosen (cash or voucher). It is possible to choose a mixture of different modalities in the same project at the same time or to have a change of modality during the implementation phase. The decision for the modalities depends on assessment and analysis activities, and consultation with the targeted communities.

The following decision tree can be useful to determine whether CBI is a feasible modality of assistance and which is the most appropriate type. It is meant as a guide to illustrate the decision and it is important to consider the local context when making the final decision.

4.2.1 Advantages and disadvantages of different assistance modalities

Each modality has its own advantages and disadvantages. These are summarised in the table below. In addition to this table, there is a scoring tool to assess advantages and disadvantages of modalities **based on the context**.

[Decision making scoring \(modality or mechanism\) template](#)



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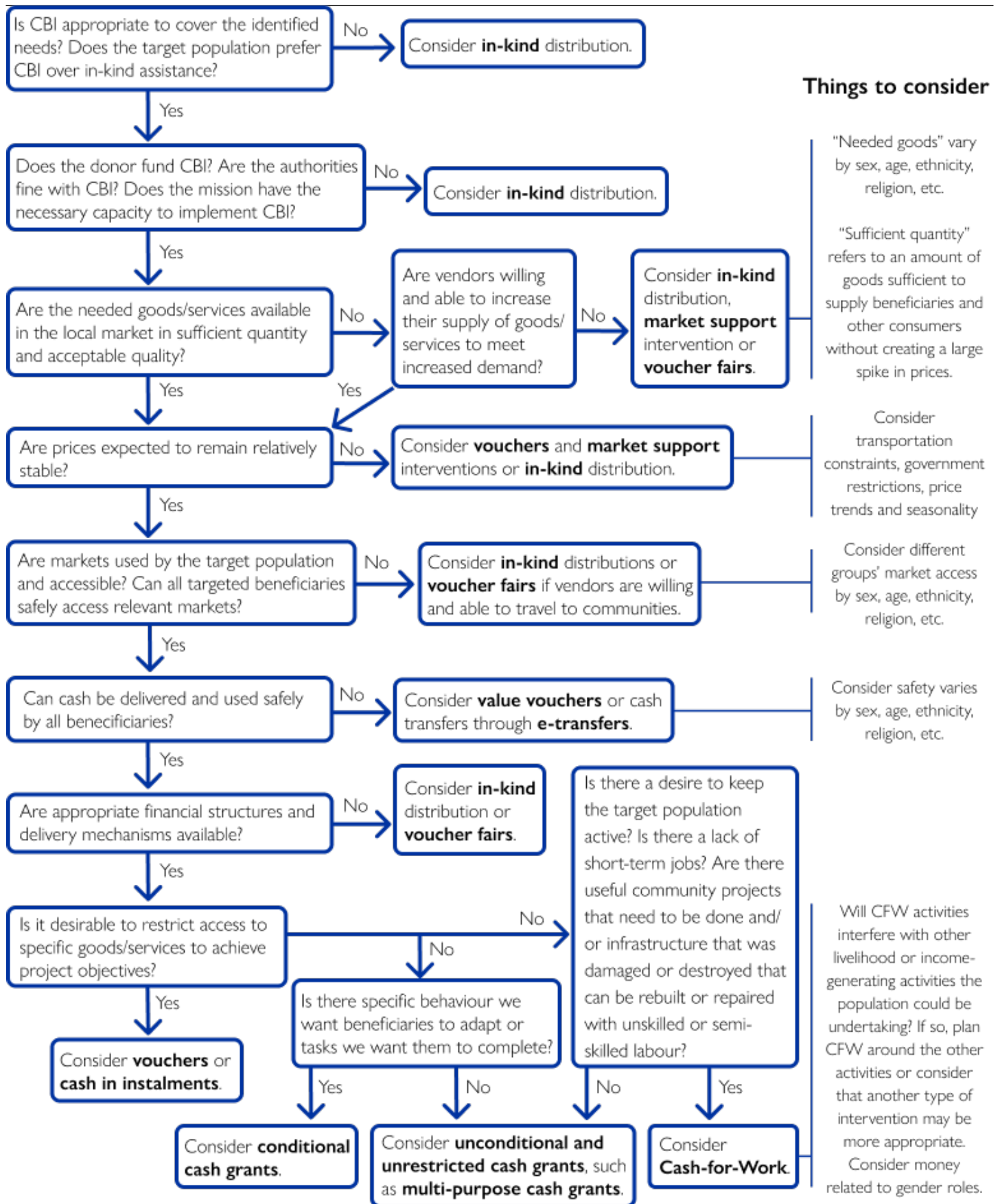
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4.2.2 Choosing the delivery mechanism: Delivery Mechanism Matrix

The Delivery Mechanism Matrix Tool can support you in the CBI programme cycle because it is useful **for selecting a delivery mechanism**. The Excel document is designed to be printed on eight pages and is organised along the following programme cycle steps: specifications, risks, mitigation measures, preconditions, implications to operations and checklists depending on the delivery mechanism used (cash in envelope, direct cash as a check, mobile money, paper or e-voucher, debit or ATM card, smart card, etc.).

[Delivery Mechanism Matrix](#)

Figure 6: Modality Decision Tree



Adapted from the Mercy Corps' "[Cash Transfer Programming Toolkit](#)" as well as the International Committee of the Red Cross and Red Crescent's "[Cash Transfer Programming SOP](#)". The Cash Transfer Programming (CTP) Toolkit is a basic guide to cash transfer programming in emergency

response and early recovery settings.

Table 4: Advantages and Disadvantages of Assistance Modalities

Modality	Advantages	Disadvantages
In-kind	<p>Useful when markets have been disrupted and/or required items are not available locally</p> <p>If items are available locally but at high prices, bringing in items in bulk may be cheaper</p> <p>Ensures beneficiaries receive the goods and services they are expected to access</p> <p>Facilitates the quality control of the items made available for beneficiaries.</p>	<p>No freedom of choice</p> <p>May have high procurement, transportation and storage costs</p> <p>May undermine local markets</p> <p>Potential to cause deflation of prices</p> <p>High risk of corruption in large contracts with suppliers</p> <p>Requires greater accessibility to the area (e.g. trucks)</p> <p>May create or exacerbate stigma (beneficiaries queuing or being pointed out as poor)</p>
Cash transfers	<p>Quick to distribute and cash can be spent where and on what beneficiaries choose</p> <p>Minimal administrative burden</p> <p>Can be given to moving populations, and more flexible if made accessible to persons with disabilities, particularly women and girls</p> <p>Can be used for a range of objectives and result in increased access to goods, services, labour opportunities or rebuilding of housing or infrastructure</p>	<p>Risks of leakage and theft during payment or transfer process</p> <p>Can be difficult to target due to popularity</p> <p>May be used for anti-social purposes</p> <p>May not address the causes of vulnerability and may encourage a return to negative coping strategies</p> <p>Cash transfers require adequate and accessible services or commodities to be available and of sufficient quality</p>
Vouchers	<p>Encourages productivity and stimulates markets</p>	<p>Less applicable with moving populations</p>

Modality	Advantages	Disadvantages
	Allows tracking for theft	Can limit recipient choice
	Quality of goods and prices can be monitored	Requires more planning, preparation and administrative back-up
	Items purchased can be monitored	Traders who are not involved in the programme may be disadvantaged
	If specific commodities are scarce, vouchers can ensure that everyone is able to access them	Discounts are difficult to ensure through voucher programmes (unlike food distributions, where significant discounts can be expected because of bulk purchases and VAT refunds).
	Commodity vouchers protect recipients against inflation (which is then borne by the implementing organization)	As such, voucher programmes are often as expensive as, for example, food distributions
	Allows for greater security for the implementing organization and recipient as no large amounts of cash are handled	
	Increased accountability	
	Limited security risks if shops are allocated a small number of recipients	
	Can direct recipient choice	

Adapted from the International Red Cross and Red Crescent Movement's "[Cash in Emergencies Toolkit](#)".

4.3 Using a social protection system to deliver CBI

There are five ways to link social protection systems to CBI:

- **Vertical expansion:** Increasing the benefit value or duration of an existing social safety net programme. It may include (i) adjustment of transfer amounts or (ii) introduction of extraordinary payments or transfers.
- **Horizontal expansion:** Adding new beneficiaries to an existing social safety net programme. It may include (i) extension of the geographical coverage of an existing programme or an extraordinary enrolment campaign, (ii) modifications of entitlement rules or (iii) relaxation of

requirements/ conditionality to facilitate participation.

- **Piggybacking:** Using a social protection system's administrative framework but running the CBI programme separately. May include the introduction of a new policy.
- **Shadow alignment:** Developing a parallel CBI system that aligns as best as possible with a current or possible future social protection programme.
- **Refocusing:** In case of a budget cut, adjusting the social protection system to refocus assistance on groups most vulnerable to the shock.

[CALP Network Toolbox - Linking Humanitarian CVA and Social Protection](#)

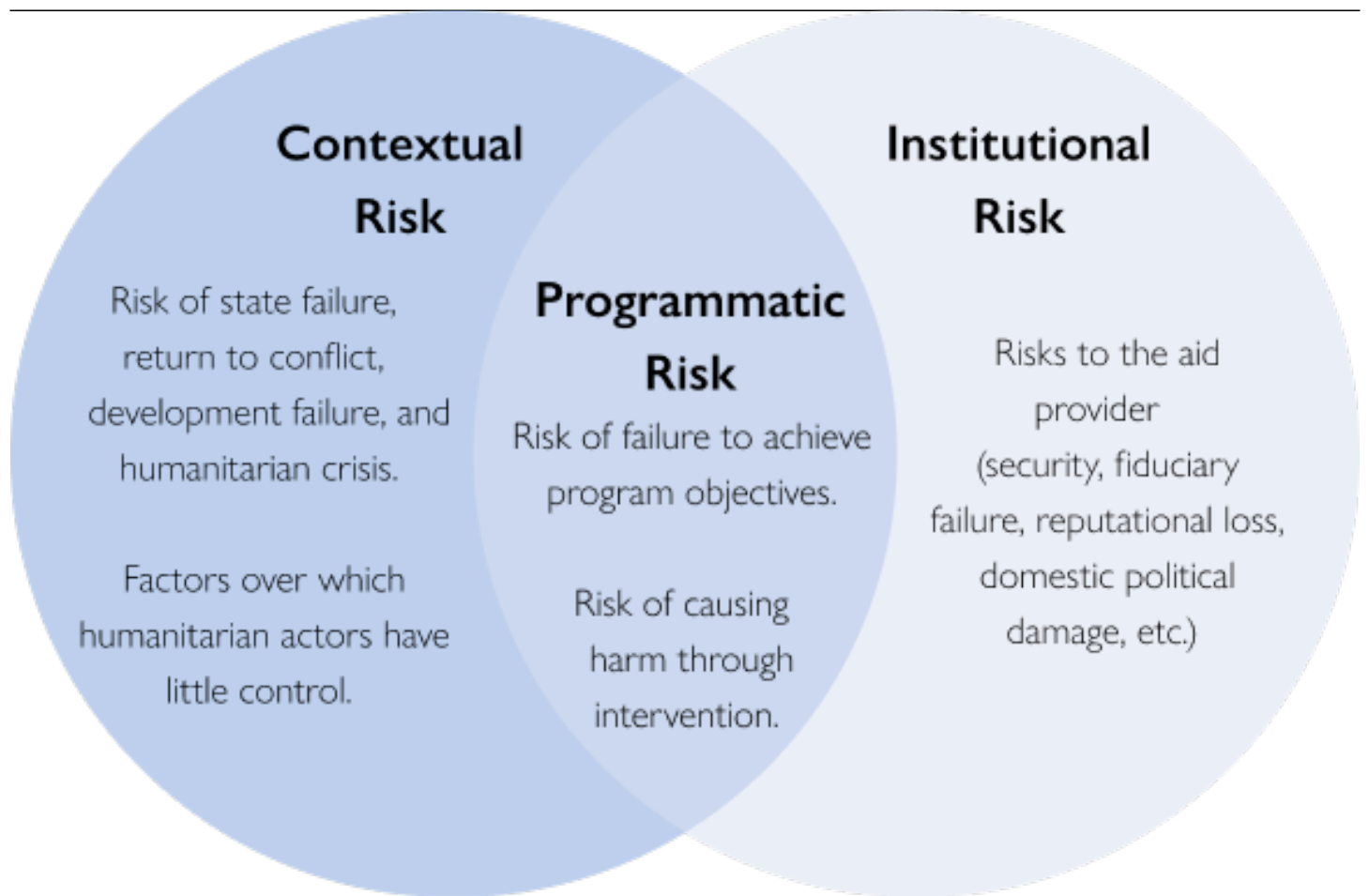
4.4 Analyse the risks

Given the fact that cash is a highly desired commodity and a liquid asset, it is important to conduct a risk analysis for every CBI programme. IOM will assess the risk of fraud, misappropriation and embezzlement. When identifying and analysing risks that might affect beneficiaries and target communities, a protection lens should be applied and mainstreamed throughout the project cycle. The following chart illustrates how risks overlap with each other: contextual and institutional risks will impact the programme and vice-versa.



Protection: Together with protection staff, a Protection Risk Assessment (including GBV and SEA) should be conducted as part of risk analysis.

Figure 7: Risk Analysis



Adapted from the e-learning module "[Core CVA skills for Supply chain, Finance and ICT staff](#)", developed by the Fritz Institute and the CALP Network, in collaboration with the International Rescue Committee.

Once identified, IOM will establish robust CBI tailored financial and operations controls that adequately address the risks identified. There are four main ways to deal with risk:

- **Accept:** Accepting a risk means you do not think the impact will be of too great a consequence, or that it is unlikely to happen.
- **Control:** Controlling a risk may include implementing safety procedures, for example, two or more people need to sign a form to release money.
- **Avoid:** Avoiding a risk could be using currency distribution rather than bank accounts if you fear corruption in the banks.
- **Transfer:** Transferring a risk is about getting someone else to take the risk, for example asking a security company to safeguard the money or hiring another party to deliver the cash.

[Risk Analysis](#)

4.5 Targeting

Targeting is a step of every (emergency) programme, therefore, the process for a **CBI should not be any different**. In general, the focus of targeting must be on reducing exclusion errors. Targeting mechanisms and criteria will vary according to what is most appropriate in each context, the type of project and the project's objectives.

There is no such thing as perfect targeting. No matter what system is applied, some people who are not in need will receive assistance or those who are in need will be left out. All targeting mechanisms present problems of inclusion (providing benefits to those who are not eligible) and exclusion (leaving out those who are eligible). The objective is to select a targeting mechanism that reduces both these sources of error as much as possible and that is feasible and cost-effective in the specific context.

Communicate clearly with communities. Be sure to outline targeting criteria, and set the expectations associated with this targeting. CBI is unlikely to be successful when the community does not agree with the criteria or processes for beneficiary selection. Therefore, consult with communities about vulnerability targeting criteria.

When possible, reach those more affected through universal targeting, rather than spending time (and money) developing and implementing a targeting mechanism based on household vulnerability, especially given the errors of inclusion and exclusion inherent in vulnerability-based targeting measures.

Don't discriminate against vulnerable groups. Although it might look like more work, the benefits of participating in CBI to women or groups such as persons with disabilities go beyond meeting financial needs – they empower individuals and help reduce social stigma.



Protection: Ensure that targeting is based on needs, vulnerability and capacity assessments and inputs from Protection, Child Protection and GBV specialists, including case managers, is crucial. Coordinate and harmonize criteria with relevant sectors and clusters. This should be part of CBI SOP.

4.6 Set the transfer value and frequency: The Minimum Expenditure Basket

The Minimum Expenditure Basket (MEB) is a tool to quantify the minimum essential needs in a given household. These needs must be goods or services that can be purchased in the market. Since an MEB quantifies the minimum essential needs that a household is likely to purchase, as such, it is highly contextualized.

The MEB only concerns goods and services for which there is a market. Most sectors (shelter, non-food items (NFI), transportation, communication and food) can be quantified and are available on the market. Some needs (feeling safe, public health care) cannot be quantified and are therefore not part of an MEB. Expenses can be **recurrent** (food, soap or transportation) or **one-off** (temporary shelter kit or winterization).

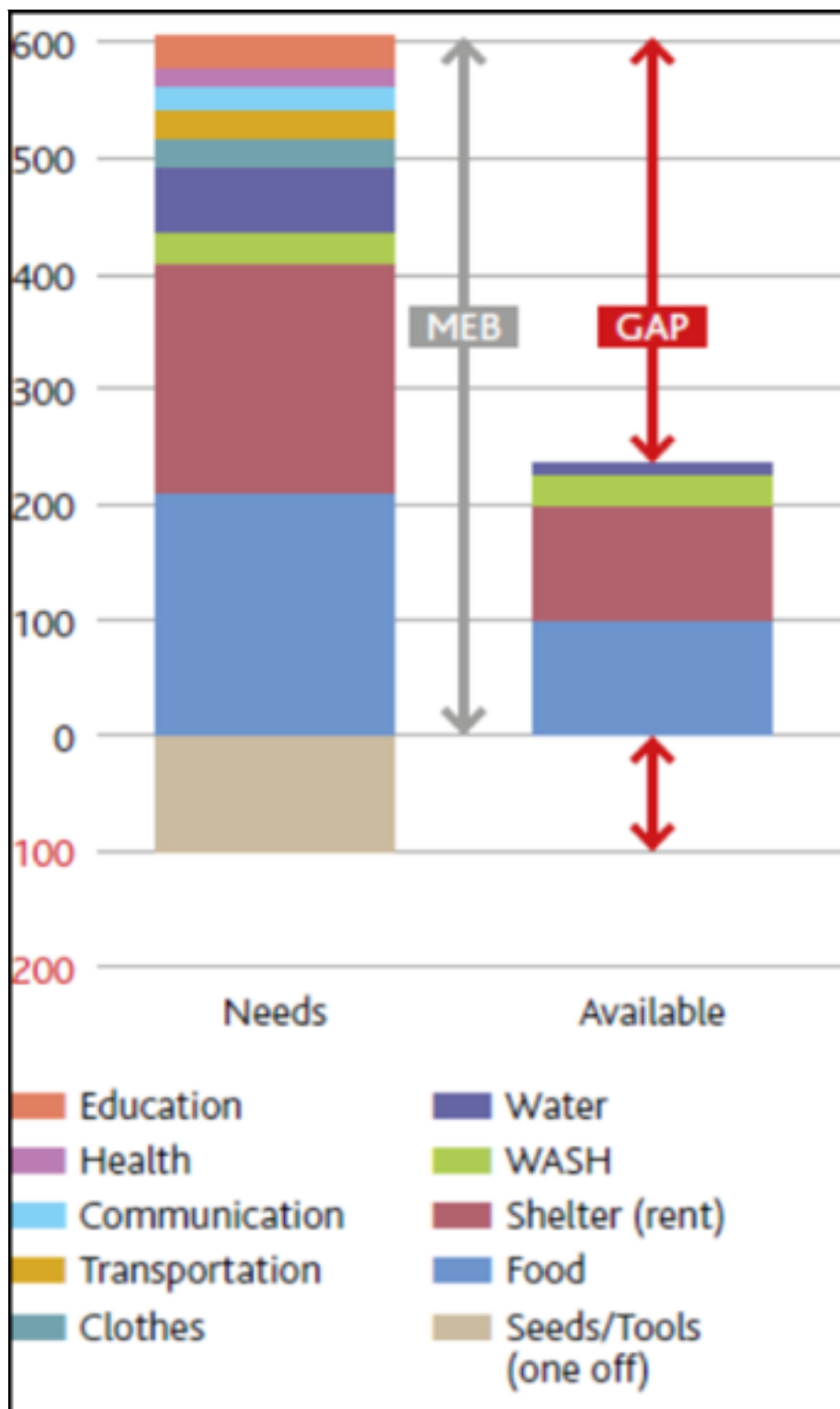
In countries where there is an active Cash Working Group, an MEB may already be established. In cases where there is no agreed-upon MEB, IOM should coordinate with other actors providing CBI to ensure transfer amounts are comparable.

Once an MEB is created, you can ask, what is the best modality to meet those needs? The goods and services listed in an MEB can reach beneficiaries as in-kind or CBI.

The transfer value will change based on:

- Populations' sectoral needs.
- Additional cash requirements.
- Objective of the programme (e.g. livelihoods recovery).
- Availability (value and coverage) of other humanitarian assistance, such as government interventions.
- Targeting strategy and criteria (e.g. wider coverage with a reduced grant vs. targeted coverage with a bigger grant).

Figure 8: MEB Gap Analysis



Retrieved from Oxfam's online course "[MEB, gap analysis and calculating the transfer value](#)".

For example: After a flood in southern Mozambique, certain shelter items may not be available on

the market and therefore be given in-kind; food items may be accessible in the market, so these needs will be provided for through cash grants. In this case, the cash transfer value will not include costs for shelter.

[MEB CALP Network Guidance Online learning for MEB](#)

4.7 Zoom on Cash-for-Work

Cash-for-Work (CFW) is a CBI that aims to provide temporary income-generating opportunities to vulnerable affected populations. It involves conditional payments to beneficiaries participating in designated public or community work but can also include home-based and other forms of activities. These payments are commonly made according to time worked (e.g. number of days, daily rate), but may also be quantified in terms of outputs (e.g. number of items produced, cubic meters dug).

CFW is different from hiring casual workers/labourers for operational support. Individuals benefiting from CFW are beneficiaries and thereby selected based on need and/or vulnerability. In contrast, casual workers/labourers are selected based on skill and availability. The following table lays out the general issues to consider during targeting for CFW.

Table 5: Cash-for-Work Advantages and Disadvantages

Advantages	Disadvantages
Can be self-targeting (the type of work can exclude some of the better-off population)	Disruption of local labour markets
Results in the rebuilding of community facilities/clean-up of damaged areas and community infrastructure can be rebuilt taking into account risk-reduction strategies	Possible disruption of cultural coping and recovery mechanisms
Potential for skills transfer (possible link to livelihoods programmes)	Often short-term in nature
Encourages return to villages/localities as there will be a source of income	Can take time away from seasonal livelihood activities, e.g. planting
	May exclude those not physically able to work (although there are some specific forms of work that can target persons with physical disabilities)

Advantages	Disadvantages
<p>If labour is the norm, CFW will allow for a return to a normal way of life</p> <p>Reduces the risk of economic migration</p> <p>Community empowerment</p>	<p>Can create further harm to vulnerable groups, such as female headed and child-headed households and persons with disabilities if risk mitigation measures are not put in place</p>

Adapted from the International Red Cross and Red Crescent Movement's "[Cash in Emergencies Toolkit](#)".

4.7.1 Setting the transfer value for Cash-for-Work

CFW should be used for low-skilled work, however, some activities might be more demanding than others, therefore the rates can vary according to the requirements of the work, the length of the workday and the period of the project. Differences in rates may create disputes between communities. This is of particular concern for activities in camp and camp-like settings. When setting rates for Cash-for-Work, keep in mind:

- Rates need to be set in local currency; any exception needs to be strongly justified.
- Rates should be consistent with those paid by other agencies as part of CFW interventions.
- Rates should be set below the market rate of the activity to be undertaken, around **10 per cent - 20 per cent lower than market rates**. Rates below market rate can contribute to self-selection as the people most in need will volunteer while others will not leave local businesses or decide to forego regular livelihood options to participate in CFW activities.
- In the immediate aftermath of large-scale disasters, livelihood activities may be disrupted, and it may be appropriate to scale rates equal to or beyond market rates to stimulate economic activity.

[IOM Brief on Cash-for-Work](#)


 **Protection:** Coordinate with Protection actors to find alternatives to support women with caring responsibilities so they can also be part of CFW opportunities.

Table 6: Cash-for-Work Targeting Considerations

Targeting criteria	Things to consider
Self-targeting	It is often said that labour-based programmes are self-targeting, if the wage-rate is set just below the minimum rate, since only people in real need of money will apply. This may not be true where people cannot easily find daily labour opportunities

Targeting criteria	Things to consider
	and where they are underemployed in their current activity.
Skilled or unskilled labour	Depending on the type of activity that is planned in the labour scheme, skilled labour might be needed. If you do a CFW programme, consider added skilled labour in supervisory roles or training workers. In this case, skilled workers should be paid according to their skills and not treated as ‘beneficiaries’ of a CBI. Work that maximizes the amount of unskilled labour used should be chosen.
Ability to work	<p>If the labour-based activity requires physical work, some groups of the community may be excluded from the project (e.g. woman-headed households, older or chronically ill people). This may be crucial if the CFW programme is designed to help all people meet their minimum needs.</p> <p>Either non-physical labour can be organized for these people (e.g. cooking food for those involved in physical work) or they could be given an unconditional cash grant instead of CFW. Most communities accept the idea that certain people deserve help without having to work.</p>
Gender	<p>Ensure programme design and implementation is informed by a gender analysis to understand gender roles, and associated implications for the participation of men and women in CFW activities, while balancing other commitments and responsibilities. For example, IOM should consider flexible arrangements and times for CFW that allow women to accommodate caring responsibilities, and do not displace women’s domestic commitments to children within the home.</p> <p>CFW can place additional burdens on women given their high workload in many of the contexts in which IOM operates. This is particularly so for single headed households, or those where women have a large number of children/for large households, or are caring for older family members or family members with disabilities or chronic illness.</p>
Disability	Consult with persons with disabilities to understand which modalities of work are more inclusive to persons with different types of disabilities. Also ensure that women with disabilities are not being left aside and take gender considerations into account.

Adapted from the International Red Cross and Red Crescent Movement’s [“Cash in Emergencies](#)

4.8 Thinking about Value for Money

When considering a CBI project, it is important to think about the value for money. IOM selects its operational modality, including CBI, based on consideration of the context, needs, and potential for maximized results and impact. In the process of transfer modality selection, a simple calculation can be carried out to help compare the costs associated with different modalities (in-kind, vouchers, cash) and, when possible, with different delivery mechanisms. The calculation has three steps:

1. Transfer value cost.
2. Delivery and implementation costs of different modalities (and mechanisms).
3. Cost-efficiency calculation. Cost-efficiency is a ratio comparing the total costs (value transfer + delivery and implementation costs) of different modalities (and mechanisms).

[Cost efficiency calculation template \(Excel\)](#)

4.8.1 4Es (economy, efficiency, effectiveness, equity)

The 4Es are about achieving the optimal balance between benefits and costs. The primary focus of a Value for Money Analysis is on **economy** and **efficiency**, this is where an optimal balance of benefits and costs is weighed as the basis of total cost and not necessarily the lowest cost. The last E (equity) looks at the extent to which services are available and can reach all people for whom they are intended (spending fairly).

Figure 9: Value for Money - the 4Es



Adapted from Key Aid Consulting's [Cash Assistance: How design influences Value for Money](#)"

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[Cost efficiency calculation template \(Excel\)](#)

4.8.2 Costs associated with CBI

There are a number of costs to consider when creating a budget for CBI programming, including:

- All staff salaries, fees, directly involved in implementing the programme – e.g. management, design, M&E, and associated staff travel, per diem and training.
- Infrastructure that is directly related to the programme (setting up registration service centres where beneficiaries apply for the programme).
- Transaction fees charged by the financial service provider delivering the money to end users.
- Costs of cards/payment instruments, card readers and printing of vouchers (if applicable).
- IT infrastructure (data centre or platform use service fees) and other equipment relevant to the programme (software, surveys).
- Overhead costs (normally 7 per cent).
- Staff and shared resources across other programmes (e.g. drivers, vehicles or office costs).
- Security, crowd control, and related costs.
- Government infrastructure or personnel shared across other programmes.
- Currencies and exchange rates.

4.9 CBI Revised Budgeting and Accounting Structures (ACO alert #18)

ACO Alert 18 is the “Cash-Based Interventions (CBI) Revised Budgeting and Accounting Structure” (May 2020) sent to all IOM Staff. The alert serves as a guidance for IOM staff members on how to prepare the budgets of projects containing Cash-Based Interventions in PRIMA and how to record related expenses in PRISM.

Levels 3 and 4 of the IOM Work Breakdown Structure (WBS) have been revised to include one new activity group and six new activity codes to allow for proper tracking of CBI expenses. For the same purpose, the IOM Chart of Accounts was also revised to include three additional General Ledger (GL) accounts. This revision was done in order to respond to new reporting requirements set by donors and IOM management.

[ACO Alert #18](#)

4.10 Project Information and Management Application (PRIMA) & Processes and Resources Integrated Systems Management (PRISM)

IOM administers and tracks expenses by the nature of the expense and by the reason for incurring the expense as well. Any expense recognized and recorded by IOM therefore must be recorded:¹³
For finance-related questions, please contact DRM Emergency Support: drmes@iom.int.

- **Recorded in PRISM against the General Ledger** that reflects the nature of the expense and that enables reporting of IOM expenses (and income) on a consolidated level for accurate International Public Sector Accounting Standards (IPSAS) reporting purposes.
- **Recorded in PRISM against a cost object**, such as a WBS element that reflects the reason for incurring the expense and that enables IOM to perform internal management and project financial reporting of all its expenses (and income).

Three new GL account codes and respective Material codes have been created for CBI:

- GL 307410 (Material 8000000477) — Cash Grants to beneficiaries
- GL 307420 (Material 8000000478) — Vouchers to beneficiaries
- GL 307430 (Material 8000000479) — CBI — Transfer fees

Table 7: Account/GL Description for CBI

Account Code / GL Description	Material Code
307410 Cash Grants to beneficiaries	8000000477
307420 Vouchers to beneficiaries	8000000478
307430 CBI — Transfer fees	8000000479

Account codes and GL description for CBI from [ACO Alert #18](#).

Creating a CBI budget structure in PRIMA: Ensure that a relevant WBS structure for CBI is used.

WBS Level 3: Under Activity Type, select Cash-Based Interventions (CBI), D2.

WBS Level 4: Under Activity Type, select one of the six (6) activity codes designed for CBI.

- 01 CBI – Multipurpose Cash Assistance (MPCA)
- 02 CBI – Vouchers for Specific Purpose – Restricted
- 03 CBI – Cash-for-Work
- 04 CBI – Transfer Fees
- 05 CBI – Other Direct Operational Costs
- 06 CBI – Cash Grants for Specific Purpose – Unrestricted

Using CBI indicators in PRIMA: Use relevant indicators for CBI and make sure that these are linked to the indicator service codes (ISC) designed for CBI:

- # of beneficiaries receiving Unrestricted Multipurpose Cash Assistance (MPCA)
- # of beneficiaries receiving Cash Grants for a Specific Purpose — Unrestricted
- # of beneficiaries receiving Vouchers for a Specific Purpose — Restricted
- # of beneficiaries receiving Cash-for-Work

Please, note that some CBI indicators can be sourced from the indicator bank in PRIMA, and those are already linked to relevant indicator service codes (ISC):

- assisted, CBI UNrestricted/for a purpose
- assisted, CBI UNrestricted/Multi-purpose
- assisted, CBI voucher/for a purpose
- assisted, CBI Cash for Work

CBI through Implementing Partners: Follow [ACO Alert #15](#) in the use of GL account codes for CBI activities via Implementing Partners (IPs).

Table 8: Account/GL Description for Implementing Partners

Account Code / GL Description	Material Code
305850 IP transfers - UN agencies	500000121
305860 IP transfers - Int Orgs (non-UN) and Int Red Cross	500000122
	500000123
305870 IP transfers - International CSOs	500000124
305880 IP transfers - National CSOs	500000125
305890 IP transfers - National Gov Entities	

Account codes and GL description for implementing partners from [ACO Alert #15](#).

When recording expenditures incurred by IPs, ensure that the amounts of assistance to the beneficiaries equivalent to purely Cash Grants to Beneficiaries and Vouchers to Beneficiaries are carved out of the IP's financial reports and recorded under the correct WBS (main activities D2.01, D2.02, D2.03 and D2.06). Other costs incurred such as IP staff and office costs and transfer costs should be recorded under the WBS D2.05 - CBI Other Direct Operational Costs.

When CBI is delivered via bank transfers directly from **IOM bank accounts** to the individual beneficiaries' bank accounts, please follow the instructions under ACO Alert #21 creating a Beneficiary Group Account in PRISM.

[Recording CBI in PRIMA and PRISM IN/267: Financial Management Rules and Procedures \(FMRP\):
Section G.214](#)

¹³As per [IN/267 Financial Management Rules and Procedures](#) – Module I.1.02.
