



ICRC

FEASIBILITY STUDY – EXTERNAL VERSION

SOUTH SUDAN (SSUD)

CASH AND VOUCHER MODALITIES

SEPTEMBER 2019

1. MAIN FINDINGS

This feasibility study would conclude that there is **clearly some scope for the use of cash and voucher assistance** for different objectives in SSUD, **however agencies should be cautious not to ‘rush to cash’**.

Markets are functioning in many areas, but to different degrees in rural versus urban areas, and the lack of market integration means that it is not possible to draw conclusions from a market assessment in one area that apply country – or even state – wide. Coverage of financial service providers (FSPs) is good, albeit still reliant on transfers of hard currency rather than electronic transfers. Despite still not being a fully monetized economy, people are using cash on a day to day basis.

Cash would give maximum flexibility for recipients and can be easier to manage logistically. It would provide the tailored (case by case) approach that is required to respond to individual cases who have quite varied needs.

There are risks – as with any assistance – but mitigation measures can be taken providing there is a thorough risk analysis as part of any programme design. Identification and management of risk for individual CVA responses will differ from that of larger scale (e.g. community based) responses. Modality choices (cash or in kind) should be based on a sound response options analysis, and for individual cases with a specific person centric risk assessment and considering the modality preference of the affected person.

Fundamentally, **cash and/or vouchers will only work where the goods and services are available and accessible**; which means that market assessments would be a pre-requisite for any intervention bigger than individual cases. Individual cases would have limited to no impact on markets, and so the assessment would focus more on the individual’s access to markets than market capacities to respond. (However, where access is an issue, cash for transport may facilitate access to services and support referral pathways.)

2. CASH FEASIBILITY IN SOUTH SUDAN

2.1 Access to goods and services

2.1.1 KEY COMMODITIES AND SERVICES

- Many people in SSUD continue to live in absolute poverty, facing chronic food insecurity, a lack of clean drinking water, and inadequate access to healthcare and education.
- 80% of SSUD's population rely on subsistence farming, livestock and seasonal fishing:
 - Agricultural production has declined, which has an impact on market prices and availability; Equatoria is the most fertile and productive area, but production currently remains low
 - Food availability varies from area to area, and food insecurity remains high amongst a large proportion of the population; access to food was highlighted by all key informants
 - SSUD has one of the world's largest livestock populations¹, and livestock ownership represents resilience, but current trade terms are less favourable with lower agricultural production
 - Market prices fluctuate, based partly on seasonality but also on availability due to reduced production as people have not returned home and/or returned to farming activities
- What little infrastructure existed continues to deteriorate and where services exist in towns, rural areas depend almost exclusively on those provided by humanitarian organizations, if present.
 - IDPs and returnees continue to face difficulties in finding clean, safe water and/or put strain the host communities' systems. As an example, in Yambio, access to clean water can be an issue outside of the main town, and many people buy water, paying approx. 30 – 50 SSP per jerry can
 - Power supply depends largely on private generators and the cost of fuel can be prohibitive
 - Many schools have been destroyed or stopped functioning due to conflict. Those that are functioning are sorely under-resourced. Whilst there are no fees per se for public schools, the associated costs can be prohibitive to low income families, as well as the cost in terms of loss of income to the household of a child going to school rather than working (inside or outside the home)
 - Many health facilities are either closed or damaged, few are adequately staffed, and shortages of drugs and basic equipment are widespread. Whilst there are no fees per se for public health services, the associated costs can be prohibitive for low income families – including transportation as for many the closest appropriate facility can be over a day's walk away

2.1.2 TRANSPORTATION

- Transportation is a major issue in SSUD, with extremely weak road infrastructure
- The long rainy season impacts transportation – both of goods and people – as most roads close from May to November and transport must be by river or air
- Transport costs vary depending on mode of transport, but include air, road and river routes
 - For example, travelling from Bor to Juba costs 100 USD by air, travelling by road can be impossible during the rainy season
 - For example, travelling from Yambio to Juba takes 1.5 hours by air and costs 100 USD, travelling by road takes half a day in the dry season but 2 – 3 days in the rainy season and costs approx. 16'000 SSP
- For many people in rural areas, their access to goods – and in particular services – is limited by transportation options, with people having to walk long distances to access key services

¹ Approx. 13 million cattle, 14 million goats & 13 million sheep - FAO, 2015

2.1.3 COMMUNICATIONS

- There are limited communications options in SSUD, with estimates currently at 21% mobile penetration, which is one of Africa's lowest
 - For example, in Yambio, mobile coverage extends approx. 5km radius
- The two main service providers operating in SSUD are Zain and MTN (VivaCell's operating licence was suspended by the Government in 2018)
- Zain have committed to restoring all the towers destroyed by the conflict in 2019 and 2020, as well as expanding and adding new towers/infrastructure
- One mobile agent met in Yambio works exclusively with Zain
 - He buys 100'000 SSP worth of airtime from Zain at 90'000 SSP, sells the airtime for 93'000 SSP so makes 3'000 SSP profit (3.3%) – prices are fixed by Zain
 - There are only two agents in town and so there is not too much competition – previously he could make a profit but currently there are not enough customers buying airtime
 - He was previously offering printing services but cannot get the printer cartridge replaced
- A World Bank funded survey² examining the use cash for mobile money conducted with more than 1'600 people across nine counties in 2019 indicated:
 - 45% people own a phone and 17% of people have shared access to a phone (ownership was about twice the rate for men as for women)
 - 72% of the population must travel at least 30 minutes to reach the closest agent/operator.
 - A third of the population argue that the quality of the network is either poor or very poor. 65% of the population must travel at least 30 minutes to reach adequate signal.
 - 58% of the population doesn't have access to electricity, with significant differences between rural and urban areas (63% of rural residents have no access to electricity, compared to 44% of urban residents), meaning that they have no phone charging options

2.2 Financial systems

2.2.1 FINANCIAL SYSTEMS

- In SSUD's economy, cattle has traditionally been the main source and repository of wealth
- However, over time the economy is becoming more cash based. The same World Bank funded survey into mobile money opportunities ([see 2.1.3](#)) indicated:
 - 52% of the population surveyed does not save money; of those who do, savings are mostly held in cash (53%) and then in livestock (36%)
 - Only 13% have a bank account (these are mainly literate men)
 - However, 87% of people would consider using mobile money
- This naturally has an impact on financial literacy which is low, particularly amongst rural communities
- The economy suffers from chronic inflation and an unfavorable exchange rate of the SSP with the USD
- There has been a shift away from the use of USD; for example, a new Government ruling indicates that hotel bills must be paid in SSP and not USD
- There is a traditional form of informal savings called 'sunduk', as an example:
 - In a group of 23 female traders in Yambio; each gives 2'000 SSP per day, and so everyday there is a pot of 56'000 SSP
 - Each woman takes it in turn to receive the 56'000 SSP, which they can use as they wish
 - Essentially it means instead of saving for 23 days to get 56'000 SSP, a woman can get the total amount immediately (but over the 26 days it still costs her the same)

² The nine counties surveyed are: Juba City, Bor county, Pibor county, Tori county, Kapoeta East county, Gogrial West county, Tonj South county, Wau county, and Malakal City (and of course cannot be considered representative of South Sudan as a whole) – see [references section 4.1](#)

2.2.2 FINANCIAL SERVICE PROVIDERS (FSP)

- There are **many financial service providers** (FSPs) operating in SSUD
- Cash (both USD and SSP) can be moved around the country – although the **reliance is still on hard currency rather than electronic transfers**
- The SSUD CWG estimates that there are 40+ FSPs and are currently undertaking a comprehensive mapping
- The banking system is poor, with most services aimed at companies and organizations, not individuals
- Many FSPs primarily serve humanitarian organizations and some were set up solely for that purpose; the majority will pre-finance cash transfers (with agencies paying the invoice after delivery)
- Two mobile money operators launched in 2019, but the service is nascent, mostly operating in Juba, though by the end of the year it will be operational in most ‘urban’ areas
- As more FSPs are registered, **the environment is becoming more competitive** and so there are opportunities to negotiate for fees/services
- Fees are quite low but that is because FSPs make money on the exchange rate between USD and SSP
- Most FSPs have the same model where they move cash by air, in fact many of them actually subcontract cash delivery services to smaller FSPs
- One FSP met (L.E.M. International) has a different model as they do not move the money from Juba to the field; rather they keep the cash from sales of their products at the wholesaler locations and then use those funds to manage money transfers for humanitarian agencies (and other clients). When the final invoice is paid in Juba, they use those funds to buy more stocks to import.
- Many FSPs can distribute direct to individuals if biometrics are used, otherwise would need the humanitarian agency to manage the distribution and the lists (but can still physically distribute the funds)
 - The high use of biometrics by both humanitarian agencies and FSPs was surprising, but is becoming more and more common in countries as an alternative to paper-based identification

2.3 Market functioning

2.3.1 SUMMARY

- **Markets seem to function reasonably well in main urban centres but there is a fundamental lack of purchasing power amongst the population**
- In **rural areas markets are less stable**, and prices and availability of key goods and services fluctuates based on several factors including; transport, production levels, purchasing power etc.
- Markets are not as well connected as in other contexts; the conflict, tribal issues, road infrastructure, and the impact of the rainy season all play a part in affecting the supply chain
- There is a low supply of traditionally produced products (as production levels have declined)
- Seasonality does impact markets, however most traders mentioned that the common practice is to pre-stock goods before the rains which means the worst gaps are towards the end of the rainy season, as well as during the whole period for goods that cannot be pre-stocked (fresh food)
- Current activities of humanitarian agencies have shown that **injecting cash does increase market activity**, as traders respond when they see increased purchasing power
- REACH have started the Joint Market Monitoring Initiative (JMMI) so we should have stronger data on supply chains, prices, commodity availability etc. by the end of the year
- However, it is **important not to overestimate the potential of markets to respond**, and not to draw conclusions for one area based on market data from another
- Secondary data collection indicates that markets:
 - in Juba are well functioning
 - in Renk and Melut are well functioning (and mostly supplied from Sudan)
 - in Malakal are improving (and mostly supplied from Ethiopia)
 - in Bentiu have good capacity
 - in Yambio³ are functioning well (and mostly supplied from Uganda)
- However, market data tends to be for the main market centres and the larger marketplaces;
 - For example, in Aweil there are 20 market places in three counties; of these, 3-4 are large markets, but the rest have less than 10 traders operating

³ Based on primary data collection

2.3.2 JONGELI STATE

- Specifically, for Bor AoR, data from the team indicates that markets are functioning in the ‘urban’ centres of Bor, Akobo, Lenkien, Old Fangak, and Pibor. However, they are affected by the rainy season:
 - For example, at the time of writing, there were no eggs or vegetables available in Pibor market
- In Jonglei state, markets are mostly supplied from Juba
- The team visited Lankien, and did a very rapid market assessment:
 - Based on initial observation the market is functioning well, there is sufficient quantities of basic food and essential household items
 - Prices are quite high (as it is the rainy season and roads are not functioning)
 - According to one of the suppliers interviewed in the market, the suppliers bring sufficient quantities of dry food and household items during dry season to cover the rainy season period. All supplies come from Juba.
 - Previously there were local money transfer agents, but they are not currently functioning as there is no demand – but they would be available if there was demand

Table 1: Key commodity prices in Lankien, as of September 2019

<i>Key commodities</i>	<i>Quantity</i>	<i>Price in dry season (SSP)</i>	<i>Price in rainy season (SSP)</i>	<i>Comparison to Juba prices</i>
Rice	25 KG	8'000	12'000	7'800
Sugar	50 KG	15'000	25'000	13'500
Cooking oil	5 Liter	2'500	5'000	5'800

2.3.3 YAMBIO

- During the visit, a rapid market assessment was carried out in the central market in Yambio (to note, there are two other markets in Yambio, one near the airport, and one at the far end of the town)
- Yambio market was well stocked with a range of food and non-food commodities of varying types and quality, as well as key services (communications, financial services, pharmacies etc.)
- The main market has seen 10 – 20% price increases of most key commodities over the past three months
- There are currently shortages of key commodities:
 - Eggs and chickens; because people have not returned to their villages, so production is low
 - Beef; because of a disease which means many animals have died or been culled
- Supply chains based on local production have been disrupted due to low levels of returns to local communities, but this is slowly improving; and national and international supply chains are functioning although they are impacted by the rainy season
- The biggest problem reported by traders is the lack of purchasing power of consumers (issues around exchange rate, transport, supply chains can easily be managed)
- Service driven businesses like cafes and coffee shops are suffering from a lack of customers (primarily due to low purchasing power of communities)

2.4 Opportunities

2.4.1 CVA SUPPORT TO INDIVIDUAL CASES

Cash transfers can be used in SSUD to support a variety of different needs including:

- Food security, basic needs and livelihoods
- Communications
- Transportation to support access to essential services (health, education, legal, administrative etc.)
- Support for ancillary costs to access health and education services
- Shelter support

Of course, the nature of the SSUD context is such that cash (and or vouchers) will be appropriate in some cases and not others. The basic conditions for using cash transfers to enable affected people to access goods and services remain as in any context:

- Affected people would normally use cash to pay for the specific goods and services
- Goods and services of appropriate quality and quantity available in the local area
- Locations of markets and service providers are safely and easily accessible
- There is an appropriate mechanism to ensure safe transfer of assistance

In areas where goods and services are not easily and safely accessible, in kind may be more appropriate than cash transfers. However, cash can also be used to facilitate transportation to markets and service providers.

Some of the **advantages of using cash-based approaches to respond to individual cases** are:

- Cash for transportation can support referral mechanisms, where services are not local
- Cash is flexible, enabling affected people to meet their needs in a more tailored way (this is particularly true when speaking of basic needs)
- Cash can often be delivered more discreetly than in kind assistance

There are of course risks to providing any assistance, whether it be cash based or in kind, and these are explored in [section 2.5](#).

2.4.2 CVA FOR COMMUNITY BASED ACTIVITIES

Cash and voucher assistance is often seen purely as a **response tool**. However, there is also **potential when looking from a prevention perspective**. A common example is in using cash transfers to enable people to invest in safe transportation or alternative livelihoods which put them less at risk (for example, investing in home-based livelihoods rather than livestock activities which require people to travel outside their communities to grazing land).

Project ideas that came from discussions with the teams include:

- Cash or voucher assistance to invest in alternative individual or group-based livelihoods, as part of a risk reduction strategy
- CFW for important community infrastructure (for example dykes, roads, irrigation infrastructure)
- Cash or voucher assistance to enable self protective measures such as fitting locks to doors of shelters
- Cash for developing savings groups or revolving funds in communities ([see 'sunduk' savings, 2.2.1](#))

2.4.3 MARKET BASED RESPONSES (MBP)

Beyond purely CVA, there is the option to **explore more market-based responses** (MBP), which work through or support local markets. MBP does not have to be cash based, but can be cash, in kind, services or mixed modality.

As mentioned, MBP often works well when it is made up of several complimentary mixed modality interventions. For example, one humanitarian agency is supporting cooperatives in SSUD to produce soap by providing the necessary inputs to create small scale production facilities, and at the same time distributing commodity vouchers for the soap to local communities, ensuring that demand meets supply.

2.5 Risks

Risks inherent to all types of assistance (whether in kind or cash/vouchers) include (but are not limited to); theft, fraud/corruption, inflationary impact, safety and security of affected people/staff/volunteers; social tensions within household or community; unintended use of funds, diversion and data protection concerns.

A decade of evidence shows that cash is not inherently riskier than in kind, and that these risks can be mitigated, providing there is an appropriate – person centric – risk analysis and mitigation process, including: appropriate programme design and community consultation; segregation of duties internally; direct follow up with recipients etc.

The main risks specific to the SSUD context are discussed below.

2.5.1 MARKET VOLATILITY

Financial markets in SSUD are volatile

- The SSUD economy has been weakened over many years
- The SSP is currently weak against the USD
- Despite Government efforts to move payments over to SSP, USD is still widely used
- Humanitarian agencies must align themselves to central bank rates which are substantially different to 'street' rates - official rate 1 USD = 160 SSP, street rate 280 – 300 SSP

Markets for key commodities are also volatile

- Markets are highly dependent on road and river infrastructure, as air transport is expensive
- Markets are highly seasonal
 - Availability of goods is reduced during the rainy season – this is even though most traders 'pre-stock' for the rainy season
 - Fresh produce is particularly impacted by seasonality of access
- Markets are not well integrated
 - Most supplies for regional and local markets must come via Juba
- Prices fluctuate
 - Prices for many key commodities are double what they would be in neighbouring countries
 - Transport prices for commodities are high, particularly during the rainy season
 - Goods are sold in SSP and if a supplier need to replenish their stock they have to change SSP into USD to purchase; if the exchange rate is not favourable, then they will recover their losses by fixing higher prices for the goods they sell

The recently started Join Market Monitoring Initiative (JMMI) will provide a greater data set with regards supply chains, market integration and market functionality over the coming months.

2.5.2 SECURITY OF AFFECTED PEOPLE AND/OR HUMANITARIAN ACTORS

When examining security of affected people and/or humanitarian actors, there are several elements:

Movement of cash (including risk of theft/looting)

- **None of the humanitarian agencies interviewed shared any specific reports of security incidents:**
 - One agency mentioned there had been reports of chiefs of communities taking a 'cut' of assistance (both for in kind and cash distributions)
 - One agency noted that there have been some incidents in 2018, but they were minimal and in general reasonably equally split between in kind and cash
- It would be important to minimize distances that affected people have to move with assistance, whether it be in kind or cash
 - In many contexts affected people prefer cash to in kind as it is less visible – however not enough affected people were met with to draw any conclusion for the SSUD context

Tensions within households/communities

- Assistance can bring tensions within communities (between recipients and non-recipients) and within households (depending who is named as recipient)
- An **analysis of social structures and gender dynamics would be important** to understand who the most appropriate recipient within the household would be
 - Bearing in mind that in SSUD both men and women work, it may be less of a problem to give cash to women within the household, but this would have to be explored

Fraud/Corruption

- Fraud is possible in any programme, and measures need to be put in place to prevent this, such as segregation of duties within teams, limiting knowledge in teams and communities on dates of distributions, using FSPs to move funds etc.
- There is a massive growth in the use of biometrics for identification in SSUD;
 - The use of biometrics is not specific to CVA but is also used for in kind assistance
 - Biometrics provide an opportunity to be sure the registered person is also the recipient at a distribution point
 - There are however issues with the weak regulatory environment for biometrics, questions around data storage and management, and how to adequately manage consent

Diversion

- There is potential for the local administration or others to manipulate lists of recipients of assistance; whilst in kind and cash are both subject to this issue, **cash is viewed as inherently more valuable** (even if its actual dollar value is the same as the equivalent in kind) and so may be prone to more issues
 - However, as mentioned, very few issues had been reported by agencies, and when reported, they seemed to be of similar volume between cash and in kind
- There is a clear concern related to perception; if cash gets into the hands of opposition leaders there could be a perception of fuelling the conflict (more so than with in kind, even if the dollar value is the same)
- Several measures can be put in place to minimize diversion, but none are foolproof

Stigmatization

- Assistance of any kind (cash or in kind) to specific groups, such as victims/survivors of sexual violence, can bring with it risks of stigmatization.
- Assistance should where not target only specific 'victims' but should be part of a wider programme (e.g. victims of violence or 'at risk' groups, not only victims/survivors of sexual violence)
- Individual assistance modality choices (cash or in kind) should be based on a person centric risk assessment and the preference of the affected person

2.5.3 COMMUNITY CAPACITIES

- Financial literacy is low in SSUD and as such, the use of (the limited) electronic payment options, like mobile money, would require a level of financial literacy training/awareness raising.
- The use of vouchers would require a level of financial literacy training/awareness raising both with recipients and with traders.
- On the other hand, people are used to paying for goods and services with cash, and often in dealing in dual currencies (particularly traders), so there is a level of familiarity with cash.

3. CONCLUSION ON CASH FEASIBILITY

This feasibility study would conclude that there is **clearly some scope for the use of cash and voucher assistance** for different objectives in SSUD, **however humanitarian agencies should be cautious not to ‘rush to cash’**. In the remote areas, it would not be feasible or appropriate to switch from large scale in kind to large scale cash and voucher assistance in the short term. However, cash can be explored for responses to individual cases, as well as for more community-based responses in specific areas with access to functioning markets.

- Coverage of FSPs is good (mostly with hard currency rather than e-transfers)
- Despite still not being a fully monetized economy, **people are using cash on a day to day basis**.
- Markets are functioning, with differences between rural and urban areas; but integration is low, and this means that it is not possible to draw conclusions from a market assessment in one area that apply country – or even state – wide.
- **CVA will only work where the goods and services are available and accessible;**
 - Market assessments would be a pre-requisite for any intervention bigger than individual cases (individual cases would have limited to no impact on markets, and so the assessment would focus more on the individual's access to markets than market capacities to respond.)
 - However, cash for transport may facilitate access to services and support referral pathways
- Cash would give maximum flexibility for recipients, and can be easier to manage logistically
- Vouchers may be useful in market-based programming to stimulate/ensure adequate demand
- Cash would provide the tailored (case by case) approach that is required to respond to individual cases who have quite varied needs
- Cash and vouchers can be useful to stimulate both supply and demand side activities
- There are risks – as with any assistance – but mitigation measures can be taken providing there is a thorough risk analysis as part of any programme design. **Identification and management of risk for individual CVA responses will differ from that of larger scale (e.g. community based) responses.**
- Modality choices (cash or in kind) should be based on a sound response options analysis, and for individual cases with a specific person centric risk assessment and considering the modality preference of the affected person.

For more information or feedback, please contact:

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International Committee of the Red Cross

4. ANNEXES

4.1 References

The following is a non-exhaustive list of relevant resources:

- [*Cash-based programmes and conflict: Key areas for interaction and options for conflict sensitive programming in South Sudan*](#), CSRF, February – March 2018
- [*Moving towards markets: Cash, commodification and conflict in South Sudan*](#), Edward Thomas, 2019
- [*Cash-based programming in South Sudan*](#), Sue Enfield, K4D, October 2018
- [*FAO/WFP Crop and food security assessment mission to South Sudan*](#), FAO/WFP, March 2019
- [*Mobile money ecosystem survey in South Sudan*](#), World Bank/Altai Consulting, June 2019
- [*REACH JMMI August 2019*](#), REACH, August 2019
- [*REACH JMMI September 2019*](#), REACH, September 2019
- [*FSC Cash Dashboard June 2019*](#)
- [*FSC Cash Dashboard December 2018*](#)
- [*CWG HRP Cash Dashboard 2018*](#)
- [*CWG non HRP Cash Dashboard 2018*](#)
- [*CaLP Glossary 2018*](#)