



No. 3.2 Cash Transfer Programmes: Cash Grants

What are cash grants?

Cash grants are a **provision of money**, which target households or communities. They can be provided for a variety of purposes, although the main forms are grants to meet basic needs or to purchase livelihood assets. Cash grants also allow for the repayment of debts, the purchase of non-food items (such as shelter) and the stimulation of the economy.

There are numerous types of cash grants, including:

- Grants to meet basic needs
- Grants to rebuild housing
- Grants to replace/protect livelihood assets
- Grants for returnees or host families
- Community grants

Cash grants can be either unconditional or conditional. **Unconditional grants** do not impose restrictions on how the money is spent, allowing beneficiaries to spend it according to their perceived needs.

Conditional grants present restrictions either to avoid negative effects and inappropriate use of the cash, or because relief agencies or donors want to direct grants toward a specific livelihood sector.

These can be associated with the submission of livelihood plans, or bound to specific traders.

Cash grants can also be utilised as a complement to livelihood recovery projects, for instance to support the restocking of livestock, or development of a seed bank.

In **community grants**, community-based committees decide how the grants are disbursed and allocated. In this case the relief agency's role is to facilitate and monitor the process.

Table 1 lists some advantages and disadvantages or challenges of this kind of programme response.



Fig. 1: Cash grants enabled this woman to set up a store after the 2004 tsunami (Credit: Howard Davies/OXFAM)

When should a cash grant programme be implemented?

Cash grant programmes can be an appropriate response during various emergency contexts and phases. In the **early stages of an emergency** or rehabilitation, cash grants can be used to meet immediate needs and recover livelihoods. Cash grants can be used in **livelihoods projects** as a protection measure or income support, such as seed protection or livestock replenishment.

Community grants can support community-level rehabilitation, and complement relief efforts.

Table 1: Advantages and disadvantages or challenges of implementing cash grant programmes

Advantages	Disadvantages/challenges
<ul style="list-style-type: none"> • Cost efficient, rapid means of meeting basic needs • Low administration costs and minimal involvement of implementing agency at point of trade • Choice and flexibility for beneficiaries • Empowers communities in their own recovery • Can stimulate local markets • When targeted to women, cash grants can contribute to gender empowerment 	<ul style="list-style-type: none"> • Inflationary risk (options: market monitoring, budget flexibility and/or mix of food and cash distributions) • Cash may not be spent on intended programme objectives (though sometimes an advantage, since it may be spent on priorities not previously assessed) • Monitoring and targeting difficult, because cash is of value to everyone • Security concerns in remote and conflict areas • Potential for intra-household conflict or misuse of cash

When designed for the long-term, and with regular and predictable transfers, cash grants can act as **social protection** (safety nets), to ensure predictable transfer of resources to chronically food insecure households. However, **various criteria must be present for the programme to be appropriate and/or viable**. These include:

- Food and other basic needs are available locally and markets are functioning;
- The risk of inflationary pressure is low;
- The host government accepts cash distributions;
- The country/region has a cash economy and people are accustomed to cash; and,
- Security conditions and/or disbursement mechanisms (banks, traders, private carriers) allow for safe transportation and distribution of money.

Box 1: Cash grants in emergencies: a rough checklist

- ✓ Initial context and market analysis performed
- ✓ Other NGOs, officials, and local leaders informed to establish local acceptability
- ✓ Communities sensitised and committees established
- ✓ Selection criteria established
- ✓ Project staff (including accountants) recruited and trained to assess, supervise and monitor activities
- ✓ Conditional grants – beneficiaries invited to submit proposals or business plans
- ✓ Grant values calculated to fit objectives
- ✓ Systems and tools for beneficiary payments developed, incorporating logistical, security and financial procedures
- ✓ Baseline information gathered, and a monitoring and evaluation system developed

What are the outputs or outcomes of cash grant programmes?

There are various outcomes of cash grant projects, including:

- Livelihoods are recovered through the purchase of essential assets or re-establishment of businesses;
- Basic food and non-food needs and income support are met;
- Sale of livelihood assets to meet basic needs is prevented; and,
- Debts are cancelled or repaid.

Are there any programme examples using cash grants?

Cash grants have been used in various Oxfam humanitarian interventions, for example:

- Cash grants in India, Sri Lanka, and Indonesia for debris clearance following the 2004 tsunami.
- Cash grants in the framework of a restocking project for livelihood recovery in Niger, 2006.
- Cash grants in Pakistan for road construction and debris clearance following the 2006 earthquake.
- Cash grants for purchase of thatch for shelter in Myanmar after Cyclone Nargis in 2007.
- Community recovery grants in Indonesia for rehabilitation following the 2006 Java earthquake.

How do cash grant interventions link with other humanitarian programmes?

Cash grants can be orientated towards achieving other humanitarian outcomes, such as PHE (public health engineering) and shelter. For instance:

- PHE—grants for the purchase of hygiene materials or construction of water and sanitation systems
- Shelter—grants for part-construction of shelter, or to purchase shelter materials

Where can I find further reading and more detailed information?

Oxfam EFSL Rough Guides: – <i>1.2 EFSL Assessments</i> – <i>1.3 Response Analysis</i>	Oxfam Skills and Practice. <i>Cash-transfer Programming in Emergencies: A practical guide</i> (Creti and Jaspers 2006) http://publications.oxfam.org.uk/oxfam/intranet/add_info_024.asp
ODI Resource Library—Cash and Vouchers in Emergencies www.odi.org.uk/hpg	The Sphere Project 2010 (forthcoming) <i>Humanitarian Charter and Minimum Standards in Disaster Response</i> . www.sphereproject.org

Who can I contact for more information and guidance?

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