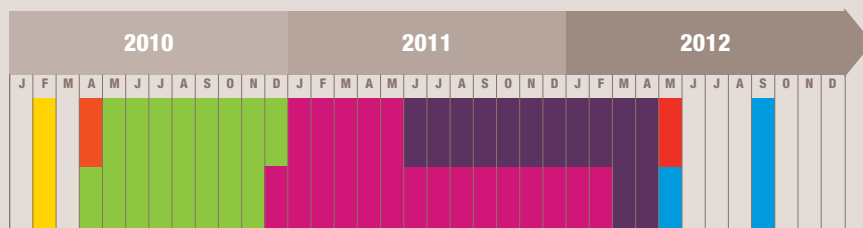


## Cash transfer programme fact sheet

# Chilean Red Cross

## Earthquake response programme 2010–2012

### Humanitarian context



February 2010 ■ Earthquake

April 2010 ■ Livelihoods assessment and programme design

April 2010 – December 2010 ■ On-going programming to meet immediate needs and setting up of the cash transfer programme

December 2010 – February 2012 ■ Household registration in two phases

June 2011 – April 2012 ■ Disbursement of agricultural materials, training and commodity vouchers in two phases

May 2012 ■ Project completion

May 2012 and September 2012 ■ Project evaluations



Humanitarian Aid and Civil Protection



International Federation of Red Cross and Red Crescent Societies  
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## Project details

<b>National Society</b>	Chilean Red Cross
<b>Appeal code</b>	MDRCL006
<b>Objective</b>	Support the livelihoods recovery of 2,000 earthquake affected vulnerable households
<b>Duration</b>	November 2010 – July 2012
<b>Location</b>	Maule and Bío Bío regions
<b>Cost</b>	1,010,180 Swiss francs (CHF) <sup>1</sup> (521,253,000 Chilean peso (CLP))
<b>Main sectors</b>	Livelihoods support
<b>Number of households</b>	2,000 households
<b>Selection criteria</b>	<ul style="list-style-type: none"> <li>• Households engaged in agricultural production</li> <li>• Households with low socio-economic status</li> <li>• Household with pit latrine, but no personal bathing area</li> <li>• Housing in poor condition</li> <li>• Female-headed households</li> <li>• Households with a high number of dependants (e.g. older persons)</li> <li>• Households with ability to perform production activities</li> </ul>
<b>Main activities</b>	<ul style="list-style-type: none"> <li>• Assessment and planning</li> <li>• Selection of households</li> <li>• Tender suppliers</li> <li>• Set-up the Reconstruction and Development (ReD) card / electronic voucher system</li> <li>• Deliver the ReD cards</li> <li>• Monitor purchase behaviour</li> <li>• External programme evaluation</li> </ul>
<b>Key outcome(s)</b>	The most vulnerable groups and households have the ability to restore, improve or diversify their livelihoods through livelihoods support or substitution activities
<b>Number of staff involved</b>	Total: 111 (International Federation of Red Cross and Red Crescent Societies (IFRC): Two staff, Chilean Red Cross: Four staff, 105 volunteers)
<b>Other Red Cross Red Crescent Movement involvement</b>	<ul style="list-style-type: none"> <li>• Technical support: IFRC</li> <li>• Funding: IFRC; British, Canadian, Hong Kong and Norwegian Red Cross</li> </ul>
<b>Assessment information used</b>	<ul style="list-style-type: none"> <li>• Plan of action Chile Earthquake</li> <li>• Government earthquake evaluation</li> <li>• IFRC livelihoods recovery assessment</li> <li>• Chilean Red Cross selection survey</li> </ul>

1. Average exchange rate over programme period: CHF 1 = CLP 516 ([www.oanda.com](http://www.oanda.com))

## Project description

### Context and programme choice

On 27 February 2010, an earthquake of 8.8 magnitude rocked the country and triggered a huge tsunami. The disaster had a severe impact on eight of Chile's 15 regions – about half the length of the country. The tsunami, one of the largest that has ever hit the country, killed 526 people, affected 1.8 million, destroyed 81,000 houses and left nearly 372,000 houses severely damaged.

The Chilean Red Cross responded immediately by providing support to the affected people. During the three-year operation, the Chilean Red Cross, IFRC and other Participating National Societies have made great efforts to provide food, shelter, and access to clean water and sanitation to the affected population. As part of these efforts, the Chilean Red Cross implemented a cash transfer programme intended to support the livelihoods of vulnerable, earthquake affected rural households in the regions of Maule and Bío Bío – the two regions that, according to the Chilean government, had suffered the most significant agricultural losses.

### Assessment and programme design

In April 2010, an IFRC livelihoods expert identified a series of activities related to agriculture and commerce that could be supported to strengthen the livelihoods of the affected households in the rural regions of Maule and Bío Bío. The Chilean Red Cross used this information and decided to implement a cash transfer programme to support small subsistence farmers and their families in 50 communities across the two regions.

A cash-based approach was judged the most appropriate to address the diverse needs of the affected households and to empower them to decide how they can best improve their livelihoods. To ensure that households would spend the money on agricultural materials to resume or strengthen their specific agricultural activities, the Chilean Red Cross opted to use commodity vouchers. With these commodity vouchers, each family was free to choose the agricultural materials they judged as most important to restore their activities.



Sample ReD card



A woman completes a form as part of the formal registration to receive a ReD card.

To complement the programme, these households also received a kit of vegetable seeds, an agriculture safety kit and a series of training sessions in order to optimize the recovery of the productive capacity of the households.

Based on the Chilean monthly minimum wage of CLP 172,000 (CHF 333) and the assumption that living costs in rural areas are lower than in urban areas, the Chilean Red Cross decided to set the total transfer amount at CLP 150,000 (CHF 291) per household. This transfer amount enabled 2,000 households to benefit from the programme.

Based on the experience from the shelter ReD card programme, a similar system was adapted to create the agricultural ReD card system for the livelihoods sector. The ReD card allowed households to buy agricultural equipment for a total amount of CLP 150,000 (CHF 291) from one of the six local branches of the agricultural supply business, *Cooperativa Agrícola y Lechera Valle Central Ltda (COPEVAL)*, located in the targeted area. The ReD card was non-transferable and required proof of identification at the time of use in the agricultural supply shops to verify ownership.

## Household selection

Following the livelihoods assessment, the Chilean Red Cross continued to work on the design for the cash programme and secure all agreements required whilst working on the on-going programmes to meet immediate needs. To identify the programme beneficiaries, the Chilean Red Cross conducted a field survey. The Chilean Red Cross volunteers, accompanied by personnel from *Programa de Desarrollo de Acción Local (PRODESAL)*, the local development programme for small farmers, visited affected households in the target area and established a registry of potential households for the livelihoods support programme. The households were asked a series of questions to determine their socio-economic situation. Once this information was available, the Chilean Red Cross devised a set of socio-economic selection criteria (project details above) to identify the most vulnerable households that were to benefit from the livelihoods recovery programme. If a household fulfilled at least four of the eight criteria, it was selected to participate in the programme.

## Cash-based programming facts

<b>Total transfer amount per household</b>	CLP 150,000 (CHF 291)
<b>Number of payments</b>	One instalment
<b>Modality</b>	Conditional commodity voucher (ReD card/electronic vouchers)
<b>Payment mechanism</b>	Cash transfer through a third party (ReD card distributed by National Society and redeemed through traders)
<b>Method of setting value of cash transfer</b>	The amount was based on the Chilean monthly minimum wage, adapted to the rural context
<b>Partners/service providers</b>	<ul style="list-style-type: none"> <li>• INSO Engineering: developed ReD card software</li> <li>• COPEVAL: supplier of agricultural products</li> <li>• PRODESAL: assistance with beneficiary selection</li> </ul>
<b>Service provision charges</b>	No service charge



A man waits to receive his ReD card that will allow him to purchase CLP 150,000 worth of agriculture materials to help him rebuild his livelihood.

## Programme implementation

Based on the eligibility criteria, the Chilean Red Cross selected 2,000 households to participate in the programme, contacted them for formal registration and provided one household member with a personal ReD card. The programme was implemented in two phases. The first phase began in December 2011, at the same time as other assistance activities were being developed and implemented in the targeted communities. The second phase was completed in February 2012 and was complemented by the distribution of the aforementioned kits of vegetable seeds and agricultural protection gear.

## Programme outcome

The concept of the ReD card had been used in previous operations and was improved through this agricultural support programme with a more sophisticated software programme that allowed real-time monitoring of the households' purchases, identification of coverage in different localities, correction of errors in the database and greater prevention of card fraud.

The ReD card system also significantly reduced the implementation costs of the livelihoods recovery programme. The total production costs of the ReD card was CLP 1,150,680 (CHF 2,230) with the software development costing CLP 2,110,440 (CHF 4,090). These additional costs only correspond to a little more than one per cent of the total CLP 283,500,000 (CHF 549,990) programme budget.

Upon its completion, the programme was subjected to an external evaluation conducted by the Faculty of Social Sciences of the University of Concepción.<sup>2</sup> The evaluation revealed that most of the households were very satisfied with the programme. More than 88 per cent felt that the programme had a positive and empowering impact on their family's economic situation, and almost 83 per cent said that the transferred amount had been sufficient to buy what they needed. There were minor complaints regarding the availability, prices and delivery times of certain products. Furthermore, 33.7 per cent of the households were female-headed and seven out of ten beneficiaries were women.

2. The mentioned results are based on 380 household surveys.

## Reflecting on our learning...

The key learning points from this programme for the National Society can be summarized as follows:

1. The application of innovative technology facilitated the task of managing and monitoring the voucher programme benefiting a population spread over a vast geographic area. The computer-based voucher programme allowed the Chilean Red Cross to manage and monitor the use of the vouchers from its offices in the capital and take action as needed. Moreover, it provided households with easy and timely access to agricultural commodities of their choice.
2. Strong tendering procedures and close monitoring of the contracted supplier's performance are necessary to guarantee an adequate quality of products, acceptable delivery times and competitive pricing. Close cooperation with the supplier also allows the timely identification of eventual problems and respective solutions.
3. Building capacity of Chilean Red Cross volunteers in the various stages of the programme (needs assessment, design, implementation and evaluation) is crucial for programme success given the households were spread over a wide area.
4. The technological system of the ReD card enabled the following actions: real time monitoring of the households, identification of coverage in different localities, correction of errors in the database and prevention of card fraud.



*The use of cash transfers is new for us in Chile, and commodity vouchers are a very flexible way of meeting people's needs. There is so much potential for us to use this modality in many different ways that place the intended recipients at the centre of our response.*

Lorenza Donoso,  
President,  
Chilean Red Cross

A Chilean Red Cross staff manages and monitors the use of ReD cards in real time.



### Further information can be obtained from:

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