

DG ECHO perspectives on Cash Transfer Programming

Presentation to the CaLP global learning event,
Bangkok

16th February 2011

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Presentation Overview

- DG ECHO position on the use of Cash & Vouchers (C&V)
- Trends in funding C&V projects
- Using C&V at scale: the case of Haiti
- Capacity building priorities



DG ECHO

**Department of Humanitarian Aid
and Civil Protection**

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Solidarity with victims of natural disasters ...



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... and man-made crises



Implementation

Humanitarian aid implemented by partner organisations:

→ European NGOs

→ UN agencies

→ Red Cross/
Red Crescent
movement

(Federation, Committee and
10 national Agencies)



The DG ECHO position on the use of Cash and Vouchers in Humanitarian Response

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Policy Papers

- DG ECHO Guidelines on the Use of Cash and Vouchers in Humanitarian Crises (2009)
 - ▶ ec.europa.eu/echo/policies/sectoral/cash_en.htm
- Also addressed within relevant sectoral policies (eg. Communication on Humanitarian Food Assistance)
 - ▶ ec.europa.eu/echo/policies/sectoral/food_assistance_en.htm

Key policy points

- DG ECHO will endeavour to support partners to respond to the needs of the affected population in the most appropriate, efficient and safe way, given the context encountered.
- DG ECHO regards all delivery modalities as acceptable and does not advocate the preferential use of either cash-based, or in-kind, provision of humanitarian assistance.



- DG ECHO may support the use of cash and voucher transfers in projects that respond to a range of humanitarian results, including; meeting minimum needs for food and non-food items; providing access to basic services (such as health, water and education); or to support emergency livelihood recovery.
- In principle, common standards apply for all resource transfer projects – whether distributing cash, vouchers, or in-kind commodities and services. However, specific issues are highlighted for cash-type programming.
- The use of cash transfers should be a context specific decision.



Trends of C&V projects supported by DG ECHO

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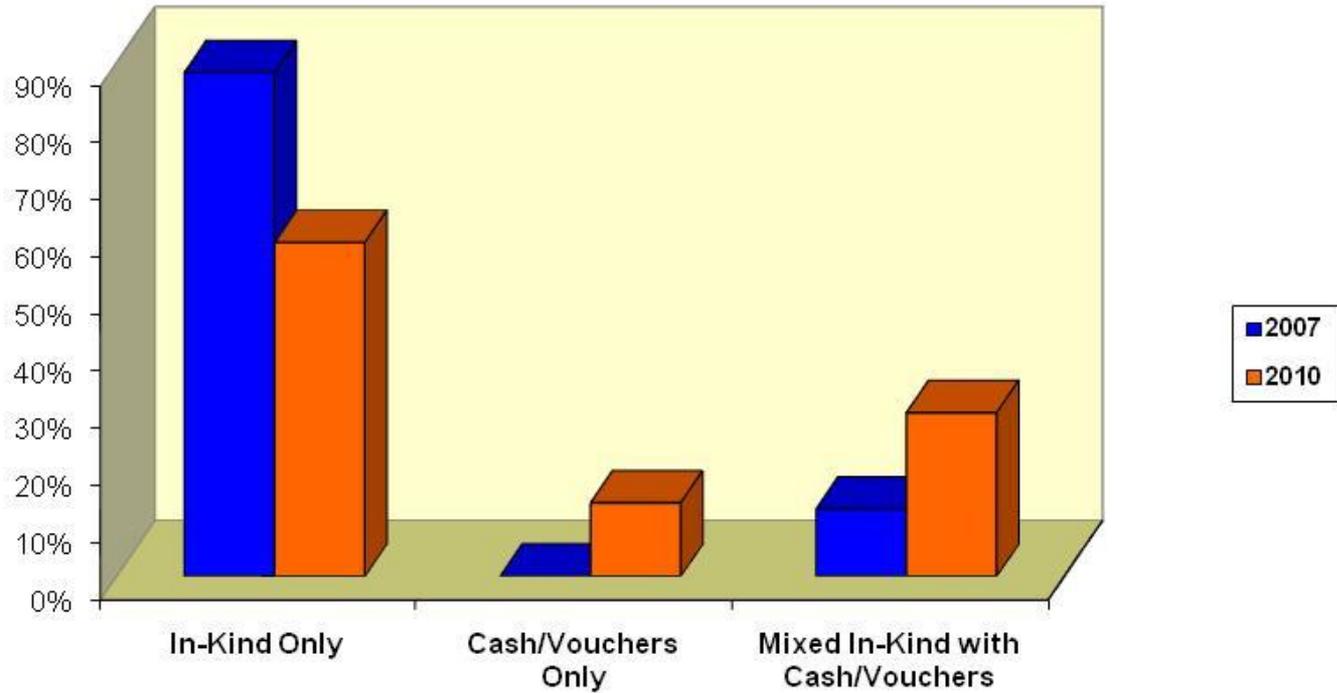
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Trends in use of C&V

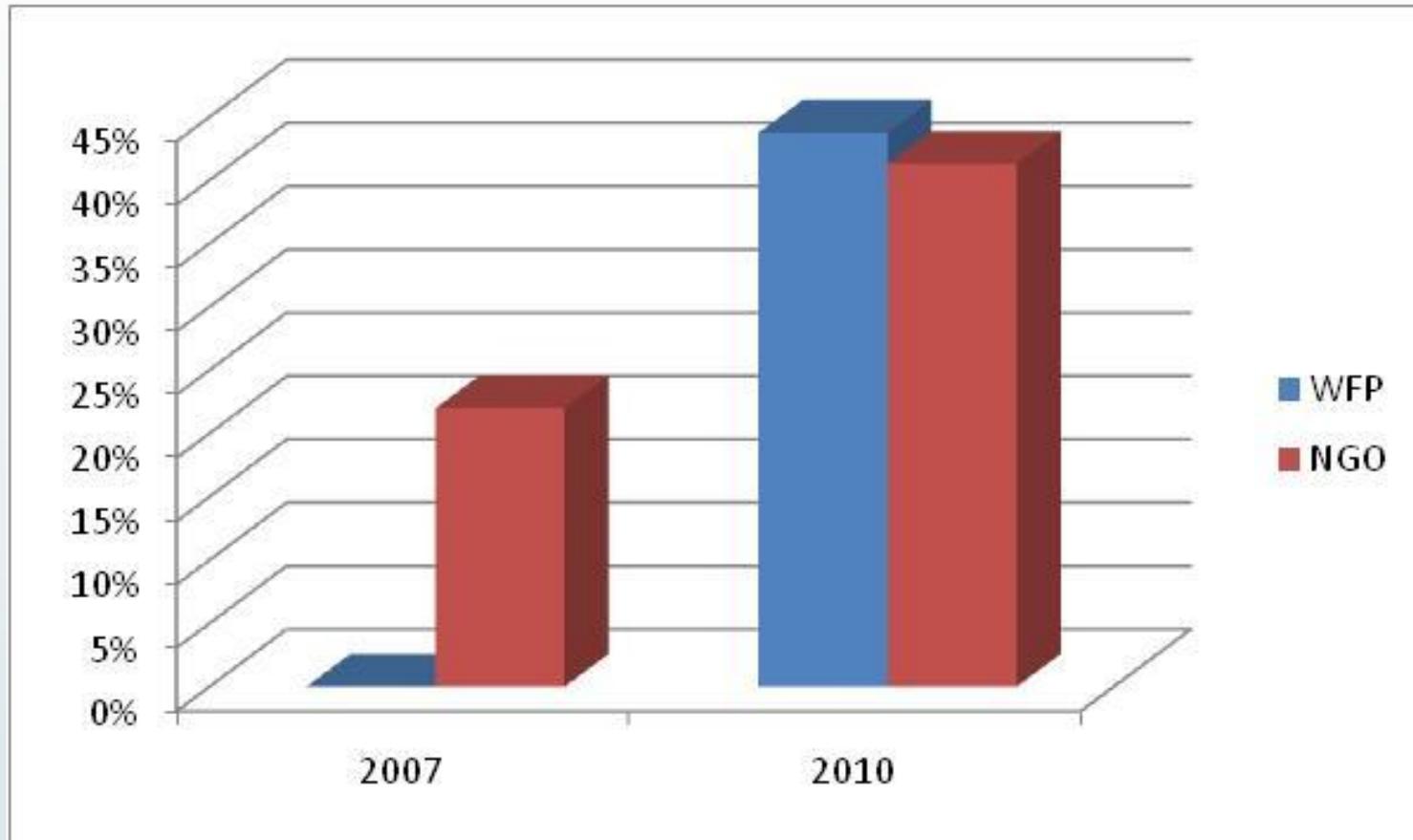
- Humanitarian Food Assistance encourages the use of diversified and appropriate transfer modalities
- Monitoring of changes in funding of food assistance (food aid, emergency livelihood recovery, nutrition)
- Comparison of 2007 and 2010
- Reviewed 290 contracts, total value EUR 520m



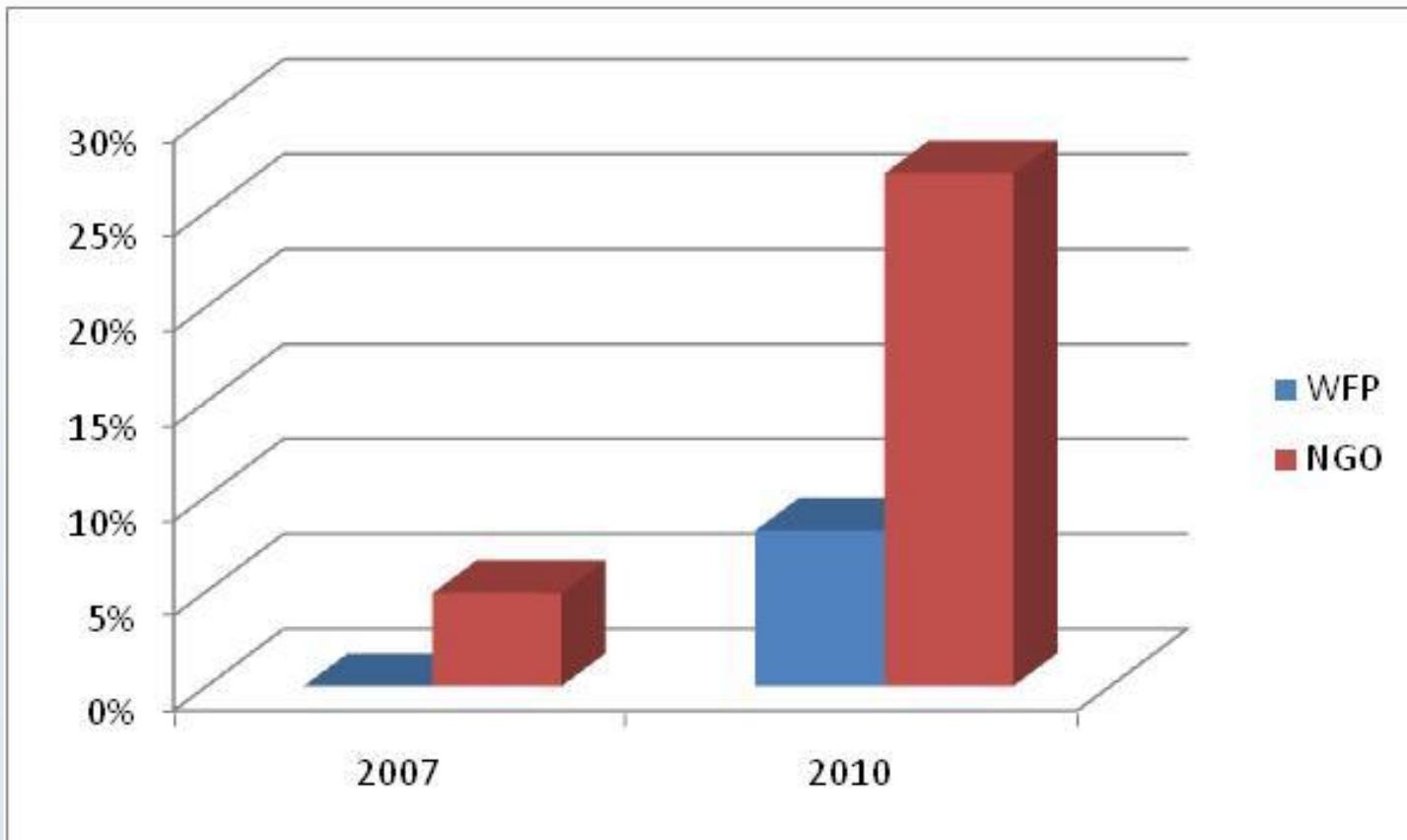
Percentage of HFA Projects per Response Modality



% of projects including a cash component, by partner



% of project budget on cash transfers, by partner

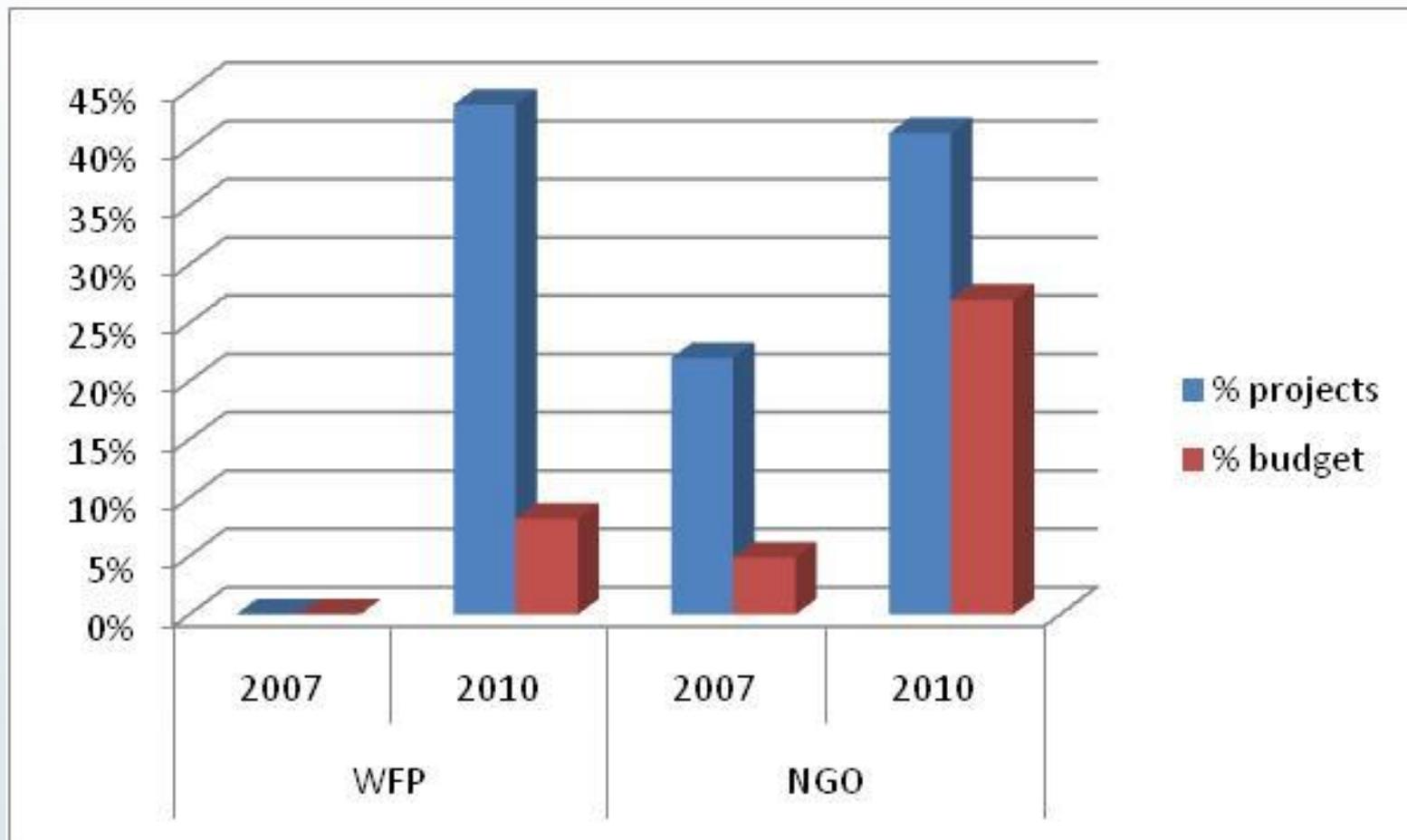


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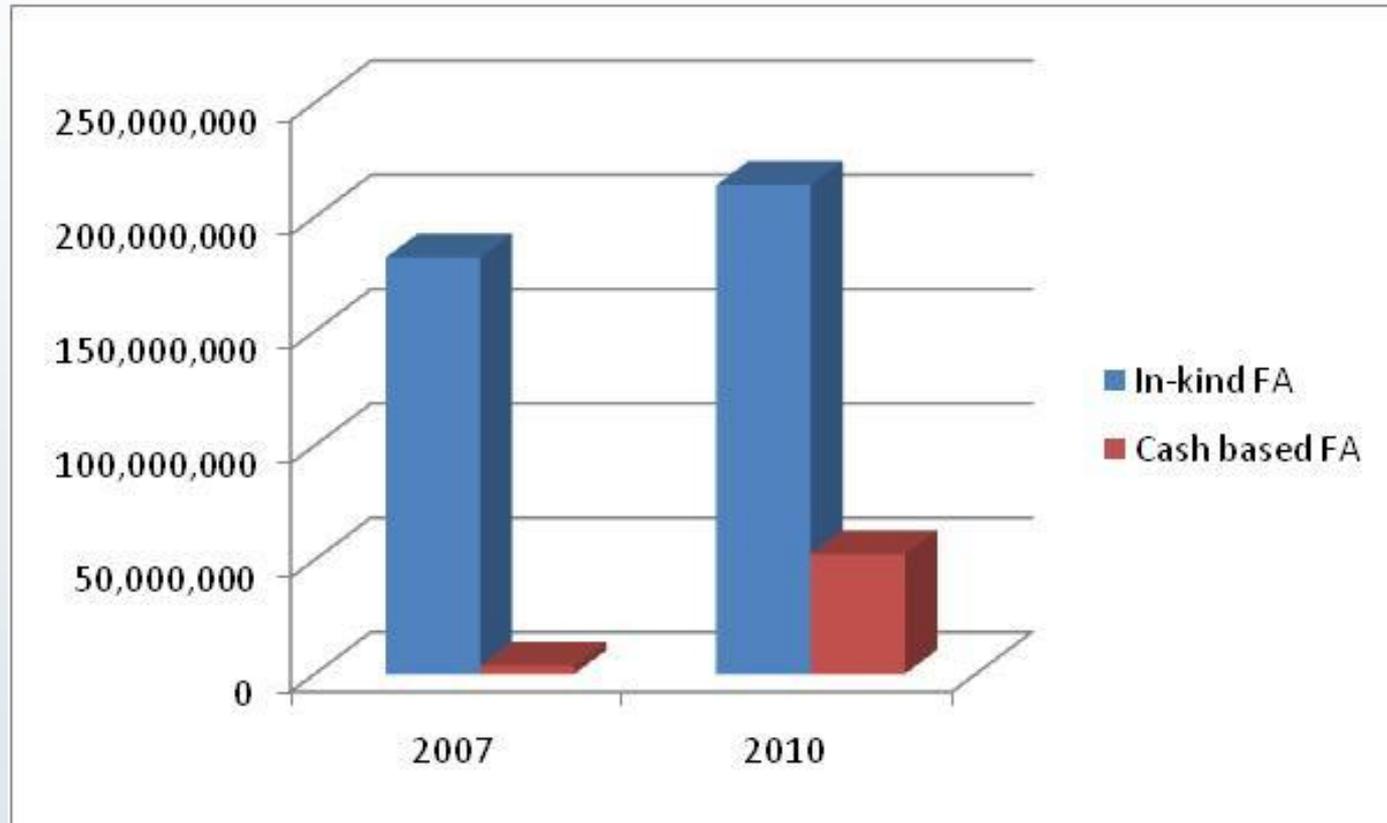


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Comparison of % of C&V projects and % of overall budget used on cash transfers



Breakdown of Food Assistance Budget (Euros)



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Using C&V at scale: the case of Haiti

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Haiti Cash Distributions

- GoH insisted in a transition from GHD (to 700,000) to cash based transfers
- April - December 2010
- One of the largest cash based operations planned by WFP (\$44m, 70,000 workers per month)



Demonstrated the potential ...

- By end October \$9 million cash distributed
- Inter-agency cooperation to conduct a market assessment
- Overwhelming preference for cash over in-kind food transfers (98% according to one OXFAM survey)
- No major problems (eg. corruption, security incidences, market distortions) reported

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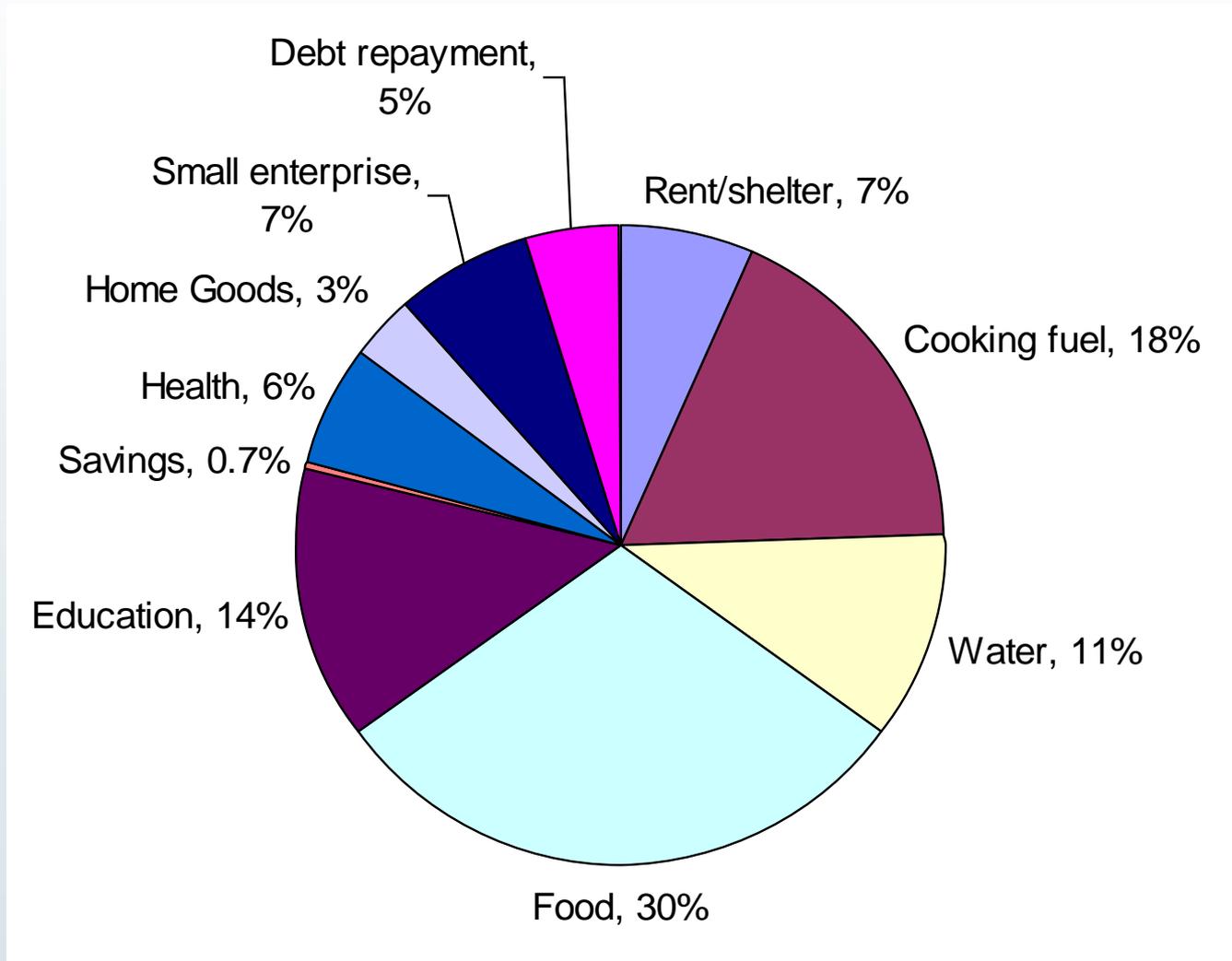
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But real constraints to delivering at scale ...

- 20% disbursed by end of October 2010
- Only 17,000 workers / HHs benefited per month April – June
- Key constraints:
 - ▶ Choice of CFW as distribution modality (difficult to scale-up, implementing partners and projects, matching funds, etc.)
 - ▶ Institutional capacity constraints (specialist technical expertise)
 - ▶ Coordination challenges (mapping, standard setting, lesson learning, etc.) – poor fit with sectoral coordination models



Use of cash transfers (Haiti, Christian Aid)



Conclusions



Key challenges

- An increasing number of humanitarian projects funded by DG ECHO, include the distribution of cash and vouchers to final beneficiaries.
- However, the use of cash and vouchers remains limited in scale compared to the in-kind delivery of humanitarian assistance, and consumes a relatively modest share of the total humanitarian budget.



Key challenges

- *"DG ECHO recognizes that, for cash and vouchers to become a more routinely considered option for resource transfers, increased capacity (in particular, for relevant needs and risk assessment tools) is required by the humanitarian community. This requires a system-wide investment to strengthen the capacity of partners which DG ECHO will continue to support".*
- What priorities should be addressed?
 - ▶ Market assessments?
 - ▶ Training / mentoring?
 - ▶ Transfer mechanisms (role of unconditional transfers)?
 - ▶ Coordination?
 - ▶ Research?
 - ▶ Advocacy?



Topics for discussion

- ▶ *What should be done to increase the scale of humanitarian cash transfers?*
- ▶ *What is the optimal role of the CaLP / IFRC initiative?*



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THANK YOU

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