

## Key Messages

30<sup>th</sup> January 2017

*The purpose of this document is to provide key messages of the Cash WG that can be used in discussions with humanitarian stakeholders. This document is not designed to be passed to interlocutors, but rather inform Cash WG members on key points to raise in discussions.*

### KEY MESSAGES for LIBYA

1. Globally the question being asked is 'why not cash?' and 'if not now, when? Hence why some major donors and agencies pledged to increase cash programming to at least 25% of all humanitarian aid by 2020.
2. The Libya humanitarian operation is young, therefore Cash WG is focused on evidence gathering to inform decision making on where, using what transfer mechanism and to achieve which sectoral objectives cash is most appropriate.
  - Donors have been instrumental in advocating for the humanitarian community to engage further in cash based assistance in other contexts. The same standpoint is welcomed for the Libya operation.
3. In the meantime, the Cash WG is not promoting cash as the 'best' way of delivering assistance in Libya. The Cash WG acknowledges the challenges.
  - Most of these challenges impact on the ability to deliver in-kind assistance.
4. Cash should not be disregarded because of macro-economic factors e.g. liquidity, exchange rates and the remote management needed.
  - These same factors are in place in dozens of other countries where humanitarian cash assistance has been successful.

### EVIDENCE GATHERED

- The case of Benghazi shows that when there is trust across the financial circuit, people accept alternative systems of payments (cheques, vouchers, credit cards) to access basic items. The humanitarian community should be working together with third actors to ensure people do have access to basic items despite the challenges, for people, to access their own financial resources (IDP Vulnerability Assessment - Mercy Corps/UNHCR)
- 96 percent of households reached reported to have access to market. Cash remains the most used means to access services and goods (IDP Vulnerability Assessment - Mercy Corps/UNHCR)
- Cash based assistance successfully assisted more than 20,000 vulnerable people in 2016 and is planned to reach more in 2017. (Cash WG 5Ws)
- 78% of beneficiaries assisted with cash would not have preferred another type of assistance (food, NFI, in-kind) (ACTED Post Distribution Monitoring)
- The number of households receiving cash based assistance resorting to negative coping mechanisms such as borrowing money or food, reducing food portions or number of meals, buying food on credit or selling assets decreased from 68% to 45% (ACTED Post Distribution Monitoring)

### CASH WG OVERVIEW

- Cash based interventions have been piloted and successfully implemented in Libya for over one year now.
- Cash is a modality; the Cash WG is actively reaching out to each sector and targeted organisations to strengthen linkages and identify opportunities for evidence gathering.
  - The membership of the Cash WG has doubled in the past 8 weeks.
- The Cash WG is a community of practice with a strategic direction, workplan and increasingly harmonised approaches. While Cash WG members are bringing their own resources to assist, to continue gathering evidence there will need to be further support from the donor community.
- Cash WG also focused on direct interventions e.g. bank transfers to H.H and in-direct interventions e.g. markets to all target groups - IDPs, host, refugee & migrants.

## GENERAL CASE FOR CBI

- **Flexibility and choice:** One size does not fit all! Using cash or vouchers recognises that beneficiaries are best placed to decide what their households need, and gives them the flexibility to choose according to their own diverse needs and priorities.
- **Dignity:** In allowing beneficiaries to control what goods and services their households need, cash transfers are considered by many as more dignified than receiving goods in kind, and recognise beneficiaries as active participants in providing for the welfare of their families after a disaster.
- **Empowerment:** The availability of cash gives households a sense of restored power over their immediate situation. In addition, there is evidence that receiving cash can at least temporarily empower women within the household. Access to financial structures such as bank accounts may empower beneficiaries, in particular women, in the longer-term as well.
- **Supports or revitalises local trade:** Injections of cash or the use of commodity vouchers with local traders benefits the recovery of trade and the local economy. Cash-based support for livelihood rehabilitation can potentially also provide a link between relief and longer- term economic recovery and may offer the opportunity for beneficiaries to increase income and create savings.
- **Reduces negative coping strategies:** In the modern world, most households depend on cash to some extent. When aid is given in kind, households are often forced to seek cash in ways that may be detrimental to longer- term livelihoods, for example selling productive assets, or giving children to the care of relatives. Evidence shows that cash transfers reduce the negative coping strategies used by beneficiaries.
- **Multiplier effects:** By stimulating local markets, cash- based interventions may benefit more than the direct recipients of cash. Local traders and service providers, transport workers and suppliers and transporters of goods may all benefit from households having money to spend.
- **Time and cost efficient for agencies and participants:** When goods are available and accessible locally, cash or voucher-based interventions have the potential to be more rapid than bringing supply from out of country. When beneficiaries use local markets, agencies also eliminate logistical and import costs. However the additional staff, security and logistical resources sometimes required to distribute cash or manage a voucher programme must also be factored in.