



# Appropriateness and impact of cash grants distribution in Eastern Ukraine

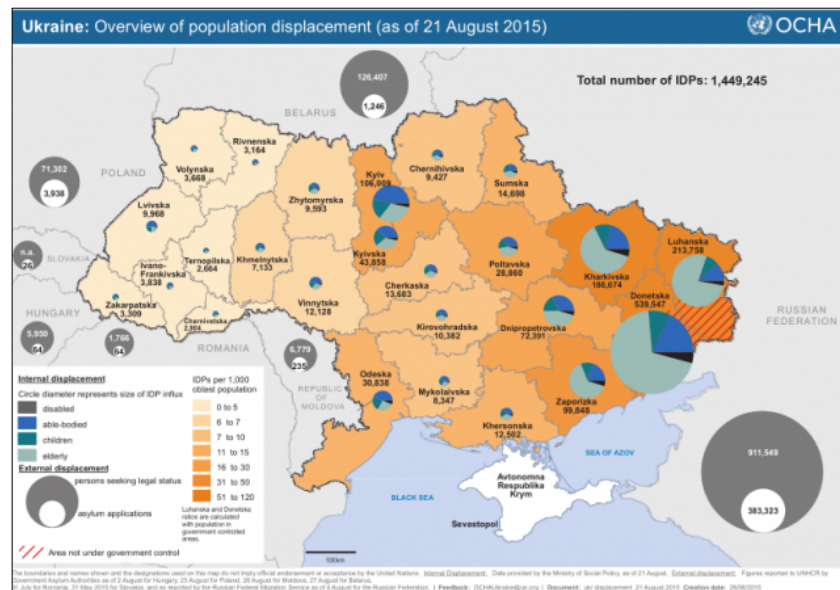
Catholic Relief Services/Caritas Ukraine  
Monitoring & Evaluation Department  
2014-2016

- Distribution of cash grants of US\$250-US\$900 via bank transfer allowed beneficiaries to purchase or pay for a wide variety of items or services, including food, medication or medical expenses, rent/utilities, and clothing, and in doing so prioritize their household's greatest needs. The majority of beneficiary households made purchases from three or more vendors.
- While beneficiaries rarely had problems accessing or utilizing cash transfers, the extensive documentation requirements necessary to make a transfer in accordance with Ukrainian law governing charitable giving meant that most beneficiaries received their cash grants no sooner than three weeks after they registered for support.
- Approximately 3 in 5 households receiving cash grants of US\$300 were able to meet their essential needs during the three-month period following cash grant distribution.

Between June 2014 and October 2015, fighting between Ukrainian government and separatist forces in the Donbass region of Eastern Ukraine forced more than 2 million individuals to flee their homes. Among the displaced, approximately 1.5 million remained on Ukrainian territory, relocating to government-controlled areas of Donetsk and Luhansk Oblast, or into the neighboring oblasts of Kharkiv, Dnipropetrovsk and Zaporizhia.

Displacement was marked by a large initial wave during the first three months of fighting (June-Aug. 2014), a significant spike in Jan.-Feb. 2015, and a smaller spike in July-Aug. 2015. Individuals traditionally defined as socially vulnerable in disaster settings constituted a large portion of the displaced population, including single mothers, children, elderly, and individuals with chronic diseases or disabilities.

Displaced individuals, particularly those who left during the initial wave of displacement and expected to return home within a few weeks, tended to flee with only the belongings they could carry, leaving them unprepared for winter as fighting continued and their displacement became prolonged.



**Displacement:** The number of internally displaced individuals in Ukraine reached 1.5 million in late summer 2015, with the majority of the displaced remaining within the eastern portion of the country (OCHA).

Ukrainian government social payments (e.g. pensions, child subsidies, disability payments) constituted the main source of finances for most displaced families, with approximately a quarter of IDP households containing an individual able to find work following displacement. Among more than 20,000 households registering to receive humanitarian aid from CRS/Caritas Ukraine in Fall 2015, the mean household income was 1363 UAH (US\$55) per capita per month<sup>1</sup>, or just below the government minimal survival wage of 1496 UAH per month.<sup>2</sup>

Displaced households most commonly coped with limited resources by reducing expenditures on food, medication and medical care, hygienic products and other NFIs, and by sharing living spaces with others, or searching for inexpensive accommodations, often in rural areas.

### Intervention

To support displaced households in meeting their essential household needs, Catholic Relief Services (CRS) and partner Caritas Ukraine distributed cash grants of various sizes to 16,815 households during the period Dec. 2014-March 2016. Cash grants ranged in size from US\$250 to US\$900; however, 89 percent of beneficiary households received grants of US\$250 or US\$300, and data presented here is representative of those receiving US\$300 (63 percent of all beneficiary households). Cash grant amounts for each phase of the project were determined based on Ukraine Cash Working Group recommendations and through coordination with other actors providing cash grants in Eastern Ukraine.

**Fig. 1 Cash grant distribution, 2014-2016**

Grant Size	# Grants
US\$250	4,359
US\$300	10,646
US\$425	811
US\$600	816
US\$900	183
<b>Total</b>	<b>16,815</b>

***Cash grant size:** 89 percent of households received cash grants of US\$250-300, with 11 percent receiving larger amounts based on need.*

CRS/Caritas Ukraine distributed cash grants via bank transfer to a beneficiary held account, with beneficiaries using debit cards to withdraw the money or make payments to vendors. Transfer of funds via the banking system is a common practice in Ukraine, and the means by which most individuals receive salaries or government social payments.

Household were selected to receive cash grants if they met three or more of the following criteria: single-headed household, three or more children in the household, seven or more individuals in the household, household includes member with a disability, household includes member with chronic illness, household contains pregnant women or breastfeeding mother, total household income is less than 1500 UAH per month. Preference was given to households meeting a larger number of criteria, and having a higher assessed need as judged by Caritas Ukraine social workers, who conducted registration interviews with those applying for humanitarian aid. During registration, social workers provided objective ratings of household

<sup>1</sup> CRS/Caritas Ukraine registration data, 2015

<sup>2</sup> <http://index.minfin.com.ua/index/wage/>

needs (on a 5-point scale), and also provided qualitative comments on household circumstances on registration forms.

Cash grants were transferred in batches on a rolling basis, but for organizational purposes, three major phases of distribution were delineated (Nov. 2014-Feb. 2015, March 2015-Oct. 2015, Nov. 2015-March 2016). For the third phase, targeting was adjusted to put greater emphasis on a household's ratio of income to monthly expenditures on shelter, food, and medication, in accordance with Cash Working Group recommendations.

Cash grants were distributed across Kharkiv, government-controlled Donetsk, government-controlled Luhansk, Dnipropetrovsk, Zaporizhia, Poltava and Sumy oblasts. While concerted efforts were made to avoid duplication of aid, via sharing of beneficiary lists with peer organizations, CRS/Caritas Ukraine assumes that a portion of IDP households received cash assistance from more than one organization.

### Appropriateness of cash grants

In selecting cash grants distributed by bank transfer as its primary mechanism for distributing aid, CRS/Caritas Ukraine viewed the strategy as having three important advantages relative to use of vouchers, or direct distributions of aid:

- Providing households with the flexibility to purchase the items or pay for the services that best met household needs;
- Providing households flexibility in selecting the vendors that best met their needs for price, quality and specificity of product;
- Speed of distribution.

These conclusions were based upon the assumption that markets would continue to function in the areas to which IDPs had relocated, across four neighboring oblasts and government controlled territory within Donetsk and Luhansk Oblast. Project M&E staff conducted regular

**Fig. 2 Cumulative beneficiary cash grant spending, by category of expenditure**

Item	Winter 2014-2015	Spring-Fall 2015	Winter 2015-2016
Clothing	17.6%	12.3%	23.7%
Medicine, Medical expenses	22.8%	24.8%	22.4%
Rent	19.6%	15.1%	12.2%
Food	18.1%	18.2%	10.5%
Utilities/Heating	8.7%	2.1%	7.1%
Household repairs	4.9%	3.7%	5.8%
Other	1.7%	2.9%	5.3%
Savings	3.3%	2.2%	3.5%
Household items	0.0%	1.1%	3.2%
Children's items	0.0%	14.8%	2.1%
Bedding	0.8%	0.5%	1.6%
Hygiene products	0.8%	0.7%	1.6%
Repayment of debt	1.7%	1.6%	1.1%

**Cash grant use:** Households spent their cash grants on a wide variety of items, with the largest amounts of cash across all households consistently spent on clothing, medical expenses, rent and food.

market monitoring over the course of the project, verifying prices of key food items, NFIs, and rental prices. Monitoring showed a steady rise in prices over time, of approximately 20-25 percent, as the Ukrainian hryvnya lost half of its value between January 2015 and January 2016.

In practice, the way in which beneficiaries spent their cash grants over the course of the project's three phases supported the argument for cash grants as a flexible method of delivering humanitarian aid in non-frontline areas of Eastern Ukraine. Endline surveys conducted by project M&E staff of a randomly selected portion of beneficiaries three months after cash grant distribution showed that medicine and medical expenses, rent/utilities, food, and clothing were consistently the items on which beneficiaries spent the largest portion of cash grants [see Fig. 2]. These categories of expenditures accounted for 75-85 percent of all spending, with the remaining spending spread across a half-dozen additional categories of expenses. Similarly, households utilized a diversity of vendors in spending their cash grants, with the mean household making purchases from three or more vendors [see Fig. 3].

While cash grants provided households with important flexibility in purchasing the items or services they most needed, cash grant distribution proved to be a time intensive process. The particular requirements of the Ukrainian banking systems and national tax code related to charitable donations meant that distributions of cash could only be made lawfully if the organization making the donation obtained and retained a hard copy of nine documents from the beneficiary. The need to collect these documents and then compile payment lists for banks meant that a given batch of 1000 beneficiaries faced a waiting period of between 3 to 5 weeks between the time they registered for support and the time they received their cash. Nevertheless, beneficiaries did not emphasize the speed of distribution as a problem during evaluation surveys. Ninety-four percent of beneficiaries during the second phase of cash grant distribution said they were satisfied with the timeliness of the cash grant receipt, and 97 percent said they were satisfied during the during the third phase.

Of note, Government of Ukraine requirements for distribution of food or NFIs are similar to those for cash grants, with the exception of the need to provide proof of a bank account and associated debit card. Project staff estimate that, all other factors equal, direct distribution could be completed approximately one week sooner than cash distribution for a given batch of

Fig. 3 Cash grant spending, by vendor (multiple vendors possible per household)			
Vendor	Winter 2015-2016	Spring-Fall 2015	Winter 2014-2015
Market	61%	51%	61%
Small shops	40%	35%	50%
Pharmacies	36%	7%	NA
Mega stores	27%	41%	10%
Other	20%	18%	18%
Landlords	19%	31%	27%
Individual vendor/seller	9%	10%	2%
Kiosks	1%	8%	1%

**Vendor selection:** In spending their cash grants, households utilized a variety of vendors, households on average paying 2 or more vendors. Markets and small shops were consistently the most common places where beneficiaries spent their cash.

1000 beneficiaries. In the cases where beneficiaries received cash transfers in tranches, bank transfers could be executed in 1-2 days for those receiving a second or third tranche.

To further assess the appropriateness of cash grants, CRS/Caritas Ukraine posed a variety of other questions during post-distribution monitoring surveys and during endline surveys. Post-distribution monitoring was conducted via telephone surveys with a portion of randomly selected beneficiaries 3-4 weeks following the distribution of cash grants during an endline evaluation completed three months after the distribution of cash grants.

Post-distribution monitoring across project phases found that 94 percent of households had accessed their cash and begun spending 3-4 weeks after the transfer had been made. Among the 6 percent those who had not accessed their funds, three-quarters said they were waiting to do so, with only 7 percent reporting having problems withdrawing funds (0.38 percent of all respondents).

#### **Beneficiary preferences: Cash transfers or in-kind distribution**

From April through Sept. 2015, a project implemented by CRS/Caritas Ukraine in Zaporizhia and Odesa oblasts distributed unconditional cash grants in monthly tranches to 2,585 displaced households. In parallel, the project distributed two NFI packages to 625 households over the course of four months.

During post-distribution monitoring, 95% of households surveyed stated that cash grants are more useful than in-kind aid for them to meet essential household needs. During focus groups, beneficiaries said that cash allowed them to pay for things that are difficult to provide in-kind, such as shelter (rent/utilities), medical care, and medicine.

#### **Beneficiary preference: Lump sum vs. tranches**

Project M&E staff also asked beneficiaries if they would have preferred to receive cash grants in tranches or in a lump sum. The majority of beneficiaries said they would have rather received a lump sum. Beneficiaries said this would have allowed them to cover important large expenses (e.g. medical care, first/last month rent payments).

Beneficiaries also reported being uncertain that second and third payments would be made, and that they were hesitant in planning monthly expenses as a result.

#### **Impact of cash grants**

To assess the impact of cash grants, project M&E staff conducted baseline and endline surveys focusing on use of coping strategies as proxy for resilience, with the receipt of cash assumed to affect the use of coping strategies over the course of three months following distribution. Beneficiaries were interviewed by telephone, and asked about the degree to which they were able to cover their needs for shelter, food, medicine, clothing, bedding, hygiene products, kitchen and household items. A four-point Likert scale was utilized for each question, with a point value assigned to each possible response, and weighting applied to each category of needs (i.e. availability of food and medicine were weighted more strongly, while availability of hygiene products and household items less strongly). Scores were then summed to create a composite score for the household, with a higher score denoting greater use of coping mechanisms.

During the second phase of the project, comparison of baseline and endline coping strategy showed a small reduction in coping strategy use during the three months following cash grant

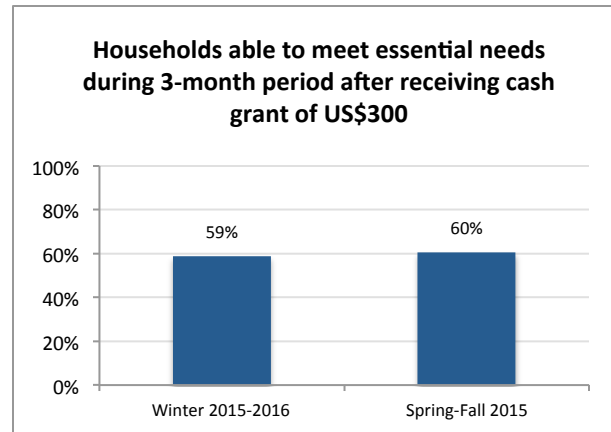


distribution (score of 16.7 vs. 15.2, out of a maximum 36; see Annex 2), with the effect statistically significantly at the  $p < 0.1$  level.

For the third phase of project, comparison coping strategy use at baseline and endline strategy showed a statistically significant difference ( $p < .001$ ) between coping-strategy use before receiving a cash grant and during the three-month period after receiving a cash grant. The mean score was 17.8 at baseline and 12.1 at endline (See Annex 2).

A baseline was not conducted for the initial phase of the cash grant distribution in winter 2014-2015.

Without a true control for comparison, it is not possible to isolate the role of cash grants in the apparent stabilization or reduction in the use of coping strategies from that of other exogenous factors that may have affected coping-strategy use. Nevertheless, the difference between endline scores at the end of phase two (15.2), and the baseline score for phase three (17.8), taken from groups with similar assessed need during roughly the same period of time, suggest that cash grants did reduce slightly the use of coping strategies.



**Cash grant size:** Approximately 3 in 5 households receiving a cash grant of US\$300 were able to meet their essential needs for shelter, medicine, and food during the 3-month period after they received their grant.

As part of endline evaluations of phase two and phase three of the project, M&E staff asked beneficiaries about their ability to meet their essential needs during the previous three months. During the second phase of the project, in spring and summer 2015, 60 percent of those receiving cash grants said they were able to meet their essential household needs during the three-month period following cash grant distribution. In winter 2015-2016, 58 percent of beneficiaries said that after having received the cash grant they were able to meet their most essential needs. The same question was asked of beneficiaries who received a larger amount (US\$425) based on greater evaluated need during the third phase of cash grant distribution, with only 53 percent of beneficiaries reporting they were able to meet their essential household needs during ensuing three-month period.

## Conclusion

Data gathered during 18 months of emergency aid provision in Eastern Ukraine suggests that cash grants are a highly effective means of dispersing aid at a scale of several thousand households. Cash grants permit households flexibility in purchasing the good or services they need most, which have proven to be diverse, based on household needs. Similarly, the use of cash allows households to purchase goods or services from a wide range of vendors, and in doing so reinforce local markets. Providing beneficiaries with the diversity of goods that they ultimately purchased using cash transfers through direct distribution would have been highly challenging, due to the required specificity of targeting, need to procure a wide variety of items, potential bureaucratic issues related to particular types of aid (e.g. shelter construction, or

purchase of existing shelter structure; payment of medical procedures), and appropriate timing of distribution of items across a large geographic area. A voucher program would have similar limitations, with regard to diversity of products and vendors, particularly given the geographically diverse area covered by program activities, comprising 6 oblasts and dozens of communities. In-kind distribution or use of vouchers may have sped the aid distribution process by up to one week per 1000 beneficiaries; however, given the significant investment of time to procure, warehouse and transport good for distribution, or to set up a voucher system with local vendors, it is not certain that either option would be quicker than cash grant distribution via bank transfer. Based upon the experience of this project, CRS recommends the use of cash rather than in-kind or voucher-based assistance to support conflict-affected households in Ukraine who are in government-controlled areas with functioning markets. In-kind distribution (e.g. NFI packages) may be appropriate for non-government controlled areas or areas close to the line of contact, where markets are not fully functional.

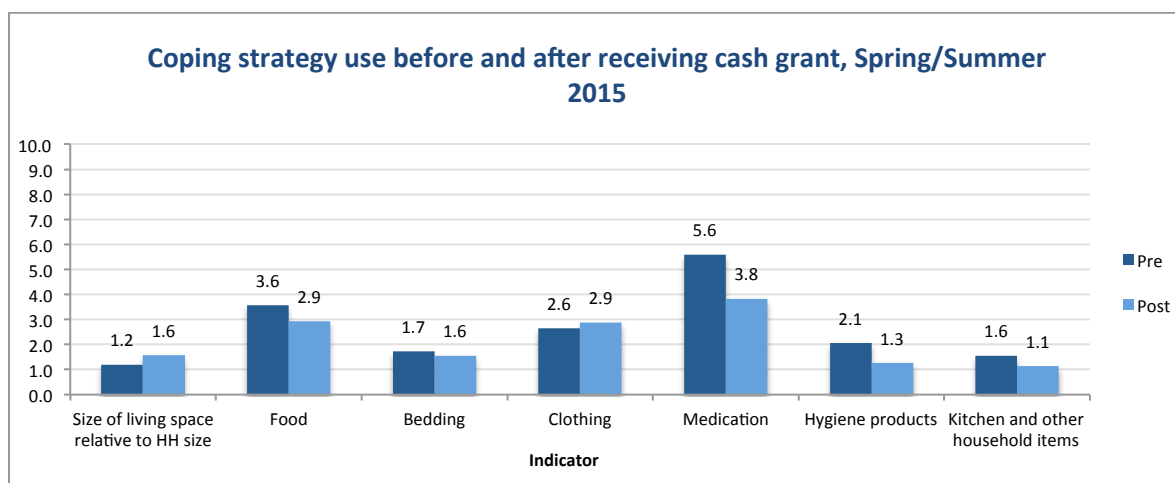
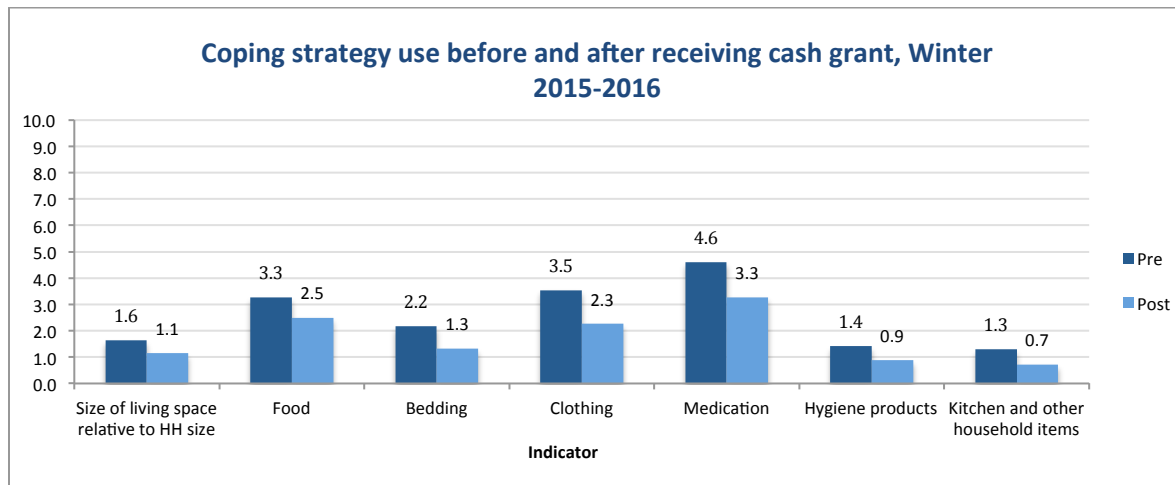
Given that cash grants of US\$300 have consistently allowed approximately 3 in 5 households to meet their essential needs over a three-month period, CRS supports the idea of defining appropriate criteria of vulnerability such that cash grants can be distributed in various sizes (e.g. US\$250, US\$350, US\$450), to ensure that a greater share of households will be able to meet their essential needs. In making this recommendation, CRS recognizes the challenge of assessing need with high precision, and the trade-offs of increasing support for certain households while reducing the number of households served. However, based on the dynamics of coping strategy use at the given stage of the humanitarian response, CRS believes this is an important step to reduce suffering on behalf of the most vulnerable households among those affected by the conflict.



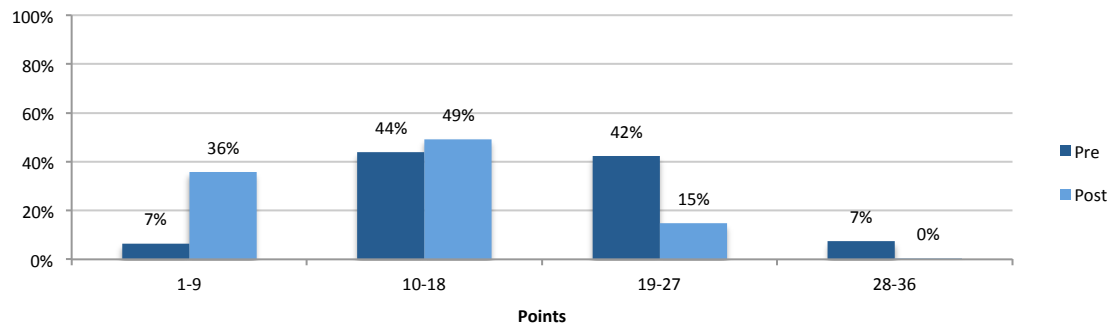
## Annex 1: Coping strategy scoring matrix

Coping strategy scoring matrix				
Indicator	Always	Generally	Sometimes	Never
Enough to eat last three months	0	3	5	9
Enough medicine last three months	0	2	5	7
Enough clothing last three months	0	2	4	6
Enough bedding last three months	0	1	3	4
Enough hygiene products last three months	0	1	2	3
Enough kitchen, household items last three months	0	1	2	3
Indicator	Yes		No	
Living space is large enough for all members	4		0	

## Annex 2: Coping strategy use



### Coping strategy use score, pre-post cash grant distribution, Winter 2015-2016



### Coping strategy use score, pre-post cash grant distribution, Spring-Summer 2015

