

2. Project Definition

2.1 Preparation of a project document

► In this chapter

This chapter aims to point out the groups of topics that ought to be dealt with when designing a Cash Project. This will result in the draft project document.

- This is the main document for a Cash Project. It is compulsory for all parties concerned.
- It should describe the planned Cash Project in a transparent, clear and comprehensive manner.

Project identification provides the basis for the next step of project definition, in which further clarification has to be provided.

The focus of project definition may vary, but in most cases Cash Projects are carried out in post-emergency situations. In this case, more time can be spent for project definition compared to emergency situations, in which immediate action is required.

► Benefits

Once the draft project document has been accepted, it will serve integrally for many parts of the project cycle management.

The key data agreed in the project document form the basis for all communication and negotiations with external actors.

A project document based on a standard format will allow comparisons to be made with previous Cash Projects. Applying the following guidelines (as described in chapters 2.2 [Planning an assessment mission](#) to 2.8 [Institutional set-up and lean management](#)) will help to:

- Elaborate a properly drafted project document with defined benchmarks
- Ensure the involvement of actors concerned
- Clarify the institutional set-up of a lean management structure
- Minimise risks by taking appropriate precautions
- Pave the way to a quick start-up and smooth implementation
- Specify resources required and their allocation
- Collect reliable data for the information of the beneficiaries and actors involved
- Fix appropriate amounts for cash contributions to the beneficiaries

► Procedure

○ **Does the workbook apply?**

Readers of this workbook should go to the sub-chapter they are interested in at the moment. They are requested to check whether any of the examples of previous SDC Cash Projects are comparable to the target area conditions and applicable to the problem they are currently facing. What has to be changed or adapted to enhance the suitability of the solutions cited?

○ **Use of tools**

The “copy/paste” –method, which has proven inadequate in so many cases, should be avoided. Procedures, templates, models, charts and other tools can be used without any hesitation, provided that there is a clear grasp of the project idea and all the topics which have to be analysed in depth.

○ **Elaboration**

Based on the topics indicated in chapters 2.2, [Planning an assessment mission](#) to 2.8, [Institutional set-up and lean management](#), a draft project document can be elaborated.

○ **Internal consultation**

The draft project document should represent the mutually agreed findings of all the members of the assessment mission. If there is a country office of the implementing organisation, the draft should be discussed and agreed on locally before sending it to the respective HQ.

○ **External consultation**

Even when working in close cooperation with local authorities or implementing partners, the draft should remain an internal document. Experience shows that even sharing the draft with implementing partners easily gives rise

to misunderstandings, confusion and wrong expectations. At this stage it is only a draft and many parts may still change, may even be wrong or touch upon delicate topics like overhead costs. What proved to be very useful was to prepare an information sheet of the intended Cash Project containing all the main data. This information sheet should also be agreed on by the respective HQ.

- **Approval**

During debriefing of the assessment mission at the HQ, the draft project document is scrutinised and approved. Requested adjustments have to be incorporated immediately.



The final project document is binding!

Once finalised, the project document cannot be unilaterally changed because it is the main guiding document for all parties concerned. The final project document is binding!
Only after a serious incident or an evaluation might a revision of the final project document be considered. **Any amendment of the document has to be approved by the HQ.** Afterwards the revision of the project document has to be communicated to all parties concerned!

2.2 Planning an assessment mission

► In this chapter

As outlined in Chapter 1, “[Project Identification](#)”, one of the most important elements is the initial problem analysis. In the present phase of project definition, it constitutes the backbone for any discussion, especially with a view to finding out what information is missing.

Cash Project designers have to cross-check initial considerations, assumptions and statements. This can be done either by going on an assessment mission or by engaging local professionals, based on specific terms of reference (ToRs).

► Benefits

Proper preparation of the ToRs for the assessment mission is decisive to ensure that the mission will collect all the relevant information for both project definition and the Funding Proposal.

Well-prepared cross-checks and in-depth analyses contribute substantially to the elaboration of most of the topics required for a reliable project document.

If the cross-checks and in-depth analyses are done in a professional manner, they will also facilitate a smooth start-up and implementation. If they are not properly done, the project implementer(s) might find themselves confronted with various disagreeable surprises. This would consequently require time-consuming adjustments.

► Procedure

- **Common understanding**

Based on the initial problem analysis, all information required for the project document needs to be defined. Lack of information or any contradictions have to be identified, based on the elaborated project idea and the cross-checks with the given preconditions. It has to be examined as well whether all sources for reliable and relevant information available have been tapped.

Mutual expectations should be spelled out. This provides a good basis for partnership and will ensure proper assessment.

- **The right moment for an assessment**

How stable or unstable is the situation in the target area where a proposed assessment is to be conducted? Is the (emergency) situation changing continuously, or are changes expected to occur?

- **Clear steps**

An overview paper has to show the intended steps and chosen methodology from project idea to project definition, in a common language (preferentially in English, French, Spanish).

○ **ToRs and working programme**

Once it is clear what is to be done during the assessment mission, the ToRs have to be drafted. It is worthwhile to integrate the initial problem analysis into the ToRs, or to enclose it in an annex. Parallel to this, a programme for the assessment mission has to be prepared, specifying:

- objectives, aims and tasks,
- information required for decision-making by an HQ,
- topics to be analysed in depth,
- the expected result,
- responsibilities during the mission: chief of mission, responsibilities for specific topics,
- requisite local know-how and support,
- administrative matters: e.g. reporting, transport, translation, debriefing.

○ **Information of partners**



Based on the ToRs and the intended working programme for the assessment mission, HQ will officially inform the country office as well as the national and local authorities. It is important to inform them in good time and, if possible, by direct contacts. At the same time, briefing and debriefing should be arranged at the HQ, embassy or country office.

○ **Final cross-check**

Before finalising the project document, a last check of the initial project idea is made to ensure that all relevant points have been investigated. During debriefing sessions (one in the field and one at HQ level) the findings and any major changes have to be justified and agreed on.

○ **Alternatives**

As an emergency response, SDC planned a humanitarian programme for Mongolian herders struck by drought in 2001 and 2002. The initial problem analysis – envisaging a cash approach – offered three alternative project ideas. Both ToRs and subsequently an assessment mission were based on these documents.

	<p>Problems analysed well?</p> <p>As an emergency response, SDC planned a humanitarian programme for inhabitants of the southern region of Russia. Due to lack of an initial problem analysis, the assessment missions neglected some important topics. If a short initial problem analysis had been presented to the country office and to the consultants, their critical feedback would most probably have identified some of these topics so that they could have been investigated as well.</p>
	<p>Careless definition</p> <p>Missing analysis of the institutional set-up and application of weak criteria seriously hampered the implementation of a project by an international agency in the Balkan region. As a consequence, there were massive conflicts between implementing partners, disproportionately high overhead costs, and insufficient verification of beneficiaries.</p>

2.3 Conducting an assessment mission

► In this chapter

In order to design an appropriate Cash Project, it is crucial to have an assessment of the specific context: The initial project idea and the benchmarks established by an HQ are compared with local reality. This analysis follows clearly defined ToRs and ensures an appropriate project design.

It is recommended to apply a step-by-step approach as presented in this workbook. This allows all parties concerned to search for a suitable solution to the given problem instead of taking the feasibility of a Cash Project for granted.

There are exceptions justifying that the assessment is combined with starting-up activities. This is usually the case when seasonal (e.g. upcoming winter, loss of harvest) and time constraints require immediate actions in emergency situations.

Experience shows that it is possible to perform these tasks in parallel, but that it is very demanding. It can hardly be done by one person alone. Good results were achieved by a team comprising the future project manager and an experienced consultant or a desk officer from an HQ.

“Small projects” or donations within Cash Projects are a possibility to ensure and extend cooperation, especially with local administrations. It is an additional task during the assessment to clarify whether and, if yes, what kind of small projects could be useful. Small projects should only be implemented if they are supportive towards the main objective of the cash intervention.

► Benefits

By exploring all open questions with various partners in a systematic manner and based on the agreed programme, all the information required for the project design is collected. Involving local authorities and partners at each step of the assessment contributes to a better understanding and acceptance of cash approaches and the principles of Cash Projects.

Combining assessment and start-up reduces the time taken to perform these and related tasks, usually by 2-3 weeks. This allows the cash contributions to reach the beneficiaries more rapidly.

Speeding up project implementation by employing a combined approach is, however, not the ideal solution. A clear separation between the assessment and the project implementation phase decreases the risk of making a wrong decision.

If designed as a supporting measure, small projects can foster acceptance of a cash intervention.

► Procedure

○ Main steps

The main steps of an assessment mission are defined in the ToRs as presented in Chapter 2.2 [Planning an assessment mission](#). An assessment for a cash intervention is similar to any other assessment clarifying a humanitarian intervention. Special issues to be looked into are described in chapters 2.4, [Key data provided by an HQ or a donor](#), to 2.9 [Resources needed for implementation](#).

○ Local partners

It is important to identify reliable partners or persons as a source of information so that the assessment can be conducted properly and the set-up for the Cash Project optimally embedded into local conditions.

Regrettably, while it is not a very easy task to find reliable partners, it is a crucial one. Neither is it easy to give advice here. The best way is to start contacting persons recommended by known institutions, or mandated partner organisations. Their recommendations are usually reliable because they are based on direct relationships.

Local partners and local personnel are highly important in terms of understanding the local situation and dealing with authorities, beneficiaries and other actors during implementation.

Especially during the start-up phase, it is recommended to work by triangulation: The same questions are addressed to two or three different persons. The answers are cross-checked; any gaps or contradictions have to be clarified.

○ Local context

Knowledge about local realities and dynamics is decisive. It is necessary to adapt procedures to needs, to learn more about people's interests, and to become aware of existing know-how. The assessment team will be able to understand the local situation better:

- if potential beneficiaries are visited in their living situation in order to understand their survival pattern,

- if local employees of partner organisations are accompanied during their work outside the office, and
- if overnight stays are included in order to witness 24-hour reality (the security situation permitting).

It is recommended to spend 1/3 of the time in the office and 2/3 in the field!

○ **Understanding the cash concept**

The introduction of a Cash Project requires a common understanding of what is meant by cash contribution and who the beneficiaries will be.

One of the best practices is to collect all reservations, doubts, stereotypes and related fears after a first short presentation of the cash concept.

Responding to this information makes it easier to explain how cash approaches work – including their advantages and disadvantages. This kind of discussion will interest people more than theoretical presentations of what Cash Projects are supposed to be good for.

Such a catalogue of reservations is also a very important basis for risk assessment and design.

○ **Cash contributions**


This topic is so important that it will be elaborated in chapter 2.5, [Beneficiary criteria and appropriate sizing of cash contributions](#). The final goal is to fix the amount of the contributions and to ensure its acceptance.

It must be evident that a cash contribution has clear advantages as compared to in-kind or voucher distribution. This question can only be dealt with in direct contacts with potential beneficiaries.

○ **Transparency**

It is important for success to be as transparent as possible during the assessment mission. Contacted organisations appreciate transparency and constructive discussion. Some points to be taken into account in this process are:


- Clear presentation of the key elements of the intended Cash Project
- Well-prepared catalogue of the most important questions to be discussed
- Information about next steps and expected time frame

	<p>No false promises</p> <p>Cash Projects are humanitarian relief projects and can support victims only temporarily, based on realistic and measurable objectives. The contrast with development approaches also aiming at ownership and long-lasting impacts should be emphasised.</p>
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○ **Implementation-oriented**

As it is the Cash Project philosophy to work in a given time frame, efficiently with low overhead costs, assessment has to focus on the following topics:

- Office premises, infrastructure, IT
- Local staff including IT specialists
- Roles, rules and responsibilities
- Agreement on the institutional set-up with local authorities and partners (e.g. providing potential beneficiary lists)

	<p>Know-how transfer during the assessment</p> <p>SDC's Cash for Host Families Project in Aceh was prepared jointly by the designated Project Manager without any Cash Project experience and an experienced consultant familiar with SDC's cash approaches. During the short assessment period of 2 weeks, it was possible to familiarise the PM with the key elements of a cash intervention. The joint effort proved to be a successful model to be recommended for future assessments.</p>
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○ **Organisation**

The following topics need to be considered:

Inform the parties con-cerned	Work in the mission team	Assessment mission report
<ul style="list-style-type: none"> ○ Both in writing and verbally in order to facilitate an efficient and welcome mission ○ Inform the national and local administrations about objectives of the mission ○ Agree on briefing and debriefing at HQ, embassy or coordination office 	<ul style="list-style-type: none"> ○ Fix the responsibilities during the mission: Chief of mission, thematic responsibilities ○ Settle administrative matters: e.g. reporting, transport, translation, debriefing ○ Use a common language in order to involve the local actors (English, French, Spanish) ○ In case of an immediate start-up: <ul style="list-style-type: none"> ○ Check local security situation ○ Clarify infrastructure and personnel requirements ○ Look for an office and conduct interviews with potential local employees, prepare standard contracts ○ Assess local prices for equipment needed 	<ul style="list-style-type: none"> ○ Elaborate it with a maximum of contribution by all ○ Present it for comments at the end of the mission ○ State the major outcome in an understandable manner ○ Include differences of opinion, proposals ○ Integrate next steps with responsibilities in the project document ○ Name all persons involved in the elaboration of the report ○ Share results by giving report copies to the inner circle of the partners involved

- **Assessment and start-up mission combined**
 - Availability of a competent Project Manager and of a professional covering the assessment is a precondition for conducting a combined mission. An HQ has to specify the expected results in terms of quality and time, and has to set time slots for HQ decision-making (i.e. project announcement, project proposal with budget, go-ahead for recruitment of staff, purchase of equipment).
 - The mission is understood as a common task based with two separate ToRs. There-fore, while each of the experts has their specific responsibility, they have to work together closely and to be informed about the work of others. This requires a synchronised working plan. All participants in a combined mission have to agree on the elaborated main documents, procedures, etc.

The distribution of tasks may be as follows:

Expert mandate: Focus on assessment	Project Manager mandate: Focus on start-up of project
<ul style="list-style-type: none"> ○ Feasibility of cash or alternative ○ Registration and payment ○ Data management ○ Project proposal document ○ Project proposal announcement (summary of the project document for mass media) ○ Support of project manager 	<ul style="list-style-type: none"> ○ Building up management structure ○ Preparation of project cycle ○ Information and knowledge about beneficiaries ○ Proposals for small projects ○ Installation of filing and documentation ○ External support

- **Implementation of small projects**
Small projects are only implemented if needed or necessary. Small projects should always be the second priority during a Cash Project implementation.
The small project design should cover the following topics:
 - What is to be achieved with the small projects
 - The target groups and the geographical distribution of the small projects
 - The areas of application, the criteria and the budget
 - The size and number of possible projects
 - The time frame for implementation

As soon as the Cash Project management begins to implement the small projects, an adequate management tool has to be developed.

- **Public announcement**
At the end of the assessment, a public announcement should be made. If a cash intervention is found feasible, the announcement should inform the target group and the envisaged partners about the results of the assessment mission and on the next steps concerning project implementation.

○ **Appropriate information for the public**

Only a summary sheet of the draft project document should be handed over to other parties concerned at the end of an assessment. The draft project document needs to have the final approval by the HQ before it can be shared with third parties.



Streamline HQ a field staff

Cash for Herders in Mongolia¹ was started successfully in a very short time. This was possible because everyone – HQ, project management and consultant – worked closely together in planning the combined assessment and start-up mission. On this basis everybody knew what the steps were, what was required, and to whom open questions could be addressed.

2.4 Key data provided by an HQ or a donor

► In this chapter

Key data are figures and specifications resulting from the project idea (see chapter 1.1 [Problem analysis of humanitarian needs](#)). They:

- have to be provided by an HQ to establish the design and layout of the project.
- serve as an orientation at the beginning of the assessment mission.
- can be used to evaluate the adequacy of the intended design of the Cash Project.

► Benefits

With the help of identified and agreed key data, the key elements of a project can be defined and followed up. The key data serve as a point of reference for:

- Sizing up of the action and the type of project, including the duration of implementation
- Clear description of the target area and the target group
- Description concerning cooperating partners
- Sizing up of the resources for implementation
- Main risks and how to cope with them

After completing project definition and at the start of project implementation, the key data turn into benchmarks which can be changed only by a leading agency (HQ), provided that the conditions for implementation differ considerably from those at the time of planning.

► Procedure

Exploring key data is an iterative process in which there is a search for the optimum: How to solve a humanitarian problem with a limited amount of money.

Design is based on parameters. In most cases it is useful to elaborate various alternatives considering the following elements:

○ **Target area and beneficiary group**

A Cash Project only makes sense if it is implemented in an accessible area (i.e. with roads, security) where the majority of potential beneficiaries will have a stable housing situation for the duration of the project. The maximum number of beneficiaries and the criteria for their selection have to be defined as precisely as possible.

○ **Type of project and financial resources**

The amount of money for a project has to be allocated in the annual budget planning or be available in a defined emergency case. For the project designer, it is of great importance to know which amount is available for which period. The currency of the contributions should be mentioned explicitly.

○ **Amount of cash contributions (sizing)**

The planned individual contributions must be of a relevant size to help reduce the economic burden of the beneficiaries.

○ **Using mass media**

Each project is under public observation. Therefore, it is important to have a clear concept of how to deal with the local media. Most promising is an active PR approach. The media have proven to be useful in informing the public about the project objectives, the key data and implementation steps. Good cooperation ensures public transparency and can protect a project from erroneous, informal information and rumours.

○ **Main steps in implementation**

The elaboration of main steps establishes a realistic time frame, implementing partners needed, and conditions and measures to reduce misuse (e.g. concerning registration, verification or monitoring).

○ **Project-steering and external know-how**

Project-steering is based on progress reporting and reflects on the agreed bench-marks and procedures laid down in the project document or on changes in project implementation decided upon during a mid-term review. Project-steering is usually done by the HQ desk officer responsible or, in some cases, by a mandated consultant. External know-how might be needed if the desk officer is overwhelmed by a lot of emergency related additional work or if specific know-how is not available within the implementing agency.

○ **Duration of support**

This is one of the critical factors to be seriously considered in the project design. The longer the support lasts, the greater the risk of continuously growing expectations. Therefore, Cash Projects are clearly limited in time. In some cases, retro-active payments can reduce the problem of continuous long-term assistance being expected.

○ **Risks and security aspects**

A realistic assessment of risks and threats leads to preventive measures safeguarding project implementation and reducing the probability of unexpected measures and additional funds.

○ **Supporting activities**

Cash Projects are often implemented in situations in which various local partners have to collaborate without obtaining remuneration or making a profit. As an incentive for cooperation and quick implementation, supporting activities can be very helpful. Such activities include supporting the local administration in the form of small projects, a contribution to local media, etc. Another supporting measure is to establish hardship funds for vulnerable groups which do not fall under the selection criteria.

2.5 Beneficiary criteria and appropriate sizing of cash contributions

► In this chapter

Identifying the intended beneficiaries among a large mass of people in need is not easy and requires a clear picture of the beneficiary group first.

Assessing the relevance of a contribution has to take into account the living situation of the victims or vulnerable persons, and the findings have to be checked against the local context and economy.

Defining the target group more narrowly has to take into consideration the budget available, the areas of high need and the accessibility for implementation.

Sizing means optimising the following elements in a systematic manner:

- Criteria for beneficiaries,
- Amount of contributions,
- Size of selected target group,
- Allocated funds, and
- Integration into the local context.

► Benefits

Comprehensively reaching the intended target group, which was selected based on clear and checkable criteria, is one of the conditions for a smoothly running Cash Project. Complaints will be rather limited and relatively easy to handle.

Differentiating between hard and soft criteria for beneficiaries provides for more objective judgement regarding eligibility.

Identifying an appropriate and relevant amount for the contributions will facilitate co-operation and increase both the interest in the project and the visibility of the implementing agency.

Profound knowledge of the potential beneficiary groups is a precondition for adequate sizing – usually one of the neglected elements in the sizing process.

► Procedure

○ **Victims of a humanitarian catastrophe**

There are many victims, and a selection is necessary. Usually, a donor agency already has potential beneficiary groups in mind before starting its assessment mission. Therefore, in a first step:

- the intended beneficiary group should be described: Refugees, IDPs, number, hardship, social composition
- an evaluation of the present living conditions (volatile or stable) of potential beneficiaries must be undertaken
- the local and national context of the natural catastrophe, war or post-war situation must be understood
- the factors influencing stability or deterioration must be determined

Concerning other actors, it is necessary to have a general overview: Who is active on behalf of the victims and with what kind of support? Who is starting humanitarian activities in which field and which area? Are others intending to implement similar Cash Projects?

○ **General vulnerable groups**

Assistance for vulnerable groups is usually given by local welfare organisations, sometimes in the form of cash contributions. It is difficult for Cash Projects to target this beneficiary group, and especially to determine whether a person fulfils the criteria or not. Therefore:

An analysis should be done similar to that for victims. Avoid soft criteria (e.g. “damaged by the war”, “major heart disease”). Determine whether they are already getting support and where they are already registered (e.g. Social Welfare Ministry, charity organisations).

○ **Criteria for beneficiaries**

Criteria are often set in an idealistic way that neglects major operational considerations. Decision on the eligibility of beneficiaries is only possible based on clear criteria. In order to manage the delicate task of setting appropriate criteria, the following points have to be considered:

Only hard criteria that can be checked beyond all doubt are useful. Hard criteria meet several requirements:

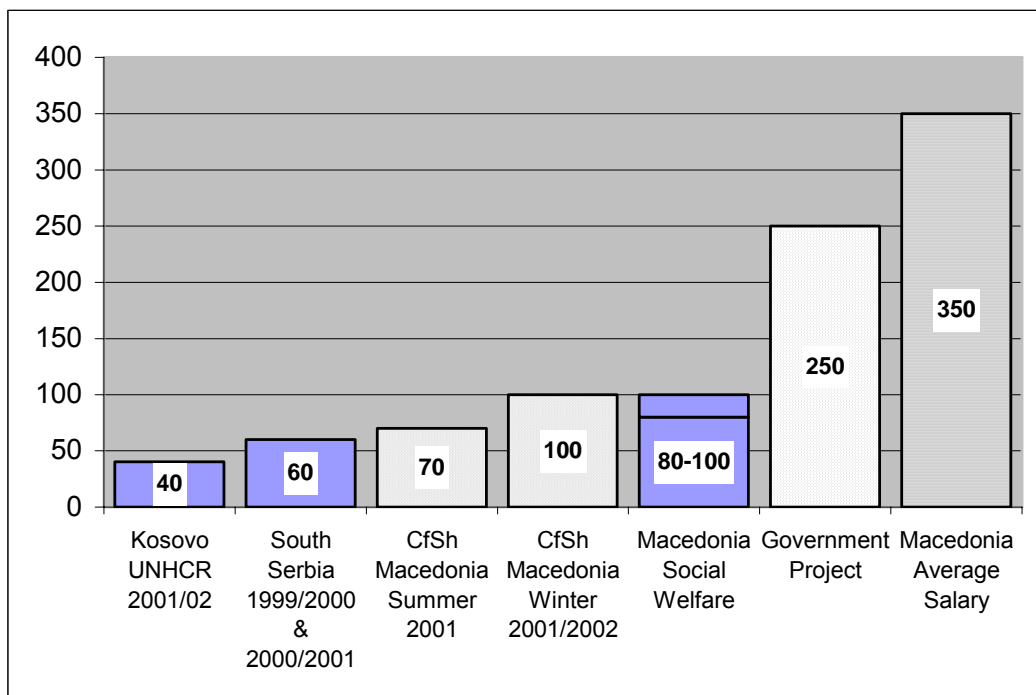
- they can be easily understood,
- they are measurable and
- they can be easily verified (e.g. widowhood, number of children, official registration, demolished homes in the field).

Soft criteria are confusing. They involve tremendous efforts to clear each and every case (e.g. different states of heart disease, different levels of low income). The required medical or income checks would overload Cash Projects in most of the cases. Reliable sets of criteria drawn up by local social welfare institutions are usually available. These institutions have a great deal of experience concerning criteria in terms of accuracy, time required for registration, follow-up and complaints.

○ **Assessing the relevance of a contribution**

A relevant and properly adjusted contribution can be determined if the following points are considered:

- **Relevance:** The contribution is to be relevant for the beneficiaries. This might depend on different factors that have to be identified, e.g. monthly needs related to other incomes including other assistance, increased seasonal needs (e.g. heating costs, clothes), access granted to the local market with local prices.
- **Acceptance:** The amount foreseen must be accepted and welcomed by beneficiaries, local authorities and, as much as possible, in their social environment.
- **Harmonisation:** The amount foreseen has to be comparable with local social assistance (given in cash or in kind), basic salaries, humanitarian support planned by other agencies, etc.



Sizing of monthly contributions in DM, Cash for Shelter Macedonia 2001

This example shows the figure of DM 250 planned for a Cash Project for Host Family by the Macedonian Government / ECHO. The contribution envisaged by them reflected some political bargaining. In the end, the project did not work as intended for various reasons. This caused a lot of confusion and delays in fixing contributions by other agencies.

SDC's planned CfSh contribution was well harmonised at national and regional levels.




The summer phase was successfully and quickly implemented. The winter CfSh project, with a higher contribution for greater needs, was no longer necessary because the conflict had been largely settled. It was possible for IDPs and refugees to return to their homes.

o **Definition of the target group**

- Once eligibility criteria and the amount of the contributions are set, it is simple to calculate how many beneficiaries can be reached with the allocated finances.
- It is useful to elaborate several alternatives (2-3) with the figures based on criteria, amount and allocated finances. A set of self-developed priorities (i.e. easy access, quick implementation, situation of a certain group of beneficiaries) may help to determine the best alternative.
- Quality before quantity: With limited finances, covering a limited target area is more appropriate than reducing the amount of the contributions that have been evaluated as being appropriate and relevant. If regional considerations are really of great importance, the donor should be asked whether additional funds are available or not.

Volatile circumstances bring about various constraints for Cash Projects. As a basic rule, it should be remembered that Cash Projects require stable situations. If an assessment mission has to evaluate the feasibility of a Cash Project and the volatility of circumstances, the analysis should be based on figures of refugee and IDP flows, appropriate disaster scenarios and carefully clarified preconditions for implementation on the basis of a risk mitigation plan.

	<p>Appropriate sizing</p> <p>Appropriate sizing is the result of professional know-how, common sense, and careful examination of the context. Figures concerning pension payments, social welfare, labour costs or cash to cover daily basic needs are available in almost all countries. By comparing these figures with the contributions of other donor agencies, sizing of an appropriate amount becomes a logical exercise.</p>
	<p>Well-sized amounts and strong criteria</p> <p>The impact study for CfSh Serbia 2 highlights the appropriateness of the defined cash support. The sizing of this amount was based on the assessment of the host family situation: additional financial needs while hosting IDPs contribution for additional heating costs during winter cross-check with Red Cross contributions for the most vulnerable</p>

	<p>Good criteria for beneficiary eligibility were developed in both Cash Projects, Serbia CfSh 1 and CfSh 2. SDC's own registration facilitated the setting of independent criteria. All existing lists of potential beneficiaries reflected criteria immanently favouring the respective registration body's own beneficiary group.</p>
	<p>Existing lists can be misleading! Existing lists of potential beneficiaries always reflect the intention of the registration body: The adequacy of existing lists is limited because their criteria rarely match the intensions of other donors. Existing lists can form a very useful basis but they have to be rechecked in any case!</p>
	<p>Registration under volatile circumstances Defining beneficiary criteria under volatile circumstances with changing conditions is hardly possible, since one of the preconditions for a project is proper identification and registration.</p>

2.6 Risk analysis

► In this chapter

A risk analysis is a formalised way of identifying threats to the planned project and a search for measures to reduce or, if possible, to eliminate these threats. Risks can be identified on different levels of project implementation. Risks change during project implementation. At a later stage, new risks may even arise. Risk management is a continuous process.

In the preliminary chapter 2.1, [Preparation of a project document](#), we recommend the clarification of two questions:

- What are the major threats to project implementation?
- What could go wrong and why?



The preliminary risk analysis focuses on obvious obstacles, constraints and fears. While defining the project in more detail, a systematic risk analysis becomes necessary. In a project environment with a high security risk, a special security risk assessment has to be made (see next chapter 2.7 [Security assessment](#)).

► Benefits

A risk analysis contributes to the decision whether and, if yes, how a project is implemented. Seriously undertaken risk mitigation will lead to measures safeguarding the implementation of a project. A formalised risk management permits a monitoring to be made of the possible threats identified and consequently supports an early warning system.

► Procedure

- The HQ prepares a list of criteria relevant for decision-making
- The assessment mission checks its findings with the preconditions for a Cash Project implementation and suggests initial measures
- The HQ decides about GO or NO GO. If GO, HQ instructs the Project Manager regarding the critical points to be looked into
- The Project Manager proposes adequate measures to reduce or even eliminate the risks (risk mitigation). The results must be presented to the HQ for approval
- The accepted measures have to be integrated in the management tools
- During a mid-term review, risk analysis has to be repeated. Measures have to be evaluated and adjusted, if necessary

	<p>SDC's standardised risk analysis</p> <p>During the evolution of SDC's Cash Project experience, a standard tool was developed to analyse risks. The following fields of risk are usually considered:</p> <ul style="list-style-type: none"> ○ Issues concerning the project context, such as ○ Cultural appropriateness ○ Security ○ Applicability of selection criteria for beneficiaries ○ Supply of goods, functioning markets ○ Operational issues related to standard implementation, such as ○ Cooperation with national and local authorities ○ Unqualified personnel and unsuitable infrastructure ○ Database, verification of beneficiary lists ○ Public announcement ○ Public announcement of SDC beneficiary lists ○ Cooperation with finance channel/bank ○ Payment ○ Deadlines for project implementation <p>In each of the fields of risk, there are certain topics to be considered. The importance of the topic might vary from "very important" to "less important", dependent on the project design. The level of each risk should be judged between "high" and "low". Consequently, adequate measures should be planned in order to reduce the risk or used in precaution if the risk level is rising.</p>
	<p>In the Cash for Host Families Project in Aceh, the original risk analysis indicated that there was an increasing potential for corruption on the part of the local authorities. The only measure taken was to publicly announce the implementation procedure. This point, however, had an effect on the planned short duration of the project itself.</p>

2.7 Security assessment

► In this chapter

For all international organisations, the security of their personnel is a major institutional concern. In many locations where humanitarian activities are carried out, violence and crime are frequent. Therefore, a humanitarian organisation should insist on an appropriate security assessment in order to evaluate the risks and to take appropriate measures that create a relatively safe working environment for its personnel and projects.

A local security plan is required in cases where the security situation includes a high level of risks, such as:

- Violence in public
- Criminal activities targeted at foreigners or foreign institutions
- Dangerous road traffic
- Armed conflict
- Mines and unexploded ordnance

The security assessment has to be supervised by the organisation's security specialist in cooperation with the embassy or country office responsible and the agencies responsible within the UN network.

If the situation is evaluated as relatively safe, the security assessment is included in the general risk analysis.

► Benefits

A thorough security assessment permits an HQ to identify the appropriate level of security measures in the envisaged project environment.

On this basis, an HQ can make the general decision either to abandon the project idea or to define the appropriate security measures.

Knowing more about security requirements, and restrictions on behaviour to suit the local security situation, contribute essentially to the success or failure of a Cash Project.

► Procedure

○ Security management

Every expert and consultant should be properly informed about an organisation's security management. Apart from personal awareness, it is basically a matter of procedures and measures. An ongoing assessment and

evaluation process (project cycle) involves the application of various well-documented security management tools available on request (part of the preparation of a mission to politically sensitive areas).

○ **Level of risk**

An HQ has to classify the level of potential security risks according to UN and internal security standards, based on the preliminary risk analysis conducted during the project identification stage. The United Nations' five phases of security are:

- Phase 1: Precaution
- Phase 2: Restricted Movement
- Phase 3: Relocation
- Phase 4: Programme Suspension
- Phase 5: Evacuation

If the situation is very dangerous, an assessment mission must be cancelled or postponed.

○ **Adequate measures**

Based on this classification, the HQ instructs the assessment mission to analyse the security situation and to propose adequate measures (as part of the ToRs), following this procedure:

- Incident analysis
- Risk assessment
- Necessary security provisions
- Contents of a local security plan
- Proposal for a lean and reliable security management system
- Proposal for security monitoring




○ **Risk management**

Within the scope of the risk analysis, the mission should:

- Describe the potential security threat related to the planned project implementation
- Evaluate the degree of the threat
- Consider the differences between locations (e.g. urban and rural)
- Elaborate on measures that could reduce the risk
- Check whether the planned cash intervention could be implemented together with a UN institution, which would lead to a contractual security agreement.

○ **HQ instructs the Project Manager how**

- To manage the security plan
- To ensure the security measures
- To monitor the security situation, including a continuously updated incident list
- To include security aspects in the weekly report.

	<p>Partners for joint security</p> <p>After the assessment mission in Ingushetia in April 2000, a special security assessment was made by SDC. The main security threat "Hijacking of foreign personnel" was confirmed. Therefore, deciding in favour of a joint project implementation with UNHCR was very fruitful in terms of both security (UNSECORD) and cooperation. Both Cash for Shelter projects 1 and 2 in Ingushetia could not have been implemented without the security umbrella of the UN.</p>
	<p>Stay reasonable</p> <p>Sometimes the UN security standards are too rigid. After a plane crash in 2001, travelling by air was considered as insecure. As the Cash for Herders project in Mongolia 2002 respected the UN security rules, only travelling by road was permitted. Two months after the project had started, SDC requested that its personnel be permitted to travel by air, reducing the travel time between Ulaan Baataar and Gobi Altai (where the project was implemented) from 2½ days to 2 hours.</p>
	<p>Security first</p> <p>It is a matter of life and death!</p>

2.8 Institutional set-up and lean management

► In this chapter

Cash Projects require quick and efficient implementation. Cash Project management focuses on:

- matching available resources: time, money and staff
- reaching the aims set for the humanitarian project: targeting only the defined groups, early completion date, low overhead costs, know-how management
- clarifying the institutional set-up
- designing a lean management structure for implementation
- applying lean management tools and procedures

► Benefits

A reliable and well-accepted institutional set-up is one of the major elements in successful implementation. A clarified institutional set-up helps to prevent conflicts and unproductive competition. It shows who is responsible for what, the line of command, and the information flow(s). This is particularly important if many actors are involved and important tasks have been delegated (e.g. to backstoppers or project coaches).

Lean management means building up management structures on the part of the customer or beneficiary. By doing so, it is possible to implement Cash Projects with a very small number of permanent staff, for which it is also necessary, of course, to use lean management tools and procedures.

► Procedure

○ Clarification regarding the institutional set-up

This has to be clarified with the HQ and with the country office (if applicable):

- How independent should implementation be? How much project steering (by HQ or country office) is foreseen during the implementation phase?
- What type of institutional set-up (i.e. line of command) is most appropriate?
- To what extent is additional Cash Project know-how required?

The following possibilities exist for external support (backstopping):

Specific consultancy	Support during implementation (backstopping)			Mandate for implementation
<ul style="list-style-type: none"> ▪ Concept development ▪ Cash inputs on request ▪ Review ▪ Final evaluation 	<ul style="list-style-type: none"> ▪ Backstopping for HQ: as an external partner or as a member of the Project Team Cash 	<ul style="list-style-type: none"> ▪ Remote backstopping for the Cash Project: counselling based on reporting and e-mail requests 	<ul style="list-style-type: none"> ▪ Full backstopping for the Cash Project: counselling and missions 	<ul style="list-style-type: none"> ▪ Full responsibility for implementation of the Cash Project, based on project document and SDC contract

○ Every set-up has its advantages and disadvantages

Therefore, it is important to clarify these questions:

- What kind of external support is really needed?
- What are the conditions for a successful application of the favoured model?
- How much information is required to steer and advise?
- What are the institutional conditions and implications?
- Who has which responsibilities?



○ Designing a lean management structure

Apart from the Project Manager, two posts are decisive:

- An efficient and beneficiary-oriented local office manager/administrator willing to apply standard procedures and tools.
- An experienced local database manager. Any remote solution for data management should be avoided.

Office staff should be kept to a minimum. Additional staff for verification or monitoring can be engaged on a daily basis.

If security services are needed, it is advisable to turn to companies known to have satisfactorily rendered such services for other international humanitarian agencies.

	<p>Full backstopping</p> <p>Cash for Shelter 1 implemented in Serbia in 1999/2000 was successfully based on full backstopping. This move to rely on external help was initiated by SDC's country office in Belgrade, which also gave full support to the project management. In this set-up, the HQ was informed weekly about the progress made and was only consulted about strategic topics. The main collaboration was between the CfSh project management and the backstopper.</p>
	<p>Mandated implementation</p> <p>Cash for Housing in Kosovo in 1999/2000 was a successful Cash Project, based on the "mandated implementation" model, by a small consultancy group of architects. They were able to implement the Cash Project supporting the partial rehabilitation of about 300 houses in remote areas in about 4 months. This success was mainly the result of a lean management structure, an excellent Cash Project design, and the willingness of the local population to reconstruct houses urgently needed for winter.</p>

2.9 Resources needed for implementation

► In this chapter

A Cash Project has to be understood as an instrument within a whole set of emergency activities. Cash Projects are short- to medium-term interventions, requiring temporary infrastructure, staff with limited contracts, and rented transport capacities only.

Nevertheless, a professional IT solution and adequate IT equipment are needed for registration of beneficiaries, verification, payment, and monitoring. In this respect, every Cash Project must have a reliable solution – improvisation will not do.

► Benefits

Most assessment missions for Cash Projects pay particular attention to operational feasibility only. A well-prepared list of resources needed will permit the Project Manager to start the Cash Project quickly. An appropriate operational design will only tie up minimum resources to enable implementation with maximum output. Adequate procurement and management of equipment allow overhead costs to be kept low.

This sub-chapter also covers topics which will be dealt with in detail, from a more operational perspective, in Chapter 4, [Office set-up and administration](#).

► Procedure

○ Equipment

It is important to check for availability of office equipment and furniture locally:

- A list of the basic equipment should be drawn up.
- It should be determined whether the equipment needed can be purchased locally in terms of time and adequate quality.
- Any import bears the risk of delays, import taxes, difficulty of finding spare parts, etc.

Equipment has to be listed in an inventory. This facilitates proper management of equipment and helps to prevent fraud, especially once the project comes to an end.

It should be kept in mind that the project equipment will be handed over to other project teams or partners. Therefore, it should fit into the local context.

The office stationery needed should be calculated properly (paper, ink and toner cartridges, CDs, floppy disks, etc.). Many projects have run into problems because of inadequate stocks.

○ Local staff

The recruitment and management of local staff is a duty of the Project Manager's. Nevertheless, it makes sense to informally look for good professionals already in this phase.

Cash Projects are low-staff projects. Recommendations for the staff required, including their competences, should be done in writing. The following is a standard list of staff required:

Management	Database	Supporting measures	Transport
1 project assistant	1 IT specialist 2 typists/secretaries		

Depending on the situation: 1 liaison officer 1 translator	Temporary staff: for special tasks such as registration, monitoring, verification	If the Cash Project includes small projects: 1 assistant	Drivers: usually in combination with the car rental
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○ **Transport**

Mobility is important to project management. It is crucial for contacting local authorities and partners, for supervising the staff in the field, and especially for establishing direct contacts with the beneficiaries. Generally, one permanent car is sufficient. For additional transport needs there are four flexible solutions:

- Renting cars, whenever possible with drivers, is a good option. A contract should clearly specify the costs per km, including operation and maintenance, the availability of drivers, etc.
- Local transport for local staff is highly recommended; it is easy and reliable in most cases.
- Car sharing with local authorities or partners is an option. They sometimes agree to provide transport based on low compensation rates. The right to use a car with its driver should be fixed in a contract.
- Purchasing a car should be considered as a last resort only. What happens to the car after the end of the project must be clarified at the same time.

○ **Office**

Cash Projects do not require much space. Usually 2 to 3 rooms have proven to be sufficient. What is more important is to find adequate premises. Here are some criteria:

- Security is the main concern. The necessary guidelines are provided in sub-chapter 2.7, [Security assessment](#).
- Power cuts happen very often, and work on computers will then be blocked. It is better to obtain office quarters in a government building and in the centre of town, rather than to search for office space in a building equipped with an emergency generator set.

Vehicles used by the Project Team Cash should be stationed safely and nearby. Parking space should allow for an emergency departure.

○ **Communication**

Communication is crucial for each Cash Project. Local telephone lines should be available for contacts with local authorities and partners. For weekly reports and communication with an HQ, international connections are essential.


Quick and reliable access to telephone lines should be guaranteed. E-mail is the best means for reducing overhead costs and calls for well-prepared communication.



A satellite phone is the most expensive solution. It should only be considered in regions without any other communication system, or for security reasons.

○ **IT equipment**

Cash Projects require adequate IT equipment: a network of computers with a backup system and printers. Purchasing most of this equipment on the spot is rarely a problem. Following is a standard list of material which has proven to be sufficient:

Hardware	Software
3 computers, e.g. laptops because less sensitive to power cuts (one of them used as server with CD burner for backups) 1 hub (for rapid Ethernet) with cables 2 additional LAN cards for connecting laptops 1 laser printer 1 inkjet colour printer 2 copiers laptops provided by HQ for expatriates	MS Access (database for Cash Projects) MS Word (for correspondence and texts) MS Excel (for calculations, but not for beneficiary lists) MS PowerPoint (for presentations) Irfanview (freeware for filing photos)

	<p>Standard list</p> <p>Cash for Herders in Mongolia was started in a very short time. This was possible because the HQ agreed to use a standard list for IT equipment, and because expatriates benefited from cooperation with a local partner organisation. All the equipment needed was purchased before the project started, and the IT specialist of the partner organisation installed the software and set up the network. Once the SDC expatriates arrived, everything was ready.</p>
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	<p>Slow purchase of IT-equipment</p> <p>In the first SDC Cash Project, there was a reluctance to purchase the IT equipment in the region. The import lasted two months and considerably slowed down implementation.</p>
	<p>There are advantages to a lean project set-up!</p> <p>Cash Projects should be equipped according to standard lists as far as possible. A good equipment list provides implementers with a very important guide-line. Without such a list, many persons tend to exaggerate purchasing. Building a functioning computer network and using standard software have proven to be crucial. In Cash Projects staff can easily be limited to a few permanent professionals, with temporary staff being engaged as needed.</p>