

Cash Preparedness Case Study

– Philippines Red Cross

May 2019



Background

This case study is one of six, documenting evidence on the impact of and lessons from cash preparedness support programmes by the International Red Cross and Red Crescent Movement (the Movement) between 2015 and 2017. The case studies feed into a comprehensive evaluation report of the guidance for cash preparedness. Refer to the report for background information including definitions of the four parallel cash preparedness tracks referred to in this case study.

Contextual overview



Located along the Ring of Fire, the Philippines is exposed to a wide range of devastating natural hazards including earthquakes, volcanic eruptions and typhoons, many of which are seasonal in nature. The country is also affected by conflict, primarily in the remote islands of Mindanao, which are characterized by high levels of poverty and chronic malnutrition.

The Philippines has well-developed markets and good financial infrastructure, including a strong remittance system¹, making the implementation of cash transfer programming (CTP) both practical and feasible. There are several options for cash delivery ranging from direct disbursement to mobile phone and e-transfers and paper vouchers.

CTP has been part of humanitarian response and early recovery in the Philippines since 2009. In response to Typhoon Haiyan in 2013², the Philippine Red Cross (PRC), in partnership with other members of the Movement, was one of 45 humanitarian organizations implementing approximately 845,000,000 US dollars in CTP, some 40 per cent of the entire relief response³. The ad hoc national cash working group (CWG) was dismantled in 2013 but was re-established as part of the Humanitarian Country Team in 2015. It is governed by an 11-member Steering Committee which includes local and international NGOs and the government, including PRC.

1 CaLP Country Profile 2011

2 Typhoon Haiyan (Yolanda) was the most powerful storm ever recorded to have made landfall.

3 Smith, G "Cash Coordination in the Philippines – A review of the lessons learned in response to the super Typhoon Haiyan" CaLP and UNHCR (March 2015)

Created in 1947, the PRC had 103 branches and 1,716 staff as of 2016. The PRC has used CTP in emergencies as well as for livelihoods support and for activities such as shelter reconstruction. PRC works in CTP not only with the support of the International Federation of Red Cross and Red Crescent (IFRC) but also with the International Committee of the Red Cross (ICRC). PRC, with the Movement's support, implemented the Movement's biggest cash transfer programme to date in response to Typhoon Haiyan, where some 59,000 households (HH) received livelihood cash grants of \$220 each within three months. The National Society was supported by the IFRC and the American Red Cross, with a team of 20 international staff dedicated purely to cash transfer programming. More recently, using the Red Rose system and with the support of the IFRC, the PRC distributed unconditional cash transfers to 2,813 HH over a period of eight weeks in response to the Mayon Volcano eruption.

Table 1. Timeline of PRC cash implementation

Year	Number of households
2013	59,000
2015	2,007
2016	2,682
2017	3,289
2018	2,813

Overview of PRC CTP preparedness activities and approach

PRC participated in the IFRC cash preparedness pilot project from May 2012 – December 2013 with the aim of addressing relief needs rapidly and at scale through cash transfers. Six key areas of cash preparedness were identified at that time:

- standard operating procedures (SOPs)
- enabling systems and guidelines
- human resources capacity development
- contingency planning and preparedness
- operational tools and action
- communication and coordination.

Typhoon Haiyan made landfall in November 2014 after conclusion of the initial cash preparedness project. Although PRC's response was heavily supported by RCRCM surge capacity, the response provided an important opportunity to test cash systems and procedures at scale, as well as to provide on-the-job training.

By 2017, PRC felt a need to improve its cash preparedness in several areas. It applied for and was accepted to the January 2018-May 2019 IFRC cash preparedness project.

PRC cash preparedness activities include:

Enabling Systems

- 2012/13 versions of SOPs and guidelines exist
- including CTP in the National Society's disaster management operational guidelines
- establishing pre-agreements with two FSPs
- including CTP in the National Society's strategic plan
- piloting Red Rose in February 2018 to support beneficiary profiling, registration and data sets

Programme Tools

- creating and institutionalizing tools for community and beneficiary selection
- developing tools for cash/beneficiary reconciliation
- receiving distribution reports from FSPs (Globe/GCash, LBC and PHLPost), though reconciliation still faces a bottleneck due to cash focal point workload
- systematically undertaking cash and market assessments immediately post disaster

- completing a transfer mechanism feasibility assessment prior to each operation
- developing CTP toolkit

Resources and capacity

- identifying a HQ CTP focal point in 2013 and several field level focal points
- training staff, including CaLP Level 2 (9 staff), Market Assessment training (15 PRC and NGO participants), Rapid Assessment of Markets (RAM) training (25 PRC participants and CWG participants), as well as frequent informal, on-the-job training through exchanges across branches

Communication and coordination

- establishing a national CWG in 2013 with PRC as a pioneering member; chairing the CWG from January to April 2017
- establishing beneficiary feedback mechanisms



Effectiveness of cash preparedness approaches

While the HQ-based cash focal point understands and accepts CTP, fewer than half of the PRC's 103 chapters are ready to implement CTP without HQ technical support. There is also some reluctance from senior management and support services staff to choose CTP for domestic response due to lack of a cash policy.

Table 2 highlights a slight increase in numbers of HH reached with CTP since the start of CP support but no increase in terms of speed.

Table 2. Overview of emergency and recovery cash programming

	2015	2018
Number of people receiving cash⁴	8,831 people	12,377 people
Total transfer volume	134,697 US dollars	161,821 US dollars
Time taken to deliver cash transfers	8 weeks	8 weeks

Several factors have led to the current state of PRC's cash readiness as can be seen in the tables on the next two pages.

⁴ Assuming 4.4 people per household as of 2015 based on <https://psa.gov.ph/content/highlights-household-population-number-households-and-average-household-size-philippines>

Table 3a. Internal factors enhancing and hindering cash readiness

Internal facilitating factors	Internal hindering factors
Existing partnerships with FSPs that can be activated within 24 hours	No use of domestic resources to fund CTP
Approval from the senior management to revive the cash technical working group (CTWG) for Movement partners	CTP is not included in updated strategic or operational plans
Systematic evaluation of each operation	Support services are not involved in assessments and CTP design
Willingness to innovate (e.g., piloting Red Rose system for cash interventions)	Absence of systems to pre-position cash in the same way as non-food items (response analysis assumptions, domestic funding mechanism and authorizations, etc.)
Including CTP as a response modality in contingency plans for medium- and large-scale responses	As of 2017, CTP was prohibited by PRC policy and required a specific exception memo and SG authorization for each operation, not worthwhile for small scales
	IT systems need upgrading to enable large-scale operations both for in-kind and cash
	Outdated SOPs
	Cash preparedness workload too much for one National Society cash focal point

Table 3b. External factors enhancing and hindering cash readiness

External facilitating factors	External hindering factors
Availability of FSPs, strong digital financial infrastructure and transfer modalities	Organizational change takes time and is challenged by short-term project timelines
High expectations from IFRC for CTP in DREFs and appeals and recurrent disasters mean support from donors allowing more opportunities for implementation at medium- and large- scales	Lack of clear division of tasks of CTWG members to segregate the duties and distribute workload among CTWG members to support cash preparedness
Functioning and resilient markets	
Dynamic humanitarian sector and an active cash working group	

Lessons identified

Cash preparedness requires continued maintenance to keep up with staff turnover, the changing financial service provider market and evolving regulatory landscape. Understanding how investments in cash preparedness result in better cash delivery requires monitoring the number, type, speed and volume of cash transfers at an organizational level. PRC plans to establish such a system as a part of its 2018-2019 cash preparedness project.

PRC's long experience with cash preparedness offers the following insights:

Enabling Systems

- Ensuring involvement of support services and departments other than disaster management in cash preparedness and CTP improves speed and effectiveness of organizational change.
- Updating existing SOPs and guidelines is essential for quality CTP.
- Having pre-agreements with FSPs that have a wide geographical network facilitates speed and scale and offers greater value for the same administrative effort.

Resources and capacity

- Having dedicated staff in branches for different cash preparedness and CTP activities is more sustainable.
- Intensive training for HQ and chapter staff and volunteers in early stages of cash preparedness improves acceptance and effectiveness.
- Having a cash focal point for CTP empowered to dedicate sufficient time to cash preparedness and to engage organization-wide support helps maintain momentum for organizational change.
- Deploying trained PRC staff to other countries as part of regional disaster response teams is highly effective for building capacity.
- Deploying CTP-trained and experienced volunteers from one branch to another is effective for building capacity.

Coordination and communication

- Maintaining a role in the national CWG improves information-sharing and PRC's reputation.

Conclusion

In the aftermath of Typhoon Haiyan, the large-scale CTP response led to a reputation and even expectation that the PRC was able to implement CTP both at speed and scale. PRC has since implemented CTP in emergency and recovery livelihood, shelter and WASH projects and disaster risk reduction projects.

While some foundational cash preparedness outputs, such as SOPs and a national cash working group were in place prior to Haiyan, they had fallen by the wayside and could no longer be relied upon to increase PRC's cash delivery outputs. Ensuring that CTP is systematically included in emergency appeals is an important factor in maintaining PRC's ability to implement CTP on IFRC's behalf and to identify where gaps and challenges lie through this implementation. However, the pace of cash preparedness project planning highlights the importance of clear, organization-wide support from management and leadership to achieve improved CTP delivery.

PRC's current cash preparedness project will build on prior work establishing and maintaining trained, experienced staff and volunteers both at HQ and branch level as well as relationships with FSPs. It will increase dissemination of CTP awareness and skills and will update guidelines and policies to improve PRC cash readiness and delivery.