



## CASH FOR WORK

A Contribution to the International Debate based on  
Lessons Learnt in Northern Afghanistan

## Imprint

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## Abbreviations

AA	German Federal Foreign Office
AKDN	Aga Khan Development Network
ANDS	Afghan National Development Strategy
BMZ	German Federal Ministry for Economic Cooperation and Development
CFW	Cash For Work
CDC	Community Development Council
CRS	Catholic Relief Services
DDF	District Development Fund
DETA	Development-oriented Emergency and Transitional Aid
DoPW	Department of Public Works
DRC	Danish Refugee Council
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
MRRD	Ministry of Rural Rehabilitation and Development
NSP	National Solidarity Programme
ODI	Overseas Development Institute
PDF	Provincial Development Fund
RRD	Rural Rehabilitation and Development Department
SRL	Sustainable Rural Livelihood
WFP	World Food Programme

# Executive Summary

The purpose of this study was to document learning from BMZ finance cash for work (CFW) projects implemented by GTZ in Afghanistan as a contribution to international debates about cash transfer approaches. The provision of cash as a practical alternative or complement to in-kind forms of humanitarian assistance has been spreading steadily in recent years and is increasingly accepted as part of the toolbox of humanitarian response. The debate has shifted from the feasibility of cash to how it can be used most effectively and how to assess when and where it is appropriate in particular contexts.

The operations of the GTZ CFW scheme in Northern Afghanistan are financed by the German Federal Ministry for Economic Cooperation and Development (BMZ) and commenced in 2004. They are still ongoing and cover several provinces, directly targeting some 15.000 workers and benefiting an estimated total of 100.000 family members annually. The main thrust of the programme was directed at two provinces, i.e. Takhar and Badakhshan. The chief activities covered road and bridge construction and some other social assets on a smaller scale. Two representative districts each were chosen both in Takhar and Badakhshan province for the empirical data collection and the analytical assessment purposes of the present report. A consultant undertook the essential field work during November 2008. Interviews were conducted with authorities and organisations active in this field as well as project staff and beneficiaries themselves. Relevant literature and available baseline data from previous work were consulted and screened respectively.

The project performance can be summarized as having reached its principal goals overall, although the degree of achievement may have differed in line with varying local conditions. In most cases, projects yielded very positive short and medium-term results and laid the foundation for longer-term structural impacts. Enhanced shorter-term welfare gains included improved economic conditions, household food security and the state of health, all generated by the construction of infrastructure facilities. The longer-term benefits covered the onset of changes in motivational and behaviour patterns as well as the social integration of former fighters and sensitization to ensure Afghan project ownership. Some labourers learned new skills which in some cases led to permanent employment after the CFW activities had ceased. Concerns centred around relatively poor savings performance, the limited share of

the population reached despite the size of the CFW scheme in comparable international terms and problems with targeting cash transfers.

The results of the synthesis between the theoretical basis and actual outcome of the GTZ's CFW activities seem to tally widely with the conclusions reached by other projects in this field. In fact, CFW was seen as a valid rapid response tool with a potential as an effective mechanism for triggering longer-term motivational and value changes in traditional Afghan communities. Whether cash transfers are appropriate as a replacement or complement to in-kind support, can only be decided on a case-by-case basis within specific contexts. Reservations about the feasibility of cash relating to security, corruption and gender risks were not seen in practice. No evidence was found of a discernable anti-social use of cash, higher security risks in handling cash versus in-kind help, more extensive corruption or cash disbursements or that cash particularly disadvantaged women.

In summary, there were constraints in the projects' data collection and monitoring which limited the analysis of project outcomes and attainment of objectives. The effects of cash transfers on markets and prices, on livelihood and household food security, and on labour markets could only be gauged in general terms, but not appraised quantitatively. Also, the limited monitoring of market developments did not facilitate the finding of answers to questions regarding the appropriateness of possible adjustments of cash wages to fluctuating prices as demonstrated by the rise of food prices in 2008. In fact, in such predicaments, it may seem imperative to adjust CFW wage levels to avoid the erosion of their real value and to anticipate the need for and magnitudes of concomitant budget contingencies. At the same time, administrative constraints and difficulties in readjusting wages downwards once the emergency was over could render such adjustment schemes unfeasible. In any case, efficient monitoring devices should be built-in, ideally, from the inception of CFW schemes in order to enable adequate decisions. Better analysis and reporting of monitoring data would also help in coordinating cash approaches with other stakeholders.

# 1. Introduction – Purpose and Methodology

There has been a recent surge of interest in international development circles in the use of cash payments as an aid instrument and alternative or complement to in-kind forms of assistance, such as food aid. This report examines a GTZ supported CFW programme (financed by BMZ) in the Northern Afghanistan provinces of Takhar and Badakhshan and relates its experience to key issues emerging from the wider literature on cash based responses.

GTZ has been implementing CFW projects in Afghanistan since 2004 on a relatively large-scale with over 100.000 people targeted annually. There are numerous other public works programmes in Afghanistan implemented by various actors but with limited exchange of learning taking place between them. This report is, therefore, intended to stimulate both learning and debate between CFW stakeholders within Afghanistan and to make a contribution to the general international debate on cash transfer programmes.

Section Two provides a short summary of the state of the international debate on the use of cash transfers as an aid instrument. Section Three reviews the context in which GTZ is working in Northern Afghanistan covering modalities and operational aspects of the CFW projects together with their impacts on beneficiaries. Section Four attempts to synthesise general principles highlighted in the international debate on cash transfers with results achieved and issues raised by GTZ's CFW projects in Northern Afghanistan. Section Five sets out some pertinent conclusions to be drawn upon by future CFW projects both in Afghanistan and elsewhere and makes some practical recommendations to ensure further progress in the execution of the projects which are subject of this study.

A number of project documents were screened, including some dated study material, permitting the comparison of results with original baseline data. A wider literature review was also carried out. A consultant undertook ten days of field work in Afghanistan in late 2008. Interviews were conducted with project staff, partner organisations, government officials, NGOs and donors in Kabul and the programme region as well as with project beneficiaries (both men and women) themselves. During the field trips the consultant was accompanied by engineers, agricultural experts and/or community staff. Interview results with target group members were later cross-checked with those

of project staff on the basis of project documents to compare possibly differing perceptions of project intentions and results.

The empirical data was obtained in two districts each of both Takhar and Badakhshan provinces (see map in box 3, page 11) in which GTZ has implemented CFW programmes since 2004. In Takhar province the Khoja Ghar district north of the provincial capital Taloquan was chosen for a field trip as the implementation of a number of CFW projects had already been completed some two years ago. It was assumed that a sustainable impact would, therefore, be visible. In addition, data obtained from interviews by the consultant with the target group in the Warsaj district south of Taloquan for a Lessons Learnt Study in May 2007 (Börgel 2007) were also considered for this study. In Badakhshan province the district Arganjkh, east of the provincial capital Faisabad, was selected for a field visit where CFW recipients were carrying out work on an important road. In addition, CFW recipients were visited in the villages Robot, Bugh Mubarak, and Dahniab in order to assess the degree of improvement of their livelihoods. The Fargambow Road project in the district of Yaftal Payan northwest of Faisabad had been visited by the consultant already in 2007.



## 2. Overview of the State of the International Debate on Cash Transfers

This section provides a synopsis of the state of the international debate on the use of cash transfers as an aid instrument. It draws heavily on various inter-linked components of a larger research project by the Overseas Development Institute (ODI) on the role of cash transfers in emergency relief, fragile states and social protection and in particular on a recent report for World Vision (Harvey 2007; Harvey and Holmes 2007; Bailey and Savage 2009).

In the past, the vast majority of international humanitarian assistance programmes in developing countries has focused on the in-kind distribution of relief materials and the provision of services. Food aid has played an often dominant role in relief responses and alternatives to food aid have frequently been neglected. However, in recent years there has been an upsurge of interest in the use of cash as an alternative or complement to food aid and other forms of in-kind assistance. This is not to say that the use of cash in emergency relief is a new discovery. Dreze and Sen traced its utilisation back to nineteenth century India and made a strong case for wider application of cash as an instrument in relief over two decades ago (Dreze and Sen 1989; 1990; Sen 1983)

In his entitlements theory Sen made the point that famines were often related to poor people's inability to access food due to the absence of purchasing power rather than an overall lack of food. He concedes that emergencies may disrupt the availability of such commodities on markets temporarily. However, he observed that supplies tended to recover quickly, bringing back essential items to markets for purchase as a result of revitalised demand for food or shelter materials. The provision of cash can, therefore, be an appropriate tool to generate demand and to enable people to meet critical needs for vital goods and services.

The debate on the usefulness of cash as a humanitarian assistance tool has shifted quickly in recent years from being a relatively neglected instrument to an effective part of the humanitarian toolbox. Kneejerk assumptions that cash transfers are unlikely to be feasible in emergencies are increasingly being challenged by evidence of successful implementation of such schemes. As a consequence, discussions have undergone a metamorphosis from the question of whether cash is an appropriate tool at all to

the *modus operandi* through which way organisations, donors and governments can best use cash transfers and to the manner in which such schemes are implemented. This does not mean that cash transfers should be seen as a universal panacea to fit all sets of conditions. In fact, their appropriateness needs to be assessed on a context specific basis which examines whether people can buy what they need in local markets and whether or not cash can be safely delivered and spent by beneficiaries. Thus, cash interventions can take numerous forms from direct payments to a number of broader social assistance measures (see table 1). This report focuses, however, only on CFW.

Despite the increasing acceptance of cash approaches in aid circles it is still useful to highlight the arguments for and against the concept of cash transfers because they continue to influence policy discussions and the willingness of practitioners to consider the use of cash.

Thus, the advantages of CFW include:

- **Flexibility and choice:** Cash enables beneficiaries to choose what they want to buy and, therefore, fits individual priorities better than goods contained in 'one size fits all' in-kind assistance packages. Cash may also mean that beneficiaries will not be forced to sell, often at a large discount, the in-kind assistance they receive in order to meet other needs.
- **Efficiency:** Delivering cash avoids the shipping, storage, transport and distribution costs of in-kind assistance although efficiency gains depend on the level of prices for comparable goods in local markets.
- **Economic impact:** Transfers inject cash into local markets, with income multiplier effects that may help to stimulate the local economy, provided inflation can be contained.
- **Dignity:** Cash might provide assistance to beneficiaries in a manner that empowers them to make decisions about their own welfare.

Table 1: Definition of terms and types of cash interventions

Term	Definition
Cash grants or unconditional cash transfers	Giving people money as a direct grant with no conditions or work requirements. These can be grants provided in emergency or development settings (for example as part of social protection) to meet basic needs and/or to protect or recover livelihoods.
Conditional cash transfers	Giving people money, but with a condition that they do something (such as attend school, plant seeds or demobilize).
Indirect cash transfers to reduce expenditure (and thus release income)	Grants or waivers to reduce the cost of basic services. For example, waivers for healthcare user fees, grants to schools to cover education fees, etc. These are mainly used in development settings, but a few examples exist for emergencies.
Cash For Work employment, public works	Paying people in cash for taking part in a public works programme. These can be part of emergency recovery programmes or social protection (for example in Ethiopia).
Vouchers	Giving people a printed piece of paper, document or token, that can be exchanged for a set quantity or value of goods. Vouchers can range from being so restricted as to be no more than ration cards (no choice in goods received, no choice in provider) to being so flexible that they can be a form of money (exchangeable for any goods with any vendor). As with cash, vouchers can be conditionally or unconditionally given.
Social protection	A sub-set of public actions – carried out by the state or privately – that address risk, vulnerability and chronic poverty. Operationally, social protection can be sub-divided into three key components: social insurance, social assistance, and standards. The latter includes the setting and enforcing of minimum standards in the workplace, although this is difficult to achieve in the informal economy.
Social insurance	This involves individuals pooling resources by paying contributions to the state or a private provider so that, if they suffer a 'shock' or permanent change in their circumstances they are able to receive financial support.
Social assistance	Non-contributory transfers to those deemed eligible by society on the basis of their vulnerability or poverty. Examples include cash transfers and also fee waivers for education and health care.

Jaspers, S. and Harvey, P. (2007), adapted from Harvey, P. (2007)

Concerns raised about the use of cash transfers include:

- **Security:** Cash could create greater security risks for staff and beneficiaries than in-kind assistance because it may be easier to handle and, hence, could be more prone to looting and diversion.
- **Corruption:** If cash is a more attractive resource it might create greater risks of corrupt diversion than in-kind assistance.
- **Anti-social use:** Cash is easier and more flexible to use than in-kind goods, and could, therefore, lend itself more easily to be 'wasted' or used in a manner that does not promote household welfare. In particular, there are often fears that it will be spent on 'anti-social' items, such as alcohol and cigarettes.
- **Gender:** Because women typically have more control over food resources than cash in their households, there are fears that cash could disadvantage women and provoke more intra-household conflicts over expenditure priorities than in-kind assistance.
- **Inflation:** In an inflationary environment the value of fixed cash transfer amounts would be diminished. At the same time, the impact of the cash transfers themselves might cause local inflation that not only erodes the value of the transfer but also disadvantages people not receiving cash.
- **Organisational capacity:** Organisations sometimes have systems and policies in place for delivering in-kind assistance which cannot be adapted easily to deliver cash transfers.
- **Targeting:** Cash may be more attractive to people than in-kind assistance, increasing the difficulties of targeting and risks of powerful and wealthier groups capturing the benefits.

Many of these concerns are not only related to cash but are also associated with other humanitarian aid programmes providing a transfer of resources. In any case, appropriateness, security, market impacts, gender issues, cost-effectiveness, potential corruption/diversion and organisational capacity should be addressed in the planning stage of any intervention. In practice, because distributing cash has been seen as innovative, it has sometimes been held to higher standards than in-kind distributions. Risks related to corruption or security need to be compared with alternative aid forms when making judgements about their respective suitability.

The debate about cash as an assistance tool has tended to move beyond delineating the 'pros' and 'cons' or 'advantages' and 'disadvantages' towards the technicalities and intricacies of implementation. This is because it has been recognised that concerns about the potential for cash being diverted to corrupt abuse or spent to the disadvantage of women were often not borne out in practice. Thus, dispersing cash does not automatically create higher security risks than other forms of humanitarian aid, nor is it more likely abused to corrupt administrators or to disadvantage women. The relative risks of cash versus its in-kind alternatives need to be assessed on a case by case basis. The current debate is, therefore, focused on processes of context analysis and assessment to determine when, where and how cash programmes may be appropriate as well as on tools for analysing their impact. Hence, the suitability of cash transfers depends on the context. Cash transfers will be simpler to implement in situations with robust markets and cash delivery systems already in place (i.e. banks, remittance services), with infrastructure intact, and where a degree of security can be guaranteed. However, the relatively successful implementation of cash and voucher interventions in Somalia, Darfur, Afghanistan, the Democratic Republic of Congo, and Chechnya suggest that cash need not only be considered in entirely stable political contexts.

There is often a time dimension to the appropriateness of cash. In-kind assistance may be more effective in the short term where markets are disrupted but that does not mean that cash transfers should be ruled out from the start as they may still be appropriate at the outset of disasters. There may also be contexts where a combination of cash and in-kind assistance is the most appropriate response, with in-kind assistance meeting immediate supply failures and a cash component helping to stimulate demand and enabling people to purchase items which become available gradually.

Humanitarian agencies have published a range of guidelines that are intended to assist field practitioners in determining if cash transfers are appropriate and how to design, monitor, implement and evaluate programmes. They provide advice on types of projects, such as cash transfers to support livelihoods, vouchers and CFW. They also cover tools, such as assessment checklists, techniques for assessing markets and financial institutions and address key questions for post distribution monitoring (Creti and Jaspars 2006; Gentilini 2007; IFRC 2007; SDC 2007; WFP 2007; CRS 2002).

### Box 1: GTZ CFW Projects in other countries

**NEPAL:** A partnership between the Ministry of Local Development, World Food Programme, GTZ and DFID in Nepal has been implementing a public works programme which has provided short term employment to nearly 60,000 people every year, largely on road building projects. An evaluation of the 'Rural Community Infrastructure Works Programme' (Dietz 2006) focused in part on the appropriate balance between payments in cash or food, recommending cash in areas with established markets, food aid for short term programmes in remote areas and a mixture of cash and food for longer term projects in remote, mountainous areas.

The evaluation found that cash payments were likely to be more cost efficient than food aid and less plagued by delays given the huge logistical challenges of delivering food in Nepal. Cash would enable people to buy alternatives to rice, potentially containing 'more nutrients and calories'. The evaluation argued that CFW was largely substituting for other forms of employment and so a switch to greater use of cash would not create inflation risks. Programmes using cash had developed procedures for managing security risks. The main reason for caution in the expanded use of cash was that cash might increase the costs for recipients in remote areas who would have to travel long distances to purchase and transport food to their homes.

**ETHIOPIA:** A 2003 report compared the use of food and cash in the public works component of the Integrated Food Security Program in South Gonder, Ethiopia (Metz and Megrahtu 2003). It found that cash payments were on average 40% more cost effective than food aid. Preferences for cash or food payments on the part of beneficiaries depended unsurprisingly on current food prices – when prices were high people preferred payment in food and when they were low they favoured cash. It noted that people incurred costs in transporting food aid to their homes and that on average they had to sell about 30% of the grain received to cover other expenses. The report did not find any inflationary impacts from cash but noted that the total amount allocated for CFW was still relatively limited. Staff implementing the project felt that CFW was preferable over aid in-kind, partly because distribution could be supervised more closely and targeting done more carefully. They stressed the need for flexibility in wage levels to adjust for rising prices.

### Box 2: Recent non-GTZ Examples of Cash Transfer Programs

**CHINA:** Following the earthquake in Sichuan in the year 2008, the Chinese government distributed cash to all the affected survivors, including a daily stipend and single payments for temporary shelters (Xinhua 2008).

**RETURNEES AND REFUGEES:** In Afghanistan, between 2002 and 2005, approximately three million people were assisted by UNHCR with grants of up to \$100. In Burundi a cash grant of around \$45 per person has been provided for refugees returning from Tanzania. Cash was intended to enable returnees to meet basic needs, extend their stay with host families, buy or rent land and purchase agricultural inputs (UNHCR 2008a). UNHCR in Syria distributed 4,357 cash cards to Iraqi refugee households as part of its assistance package. The cards enabled the households to receive \$100 a month plus \$10 per dependent and the money has been used to pay for rent, medical expenses, fuel and food (UNHCR 2008b).

**LIVESTOCK RESTOCKING IN KENYA:** Save the Children responded to a severe drought in Isiolo, Kenya in 2006 by providing 750 households with a one-off cash transfer of \$435. The grant was used for buying livestock, investing in other livelihood activities and meeting pressing needs without resorting to selling animals (O'Donnell 2007).

**RED SEA STATE, SUDAN:** Oxfam GB had provided food aid in the Red Sea State in Sudan for 20 years when it chose to begin using cash transfers for its livelihood programmes, including CFW. Impacts on livelihoods were limited by the size of payments received, but they did allow households to repay debts and purchase food of their choice. Handling costs of the cash transfers were 0.4% of the total cash transfers to beneficiaries. By comparison, food aid distribution costs were up to 32% of the food purchase cost for similar activities (Bush and Abdel Ati 2007).

**CHECHNYA:** The Danish Refugee Council (DRC) has implemented assistance programmes in the North Caucasus to assist those affected by post-Soviet conflicts to meet immediate needs and re-establish livelihoods. In 2006, DRC began a cash transfer pilot programme that gradually subjected beneficiaries to a change from food rations to cash transfers. Beneficiaries diversified their food basket to include non-ration goods and also used the cash for medical services and debt repayment (Danish Refugee Council 2008).

**PAKISTAN:** Cash transfers have been used as a tool by the Pakistan government and multiple humanitarian agencies to support recovery following the 2005 earthquake. The government of Pakistan launched a programme in March 2006 to support the livelihoods and immediate needs of the most vulnerable households, distributing \$300 to 267,402 households (ERRA 2007). In order to support livelihoods Save the Children gave 5,100 households \$190. Cash was chosen in favour of in-kind distributions because markets were functioning and households and businesses could tailor their purchases according to their own preferences. Livelihoods Support Committees were formed to help with targeting and provide a forum for beneficiaries to discuss the best ways to use cash. 375 village shopkeepers received cash transfers of up to \$380 to facilitate the reconstruction and re-stocking of shops (Jackson, 2006). As part of its shelter programming, Catholic Relief Services provided cash grants in addition to the distribution of materials so that households could spend the money on other costs associated with rebuilding, such as hiring labour, purchasing tools or transporting materials to their villages.

## 3. Review of the Cash for Work (CFW) Projects in Northern Afghanistan

### 3.1 Relevant Features of the Northern Provinces of Badakhshan and Takhar

Afghanistan has a population of 28.150 million<sup>1</sup>, of which more than 80 % live in rural areas, and a nationwide literacy rate of 28 %. The country is resurfacing only slowly from decades of conflict. Since the fall of the Taliban regime in 2001 the economy has recovered gradually, largely due to an infusion of international assistance. Real growth exceeded 7 % in 2007 but this rate may have fallen since. Despite this progress, Afghanistan remains extremely poor and highly dependent on foreign aid. The 2007/8 National Risk and Vulnerability Assessment (NRVA) found that some 7.4 million Afghans (roughly a third of the total population) cannot meet their minimum food requirements. In 2008, drought conditions in the east, south and southwest resulted in a far smaller cereals harvest than originally expected. The country has also been hit by the explosion of food prices experienced globally. The first half of 2008 saw extreme price hikes for grains and vegetable oil. The prices of wheat and wheat products surged by 90 % across Afghanistan between January 2007 and January 2008, and a further 60 % between January and June of 2008 (WFP 2008).

**Badakhshan province** has a population of roughly 820.000<sup>2</sup>, with a majority of Sunni Tajik. The province is divided into 28 districts with 1851 villages. Only 25 % of the roads in Badakhshan can be used uninterrupted throughout the year. The majority of the Badakhshan population, living in mountainous areas, therefore, has either no or seasonably limited access to markets. As a consequence, “around two people in five in the province ... is estimated to receive less than the minimum daily caloric intake necessary to maintain good health, and around three quarters of the population ... has low dietary diversity and poor or very poor food consumption”<sup>3</sup>. Only 10 % of the households maintain that they do not experience food shortages during the year. About 35 % of the families claim that they take out loans in order to buy food. This may lead to new indebtedness or an increase in already existing debts (Nienhaus 2008). The main sources of income in Badakhshan are agriculture and animal husbandry, in addition to trade. Small craft shops are specialized in carpet weaving, blanket produc-

tion, precious stones, pottery and other village business lines. To guarantee the survival of their families normally at least one family member works as internal or external migrant labourer, sometimes for months, often for years. In recent years, however, migrant workers have faced growing problems in Iran and Pakistan. This could mean that migration may slow down leading to greater dependence on public work schemes and to pressure on scarce arable land at home.

The population of **Takhar province** is about 830.000<sup>4</sup> and consists of a narrow ethnic majority of Uzbeks, followed by Tajiks and Pashtuns. Some of the 17 districts, especially in the northern part of the province, have suffered severely from long years of war, destruction of infrastructure and disputes over landownership. During the war, as control shifted between rival warlords, land was taken into possession illegally, and changed hands several times. Land ownership, therefore, is often unclear and this situation was aggravated as documents in the Provincial Land Office in Taloquan were destroyed by fire. In the southern part of the province, there has been less destruction. In the past, small paths in these remote valleys served as supply trails and as training ground for the Massoud-led Northern Alliance. In the valley along the river fertile land is being used for agricultural production. Similar to Badakhshan the families of Takhar are sending migrant workers to Iran and Pakistan. The literacy rate in Takhar is estimated to be higher than in Badakhshan, and agricultural and economic activities are more diversified.

### 3.2 Modalities and Partners of GTZ's Development Oriented Emergency and Transitional Aid (DETA)

The GTZ has been implementing development oriented emergency and transition assistance programmes in the northern provinces of Afghanistan: Kunduz, Takhar, and Badakhshan since 2002 (Kunduz had to be excluded from coverage of this paper). The first CFW activities started in 2004, but really only picked up momentum in 2006. The Development-oriented Emergency and Transitional Aid (DETA) programme was extended to cover two provinces in Southeastern Afghanistan in

1 Source: United Nations: Department of Economic and Social Affairs Population Division: World Population Prospects, Table A.1 (2009).

2 MRRD: Badakhshan Provincial Profile, NABDP: <http://www.mrrd.gov.af/nabdp/>

3 MRRD: Badakhshan Provincial Profile, NABDP: <http://www.mrrd.gov.af/nabdp/>

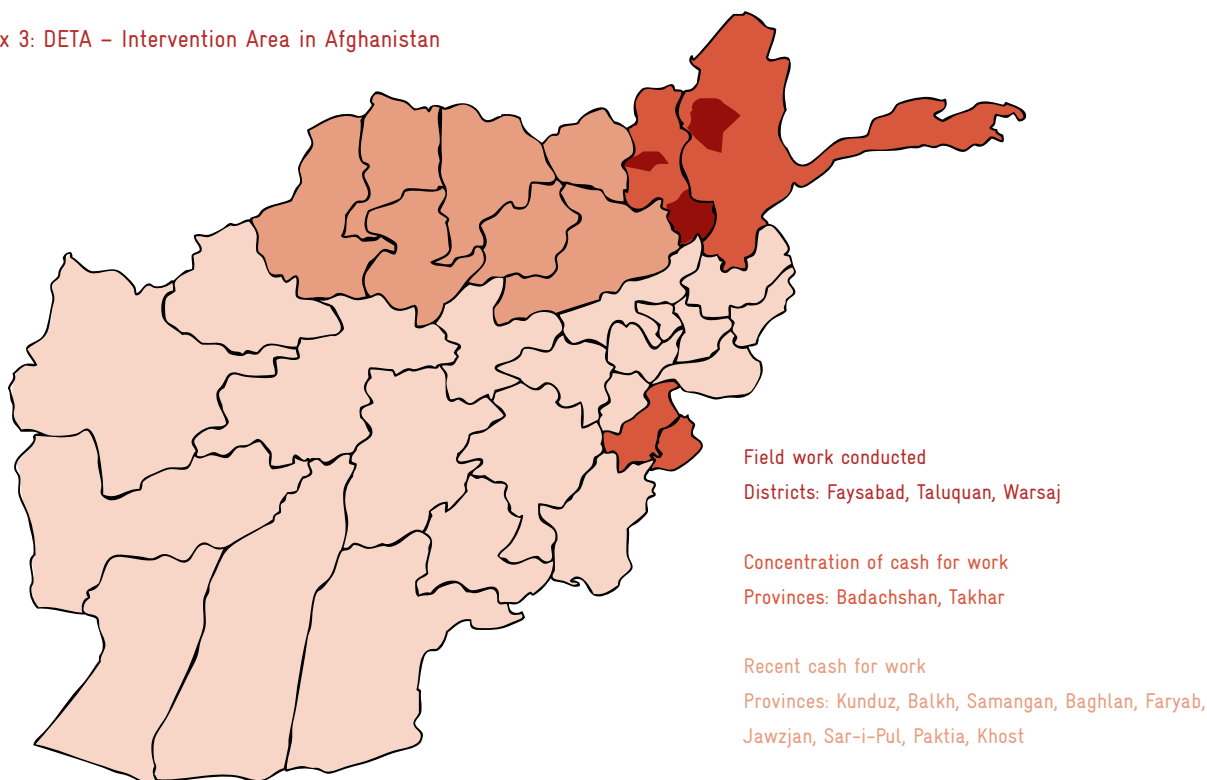
4 MRRD: Takhar Provincial Profile, NABDP: <http://www.mrrd.gov.af/nabdp/>

2007 (Khost and Phaktia) as well as – in response to the drought and food crisis in 2008 – to six other provinces in the North (Baghlan, Balkh, Samangan, Sar-e-Pul, Jowzjan and Faryab), where CFW projects have also been started – albeit on a smaller scale.

The extension of the CFW coverage in Northern Afghanistan is mainly planned through the new DETA program

Afghanistan; the “Sustainable Rural Livelihood” (SLR) approach (N. Schall 2005). Initially, investments were concentrated in two selected districts each in Takhar, and Badakhshan provinces in what are known as “backbone projects”. These comprise large, mostly infrastructure, projects, such as road or bridge construction with CFW components of a notable size. Within the districts selected the majority of interventions target specific communi-

Box 3: DETA – Intervention Area in Afghanistan



“Basic Infrastructure and Income Generation”, reflecting Germany’s commitment to support CFW activities on a large scale. Development Oriented Emergency and Transitional Aid (DETA) programmes in Northern Afghanistan are financed by the German Federal Ministry for Economic Cooperation and Development (BMZ) and to a minor extent by the German Federal Foreign Office (AA). They are short- to medium term responses in line with the “linking relief to rehabilitation and development” (LRRD) continuum. The overall goal of DETA is to ensure that public services are delivered during and immediately following emergencies for a limited period of time, while simultaneously promoting self-help capacity at all levels of society and the state (BMZ 2005). Since 2006 the DETA programmes have introduced a people-centred approach that aims to increase the sustainability of poor people’s livelihoods in North-Eastern

ties based on food insecurity or poor livelihood criteria. Backbone projects are selected in accordance with district and provincial priorities. They attempt to achieve a visible impact on the livelihoods of the communities living in and around them. In addition, there are flanking measures outside of the selected districts supported by the so-called Provincial Development Fund (PDF), which provides resources for small projects identified by the community<sup>5</sup>. The main instrument used within the GTZ’s DETA projects, are cash-based interventions as opposed to in-kind interventions. CFW was given preference over FFW for various reasons, including the character of the chronic, i.e. not acute, crisis phase, and the easier logistics for cash than for costly food deliveries, given the mountainous nature of Northern Afghanistan. The preference also reflects Government policy regarding

<sup>5</sup> Provincial Development Fund (PDF) Operations Manual, North-East Afghanistan, GTZ EON North East (2008)

the shift towards cash based approaches as demonstrated in the following quote:

*“We request the international community to increasingly channel humanitarian resources in coordination with clear government strategy, through labour intensive programmes for employment generation, in cash whenever possible (...) The humanitarian transition must be marked by an emphatic shift from kindness “in kind”, to opportunities “in-cash”.”* (MRRD 2003; Atmar 2002)

All GTZ-supported projects are demand-driven, based on a bottom-up planning process. The proposals are handed in via standardized application forms by Community Development Councils (CDC). The applications are then forwarded either to the Provincial Development Fund (PDF) or the District Development Fund (DDF) for financing. These request mechanisms for project funding have been established by the Government in cooperation with GTZ in the Northern provinces of Takhar and Badachschan in 2006 and they involve all levels of Afghanistan’s administrative set-up (governors, line-ministries and development councils). Upon approval financing is provided by Germany. Participatory project selection and approval is based on an agreed-upon criteria catalogue. At the district level the Afghan side is represented by the administrative structure of different districts (e.g. district managers, council of elders, women departments, provincial council). GTZ supports the decision-making process as a facilitator at the administrative as well as the technical levels. The projects are implemented by the target groups and Afghan partners in the districts, communities and provinces. Technical know-how and supervision as well as monitoring is supported by GTZ employed Afghan staff, mainly construction engineers, agricultural engineers and community workers, supported by a few international staff. The entire approach from project conception to final implementation is bottom-up and oriented towards Afghan ownership.

The GTZ programme in Northern Afghanistan is implemented in accordance with various national programs, such as the Afghan National Development Strategy (ANDS), the National Rural Access Programme (NRAP), the National Water Supply and Irrigation Programme and most important, the National Solidarity Program (NSP), initiated in 2003. The objectives of NSP are to lay the foundation for community-level good governance and to support community managed sub-projects that improve access of rural communities to social and productive infrastructures and services. A key

component of the NSP is the establishment of “development councils”, i.e. local committees made up of elected community representatives. Development Councils are to be controlled by village assemblies. The councils are elected democratically, but traditional elites try to assert their influence. The Development Councils are responsible for village development plans, outlining the projects and programmes to improve their livelihood. Addressing the priority needs that the communities themselves have identified, these projects include construction of irrigation facilities, roads, bridges, schools, water supply facilities, clinics, as well as income generation and vocational training. NSP laid the foundation of the developmental infrastructure nationwide (NSP 2008).

The main partner of GTZ with regard to the development oriented emergency assistance programmes, is the Ministry of Rural Rehabilitation and Development (MRRD). At the provincial level the MRRD is represented by its RRD (Rural Rehabilitation and Development Offices). On its own part, the GTZ contributes to the implementation of most CFW projects through its local project structures. In very few cases it subcontracts NGOs as implementing partners. The MRRD is also partner of WFP, the most relevant food assistance agency in Afghanistan

*“Since the establishment of a transitional government in June 2002, WFP’s operations have shifted from emergency assistance to rehabilitation and recovery. The current aim is to provide 1,010,000 metric tonnes of food aid to 11.2 million Afghans between January 2006 and December 2009 at a cost of US \$ 848 million. On average, WFP will distribute food to 3.7 million people each year, primarily in remote, food-insecure rural areas (...). Food for Work schemes provide food to Afghans while building or repairing community assets, including roads, bridges, schools, reservoirs and irrigation systems. These projects are agreed upon in consultation with the Government and local communities and will assist beneficiaries annually for six months per year. In January to June of 2008, 2 million people worked under this scheme.”* (WFP 2008a)

WFP has recently started a pilot programme for CFW in urban areas. Vouchers were to be handed out to 10 distribution centres in Kabul. After evaluating the pilot phase, the programme may be extended to cover other urban areas and regions where markets are not functioning well. The programme attends to households headed by single females, disabled people, widows, as well as large families with more than 8 members and at most 1 working male<sup>6</sup>.

<sup>6</sup> Interview with Regis Chapman, WFP Country Office Afghanistan, Kabul, Programme Officer–Urban Pro-gramming



### 3.3 Types, Beneficiaries and Perceived Impact of GTZ's CFW Activities in the Two Provinces

The main CFW types of activities are in the area of basic infrastructure, where needs are immense after the decades of conflict. Areas less affected by hostilities have been connected to roads for the first time after centuries of seclusion, like the mountain villages in Badakhshan, but also in southern parts of Takhar. Apart from roads, projects cover a wide range of construction and rehabilitation work, such as bridges, culverts, school buildings, flood protection, wells, and drinking water supply. Only a few activities provide support to the agricultural sector (e.g. irrigation ditches, small dams, etc). Their number has recently increased, however, partly triggered by the drought situation in Northern Afghanistan in 2008.

In a nutshell, most districts in the 2 provinces, i.e. all 17 districts in Takhar and 25 of the 28 districts in Badakhshan, are covered by CFW activities. However, the financial outlays envisaged and the number of beneficiaries targeted in the projects, differ widely. This reflects the varying size of individual projects from backbone road construction necessitating intensive CFW operations, to minor PDF- or DDF-financed construction activities.

As regards **beneficiaries**, the GTZ supported CFW activities have guaranteed roughly 15.000 workers access to some cash over the last 3 years, benefiting more than 100.000 Afghans on an annual basis. In Badakhshan province alone, 150.000 work days were provided on a yearly basis as an income opportunity. The workdays spent on site by a single beneficiary varies greatly; some villagers work for a few days only, others for up to 3 months, depending on the overall time and numbers of villages involved in the project. On average, however, CFW beneficiaries have participated in CFW schemes for 15 days and roughly 10.000 skilled and unskilled workers have participated annually in CFW schemes, benefiting over 80.000 poor in Badakhshan alone (the average size family is estimated to be of 8 persons in Badakhshan province and 5 persons in Takhar province).

In **Takhar province** beneficiaries of the CFW schemes in Khoja Ghar district were mostly unskilled workers and a

few skilled labourers. As workers rotate on a weekly basis, some 2.000 from 15 different villages have benefited from the various CFW activities in the main town and the large road construction in the rural areas, over the period 2007/2008.

Many families in the Khoja Ghar district have small additional incomes from chicken and animal production. Their children collect wood. Family members produce local handicrafts and sell these products on the local markets or along the roads. The 2008 drought had a very severe impact as most families rely on rain-fed agriculture. According to the labourers interviewed the daily wages for unskilled labourers are not sufficient to accumulate savings. Cash received is spent normally on daily consumption and people live at a subsistence level. Most of them have to pay off their debts in the bazaar by the end of each month. One supervisor who earned double the wage of an unskilled labourer said that he was able to save some money and buy a cow. The chance to save is also influenced by the size of the family and whether another member of the family is working. As there are more requests to participate in the CFW projects than the actual work opportunities, only one family member is allowed usually to join the work force.

The road connecting Khoja Ghar town with the 15 surrounding villages, is used by all the 59,000 inhabitants of the district when travelling to town. They transport agricultural products to Archi and Khoja Ghar town on a daily basis. At the same time, farmers purchase agricultural inputs and household goods in the bazaar and take them back to their villages. Furthermore, the construction of the road allows students better access to the educational facilities (4 schools) in the region and patients reach health services in the district centre easier and faster.

The roughly 15.000 inhabitants of Khoja Ghar town are using the new road passing through the main bazaar for shopping and conducting business. According to the interviewed persons about 10 to 15 shops selling sugar, tea, and salt have started business since the road has been constructed. The building of drainage channels improved the water system in the bazaar and now provides a more hygienic urban environment.

Table 2: Selected CFW outputs of projects visited by the consultant

TAKHAR PROVINCE	BADAKHSHAN PROVINCE																																
<p><b>1. KHOJA GHAR DISTRICT</b></p> <p><b>KHOJA GHAR TOWN:</b></p> <ul style="list-style-type: none"> <li>- 1,55 km gravel road (main bazaar &amp; connecting sub streets)</li> <li>- 282 m green strip between two-way traffic</li> <li>- 1.150 m stone masonry drainage channel</li> <li>- 808 m drainage system through sub streets</li> <li>- 18 culverts</li> </ul> <table border="0"> <tr> <td><b>labour type</b></td> <td><b>working days</b></td> </tr> <tr> <td>site supervisor</td> <td>368</td> </tr> <tr> <td>skilled labour</td> <td>847</td> </tr> <tr> <td>unskilled labour</td> <td>7.454</td> </tr> </table> <p>on average 20 persons daily on project site</p> <p><b>DISTRICT:</b></p> <ul style="list-style-type: none"> <li>- 7,5 km road, repaired, gravelled &amp; excavation of drainage canals along the road</li> <li>- 25 culverts</li> <li>- 15 CDC's are located along 7.5 km sub road</li> </ul> <table border="0"> <tr> <td><b>labour type</b></td> <td><b>working days</b></td> </tr> <tr> <td>site supervisor</td> <td>312</td> </tr> <tr> <td>skilled labour</td> <td>344</td> </tr> <tr> <td>unskilled labour</td> <td>5.757</td> </tr> </table> <p>on average 20 persons daily on project site, weekly rotation</p> <p><b>2. WARSAJ DISTRICT</b></p> <p><b>WARSAJ ROAD (BACKBONE PROJECT):</b></p> <ul style="list-style-type: none"> <li>- 35 km road, involving intensive cutting and dynamite blasting</li> <li>- the roads connects 25 villages with the centre of the district</li> <li>- culverts and 250m of gabion walls</li> <li>- beneficiaries: 3.040 workers or 15.200 persons</li> </ul>	<b>labour type</b>	<b>working days</b>	site supervisor	368	skilled labour	847	unskilled labour	7.454	<b>labour type</b>	<b>working days</b>	site supervisor	312	skilled labour	344	unskilled labour	5.757	<p><b>1. ARGHANJKA DISTRICT</b></p> <p><b>ARGHANJKA (PDF PROJECT):</b></p> <ul style="list-style-type: none"> <li>- 3 km of ongoing road construction from Razan to Pular along high mountains, involving intensive cutting and dynamite blasting</li> <li>- the roads connects 5 secluded mountain villages)</li> <li>- beneficiaries: 20.160</li> </ul> <table border="0"> <tr> <td><b>labour type</b></td> <td><b>working days</b></td> </tr> <tr> <td>unskilled labour</td> <td>8.894</td> </tr> <tr> <td>skilled labour</td> <td>663</td> </tr> </table> <p><b>BAGH MUBARAK TO KASH (BACKBONE PROJECT):</b></p> <ul style="list-style-type: none"> <li>- road completed</li> <li>- water supply</li> <li>- irrigation canals</li> <li>- gabion knitting in villages along the road partly completed</li> <li>- beneficiaries: 20.800</li> </ul> <table border="0"> <tr> <td><b>labour type</b></td> <td><b>workers</b></td> </tr> <tr> <td>unskilled labour</td> <td>2.600</td> </tr> </table> <p><b>2. YAFTAL PAYAN DISTRICT</b></p> <p><b>FARGAMBOW ROAD (BACKBONE PROJECT):</b></p> <ul style="list-style-type: none"> <li>- 12 km, from Fargambow to Bazaar Itefaq connecting 11 remote villages along the mountain and providing additional access to 4 northern districts</li> </ul> <table border="0"> <tr> <td><b>labour type</b></td> <td><b>working days</b></td> </tr> <tr> <td>unskilled labour</td> <td>146.000</td> </tr> <tr> <td>skilled labour</td> <td>12.319</td> </tr> </table>	<b>labour type</b>	<b>working days</b>	unskilled labour	8.894	skilled labour	663	<b>labour type</b>	<b>workers</b>	unskilled labour	2.600	<b>labour type</b>	<b>working days</b>	unskilled labour	146.000	skilled labour	12.319
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In Warsaj district, the road construction has already connected 16 villages (out of a total of 25) with the main road and the district centre. The residual parts of the road involving the remaining 9 villages will be completed in 2009. Out of the remaining 9 villages, 7 are situated in the upper lake area and still have no access to the district during winter time, except by donkey. A total of 3,040 families have been employed in the works, which included intensive stone cutting and dynamite blasting. The road project was implemented in two phases. Some 15.000 persons have benefitted from the cash incomes and the population from the 16 villages now has better access to basic services.

Warsaj district is located in the mountainous areas. The Weghan valley, where the "backbone" project of 35 km road construction is located, is very isolated, especially during winter which lasts up to six months. The local population are mostly farmers who try to earn a living tilling very small fields between the rocks along the river. Most of the youths of the area are in Iran and Pakistan to support their families. Economic alternatives are rare and the poor infrastructure obstructs the development of other income opportunities. CFW in such a location was, therefore, a welcome chance to bolster family incomes. After the sharp escalation of food prices during 2008, 200 AFS (4US\$) per day were no longer sufficient to sup-

port an average family of 7 to 8 persons. Before the food crisis, this amount sustained the family for two days. As for some staple foods, prices had surged by up to four times and the value of the daily wage hardly conserved subsistence levels. As a reaction to the spiralling food prices some unskilled labourers have expressed the wish to be remunerated in kind. However, most labourers still preferred CFW projects in their home districts to migrant work in Pakistan and Iran, despite inferior earnings.

After completion of CFW activities in the Warsaj area and the USAID financed tar road connection of 8 km between the Taloqan and Fakhar districts (half way to Warsaj), the costs for transportation have gone down. Small private cars can use the road now; a taxi for 4 persons costs 150 AFS (3 US \$) per person from Warsaj town to Taloqan. In the past, trucks were often the only means of transport. Government buses for 60 persons are now operational taking 50 to 70 AFS (1 US \$ – 1,40 US \$) per person between Taloqan and Warsaj town. Before the road construction, a trip would cost 200 AFS (4 US \$). The trip connecting Taloqan-Fakhar-Warsaj takes now 3.5 hours instead of 6 hours. Trucks and traders are coming from Taloqan up to Main Sher. Shops have opened along the road. Some inhabitants from Warsaj are even able to work in Taloqan during the week and return for the weekend. Before the construction, trucks were only able to transport heavy loads during summer time. Frequently, they steered off the road into the valleys and accidents happened frequently. After completion of the road, transportation of agricultural products from Warsaj to Taloqan has expanded and small trucks are transporting potatoes and beans to the bazaar notably cheaper.

Some skilled labourers, who are paid more than unskilled labourers, were able to save some money with the intention to open small shops in the villages. Some have bought cows, goats and sheep. It seems that these labourers who were able to save out of their daily wages either had a very small family to support or other family members were also working. In one case a small shop owner opened another village shop (Kimion village) after he had completed his engagement in the construction work.

As in Khoja Ghar, people in isolated villages, are now able to take their sick family members and their pregnant women to the clinic in Meyan Sher. The high rate of mortality during delivery (roughly up to 10 % per year), has declined according to some villagers, although no systematic collection of data exists. Women and children can participate more easily in the community's social life

by travelling on the road to visit relatives and friends or reach their schools. This suggests that CFW has contributed to important social changes. Finally, the project gave local villagers and ex-combatants, who joined the Disarmament Demobilization Reintegration (DDR), as well as returnees from Pakistan and Iran, a chance to work.

In Badakhshan province the beneficiaries of the road construction in Arghanjkha district, are the labourers and inhabitants of the 5 villages along the road. With the cash given to them they purchased their goods in Faisabad where basic items are slightly cheaper than in remoter areas. Transport costs are high and not everything is available in the mountain villages. The only cash they can earn in the area – beside CFW – is cutting bushes, collecting them and taking them to town by donkey. Remittances are coming from migrant workers in Iran and Pakistan. In those cases where the labourers were paid in kind, they preferred to have the food items transported as close to their villages as possible. Due to the food crisis in 2008 the labourers in this remote area would have favoured FFW programmes over CFW, also because some of them had become used to FFW programmes carried out by other agencies some years ago.

The inhabitants of the Robat village in a valley opposite the mountain of the Arghanjkha road had participated earlier in alternative GTZ CFW schemes, such as construction of water supply systems. Altogether 25 households have been affected receiving 150 AFS (3 US \$) per day for unskilled labour. Recipients bought staples, including sugar and rice, but also tea, and no savings could be accumulated. The villagers practise small-scale agriculture and livestock farming. They sell small amounts of fruits and mulberries in the market. At the time of field-



work, the village had no migrant workers. Before the road was built they carried their items in baskets to nearby markets, including Faisabad. Since the road has opened, trucks are coming into the village and villagers can reach the provincial capital by car. They hoped that the road would be enlarged to incorporate Baharak. To become independent from rain-fed agriculture the community was planning to construct an irrigation canal. Some of the interviewed persons expressively preferred cash over in-kind donations despite the high food prices; only one would have preferred FFW. The community's activities were supported by a mullah, educated in Pakistan, who also supports girls' education.

In Bagh Mubarak several projects were implemented in which some 100 families took part. Villagers were supposed to contribute 40% in kind (e.g. sand and stones). Due to the drought in 2008 they faced difficulties in contributing additional resources. This resulted in delays in the completion of certain tasks related to the irrigation connection to the Kucha river situated 100 meters away. This link is important as it could redress the water shortage in the community. CFW receipts were sufficient to purchase food but no savings were possible. Men interviewed as to the decision making process within the household replied that they handed over the money to their families and make all decisions jointly with their wives. Cash or Food for Work made no difference to them. The new road gave them the chance to get access to the market and to health facilities. Before, they carried their sick relatives on shoulders and donkeys. Water supply improvements have contributed to reducing the water born diseases in the village. Cholera and malaria were the common diseases before. They have now 5 shops in the village, selling rice, oil, fuel, and other items. Three private cars were bought by villagers and one truck. Similarly to Khoja Ghar district, women were also engaged in CFW activities in Bagh Mubarak, having woven 400 gabions over a period of one year.

In Yaftal Payan district numerous CFW schemes were in operation. In Dahniab, activities included construction of roads, water supply facilities, washes and a protection wall near a river. Initially, the villagers were satisfied with the CFW tool. With the emergence of the food crisis, however, they tended to prefer food items instead. Livelihoods have changed notably after the construction work had come to an end. Before the road had existed, villagers had taken their agricultural products to the river where they had met traders or carried the products on donkey back to the market in Faisabad. They had little negotiation power to refuse price proposals made by the traders. Since

the completion, the traders come to their village and they can bargain to obtain more attractive prices or withhold their products if no agreement could be reached. In fact, the newly developed infrastructure proved so attractive to traders that big trucks climb the streets without considering their load weight and the damage they cause. The advantages from infrastructural improvements led to growing interest of the villagers in more remunerative projects avoiding their migration to Iran or Pakistan. At the time of the field enquiry in 2008 15 emigrants from 50 village houses (230 families) work in these two countries. Despite the completed activities the village is still facing problems with floods coming from the mountain, sometimes damaging their houses and washing away produce they have cultivated in their gardens.

Apart from gabion knitting – as in other instances – women have started to sell their vegetable garden products on Faisabad markets since the road was constructed. Cabbages, tomatoes, carrots and dried fruits are the main products. They are taken to the market by a hired young man as cultural and religious norms prohibit women to sell their products themselves. The women were looking for more income generating activities. In addition to economic aspects the road proved a blessing for the women as they permit patients, and especially pregnant women, to reach the health centres and hospitals on time. Previously, they had to carry their patients on foot or use donkeys often resulting in the patients' death on the way.

As in other parts of the mountainous areas, the main change for people's livelihoods after the road was completed was that minibuses, taxis, and trucks were connecting districts with each other. Villagers reach Faisabad in half an hour instead of walking 3 to 4 hours. Along the road new shops have sprung up selling food items and clothes. The inhabitants of 5 villages have built connecting roads from their villages to the "backbone" road themselves using contributions from the families for the material needed (gravel, soil, and stone) and capitalising upon the experiences they gained as labourers on the "backbone" road. They themselves feel responsible for the maintenance as they do not want the road to be closed in winter. The interviewed labourers favoured CFW, as this tool provided them with a choice in acquiring desired goods. Some of them had experience with FFW programmes years ago and they remembered that occasionally food was not delivered on time, the distribution places were crowded and sometimes food disappeared. Measured against the original goals, the overall effects and impacts of the CFW schemes reviewed, can be summarized as set out in the following.



## 4. Synthesis of the Cash Transfer Debate with GTZ's CFW Experiences in Northern Afghanistan

As pointed out in the introduction the CFW paradigm has been debated extensively in the international literature on humanitarian aid in recent years and has not remained without controversy, although this is gradually abating. The GTZ case study adds ample experience gained in Northern Afghanistan with regard to various facets of CFW practice. In the sections below a number of conceptual and operational features of GTZ's experiences in Northern Afghanistan are examined against internationally debated issues.

### 4.1 Scale

Cash projects implemented by aid agencies have often been either pilot projects or on a relatively small scale, especially when compared to larger scale food aid programmes covering whole disaster affected populations. An exception to this are government run cash grants following disasters in South Asia, notably the Thai, India and Sri Lanka government's response to the tsunami in 2004 and the government of Pakistan's earthquake response. There is a particular interest, therefore, in capturing lessons from larger scale cash projects, such as the GTZ Afghanistan example.

In Badakhshan Province, where the project is active in 25 of the 28 districts of the province, some 10.000 workers were employed per year (80.000 beneficiaries) over the last 3 years through the GTZ CFW scheme. In Takhar Province the CFW projects are concentrated in a few districts. In Warsaj district, some 3.000 workers were given employment benefiting roughly 15,000 people, a substantial proportion of the total district population of 33,500<sup>7</sup>.

In response to the recent drought in Northern Afghanistan, GTZ expanded their CFW projects into several other provinces, including Bagh, Baghlan, Faryab, Jawzjan, Kunduz, Sar-i-Pul and Samangan. That meant that over 100.000 people came under the umbrella of the CFW schemes on an annual basis, making the programme a comparatively large-scale undertaking. In fact, the tables below illustrating other international CFW experiences clearly demonstrate that the scale of the CFW projects in Afghanistan is remarkable by any standard.

<sup>7</sup> MRRD/NABDP: Summary of the District Development Plan, Warsaj District, Takhar Province (June 2006)



TABLE 3: RECENT WFP EXPERIENCE WITH VOUCHERS AND CASH TRANSFERS

Country	Project	Duration (start – end date)	Number of beneficiaries (total)
BANGLADESH	cash grant	5 months (May – Sept 2006)	3 100
BANGLADESH	cash for work	3 months (July – Sept 2008)	16 000
GEORGIA	combined food and cash for work	4 months (Jan – April 2006)	4 600
GEORGIA	cash for work	1 year (Aug 2007 – Aug 2008)	7 000
MALAWI	cash for work	6 months (June – Nov 2005)	16 600
MYANMAR	cash grant	2 weeks (May/June 2008)	33 000
NEPAL	combined food and cash for work	1 year (Aug 2007 – Aug 2008)	31 000
PAKISTAN	vouchers (value-based)	14 years (1994 – to date)	47 500/year
SRI LANKA	cash grant	3 months (Nov 2005 – Jan 2006)	12 000

Source: WFP (2008b)

TABLE 4: RECENT GTZ EXPERIENCE WITH CFW

Country	Project	Duration (start – end date)	Number of beneficiaries (total)
AFGHANISTAN	CFW	5 years (2004 – to date)	Over 100,000/year
NEPAL	Cash and food for work	7 years (2002 – to date)	60,000/year

#### 4.2 Anti-social use of cash

A common critique of cash transfers used to be that they may be spent in ways contrary to the intent of the program (e.g. on alcohol or luxury items). While evaluations of some CFW schemes have noted isolated instances of such behaviour (Devereux et al. 2006), no empirical evidence has been found to date to support the concern that cash transfers lead to a notable increase in anti-social spending or squandering. Monitoring and evaluation consistently support the view that – in general – cash transfers are used by households to purchase necessary items. As for possible reasons for such conduct, researchers note several possibilities that broadly fall into three categories: ‘sheer common sense’ on the part of beneficiaries (Devereux et al. 2007), ‘overly pessimistic expectations’ on the part of aid agencies (Meyer 2007) and sensitisation of recipients by aid agencies about what the transfers are intended for.

In GTZ’s Northern Afghanistan CFW projects, no evidence was found that the cash had been wasted for anti-social purposes. Nearly all interviewed households used the cash for buying food or household items. This comes as no surprise as traditional values and “social audit processes” in many remote villages of Northern Afghanistan control alcohol consumption, cigarette smoking or prostitution. Separate participatory interviews with women and men alike, revealed no indication or evidence whatsoever of anti-social uses. This finding is entirely in line with the conclusion of an earlier review of cash transfer programs in Afghanistan stating that

*“the fear that cash will be misused by the beneficiaries can be rejected as a patronising assumption: evidence from programme monitoring shows that cash is spent on what beneficiaries most need”.* (Hofmann 2005)

### 4.3 Gender-dynamics

The fear that women would be disadvantaged by cash because men were more likely to assume control over its use and spend it anti-socially continues to be expressed. However, again, existing evidence of gender issues in cash projects suggests that this is an exaggerated proposition. As with in-kind aid, cash grants are often targeted to women in order to encourage spending on household welfare. Evaluations of Concern's projects in Malawi endorsed the project's approach of providing cash to women in the household on the basis that they are more inclined than men to spend it on household welfare and for the benefit of family members (Devereux et al. 2006; 2007). A study of a World Vision cash transfers intervention in Lesotho found that the additional resources provided in cash helped to reduce gender tensions. Cash may have reduced gender conflict more than food aid because systems for managing cash are well established due to high levels of migrant labour and because the transfers were seen as a gift to the whole household and so responsibility for spending it was given to women who are responsible for identifying and meeting basic household needs in Lesotho (Slater and Mphale 2008). An evaluation of Oxfam's cash transfer interventions in Sudan, noted that;

*"Women's degree of influence over how cash was spent ran the full range of possibilities from full control (in most female-headed households) to no control. Even in households where the male head assumed full rights to decide how cash was spent, women reported that the money was spent sensibly. In short, spending patterns reflected household priorities. There was no evidence of misuse of cash within the household, nor was there evidence of tension between men and women over how cash was used".*

(Bush and Abdel Ati 2007)

In the GTZ CFW projects in Afghanistan, men have been the cash recipients in most of the activities. In fact, some communities clearly stated that they would not allow women to participate in CFW schemes. However, those interviewed noted that decisions as to the destination of cash use were made jointly by men and women. Some men even explained that they have a box in their home where they deposit the cash, accessible to their wives when needed. Women sometimes handed their cash income (mainly from gabion knitting projects) to husbands and fathers but claimed that the money was used for family affairs. In Afghan culture, women need permission from their husband or father if they want to work. According to them, they had no problem in getting

the permission. In some cases, the women used their cash without interference from their husbands for their vegetable gardens, for buying medicine, or for purchasing items for their children. In doing so women made use of the newly constructed road to send their vegetable products from their gardens to the market in the provincial capital, commissioning this task to a youth from the village, a gender-specific custom mentioned earlier.

In a very traditional and patriarchal culture there are clearly huge barriers to encouraging the greater participation of women in CFW projects and GTZ has at least managed to get some women participating, especially in gabion knitting. In order to promote more female CFW participation, project proposals of women associations or NGOs were favourably weighted and supported for approval by the PDF/DDF sessions. The numbers of women affected, however, have remained relatively small and more attention could perhaps be given to ways to broaden participation both in terms of numbers involved and the range of activities. As GTZ started to expand CFW activities beyond infrastructure related initiatives, i.e. into agriculture and livelihoods, there may be scope to amplify the range of schemes that women can take part in. Greater attention could perhaps also be devoted to the involvement of women in the process of developing project proposals and in selecting projects themselves.



#### 4.4 Security and corruption risks

Another concern with cash schemes relates to the possible safety and security risks for employees delivering currency notes and recipients spending them physically. There are also preoccupations over cash that might be stolen and diverted to illegitimate uses, including the support of conflicts. These are certainly serious reasons for apprehension when determining whether cash might be an appropriate aid option. However, evaluations of cash transfer projects have found that systems can often be put in place to minimise these risks and deliver cash safely and securely in many adverse circumstances. In some contexts, as was the case with the Danish Refugee Council in Chechnya, security risks for cash were significantly lower than for in-kind distributions because transfers could be delivered directly to beneficiaries by secure financial systems, such as bank agencies, auto-tellers, postal and mobile banking or through private companies. This was also the case for the Oxfam, Horn Relief, AFREC, WASDA and Development Concern consortium projects using cash grants in southern Somalia:

*“Food aid in Somalia is notable for its very bulky, visible presence and is often associated with an increase in tension as it is carried and delivered by highly armed transporter-contractors. It is also perceived as a free resource in to an area with often no clear acknowledgment or recognition of who it is supposed to be for. As such it may and does attract the attention of for example, local militia. Using a respected local organisation for the distributions, the consortium cash distributions did not encounter taxation, looting or corruption”.* (Majid et al. 2007)

The procedure for payments in the GTZ Afghanistan programme is normally conducted face-to-face. If the labourer is not able to come and, therefore, has to send another person to pick up the money, that person has to identify him or herself. The foreman double-checks whether the payment has reached the entitled labourer. The payment usually takes place at the end of the month. Some of these labourers complained that they had to wait too long for their payment, and that the monthly payment basis was inappropriate. Some NGOs have started to use CDCs' bank accounts<sup>8</sup>. Money can be withdrawn only in the presence of several selected persons of the respective CDC. One NGO stated that in the beginning of their CFW programmes, government officials tried to get names of people on the list, such as soldiers, who actually had not worked.

Summing up, security and corruption risks have not represented any major problems for GTZ's CFW programmes in the two Northern provinces, mainly due to tight control systems established for the money transport and cash payments. There have, however, been isolated attempts of petty corruption; in one case the head of a CDC tried to get a share of the wages of the labourers by demanding moderate amounts of money for meals. The labourers informed the community worker who then explained the procedures to the CDC. Overall evidence, however, again supports the conclusion of Hofman's review:

*“The (CFW) examples in the case study provide some strong evidence that cash-based programming is possible even in insecure environments. The well known critique that cash is inappropriate in unstable contexts does not seem to hold true”.* (Hofman, 2005)

The argument that cash is more vulnerable to looting or misuse than food aid does not seem to be the case in Northern Afghanistan.

#### 4.5 Maintenance of generated assets

In order to sustain the positive impacts on local markets and on access to services resulting from the roads built with CFW they have to be duly maintained. Experience from cash and food for work projects in other contexts suggests that in many cases assets built tend to deteriorate unless explicit care is taken to putting in place institutions and capacities ensuring their regular upkeep. In Afghanistan, GTZ projects follow the maintenance guidelines of the Department of Public Works (DoPW); for small feeder roads, villages are responsible for the maintenance of their specific road sections, by collecting some funds to meet minimal costs. In case of needed support for bigger equipment the villages can contact the related DoPW field office for assistance. Although this strategy is working to a certain extent, GTZ could usefully give more methodical consideration to maintenance issues, for instance, by establishing links with government bodies responsible for road preservation, strengthening local, village level maintenance institutions, ensuring that these have the tools and equipment necessary for effective upkeep and encouraging the development of maintenance funds.

<sup>8</sup> The Aga Khan Development Network (AKDN) has opened bank accounts for CDCs in Faisabad. Three persons of the CDCs have to come to Faisabad to pick up the money for their CDCs. In the Darwaz district next to the Tajik border AKF Micro Finance Bank just started to serve remote areas.

## 4.6 Targeting

Targeting of resources is always a difficult task. It has been argued that targeting of cash could prove more complex than in-kind assistance as it would be more attractive to elites. Better-off households are feared to attempt to wield their influence in order to be included as beneficiaries. However, this potential problem has proven to be surmountable provided aid agencies are inclined to apply methodologies based on prior community consultation on criteria and selection processes. These consultations need to be accompanied by the sensitisation of recipients who are entitled to allocations to illuminate them as to the reasons for the use of cash. In fact, evidence from recent cash projects continues to support the finding that

*“targeting cash is not significantly more difficult than targeting in-kind assistance”.* (Harvey 2007)

In Northern Afghanistan, the GTZ CFW projects take targeting decisions in close cooperation with the local communities and their elected Community Development Councils (CDC). There is an awareness that people in need should be the first to be designated as recipients. The actual selection of the labourers is done by the elders of the community, local shuras and/or the CDC. They know who belongs to the poorer social classes and who are the most vulnerable within the community. Nevertheless, singling out people has often proved difficult for the CDCs as, generally, the number of poor people exceeds that of workers needed in the CFW programme by far. At the same time, the practice of job rotation is not conducive to coping with the problem as it itself dilutes the earning value for individual households. In fact, many workers complained that savings from working for 2–4 weeks in the CFW schemes was grossly insufficient to enable them to bridge the food insecure period until the next harvest.

CFW schemes are supposed to have an “in-built” self-targeting mechanism. To this end, the daily rates are set below official local wages for unskilled labour, meant to prevent in-migration of workers from elsewhere. In this context, it is not a helpful feature that sometimes daily CFW rates vary from one project location to the next and also between implementing agencies. In fact, wages for unskilled labour ranged from 150 AFS (3 US \$) to 300 AFS (6 US \$). Projects adopted also different approaches regarding other problematic issues, such as the regular adaptation of cash allotments to the local food basket, in particular in times of wide price oscillations as faced during 2008. Also, the seasonal nature of the labour market needs to be considered when targeting CFW (or FFW)

which could lead to temporary adaptations in project design (see also section 4.10 on Impact on Markets). From a management perspective, however, this would ensure more administrative work and higher costs. Such undesirable results could, however, be mitigated by intensified coordination among actors at national level to unify targeting policies. OXFAM correctly notes that

*“given the need to establish realistic and appropriate labour rates, it is extraordinary that there is not more national level discussion and sharing of program experience”.* (OXFAM 2004)

In practice, CFW (as also FFW) projects do not live up to their claim to be self targeting unless wages are set so low that they risk failing to meet some other pertinent objectives (Barrett and Clay 2003). A WFP evaluation of FFW in Tajikistan, for example, found that

*“in food insecure areas WFP rations are too valuable to be self targeting and FFW participation tends to be monopolised by the stronger and more enterprising households”.* (WFP Tajikistan 2006)

Similarly, in areas of Afghanistan where leaders designate participants and where levels of poverty and underemployment were high, self targeting was often not an effective mechanism. This was because the marginal value of labour varied considerably between households and the short-term employment attracted less food-insecure households which had no other work opportunities (Dietz 2006a and 2006b). Given these findings GTZ could usefully direct more attention in project monitoring efforts to verify whether or not self-targeting was working effectively. In Ethiopia, some vulnerable people received payments although they were unable to work at all or to bear the full strain of it. Thus, thought should be given in future CFW schemes to vulnerable groups, such as the elderly, the ill and females heading households, affected by health or time constraints associated with certain work requirements which they cannot meet.

## 4.7 Cost efficiency

Cost efficiency of cash transfers is often postulated as a potential advantage when looking at cash as an alternative to in-kind assistance. In reality, there is simply no irrefutable and all-embracing answer to the general question whether cash transfers are more cost efficient than in-kind transfers. Cost comparisons of in-kind assistance (particularly food aid) with cash transfers, is a complicated

task for numerous reasons. Such exercises are unique to different contexts and their parameters can change over time even within the same context. Virtually all project evaluations that have included a cost-efficiency analysis have concluded that judgement as to the superiority of cash versus in-kind assistance or vice versa depended on the type of project and the social and economic environment in which it was implemented.

In the framework of this report the consultant has not been in a position to make a cost efficiency calculation for GTZ's CFW project in the limited time available. It proved difficult to draw the line between administrative and managerial costs and in which way they should be added to the costing or not. Similarly, cost calculations of the transport of bulky food to remote villages without road access or for trucks using difficult and dangerous tracks would have been complex and might have resulted in artificially high expense figures with only fictitious analytical value<sup>9</sup>. Similarly, the hikes in food prices in 2008 which had eroded the value of the wages paid in CFW projects would have distorted cost efficiency calculations unreasonably.

#### **4.8 Impact on household food security and livelihoods**

It is a widely observed phenomenon that the impact of CFW wages on household livelihoods is being diluted by the policy of rotating participation in CFW schemes. This practice had been introduced in order to allow larger numbers of unemployed persons to participate in these projects. Most individual households simply are not able to work a sufficient number of days to earn enough to do more than sustaining subsistence. Only the skilled workers who are entitled to higher emoluments are normally in a position to make any savings or productive investments from the wages earned.

This dilemma also applies to Afghanistan. It is common in cash and food for work programmes alike and does not lend itself to easy rectification. Stricter targeting might enable the poorest to work longer and increase the impact on their food security situation. However, it is very difficult to implement when local perceptions are that everyone is needy, should show solidarity and be prepared to share the cake. Higher wages obviously would increase food security. It might prove difficult, however, to put such measures in place as it might increase the dangers of wealthier and more powerful community members expropriating the lion's share of the ensuing benefits. Ide-

ally, programmes would be magnified raising the amount of work provided and reducing the need for rotation. This could prove difficult, however, in situations where agency resources and capacities are already stretched.

Another area of concern in the context of food security and levels of livelihood is the high unemployment and, therefore, the painful reliance on remittances from migrant family members to meet the basic needs. Many interviewed Afghans stated that they would prefer to stay with their families if they could find opportunities to work in their home province. An international NGO concentrating its CFW operations in the Chall district of Takhar on road construction, deep wells and water supply improvements, found that since 2004, the beginning of their work, no one had left the district to look for work abroad. Their payments ranged from 150 AFS (3 US \$) to 600 AFS (12 US \$) per day. Further monitoring of the impact of CFW on local labour markets, rates paid for casual labour and migration patterns would be useful. Those interviewed saw CFW opportunities as reducing pressures to migrate to work with potentially positive social consequences. However, the relatively short periods of work available from CFW due to rotation of workers may reduce this impact. Greater attention also needs to be given to the impact of CFW on levels of debt and access to credit. Previous studies have noted the crucial role of debt in Afghan livelihoods and that debt repayment was a priority for many households. While this repayment ethic enhanced credibility in obtaining access to new loans (Lautze et al 2002; Grace 2003) it reduced instant spending power in an emergency situation.

#### **4.9 Impacts on markets**

The provision of additional resources from outside is prone to have impacts on local economies. Cash transfers may generate positive effects through stimulating demand and trade. Injections of cash could also contribute to price increases for key goods. Fears about cash transfer projects causing inflation have generally not been realised. However, given the limited size and scope of pilot and small projects, the likelihood of inflation occurring as a result of scaled-up emergency cash transfer programmes remains a largely untested assumption. There is another side to the coin, i.e. that the value of the allotments may be eroded by externally triggered inflation, necessitating contingency funds to adjust transfer values. Appropriate responses to inflation has, in fact, become the most serious anguish with the use of cash transfers during 2008, when the value of transfers has been eroded by the rapid

<sup>9</sup> For an interesting cost efficiency study, see: Metz & Mebrathu (2003)

rise in food prices in many recipient countries. The escalation in food prices has been particularly challenging for cash transfer projects as prices have climbed considerably faster and to much higher levels than the aid community had anticipated. This predicament stretched budget contingencies and made it difficult to protect the value of cash transfers by adjusting amounts provided (Save the Children 2008).

No guidelines or research have claimed to have found the right compromise between projects based on in-depth market assessments and those on quick 'common sense' approaches. In any case, to conduct a detailed market assessment at the on-set of an acute emergency situation has its disadvantages as it would take too much time. Timely and accessible market analysis is, however, essential for CFW schemes with a longer timeframe. For such instances, the guidelines developed by the International Red Cross and Red Crescent Movement provide a practical tool that addresses three main questions (ICRC and IFRC 2007):

- Are markets functioning or likely to recover quickly?
- Will people be able to buy what they need locally at reasonable prices?
- Is there a risk of inflation and could cash transfers cause inflation?

A market mapping tool is also currently being developed and tested by Oxfam, IRC and Practical Action. This would have the potential to fill a gap in assessment tools for sudden-onset emergencies by providing a non-specialist tool that links market evaluations with livelihood assessments (Albu and Auerbach 2008).

The GTZ CFW program has not yet produced an in-depth market analysis or a specific analysis looking at the impacts of the CFW schemes on markets in Takhar and Badakhshan provinces. The majority of unskilled and skilled labourers interviewed, stated that they were not able to save money out of their daily wages and that the wages were not sufficient to buy food for a long period. This is also a consequence of the high unemployment rate and the lack of alternatives to earn money outside the CFW schemes. As a result, rotation among the temporarily employed labourers to give another family the opportunity to earn some cash is common and vital to guarantee social peace among the communities. In such

circumstances, saving scarce resources was only possible in cases where CFW offered an additional remuneration to already existing incomes in a family. Thus, although no systematic regular monitoring of developments of market prices and local labour markets has been carried out, beneficiaries and project team members did not believe that the program-related cash influx in target communities had a sizable effect on market behaviour. It was stated, that there may be a possibility that CFW wages had a very brief and minute impact during paydays on local markets. A longer term regional impact was considered unlikely. Beneficiaries believed that cash inflows from migrant workers in Iran and Pakistan had more pronounced consequences for local markets than the CFW programmes. Overall, although CFW schemes are relatively numerous, they seem to be too limited to have major sustained inflationary impacts on markets. A final judgement could, however, only be passed after the completion of an in-depth study under the auspices of the GTZ programme itself. Future efforts of this kind would have to pay considerable attention to issues of seasonality within labour markets. In particular, as exemplified by the GTZ experience in Northern Afghanistan – where CFW activities were put on hold during 6 months per year- it has to be examined also in other circumstances whether or not the work requirements of CFW projects would be competing with labour needs in other sectors and lead to peaks and troughs in demand at particular times of the year, such as at key points in the agricultural cycle.

#### 4.10 Rising food prices

Sharp increases in global food prices in 2008 have raised concern for the food and nutrition situation of poor people around the world, and especially in developing countries. This has led to calls for both enhanced social protection, including through safety net programmes, and humanitarian assistance. Whether food, cash or a combination of both is the most appropriate instrument for adequate emergency and social protection responses will be context specific as mentioned before. Von Braun et al (2008) note the need to give due recognition to the urban as well as rural poor and these authors see a role for both food and cash transfers. Such mix has a sheltering effect for targeted population groups from sharply rising food prices eroding the value of cash transfers. In Ethiopia, for example, recipients of cash under a safety nets programme have lost over 50% of their purchasing power as a result of the food price rises during the period February–July 2008 (Hobson 2009).

Similar problems have been faced in Afghanistan where the food crisis of 2008, caused by drought and food shortages together with internationally induced price rises, has had an undesired impact on the use of CFW as an aid instrument. As wages were not adapted to make up for the loss in purchasing power, they were no longer considered appropriate by many workers and officials to cover basic needs. As a result, some of the interviewed persons preferred food to cash-for-work in that particular situation. It is interesting to note that the further away labourers lived from market places, the more they preferred in-kind food deliveries. People living closer to market places, where a larger product assortment could presumably be chosen from, kept on favouring cash as this gave them the freedom to decide which goods to purchase using price/value criteria.

The above logic suggests that it is important for all cash projects to monitor prices for key goods regularly and to have contingency plans in place to adjust the amounts of cash being provided or, possibly, to switch to in-kind provisions in the event of an unwelcome price escalation. The soaring food prices in 2008 caught many agencies by surprise and made it difficult for them to adjust budget provisions at that point. It could, however, be taken as a warning for future programming to put more emphasis on the monitoring of prices and putting in place commensurate contingencies, within budget constraints to adjust wages if and when considered appropriate. Ideally, any such decision would be taken in cooperation with government and other agencies undertaking public work programmes.

#### 4.11 Monitoring and Learning

The need for built-in monitoring devices and learning components in projects is undisputed. The main focus of the GTZ Afghanistan programme has been on implementation rather than on data collection to observe immediate results as well as medium to longer-term impacts of operations. More thought could, therefore, usefully be given to monitoring and analysis of certain features conditioning project performance, such as:

- the number of days households are able to work on projects given the policy of rotating households in order to enable analysis of the impact of wages on household livelihoods.
- local rates for casual labour with a view to adjusting wage rates if deemed desirable.

- issues of seasonality in labour markets and whether or not CFW competes with other demands at particular times of the year.
- developments of prices for key goods in local markets, particularly staple foods to enable adjustments to be made to wage levels if necessary.
- numbers of men and women participating in CFW activities.
- the quality of maintenance of assets created.
- social conditions of labour poor households.
- impacts on debt and credit markets.

Meeting such monitoring principles would go some way to redress the general sense of isolation in which some projects have allegedly been implemented in Northern Afghanistan. There seems to have been a feeling that sometimes operations have been detached from each other and secluded from broader experience available within GTZ. Options, such as exchange visits between projects could be explored for generating greater learning within Afghanistan and with those in neighbouring countries where large-scale projects are in action, such as in Nepal.



## 5. Conclusions

The GTZ CFW schemes contributed to stabilising the Afghan reconstruction process to a certain degree considering the high levels of unskilled and semi-skilled labourers in Afghanistan and the difficult post conflict conditions which made large investors hesitant to risk their capital and create employment possibilities. CFW projects in Northern Afghanistan had a positive impact on beneficiaries targeted. In that sense, they lived up to their reputation as a rapid response mechanism with the potential to generate visible results in a relatively short period of time. However, possibly, it was not the cash earned by CFW labourers which exerted the predominant impact on livelihoods but the benefits of the infrastructure projects themselves, i.e. roads, bridges, wells, drinking water supplies, school buildings and flood protection, erected with their help.

In particular, the road projects in the mountainous areas of the Northern provinces had far reaching and visible consequences on the lives of beneficiaries and village populations. Transport of goods to and from local markets has improved dramatically, accompanied by a sharp drop in transport costs in many cases. Also, the opening of a number of shops starting trade along the roads facilitated access to basic commodities. A reduction in the number of death cases as a result of pregnancy or giving birth as well as of serious sicknesses became evident as patients could be transported from remote villages to health centres in time. Improved transport and the connection between district towns and the provincial capitals are likely to have had a far reaching and sustainable impact on the medium and long term economic development of the area. In addition, these improvements have set in motion some motivational and social changes. Thus, in some cases, CFW has persuaded labourers and villagers to maintain the smaller feeder roads built to connect their villages to the larger “back bone” project roads, possibly manifesting a sense of responsibility for road upkeep and initial signs of ownership.

However, the number of labourers employed by the projects, was still small compared to the number of people in need of an income. Seen against that background the wider regional impact of the wages was, therefore, still limited. Only skilled persons seemed to be able to save small amounts of money, with unskilled labourers largely unable to do so. The creation of more longer-term jobs would be

needed together with larger parallel investment in agricultural activities. One positive result was observed in the area of conflict prevention or mitigation. Many labourers were ex-combatants and worked side by side with local farmers and community members for the first time improving their livelihood in a peaceful manner. This was a new experience for both parties that initiated a process of dialogue between different social groups within some communities.

This case study was supposed to verify whether the outcome of the GTZ's CFW operations in Northern Afghanistan confirm a claim sometimes made that “in general, most voucher and cash transfer programmes have been tested on a small-scale and short-term basis, especially in emergencies” (WFP 2008b) and that, therefore, the success of larger scale and longer term projects was uncertain. GTZ has been implementing CFW schemes in Afghanistan since 2004 and by the year 2006 they benefitted 100.000 people annually. The five years of CFW experiences can, therefore, be rated as large-scale as well as relatively long-term. In other words, the findings of the field work suggest that the GTZ's Northern Afghanistan projects contest the above mentioned scepticism by demonstrating that CFW operations can be implemented successfully on a larger scale and for a longer period.

Further, the outcome provided useful lessons to be drawn upon by both the GTZ itself and other organisations considering to venture into the CFW field. Nevertheless, to-date, the GTZ CFW experiences made in Northern Afghanistan do not seem to have found their way into the international debate. Even an external review of cash transfer programmes in Afghanistan undertaken in 2005 was not aware of the initial CFW schemes implemented by GTZ (Hofmann 2005).

Concerns that cash is misused for anti-social purposes has proved unfounded. Evidence from programme monitoring revealed that cash has been spent on what beneficiaries most needed – in the majority of cases food. Another critique to CFW programs often put forward, i.e. that cash could be more vulnerable to looting or misuse than food aid and that cash transfers would only make sense in secure situations, has also remained unsubstantiated. This argument does not seem to be valid in Northern Afghanistan. The results there rather suggest that cash-based programming is possible even in insecure environments.

The fear that cash transfers would disadvantage women turned out to be particularly unfounded. The results of the field work for this report suggest that in Northern Afghanistan men and women frequently make joint decisions on how to spend money most appropriately, women have access to their husbands' cash deposit or women invest in certain economic activities allowed to them without interference on the part of their consorts. Another criticism of cash programs has been that they do not necessarily target the most vulnerable. Given that workers were selected in cooperation with the shuras, elected CDCs and project staff evidence suggested that in Northern Afghanistan the poorest and food insecure of the villages represented the bulk of the unskilled labour force employed by GTZ. In addition, keeping the daily wage below the official local wages for unskilled labour, may have provided an "in-built" self-targeting mechanism. However, an unresolved problem has been, that many workers were only permitted to join the unskilled labour force for a few weeks due to high demand for the limited work available. This curtailed the income that each household received and meant that the wages made a relatively small contribution to household food security.

The analysis of impacts of cash transfers on markets could not be based on empirical evidence due to insufficient regular monitoring of food and labour markets in current project operations. In general, it was however felt that the overall magnitude of cash disbursed was too insignificant – despite the size of the project mentioned earlier – to have major price impacts on food markets or labour migration. Yet, there may be a possibility that CFW wages had a minor short-term impact on local markets and on price levels of essential goods during pay-days. A forceful recommendation to GTZ is, therefore, to upgrade the monitoring system for the CFW schemes to shed more light not only on their impacts on markets but also on numerous other aspects of crucial importance to the achievement of principal project goals.

An important conclusion points to the possible need for mechanisms allowing for cash remunerations to be adapted regularly to the, often seasonal, variations of payments on the labour market and prices of the local food basket. This is valid, in particular, in times of wide price oscillations as occurred during 2008. From a managerial perspective, however, this could result in more

administrative work and possibly higher costs. In any case, the awareness of the need for such an adjustment tool could go some way towards finding a healthy balance between the extra resources required and the fulfilment of objectives for which projects have been conceived.

Finally, apart from monitoring, the need for coordination among actors at national level as an indispensable prerequisite for success, has been frequently underscored in project assessments. It needs to be stressed that there is a large number of agencies engaging in CFW programs in Afghanistan, making coordination and exchange of experience particularly important. There is a need for more information sharing between agencies on general policies as well as practical operational aspects, such as specific daily rates, work standards and other issues. The existence of an effective monitoring machinery to be drawn upon for data and information and to be shared with other partners would provide constructive support in joint decision making processes.



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# Annex

## Cash transfer programming guidelines and tools

Tool	Publishing agency
<b>CASH TRANSFER GUIDELINES</b>	
GUIDELINES FOR CASH TRANSFER PROGRAMMING	INTERNATIONAL RED CROSS AND RED CRESCENT MOVEMENT (2007)
CASH-TRANSFER PROGRAMMING IN EMERGENCIES	OXFAM (2006)
CASH AND FOOD TRANSFERS: A PRIMER	WORLD FOOD PROGRAMME (2006)
CASH WORKBOOK: A PRACTICAL USER'S GUIDE FOR THE PREPARATION AND IMPLEMENTATION OF CASH PROJECTS	SWISS AGENCY FOR DEVELOPMENT AND COOPERATION (2007)
A PRACTICAL GUIDE FOR CASH-BASED RESPONSE IN EMERGENCIES	HORN RELIEF (2007)
<b>SEEDS AND TOOLS</b>	
AGRICULTURE IN EMERGENCIES: GUIDELINES ON THE USE OF SEEDS, FERTILISERS AND CASH	BRITISH RED CROSS (2000)
CRS SEED VOUCHER AND FAIRS: USING MARKETS IN DISASTER RESPONSE	CATHOLIC RELIEF SERVICES (2004)
<b>CASH FOR WORK</b>	
CASH FOR WORK PROGRAMMING: A PRACTICAL GUIDE	OXFAM (2002)
GUIDE TO CASH-FOR-WORK PROGRAMMING	MERCY CORPS (2006)
<b>ASSESSMENTS AND DECISION-MAKING</b>	
THE PRACTITIONERS' GUIDE TO THE HOUSEHOLD ECONOMY APPROACH	SAVE THE CHILDREN UK, RHVP AND FOOD ECONOMY GROUP (2008)
EMERGENCY MARKET MAPPING AND ANALYSIS	OXFAM, IRC AND PRACTICAL ACTION (FORTH-COMING)
A MARKET ANALYSIS AND DECISION TREE TOOL FOR RESPONSE ANALYSIS: CASH, LOCAL PURCHASE AND/OR IMPORTED FOOD AID?	CARE (2007)



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