



Save the Children

Cash Emergency Preparedness (CEP) Assessment

Myanmar

October 2013

EXTERNAL VERSION

Contents

- 1. Executive summary..... 2
- 2. Scope of assessment..... 4
- 3. Methodology..... 5
- 4. Experience of Cash transfer programming in Myanmar..... 7
- 5. CEP Risk Assessment..... 9
- 5.1 Appropriateness..... 9
 - 5.1.1 Recommendations: Appropriateness..... 13
- 5.2 Markets: Feasibility and Trends..... 15
 - 5.2.1 Recommendations: Markets..... 19
- 5.3 Delivery Mechanisms and Finance..... 19
 - 5.3.1 Delivery mechanisms available in Myanmar..... 20
 - 5.3.2 Delivery mechanism comparison matrix..... 21
 - 5.3.3 Recommendations: Delivery Mechanisms and Finance..... 33
- 5.4 Security..... 34
 - 5.4.1 Recommendations: Security..... 35

Annexes

- Annex 1: Map of Pauktaw township showing villages assessed*
- Annex 2: Baseline market map - Rice and imported commodities in Rakhine State*
- Annex 3: Emergency market map - Rice and imported commodities in Rakhine State*
- Annex 4: Price comparison of indirect transfer mechanisms*
- Annex 5: Distribution of bank branches*

Acronyms

CaLP	Cash Accountability and Learning Partnership
CEP	Cash Emergency Preparedness
CTP	Cash Transfer Programming
COD	Cost of Diet
EMMA	Emergency Market Mapping Analysis
FSL	Food security and livelihoods
HEA	Household Economy Approach
SC	Save the Children
SC-UK	Save the Children UK

1. Executive summary

Cash transfer programming (CTP) in emergencies is not new in Myanmar, with the first examples going back at least to Cyclone Nargis in 2009. CTP has also been used in humanitarian settings such as Kachin State. However, CTP is not yet being widely used for the current conflict context in Rakhine State due to the complexities of the situation. CTP has also been widely used in development programming in Myanmar, although this is not the focus of this assessment.

Despite the wide cash experience in Myanmar, this assessment found there to date there has been little innovation with the majority of cash transfers always being delivered through cash in envelopes or through banking, where it exists. The current climate in Myanmar is ripe for change, development and new technologies. It is hoped the changing political environment will enable the vast options available for CTP in different contexts to be explored more fully in the future. CTP as a tool has potential in Myanmar.

Overall, cash programming is feasible in Myanmar. In order to inform existing programming, this study focuses on the feasibility and practicalities for CTP in non-conflict affected villages in Rakhine state, forming part of the Tatlan consortium programme. No humanitarian camps or host communities were visited during this assessment. However, the market analysis touches on the effects the current humanitarian crisis and Cyclone Giri have had on its functionality. The overall market system sits within the current context, and its resilience and recovery from shocks is a factor to be measured when assessing the viability of a large scale cash transfer programme such as Tatlan.

Summary findings and recommendations are as follows:

APPROPRIATENESS – Overall Risk: Low

Summary of findings

- Cash is largely appropriate at community level – based on previous CTPs and interviews in Tatlan villages. Cash for work is currently the preferred modality due to the tangibility of the conditionality.
- Women are typically managing the funds in 80% of the households in Tatlan villages assessed.
- Seasonality is important for timing and amount of cash to be provided, due to the distinct high/low seasons in Myanmar.
- Vulnerability criteria would be acceptable but should be done through full community participation.
- Local government and donors are all accepting of the use of CTP in Myanmar, but with some concerns regarding targeting and conflict sensitivity in the humanitarian context.

Recommendations

- Programme design should ensure a full transparency approach for vulnerability and gender selection criteria, through community meetings, not just through committee.
- SC should consider how to engage with and support the Cash Working Group currently under formation. As a Steering Group member of CaLP, Save the Children UK already is engaging at global level.
- SC and other agencies considering CTP are highly encouraged to attend the CaLP Level 2 Training in Yangon, to be held in November 2009.

MARKETS – Overall Risk: Low

Summary of findings

- Markets are resilient to the recent shocks and are integrated and functioning.
- Prices took 7 months to stabilise after Cyclone Giri and 3 months after the humanitarian crisis/conflict.
- Prices are fluctuating more due to seasonality (high/low season) than inflation or conflict.
- People can buy what they need in their local villages and towns and there is no shortage of key commodities.
- Production for rice is down by 30% due to the conflict and labour rates have increased, as well as increases to transportation costs. However, the region can supply the deficit.
- Local traders may need support if a large scale cash transfer programme was undertaken.

Recommendations

- Market analysis training is highly recommended in order to inform proper response analysis for SC and other agencies considering CTPs.
- Tatlan programme should monitor prices and availability of key commodities (rice, oil, chilli, salt) throughout the project and build in contingencies for any future shocks/price rises into the size of the payments.
- Tatlan programme should undertake a rapid market analysis (using similar market tools to the CEP) in selected villages to understand how the market will respond to the CFW programme and if traders can supply what is needed to households at the scale planned in each location

FINANCE (INCLUDING DELIVERY MECHANISM) – Overall risk: Medium

Summary of findings

- Despite the rapid transition process currently taking place in Myanmar, the types of delivery mechanisms available for cash transfers remain very limited at present, particularly in rural areas.
- Distributions through banks (via remittance or bank accounts) would be the most appropriate delivery mechanism in Myanmar in urban areas only.
- Direct cash distributions are the most appropriate delivery method in the rural Rakhine context, closely followed by the use of hundis, then traders.
- Using hundis and traders as delivery agents may take time to set up in the Myanmar context due to lack of NGO experience, so may be more appropriate for longer term projects.
- Initial discussions are underway regarding the possible introduction of mobile banking and smart cards to banks.

Recommendations

- SC and other agencies should consider engaging with microfinance institutes at Yangon level and areas where CTPs may be used, in order to explore their potential.
- Developments in the mobile phone industry and financial sector should be monitored to assess their potential as future CTP delivery agents.

SECURITY – Risk: Low (Tatlan)

Summary of findings

- , In areas not affected by conflict, security risks in relation to delivering cash in Myanmar are relatively low. Lack of infrastructure in operational areas (e.g. no jetties to reach villages) is an argument in favour of CTPs rather than in-kind distributions, as they require less logistical support.
- Having respected community leaders accompany SC staff on previous CTP distributions has so far helped defuse tensions and introduce cash handling policies.

- Risks related to the transport of cash can also be reduced by ensuring that distances covered to transport cash to field office are minimised.
- Contracting a cash in transit insurance policy also effectively mitigates the impact of any security incident resulting in the loss of cash.
- No community members in Tatlan villages assessed reported any concerns regarding the risk of transporting cash back to their homes, even if from Sittwe or Pauktaw.

Recommendations

- A delivery mechanism should be selected which minimises cash handling.
- Transparency and communication of targeting criteria and involvement of community members (not just committee) should be used for CTPs.
- Selection of beneficiaries should take into consideration a “do no harm” approach to ensure that the programmes do not have a negative impact on the conflict dynamics
- Documented standard protocols for distributions of cash or vouchers should be specifically tailored to the local context and staff trained in the content.
- Cash disbursement points should be selected so as to minimise risks, distributions organised to minimise crowds and plans remain confidential until as close as possible to their distribution date.
- If using delivery agents, a due diligence process on their internal controls systems should be performed and trained/accompanied by SC staff if required, to ensure a transparent perception of them

2. Scope of assessment

The objective of a Cash Emergency Preparedness (CEP) assessment is to assess the feasibility and appropriateness of doing cash transfer in a given context and make operational recommendations for potential scale-up. CEP studies have been conducted by Save the Children UK in eight¹ other countries to date, through ECHO funding, with the initial pilots funded by CaLP.

Rakhine state was chosen as a location where large scale CTP is already planned by Save the Children. A large LIFT funded consortium programme “Tatlan Sustainable Food Security and Livelihoods Programme” is underway, in partnership with International Rescue Committee (IRC), Save the Children, Oxfam and a local NGO, Better Life Organisation (BLO). IRC are the lead agency overall for the consortium. The Tatlan programme contributes to improving the livelihoods of moderately and severely cyclone affected communities in four townships in Rakhine state, across four technical areas – Infrastructure (including Cash for Work), Fisheries/Aquaculture, Agriculture, Financial Services (including Microfinance). Save the Children is the lead agency for the planned Infrastructure/CFW activities.

No camps and host communities were assessed (Rakhine or Muslim) for this assessment. Villages visited were therefore only cyclone-affected (Tatlan). An additional ‘isolated’ Rakhine village from the WFP assessment in January 2013 was also included².

However, Pauktaw and Sittwe town were included for the market and delivery mechanism components of the assessment, as they are part of the market supply chain to Tatlan villages.

Similar assessments were underway by Save the Children in Rakhine at the same time, but with slightly different objectives. A rapid household economy approach (HEA) assessment was conducted in camps and host communities (both Muslim and Rakhine) in July 2013, with Oxfam, looking at

¹ Indonesia, Nepal, Bangladesh, Mozambique, South Sudan, Nigeria, Mali, and Niger

² WFP ‘Rapid Assessment of Non-Displaced Populations in Sittwe Township’, January 2013

income and food needs across different livelihood and wealth groups. A joint-NGO food security and livelihood (FSL) assessment was also being planned immediately following the CEP assessment, in late August also in Rakhine State. Whilst the focus of the CEP is specifically on operational issues in relation to CTP it provides detail market analysis to support findings from other assessments.

3. Methodology

This CEP assessment was conducted in Myanmar between 12th and 22nd August 2013. The assessment was undertaken within the framework set out by the SC-UK Cash Emergency Standard Operating Procedures (SOPs), which now form part of the SCI Emergency Preparedness Plans (EPPs).

The following methodology was used for each stage:

Objective of CEP risk assessment stage	Assessment approach and stakeholders met
<p>Appropriateness – Is CTP politically, socially, culturally acceptable by communities and within the local context? Can CTP be used to meet the most likely emergency-related needs?</p>	<p>Inception workshop with Save the Children national staff around past experience of CTP in Myanmar (e.g. Cyclone Nargis) and perception and appropriateness of CTP. Included basic training of key components of CEP assessment.</p> <p>Focus groups with communities in Taw Kan, Sin Pike, Na Pi Tet and Sin Toke villages, Pauktaw township to assess their household preferences for cash income & expenditure and community dynamics including seasonal trends.</p> <p>Discussions with:</p> <ul style="list-style-type: none"> - Deputy Minister of Social Welfare, Relief & Resettlement, Rakhine State - Oxfam – Thein Thein Aung, Livelihood Advisor - DFID - Steve Ainsworth, Conflict Advisor - ECHO – Christophe Reilten, Head of Office Myanmar & Cecile Pichon, Technical Advisor Myanmar - WFP - Kai Roehl, Head of Programmes; Victoria Tsa-an, Head of Field Office, Sittwe <p>SCI Myanmar/regional staff:</p> <ul style="list-style-type: none"> - Dr Ni Ni, Director of Programmes - Thang Za Liang, Livelihood Manager - Maung Maung Swe, Rakhine Regional Programme Manager - Richard Casagrande, Humanitarian Advisor - Vanessa Self, Regional SE Asia FSL Advisor
<p>Markets – Is CTP logistically possible, timely and cost effective to meet the potential needs of beneficiaries?</p>	<p>Focus groups with communities in Taw Kan, Sin Pike, Na Pi Tet and Sin Toke villages, Pauktaw township to understand where and how households buy what they need and market functionality, now and after previous</p>

	<p>emergencies.</p> <p>Small trader interviews in Taw Kan, Sin Pike, Na Pi Tet and Sin Toke villages, Pauktaw township and larger trader interviews in Pauktaw and Sittwe towns - to assess local level market trends for key commodities likely to be required in an emergency and understand market recovery trends after previous emergencies.</p> <p>SCI Myanmar staff: - Rakhine Regional Programme Manager - Pauktaw Area Manager - Logistics & admin officers, Sittwe - Tatlan programme staff, Pauktaw - Livelihood Manager, Yangon</p> <p>Secondary data – WFP price monitoring data</p>
<p>Finance/Delivery Mechanism – Is there an appropriate delivery mechanism, which ensures speed and accountability, while reaching all vulnerable groups? This stage also includes an assessment of internal logistical and financial capacity and controls.</p>	<p>Focus groups with communities in Taw Kan, Sin Pike, Kan Pyin Ywa Huang, Sin Toke and Nga Pi Tet villages, Pauktaw township to assess their understanding of different delivery mechanisms, their preferences and habits.</p> <p>Trader interviews in Taw Kan, Kan Pyin Ywa Huang, Sin Toke and Nga Pi Tet villages, Pauktaw township, Sittwe to understand their potential as agents and habits in terms of cash management.</p> <p>Interviews with banks in Sittwe, Pauktaw and Yangon.</p> <p>Interviews with hundis in Sittwe and Pauktaw.</p> <p>Interview with Mamta Khanal Basnet, Consultant for Global Electronic Payment System Ltd - provider of smart card technologies to NGOs.</p> <p>Interview with Ngwe Tun, Technical Director of Trust Links - provider of smart cards, PoS and ATM technology in Myanmar.</p> <p>SCI Myanmar staff interviews:</p> <ul style="list-style-type: none"> - Finance Director, Yangon; - Treasury Manager, Yangon; - Finance Manager for Dawn Microfinance, Yangon; - Support Officer, Pauktaw; - Regional Finance Coordinator, Sittwe.
<p>Security – Is the delivery mechanism safe for agency staff and beneficiaries?</p>	<p>Communities in Sin Pike, Kan Pyin Ywa Huang, Sin Toke and Nga Pi Tet villages, Pauktaw</p>

	<p>township to understand their perception of security risks when carrying cash.</p> <p>SCI Myanmar staff interviews:</p> <ul style="list-style-type: none"> - Security Manager, Yangon; - Finance Director, Yangon; - Treasury Manager, Yangon; - Support Officer, Pauktaw; - Regional Finance Coordinator, Sittwe.
--	---

A short literature review was also included of recent reports and assessments for the Rakhine context.

4. Experience of cash transfer programming in Myanmar

CTP is not new to Save the Children in Myanmar. SC first implemented cash following Cyclone Nargis in 2008 through a large scale unconditional cash grant programme in Yangon Division for 5,000 households. However, this was stopped by the government only two days after starting, but reportedly due to NGO work permit issues rather than due to the cash modality. Three months later SC reinstated a cash programme with the same beneficiaries, in the form of a Quick Impact Programme (QIPs) managed by the FSL team, providing conditional cash grants to community groups for early recovery projects.

Other examples of emergency CTP implemented by Save the Children Myanmar to date include:

- Cyclone Nargis 2010-2011 - **CFW for livelihoods** and **unconditional cash grants** for pregnant and lactating mothers, Yangon division (USAID)
- Cyclone Giri 2010 - **CFW for livelihoods & WASH** for 2,000 households, Kyauk Phyu and Myebon townships, Rakhine (DFID)
- Dry Zone Flash Floods 2011 – **unconditional cash grants**, Pakhoku and Seik Phyu townships, Magway division (ECHO)
- Delta Flood Response 2012 – **unconditional cash grants**, Thaubauung township, Ayarwaddy division (ECHO)

In addition to emergencies, CTP has also been used by SC Myanmar in development programmes. The main instances have been an EC funded cash grants to pregnant and lactating mothers, with SAM and MAM children in Magway Division between 2010 and 2011, implemented by the Nutrition team, and several projects providing group conditional cash grants to community CBOs for child rights governance and community development.

Overall, one of the main strengths of the SC Myanmar approach to CTP has been the consistent use of beneficiary accountability mechanism within its cash programmes. The mechanism has normally been a complaint box where beneficiaries can lodge questions or issues, with the process is explained in the communities at the start of the programme.

Other agencies that have implemented CTP in Myanmar in response to recent emergencies include Oxfam, IRC, Solidarite, CARE, ACTED and WFP. For the current Rakhine crisis, there are very few agencies currently doing CTP. At the time of this assessment these included DRC small business grants (pilot), WFP cash for work (through local partner CDN), and CDN small business grants. ACF and IFRC are reported to be planning cash programming in Rakhine and WFP are currently looking for further partners for cash for work. To date, market assessments have not formed part of CTP design and monitoring in Myanmar.

In 2012, Oxfam implemented a successful emergency food security cash grant programme in response to the Kachin crisis, through local partner Kachin Baptist Convention (KBC). The programme provided 7,500 households with cash grants for 8 months across 33 government controlled camps, through bank accounts. This was the first project the government allowed during the conflict. Oxfam also provided food aid in the non-government controlled areas at the same time. For the cash programme, the grant amount was set at 6,000 Kyats/per person³, with a condition that beneficiaries send a family member to attend a WASH training at the outset of the programme. Initially, the programme was designed as unconditional cash, but the modality needed to be changed at last minute in order to meet ECHO standard requirements on conditionality. Changing the modality was stated as one of the biggest challenges in the communities and required much sensitization.

Overall, the Oxfam's Kachin cash programme was considered a success and well received by beneficiaries and local government. Using banks as delivery agents was possible as the government camps were in an urban area of Kachin. Interestingly, Oxfam's food distributions in the non-government controlled areas did not go so well, as local markets were not functioning and supplies had to be brought in from China which was a logistical challenge and it was not possible to get the preferred types of food. Strengths of the programme included working through KDC, who were a good local partner, highly motivated and willing to learn. Beneficiary communication also played a significant role and complaint mechanisms were adapted throughout the programme in response to lessons learned. There were also challenges – such as difficulties with the relationship between the committee and KDN, and the grants acting as a pull factor to the camps.

There is currently no cash coordination mechanism or emergency food security cluster in Myanmar, but there are plans for a Cash Working Group to be set up soon, hosted by WFP.

5. Risk Assessment

One of the main components of the CEP process is a risk assessment. This is conducted in order to understand the level of risk for key steps involved in the set-up of CTP in a particular emergency context for a future response, and to ensure CTP can be fully utilized to its potential, effectively and efficiently.

5.1 Appropriateness

Overall risk: Low

Communities

At community level, cash is appropriate. All communities were in favour of CTP. *“If we have cash we can buy what we want”* was a common explanation for why cash would be preferred over in-kind distributions. Many appeared familiar with the concept from the humanitarian support the area received following Cyclone Giri. Only one village (Taw Kan) expressed initial hesitancy over whether the men in the household would waste cash (on items such as alcohol, cigarettes or snacks), but concerns disappeared once full discussion regarding the different modality options took place. Providing the cash to women in the family is one way to that would be appropriate to address these concerns, as women in the households commonly manage the budget for food and other household items. Providing cash to women was accepted as a popular option, amongst both men and women interviewed.

³ The amount was calculated per individual, instead of household, as it was hard to define the household unit, given the nature of extended family hospitality and the number of unaccompanied children.

Consumption vs purchase

A small food source analysis was done in Na Pi Tet village, showing that purchasing of food from markets (either in the village or nearest town) represents approximately 65% of a trader or landowner's typical food source, but for a casual labourer purchasing is only to only 25% of the food source with the other 40% of food coming from borrowing from family or friends. This implies cash is highly appropriate and needed for household food security for both groups, particularly the casual labours (consisting of 63% of the total population) where cash would be helpful to potentially reduce the level of borrowing and instead increase household purchasing power.

Modalities

At community level, cash for work was found overwhelmingly to be the preferred modality. CFW is felt to be better as it would provide needed labour opportunities/work in the villages, as well as cash. Communities would be more comfortable with targeting being used for cash for work, but more hesitant if targeting is used for other cash/food assistance modalities, in particular food. After cash for work, unconditional cash was the next popular modality, due to the choice and flexibility it would provide, followed by food aid, and lastly vouchers. It is interesting that food was chosen over vouchers, showing not all cash interventions would be preferred over in-kind (at least for food) in this context. Vouchers are not culturally familiar in Myanmar and therefore would require more community sensitization if they were to be used. If providing vouchers, communities also raised concerns over specific traders not being able to supply the right quantities of commodities and the rigidity of certain items limiting freedom of purchase. If this is compared to a cash grant, beneficiaries said they could choose from a wider range of traders, either in the local village or Sittwe and Pauktaw, and had more flexibility about how often, where, how much and of what they could buy.

Cash for multi-sector outcomes

Priority household expenditures were identified as food, followed by medicine, repaying loans, clothes, NFIs, livelihood assets, and shelter. For this assessment, the appropriateness of cash was limited to a discussion of CTP vs food, as food was identified as the main household priority, and the mostly likely expenditure of a cash grant. However, the use of CTP in general should not be exclusively limited to just the food security sector and a similar exercise could be conducted in Myanmar to further assess the appropriateness of cash across a range of sectors. There is growing evidence globally that cash can be used effectively for multi-sector outcomes⁴. Already, using large scale CFW as a key component of the Tatlan programme will address the use of cash for multi sector outcomes – such as WASH, shelter, livelihoods via the community CFW activities (e.g. embankment building, pond clearing, debris removal). The provision of cash for lactating and breast-feeding mothers under the Nutrition components of the programme is another example of using cash for multi-sector outcomes.

Targeting

Targeting as a concept is acceptable at Tatlan village level, with communities being very clear on who they felt was most vulnerable. Casual labourers area are considered the most vulnerable, with additional indicators stated as 'poor', landless, low income, households with many children, large households, elderly without family support, and female headed households. Communities requested the targeting process should be completely transparent, and selection done at community, not committee level. The most appropriate approach was suggested to be holding full community meetings to explain purpose of the project and to decide selection criteria. If committees are left to decide it was felt they would not always select the most vulnerable or people would blame the committee afterwards if they did not get selected. Interestingly, communities stated they felt more comfortable with the idea of targeting for cash transfers, compared to food aid. Several villages said

⁴ Save the Children and CaLP are both currently writing TORs for pieces of work around developing a stronger evidence base for multi-sector outcomes for CTP

that if food aid that was given to the most vulnerable only, they would pool the food together afterwards as a village and redistribute evenly, even if they had agreed the criteria. This equates to a general feeling that 'food is for sharing'. However, for cash grants (especially cash for work payments) there would be no redistribution afterwards and the criteria would be more accepted, with the cash remaining with the person it was provided to.

Gender

Communities in rural Tatlan villages are open to the option of cash being provided to the woman in the household. Men said they would respect the decision to provide to the woman and not ask to take the cash from her once distributed. In almost all villages, most women are managing the decisions about household expenditure, particularly food. In a given village, this ratio is estimated to be approximately 80% women managing household budget, and 20% men.

For cash for work, it was felt appropriate that women should be allowed to participate as well as men. There was no indication of what proportion of places should go to men or if there should be set places per village. Instead this should be decided through community consultation. More emphasis seemed to be placed on the importance of vulnerability criteria rather than gender criteria, but if the woman was a female-headed household then it was felt she should certainly be a priority for selection. It is essential therefore to provide consideration or support to adequate child care for cash for work participants, if a large proportion of them are likely to be women in this case.

Seasonality

The monsoon season in Myanmar lasts for approximately six months every year, between June and October. Rakhine State also receives some of the highest rainfall in the country, approximately 4,500 mm per year. However, there is no rainfall between December and April and temperatures soar. Seasonality affects prices significantly and there are distinct differences between high and low seasons. Prices increase during the monsoon season, with rice typically increasing by 25%.⁵ Seasonality also affects the availability of labour, credit borrowing patterns, expenditure, income and livelihood options available, depending on time of year.

Rakhine rice production only brings in one harvest a year, due to high water salinity levels. Sowing takes place in May to June, and harvest from October to November, immediately after the rainy season. The rainy season or the months leading up to the harvest are the high season when prices are higher, and in terms of food security this period can be considered the 'lean' season. June to August in particular are difficult months, when spend is higher than income, and prices are high. Fishing takes place all year round, and is either prawns or fish, depending on the season. The time of year when most income is earned is during non-monsoon months, November to May, due to fishing, which can bring in the most income. There are most jobs during the monsoon season, due to work on embankments for paddy fields and prawn farms.

Any cash programming should therefore take seasonality into account, and consider timing the intervention for the time of year when market prices are high and/or consider changing the amount of cash payment provided during high and low seasons. By providing a slightly larger amount during high season months (i.e. June to October), it would ensure the cash can still be used to meet the same level of household and food needs, as people would be able to afford the same amount of items they would in other months.

Labour rates

Typical daily labour rates are 2,500 Kyats/\$2.5 day for men (weeding, sowing) and 2,000 Kyats/\$2 day for women. Harvesting can earn up to 2,400 Kyats/\$2.4 day but is for men only. Fishing can bring in

⁵ Typically 3,000 Kyats/basket in summer and 4,000 Kyats/basket in monsoon season (Sittwe prices)

7,000 Kyats/\$7 week plus food, for women (sorting fish), and 30,000 Kyats/\$30 week plus food, for men (working out at sea). Prawn fishing is popular for both men and women and earns a daily rate of 2,000 Kyats/\$2. Labour rates before the conflict were lower, for paddy these were 1,500 Kyats/\$1.5 for men and 1,000 Kyats/\$1 for women. Despite the increased labour rates, casual labourers say overall they are worse off because there are now less opportunities to work, due to loss of work on Muslim boats for fishing and Rakhine farmers cultivating less land due to inability to afford the labour rates.

It is advisable to set cash for work payments according to the following good practice criteria:

- Amount should be slightly lower than local labour rates - this avoids the risk of cash for work becoming seen as substitute for real employment and taking away from longer-term livelihood opportunities. It also encourages the most vulnerable to self-select themselves, according to their genuine need to work.
- Amount should be linked to the cost of a typical daily food basket – payments should go towards or fulfill the daily minimum kcal needs per person (2,100kcal for adult), to ensure it meets minimum food and nutrition security.

Payment amounts should also be consistent as possible with other agencies doing CFW in the same area, provided they are also following the above criteria.

Credit

Most people don't have access to loans except the large land owners. Some people reported getting informal loans in Pauktaw for 15% interest a month, for a period up to 3 months. However, those without assets cannot borrow, which normally means the most vulnerable are excluded. A more popular form of credit is pawning, which gains interest at 3%/month on items pawned. Getting an advance on paddy sale is common practice for farmers, but can also be seen as a negative coping mechanism as it brings in almost 40% less income by selling it early (70,000 Kyats/\$70 for 100 baskets instead of the normal selling price of 120,00 Kyats/\$120). Often paddy is stored for up to a year in order to get a better price on the market.

Traders

Traders were interviewed as part of the market assessment. Where asked, all were found willing in principal to be involved in a cash transfer intervention (through providing commodities) but not all had the capacity to act as delivery agents. More details can be found on their ability to participate in response to a cash transfer programme under the *Risk Assessment- Markets and Delivery Mechanisms* section.

Local government

Local government said they are open to the idea of providing CTP in principal, although did not appear very familiar with the modalities. Main concerns for them are also targeting and conditionality.

Social protection in Myanmar is currently very fragmented in terms of where it sits within government and does not cover a broad spectrum of social security, instead focusing on targeting specific vulnerable groups (e.g. disability allowance) and does not seem to take into account poverty levels and larger 'safety net'-style cash programming. As such, there is no clear government-led social security programme that could be assessed as part of the CEP, or Ministries to meet with. The World Bank is currently undertaking a 6-9 month assessment of social protection in Myanmar, working closely with UNICEF. SC should ensure it keeps engaged in these discussions and could share analytical tools and assessment data around food security (e.g. HEA and Cost of Diet (COD)) and experience of cash transfer programming (such as the CEP analysis), which may be useful for the dialogue and development of social protection policies in Myanmar.

Donors

WFP

WFP is about to start, or was starting at the time of this assessment, a CFW programme in 5 non-conflict affected villages through a local partner, CDN. Cash for work was chosen as a modality rather than cash grants or vouchers, as survival needs appeared to be well covered in the initial assessment, therefore cash for work in these villages will aim to restore livelihoods and community assets, as well as injecting cash into the local economy. WFP has also produced its own country CTP guidelines for Myanmar and will be hosting the CaLP Level 2 Training taking place in Yangon in November 2013. There could be scope for Save the Children to engage with WFP on CTP in general Myanmar, considering as both WFP and SC-UK are key Steering Group members of CaLP at global level.

The Sittwe Field Office has been running a largely logistical operation for food aid for the humanitarian crisis and so to date and has not had capacity to focus on any elements such as market analysis, although some basic price data was collected for key commodities immediately following the crisis earlier in 2013.

DFID

DFID are funding the LIFT consortium for the Tatlan programme. They are also currently having discussions with Trocaire who are considering shifting from food to cash transfers in Kachin State. In principal, DFID are open to CTP as a modality in Myanmar.

ECHO

ECHO do not have a special approach or preferred modality for CTP in the context of Myanmar, but instead refer interested partners back to their global guidelines for cash and vouchers in humanitarian programming. All decisions should be based on agencies' own assessment and response analysis and how they see that fits within the environment in Rakhine, or elsewhere. However, on the other hand ECHO Myanmar recognise that many agencies implementing CTP in Myanmar to date have not been able to do a full market assessment or response analysis and have had to set up cash programmes very quickly in order to respond to the immediate needs, such as replacing food with cash in Kachin (Oxfam). CTP is new in Myanmar and partners are still forming their strategies and approaches. ECHO Myanmar recommends continued engagement with their Regional TA in Bangkok for specific CTP discussions, which SC is already doing regionally and from Myanmar.

5.1.1 Recommendations – Appropriateness

- **Complaints mechanisms already established under previous SC CTPs in Myanmar should be built upon and developed.** There is real opportunity here to utilise and build beneficiary accountability tools.
- Tatlan programme should ensure a **full transparency approach for vulnerability and gender selection criteria**, through community meetings, not just via committees.
- **CFW payment amounts or any cash grant should take seasonality into account** and consider timing the intervention for the time of year when prices are high (monsoon season) and/or consider differing the amount of cash payment provided during high and low seasons, by building this into the budget.

- SC should consider how it can **engage with and support the Cash Working Group** currently under formation. As a Steering Group member of CaLP, Save the Children is already engaging at global level.
- SC and other agency staff are encouraged to **attend the CaLP Level 2 Training in Yangon in November 2013**
- Donors are interested in seeing CTP based on response analysis and market analysis. Following on from this CEP assessment, **SC should continue to engage in analysing results and recommendations from the CEP, rapid HEA and joint- agency FSL assessment to inform any future Food Security and Livelihood programming** in Rakhine state.
- Given the scale of the Tatlan programme and consortium nature, would be interesting to potentially use information from the programme for a **case study in developing an evidence base for multi-sector outcomes for current SC and CALP research.**

5.2 Markets – Feasibility and Trends

Overall risk: Low

Markets have a central role in people's lives and livelihoods, in both the food and non-food sectors. As a result the international community of practice is becoming more market aware and there is consensus that humanitarian responses, such as cash transfer programming, should not have a negative impact on markets and consumers. Therefore, market analysis is essential to inform responsible cash transfer programming.

The markets assessed in villages and in Sittwe/Pauktaw were found to be functioning well and are integrated⁶. Overall, markets in Rakhine state appeared to have been resilient to the effects of both the recent humanitarian crisis and cyclone Giri back in 2011. Findings are based on direct observation and interviews in Rakhine areas with traders and key informants. Reference has been made to the bigger market picture (including Muslim market actors) through secondary data. However, as this assessment did not visit any Muslim areas, the CEP market analysis would need to be triangulated with other market/FSL assessments for a complete and accurate picture of the market system. The baseline and emergency market maps (*Annexes 2 and 3*) provide a useful framework going forwards which can be built upon and developed further alongside the results of the rapid HEA and joint agency FSL assessment.

This section will start with an analysis of market feasibility for supporting a cash transfer programme, primarily in Pauktaw township. It will then discuss some of the trends and challenges the market system overall in Rakhine has faced as a result of a) the current humanitarian crisis and b) Giri, and what this means for CTP that is being planned in Tatlan.

Current market feasibility for CTP

At household level, the four main commodities that people were found to currently buy are rice, oil, salt and chilli. All these items, as well as other basic food and some non-food items are available at village level, as well as Pauktaw and Sittwe. Every village has at least one, or a few, small traders operating which function well for meeting household immediate needs. The majority of communities buy their food in small quantities, every few days, and the wealthier buy weekly. Spending patterns are limited by household cash availability. People normally buy their daily commodities in the village, but go to their nearest town (Pauktaw or Sittwe) on average once a week (or less) to buy food in bigger quantities, to buy NFIs, or for other business. Casual labourers reported rarely going outside the village to shop as they "have no money". People also tend to go to Pauktaw or Sittwe more during the borrowing season. For rice, prices are cheaper in Sittwe and Pauktaw than the villages, with Sittwe being cheaper than Pauktaw.

The distance to Pauktaw for most villages is maximum 1 hour, by boat. Taw Kan village is 45 mins away from Sittwe, by rickshaw. Average cost per return trip to both towns is 1,000-1,500 Kyats (\$1-1.5). Such distances and prices would be reasonable if beneficiaries had to go to town to collect or spend cash transfers. However, a mapping should be done for all participating villages before a CTP commences to ensure they have good access in case they are unable to purchase what they need in their village and have to travel to town, beyond the norm.

⁶ An *integrated market* is 'when linkages between local, regional and national market actors are working well. Any imbalance of supply and demand in one place can then be compensated for by other goods supplied from nearby' (EMMA, 2004). This assessment was not able to do an extensive analysis due to time and resource limitations, but from initial data gathered and analysis of the bigger picture dynamics, the market was found to be functional and largely integrated.

If undertaking CTP in a given geographical area, a basic calculation should be done to work out if the market is able to expand to an injection of cash and enable people to buy what they need, without incurring long delays. This can be done by looking at the amount of key commodities needed by an average household, the number of households in each area, and the capacity of the nearby traders to supply these key commodities. This can be done as extensively as organizational capacity allows, depending on the level of market analysis felt needed, but as a minimum a rough estimate should be taken before starting any CTP.

Figure 1 - Priority food needs per household per week (based on average family of 6)

Commodity	Quantity per week ⁷	Example price (high season)	Purchased from
Rice (Ehmata)	3 baskets/40 kg	12,000 Kyats/\$12	Village retailer/mill
Oil	1 litre	1,800 Kyats (depends on type)/\$1.8	Village retailer
Salt	500g	200 Kyats/\$0.2	Village retailer
Chilli	200 – 800g	Varies – 500 to 2,000 Kyats/\$0.5-2	Villager retailer

Overall, traders in local villages and nearby towns assessed were found to be able to supply people with what they need according to their current purchasing power and no communities reported any items being currently unavailable. Each village was found to have on average between 2 to 10 traders operating, depending on size of the village, but mostly selling very basic commodities such as rice, oil, salt, chilli, plus spices, limited vegetables (onions, garlic), kerosene, snacks, toiletries and coffee. Green vegetables were largely not found to be sold due to a lack of production of any crops other than paddy. This is due to high water salinity in the coastal Pauktaw areas. Where green vegetables were found on the market (in just one village) these were imported in from Pauktaw town by village traders, who sells them on the street informally. Pulses are not eaten regularly and are considered luxury items and not sold in local markets.

In villages, rice is typically sold direct from small local mills (owned by larger landowners), rather than from shops. Where there is no mill in a village, small shops provide rice instead. Larger villages visited were have 1 or 2 mills, and smaller ones have none. At town level, rice wholesalers and retailer outlets are also often attached to mills and owned by landowners, although separate rice wholesaler and retailers also exist.

Traders at village level reported restocking on average weekly or fortnightly, or according to demand. Transportation to Pauktaw by boat is 2-3,000 Kyats/\$2-3 return, plus 500 Kyats/\$0.5 per 50kg freight and an extra 200 Kyats per 50kg for delivery, if required. Cost of boat to Sittwe is cheaper at 1,000 Kyats/\$1 return. A typical monthly purchase for one trader in Kan Pyin Ywa Huang village was 300-400,000 Kyats/\$300-400, increasing up to 7,500,000 Kyats/\$750 for a large retailer/small wholesaler in Pauktaw. All traders reported having multiple supply chains and don't just rely on one trader. They choose where they go depending on availability and prices, but mostly based on existing relationships and trust.

As to be expected, there are distinct differences in expandability of trade, access to credit and liquidity depending on whether the trader is at village level, town retailer or town wholesaler. Expandability of trade beyond current levels at village level would be limited due to storage space and limited liquidity. Storage space was also an issue for most village traders who sell direct from their shop/house and have no surplus space. However, traders in Pauktaw and Sittwe could significantly expand to increased trade, as demand requires.

⁷ Converted from the local measures of weight of cups, bags, baskets (Rakhine & Myanmar), pyi, viss and ticals

Potentially some of the larger wholesalers in Sittwe (but not Pauktaw) could also be used as delivery agents. For example, one very large rice wholesaler stated he would be open to delivering cash on behalf of an NGO such as SC, but under conditions that all cash would need to be transferred in advance (no pre-financing of transfers), prices would need to be negotiated based on distance to be covered and the number of beneficiaries. However, he would only distribute to Rakhine communities only. No large Muslim wholesalers were assessed.

Overall, the credit system is functioning for borrowing/buying on small amounts, but not large amounts. Town retailers allow credit to village traders for up to 15,000 Kyats/\$15, with a two week repaying window. Smaller villager traders reported giving anything between 1,000 Kyats/\$1 to 10,000 Kyats/\$10 to customers. Village traders can also buy on credit (maximum reported was 100,000/\$100) but all said the number of suppliers allowing them credit had dropped since Giri and the current crisis (down to only 20% average of their suppliers). However, small traders still allow the majority of their customers to buy on credit, provided there is trust. The market therefore seems to favour consumers more than traders for small purchase, and traders at village level could benefit from a little support if CTP was to be done at scale in their area. Village traders interviewed also did not feel they would have access to credit or capital to be able to expand their trade much more beyond a small % further, due to lack of capital or liquidity, but this was hard to verify precisely.

Therefore, depending on the scale of the CTP in each area of the Tatlan programme, it may be worth considering providing small start-up grants to village traders to participate and stimulating local trade, rather than encouraging beneficiaries to use markets outside of the village, which could happen if demand exceeded supply at village level. This could certainly be useful for casual workers participating in Tatlan CFW, who typically use markets more inside their village rather than going to town.

Effect of the humanitarian crisis on the Rakhine market system

In Myanmar, Rakhine state is one of the main national producers of rice. To illustrate how the market has been affected by the current crisis and how this has affected possible supply and demand, a top line market map was done using rice as a key commodity, to show how the market behaves normally for rice, and how it has been affected following the emergency. *Annex 2* shows the market chain of actors, the underpinning environment, and the key infrastructure, inputs and support services that normally needed for the production and supply of rice in Rakhine. *Annex 3* shows the effect of the conflict on the rice market. Other imported foods (non-cash crop) and NFIs were also included in the map, as Muslim and Rakhine retailers don't trade rice to each other, but do (or did) for other imported food. The existence of brokers is a significant change in the new emergency market system (although none were met in person), and are also reported to play a more important role for the flow of imported food items, than rice. However their existence affects the overall system but probably does not have much direct affect to the Tatlan villages.

Overall, the current humanitarian crisis has not damaged market integration and functionality, as it has adapted itself through forging new linkages and new market players (e.g. brokers and the new market hub of Thea Cheung). However, it is now a largely segregated market. After the crisis, the price of rice only increased by 12.5% and remained high for 7 months, before returning to its normal level, which indicates a healthy market resilience. However, there are many breakages in the emergency market system and depending on location and affected group (Rakhine or Muslim), the effects of these changes are felt differently.

This year's rice production for the Rakhine is estimated to be down by 30% compared to normal, caused by a loss of labour force (predominantly Muslim) due to displacement and rising labour rates.

This has resulted with many Rakhine landowners (previously the majority rice producers) now unable to afford to cultivate as much land as before. This is also combined with land access issues caused by the crisis and displacement for many of the Rakhine themselves. 'Illegal' or unofficial rice exports to Bangladesh were previously happening before the crisis, but have now been significantly reduced.

Transport has also been affected all over the region. There is less transport available than before and it is more expensive for the Rakhine to travel around rural areas of Sittwe than before. For the Muslims, there is limited access allowed outside of their designated zones so movement of their goods has also been significantly damaged. Boat trips to Pauktaw town for villagers in Pauktaw township were expensive during the conflict but now have returned back to normal. It is still high in Sittwe. There was also a train that ran in Sittwe that is now no longer operating, so travelling is by road only and roads are in poor condition.

The main change to the market chain is the breakage of former trade links between Muslims and Rakhines. However, the increase of brokers has meant that trade between the groups is still happening. Thea Cheung market, just outside Sittwe town, has become the new market centre and is bustling with activity. Some Rakhine are reported to be still doing trade with Muslims but at a reduced level. Rakhine in Thea Cheung supply Muslim traders there, who then supply the other Muslim areas. There are reportedly many Rakhine traders still living 'behind the lines' in the Thea Cheung area who are also now important intermediaries for the market chain. However, blockages still reportedly occur as extreme groups and monks in Sittwe are putting pressure on Rakhine business men who are trading with the Muslim area via Thea Cheung. The market chain is therefore volatile and extremely segregated, but is holding together and functioning.

The use of brokers means that Muslim retailers can still buy supplies from Rakhine wholesalers in Sittwe town, and Rakhine wholesalers are also in some cases still delivering to Muslim retailers. The rapid HEA assessment found that Muslim farmers in rural Sittwe can still sell their surplus rice, through a local Muslim broker, who will collect it and sell through their connections to Rakhine wholesalers/retailers in town. In rural Sittwe, Muslim camps have small shops, supplied by Muslim traders, supplied by the Rakhine who will still do business with them.

At community level in Pauktaw, Rakhine traders and consumers did not report much change to the market during the crisis or now. No one reported having to change their suppliers and people are trading as they were before. Other than the small price increase of key commodities for a few months (mostly for rice), the market has returned to normal for them. However the picture is likely to be different for Muslim population in Pauktaw, with different access to markets and supply chain, which would be important to explore markets further for the Tatlan CFW programme.

Effect of Cyclone Giri on the Rakhine market system

Following Cyclone Giri, rice prices increased by 30% and remained high for one year, directly linked to the yearly harvest pattern and the time it was unavailable locally in affected villages. However, throughout this time rice was able to be brought in from Pauktaw town or other areas within Rakhine state which kept availability in the market constant after the initial increase from the shock. Unlike the post-conflict market, rice prices have not completely returned to their previous level for rice post-Giri and are still slightly higher than they were before the cyclone. This is an interesting finding that implies the market has been more resilient to the conflict than it was to Cyclone Giri.

Another interesting finding is that traders met during this assessment reported more price increase at village level following both shocks, than at Sittwe or Pauktaw level. We can speculate this could be due to villages being nearer the production which was damaged, and once the rice reached the

township and state level markets, other suppliers could also supply the market from elsewhere, thus bring prices down due to the competition

Figure 2 – Sample prices of ‘Ehmata’ rice - current, during conflict and post-Giri

Location/Market	Current price per 50 kg bag	Price during conflict per 50 kg bag	Price post- Giri per 50 bag
Sittwe wholesalers (average)	12, 850 Kyats	13,150 Kyats	-
Pauktaw retailer	14,000 Kyats	No change	No change
Pauktaw wholesaler/mill (medium)	14,000 – 16,000 Kyats	No change	No change
Sittwe village (Taw Kan)	15,000 Kyats	17,000 Kyats	No change
Pauktaw village	12,500 Kyats	14,000 Kyats	17,500 Kyats
Sittwe wholesaler (large)	12-15,500 Kyats	No change	No change

5.2.1 Recommendations – Markets: Feasibility and Trends

- **Market analysis training is highly recommended** in order to inform proper response analysis for SC and other agencies considering CTPs.
- **Tatlan programme should monitor prices and availability of key commodities** (rice, oil, chilli, salt) throughout the project and build in contingencies for any future shocks/price rises into the size of the payments.
- **Tatlan programme should undertake a rapid market feasibility analysis just prior to starting CFW** (using similar market tools to the CEP) in selected villages to understand how the market will respond to the CFW programme and if traders can supply what is needed to households at the scale planned, for the numbers of beneficiaries in each location.
- Depending on the results of the market analysis in selected villages, **small cash grants to traders should be considered** if the CFW programme is likely to expand trade significantly at village level. It may be that villagers will choose to shop in Pauktaw or Sittwe in which case this may not be necessary. Further market analysis will highlight this.

5.3 Delivery Mechanisms and Finance

Overall risk: Medium

Up until recently all sectors of the Myanmar economy were highly regulated by the government. However, since the elections that took place in 2012, the country has experienced a rapid process of deregulation and has been opening up to the world. From April 2013, in response to the political reforms taking place in Myanmar, EU countries and the US have gradually, and permanently, been lifting their sanctions and other trade embargoes, thereby facilitating international trade and money transfers. This process has facilitated a boom in the introduction of new technologies readily available within the region. However, despite this rapid transition process, the types of delivery mechanisms available for cash transfers in Myanmar remain very limited at present, particularly in the rural context of Rakhine, one of Myanmar’s least developed states.

Whilst distributions through banks (via remittance or bank accounts) is the highest ranking delivery option based on the matrix below, this is only applicable in urban contexts, hence direct cash distributions remain the most appropriate method in the rural Rakhine context, closely followed by the use of hundis and eventually traders as delivery agents. Because of this, and due to the lack of delivery mechanism alternatives in remote areas, the financial assessment deems the risk of CTPs to be medium.

5.3.1 Delivery mechanisms available in Myanmar

We have assessed the availability, functionality and appropriateness of both traditional and more innovative delivery mechanisms available within Rakhine State. Whilst this can be generalised to the rest of Myanmar, Rakhine remains a particularly under-developed state within the country, with weak infrastructure.

Whilst the Myanmar government has been encouraging lending to its citizens since the November 2011 Microfinance Law⁸, at present, microfinance services remain limited with demand far outstripping supply. INGOs are one of the key providers of microfinance in the country, with PACT, GRET, World Vision and Save the Children as the leading institutions. None of these organisations however operate in Rakhine, which means that they are not treated as a potential delivery agent in this assessment. Save the Children should however consider engaging with microfinance institutions to assess their potential as a delivery agent for CTPs in states other than Rakhine.

At present, there is only one transfer agent, Western Union, in Myanmar. Western Union started to provide international transfer services in Myanmar from September 2012 when it signed an MoU with a first bank. Since January 2013, the network has grown very rapidly with the signature of agreements with a further 7 private banks throughout the country. Western Union services are only available to process international transfers. For all national transfers banks' remittance systems apply hence transfer agents have not been considered within this analysis.

Currently there is also only one mobile phone network provider, Myanmar Post and Telecommunications (MPT), which does not offer mobile transfer technology. Mobile phone services also remain very marginal with 3% of the population owning a mobile phone in 2011 (latest data available)⁹, despite a very significant drop in SIM card prices over the past couple of years from 3m MMK (approx. USD 3,000) to 250,000 MMK (approx. USD 250). This could however rapidly change with the opening of the mobile phone network industry to Telenor and Qatar Telecom effective from 2014, hence developments in this industry should also be monitored to assess their application to CTPs the longer run.

The following delivery mechanisms are therefore available in Rakhine state and in Myanmar at large:

- Direct cash in hand distributions;
- Opening bank accounts to beneficiaries, however as ATMs are rare outside of Yangon (there are currently not ATMs in Rakhine state) the option of debit cards is not considered here;
- Bank remittances: funds are made available for individuals to collect in a predefined branch. Neither the sender nor the receiver require a bank account to send or collect the funds;
- Using hundis as delivery agents: hundis, also known as hawalas in other countries, is an informal transfer or remittance system, whereby funds are made available in one location,

⁸ E. Duflos, P. Luchtenburg, L. Ren, and L. Y. Chen, *Microfinance in Myanmar Sector Assessment*, IFC Advisory Services in East Asia and the Pacific, 2013

⁹ T. Fuller, E. Pfanner, "Myanmar Awards Cellphone Licences", *New York Times*, June 2013, http://www.nytimes.com/2013/06/28/technology/myanmar-awards-cellphone-licenses.html?pagewanted=all&_r=0

using a network of obligations between brokers and businesses, without cash being actually transported. Hundis' existing infrastructure could therefore be used to organise the delivery of cash to beneficiaries;

- Using traders as delivery agents: large traders existing networks and logistical capacity could be used to organise distributions to end beneficiaries;
- Smart cards as e-vouchers: point of sale terminals are provided to pre-defined traders and beneficiaries use their smart cards to "pay" for goods collected in the shop. Traders are then reimbursed using bank remittances;
- Vouchers: price or commodity vouchers are distributed to beneficiaries and can be redeemed from contracted traders.

5.3.2 Delivery mechanisms comparison matrix

The table below compares different cash transfer delivery mechanisms based on predefined criteria to assess the most appropriate method for the context of Myanmar, and more specifically for CTPs in Rakhine state.

For this analysis, the different criteria have not been weighted, hence whilst one method may rank as the highest based on all the available criteria, it may not be appropriate depending on the location of implementation of the project (urban vs. rural) or the length of the project. For this reason, specific recommendations for the use have been made for each delivery mechanism.

The table below follows the following scoring system:

	Points if positive criteria	Points if negative criteria
None	0	5
Very low	1	4
Low	2	3
Medium	3	2
High	4	1
Very high	5	0

For example:

- Speed of introduction is a positive criteria, i.e. the higher the speed of introduction, the better;
- Cost of the mechanism for SC is a negative criteria, the lower the cost the cost, the better.

Criteria	Distribution of envelopes by SC	Banks: opening of bank accounts	Remittance through banks	Use of “hundis” as delivery agents*	Use of traders as delivery agents**	Smart cards as “e-vouchers”	Vouchers
Speed of introduction	3 - Medium	3 - Medium	5 - Very high	3 – Medium	3 - Medium	1 - Very low	2 - Low
Ease of scale up	2 - Low	5 - Very high	5 - Very high	3 – Medium	3 - Medium	3 - Medium	3 - Medium
Geographical coverage	5 - Very high	2 - Low	2 - Low	3 – Medium	4 - High	3 - Medium	4 - High
Flexibility in fund management by beneficiaries	2 - Low	5 - Very high	2 - Low	2 – Low	2 - Low	2 - Low	1 - Very low
Cost for SC	1 - High	3 – Low	2 - Medium	2 – Medium	2 - Medium	0 - Very high	1 - High
Ease of physical access for beneficiaries	4 - High	1 - Very low	1 - Very low	3 - Medium	4 - High	3 - Medium	3 - Medium
Cost of system for beneficiaries after the end of the project (e.g. bank charges)	5 - None	4 - Very low	5 - None	5 – None	5 - None	5 - None	5 - None

Criteria	Distribution of envelopes by SC	Banks: opening of bank accounts	Remittance through banks	Use of "hundis" as delivery agents*	Use of traders as delivery agents**	Smart cards as "e-vouchers"	Vouchers
Legal documents required from beneficiaries for start up	5 - None	1 - High	1 - High	5 - None	5 - None	5 - None	5 - None
Security risks for SC	1 - High	4 - Very low	4 - Very low	2 - Medium	2 - Medium	4 - Very low	3 - Low
Security risks for beneficiaries	2 - Medium	3 - Low	2 - Medium	2 - Medium	2 - Medium	4 - Very low	3 - Low
Fraud risks	0 - Very high	4 - Very low	4 - Very low	2 - Medium	2 - Medium	3 - Low	0 - Very high
Ease and speed of reporting	2 - Low	4 - High	3 - Medium	3 - Medium	2 - Low	4 - High	1 - Very low
Additional advantages (e.g. access to credit, communication, etc.)	0 - None	3 - Medium	1 - Very low	1 - Very low	0 - None	1 - Very low	0 - None
Experience of SC with this system	5 - Very high	2 - Low	3 - High	1 - Very low	0 - None	0 - None	0 - None
Understanding of system by vulnerable groups	5 - Very high	2 - Low	4 - High	5 - Very high	5 - Very high	0 - None	1 - Very low
Total	42	46	44	42	41	38	32
Ranking for preference	3	1	2	3	4	5	6

* This assumes that hundis will do the distribution from their office

** This assumes that traders will go to individual villages to distribute cash

Direct distributions by cash in envelopes

Direct distributions by cash in envelopes have been the main mechanism for delivery of CTPs by SC (since the Cyclone Nargis response in 2008) and other actors (e.g. Oxfam in Kachin state).

Advantages	Disadvantages
<ul style="list-style-type: none"> - Risk of loss or theft of cash is mitigated by the subscription of a cash in transit insurance covering 80m MMK per trip (approx. USD 82,000); - Rapid and flexible introduction on a small case (use of existing team); - Very high geographical coverage: access to remote areas which are not otherwise reached by other parties (e.g. banks and hundis); - Very high understanding of the system by beneficiaries; - High visibility of SC which can promote acceptance within communities; - Can allow for greater sensitivity in difficult contexts if our staff are appropriately trained; - Ease of access for beneficiaries; - No costs to beneficiaries after the end of the project (vs. bank fees for bank accounts); - No requirement of official identification of beneficiaries; - Ability to cover all beneficiaries, including foreigners or minors (who don't have access to financial services). 	<ul style="list-style-type: none"> - Requires a high level of human and logistics resources to scale up which slows implementation; - High cost of distributions due to large amount of internal resources required; - High risk of fraud requiring rigorous internal controls (see recommended controls in annex 8 of "Cash Transfer ESOP") - Lack of discretion of distributions leading to higher security risks for SC staff and beneficiaries; - Lack of flexibility in fund management: no partial withdrawals possible; - No additional advantages of the method (e.g. access to credit via banking); - Slow and labour intensive reporting.

Recommended use:

This method allows distributions in the most remote areas which are not served by other financial actors. Save the Children however retains all risks pertaining to the transfers, even though the impact of the risk of loss or theft of cash is mitigated by the cash in transit insurance. This method also places the highest burden on SC internal resources and is therefore very costly, which is why this is not the highest scoring delivery mechanism.

Given the lack of penetration of financial services in rural areas, direct distributions are however likely to be the only mechanism available in the short term in most cases, when security risks are low. For longer term projects however, particularly if multiple transfers are to be made in the same locations, SC should however consider the benefits of working through agents (e.g. banks, hundis or traders) and can use direct distributions as the first phase of a longer project whilst another method is being set up. For low value, one off or infrequent transfers which are to be made in many different locations over time, direct distributions are likely to be the most appropriate delivery mechanism as it may be difficult to find agents to cover all locations.

Please also note depending on the context, this mechanism provides SC with visibility that can promote acceptance in communities, which may justify the higher cost and risk of this option. Furthermore, it allows SC to retain the full control of the distribution system which may be preferable in sensitive contexts (as long as staff are appropriately trained).

In the case of the Tatlan project, as the project design is not yet completed (value and frequency of transfers, distribution of transfers over time, geographically), the team should consider doing direct distributions for one-off/ infrequent, low value transfers, particularly if the cash for work activities will be carried out at different times in the different villages. This means that one or a couple of small teams of staff could cover the distributions. However, as this is a longer term project, if more frequent and regular distributions are to be performed in the same villages, finding agents (who can be trained and monitored) to carry out distributions on SC's behalf may be worthwhile. Direct distributions may still however be required in the more rural villages, or if there are no suitable agents with sufficient liquidity and/or capacity.

Banks: opening of accounts to beneficiaries and remittances

At present, the banking sector in Myanmar is composed of 4 government owned banks and 19 private banks, with international banks being prohibited from operating in Myanmar. Myanmar's economy remains essentially cash based: it is estimated that less than 10% of its population have bank accounts¹⁰. At present, the only individuals with bank accounts are government employees, INGO employees and some staff working for very large organisations. None of the businesses interviewed in Rakhine, however large, had a bank account. This appears to be for cultural reasons (concerns over government monitoring initially, and then distrust of banks due to some banking scandals and bank bankruptcies) and limitations of access (lack of bank branches) rather than due to cost (fierce competition between banks is driving the cost down, most accounts cost 1,000 MMK to open and are free to maintain).

Whilst the number of private bank branches in Rakhine is currently very limited, all banks have plans to increase their geographical coverage within the next 12 months¹¹, some starting with "mini-branches", which offer limited services (e.g. cash in/cash out only), and other considering mobile banking¹².

The government banks' penetration is much higher in rural areas than private banks at this time. Their services are however deemed to be slower and less reliable than private banks, and are also more expensive, which means that people prefer to travel to urban centres to use the latter rather than government banks. It is also unclear whether there would be a greater distrust of government banks due to the past political context. Government banks', particularly those in more rural areas, may also have limitations in liquidity and capacity to deal with an increase in clientele. A cooperation with a government bank would therefore need to ascertain their capacity first.

The "remittance" service provided by banks is the most popular service used. In this case, the bank acts like a transfer agent, i.e. neither the sender nor the receiver require bank accounts to make funds available for a defined individual within a specific bank). It should however be noted that only banks with specific agreements (e.g. KBZ and CB Bank) allow for interbank remittances, whereby funds can be sent from one bank and received in a different bank. The government bank, MEB, does

¹⁰ S. Song, "Myanmar Bank Hopes to Issue First Domestic Credit Card", *International Business Times*, July 2013, <http://www.ibtimes.com/myanmar-bank-hopes-issue-first-domestic-credit-card-1349759>

¹¹ CB Bank is planning to open branches in Thandwe, Maung Daw, and a mini branch in Myauk U, KBZ is in the process of building a branch in Kyo Ku.

¹² CB Bank announced its plans to introduce "mobile banking", however none of the CB Bank employees interviewed were clear on the nature of the service to be provided and the timeframe for introduction.

not allow this interbank service, hence to remit funds to an MEB branch they have to be sent from an MEB branch.

Advantages common to both options	Disadvantages common to both options
<ul style="list-style-type: none"> - Lower risk of fraud due to increased segregation of duties with our teams; - Security risks are transferred to the bank; - No cost of the option after the project end (unless accounts are with MEB bank) whilst current pricing policy remain in place, costs of transport should however be considered; - Ease and speed of reporting and reconciliation. 	<ul style="list-style-type: none"> - Untested mechanism for large scale distributions to beneficiaries, capacity issues may therefore be encountered, particularly for government banks; - Very limited presence of banks in rural areas (see annex 2 which gives a top level view of bank presence by states), although MEB; - All transactions in banks require official identification through identity cards or driver's licence and minor or foreigners cannot hold bank accounts; - Need a due diligence process on the bank and its internal control systems, as well as its capacity to serve a greater number of clients (particularly for government banks for which data is still largely processed manually); - Cannot evidence the collection of cash by end beneficiaries after funds are transferred into their accounts or remitted (unless in the case of remittances banks agree to get beneficiaries to sign on a register upon collection of their funds, which would require for collections to be limited to predefined periods).
Advantages specific to bank account openings	Disadvantages specific to bank account openings
<ul style="list-style-type: none"> - Flexibility of fund management by beneficiaries: partial withdrawals possible (depending on the distance from the bank); - Access to savings products and limited potential access to credit (due to the high collaterals required¹³); - Low cost of the option due to high competition in the industry; - Security risks for beneficiaries are minimised as they do not have to carry large sums of cash (although the risks may increase if they have to travel to reach the bank); 	<ul style="list-style-type: none"> - Cultural distrust of banks to manage funds long term: this would require sensitisation and effective communication to be overcome; - Bank account opening for beneficiaries is likely to be a slower process than remittances, even though banks assure accounts can be opened on the day that documentation has been received.
Advantages specific to bank remittances	Disadvantages specific to bank remittances
<ul style="list-style-type: none"> - Quicker to introduce than bank accounts 	<ul style="list-style-type: none"> - Bank remittances are a more expensive

¹³ Eric Duflos, Paul Luchtenburg, Li Ren, and Li Yan Chen, *Microfinance in Myanmar Sector Assessment*, IFC Advisory Services in East Asia and the Pacific, 2013

as there's no need to process account openings;	<p>system than account openings (due to 500MMK for each remittance for each person)</p> <ul style="list-style-type: none"> - Higher security risks for beneficiaries than transfers through accounts as remittances have to be collected in their totality and beneficiaries may have to travel to reach the bank. This option is however more discrete than distributions in villages as beneficiaries can collect their funds when they want.
---	--

Recommended use:

Both of these options have the highest scores. This is due to their safety (risks are transferred to the agent and fraud risks are mitigated) and ease and speed of scale up.

As account openings are however a cheaper option than remittances, offer more flexibility in fund management, and may, in the long run, provide additional benefits (e.g. access to credit or savings options), they should be preferred to remittances, particularly if repeat transfers are to be made. Remittances may however be used as a first phase whilst accounts are being set up.

Transfer solutions offered by banks would however only be recommended in urban contexts where the distance to the bank is small, and individuals have ID cards. In the Rakhine conflict context this may pose the question of appropriateness as this may effectively mean only ethnic Rakhines (as Muslims have recently encountered difficulties in obtaining ID cards). Moreover, travel restrictions on Muslim groups may also prevent their access to banks even if they are in urban areas.

Transfer through banks accounts would however be appropriate when supporting traders, whether they are provided with cash grants, they are used as distribution agents, or to reimburse them in the case of voucher or e-voucher systems. This is because they are more likely to travel to towns to restock their businesses and this would minimise transaction costs.

Transfers through bank account openings would yield more benefits for more frequent, higher value transfers, and for longer projects.

For the Tatlan project, if transfers are to be made regularly over the 3 years of the project to the same beneficiaries, the team should assess the distance of beneficiary villages with Pauktaw (as Tatlan villages are located in Pauktaw township) and whether beneficiaries own identity cards. Once the number of potential beneficiaries meeting these criteria is known, the team should meet with the Pauktaw MEB branch manager to assess their capacity to manage the additional number of bank accounts.

Hundi system (also known as Hawalas)

In Myanmar, it is common for businesses or brokers to act as informal money transfer agents. Their capacity as a transfer agent depends on the level of sales revenue generated from their main business or from the broker's contact.

Advantages	Disadvantages
- Greater presence in semi urban/ rural	- As hundis are informal agents, word of

<p>areas which facilitates access for beneficiaries;</p> <ul style="list-style-type: none"> - No need for formal identification (SC issued beneficiary cards would be sufficient); - Can serve all populations, including foreigners and minors; - System well understood by beneficiaries who often use it to receive money from family members in other areas; - Security risks are transferred to the hundi as agent; - May promote acceptance and offer greater sensitivity if the hundis are well accepted within communities; - Increased segregation of duties with the agent decreases the risk of fraud, monitoring of the agent would however be required to diminish the risk of corruption; - SC has experience in drawing contracts with hundis as the system was previously used to get cash in country; - Distribution reports are provided by hundis (as long as they are appropriately trained). 	<p>mouth is required to identify them, and it therefore takes time to identify suitable hundis with sufficient financial liquidity and perform a due diligence to ensure their reliability;</p> <ul style="list-style-type: none"> - As hundis provide informal arrangements any losses incurred would not be covered by insurance; - More expensive than transfers through banks as on top of the hundi fee, money also need to be remitted or transferred to them, thereby incurring bank charges; - Untested method for large scale transfers to beneficiaries: hundi would likely require a lot of support initially to ensure procedures are up to standard and applied consistently; - Lack of discretion of distributions leading to higher security risks for beneficiaries; - Lack of flexibility in fund management: no partial withdrawals possible; - Reports only available after all distributions have been completed.
---	---

Recommended use:

As this system is slower to implement due to hundi selection and due diligence, it should be considered for longer projects – transition or recovery project or second phases of longer emergency projects. Direct distributions or remittances through banks could be used as a first phase whilst agreements with hundis are being negotiated.

The use of hundis may be particularly adapted to more insecure contexts as they may benefit from greater acceptance than external actors as they are already established within the community. This option is also only appropriate in a context in which markets are sufficiently functional to ensure traders generate the revenues necessary to guaranty the hundi’s liquidity.

Depending on the length of the project, this system could be further modernised by the introduction of smart cards (see below) over time to facilitate data processing.

If there are concerns regarding the hundis’ ability to manage the distributions with end beneficiaries, they could be used by SC to obtain cash locally, thereby decreasing security risks when transporting cash.

In the Tatlan villages visited, two traders also acted as hundis both in the Sin Toke village (Ma Mie Aund and Do Oo Shwe Than). Villagers mentioned however that there were other hundis in neighbouring villages. As an informal arrangement, hundis can only be identified by word of mouth. Our staff should therefore engage with community members to locate other hundis in the Tatlan village area. If repeat transfers are to be made in the same villages, once the value of transfers and their frequency are known, staff could assess whether any of the hundis identified could act as

agents. Alternatively, depending on their distance with Pauktaw, beneficiaries could come and collect their transfers at the Champion Hundi in Pauktaw, which has capacity to transfer 100m MMK per month. A full assessment of the hundi’s systems should however be completed beforehand, in light of the number of beneficiaries which could benefit from this delivery mechanism.

Use of traders as delivery agents

In this case, traders are contracted to perform cash distributions on SC’s behalf, using their existing business presence and logistics network to ensure the cash safely reaches end beneficiaries: distributions may be in the traders’ shop or traders could organise the logistics to perform distributions in other villages. This method is quite similar to the use of hundis, except that the traders are not established as money transfer businesses and will therefore have less experience and systems in place to manage cash.

Advantages	Disadvantages
<ul style="list-style-type: none"> - May allow for greater sensitivity and acceptance in conflict contexts: whilst Rakhine traders said they would not be able to conduct distributions directly in Muslim areas, they would be able to find brokers to do so. These may be better accepted than outsiders; - Ease of access for beneficiaries as distributions can be organised in villages; - Security risks transferred to the traders; - Can be a way of indirectly supporting traders through the payment of the service charge; - No need for formal identification (SC issued beneficiary cards would be sufficient); - Can serve all populations, including foreigners and minors; - System easy to understand for beneficiaries as these are like direct distributions; - Decreased risk of fraud thanks to segregation of duties, although distributions should be monitored to limit the risks of corruption; - Distribution reports provided by the traders 	<ul style="list-style-type: none"> - Method never used by SC in Myanmar for cash distributions; - Takes time to identify suitable traders with sufficient capacity and negotiate contracts and service fees with them; - Traders interviewed in Rakhine did not have experience managing cash distributions, although some had experience in performing small scale food distributions: they would need a lot of support to put the proper procedures in place; - Traders interviewed were not willing to pre-finance distributions, although this may be negotiable over time; - Lack of discretion of distributions leading to higher security risks for beneficiaries; - Lack of flexibility in fund management: no partial withdrawals possible; - Reports only available after all distributions have been completed.

Recommended use:

This method would likely be very slow to implement due to the lack of experience of SC and traders with it, it would therefore be appropriate for longer term projects.

As with the use of hundis, using traders as delivery agents is more appropriate in insecure contexts in which local traders are likely to be better accepted. Their selection should however be communicated openly within communities to ensure the process is perceived as being transparent.

This method may be appropriate for small scale transfers over longer periods of time, e.g. cash for work.

This approach may also be a way of indirectly supporting traders in local communities. It is however critical that selected traders have sufficient capacity to manage the distributions, and if over time traders are willing to pre-finance transfers (i.e. SC reimburses traders after distributions have been performed) then their revenues and liquidity should be consistent with the scale of transfers to be performed.

In the Tatlan villages visited, the traders interviewed appeared to have very limited capacity to organise distributions at village level. However, Sittwe wholesalers (e.g. Top) could be more appropriate given their scale, although the traders interviewed have no experience in managing distributions. If cash for work distributions are to be carried out at the same time in many different villages, traders might be a viable option to provide additional distribution capacity. As the project is long term, selected traders could be trained over time, thereby making them an efficient delivery mechanism.

Once the number of beneficiaries of the cash for work component of the Tatlan project is known, along with the value and frequency of transfers to be performed, large Sittwe wholesalers could be re-contacted to obtain a quote for their service as agents.

Vouchers

Whilst vouchers represent a traditional transfer mechanism, it has never been used by SC in Myanmar.

Advantages	Disadvantages
<ul style="list-style-type: none"> - Low security risks related to the transport and distribution of vouchers as they have no real value ; - Supports selected traders by guaranteeing sales levels; - Can be used to promote the consumption of certain products (e.g. fresh food vouchers); - Can limit inflation caused by collusion between businesses through the negotiation of fixed price contracts. - Mechanism relatively easy to scale up once initial systems are in place. 	<ul style="list-style-type: none"> - No experience of SC in Myanmar in delivering vouchers : temporary technical support would be required for the design and introduction of the project ; - High level of human and logistical resources required for the design, distribution of coupons, reconciliation and reporting processes; - Slow to introduce due to the need to negotiate agreements with traders; - High risk of fraud related to the copy of vouchers; - Lack of understanding of the mechanism by beneficiaries; - Lack of flexibility of use for beneficiaries as vouchers can only be redeemed with specific traders.

Recommended use:

Given the lack of experience in Myanmar with vouchers, this mechanism would only be recommended for a large scale, long term project which would justify the initial investment (e.g. time for the design of vouchers, investment in database management or bar code technology) and the

time to set up. It should be prioritised in highly insecure contexts where sufficiently large traders can provide an adequate quantity and variety of products (particularly for cash vouchers).

This mechanism can also be prioritised (as a commodity voucher) to promote the use of certain products (e.g. fresh produce) or to promote a change in eating habits of vulnerable groups (e.g. lactating mothers).

For the Tatlan villages, vouchers are not recommended as they are not necessary due to the availability of other options. Cash for work as a modality would also work better with a cash-based delivery mechanism.

Smart cards

Debit cards linked to bank accounts are not a feasible alternative and cannot be provided due to the lack of ATMs outside of major cities (there are required to change the card's PIN and activate it). However, if branchless banking (bank agents such as small businesses could be provided with special terminals to perform the same main tasks as a bank branch) becomes available, debit cards could be used to perform cash transfers, even in remote areas. This however will depend on the development of the phone and data transmission network as debit cards readers need to be able to connect to the bank's systems in order to process transactions.

Smart cards can however be used to support the delivery of CTPs, although this has yet to be piloted in Myanmar. We met with one of Global Electronic Payment Systems Ltd's consultant in Myanmar. They are in the process of approaching banks and NGOs to discuss the introduction of mobile banking and smart card options respectively. IFRC is looking at a possible collaboration with this company to start using a smart card system to process data when doing in kind distributions from its own offices.

Smart cards can be used in several ways:

- To process data: record attendance to events, record quantities of cash or commodity distributed to each beneficiary (instead of using signed beneficiary lists);
- As a prepaid card: cards can be periodically "topped up" with a cash value or quantity of a commodity and then used at equipped vendors' to make payments. Units are debited from the card as it is used. Unless the vendor has the capacity to distribute cash, the smart card is effectively used as an electronic voucher.

The advantage of smart cards over PIN cards is that they allow for greater security: biometric data such as fingerprints can be linked to each card, which means that beneficiaries identify themselves by providing the card and their fingerprint on a special card reader. This makes the system easier to use for beneficiaries, although the price of the smart card increases as the quantity of biometric data stored increased. Time also has to be factored in to record the biometric data and then link it to each beneficiary card.

With a smart card system, it is also possible to process transactions without constant network connectivity: data can be updated periodically on a server when the smart card reader enters a zone with network coverage. Smart card readers can be sold with solar chargers, and can play recorded messages in local language to explain the stages of the transaction process to beneficiaries.

Whilst smart card systems could be developed in house with the purchase of card printers and readers, this would require very significant technical expertise (smart card reader software

development and data processing)¹⁴, hence it is recommended to work with a specialist company which can adapt its existing systems based on the nature and design of the project.

Advantages	Disadvantages
<ul style="list-style-type: none"> - Easy to scale up once the basic set up has been performed; - Minimal risk of fraud thanks to the automated processes and the use of biometric data; - Ease, speed and security of data processing for reporting as all data is entered electronically; - Ease of understanding of the system for card holders thanks to the messages in local language played by the card readers; - Smart card readers allow for transactions to be processed without live connection to a phone network. 	<ul style="list-style-type: none"> - System which is very slow to implement: negotiation of contract with provider, purchase/rental of the terminals, set up of the database and software, distribution of the card readers, training of card reader users, order/ print in house smart cards, record and encode beneficiaries' data to each card, distribute smart card to beneficiaries ; - Lack of experience of SC and beneficiaries in using this system: would require significant training and sensitisation; - Users of the card readers need to receive extensive training; - Readers require electricity to function, although solar chargers can be provided; - Some network coverage is periodically required to process the data stored on card readers.

Recommendation for use:

Given the time and cost to set up, smart cards would only be a viable option for a long term, large scale project, for which frequent payments are to be made to the same beneficiaries. This mechanism would need to be initially piloted on a small scale with the potential to then be replicated.

The level of initial investment required would be worthwhile if several NGOs were interested in working with the system in a consortium, thereby sharing the set up costs (server, IT hardware, training costs, annual maintenance costs, etc.).

The Tatlan project, as a consortium initiative, and given its scale and duration, could be an ideal platform to pilot a smart card project, particularly if repeat payments are to be made to the same beneficiaries.

¹⁴ The interview with Trust Links, a company which provides ATMs, smart card printers and readers, has highlighted the importance of the software design within the smart card readers and the software interface to manage the data from readers. Whilst the company could provide engineers to work with SC to design such software, this would take a lot of time, and would require that our teams have a very specific idea of the software's capabilities, which may not be realistic given that Myanmar has never used smart cards before.

5.3.3 Recommendations: Delivery Mechanism and Finance

General recommendations

The recommendations are general good practice when delivering CTP and recommendations applicable to the Myanmar programme as a whole. See also the recommendations related to the security assessment below.

- **Engagement with MFIs to assess their potential as delivery agents**

Whilst at present there is no presence of MFIs in Rakhine state, SC (and other agencies) should consider engaging with microfinance institutions at Yangon level and in areas where CTPs might be considered, to assess their potential as a delivery agent for CTPs in other states.

- **Monitor the development of new technologies and consider their application in supporting CTP delivery in the longer run**

With the opening of the mobile phone network industry to foreign companies in 2014, and given the appetite of the country for new technologies, changes in the sector may happen very quickly. Similarly, the interest of private banks in “mobile banking” options could generate significant innovations in the financial sector, depending on the government’s policy on its regulation. Developments in the mobile phone industry and financial sector should therefore be monitored to assess their application to CTPs the longer run.

5.4 Security

Overall risk: Low

Overall, security risks in Myanmar are relatively low in areas not affected by conflict.

Generally, the key security risks in Myanmar in relation to distributions (cash or in kind) arise from the issue of access to some of the more remote areas. It should be noted however that the lack of infrastructure (e.g. no jetties to reach villages) and difficulty in access are an argument in favour of cash transfers instead of in-kind distributions as they require less logistical support.

In Save the Children’s previous emergency responses, for example after Nargis, most of our targeted villages could only be reached by boat. When navigating through narrow waterways, the key threat relates to boats being stopped and pillaged by villages along the way before they reach their final destination. In practice, this has however only happened once to Save the Children in Myanmar. In this case, acceptance is the main strategy to mitigate this risk. Save the Children has, for example, been accompanied by respected community leaders when doing distributions to help defuse tensions and introduced cash handling policies (although these are generic rather than being specific to cash distributions).

Risks related to the transport of cash can also be minimised by ensuring that distances covered to transport cash to field offices are minimised (see recommendations in the previous section regarding the use of hundis, bank accounts and the use of private vehicles for cash transfers). Contracting a cash in transit insurance policy also effectively mitigates the impact of any security incident resulting in the loss of cash, as long as the cover is commensurate with the scale of distributions.

It should also be noted that whilst cash distributions can also place beneficiaries at risk, none of the community members interviewed (in non-conflict affected Rakhine villages) reported any concerns regarding the risk of transporting cash back to their home, even if it involved travel from Sittwe or Pauktaw.

In the general context of Myanmar and in non-conflict based contexts, the security risk of doing cash transfers is therefore deemed low.

5.4.1 Recommendations - Security

To minimise security risks when implementing CTPs, the following actions are recommended:

- Selection of a delivery mechanism which minimises cash handling (e.g. vouchers, organising distributions through local traders);
- Transparency and communication of targeting criteria, and involvement of community members in the targeting process;
- Selection of beneficiaries should take into consideration a “do no harm” approach to ensure that the programmes do not have a negative impact on the conflict dynamics
- Establishment of documented standard protocols for distributions of cash or vouchers which should be specifically tailored to the local context, and training of all staff in their application;
- Provision of training to staff on managing different security incidents and in particular on how to communicate and unbiased approach to humanitarian programming;
- Identification of a security focal points to closely monitor the security situation in camps and host communities;
- Selection of disbursement points so as to minimise risks (consider visibility, access and evacuation routes, prefer indoors or enclosed locations), distributions should be organised to minimise crowds and distribution plans should remain confidential until as close as possible to the distribution date;
- If using delivery agents (e.g. local traders, hundis), a due diligence process on their internal controls system should be performed: they should be trained and accompanied by SC staff, if required, to ensure they are perceived as being transparent by beneficiaries. Delivery agents should be selected carefully so as to enhance acceptance by local communities. Any reasons for terminating contracts with agents should be clearly communicated to them and community leaders to avoid any future tensions.