

Cash Preparedness Case Study

– Viet Nam Red Cross Society (VNRC)

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INTERNATIONAL



FEDERATION



ICRC

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



Viet Nam is affected by floods, storms and landslides annually but is also prone to drought and earthquakes. More than 70 per cent of the population is at risk of natural disasters compounded by risks associated with rapid urbanisation.

While banking and digital payment infrastructure is growing rapidly, Viet Nam has the lowest rate of financial inclusion in the region with only 59 per cent of the population having a formal bank account. By 2020, the government aims to reduce the ratio of cash transactions to digital transactions to 10 per cent, to have at least 70 per cent of the population with a bank account, and to transfer all social welfare and pension payments digitally.¹ Viet Nam has a vibrant cash economy with stable inflation and with significant remittances from the diaspora through informal channels, including *hawala*-style transfers and courier services².

In June 2017, Hanoi welcomed the Movement's first Regional Dialogue Platform in Asia on forecast-based financing³. This event gathered about 100 national and international practitioners in the field of disaster risk reduction and climate change adaptation to discuss how to deliver assistance, particularly cash assistance, even before a disaster event.

The Viet Nam Red Cross (VNRC) was founded in 1946 and 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.

1 <http://fintechnews.sg/20056/vietnam/vietnam-fintech-sector-report-mobile-payment-digital/> and <http://fintechnews.sg/7986/vietnam/vietnam-announces-major-initiative-become-cashless-2020/> accessed 25 June 2018

2 <https://t2m.org/publications/entrenching-transformations-remittances-in-vietnams-tiger-economy/>

3 https://www.drk.de/fileadmin/user_upload/FBF/ReportAsiaDP_final.pdf

In 2008, the National Assembly of Viet Nam passed the Law on Red Cross Activities, which explicitly authorizes VNRC to deliver cash assistance programmes.

Cash transfers were first used in response to Typhoon Damrey in 2005. Since then, cash transfers have become a common way for organizations, the government and the VNRC to support those affected by disasters. The VNRC began a sizeable cash transfer programme (CTP) in 2009 with support from the American Red Cross in response to Typhoon Ketsana⁴ and then again in 2012 in response to the 2011 Mekong flooding.

In 2013, cash programming was included in the VNRC contingency plan and there has been a consistent roll out of CP activities led by the VNRC cash transfer focal point. VNRC provides cash-in-envelope assistance as one-off, unconditional and unrestricted (multipurpose) relief funds as well as conditional or restricted transfers in support of livelihood recovery and shelter repairs. In 2017, VNRC used paper commodity vouchers for agricultural inputs for the first time.

VNRC recognizes that increasing cash assistance, particularly for a large-scale response, will require third-party payment support. To that end, VNRC, with support of IFRC, the American Red Cross and Swiss Red Cross, completed a financial service provider assessment in November 2018. VNRC is an active member of the national Cash Working Group.

Table 1. Overview of VNRC disaster response and early recovery cash implementation experience^{5 6}

Year/Disaster	Number of Households	Sector
2009 Typhoon Ketsana	8,500	▪ basic needs, livelihoods
2010 floods	13,247	▪ basic needs livelihoods
2011 Mekong Floods	9,900	▪ basic needs
2013 Typhoon Wutip/Nari	8,750	▪ basic needs
2016 typhoon & floods; drought and saltwater intrusion	23,864	▪ basic needs

4 https://www.preparecenter.org/sites/default/files/Viet_Nam_cash_case_study.pdf

5 VNRC

6 VNRC also provided cash for basic needs in response to Typhoon Damrey in 2005, Typhoons Curian and Xanasane in 2006 and Typhoon Iking in 2007. The number of households served us unknown.

Overview of VNRC cash preparedness activities and approach

In 2012-2013, the VNRC was an International Federation of Red Cross and Red Crescent (IFRC) cash preparedness pilot country. They have also been supported by five partner national societies (PNS).⁷ This led to the appointment of a CTP focal point, the development of CTP standard operating procedures (SOP) and the development of CTP capacity in branches. The standardization of CTPs has led to increased confidence in delivering CTP at the branch level and therefore an increased uptake of CTP nationally. In addition, the VNRC has set ambitious targets for timeliness, scale, and preparedness in contingency planning and reporting systems.

VRNC preparedness activities include:

Enabling Systems

- leadership approved SOPs in 2016
- included CTP session in VNRC annual meeting
- earmarked disaster funds for CTP in the early stages of an emergency

Programme Tools

- pre-disaster baseline market capacity assessment feeds into transfer value
- systematic post-distribution monitoring

Resources and capacity

- support to branches to initiate CTP
- trained staff in disaster-prone provincial chapters
- increased awareness among disaster management staff for the need to speed up reconciliation processes

Communication and coordination

- CTP communications materials in Vietnamese developed and systematically used for improved community engagement; English version used for knowledge sharing
- three case studies written and available on the internet
- participation in national cash working group
- use of CTP in livelihood recovery programming

⁷ Cash preparedness evaluation report 2014

Figure 2. Cash preparedness support timeline by year

2012

IFRC cash preparedness pilot project kick-off workshop
Attended cash learning event

2013

Identified cash focal point
Participated in several regional and global cash workshops, meetings and trainings
CTP included in the VNRC contingency plan

2014

Established transfer value for unconditional, unrestricted cash for basic needs
Rolled out CTP training to branches

2016

Finalized CTP SOP
Incorporated CTP financial systems into project management unit
Integrated four CTP questions into emergency needs assessment tool

2017

Completed Red Rose post-distribution monitoring pilot
Piloted paper vouchers with the Food and Agriculture Organization (FAO)

2018

Completed TOR for VNRC cash working group and cash focal points in branches
Rolled out CTP training of trainers to branches

Effectiveness of cash preparedness approaches

Since VNRC began cash preparedness in earnest in 2012, notable outcomes include the ability to deliver cash grants to affected families within six weeks of a disaster and the standardization of transfer values for one-off multipurpose cash grants to speed up the delivery. At the same time VNRC continues to deliver conditional grants for livelihoods and shelter, which exposes more staff and volunteers to the cash transfer modality. As a result of its demonstrated cash preparedness and delivery experience VNRC implemented CTP for five UN and donor agencies in 2017.

Table 2. Overview of cash activities before and since 2016

	2013	2018 (April)
Number of people receiving cash assistance	31,916	28,842
Time from assessment conclusion to cash delivery	3 to 6 months	2-3 weeks and 3 to 6 months
Proportion of value of assistance delivered as cash transfers	5%	85%



Table 3a. Internal factors enhancing and hindering cash readiness

Internal facilitating factors	Internal hindering factors
VNRC consistently considers CTP options from the early stages of the relief response	VNRC continues to use multipurpose cash and does not extend use of CTP to meet more relief objectives
Current targeting strategies prioritize CTP in areas where markets have recovered or remain functional	Limited appetite for piloting CTP through a financial service provider
HQ staff are mobilized to work with the branches to implement CTP and capture lessons learned	Language barriers limit VNRC access to technical support; translation is time consuming
Forecast-based financing has renewed interest in contingency planning and preparedness activities to speed delivery	

Table 3b. External factors enhancing and hindering cash readiness

External facilitating factors	External hindering factors
High level of awareness; cash transfers have been used for several years by government and local actors	VNRC could be limited to delivering for other actors and not be influential in project design and thus miss an opportunity for growth
Strong cash economy and remittance systems	National CWG in country uses English, and much CTP guidance is in English
UN and donor agencies view VNRC as the go-to partner for CTP delivery	The reach of digital infrastructure isn't sufficient to meet all of VNRC's payment needs
Active national cash working group (CWG) for the harmonisation of tools and approaches	

Lessons identified

Since VNRC began cash preparedness in earnest in 2012, notable outcomes include the ability to deliver cash grants to affected families within six weeks of a disaster and the standardization of transfer values for one-off multipurpose cash grants to speed up the delivery. At the same time VNRC continues to deliver conditional grants for livelihoods and shelter, which exposes more staff and volunteers to the cash transfer modality. As a result of its demonstrated cash preparedness and delivery experience VNRC implemented CTP for five UN and donor agencies in 2017.

- Community engagement activities around targeting and verification contribute to the quality of the response. VNRC staff and volunteers invest considerable time at community level agreeing on the CTP recipients to ensure a transparent targeting method. The level of investment required may outweigh the value for one-off transfers and simpler targeting should be explored.
- VNRC's relief responses need to be timely, as disaster-affected communities will start investing in their own recovery as soon as they can. CTP needs to make better links with livelihoods and shelter support.
- VNRC HQ is convinced that responding to disaster needs with an unconditional, unrestricted cash transfer is appropriate and feasible. However, the current systems have not kept up with the targets set for delivering at scale. Speed and scale for both cash and in-kind programming can be enhanced through digitization of registration, distribution and post-distribution monitoring.

Conclusion

With cash preparedness support, VNRC increased the proportion of assistance delivered as cash in IFRC-supported disasters from 5 per cent during the Typhoon Ketsana to approximately 80-85 per cent in 2017. Standardizing procedures has been a key element of the success in increasing cash delivery and in generating donor support for VNRC cash programming. VNRC's current cash preparedness efforts will emphasize new payment methods to better meet the needs of disaster-affected populations, improved decision-making based on needs assessment and enhanced monitoring of CTP impact.