

Cash for work projects: a case study in the Democratic Republic of Congo

Yuve Guluma

Save the Children UK

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1. Context

The eastern Democratic Republic of Congo (DRC) has been immersed in conflict since the mid-1990s. The conflict has several roots: the rebellion and subsequent overthrow of President Mobutu Sese Seko in 1997; regional and international competition over the area's rich mineral resources; and ethnic tensions, the latter on many occasions fuelled by economic interests. More than three million people have died, and millions have lost their homes, been displaced or forced to seek refuge abroad. The conflict has destroyed what physical and social infrastructure eastern DRC possessed. Livelihoods, based almost entirely on agriculture, have been disrupted, and the population no longer has access to health care, schooling and important markets.

1.1 Save the Children (UK)'s programme

Save the Children (UK)'s (SC-UK) Food Security and Livelihoods (FS&L) programme was established in eastern DRC in 2000 as part of a multi-sectoral programme including social protection and primary health care. Since then, the programme has implemented programmes aimed at supporting the resettlement of displaced and war-affected people in North Kivu. Activities have centred on the rehabilitation of basic services – schools, health centres and roads – as well as seeds and tools and non-food distributions. Finance has been provided by the European Commission Humanitarian Aid Office (ECHO).

In addition to these predefined interventions in North Kivu, the food security and livelihoods department has also responded to emergencies such as the volcanic eruption of 2002 in Goma, the impact of the conflict in Bunia and the Bukavu crisis.

1.2 The rationale for cash for work instead of food for work

In 2002, after the volcanic eruption, SC-UK carried out a Household Economy Analysis (HEA) in Goma town. The results of the assessment, although commonsense, were nonetheless not anticipated by the international community. The main message was that livelihood insecurity was a far bigger threat than food insecurity. What Goma needed was an emergency injection of cash into its economy. This finding laid the foundation for further analysis of livelihoods carried out by SC-UK in eastern DRC.

In 2002, Save the Children's strategy for North Kivu moved from emergency work to post-emergency activities. FS&L programme interventions have followed on from activities implemented during the emergency phase. However, activities now had a stronger focus on understanding livelihoods (using HEA analysis) and on community participation.

An HEA evaluation in 2002 produced evidence that Masisi Plateau and Bwito were cash-poor, not food-poor, due to the loss of pre-war markets. These areas had been exposed to prolonged periods of calm, and for the majority of the population the main livelihood activity – agriculture – has been re-established. The HEA showed that significant food deficits did not exist in the zones under study, nor did they seem likely in the foreseeable future. There were, however, shortfalls in the income levels of 'poor' households. In addition, farmers were able to find sufficient quantities of quality seed for staple foods on local markets, at reasonable prices. Poorer households would either buy seeds on the market, put aside small quantities from their harvest or ask to be paid in seeds in exchange for labour. Hence there was no need for external seed or food interventions, and these activities were discontinued. Rehabilitation projects replaced the 'food for work' component with a 'cash for work' component, and tools were distributed without seeds.

Arguments for cash over food were supported by the constraints facing some agencies in implementing food for work projects in the area. Not far from where SC-UK was carrying out its cash for work projects, a local NGO was attempting to pay casual labour

in food supplied from WFP. The organisation was unable to find sufficient labour to complete its projects. First, the imported maize meal used for food aid was culturally inappropriate to the local diet. Second, the beans were of a poor quality when compared to what was locally grown. Finally, the food for work project began during the harvest season (a time of abundance), and most poorer households preferred to work for better-off households in their fields, where they would be paid in cash and food, the food being more appropriate to their eating habits and of better quality than that which they would have received in payment from WFP.

Table 1 compares the advantages and disadvantages of food for work and cash for work interventions in the context of North Kivu

Table 1: Cash for work versus food for work

Cash for work	Constraints	Strong points
	<p>Demands stronger targeting mechanisms to identify beneficiaries due to the universal demand for cash</p> <p>Potential for fraud/corruption</p> <p>In the absence of a proper market study of pay rates within the milieu, there is a risk of monetary deflation in the local economy, or of reducing making affordable labour for better-off households much less available</p> <p>Without proper security protocols and coordination transporting cash can be a security hazard</p> <p>Cash is much more attractive and vulnerable to personal use, and the</p>	<p>Money is universal. In the context of North Kivu, cash is more easily accepted by beneficiaries since it leaves them some freedom to prioritise how they meet household needs</p> <p>More discrete in delivery (less visually evident)</p> <p>Does not demand as much logistical co-ordination as food for work interventions</p> <p>Provides a direct increase in household income and investment</p>

	head of the household might not necessarily spend it for the benefit of the entire household	
Food for work	Constraints	Strong points
	<p>Food is much less attractive than cash to beneficiaries since it does not allow the same autonomy concerning decisions over what benefits to procure for the household (it is more self-targeting)</p> <p>The presence of food is more evident than cash and can attract armed groups to sites</p> <p>In frequent cases the WFP ration is not accepted as culturally adapted to the eating habits of the population – cash is universally accepted</p> <p>Beneficiaries who need to cover other more urgent needs often sell food at extremely low prices at the market</p> <p>Food – particularly imported aid – is expensive to purchase and transport to project sites</p>	<p>Food is easier for humanitarian agencies to obtain from donors</p> <p>Food deals effectively with household food deficits, if they exist (not the case in North Kivu), since most is directly consumed</p> <p>Food is less open to manipulation than cash by the head of household since it has to be sold first, and this often does not bring in much money</p> <p>Food is less attractive than cash, leading to less incidence of corruption/fraud</p>

2. Institutional issues

2.1 Resource issues

Cash for work projects are a lot less resource intensive than food for work projects and do not need special skills to implement (except for conducting the market study). Logistical

co-ordination is not as demanding – not requiring loading, storage, and complicated distribution procedures, just rigorous financial control. Cash for work projects are, however, more susceptible to corruption since cash is being dealt with and it is worth more than what would be received if the food ration were to be sold on the market.

1. Acceptance of cash for work interventions compared to food for work interventions

The proposition to replace food for work projects with cash for work was based on solid evidence from the HEA carried out in the zones. Participants in the presentation of the results were very receptive to the recommendations. When SC-UK presented the project amendment to the EU to remove the food for work component and replace it with a cash for work component, no resistance was met at all. Neither was resistance met from within SC-UK itself nor from other humanitarian actors. Understandably, the World Food Programme was the only agency to question certain results issued from the HEA – as the agency has done in all presentations of HEA results (Goma volcano and Bunia assessments) that evaluate the problem to be related to cash deficits and not food shortages.

B) PROGRAMMING ISSUES

1. Targeting of beneficiaries

The effective targeting of beneficiaries was probably the most problematic part of carrying out the cash for work intervention.

Vulnerability criteria were based on HEA findings and discussions with the community. The parents' committees, committees for the vulnerable, and local committees for road maintenance were involved in the identification of beneficiaries.

Regrettably, the committees were political-administrative and religious entities, composed of members of the elite – school directors, civil servants, church leaders, influential merchants, etc. – and were not representative of the population. Quite often beneficiaries were selected based on personal ties and bribes. In addition, certain ethnic groups were left out of the selection process. A validation of criteria in public was not the most appropriate way to make sure that true beneficiaries had been selected as people were often afraid to denounce someone or voice concerns due to fear of reprisals.

One of the weak points about the targeting process was the lack of understanding of vulnerability criteria based on economic aspects. Most of the time the community interpreted vulnerability through a social lens and felt that all widows, disabled persons, IDPs, and orphans fit the label of vulnerable. Also, the proper dissemination of vulnerability criteria was not carried out. Often, criteria were explained to one person and the actual identification of the beneficiaries was carried out by a different person.

It should be noted that such problems with targeting are common also in food aid programmes, and are not exclusive to cash. Most of the problems can potentially be reduced through changes in the management of the targeting process, and some of these are indicated in the recommendations section below. However, as cash is of more use to a greater portion of the population than food aid, the competition for enrolment in cash-based projects can be higher than for food, thus exacerbating targeting problems.

2. Logistical issues

Carrying out cash for work interventions involves the following steps:

- ✓ Evaluation of needs and of the appropriateness of cash for work interventions in the zone;
- ✓ Advocacy at the level of the donor and other humanitarian actors in the zone. This has to be based on strong evidence that food is not what is needed and that the

population will benefit far more from cash. The HEA results were presented formally to the international community in Goma and to both donors – WFP and the EU. If the dissemination of results is not carried out intensively then this might cause tension or conflict with other agencies since cash for work interventions will make their food for work interventions less attractive to the population;

- ✓ Market study if this doesn't already exist. The study should include seasonal prices of staple food and non-food items and pay rates for casual labour;
- ✓ Set the rate of pay for beneficiaries based on the market study. The rate should be similar to that which exists on the local market and should not exceed it by far;
- ✓ Calculation of resources needed – the number of people needed to carry out X amount of work in X period.
- ✓ Targeting of beneficiaries – through local community structures, representative of the population, with strong support and follow-up from the implementing agency to avoid fraud and discrimination;
- ✓ Identification of the best mode of payment in consultation with the beneficiaries and taking into account security constraints – on a weekly or monthly basis for example;
- ✓ Follow-up activities – did the cash reach the right beneficiaries after distribution – no incidences of extortion?
- ✓ Monitoring and evaluation - utilisation of the cash and impact at the household level, impact on the local economy.

3. Cost of carrying out cash for work interventions compared to that of food for work

The costs of carrying out cash for work projects are significantly less than those for food for work. Most of the additional costs associated with food for work projects originate from transport and storage fees. In the same territories, SC-UK paid US\$ 0.50 per person per day for most labourers, which was sufficient to purchase a minimum food and non-food basket of taro, beans, salt and soap, while WFP paid a ration of food only costing

US\$ 0.80 to 1.50 per person per day. In addition to that basic cost of the food, transport costs from the WFP Goma office to Masisi Plateaux or Bwito by road are often 3 to 5 times the total cost of the food being transported. The additional costs of airfreight from the donor region to Goma, are not calculated into these costs¹.

Further calculations of the relative costs of food and cash interventions were made for the “Missing the Point” study of food security interventions in the Great Lakes (Levine & Chastre, 2004: p11). For eastern DRC, maize was bought at US\$220 per tonne and beans at US\$340 per tonne, but it cost another US\$400 per tonne to transport it from Uganda. Managing the process cost US\$180 per tonne, so by the time the food reached the beneficiary, the donor had paid US\$800 per tonne for maize and US\$920 for beans. Meanwhile farmers in the region - who could not find markets for their crops - were selling maize and beans at just US\$60-100 per tonne. Hence donors were spending US\$15 to import and distribute the same amount of locally-available food that US\$1 in cash would have enabled the beneficiaries to buy. Even if the costs of administering cash relief were added to this calculation, it is still clear that cash is a far more cost-effective intervention than food aid in this context.

4. Other constraints met

Apart from the problems with targeting, another important constraint encountered was the evolution occurring in the area - unrelated to any inflationary effects of the cash intervention - leading to price increases of a number of staple food and important non-food items. In general, payment to local labour increased parallel to market prices and households hiring labour paid a price superior to that of SC-UK. Unfortunately, SC-UK and the agreement with the donor did not take into account these contextual changes that could occur in the life of project. Therefore, SC-UK did not have any flexibility in its budget lines and the labour pay rate was maintained throughout the project cycle. As a consequence the beneficiaries became resentful. A number of them lacked motivation

¹ Discussions WFP Goma, DRC.

and left the project. This caused the activities to lag seriously behind the anticipated schedule.

The issue of corruption is not only linked to targeting. Very often the team leader for road works would demand a part of the labourer's salary, acting as if the contract with SC-UK was a favour given from him to the latter.

C) IMPACT OF THE PROJECT

1. What happens to the money once it enters the household: Resource re-allocation issues within the household?

Focus group discussions with the wives of the men who benefited from the cash for work project, indicated that, for the most part, approximately half of their husband's salary was used directly by the household – given to the caregiver for household expenses. The other half was used by the husband, mainly for gifts, to pay debts or for beer. However details were not collected regarding the percentages spent by the husband on each of these items, making it difficult to gauge how much of the money was spent for the overall benefit of the household. In a few cases some women did not even receive money from their husbands and claimed that they did not know how the money earned by their husbands was used but assumed that it was spent on local beer. For the majority of beneficiary households the money went towards the purchase of household items such as salt, soap, clothes for the wife and her children and other foodstuff such as palm oil and dried fish (the latter leading to a diversification of diets). A number of households also invested in school fees for their children and the purchase of small livestock and were able to pay for health costs. Some households were also able to rent a small plot of land. Several women talked about the rehabilitation of their homes. The women also mentioned the opportunities to receive credit because of the increased credibility within the community due to their husbands' involvement in stable and official work contracts. This allowed them to invest in a small business (sale of food and/or diverse articles).

2. Level of Impact: Limited or indirect benefits? Short-term or sustainable?

When considering the number of beneficiary households out of the total population the extent of the impact or change in the local economy due to the cash component of the intervention can be questioned. Altogether the intervention covered the cash needs of 230 households for a period of four to seven months in Bwito and 350 households for a period of six to nine months in Masisi Plateaux for road rehabilitation works. The rehabilitation/ construction of schools covered the needs of an additional 315 households in Bwito, Rutshuru for a period of 3 months, and 140 households in Masisi Plateaux for the same period. This compares with total populations of approximately 6,800 and 6,200 households in the Bwito and Masisi project areas respectively. Hence only 3% and 6% of the total population in each area was covered by the road rehabilitation project, and 5% and 2% of the population by the school rehabilitation project. Can coverage of such small samples of the population with cash relief have a significant indirect impact on the local economy?

Altogether a little less than US\$ 2,000 per project axis was put aside each week to pay casual labour for the rehabilitation of roads (between US\$ 50,000 to US\$ 80,000 for a 7 to 9 month period) and between approximately US\$ 1,000 and US\$ 2,500 per week per project axis for the rehabilitation and construction of schools (around US\$ 34,000 for periods of 1 to 3 months for both project axes). Altogether, over the life of the projects, this adds up to more or less US\$ 100,000 US Dollars for the cash for work components. The importance of this to the local economy is not known, but traders and producers of the items purchased by those working on the project are expected to have benefited indirectly. During the same time period, SC-UK also injected cash into the economy through local purchase of building materials (sand, gravel, planks, etc.), which would bring additional benefits for the suppliers of those materials.

Other humanitarian agencies did see the validity of the HEA analysis and results, and of the recommendations regarding the use of cash. However, this did not influence other

actors in the area to carry out cash for work projects; or rather other agencies (local and international) did not have the leeway to influence donor assistance or were dependant on the World Food Programme for support in paying casual labour for rehabilitation projects. If all humanitarian actors in the region could access cash to pay labour then the impact on the local economy coming from cash for work interventions might be more evident. The improved circulation of cash observed could have been more to do with an improvement in the security situation over time and a recovery of the livelihood strategies of the population. The presence of humanitarian agencies in the area also encouraged the return of parts of the population and the rehabilitation of roads opened up the local economy to the exterior.

The cash for work intervention was over a short period of four to nine months. However, the impact on beneficiaries seems to have gone beyond the project cycle. As mentioned above, the beneficiary household's acquired certain assets such as livestock. The wives of the casual labourers were able to take out credit because of the nature of their husbands' contracts. This meant that they could invest in small businesses. Households could also rent an extra plot of land that brought in more revenue.

D) RECOMMENDATIONS

□ Improve on Impact Coverage:

- Expand on coverage and beneficiary numbers – one way of doing this could be through advocacy around the “Missing the Point” study of food security interventions in the Great Lakes and influencing donors to make available more cash. Stronger advocacy, targeting partner agencies, might also help by increasing the number of intervening agencies adopting recommendations. Nevertheless, the reality still stands – it is much easier for donors and agencies to access food than cash.

- Include flexibility in donor budget lines for payment of manual labour taking into account the possible changes in the local context. Information on these changes should be made available through regular (monthly) market studies.

- Improve on targeting:
 - Put more time and effort into the design of targeting mechanisms that prevent manipulation and discrimination – includes proper dissemination of criteria, analysis of social dynamics within the community in order to identify socially marginalized groups, etc.
 - Put into place mechanisms that encourage an equitable utilisation within the household, of income earned through the project. This could be partially achieved (paying special attention to the impact on gender dynamics within the household) through the involvement of more women in the project paid as casual labourers.
 - Improve on field supervision and follow-up of beneficiary identification and involvement.
 - Identification of local structures that are representative of the population.

- Stronger monitoring and evaluation of the use of the cash and impact at the intra-household level.

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