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## Viet Nam: Cash transfer programming in emergencies

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### Introduction

The Viet Nam Red Cross Society (VNRC) has had longstanding experience with distributing cash grants as part of its regular social welfare programmes, but never on a large scale as a response to emergencies until a few years ago. That changed with Typhoon Ketsana, which hit Central Viet Nam in September 2009.

The typhoon caused widespread destruction and the most serious damage in more than 40 years. Three million people were affected; nearly 305 million US dollars worth of crops and infrastructure were damaged or destroyed. As an auxiliary to the government, the VNRC participated in evacuations and rescue, distributed relief items, conducted damage and needs assessments and implemented recovery activities. For the first time, the society also implemented cash transfer programming as part of a humanitarian disaster response, supported by the International Federation of Red Cross and Red Crescent Societies (IFRC) and various partner National Societies (PNSs).

The cash transfers were intended to assist beneficiaries meet immediate basic needs as well as to begin to stabilize or rebuild livelihoods, and to re-stimulate local economies. In spite of the scale of the typhoon, once the market had restored itself cash proved a good alternative to relief and early recovery items. It offered immediate advantages in terms of flexibility, quicker implementation and was also cheaper. Ultimately, cash transfer programming helped the National Society reach over 8,500 families in four provinces with flexible assistance that met their immediate needs.

This experience helped VNRC recognize the potential of using more systematic cash transfers in the early recovery phase of a disaster and from then on, it has used cash more frequently, each time improving its approach.

### Cash transfers in Viet Nam Red Cross

Cash transfer programming is not a new concept in Viet Nam and has long been used by the government, local charitable and religious groups as well as private companies to support people affected by disasters. The use of cash transfers in emergencies by international agencies started more recently in 2005, when Oxfam International pioneered the use of unconditional cash grants, vouchers and cash for work to provide relief for people affected by drought.



On 29 September, Typhoon Ketsana hit the central coast of Viet Nam. It has impacted the lives of more than 3,000,000 people. 150,000 remain displaced from their homes. The Viet Nam Red Cross and its volunteers helped to evacuate 160,000 people from low-lying areas and have since been providing life-saving support.

Within the VNRC, cash-based interventions have been used since Typhoon Damrey in 2005, in the form of unconditional cash and conditional cash grants. In the latter case, households were given an equivalent of 1,100 Swiss francs to rebuild or repair houses. This practice has since continued with typhoons Xangsane and Durian in 2006, Lekima in 2007, and Ketsana and Mirinae in 2009.

In the aftermath of Typhoon Ketsana, cash transfer programming increased rapidly and included cash distributions not only for shelter but also for immediate food needs and to restart livelihoods. Support from American Red Cross as well as a consortium of the German and Netherlands Red Cross Societies was pivotal in developing these interventions.

By 2010, an upsurge in the use of cash transfers, especially unconditional grants, had taken place not only in VNRC but also in other international agencies working in the country including Action Aid, Plan International and Save the Children.

Today, large scale cash transfer programming is well institutionalized in the National Society and an integrated part of all its relief interventions.

### Programming gains from wider use of cash transfers

There are clear benefits from the use of cash transfers including choice, cost-effectiveness, economic recovery. The programme also empowers recipients and maintains their dignity. For instance, cash gives households a greater degree of choice and permits them to spend money according to their own priorities.

Often, cash is cheaper and faster to distribute than alternatives such as animal restocking, and seed and food distribution. Le The Thin, director of the VNRC disaster management department, explains that, "it reduces management costs in comparison with traditional commodity programmes such as transportation and procurement. Lower costs for transport and warehousing means we can reach more beneficiaries with the same amount of funding."

In addition, Red Cross procurement requirements, which make a competitive bidding process compulsory for purchases above a certain value, also gain with cash transfers as it speeds up the implementation time and frees up much needed human resources for monitoring.

Cash is very flexible and can be spent on both food and non-food items, such as transport, medication, education and debts. In addition, it is easily invested in restoring livelihoods disrupted by a disaster. The variety of livelihood activities that can be found in communes and even within households suggests that unconditional cash grants are the preferred option for livelihood recovery, because targeting only a specific livelihood activity might not be sufficient.

Phan Huu Dao received a cash grant from VNRC after the 2010 floods devastated his commune in Nghe An province. He agrees that, "cash is more relevant because there are so many livelihood activities in my community. With cash support, the beneficiary can decide (what they want) to invest in such as farming, livestock or fishing."

Using cash grants maintains people's dignity, by giving them choice and not treating them as passive recipients of relief. It also promotes respect and appreciation of the National Society because it can meet a wide variety of people's basic needs quickly following a disaster. Furthermore, injections of cash have potential benefits for local markets and trade.

Lastly, cash can improve the status of women and marginalized groups. Cash for work programmes have shown they provide opportunities for the community, especially women, to earn an income.

## Advantages of Cash Transfer

- Reduces management costs in comparison with traditional commodity programmes (e.g. transportation, procurement).
- Timely distribution of support to beneficiaries responding to their emergency need.
- Promote people's dignity and empowers them to make their own decisions.

## Organizational gains from increased use of cash transfers

From an organizational standpoint, the legal framework and strategy of VNRC advocates for the use of cash transfers. This mandate to use cash as a response option when providing emergency relief, together with a centralized organizational structure, has made implementation in VNRC easier with less chance of corruption or redistribution (the diversion or misuse of the cash grant by either the beneficiary or authorities).

Vice President and Secretary General of VNRC, Mr Doan Van Thai, explains that the National Society has learned key lessons through the programme. “Cash transfer programming should not be implemented too early or too late after a disaster, ideally within one month,” he says. He adds that targeting beneficiaries with people’s participation promotes ownership, greater transparency and relevance and the implementing agency must have suitable technical capacity to ensure its effectiveness and efficiency.

Awareness raising and information sharing are also essential to raise public understanding about cash transfers, while monitoring and evaluation play a crucial role to avoid redistribution and improve future cash transfers.

The Secretary General says transparency and accountability are necessary for a successful cash transfer programme and VNRC has benefited from its sound practices. “Cash transfers have to be explained more clearly to people and the distribution process has to be justified. We worked closely with the authorities and communities during the planning process to ensure clarity and greater understanding on the selection of those who received cash and those who did not.”

Focus has been on strengthening monitoring systems for the distribution of cash, which the Secretary General considers necessary to ensure transparency and accountability. Specific to this, VNRC developed a clear set of cash transfer programming guidelines and other materials in the Vietnamese language after Typhoon Ketsana which continues to be used today.

“The results of monitoring are that our dia-

logue with communities as well as our dialogue and collaboration with local authorities has increased. The links with our National Society have strengthened and we have built their trust and goodwill. This has undoubtedly increased the profile of Viet Nam Red Cross,” says Mr Doan.

Increased use of cash transfers has also improved the National Society’s profile and partnerships with other agencies that have since replicated the success of the programme.

Human resources capacity has strengthened over the course of the programme through training workshops for staff and volunteers, with new volunteers in particular acquiring better skills in new programming techniques. Unconditional cash grants from donors grew markedly after Typhoon Ketsana and, as interest continues to grow, so does the programme’s visibility. Increasingly donors are looking for opportunities to scale-up their support for cash transfers, both by directly funding programmes and by improving the capacity of implementing partners. As a National Society, VNRC has been able to respond effectively to this trend.

## Cash alternative to food distributions

Most recently, in September 2011, VNRC responded to severe floods that swept through seven provinces in the Mekong Delta causing significant losses to lives and livelihoods.

An emergency appeal for the operation, launched by the IFRC in November 2011, is a mix of both cash transfer programming and traditional commodities, with cash transfers accounting for 60 per cent of the total response budget.

For the first time, a component of unconditional cash support for immediate food and non-food needs for the most vulnerable has been included, replacing food distributions. Generally markets in Viet Nam are resilient and recover quickly after storm damage. This underpins the utility and effectiveness of cash transfers in the Vietnamese context. With markets functioning relatively well after the Mekong floods, these unconditional cash grants will enable families to directly purchase food supplies. The 1,500 families

## 6 lessons of Cash Transfers

- Cash transfers should not be implemented too early or too late after a disaster (ideally within one month).
- Targeting beneficiaries with people’s participation ensures ownership, transparency and relevance.
- The implementing agency must have suitable technical capacity to ensure the programmes effectiveness and efficiency.
- The commitment of local authorities in implementing cash transfer programming is crucial to ensure success
- Awareness raising and information sharing are essential to raise public understanding of cash transfer programming.
- Monitoring and evaluation plays a crucial role to avoid redistribution and improve future cash transfers.



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.

identified will each receive 22 Swiss francs. The amount has been agreed on with the relevant Red Cross chapters and informed by lessons learned from cash distributions during two recent relief operations.

Besides support with permanent housing, conditional cash has also been included in the appeal to restore a viable and sustainable source of income for communities whose livelihoods have been affected by the floods. This includes assistance for 1,500 households in three of the most affected provinces that have lost their means of income, allowing them to re-establish a source of livelihood. Cash grants will enable them to procure boats and fishing nets, the most important items needed in terms of early recovery.

### Remaining challenges and the way forward

The outcomes of cash transfer programmes have been well documented by evaluations and post-distribution monitoring reports by VNRC, IFRC, PNSs and other INGOs. Evaluations of responses to Typhoon Ketsana and the 2010 floods both show that most people spend their unconditional cash grants on food and livelihoods.

Monitoring data indicates that the cash grants have been used in line with programme objectives and inappropriate use has been very limited. However, redistribution sometimes occurs when those receiving share the support with others not selected for assistance. While problematic, redistribution is not specifically related to cash transfers since it happens with the majority of the commodities. VNRC has developed certain ways to mitigate the risks through: ensuring close participation of local authorities and beneficiaries to define programme objectives and conduct the selection process; strong monitoring; and real time evaluations and feedback mechanisms.

At both the national and local level, VNRC 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.

The Secretary General believes that, “the cash transfer programme in Viet Nam Red Cross is innovative, quicker, and has adopted new humanitarian practices, building on market resilience and its ability to recover from storm damage.”

Therefore it is essential that as a programme VNRC keep documenting good cash practices and share this with relevant collaborators. In addition, capacity building including training for new managers, staff and volunteers, particularly at chapter level, as well as refresher training for existing staff and volunteers is essential to further expand the use of the cash transfer programming.



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