



# Cash transfer programming in emergencies: A success story from the Viet Nam Red Cross

## Introduction

This case study examines the increased use of cash transfer programming in emergencies by the Viet Nam Red Cross (VNRC) with support from Red Cross and Red Crescent Partner National Societies (PNS) and the International Federation of Red Cross and Red Crescent Societies (IFRC), starting with the response to Typhoon Ketsana in 2009. Although the VNRC already had some experience with distributing cash grants as part of its regular social welfare programmes, it had not used cash grants at a large scale during previous emergencies.

The interest of the VNRC in using cash grants comes from the clear advantages they provide, including improved cost-effectiveness, quicker implementation time and empowerment of the recipients. This case study describes the rationale for increased use of cash transfers. The programme and organizational gains are mentioned along with the lessons learned so far and the National Society's future plans.



## Country context

Viet Nam is located in South-East Asia, the typhoon centre of the western Pacific. It borders with China to the north and Laos and Cambodia to the west. The country's total land area is more than 300,000,000 km<sup>2</sup>, roughly comparable with the size of Finland, but with a population of almost 90 million.<sup>1</sup> The UN Human Development Index describes Viet Nam as a country with medium human development and a gross national income of USD 2,805 per capita.<sup>2</sup>

<sup>1</sup> CIA – The World Factbook, 2011, <https://www.cia.gov/library/publications/the-world-factbook/>  
<sup>2</sup> UNDP – Human Development Index, 2011, <http://hdr.undp.org/en/statistics/>

## Emergency context after Typhoon Ketsana

- 15 provinces in central Viet Nam affected
- 3 million people affected, out of which 500,000 in need of assistance and 200,000 displaced
- 163 dead, 11 missing, 629 injured
- 258,564 houses damaged
- 21,614 houses completely destroyed
- Total damage USD 795 million
- Widespread destruction of crops, loss of agricultural land and livestock

Varied topography, a long coastline and the large amount of people living in coastal areas make Viet Nam one of the most disaster-prone countries in the world according to the World Bank.<sup>3</sup> The impacts of natural disasters are significant. According to national government statistics, they result in hundreds of deaths and injuries and an average economic loss equivalent to roughly 1.5% of the country's Gross Domestic Product in the last decade alone.

In addition, climate change is expected to increase both the frequency and intensity of hydro-meteorological disasters. Rainfall is expected to become heavier, increasing the frequency and magnitude of flash floods, rivers overflowing their banks and coastal inundations in many parts of the country. Storms and typhoons are also likely to become more common and powerful. The United Nations Framework Convention on Climate Change (UNFCCC) has identified Viet Nam as one of the top five countries expected to be most affected by climate change.<sup>4</sup>

## Viet Nam Red Cross

The late President Ho Chi Minh established the Viet Nam Red Cross in 1946. The VNRC is a member of the Viet Nam Fatherland Front – the umbrella organization of mass organizations and civil society in Viet Nam. It is also a resident member of the Central Committee for Flood and Storm Control (CCFSC) responsible for the management of national disasters. The VNRC operates in accordance with the 2008 Law on Red Cross Activities and follows the seven Fundamental Principles of the International Red Cross and Red Crescent Movement.<sup>5</sup>

## Typhoon Ketsana and the 2010 double floods

Typhoon Ketsana was one of the multiple disasters that struck the Asia Pacific zone in late September 2009, affecting Cambodia, Lao, Philippines, Thailand and Viet Nam. It brought heavy rains, extensive flooding and landslides inflicting the most serious damage for more than 40 years in 15 central and highland provinces of Viet Nam. The damage to livelihoods, education and shelter was far beyond the coping capacities of the authorities and local communities.<sup>6</sup>

One year later, heavy rains in the first three weeks of October 2010 caused two successive floods in five central provinces. The initial flood affected all five provinces with the most serious damage seen in Ha Tinh and Quang Binh. The second flood, considered the largest flood since the historic flooding of 1978 caused many casualties and major damage to property. These double floods caused serious impact to essential infrastructure.<sup>7</sup>

## Emergency context after the double floods in 2010

- 5 provinces in central Viet Nam affected
- 144 dead, 24 missing and 279 injured
- 469 houses completely destroyed
- Total damage USD 562 million
- Widespread destruction of crops, loss of agricultural land and livestock
- Children and expecting/lactating mothers particularly vulnerable

3 World Bank, 2005. "Natural Disaster Hotspots: A Global Risk Analysis". Disaster Risk Management series No.5.

4 Pham, T.T., 2011, REDD+ politics in the media: a case study from Viet Nam. Working Paper 53. CIFOR, Bogor, Indonesia (UNFCCC 2007 cited in Pham et al 2011).

5 Viet Nam Red Cross, 2011, <http://www.redcross.org.vn/>

6 Central Committee for Flood and Storm Control, 2009, <http://www.ccfsc.gov.vn/>

7 Central Committee for Flood and Storm Control, 2010, <http://www.ccfsc.gov.vn/>



## Red Cross action

The VNRC responded to both disasters quickly, providing relief assistance to families that lost family members, sustained injuries or had their home destroyed. With the support of the IFRC, PNSs and other partners including Save the Children, the VNRC provided assistance through the provision of cash grants. This included both unconditional and conditional cash grants to meet immediate food needs, repair shelter and re-establish livelihoods.

Cash is the preferred method of transfer adopted by the VNRC due to the low percentage of people with access to bank facilities or ATMs below provincial level. Distributing cash requires specific precautions but levels of risk are generally low due to the good security situation in the country.

The use of cash transfers has produced positive knock-on effects. The final evaluation report of the VNRC and the American Red Cross cash transfer programme concluded that the programme provided a positive injection into the local economy with almost 75 per cent of recipients spending the cash received within the first three days. It also demonstrated the potential for unconditional cash in the early recovery phase of a disaster response<sup>8</sup>. Managing cash transfer programming also built the capacity and confidence of the VNRC and other agencies involved in the implementation. Challenges also existed including the forced redistribution of cash where those receiving were obliged to share with those not targeted; a practice that is also common in commodity distributions. Some recipients also used cash for unintended purposes, although such incidences were few.

The Vice-Chairman of Viet Nam Red Cross, Nghe An branch, Mr Vinh, handing over cash assistance to a family that lost their home during the double floods in 2010.

## Government use of cash transfers

The “Day for the Poor” campaign was initiated in 2000 and mobilizes Vietnamese organizations and people in support of the poor. Led by the Viet Nam Fatherland Front, which includes the VNRC, this is a one-month campaign between October and November and one special day on the 31st of December. A major focus of the programme is the provision of conditional cash grants to build houses for the poor.

<sup>8</sup> Response to Typhoons Ketsana and Mirinae, Evaluation of the Viet Nam Red Cross relief response with support from the IFRC and Participating National Societies 2010.  
<http://www.ifrc.org/docs/appeals/09/IFRC%20ketsana%20Evaluation%20Report%20Final2%20EN.pdf>

## Advantages seen in cash transfer programming

- Reduced operational costs compared with commodity distributions through savings on procurement, warehousing, transport and distribution
- Faster delivery of flexible assistance that meets a wide range of immediate needs
- Empowers through offering choice and promotes dignity at a time when people are recovering from a disaster

(Interview with Mr Le The Thin, Director, Disaster Management Department of the Viet Nam Red Cross)

## Advantages of using cash transfer programme

- Ability to serve more beneficiaries with the same amount of funds
- Allows recipients to decide on the use of the cash provided based on their individual needs
- As staff spends less time on procurement they can increase monitoring to strengthen the quality of the programme.

(Interview with Mr Paul van der Laan, Country Representative of the Netherlands Red Cross in Viet Nam)

Mrs. Y Xeng, a beneficiary in Village No.9, Dak Coi commune, Kon Ray district, Kon Tum province – is receiving VND1 million from the programme. In the photo, a VNRC volunteer is helping Mrs.Y Xeng to count the cash before she leaves the distribution point.

## Increased use of cash transfer programming in Viet Nam

While international aid agencies remained cautious in using cash transfers prior to 2005, the government of Viet Nam, local charitable and religious organizations, and private companies already provided small cash donations to those affected by disasters.

The introduction of cash transfers as part of a humanitarian response dates back to 2005. In that year, Oxfam International pioneered the use of unconditional cash grants, vouchers and cash for work on a larger scale in Ninh Thuan to assist communities affected by drought. Oxfam increased its cash-based interventions in the following years with programmes in Nam Dinh (2005 to 2006), Ha Tinh (2007) and Lao Cai (2008), using both cash grants and cash for work schemes.

The VNRC also included a small cash element along side food distributions as part of its response to Typhoon Damrey in 2005. Mr. Tran Xuan Phat, Chairman of the VNRC Chapter in Thua Thien-Hue Province, reported that “cash grants gave us many advantages, such as no transportation and warehousing costs, ease of distribution and the fact that beneficiaries can make their own choices based on their individual needs”. In the responses to Typhoon Damrey in 2005, Typhoons Xangsane and Durian in 2006 and Typhoon Lekima in 2007, cash grants were used in shelter projects allowing households to purchase their own materials to repair their houses. This flexibility allowed reuse of salvaged building materials and the hiring of local assistance, providing employment and benefiting the local economy.

Incorporating cash transfer programming as a core component of VNRC’s humanitarian response took place in 2010. This was due in part to VNRC’s interest to explore innovative alternatives to traditional commodity-based programmes and also the increasing donor expectation that cash transfers be considered when planning an emergency response. Donors looking for opportunities to scale-up their support for cash transfer programming included



the European Union Humanitarian Aid Office (ECHO), the Department for International Development (DFID) of the United Kingdom and the United States Agency for International Development (USAID)/Office of United States Foreign Disaster Assistance (OFDA). One example of these efforts to scale up the use of cash transfer programming is the Cash Learning Partnership (CaLP) between ECHO and the IFRC.<sup>9</sup> The VNRC recognized the importance of donor interest along with the utility cash transfers provided to their ability to respond to disasters.

Following Typhoon Ketsana, the VNRC implemented cash transfer programmes in the central and south-central highland provinces with the support of the American Red Cross, and in Quang Binh, Quang Tri and Thua Thien-Hue with support from a consortium of the German and Netherlands Red Cross. Both interventions were to support food security and livelihoods.

The general resilience of markets in Viet Nam and their ability to recover relatively quickly after storms and other disruptions is a key factor in the appropriateness of cash transfer programming. Other supportive factors include good security in the country and a strong interest from recipients. The positive results from the Ketsana operation led to wider use of cash transfer programmes in the response to the double floods of 2010. The IFRC, a consortium of the German, Netherlands and French Red Cross and Plan International, all implemented unconditional cash grants to promote food security and livelihoods in Nghe An, Quang Binh and Ha Tinh provinces. In all cases cash grants accompanied specific commodities required by the disaster affected population. Oxfam International also supported a number of cash for work schemes.

## Benefits of cash transfer programming

The Viet Nam Red Cross is clear on the benefits cash transfer programming offers. These include choice, improved cost-effectiveness, dignity, economic recovery, flexibility and empowerment, which are examined more closely below.

- **Providing flexibility and choice:** Cash grants when unconditional, allow households to spend money on their most urgent priorities. They offer flexibility to be utilized on the greatest need, whether food and transport, medical or education costs, repairing shelter, restarting livelihoods or servicing debts. In livelihoods, where different occupations require a wide range of productive inputs, the provision of cash grants is extremely helpful. In Hung Loi Commune, Hung Nguyen District of Nghe An Province, some beneficiaries purchased seed and fertilizer with their cash grant while the livelihood needs of other households spanned from aquaculture to fishing and livestock raising.

Commodity provision lacks this possibility. For example after Typhoon Xangsane in 2006, the provision of household kits had limited utility as households affected had not lost these items. A beneficiary in Thua Thien-Hue Province recommended that future relief operations should focus on providing money instead, explaining that ‘We have all the items in the kit already, so we do not need the household kit’<sup>10</sup>.



**“I like cash more than goods because I can decide to purchase chickens or ducks!”**

(Interview with Mrs Le Thi Ngo, 77 year-old in Hung Thong Commune, Hung Nguyen District, Nghe An Province, who received a cash grant from VNRC/IFRC following the double floods in 2010)

<sup>9</sup> The Cash Learning Partnership, <http://www.cashlearning.org/>

<sup>10</sup> IFRC Evaluation Report, Red Cross disaster response to Typhoon Xangsane and Durian in Viet Nam, 2008.



The Strategy for the Development of the VNRC to 2020.

## VNRC-ARC CTP response to Typhoon Ketsana

- Unconditional cash grant to provide beneficiaries financial means to address basic needs such as food and productive asset replenishment
- Supported 29,381 people in 8,500 households in 63 communes, 15 districts of the 4 worst-hit provinces
- Total support value of USD 505,750
- 85% spent on food (usually rice) and 15% invested in agricultural tools, seeds and/or fertilizers
- No households confessed to using the cash for alcohol, cigarettes or other forms of inappropriate use
- No serious issues of redistribution or security arose as a result of the cash distribution

A similar theme was noted in the post distribution evaluation of the cash transfer programme implemented by the VNRC with support from the German, Netherlands and French Red Cross, where recipients reported on several occasions that commodities distributed were not really needed.<sup>11</sup> After the floods in 2010 in Nghe An Province, for instance, the VNRC distributed both household kits and cash grants. The household kits were subsequently returned voluntarily for redistribution, even though their value was higher than the cash grant provided.

- **Cost-effectiveness:** VNRC experience shows that providing cash grants is often cheaper and faster to distribute than commodities. Procurement, warehousing and transport do not require costs, thus allowing more people to receive assistance due to the corresponding savings. Less logistic requirements also means that staff time and organizational capacity is freed up to focus on the critical issues of assessment, targeting and selection, and improved monitoring – all key requirements to improve accountability to both those requiring assistance and donors funding an intervention.
- **Dignity:** Providing cash does not treat people as passive recipients of relief, it recognizes and values their ability to decide their own priorities and what they want to buy. This trust is greatly appreciated by those being assisted and promotes confidence, respect and trust in the Viet Nam Red Cross.
- **Economic recovery:** Cash grants and commodity vouchers provide demand for goods in the local market, which in turn can help stimulate the local economy after a disaster. Any cash transfer intervention will require knowledge of the local market and its ability to meet the demand stimulated by the cash intervention. Past concerns about cash grants causing price rises and inflation have not materialized, partly because markets are resilient and quick to recover in Viet Nam, but also because the amount of cash provided is too small to affect local economies. The VNRC recognizes the importance of the market and this is therefore assessed prior to any intervention.
- **Empowerment:** The empowerment of those receiving cash, the choice it offers and the independence it can provide has been evidenced in several evaluations and post-distribution monitoring reports.<sup>12</sup> The provision of cash to women and marginalized groups can be particularly empowering. The final report of Oxfam's response to the double floods in 2010 confirms that cash for work programmes gave women the opportunity to earn between 500,000 and 700,000 VND (CHF 22 to 31) by participating in the scheme.<sup>13</sup> The programme was managed by the Women's Union because of their unique ability to mobilize women. "We do like to participate in this work as it not only helps to clean our fields but also provides income", a member of the Women's Union in An Phu Commune, Vu Quang District, stated.

11 GRC-NLRC-FRC-VNRC Consortium, 2011, Post-distribution monitoring report of the project to support people affected by floods in central Viet Nam (unpublished).

12 Response to Typhoons Ketsana and Mirinae, Evaluation of the Viet Nam Red Cross relief response with support from the IFRC and Participating National Societies 2010.

<http://www.ifrc.org/docs/appeals/09/IFRC%20ketsana%20Evaluation%20Report%20Final2%20EN.pdf>. ARC and VNRC, Programme Final Evaluation Report: Post Typhoon Ketsana Cash Transfers in Gia Lai, Kon Tum, Quang Nam and Quang Ngai Provinces, 2010. GRC-NLRC-FRC-VNRC Consortium, 2011, Post-distribution monitoring report of the project to support people affected in floods in central Viet Nam (unpublished). Save the Children, External Evaluation Report, Post-Typhoon Ketsana Response and Recovery, 2011.

13 Oxfam, 2011, Final Evaluation of Ha Tinh Floods Emergency Response and Recovery Project (unpublished).

## Enabling factors promoting the use of cash transfers

The increased use of cash transfer programming by the VNRC is also linked to organizational factors and the vision of the current leadership. External factors have also contributed. The socio-economic and political situation in Viet Nam, cultural traditions and practices, and donor support have also encouraged the increased use of cash transfer programming.

- **Legal framework and strategy of the VNRC:** The law on Red Cross activities approved in 2008 by the National Assembly of Viet Nam authorizes assistance in the form of cash.<sup>14</sup> In addition, the VNRC Strategy for the Development to 2020 mentions the importance of having sufficient funds in reserve to disburse cash grants quickly after a disaster strikes.
- **Structure of the VNRC:** The structure of the VNRC is centralized at national level under which the provincial, district and commune levels are positioned. This organizational structure has facilitated easy implementation and reduced the chance of corruption or redistribution (the diversion or misuse of the cash grant by either the beneficiary or authorities). Depending on district or commune levels of capacity, cash transfers will be managed at provincial or central level, reducing management layers and expediting implementation.
- **Human resources of the VNRC:** While the VNRC has limited human resources at most levels, capacity has been increased by utilizing trained volunteers and closely collaborating with local authorities and other local organizations. For example, the American Red Cross and UNDP undertook capacity building of staff, volunteers and local authorities as a key element of their cash transfer programme, with an emphasis on strengthening beneficiary selection, establishing the cash disbursement system and subsequent monitoring.
- **Leadership:** While the VNRC had some prior experience with cash transfers prior to 2010, the accelerated use of this mechanism was led by the Secretary General's interest in innovative approaches and commitment to improve the quality and timeliness of disaster response. Mr Doan Van Thai has ensured that all cash transfer interventions are properly evaluated and that the lessons learned improve future use of cash transfer programming.
- **Support from donors:** Emergency appeals are generally well funded for both cash grants and in-kind interventions. USAID/OFDA supported the provision of cash grants by the VNRC and the American Red Cross following Typhoon Ketsana in 2009. ECHO funded the provision of unconditional cash grants after the floods in 2010 provided by the VNRC and the consortium of PNSs. Donor visibility was ensured through the use of logos on all documentation, banners and envelopes and by raising awareness through programme communication. USAID also took part in a joint needs assessment following Typhoon Ketsana, which strengthened the partnership.



### The use of cash following the double floods in 2010

- Unconditional cash grants provided to purchase food and restart livelihoods
- Support provided to 50,347 people in the 13,247 worst affected households from 25 districts in three provinces
- Total value of cash grants provided totalled USD 374,990
- Post distribution monitoring indicated that 68 percent was spent on food with the remainder used for livelihood and other needs
- Over 94 percent of the recipients expressed satisfaction with the cash grants provided, saying it met their immediate needs
- Less than 7 percent confirmed that some redistribution of the cash grants had occurred

<sup>14</sup> Article 7 of the Red Cross activities in emergency relief and humanitarian aid reads, 'Red Cross activities in humanitarian aid are spiritual and material support to the disabled, helpless elderly persons, orphans and others in extreme difficult situations, which includes: a) providing assistance in cash, tools, labour force'.



Beneficiaries in Hung Loi Commune (Hung Nguyen District, Nghe An Province) who bought fishing nets with their cash grants after the double floods in 2010.

## How to improve monitoring of cash transfer programming

- Involve local authorities and the community in the planning of the intervention to ensure that all understand the process of selecting who will receive assistance
- Through random household visits, check and verify that the proposed recipients meet the selection criteria. Check for both inclusion and exclusion errors
- Ensure all beneficiary lists once agreed are publicly displayed
- Establish a confidential procedure to receive complaints, including a telephone hot line

('CTP in Emergencies' workshop organised by Plan Viet Nam, CRD and Irish Aid, Hanoi, September 2011)

## How have the cash grants been used?

The outcomes of cash grants transfer interventions have been well documented in post-distribution monitoring reports and evaluations by VNRC, IFRC, PNSs and other INGOs. Feedback on cash grants provided following Typhoon Ketsana in 2009<sup>15</sup> and the double floods in 2010 indicated that the majority was spent on immediate food needs, followed by restarting livelihoods. These findings match those of other INGOs providing unconditional cash grants including Save the Children and Oxfam International. An evaluation of unconditional cash grants conducted by Plan Viet Nam, Irish Aid and the Centre for Rural Development showed that the majority of cash grants were used for livelihood recovery and replacing assets, followed by food and house repairs. Less than 5 per cent was used to service debt, saved or donated to others.<sup>16</sup> The overwhelming evidence is that cash grants are used in line with programme objectives and inappropriate use is very limited.

## How the VNRC works to prevent redistribution of cash grants

Redistribution is the sharing, unauthorised redistribution or diversion of the cash grant by either the recipient or the authorities. It can be voluntarily done by the recipient or forced by an authority. VNRC does not consider voluntary redistribution to be particularly problematic as this aligns with the cultural tradition of sharing with the less fortunate. Sharing is also a key element of a household's coping mechanisms on the understanding that you can call on support from others when you face difficulties yourself.

<sup>15</sup> Response to Typhoons Ketsana and Mirinae, Evaluation of the Viet Nam Red Cross relief response with support from the IFRC and Participating National Societies 2010.

<http://www.ifrc.org/docs/appeals/09/IFRC%20ketsana%20Evaluation%20Report%20Final2%20EN.pdf>

<sup>16</sup> Plan Viet Nam, Irish Aid and Centre for Rural Development, Household Survey Report, 2011.



Forced redistribution is considered problematic although to what degree is viewed differently by international, national and local actors. It often results from commune leaders sharing assistance equally to all, often to avoid tension. Cash grants recipients have also reported their preference to support redistribution to avoid likely pressure from those that did not receive anything. Households receiving cash grants can be expected to contribute more money to communal projects or activities by both the authorities and the community as a whole. This was the case in Ha Tinh after the floods in 2010, when those receiving cash grants were expected to contribute to a village gate or water drainage project.

Although redistribution is an important issue, it applies to all assistance provided, not only cash grants. So far there is no clear evidence suggesting cash transfers bear a higher risk than traditional commodity provision although it may be more prone to this due to its relative ease of distribution and perceived value.

The VNRC has identified a number of ways to mitigate the risk of redistribution. Early and close involvement of the local authorities and the community themselves in defining the programme and agreeing the recipient selection criteria is an important first step. Clarity on the objectives and purpose of the programme and the intended beneficiaries will increase understanding and helps reduce inclusion and exclusion errors. This builds programme ownership at the local level and a commitment for it to succeed. The Vice-Chairman of the People's Committee of Hung Loi Commune, Hung Nguyen District, reports that there was no case of redistribution in their cash transfer programme thanks to the detailed monitoring of the Nghe An VNRC Chapter, and the close participation of the local authorities and mass organizations.

Publicizing selection criteria and beneficiary lists, conducting regular field monitoring, responding to feedback mechanisms and undertaking final evaluations are all key activities to reduce opportunities for, or acceptance of, redistribution, while also improving accountability and encouraging cash grants to be spent in line with programme objectives. Public knowledge, ease of access to confidential feedback mechanisms and prompt responses to complaints

## Six lessons learned from past cash transfer programmes

- Cash transfers should not be provided too early or too late after a disaster, but ideally within the first month
- Soliciting people's participation in the selection of beneficiaries promotes understanding and ownership, greater transparency and relevance
- The implementing agency must have sufficient technical capacity to ensure the effectiveness and efficiency of the cash transfer programme
- The commitment of local authorities in implementing the cash transfer programme is crucial to ensure its success
- Awareness raising and information sharing are essential to promote public understanding of the programme
- Monitoring and evaluation plays a crucial role to avoid redistribution and improve future cash transfer programmes

(Interview with Mr Doan Van Thai, Vice Chairman and General Secretary of the Viet Nam Red Cross)

## Steps that ensured the successful distribution of cash grants in Nghe An Province following the double floods in 2010

- VNRC and IFRC prioritized training for staff and volunteers
- The list of beneficiaries was proposed by the communities and local authorities and thoroughly checked by the VNRC
- Field monitoring was regularly undertaken during the implementation of the programme
- The provincial chapter distributed the cash grants directly to the beneficiaries

(Interview with Mr Nguyen Van Thang, Deputy Director, Disaster Management Department of the Viet Nam Red Cross)

all reinforce accountability, trust and public confidence in the programme. In addition to the above, the VNRC also put clear statements on the envelopes informing recipients that they were not required to share the cash grants with anyone else.

## VNRC's lessons learned

The following lessons have been generated from previous cash transfer programmes undertaken by the VNRC.

- **Involving local authorities:** Local authorities are key partners in the design and successful implementation of the cash transfer programme as they largely facilitate the selection and cash distribution process. Their support facilitates smooth operations and minimizes the risk of redistribution.
- **Community involvement:** A number of meetings with communities may be required to achieve the necessary level of understanding and involvement. A solid understanding of the community context prior to the disaster in addition to their immediate relief and early recovery needs will confirm the appropriateness of providing cash grants alongside commodity assistance. Community agreement with the selection process should be sought along with acceptance of beneficiary lists. Community leaders should be present during the distribution of cash grants to vouch for recipients without identification.
- **Accessibility of markets:** The ability to access functioning markets in order to purchase goods is critical. In highland or remote areas of Viet Nam, where market access is restricted, the provision of in-kind assistance may be more appropriate. It is important that some degree of market assessment is undertaken before deciding to use cash transfers, in order to be confident that goods will be available and can be relatively easily accessed.
- **Setting the grant value:** The value of the cash grants were calculated to meet the immediate basic food needs of households for an interim period until the next harvest. A small amount for re-establishing livelihoods was also foreseen. A single person household received 300,000 VND (CHF 13), a household of two received 600,000 VND (CHF 26) and a household of three or more received 1,000,000 VND (CHF 44). These grant values were standardized across all Red Cross supported programmes. Subsequent evaluations highlighted the inadequacy of these amounts, indicating they could barely meet immediate food needs and they were subsequently increased.
- **Building skills and capacity:** The capacity of the provincial and district branches to implement cash transfer programming varies. Where capacity is not in place at lower levels, the provincial or national level will take on a direct operational role. Where capacity cannot be guaranteed, activities will not go ahead. This happened in some districts where the VNRC and the German Red Cross worked together. In Nghe An Province, activities were implemented by the chapter, as it was agreed that the district branches did not have the required capacity and resources to implement these themselves. These steps ensure adherence to the guidelines and commitments with regards to accountability that are made to both the communities and donors funding the intervention.



**“Cash is more relevant because there are so many livelihood activities in my community. With the support of cash, we can decide to invest in either farming, livestock or fishing!”**

(Interview with Mr Phan Huu Dao, Vice-Chairman of the People’s Committee in Hung Loi Commune, Hung Nguyen District, Nghe An Province, who received a cash grant from VNRC/IFRC after the double floods in 2010)

- A key step to building capacity has been the preparation of standard operating procedures for cash transfer programming in the Vietnamese language. These procedures draw on guidance developed by the IFRC and ICRC, and have been adapted to the local context by the VNRC.

While the VNRC has significantly increased its capacity to undertake cash transfer programming in the past three years, it recognizes the importance of support from its Movement partners to ensure the quality of its programmes. The VNRC understands the need for further staff training in the key areas of market analysis, monitoring and reporting at all levels to ensure the organization is better prepared to respond to the next disaster.

- **Timing:** The timing of distributing cash grants within the annual calendar has been crucial. Previous cash grants provided close to the ‘Tet’ festivities were seen to be at risk of diversion towards preparations for this important holiday. The VNRC experience also suggests that the distribution of cash grants should not be done too quickly after a large disaster, as the markets will not yet be functioning or accessible. Providing the cash grants too late is also not very helpful, as those in need may have already had to borrow money and take on debt to meet their early recovery needs. The VNRC experience suggests that one to four weeks to support food and essential non-food item needs, and one to two months or even longer to assist with livelihood recovery is good timing. Seasonal factors including planting and peak disease periods for livestock are also important factors in distributing cash grants.
- **Evaluations:** It is very important to conduct evaluations quickly after the disbursement of the cash grants, as people often find it difficult to remember what they spent the money on if asked two or three months later.

While cash transfer programming has a number of unique aspects, the VNRC has found that many of the steps required are very similar to commodity distributions, and staff and volunteers with these skills and experience can easily adapt to working with cash transfers. New areas of expertise to be gained include market assessments, setting the grant value and monitoring the use of cash grants.

## The way forward for the use of cash transfer programming by the VNRC

In September 2011, large parts of Viet Nam were again affected by extensive floods in the Mekong delta, causing significant damage. The VNRC was quick to conduct assessments and transfer funds to the affected provinces to be distributed as cash grants as part of their immediate emergency support.

An emergency appeal has been launched in November 2011 for 1.1 million Swiss Francs, which includes the provision of commodities, a cash grant to meet immediate food needs and support to rebuild houses. The 1,500 families identified will each receive CHF 22 (equivalent to 30-40 kg of rice). The amount has been agreed with the relevant Red Cross chapters and takes lessons learned from previous cash distributions into account. In addition, the VNRC will be providing unconditional cash grants to 14,890 households from resources raised outside this appeal. This is the first emergency response where the VNRC has not distributed food items, but is providing cash instead, allowing those being assisted to purchase food that is available in their local markets.<sup>17</sup>

The VNRC has recognized the opportunities cash transfer programming offers in improving the efficiency and effectiveness of their disaster response capacity. Monitoring data indicates that the cash grants have been used in line with programme objectives and inappropriate use has been very limited. The VNRC also recognizes the need to continue documenting good practices and share these with partners. In addition, capacity building, including training for new managers, staff and volunteers, volunteers (particularly at chapter level), as well as refresher training for existing staff and volunteers, is essential to further expand the use of cash transfer programming.

At both the national and local level, the Viet Nam Red Cross has shown strong capacity in assessing and responding to emergencies. Red Cross leadership, provincial chapter management as well as international agencies have urged the National Society to continue to scale up cash transfer programming in Viet Nam as a cost-effective way of providing humanitarian relief in the post-disaster context.

<sup>17</sup> The cash for food indicated directly developed for the Katsana response. Ref: Final report Viet Nam: Food and typhoons, Typhoon Ketsana and Mirinae, IFRC 2 March 2011.  
<http://www.ifrc.org/docs/appeals/09/MDRVN006fr.pdf>



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