What to consider when setting the value of the transfer

Setting the value of a cash transfer to meet your objective will mainly revolve around the question of “**what needs is the cash transfer expected to cover?”**

* How much will it cost for intended beneficiaries to purchase goods in local markets?
* Are there any other goods and services on which households may spend available cash?
* What can households provide from their own income and other sources of support?
* Are prices likely to increase during the lifespan of the project?

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| **Modality** | **Considerations** |
| **Generic to all modalities** | * Use your assessment and response options analysis to identify the target population and the gap that your programme aims to fill. Identify what the transfer is intended to be used for e.g.:
	+ daily consumption needs such as food, water, fuel, transport
	+ household goods such as mattresses, kitchen equipment, clothing
	+ livelihood asset replacements such as tools
	+ shelter materials for light reconstruction
* Analyse the minimum expenditure basket at household level and match the value of the cash transfer t the intended expenditures your CTP is aiming to meet, adjusting to changing market prices.
* Calculate the value of the transfer on the basis of predicted future prices, to ensure that households can maintain purchasing power.
* Assess whether the transfer should be adjusted to household size or be a standard amount (e.g. $10 per person per month or $50 per household for food, water and fuel costs).
* Assess security risks associated with large amounts being paid in one go and beneficiaries only having to go once to collect the transfer, versus options that involve smaller amounts and more frequent displacements.
* Assess how easy it would be to top-up a transfer in line with your chosen cash transfer mechanism (direct distribution of cash versus mobile money options)
* Consult and involve beneficiaries, community representatives and other key stakeholders to ensure the value of the transfer matches expectations and changes in the operating context.
* Monitor to assess if the value of the cash transfer retains its purchasing power in the local market and have a contingency plan on what to do if there is inflation (increase value of transfer, increase regularity of payment, switch to in-kind or commodity vouchers as appropriate)
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| **Unconditional cash transfers** | * Decide whether to provide a one off payment to meet you project objective or whether multiple regular instalments are needed and set the value of the transfer accordingly (e.g., one off $200 payment or 4 payments of $50 every 2 weeks to meet all household expenditure).
* Remember heavily indebted households may use grants to repay debts rather than to buy the goods you intended.
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| **Conditional Cash transfers** | * When choosing conditional cash transfers, take into account the cost of assets/materials may vary by location and by livelihood activity, so adjust the value of the transfer accordingly.
* When providing cash transfers as cash or vouchers for livelihood or shelter specific aims, include the value of the materials, labour and transport.
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| **Cash for Work** | * Daily labour rates should be set just below the usual market rate. In this way, the most vulnerable people will self-select for the jobs, others will not leave local businesses and labourers will return to their longer-term livelihood options. CFW wages will hardly ever cover more than the cost of a household’s basic needs.
* Payments can vary according to the skill level of the work, the length of the workday and the time period of the project.
* Ensure that transport costs to and from the work site are covered.
* If several organizations are implementing CFW programmes, ensure that similar wages are applied.
* Check frequently that CFW wages are in line with local rates and that local enterprises can find labourers. If monitoring suggests CFW is leading to labour shortages, consider reducing wages or restricting participation.
* Ensure you respect national legislation, as minimum wages can be defined by law.
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Adapted from: IFRC (2007) Guidelines for cash transfer programming