August 2011

The use of cash transfers in emergencies

A focus on the HoA drought response strategies

FSNWG
Food Security and Nutrition Working Group

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FSNWG
Food Security & Nutrition Working Group
Central & Eastern Africa

CaLP

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What is cash transfer programming?

"Cash and voucher transfers are used to meet basic food and non-food needs or to purchase assets enabling people to resume economic activity."

Sphere standards, 2011

Why use cash or vouchers?

Humanitarian reasons

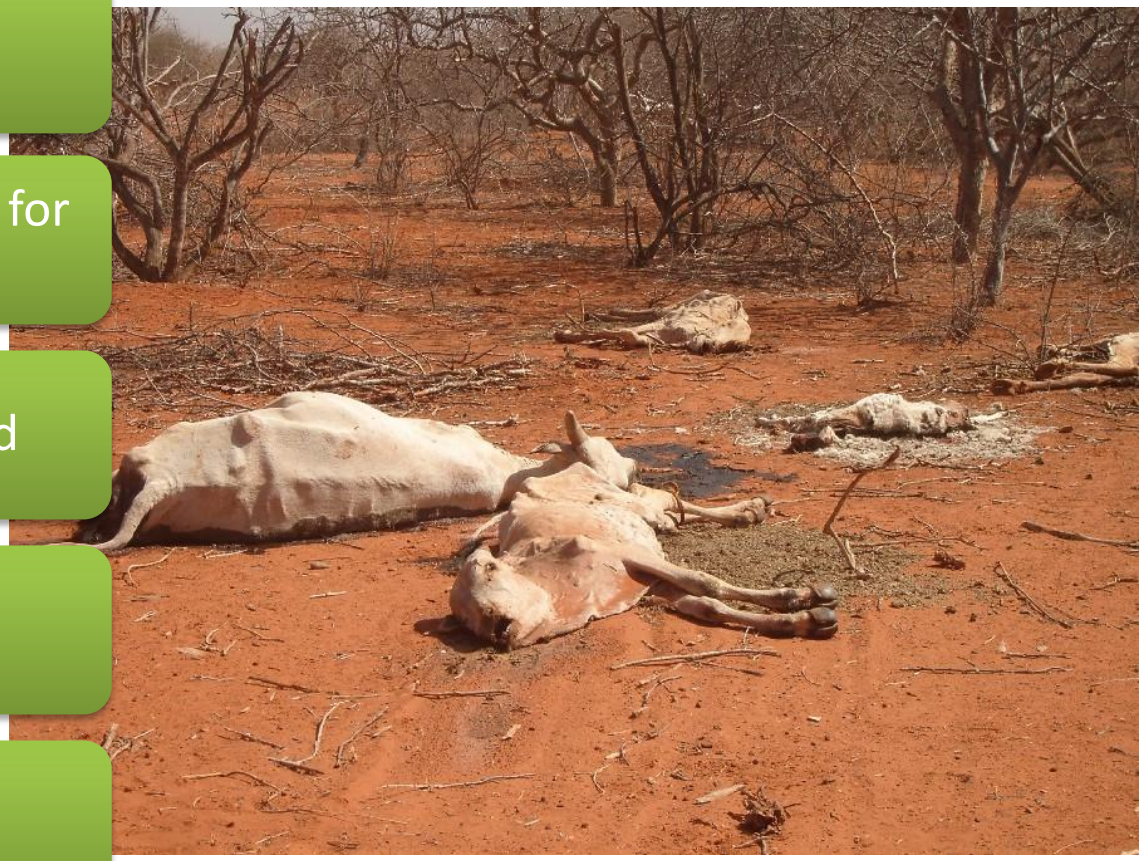
- Dignity
- Choice and flexibility
- Power transfer
- Links response to recovery

Pragmatic reasons

- Cost efficient
- Multiplier effects
- Support to local trade linked to economic recovery
- Fewer costs for recipients

Why respond to the drought using cash

- Speed of the response
- Inaccessibility to some locations for food assistance
- Market support in a time of need
- Adequate payment systems in existence
- Not all needs being met by food assistance alone



Types of cash based response being implemented in the Horn of Africa

Cash grants

- Conditional or unconditional

Vouchers

- Cash value
- Commodity

Cash for work

- Remunerated work on public or community projects

Preconditions for cash or vouchers

- Functioning markets
- Availability & accessibility of products and to the market
- Security conditions are stable or appropriate mitigation measures can be employed
- No excessive taxation on goods
- Payments system
- Recipient identification method

When to use cash transfers

When	Why
Pre-disaster	In preparation for a predictable shock or as part of a disaster risk reduction program. Seasonal cash payments (e.g. during the lean season or hunger gap) can prevent use of destructive coping strategies and allow retention of assets during usual selling off period.
Initial stages of a disaster	To meet immediate, essential food, non-food and income needs and/or protect or re-establish livelihoods and provide shelter
Recovery or transition period	To help re-establish/support livelihoods and/or provide shelter or short-term labour opportunities for the benefit of the community.
In permanent/ chronic crises	To contribute to poverty alleviation, shift from humanitarian programming to social assistance, address essential food and non-food needs and support/establish livelihoods.
During conflict	To meet immediate needs and contribute to livelihoods support or establishment.
Long term issues	To provide ongoing support to most vulnerable households (social protection/ social assistance) To provide incentive for households to access basic services such as education and health care

Source: ICRC /IFRC Guidelines

Cash transfers can be used as an emergency response, during early recovery, to prevent a crisis or to address longer term issues related to chronic poverty

Using cash transfers for livestock interventions

LEGS Technical Intervention and Options	Types of Cash Transfer				
	Unconditional Cash Grant	Conditional Cash Grant	Cash For Work (CFW)	Indirect Grants*	Vouchers
Destocking					
•Accelerated off-take				✓	✓
•Slaughter destocking					✓
Veterinary Services	✓				
•Primary clinical services		✓		✓	✓
•Support to public sector vet functions					
Feed Resources	✓				
•Relocation of livestock		✓			✓
•Emergency feeding in situ		✓			✓
•Emergency feeding in camps		✓			✓
Water Provision	✓				
•Rehab of existing water sources			✓		
•Establish new water sources			✓		
•Water trucking		✓			✓
Livestock Shelter	✓				
•Temporary shelter		✓	✓		✓
•Durable shelter		✓	✓		✓
Livestock Provision	✓				
•Herd reconstitution		✓			✓
•Livestock replacement		✓			✓

LEGS = Livestock Emergency Guidelines and Standards

- **The Livestock Emergency Guidelines & Standards (LEGS)** are a set of international guidelines and standards for the design, implementation and assessment of livestock interventions to assist people affected by humanitarian crises.

- **LEGS** provides specific guidance and information on **6 technical interventions/options.**

- **5 types of cash transfer tools** can be utilized for livestock interventions.

- An assessment must be done first (including market analysis) before choosing which type of cash transfer to utilize.

A good situational analysis will help in determining the best type of cash transfer to use

Payment methods used in the HoA

Direct Cash

Hawala/Remittance agent

Voucher

Mobile phone

Bank or smart card

Cash vs. food

Zimbabwe 2010 (Concern Worldwide): cash, food, or cash + food?

Food consumption was higher and diets more varied in households receiving cash

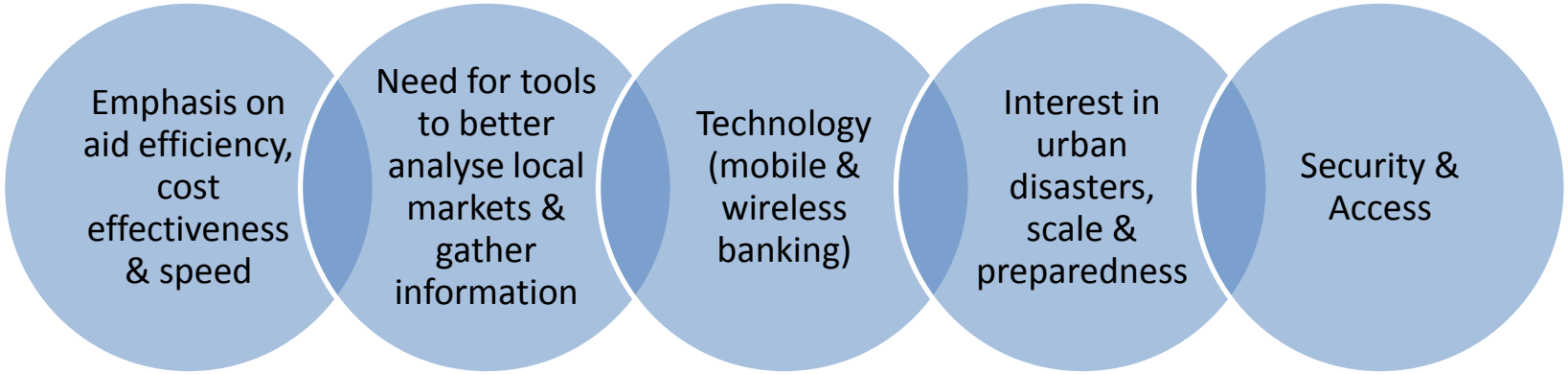
Cash was 167% more efficient than food, and 137% more efficient than cash + food

Positive impacts: increased number of traders, greater diversity of products, multiplier effect

Negative impacts: social jealousy / tension

Current context

External environment has changed dramatically, leading to broader cash acceptance & practice



Need for practice & policy to remain relevant and dynamic

Cash Transfers in Somalia

Cash Transfers:

- Cash consortium formed to address immediate emergency needs (Horn Relief, DRC, Save The Children and ACF)
- Numerous additional organizations/agencies implementing or preparing to implement using cash transfer mechanisms (Oxfam, Unicef, FAO, Concern)
- Increasing level of donor interest and support (ECHO – Approx 9.6 million, DFID – Approx 10 million)
- Multifaceted response using combinations of in-kind and cash

Cash Transfers in Kenya

Cash Transfers:

- Current uses include drought response in Northern and Eastern Kenya by Oxfam, Acted, Save The Children, WFP and ACF.
- Possible scale up of cash based activities by numerous actors including Concern, GOAL, VSF-G.
- Cash transfers to urban poor residing in the slums of Nairobi and Kisumu by Concern, Oxfam, WFP and Coopi in order to support basic food needs and livelihood inputs.
- There are currently two social protection/welfare programs endorsed by the Government of Kenya; The Hunger Safety Net (HSNP) and Orphans and Vulnerable Children(OVC).

Key considerations for current cash-based interventions

Determining the cash value/establishing the 'basket' value

Targeting and more specifically targeting related to what other actors are doing

Selection of a modality adapted to the market and financial systems

Setting the Value of the 'basket'

Potential Impacts			
Tensions and competition between programs	Distorting labour markets (for CFW projects)	Movement of population towards participation/eligibility for different projects	Missing one's objectives

Potential Solutions	
Improved coordination at local levels (not solely at Nairobi level)	Sharing analysis

Selection of Modality

- Cost efficient
- Secure
- Timely

Mapping of cash transfer projects

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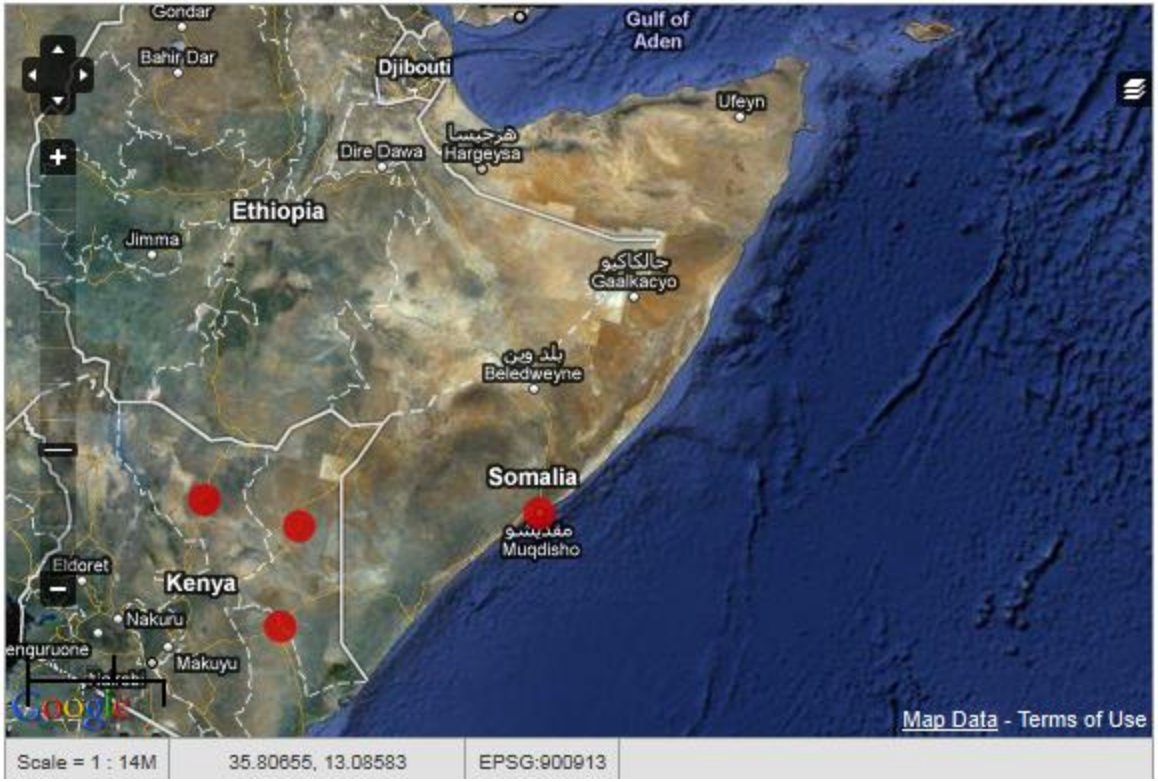

↓ CATEGORY FILTER [HIDE]

- ALL CATEGORIES
- UNCONDITIONAL CASH TRANSFER
- CASH FOR WORK
- CONDITIONAL CASH TRANSFER
- VOUCHER

How to Report

1. By sending an email to calp@som.nrc.no
2. By filling this form

CaLP in the Horn of Africa

Areas of focus:

Key focus:

- Support of coordination in cash transfer responses
- Facilitation of the Cash Transfer Technical Working Group;
- Provision of technical advice to Somalia Support Secretariat Cash Working Group;
- Delivery of trainings and workshops to support actors implementing using cash responses;
- Capturing of best practices through case studies and research.

Discussion points:

How should we...

- Document experiences and lessons learned?
- Improve coordination on key cash issues
- Inform & advocate?
- Improve the quality of CTP?

CaLP regional surge/technical support

Determining the cash/basket value

- Presentations from actors implementing cash programs

Promoting exchanges on modality selection

Emphasizing the importance of local coordination - targeting

When: proposed for the 23rd of August, 2011

Questions?

www.cashlearning.org