STUDY REPORT

NOVEMBER 2020

SAMANTHA BRANGEON/VALÉRIE LÉON

Groupe URD
Urgence . Réhabilitation . Développement

THE ENVIRONMENTAL IMPACT OF CASH AND VOUCHER ASSISTANCE

AFD
Gouvernement Princier
PRINCIPAUTÉ DE MONACO
La Région Auvergne-Rhône-Alpes
FONDATION DE FRANCE

GROUPE URD

URGENCE . RÉHABILITATION . DÉVELOPPEMENT

Founded in 1993, Groupe URD is an independent think tank that specialises in analysing practices and developing policies for the humanitarian sector. Its multi-disciplinary expertise, based on continual field visits to crisis and post-crisis contexts, provides it with insight into the functioning of the sector as a whole. It believes in sharing knowledge and collective learning, and it helps aid actors to improve the quality of their programmes.

ABOUT THE AUTHORS

Samantha Brangeon is a Groupe URD Researcher who specialises in environmental issues. She works on the relationship between humanitarian aid and the environment, particularly the environmental impacts of humanitarian operations. She facilitates the Humanitarian Environment Network (www.reseauenvironnementhumanitaire.org) which brings together organisations who want to take environmental issues into account in their practices and programmes. She has conducted a number of studies on this topic.

Valérie Léon is a Groupe URD Researcher who specialises in issues related to migration and resilience. Having studied Political Science and Economics, she worked in a number of crisis and post-crisis contexts, mainly for ICRC (El Salvador, Kosovo, Ethiopia, Georgia and Myanmar), specialising in economic security programmes. After several years based in Paris supervising projects by Médecins du Monde in Latin America, she joined Groupe URD in 2012 where she focuses on cross-cutting issues, between relief and development.

CONTENTS

EXECUTIVE SUMMARY 5

INTRODUCTION 6

1. STUDY FRAMEWORK 7
1.1. OBJECTIVES 7
1.2. METHODOLOGY 7
1.3. TERMINOLOGY 8
1.4. TYPOLOGY OF IMPACTS STUDIED 9

2. THE ENVIRONMENTAL FOOTPRINT OF CVA 11
2.1. ENVIRONMENTAL ISSUES ARE NOT TAKEN INTO ACCOUNT SUFFICIENTLY IN CVA 11
2.1.1. the dichotomy between the humanitarian imperative and protection of the environment 11
2.1.2. giving priority to efficiency and choice 12
2.1.3. the lack of appropriate tools 13
2.2. THE ENVIRONMENTAL EFFICIENCY OF CASH AND VOUCHER ASSISTANCE 14
2.2.1. Integrating environmental costs in the analysis of efficiency 14
2.3. THE ENVIRONMENTAL COSTS RELATED TO CASH AND VOUCHER ASSISTANCE 17
2.3.1. An opportunity to reduce the proportion of aid that is wasted 17
2.3.2. the question of waste management 18
2.3.3. Mitigating the impacts of cash and voucher assistance 18

3. INCREASING THE POSITIVE IMPACT OF CASH AND VOUCHER ASSISTANCE ON THE ENVIRONMENT 22
3.1. ANTICIPATING RISKS AND COMBINING FORMS OF ASSISTANCE 22
3.1.1 Mixed approaches to control environmental costs 22
3.1.2. combining cash and voucher assistance with eco-friendly adaptation or recovery activities 24
3.2. TRANSFORMING THE CONCEPTUAL APPROACH OF CASH AND VOUCHER ASSISTANCE 25
3.2.1. the need to include the protection of natural resources in economic analyses 25
3.2.2. designing greener programming tools 26
3.3. TRANSFORM THE OPERATIONAL APPROACH OF CASH AND VOUCHER ASSISTANCE 27
3.3.1. the question of environmental conditions 27
3.3.2. using vouchers to influence behaviour 28
3.3.3. Developing eco-friendly partnerships: NGOs and suppliers 29
3.3.4. Supporting the development of eco-friendly products : a new role for humanitarian organisations? 30

CONCLUSION 31

RECOMMENDATIONS AND AREAS FOR FURTHER REFLECTION 32

BIBLIOGRAPHY 34
ANNEX: LIST OF ORGANISATIONS INTERVIEWED 35

ACRONYMS

CaLP : Cash Learning and Partnership

CFW : Cash For Work

CWG : Cash Working Group

CVA: Cash and Voucher Assistance

FAO : Food and Agriculture Organisation

GSC: Global Shelter Cluster

HCR : High Commissioner for Refugees

IOM : International Office for Migration

JEU : Joint Environment Unit

MEB : Minimum Expenditure Basket

NEAT : Nexus Environment Assessment Tool

REH : Réseau Environnement Humanitaire

WFP : World Food Programme

EXECUTIVE SUMMARY

For a number of years, there has been exponential growth in the use of Cash and Voucher Assistance in humanitarian programmes. Their increased use, in keeping with one of the commitments of the Grand Bargain, has brought numerous advantages, for example, in terms of reduced costs, the boosting of local markets and increased quality of aid. This has been documented by a variety of studies, particularly by the CaLP. Some organisations also claim that Cash and Voucher Assistance has environmental advantages, based on the idea that if purchasing takes place locally, the carbon footprint of transporting the goods that are distributed will necessarily be reduced for the humanitarian organisation. However, the relationship between cause and effect here is not as simple.

Like all types of humanitarian operation, Cash and Voucher Assistance (CVA) can have environmental impacts, whether these are local (waste, soil pollution, etc.) or global (Co2 emissions). These impacts are more difficult to trace for CVA than for 'in-kind' programmes, because, in the vast majority of cases, humanitarian actors do not control how the beneficiaries spend their cash. Despite this, negative impacts are still the responsibility of humanitarian organisations, who therefore need to anticipate and reduce them.

What is more, CVA have environmental potential that is currently under-exploited in terms of more sustainable methods of consumption, reducing environmentally damaging survival strategies (e.g. vouchers to buy improved cooking stoves), etc. Other areas that organisations involved in CVA could explore include promoting local businesses with more sustainable products and helping suppliers/traders to adopt greener practices, such as less packaging.

Lastly, taking environmental issues into account in CVA (choice of method, selection of suppliers, evaluation of programmes, etc.) is an important step towards anticipating risks and maximising potential. Organisations involved in CVA can learn from the recent efforts to adopt greener policies and strategies in the humanitarian sector.

Main recommendations for organisations involved in Cash and Voucher Assistance:

- Include environmental considerations in programmatic tools used in CVA in order to anticipate indirect and negative impacts on the environment more effectively (e.g. analysis of the energy supply in local markets and the types of energy used, selection of service providers and suppliers, etc.);
- Promote complementary approaches with market-based interventions, technical assistance services and/or awareness raising (environmental education, eco-friendly practices, etc.);
- Include environmental considerations more systematically in CVA policies and strategies in order to encourage an environmental analysis of these programmes;
- Raise awareness of environmental issues among CVA practitioners;
- Reinforce coordination between the CVA community and the Environment in Humanitarian Action community[1], as well as other initiatives to green humanitarian aid.

[1] *Via the JEU, REH, ehaconnect.org, etc.*

INTRODUCTION

At a time when there is greater awareness of climatic and environmental issues, it is increasingly evident that the future of human life is intimately linked to the future and health of the planet. Until now, this issue has been overlooked by humanitarian organisations in their determination to 'save lives' in complicated emergency contexts. Given the current situation, it is time for humanitarian actors to become aware of the (real and potential) repercussions of their actions on the environment, including (but not limited to) their environmental footprint. A situation that seems to echo that of the late 1990s when humanitarian actors became aware of the potential negative effects of their actions in conflict situations (Sudan, Yugoslavia, Rwanda, etc.).

For more than ten years, environmental issues have increasingly figured in humanitarian organisations' discourse and practices (the Humanitarian Environment Network – REH, the activities of the UNEP/OCHA Joint Environment Unit – JEU, studies, etc.). A certain number of organisations have developed environmental policies[2] and are looking at the impact of their actions[3] in different sectors and contexts. Even though the aid sector's footprint is clearly smaller than that of other sectors (industry, agriculture, etc.), taking environmental issues into account is a question of overall coherence, of leading by example, and of responsibility with regard to the 'Do No Harm' principle.

During the same period, there has been a significant expansion of Cash and Voucher Assistance, particularly since the Syrian refugee crisis in the Middle East. Between 2015 and 2020, the volume of Cash and Voucher Assistance rose from 2 to 5.6 billion dollars, which represents 17.9% of international humanitarian assistance[4]. This trend should continue in the future due to the growing gap between humanitarian needs and available funding. Such growth is also due to the benefits of CVA in terms of efficiency, autonomy and respect for the dignity of people affected by crises. Lastly, increasing the use of CVA is one of the workstreams related to the Grand Bargain's 51 commitments[5], and it is in keeping with the principle of aid localisation.

And yet, environmental considerations do not figure a great deal in CVA strategies, discourse or approaches. To date, there has been relatively little exploration of the environmental impact of CVA[6].

[2] *https://www.eecentre.org/resources/environmental-mainstreaming-in-humanitarian-interventions/*
[3] *https://www.urd.org/en/publication/report-on-environmental-footprint-of-humanitarian-assistance-for-dg-echo-2020/ https://www.alnap.org/help-library/no-plan-b-the-importance-of-environmental-considerations-in-humanitarian-contexts*
[4] *CaLP (2020), The State of the World's Cash 2020.*
[5] *https://interagencystandingcommittee.org/increase-the-use-and-coordination-of-cash-based-programming*
[6] *This is less the case for more 'traditional' projects (see www.urd.org/environment and www.ehaconnect.org).*

1.STUDY FRAMEWORK

1.1. OBJECTIVES

This study is part of an operational research project, 'Learning and Innovating to Improve Crisis Response', which aims to promote collective learning within the humanitarian sector. The project is funded by the French Development Agency (AFD), Monegasque Cooperation, *Région Rhone Alpes Auvergne*, and the *Fondation de France*.

The study explores the actual and potential repercussions of CVA on the natural environment. Aimed at practitioners, it describes a variety of scenarios to show how this form of assistance can create opportunities or further challenges for the environment. The study aims, first of all, to analyse certain aspects of the environmental footprint of CVA, and then to understand how it can help to meet environmental and climatic challenges. Our aim is therefore to explore the extent to which the failure to take into account the environmental potential of CVA represents a missed opportunity for the sector.

Lastly, the study aims to help humanitarian actors understand the issues at stake, and to make enlightened decisions, while accepting that choices between different environmental challenges can be complex (such as the choice between overall Co2 emissions and local soil pollution). Decisions therefore depend on the type of crisis, the context (e.g. urban or rural), and the type of fragilities involved. Through critical and constructive analysis of current operational approaches, the study aims to contribute to debates about how to reduce the environmental footprint of the aid sector.

1.2. METHODOLOGY

It is a commonly held belief in the sector that Cash and Voucher Assistance helps to reduce the environmental footprint of aid operations – compared to in-kind distributions – mainly by reducing the transportation of goods and therefore Co2 emissions. However, this has never been verified, and remains to be proven. Indeed, environmental quantification is complex as it includes the scope of programme costs or negative externalities (operational vs. structural costs of the operator), indirect and unexpected impacts, etc[7].

What is more, CVA can be used to meet different programme objectives and is not always implemented in the same way. Different distribution mechanisms are used (e.g. cash, vouchers or electronic money) and can be combined with other forms of assistance (IGAs[8], education and awareness-raising, technical support, etc.). All this makes it

[7] HCR and Arup are currently carrying out a quantitative study that aims to quantify the carbon (Co2 and equivalent) and environmental impacts of certain items that are distributed as part of traditional programmes and compare certain forms of 'in-kind' and 'cash' assistance. The study will focus on camp contexts in three countries and will be published in September 2020.
[8] IGA: Income-Generating Activity

difficult, if not impossible, to compare different types of assistance, notably because this type of impact analysis would theoretically require counterfactual analysis that is difficult to envisage in humanitarian contexts. As such, it would be risky to come to any general conclusions about the relative environmental impact of programmes with similar objectives (CVA vs. in-kind assistance).

The aim of this study is therefore to encourage aid practitioners to take environmental issues into account in their CVA projects, with the broader objective of helping them to make decisions. It presents an overview of the potential impacts that CVA can have on the environment (positive, negative and 'avoided' negative impacts). The study focuses on environmental effects, but we also recognise the need for broader analysis in terms of sustainable development, by including respect for environmental and social norms (by including working conditions, work safety, child labour, etc.).

The data used in this study come from a literature review (notably a study carried out in 2018 by the London School of Economics, the OCHA/UNEP Joint Environment Unit (JEU) and the Global Shelter Cluster (GSC) – see Box 1 below) and a series of interviews carried out remotely due to the COVID-19 pandemic.

Box 1: Key points from the study by the London School of Economics, the JEU and the GSC (2018)

This study aimed to highlight the different implications of CVA for the environment. The authors point out that an environmental perspective is necessary in choosing the right type of assistance as CVA projects can bring additional environmental risks, or, on the contrary, can create opportunities, but these are not often taken into consideration. CVA, which is often more efficient than in-kind assistance, allows actors to make savings that can encourage them to invest in greener technologies and approaches. The study also suggests that humanitarian actors should adopt safeguards to reduce the environmental risk caused by CVA, notably in countries where environmental governance is weak. Lastly, it encourages practitioners to use conditionality as a way to protect the environment.

1.3. TERMINOLOGY

This study principally focuses on the use of CVA in the humanitarian sector in the broadest sense, i.e. from emergency relief and economic assistance (during a crisis) to aid for reconstruction, recovery and resilience. As such, the analysis includes examples of operations related to social safety nets at the national level. The study does not analyse the impacts of market-based programming but does suggest some areas to explore in this respect.

It is worth pointing out here that CVA is a form of assistance rather than a form of programme as such. It not only aims to distribute money to vulnerable people, but also to contribute to a broader objective, such as nutrition, education, health, food security, resilience, and why not the protection, preservation or restoration of the environment…

As a reminder, different kinds of distribution mechanisms are possible: cash, vouchers, electronic money, etc.[9], and different types of CVA exist:

- Conditional transfers (*vs.* unconditional). Conditions (or obligations) that the beneficiary must fulfil in order to receive the assistance (e.g. taking part in an awareness-raising session or community work, or an additional instalment of CVA being given on the condition that the beneficiary has carried out the first phase of an eco-friendly construction);
- Restricted transfers (*vs.* unrestricted). Limits are imposed so that the money distributed can only be used for certain uses (e.g. to buy eco-friendly construction materials; or vouchers can only be exchanged for a pre-established list of products or certain types of service, including education and health).

The environment[10] is dealt with more broadly to include physical elements (geology, topography, soil, water resources and air quality) and biological elements (fauna, flora, biodiversity and ecosystems, pollution, carbon, etc.). Environmental impacts are taken into account regardless of their nature, whether global or local (where programmes are being implemented).

1.4. TYPOLOGY OF IMPACTS STUDIED

The environmental impacts of Cash and Voucher Assistance are assessed on two levels:

1. With regard to the implementation of CVA activities (direct and indirect impacts). This is referred to as the environmental footprint of implementation;
2. At a more macro level, we look at the potential positive and negative impact of CVA on the environment (medium to long term). By analysing CVA from this perspective, we underline its potential contribution to broader objectives related to the protection and preservation of the environment.

1. The environmental footprint (or environmental cost) of implementing CVA:

This concerns the direct or indirect impact of implementing CVA: from the initial assessment and distribution activities through to monitoring activities and the use of the CVA by the beneficiaries.

This includes two kinds of impact:

- ✓ During the operational implementation of CVA. This excludes potential impacts before the implementation (preliminary analysis during programme design, which are not specific to CVA) and that are not operational (support activities). We only look at operational costs throughout the implementation, including specific initial assessments (risk and market analysis, and analysis of alternative CVA designs, etc.), distributions, support to partners, monitoring and evaluation, and any other complementary activities (awareness-

[9] *Cf. CaLP (2018), Glossary of Terminology for Cash and Voucher Assistance.*
[10] *The sum of all external conditions affecting the life, development and survival of an organism - US EPA (Environmental Protection Agency) http://www.epa.gov/*

raising, training, technical support, etc.). These direct impacts of implementation represent environmental costs that are related to all the resources used, whether human, logistical (transport and supplies), digital, etc.;

- ✓ The secondary impacts of implementation are related to what beneficiaries need to do to receive the CVA (transport to distribution points, the impact of distribution mechanisms such as mobile phones, etc.), as well as how the CVA is used in terms of purchases and investment.

2. *The environmental consequences of CVA:*
   - ✓ Expected benefits for the environment. These positive consequences are not specific to CVA in the strictest sense, but rather are part of the programme objectives, such as: protection/preservation/restoration of the environment, or preparedness and mitigation of environmental risks;
   - ✓ The potential positive consequences of CVA should ideally limit or compensate for negative consequences (unintentional, unexpected or not sufficiently anticipated). For example, overexploitation of natural resources or increased pollution due to the injection of cash into a crisis-affected region.

The potential repercussions of an aid programme on the environment may or may not have been considered and integrated. It is after a project has ended (or after a certain period of time) that its consequences for the environment, in the short, medium and long term, can be estimated. Though it is common usage to carry out pre- and post-implementation impact studies in the development sector, this is not common practice in the humanitarian sector. Rather, impact assessments are carried out after the closure of a humanitarian programme, and rarely more than six months later.

Though humanitarian organisations are increasingly conscious of their responsibility regarding the environmental costs of aid operations (in terms of reducing their environmental footprint), all the potential effects of CVA on the natural environment are rarely taken into account in programming. And yet, it is important to anticipate the environmental effects or externalities of all aid programmes (including CVA). Indeed, anticipation, monitoring, assessment and ex-post evaluation exercises are the means by which humanitarian practitioners will be able to minimise these negative impacts while maximising the positive contribution of their projects towards the protection/preservation/restoration of natural resources and ecosystems.

A diagram summarising the methodological approach and the principle areas of analysis is included on page 21.

2. THE ENVIRONMENTAL FOOTPRINT OF CVA

Here, we take environmental footprint to mean the environmental costs related to implementing Cash and Voucher Assistance, that is to say:

- ✓ The direct impacts related to the implementation of operations,
- ✓ The secondary impacts related to gaining access to and using CVA after delivery.

2.1. ENVIRONMENTAL ISSUES ARE NOT TAKEN INTO ACCOUNT SUFFICIENTLY IN CVA

Currently, environmental issues are not taken into account a great deal in humanitarian programmes in general – from their design through to operational decision-making. This is particularly true for CVA. This lack of consideration for environmental issues is the result of an old dichotomy between the humanitarian imperative (saving lives) and environmental protection (saving the environment) which now appears to be outdated. This dichotomy explains why the criteria of efficiency and choice have been given priority over environmental protection, and why there is a lack of appropriate tools to design and implement CVA.

2.1.1. THE DICHOTOMY BETWEEN THE HUMANITARIAN IMPERATIVE AND PROTECTION OF THE ENVIRONMENT

The dichotomy between the humanitarian imperative and protection of the environment figured prominently in humanitarian discourse until the middle of the 2010s. Since then, it has gradually become less prominent with the arrival of environmental guides, standards and policies, as well as training courses for humanitarians. In relation to CVA though, the dichotomy continues to be present, making the adoption of an environmental approach to this form of assistance more complicated. Thus, even though it recognises the seriousness of climate-related issues and how these are affecting humanitarian needs, the last biannual report by the CaLP, 'The State of the World's Cash'[11], does not mention the question of the environmental footprint of CVA. Given the increased global awareness of the dangers of climate change for the future of humanity, this dichotomy no longer seems relevant[12].

This lack of consideration for the environment is also due to the fact that the environmental impacts related to CVA are less 'visible' or more difficult to identify, compared to those of 'in-kind' programmes. The difficulty in tracing and

[11] *CaLP (2020) The State of the World's Cash, https://www.calpnetwork.org/publication/the-state-of-the-worlds-cash-2020-full-report/*
[12] *Groupe URD (2020), The aid sector faced with climate change, multiple crises and the risk of collapse. Humanitarian Aid on the Move, Number 21.*

monitoring impacts may explain why practitioners feel that this issue is not within their control, particularly in the case of unrestricted transfers[13] (also called 'multipurpose transfers' for which beneficiaries are free to spend the money they receive without any restrictions)[14].

However, the environmental impacts of how the money is used are not directly caused by the CVA as they are the result of behaviour in terms of consumption and investment that would be the same (or similar) in a normal situation (without a crisis)[15]. A CVA programme does not, in itself, modify the purchasing and investment habits of households, which depend a great deal on cultural norms and habits, as well as market conditions (the availability of eco-friendly alternatives on the market).

This said, if CVA does have indirect and unintentional negative impacts on the environment, it seems clear that it is the responsibility of those who implement such programmes to identify, anticipate and reduce their potential negative environmental effects, as it is for any other type of aid programme.

2.1.2. GIVING PRIORITY TO EFFICIENCY AND CHOICE

Few CVA practitioners[16] appear to be environmentally conscious (though perhaps this about to change ?). The advantages of CVA in terms of choice for the beneficiaries, efficiency (cost/beneficiary ratio) and boosting local markets are given priority over environmental considerations.

In the last twenty years, the advantages of CVA have been extensively documented: efficiency, speed of response, respect for people's choices and dignity, level of acceptance by beneficiaries, etc. These arguments have been used to promote their growing use (except in certain contexts where they are less appropriate than other methods), particularly in relation to unrestricted transfers[17].

In addition to the survival of individuals, their freedom of choice, and the resilience of local economies, environmental criteria should be taken into account in the design and implementation of CVA, as is beginning to happen for 'in-kind' programmes.

[13] *Cf. Terminology, Section 1.3.*
[14] *It is easier for an organisation to know about the carbon footprint of a product that is distributed if they have bought it directly from a supplier via their logistics department (purchasing and supply process). For a CVA project, the organisation does not always know how the money is spent by beneficiaries, and therefore does not always know about the environmental consequences of their purchases (e.g. foodstuffs produced in an unsustainable way, waste from the packaging of the products bought, sustainability of the products bought, etc.) Cf. section 3.1.1.*
[15] *According to a recent study by ODI, humanitarian financial flows are only a small part (5%) of global financial flows https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9731.pdf*
[16] *Humanitarian and development organisations, and governments via social safety net programmes.*
[17] *According to CaLP, unrestricted transfers represented approximately three-quarters of all the CVA in 2019. Cf. CaLP, The State of the World's Cash 2020.*

2.1.3. THE LACK OF APPROPRIATE TOOLS

For the reasons outlined above, decision-making tools, market analysis prior to launching a CVA programme, Cash Working Group strategies and action plans[18] (e.g. Colombia and Bangladesh) and the guides and tools developed by the CaLP[19] rarely include the environmental issues raised by this form of assistance. And yet, these tools would help to improve understanding of environmental challenges and opportunities. Among the tools and approaches that should be consolidated are market analysis, access to energy practices and service providers. Possible improvements are outlined at a later stage in the report (see Section 3.2.2.).

As has been shown by the experience of the Shelter sector, the existence of negative externalities does not challenge the validity of CVA itself, but underlines the importance of carrying out specific analyses to anticipate and mitigate potential negative impacts on the environment (depending on the sector and the objective of the programme).

Box 2: Growing awareness of negative impacts on the environment – the Shelter sector

In recent years, the Shelter sector has become aware of the negative impact that it can have, particularly during large-scale reconstruction programmes [20], due, for example, to the origin of materials and the unsustainable supply of sand and timber. Additional pressure on wood resources can lead to increased deforestation within and around crisis zones. This has been observed on several occasions during reconstruction programmes using CVA, such as in Malawi, Sri Lanka, Indonesia and Haiti. As a result, the Global Shelter Cluster has developed a checklist that aims to help actors from the Shelter sector to choose between different methods based on environmental considerations[21].

Thus, in Mozambique in 2019, Catholic Relief Services (CRS) decided that the distribution of cash could have more negative environmental impacts than in-kind assistance (in this case, regarding timber). These examples show the need for specific environmental assessments of local methods of construction and consumption in order to anticipate as much as possible the indirect and collateral impact of encouraging rapid reconstruction (which CVA makes possible).

While a certain number of tools exist[22] to help take environmental issues into account in humanitarian action, there are relatively few operational tools and guides to identify the specific environmental implications of CVA. What is more, environmental assessment tools for humanitarian programmes deal very little with CVA, and they are not

[18] *See the list of Cash Working Groups on CaLP's website : https://www.calpnetwork.org/community/*
[19] *It is important to note, however, that interest in environmental and climatic issues has begun to emerge within CaLP.*
[20] *Thanks, particularly, to the creation of the 'environment' community of practice within the Cluster https://www.sheltercluster.org/community-practice/environment-community-practice/documents*
[21] *Looking Through an Environmental Lens, case study: the shelter cluster: https://reliefweb.int/sites/reliefweb.int/files/resources/cashenvironment.gsc_brief.pdf*
[22] *Green Recovery and Reconstruction Toolkit, the Environmental Marker (JEU 2012), Environmental Assessment resource pack (Tearfund 2009), NEAT+ (JEU 2020)*

very well known, and not often used, by practitioners who engage in CVA. NEAT+[23], which has recently been developed by the JEU, aims to help practitioners identify the environmental risks within their operational context and by sector (Shelter, WASH, Food Security and Livelihoods). NEAT+ is increasingly used by the humanitarian sector and helps to identify ways to reduce risks related to their projects. However, it does not clearly address the question of which operational method to choose (CVA vs. in-kind)[24] and does not help to identify environmental safeguards for CVA.

2.2. THE ENVIRONMENTAL EFFICIENCY OF CASH AND VOUCHER ASSISTANCE

2.2.1. INTEGRATING ENVIRONMENTAL COSTS IN THE ANALYSIS OF EFFICIENCY

As seen above, one of the common arguments in favour of CVA is its efficiency, which explains to some extent why it is increasingly used[25]. However, environmental costs are not included in evaluating its efficiency, particularly the carbon footprint of CVA[26].

It should be recalled that the transition to CVA is due to the humanitarian system's desire to inject cash into local economies, and to reduce the waste of unconsumed products in the Global North and South (by cutting grants to producers in donor countries). CVA is therefore seen as a way of reducing the carbon footprint of aid operations and consequently increasing their efficiency. This comes from reducing dependency on international and regional supply chains, reducing the number of intermediaries within the supply chain (transporters, distributors, sellers, etc.), reducing the energy used for storage, etc.

In order to be part of an eco-friendly approach, the notion of efficiency needs to include environmental costs or at least the carbon footprint of the resources deployed and the products involved. However, organisations find it very difficult to estimate the carbon impact of CVA, and therefore the real overall reduction in carbon emissions that the transition to CVA allows.

Box 3: The difficulty of assessing the carbon footprint of CVA

Anticipating and evaluating the carbon footprint of CVA raises a number of difficult questions for humanitarian actors:

[23] *NEAT+: Nexus Environmental Assessment Tool*
[24] *At the time of writing, a version of NEAT+ was being discussed related to CVA.*
[25] *The State of the World's Cash 2020: https://www.calpnetwork.org/wp-content/uploads/2020/07/SOWC2020-Full-Report-1.pdf*
[26] *The carbon footprint of a human activity is a measurement of man-made greenhouse gas emissions, that is to say, emissions that can be attributed to such an activity. It depends on the emissions from inputs related to this activity, and particulary the emissions related to the sources of energy that are used.*

- Regarding the behaviour of CVA beneficiaries (consumption, repayment of debts, productive investment, etc.):
As such, the negative impacts related to the use of CVA (post-distribution) represents a transfer of 'environmental risk' from humanitarian organisations to beneficiaries. Evaluating the potential impact of multipurpose and unrestricted transfers, which require post-distribution monitoring of household spending, is particularly difficult. In this case, electronic money can make it easier to monitor and trace spending. However, it is important to make sure that the technological benefits of this method are not given priority over reaching the most vulnerable beneficiaries. The latter may not be able to maintain functioning equipment or an internet connection, or they may not be in a region where there is a connection (such as in Mali).
- Regarding the origins of the products and services that beneficiaries buy on the market[27]: how have they been produced and processed at the different stages of the production chain (use of pesticides, chemicals, plastic, etc.)
Quantifying and comparing the carbon footprint of products transported by humanitarian organisations or bought locally by beneficiaries is particularly complex. This would mean analysing the life cycle[28] of each type of product distributed in a given operational context. This method would allow its carbon footprint to be established, including for its production, its transportation, its distribution and its use (from a perspective of sustainability). It is therefore extremely complicated to come to conclusions about the carbon footprint of CVA and to compare these with in-kind programmes.

In addition, different aspects need to be analysed together – transport, economic sectors and digital means – in order to ensure that CVA really is an efficient form of assistance. It is common to think that CVA reduces greenhouse gas emissions because it saves on transportation compared to the physical distribution of in-kind operations. It should be noted that CVA can involve a series of distributions and the regular displacement of beneficiaries[29] to get to these (similarly to in-kind distributions), that they also require numerous targeting and post-distribution monitoring activities (including the monitoring of suppliers) and that they have led to a significant increase in the deployment of experts and trainers (due to the novelty of this type of assistance in the sector)[30].

It is also thought that savings on transport are made with regard to the products that CVA beneficiaries acquire in the end, either because they come from local supply channels, or because it is felt that the global economic system is 'better organised' or more effective than the humanitarian supply chain. These comparative impacts nevertheless remain to be proven.

[27] *Video: The Supply Chain in Cash and Voucher Programmes, Logistics Cluster, 2014.*
[28] *A lifecycle approach analyses the environmental impacts of a product by taking into account every step 'from the cradle to the grave' : the extraction of raw materials both for energy and non-energy pruposes needed to make the product, its distribution and use, and its collection and disposal through end of life channels as well as all the transportation phases. This approach is standardised via the ISO standard ISO 14040. Cf. https://www.ademe.fr/expertises/consommer-autrement/passer-a-laction/dossier/lanalyse-cycle-vie/quest-lacv*
[29] *The distribution of cash or vouchers, often delegated to commercial or financial intermediaries who are present locally.*
[30] *The current crisis related to COVID-19 tends to show that CVA is continuing to grow and improve despite the absence of international experts in the field. This aspect related to aid localisation shows that it is important to increase the links between CVA and national systems (safety nets, social protection) and to reinforce the local actors who are involved because this will have a positive impact on the environment.*

What is more, transport only represents a small part of the carbon footprint of a product compared to that of its production. Regarding foodstuffs, for example, a study has shown that the biggest impact in terms of carbon takes place during production (modification of biomass due to deforestation, methane emissions from fertilisers, etc.), far ahead of the carbon footprint of transportation, storage and packaging[31]. The main issue is therefore the carbon footprint of production channels (see Box 4 below), and of new technologies.

CVA requires significant use of new technologies to register beneficiaries, transfer money, etc. Some programmes are entirely digital. While the carbon footprint of digital technologies currently represents 4% of global greenhouse gas emissions[32], the specific carbon footprint of digital transfers (energy consumption linked to transport, storage of data in servers, etc.) is complicated to quantify. CVA leads to significant consumption of energy via connected devices (tablets, telephones, iris-scanning cameras[33], etc.), which represents the majority of environmental challenges that come from digital technology. Globally, the production of IT equipment represents between 30% and 76% of its environmental impacts while its consumption of electricity represents between 1% and 29%[34]. The consumption of energy related to CVA – based on pre-existing digital networks – is marginal compared to the environmental impacts related to the production of devices and the use of resources (depletion of minerals, pressure on freshwater resources, and soil pollution), without mentioning working conditions (low pay and exploitation).

The main issue here is therefore to optimise the use of devices (and how they are made). As a result, this calls for greater frugality in terms of using devices (e.g. extending their lifespan, buying reconditioned devices, etc.).

Box 4: Does Cash and Voucher Assistance boost local production?

According to a donor representative in Nairobi who was interviewed as part of a study on the environmental footprint of aid: "Generally speaking, the foodstuffs that are found in markets are often produced locally, except in contexts like Somalia where a large proportion of goods are imported. CVA therefore helps to significantly reduce the carbon footprint of food programmes which often distribute food from the USA that is not necessarily produced in a sustainable manner."

Nevertheless, the idea that CVA boosts local production and distribution is not true in all contexts. In West Africa, many economies depend on imported foodstuffs, and markets are affected by price fluctuations internationally, availability, etc. In Mali, for example, before the COVID-19 pandemic, many of the products available on local markets were imported cheaply (e.g. rice), and corresponded to beneficiaries' preferences. Thus, indirectly, in certain cases,

[31] *https://ourworldindata.org/food-choice-vs-eating-local*
[32] *https://www.greenit.fr/2020/10/06/4-des-emissions-de-ges/*
[33] *https://news.un.org/fr/story/2016/10/345322-jordanie-le-pam-utilise-le-scan-de-liris-pour-fournir-de-laide-aux-refugies*
[34] *https://www.greenit.fr/2019/10/22/12982/*

CVA allows imported products with a substantial carbon footprint to be bought (interview with the Cash Working Group, Mali).

Lastly, there can be structural obstacles in terms of local market conditions. These obstacles can prevent CVA from boosting local businesses (prices, consumer preferences, etc.). This is why one of the ways to reduce the environmental footprint of CVA is to adopt 'market-based' approaches that aim to reinforce local production, storage and distribution (see section 3).

2.3. THE ENVIRONMENTAL COSTS RELATED TO CASH AND VOUCHER ASSISTANCE

2.3.1. AN OPPORTUNITY TO REDUCE THE PROPORTION OF AID THAT IS WASTED

CVA can reduce the environmental footprint of aid by reducing the amount of 'unnecessary' goods that are distributed. It is widely recognised, including among donors, that some in-kind humanitarian aid does not meet the most pressing needs of crisis-affected people, which is then sold on the market or is unused. DG ECHO recognises that: "Besides the costs of shipping, storage and the environmental footprint, a proportion of in-kind donations will invariably be lost or sold by beneficiaries, usually at a discount, which fundamentally penalises the beneficiary." [35]

Inaccurate initial assessments, pressure to take action rapidly, lack of coordination between actors, etc.: humanitarian programmes are not always effective, and there are many examples to illustrate this (unoccupied or resold shelters in Haiti, unused latrines in Dadaab camp[36], etc.). A study carried out by Humanitarian Voice Index[37] showed that CVA responds to crisis-affected people's needs more effectively than in-kind programmes. In Cox's Bazar, for example, 57% of the Rohingya refugees interviewed sell the products that they have been given on the market, which leads to considerable losses. Because 'unrestricted transfers' are used by beneficiaries as they want, this method can help the sector to reduce the amount of aid that is wasted, and thus the resources used to produce, transport and distribute this humanitarian aid which has turned out to be 'unnecessary'. In addition, a multi-country study by Transparency International shows that CVA can reduce the risk of the misappropriation of humanitarian aid, increase efficiency and reduce waste: "*Agencies who receive in-kind donations have less control over the quantity and quality of products, which makes it more difficult to trace the goods received and creates additional risks. In-kind donations can turn out to be culturally and economically ill-suited to the emergency context in question, so that they are not used properly or are sold. Articles can be exchanged or sold by members of staff, partners or beneficiaries*".[38]

[35] *DG ECHO, « 10 common Principles for Multi-Purpose Cash-Based Assistance to Respond to Humanitarian Needs», March 2015, p. 9.*
[36] *Dadaab refugee camp 2019 : 10 000 concrete latrine floors built and then left unused due to poor planning, which represents 60 000 USD of waste (Groupe URD, The environmental footprint of aid funded by DG ECHO, 2020)*
[37] *Humanitarian Voice Index « Changing Perspective What Recipients Think of CVA" 2019 https://humanitarianvoiceindex.org/policy-briefs/2019/12/04/changing-the-perspective-what-recipients-think-of-cash-and-voucher-assistance*
[38] *https://www.transparency.org/en/publications/handbook-of-good-practices-preventing-corruption-in-humanitarian-operations# 'Handbook of good practices : Preventing corruption in humanitarian operations', Transparency International*.

By reducing waste, CVA appears more efficient and pertinent (see section 2.3.1.). This probably also has a substantial impact on its environmental footprint compared to other forms of aid, including in-kind assistance.

2.3.2. THE QUESTION OF WASTE MANAGEMENT

Similarly to other environmental topics, the issue of waste is complex and does not provide straightforward answers. On the one hand, using CVA can help to reduce the quantity of waste generated by humanitarian actors: no plastic and cardboard packaging related to the distribution of goods, no risk of creating waste due to goods that are not used or are not repaired due to a lack of local expertise, a reduced risk of importing products made with materials or packaging that cannot be recycled locally, etc.

However, this does not necessarily mean that the total quantity or volume of waste generated is reduced ; it is only the waste directly produced by humanitarian organisations that is reduced. The latter do not have a great deal of insight into the quantity of waste created by the beneficiaries of CVA (such as plastic bags). Numerous examples show that a significant change is taking place in the aid sector regarding the question of waste generated by humanitarian responses : the banning of single-use plastics by the Global Shelter Cluster[39], the change in packaging used by the WFP so that it is less heavy, less harmful and more easily recycled[40], the work by Nutriset on the packaging for *Plumpy'Nut*[41], etc. As such, in certain cases, in-kind assistance means that the humanitarian actor is able to control the quantity of waste generated by their programmes (see section 3.1.1.).

2.3.3. MITIGATING THE IMPACTS OF CASH AND VOUCHER ASSISTANCE

Energy (to cook food, to boil water, to produce heat, to produce light, etc.) has a recurring financial and environmental cost for households. This needs to be taken into account in humanitarian responses[42]. The Minimum Expenditure Basket (MEB) is a tool that can help to calculate the size of unrestricted multi-purpose transfers which, in contrast to sector-based CVA, allows households to choose freely how they spend the money. Recognising energy needs (and the related costs when fuel is not taken directly from the natural environment) by taking them into account in the MEB can limit the adoption of environmentally harmful practices (such as cutting trees or bushes), particularly in contexts of displacement, even though there is no guarantee that this will be the case.

[39] *https://www.sheltercluster.org/global-strategic-advisory-group/documents/gsc-statement-reduction-single-use-plastics*
[40] *https://insight.wfp.org/rethinking-packaging-reducing-waste-43be4a82eeff*
[41] *https://www.nutriset.fr/en/nutrition-stimulation-duo-gagnant*
[42] *Cash Cap & Norcap "Minimum Expenditure Basket Harmonization Guidance- Cash Based Interventions National Technical Working Group Refugee Response, Uganda", 2019.*

Box 5: Including energy expenditure in the Minimum Expenditure Basket (MEB)

In recent years, more and more organisations involved in CVA have used Minimum Expenditure Baskets[43] (rather than just food baskets) to establish the size of their cash transfers (including WFP). According to CaLP, essential needs are defined as "*the essential goods, utilities, services or resources required on a regular or seasonal basis by households for ensuring long term survival AND minimum living standards, without resorting to negative coping mechanisms or compromising their health, dignity and essential livelihood assets*".[44]

In practice, the majority of MEBs do not include energy needs, but if they do, they are based on the current needs and expenditure of households, and the CVA does not aim to modify these to make them more eco-friendly. It is this point that should be corrected. However, taking energy-related expenditure into account in MEBs is complex due notably to the fluctuation of household needs (summer/winter, for example)[45].

In a safety net programme in Pakistan, Nawaz and Iqbal show that CVA increases the use of modern fuels (electricity and gas) but also increases the share of household expenditure given to fuels (including wood, coal, kerosene, etc.). They conclude that "[...] the expansion of the cash transfer programme [requires] a reasonable investment in the energy sector to ensure that there is an uninterrupted supply of modern fuels".[46]

In order for CVA to boost the consumption of energy that is relatively clean (gas) or sustainable (hydro, solar or wind power), these need to be available on the market and beneficiaries must not have other priority areas of expenditure (such as debts that need to be honoured). Operationally, this provides the option of removing energy needs from MEBs and meeting them in kind by giving households access to cleaner energy (such as solar lamps, for example).

What is more, the inclusion of energy expenditure in an MEB is not enough to limit the potential negative impacts on the environment of households' energy consumption (boosted by the CVA). Including access to cleaner (but more expensive) energy in the MEB is not always realistic when people have access to a source of energy that is freely available in their surroundings (for example, wood fuel in rural areas)[47]. This is one of the reasons that energy expenditure is not systematically included in MEBs. It is therefore necessary to think of alternatives (in kind or using vouchers), on the condition that they really exist on the local market and that importing them is not worse for the environment. This suggests that, in certain specific situations, CVA should include conditions or restrictions, as is analysed below (see section 3.3.1.).

[43] Le panier de la ménagère, basé sur la notion de dépenses essentielles, recouvre l'intégralité des dépenses du ménage, ce qui inclut les dépenses alimentaires, énergétiques mais aussi l'éducation, les dettes, la santé, etc.
[44] CaLP (2019), Minimum Expenditure Basket Decision Making Tools.
[45] Wébinaire CaLP : Including energy needs in your MEB calculation (https://www.calpnetwork.org/fr/event/webinar-series-on-the-minimum-expenditure-basket/).
[46] S. Nawaz & N. Iqbal (2020), "The impact of unconditional cash transfer on fuel choices among ultra-poor in Pakistan: Quasi-experimental evidence from the Benazir Income Support Program", Energy Policy, Volume 142, July 2020.
[47] Cash Cap & Norcap "Minimum Expenditure Basket Harmonization Guidance- Cash Based Interventions National Technical Working Group Refugee Response, Uganda" 2019.

To conclude part 2 of the report, it is therefore very complicated to compare the environmental cost of different forms of assistance, and also of different CVA mechanisms, just as it is difficult to deduce from this situation whether other forms would effectively limit or compensate for the environmental impact of CVA.

Like all types of operation with ambivalent effects that are complicated to anticipate, CVA can have negative impacts on the environment. In order to limit these, the CVA needs to be included in an intervention logic that goes beyond economic recovery and takes into account its impact on the environment. As we will see in section 3, for this to happen, it is necessary to combine the CVA with other types of activities, such as in-kind distributions, awareness-raising about the environment and eco-friendly consumption, the development of eco-friendly products, etc. Economically, this approach can be formulated as follows:

- ✓ If sustainable products are available on the market, CVA can support eco-friendly consumption, either via restrictions (vouchers to encourage the purchase of cleaner energy), or via environmental awareness-raising activities (in the case of unrestricted cash transfers where the beneficiaries choose their consumption priorities) ;
- ✓ If sustainable products are not available, or not in sufficient quantity, the CVA should look after the supply side, possibly by providing support in parallel to the development of a sustainable supply (the production or transportation of clean energy) which will help to limit the potential negative effects of the household consumption boosted by the CVA. Thus, in certain contexts, the potentially negative impact of CVA (e.g. the purchasing of wood fuel) can be countered by an in-kind operation on the condition that what is supplied is deemed to be more sustainable and less costly for the environment (e.g. solar panels or cookers).

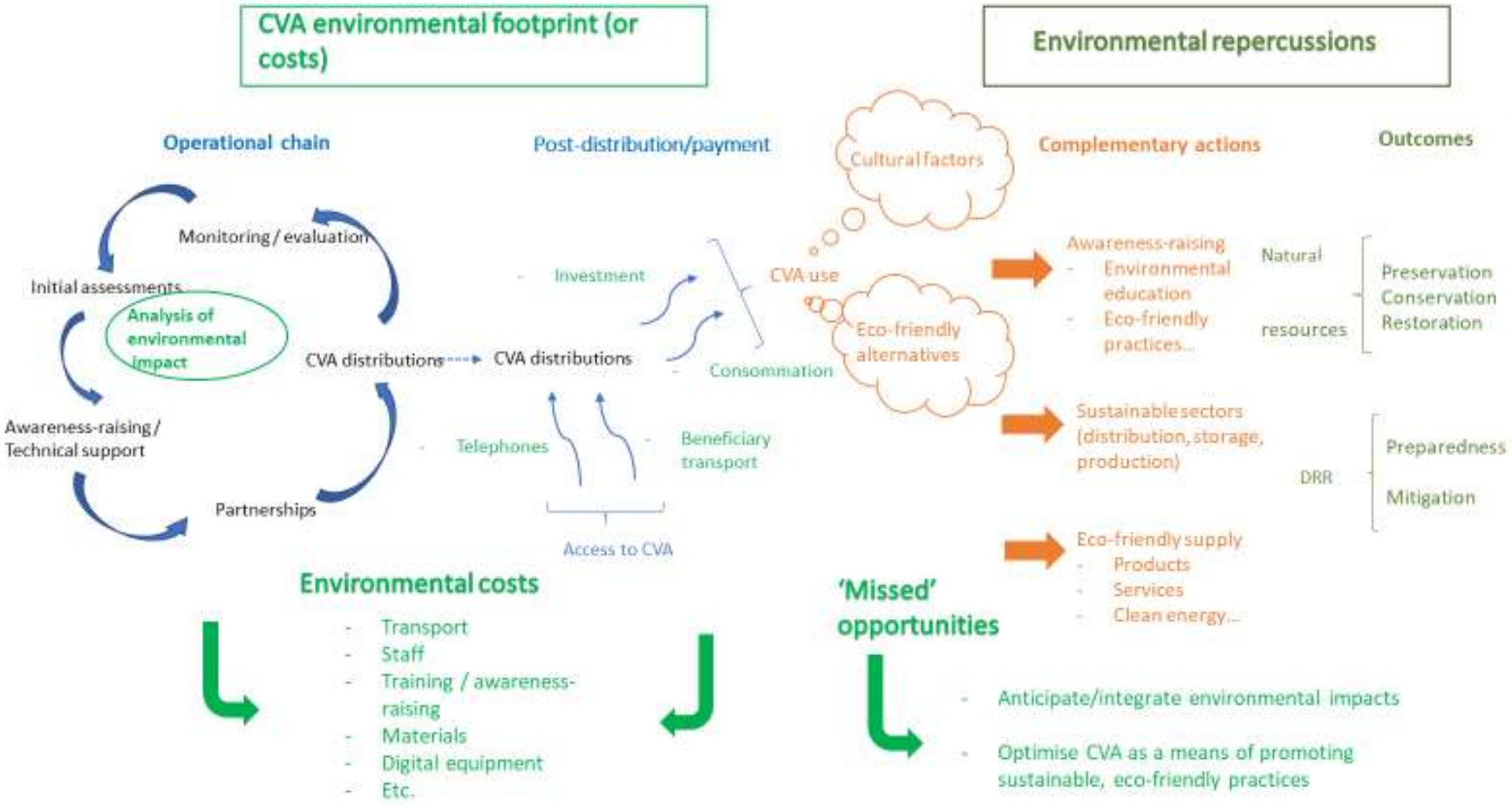

FIGURE 1 : SUMMARY OF THE METHODOLOGY ADOPTED FOR THE STUDY

3. INCREASING THE POSITIVE IMPACT OF CASH AND VOUCHER ASSISTANCE ON THE ENVIRONMENT

As noted in part 2, CVA can have different types of impact on the environment throughout their lifecycle (design, implementation, monitoring and evaluation). These environmental impacts vary depending on the context, market dynamics and beneficiary behaviour. Nevertheless, in terms of their final outcomes, CVA can have a positive impact on the environment both locally and globally; for example, they can encourage natural resource protection, or even the adoption of a preservation or conservation[48] approach.

Aware that CVA brings environmental risks, operators should consider the final outcomes of this form of assistance, ideally by trying to produce positive impacts for the environment. CVA should aim to compensate for their environmental impacts (as analysed in part 2) and should include environmental protection measures.

3.1. ANTICIPATING RISKS AND COMBINING FORMS OF ASSISTANCE

Because it is difficult to draw definitive conclusions about the environmental footprint of CVA compared to in-kind assistance, operators will need to choose between different forms of CVA and in-kind assistance, or they will have to combine the two.

3.1.1 MIXED APPROACHES TO CONTROL ENVIRONMENTAL COSTS

In certain contexts where there are major environmental challenges and where pressure on natural resources fuels hostilities between communities, aid organisations adopt mixed approaches combining in-kind assistance and CVA in order to limit environmental and social damage (see Boxes 6 and 7 below).

[48] Conservation and preservation are both concerned with protection, but involve different approaches. Preservation involves non-use while conservation has to do with rational use. The preservation of natural resources consists of protecting nature from human development or maintaining it in an unchanged state. Conservation, on the other hand, deals with the sustainability of these resources or their appropriate use, for the greatest number, and for as long as possible.

Box 6: Distributing LPG stoves in the Rohingya camps in Cox's Bazar (Bangladesh, 2018)

A major programme involving the distribution of liquified petroleum gas (LPG) stoves and refills was implemented by IOM, WFP and FAO to reduce deforestation around the camp where 2000 hectares of forest[49] have been destroyed since the creation of the site.[50] As there were not enough gas stoves on the local markets for the more than 500 000 refugees, 'in-kind' assistance made it possible to control and potentially reduce the environmental impact of the crisis and the humanitarian response in this context where the relevant local skills were available to repair the stoves and the possibility for refills existed. *"The distribution of the LPG stoves removed the demand for wood fuel, which allowed us to replant the deforested areas in full confidence, knowing that the new trees would not be dug up and sold as firewood"* (FAO in Bangladesh)[51].

Direct intervention by supplying equipment and food can, in certain cases, help to control the environmental impact of humanitarian responses. Following the 2004 tsunami, certain organisations present in Banda Aceh chose to use Forest Stewardship Council wood rather than buy locally (or via CVA) out of fear that they would put too much pressure on local resources. Another example is that of palm oil which is widely distributed in food aid programmes: the WFP encourages the purchasing of sustainable palm oil certified by the RSPO (Roundtable on Sustainable Palm Oil) which is not necessarily available on the market in countries where programmes are implemented.

In-kind assistance can give humanitarian actors the possibility of buying sustainable products that are in keeping with beneficiaries' preferences and needs, without transferring the responsibility for buying these products to the beneficiaries (via CVA) who are unable to make such choices (due to consumption habits or the fact that such alternatives are not available).

It is difficult for organisations to make decisions of this kind, where they choose an in-kind alternative to mitigate the potential negative impacts of CVA, due to the many factors that need to be taken into account. The ability to buy certified products may be limited due to issues of cost and availability. For example, only 7%[52] of the palm oil bought by WFP is certified sustainable palm oil, but this is expected to improve. At the same time, certain environmental organisations have questioned the validity of these labels.[53]

Box 7 : The distribution of individual kerosene heaters for Syrian refugees (Jordan, 2015)

As part of a major 'winterisation' programme for Syrian refugees in northern Jordan, DG ECHO funded the distribution of individuals heaters in 2015 in order to reduce the waste produced by the purchase of poor quality

[49] *Figures for 2019 : https://www.thedailystar.net/frontpage/news/coxs-bazar-forests-grave-danger-1731895*
[50] *It should be noted that the deforestation is also due to the creation of the site and the construction of shelters.*
[51] *UN News (2018), "A Cox's Bazar, l'ONU fournit des poêles à gaz pour aider les réfugiés rohingyas et protéger l'environnement", September 2018.*
[52] *2018- Update on food procurement, WFP Annual Session Executive Board*
[53] *For example, Greenpeace does not recognise the validity of the RSPO label: "Frying the forest - how India's use of palm oil is having a devastating impact on Indonesia's rainforest, tigers and global climate" Greenpeace India 2012.*

heaters via a CVA programme. In order to maximise the use of the cash they received, beneficiaries had bought cheap heaters from China, with a short lifespan, which had produced a significant amount of waste.

Box 8: The response to water and sanitation challenges in Lebanon

In response to the Syrian refugee crisis in Lebanon, CVA has been widely used as the default response and vast voucher programmes have been implemented, notably in the Water and Sanitation sector. This approach had numerous advantages with regard to desludging individual and collective latrines due to: collaboration with local sanitation services, the possibility for refugees to desludge their latrines when they want to, and the possibility for refugees to use the service even after they have been evicted or relocated, etc.

Nevertheless, in contrast to a company directly contracted by a humanitarian organisation, the method chosen may have been less transparent regarding environmental impacts (less visibility about where the sludge is disposed) and there may have been less monitoring of companies. A more sustainable solution would consist of working with public services and businesses to improve the environmental impact of this type of service provision.

Similarly, regarding the provision of water, 'cash for water' programmes provide little visibility about where the water bought by the beneficiaries comes from, and consequently about water table levels, or about the quality of the water, which may have an impact on wood resources if it needs to be boiled to be made safe).

3.1.2. COMBINING CASH AND VOUCHER ASSISTANCE WITH ECO-FRIENDLY ADAPTATION OR RECOVERY ACTIVITIES

CVA should aim to reduce environmentally harmful coping and adaptation strategies, particularly in forced displacement contexts. There are many examples of such strategies : the selling of wood by refugees in Minawao camp in Cameroon[54] (2017), the cutting of bushes for biomass fuel in Colombia (2019), the artisanal production of charcoal in DRC and Haiti, etc. The overexploitation of natural resources (that are perceived to be or promoted as being 'free') is very common in crisis contexts. As a result, organisations need to anticipate the environmental consequences of CVA and plan more mitigation measures. The prevention and reduction of negative impacts on the environment should be part of any impact analysis, particularly in situations that are long-lasting, but where there is an unsustainable concentration of people (IDP or refugee camps).

Aid organisations could also more systematically include CVA in environmentally-friendly climate change adaptation and economic recovery processes. As soon as the situation allows (at the end of an emergency phase), CVA should be closely linked to economic support activities (training, technical support, access to community-based savings

[54] *Groupe URD (2017), Study: "Environmental impact of forced migration in Cameroon": https://www.urd.org/en/publication/study-report-on-environmental-impact-of-forced-migration-in-cameroon-2017/*

and micro-credit, etc.) and possibly also to awareness/education programmes related to environmental protection and eco-friendly practices (consumption, construction, etc.).

Box 9 : The contribution of Cash for Work programmes to environmental protection

It is frequently claimed that 'Cash for Work' programmes can help to overcome certain environmental challenges. For example, they can be used to : collect gravel after an earthquake (Haiti, Nepal) ; reforest embankments (Colombia), rehabilitate arable land, dredge rivers, etc. While the short-term environmental benefits of this type of programme can be positive, very few studies show that they are environmentally useful in the long term.
"In Haiti, a lot of CFW programmes were carried out to clear rubble and waste from the streets. Though they provided the population with money and 'an activity', they did not have any long-term benefits in terms of environmental issues or people's level of trust in humanitarian organisations". (interview with an NGO manager)

Today, the work done in exchange for cash could be made more meaningful if the objective of environmental protection clearly figured in programmes, if environmental and social standards (particularly regarding women's and children's work) were respected and the work was paid fairly.

To contribute to the preservation of the environment or disaster risk reduction (DRR), such programmes should systematically be preceded by an environmental analysis.

It should be noted that 'Cash for Work' programmes have been very controversial for a number of years because the work that is carried out often simply serves as a pretext to give cash and can even violate certain safety and labour law standards. Generally speaking, this type of programme is gradually being abandoned.

3.2. TRANSFORMING THE CONCEPTUAL APPROACH OF CASH AND VOUCHER ASSISTANCE

3.2.1. THE NEED TO INCLUDE THE PROTECTION OF NATURAL RESOURCES IN ECONOMIC ANALYSES

In the future, economic analyses carried out during the design of CVA should include a variety of considerations related to the protection of natural resources. Currently, environmental issues are hardly taken into consideration at all in analyses that precede implementation (market analyses, initial assessments, needs assessments, humanitarian profiling, etc.) or when using tools such as EMMA[55], MIFIRA[56] and WFP TS[57]. For this to change

[55] *Emergency Market Mapping and Analysis Toolkit (https://www.emma-toolkit.org/about-emma)*
[56] *Market Information and Food Insecurity Response Analysis*
[57] *World Food Programme Trader Survey*

fundamentally, existing tools need to be amended so that environmental risks are included in all aid programme design (CVA, but not only).

As such, how should we go about amending existing market analysis tools or designing new ones?

3.2.2. DESIGNING GREENER PROGRAMMING TOOLS

Among existing design and programming tools, a number of improvements could be made to include environmental impacts more effectively:

- ✓ Market analysis. The question remains about what data to include to make them more 'environmentally sensitive'. Questions about the quality and sustainability of products available on the market (where they are produced, packaging, etc.), about sustainable energy or about environmental issues could be added to criteria such as the accessibility of markets, and the availability and price of goods and services.
- ✓ Analysis of household energy use within a particular area, which, until now, has not sufficiently been evaluated. This raises the following question: should we support the use of wood fuel by including this cost in a CVA programme or should we give priority to vouchers for a more sustainable form of energy, combined with awareness-raising sessions to promote changes in behaviour? In order to do this, Cash Working Groups need to be linked to the Global Task Force for energy[58].
- ✓ Analysis of service providers (in terms of CVA). In order to anticipate the environmental impact of choosing a service provider, organisations need to add basic questions depending on whether they distribute paper vouchers, work with a local micro-finance institution, an international bank or a mobile phone company.

Box 10 : The 'Cash in Emergencies Toolkit' developed by the ICRC and the IFRC

This toolbox aims to provide project managers with support in implementing CVA by providing practical tools and guides to ensure that the assistance is of the highest quality throughout the project cycle. It is divided into 5 modules[1] that currently do not take environmental issues into account.

Here are a few suggestions to 'green' the modules (non exhaustive list). For example, for Module 2, which concerns 'Assessment' :

Phase 1: Decision-making checklist

→ Add a question like : 'Does the affected area have environmental challenges (e.g. risks of disasters, pollution, deforestation, etc.) which need to be taken into account in choosing the response modality?'

Phase 2: Identify priority needs of households

→ Take energy needs into account in the list of priority needs and the analysis of current practices

[58] *Global plan of Action : https://www.humanitarianenergy.org/*

Phase 3: Traders

→ Take traders' motivation into account by adding a question like : 'Are traders willing to adopt an environmental approach or improve their current approach ?'

Phase 4 : Risk analysis

→ Add environmental risk to the list of possible risks (e.g. risk of ecological products/services becoming more expensive)

3.3. TRANSFORM THE OPERATIONAL APPROACH OF CASH AND VOUCHER ASSISTANCE

Given the potential negative effects of any humanitarian operation, there is good reason to implement complementary programmes along with CVA, such as awareness-raising and technical support programmes or market-based interventions. In certain specific cases, environmental conditions could also be included in the design of CVA.

3.3.1. THE QUESTION OF ENVIRONMENTAL CONDITIONS

As CVA has become more sophisticated, incentives have begun to appear to influence the behaviour of beneficiaries, particularly for objectives such as education, health, nutrition and food security. This involves imposing conditions in order to receive the assistance. Conditions of this kind could be used to protect the environment, but their real benefit remains to be proven, either in the development or the humanitarian sector.

In the field of development studies, and poverty reduction in particular, a number of authors have argued for a shift from unconditional to conditional transfers[59] (in relation to government social safety net programmes) which are more likely to improve human capital and create assets[60] [61]. However, though there had been a growing tendency to apply conditions, analysis of their cost and the limited benefit that they bring has led to a reversal of this tendency towards unconditional social safety nets or very basic conditions (such as civil registration, vaccination, or school attendance).

Box 11: A side effect of a social safety net: reducing deforestation (Pakistan)

In Indonesia, for example, Ferraro and Simorangkir[62] estimate that the conditional cash transfers of the Family Hopes Programme in about 7500 forest villages reduced forest cover loss by 30%, despite the fact that the

[59] *In the development aid sector, the term "conditions" is generally used to refer only to conditions on the receipt and use of cash payments.*
[60] *Jean Drèze and Amartya Sen (1989), Hunger and Public Action, Oxford, Clarendon Press.*
[61] *Nayab, D. and S. Farooq (2014). Effectiveness of cash transfer programmes for household welfare in Pakistan: The case of the Benazir Income Support Programme, The Pakistan Development Review, 53(2), 145–174.*
[62] *P. J. Ferraro, R. Simorangkir, Conditional cash transfers to alleviate poverty also reduced deforestation in Indonesia. Sci. Adv. 6, eaaz1298 (2020).*

programme had not been devised to preserve natural resources. There are two main reasons for this outcome : consumption smoothing, whereby the cash takes the place of the deforestation as a form of insurance for the poor households; and consumption substitution, whereby the goods bought on the market replace the goods from deforestation.

What is more, the programme proved to be even more effective in reducing deforestation in communities where there was better access to markets. This study shows the potential of CVA to have a beneficial impact on the environment, which is linked to the CVA itself more than to related conditions, such as respecting the laws governing use of the forest.

In the humanitarian sector, conditions remain a thorny issue due to the tension between beneficiaries' freedom of choice and protection of the environment. In addition, the cost of monitoring conditions needs to be weighed against the benefits that they bring. Indeed, generally speaking, monitoring uses a lot of resources (e.g. for in-kind assistance, monitoring how much is resold and how much is used for the planned use, etc.). This is why it is preferable to think of other types of condition (soft) which can encourage eco-friendly practices (for example, via awareness-raising) without imposing them on beneficiaries or trying to prove that conditions have genuinely been met.

3.3.2. USING VOUCHERS TO INFLUENCE BEHAVIOUR

Among the different types of cash transfer, vouchers make it possible to influence beneficiaries' consumption choices, and thus the eco-friendly nature of the products and services that they can purchase (security, durability, locally produced, sources of energy, etc.).

Box 12: Vouchers in the energy sector

Using vouchers to encourage households to buy improved stoves or firewood saving cookers has been shown to help reduce deforestation. However, a detailed market analysis (supply and demand) and post-distribution monitoring are necessary to avoid situations where beneficiaries resell vouchers for cash.

"*The introduction of vouchers to encourage the purchase of improved stoves in Imvepi and Rhino camps in Uganda, for example, significantly reduced the quantity of firewood used daily by households (from 2.5 kg of wood/day/person with the three-stone systems widely used by the refugee and local population to 0.7 kg – 1.5 kg/day/person with the improved stoves bought with the vouchers)*" . [63]

Other conditions involve staggered payments that are made if certain standards or environmental commitments are respected. Though this requires a lot of human and financial resources, this approach makes it possible to control negative impacts to a certain extent. Restrictions of this kind have been used a lot in the Shelter sector

[63] *From Cash Cap & Norcap (2019), " Minimum Expenditure Basket Harmonization Guidance- Cash Based Interventions", National Technical Working Group Refugee Response, Uganda.*

which has taken environmental issues into consideration for several years (cf. SPHERE Standard n°7 on environmental sustainability and the Shelter Cluster's Environment Community of Practice[64]).

Box 13: Staggering CVA payments on the basis that environmental norms are respected

During recent reconstruction programmes following natural disasters (Nepal earthquake, Mozambique floods, Typhoon Haiyan in the Philippines, etc.), cash was distributed to beneficiaries on the condition that certain 'environmental' construction standards were respected (ex-post monitoring of buildings). However, this does not allow all environmental impacts to be controlled, such as those related to the use of wood to make bricks or the erosion caused by sand extraction.

Depending on the environmental risks and fragilities in a given context, a mixed approach (CVA and in-kind assistance) can help to reduce a certain number of negative impacts, for example, by distributing high quality, sustainable construction materials (e.g. timber, metal sheets or plastic tarpaulins) and providing cash for the other materials.

3.3.3. DEVELOPING ECO-FRIENDLY PARTNERSHIPS: NGOS AND SUPPLIERS

Efforts to encourage suppliers involved in voucher programmes to adopt an eco-friendly approach are interesting because they show that it is possible to have partnerships and provide support to reduce the environmental footprint of CVA operations while also supporting local economies (double positive impact on the environment).

Through relations with local suppliers and traders, voucher programmes in particular have shown that they have the potential to encourage eco-friendly practices by including green criteria in contracts (for example, for packaging, product sourcing, the production chain, etc.). It should nevertheless be noted that this can be difficult in certain contexts where the availability of products and the accessibility of suppliers will be given priority over environmental criteria, thus limiting the possibility of influencing supplier practices (see Boxes 14 and 15).

In more general terms, this perspective is valid for the whole market system in which CVA takes place. As already mentioned, a market-based approach is a very good entry point to mitigate the environmental impacts of CVA both in the short term and in the long term, by supporting more eco-friendly practices (consumption, investment, construction, etc.) and products.

[64] *Environment Community of Practice- Shelter Cluster https://www.sheltercluster.org/community-practice/environment-community-practice/documents*

Box 14: The environmental accountability of suppliers (ACTED)

Having been encouraged to do so by certain of its donors, ACTED adopted an environmental approach several years ago. It imposes strict quality controls on products distributed by its partners, including for programmes involving vouchers. In its contracts, suppliers and traders are asked to respect the organisation's environmental policy and sign an ethical declaration. For its internal supplier selection process, ACTED gives a bonus of 5% to suppliers who have an environmental approach, which allows the NGO to choose more responsible suppliers and justify relatively more expensive choices to their donors. ACTED thus gives priority to suppliers who have environmental standards and contributes to encouraging broader changes in practices. The NGO is considering imposing certain rules for local traders, such as, for example, banning plastic bags.

Box 15: Coaching local suppliers via QSE audits (ICRC)

For a number of years, ICRC has been working on its Quality, Social and Environmental (QSE) audit. This aims to develop support and coaching activities among local suppliers so that they manufacture their products in accordance with social and environmental standards. Currently this concerns a few flagship goods and major suppliers, but this kind of activity for suppliers could very well be included and promoted in a voucher programme.

3.3.4. SUPPORTING THE DEVELOPMENT OF ECO-FRIENDLY PRODUCTS : A NEW ROLE FOR HUMANITARIAN ORGANISATIONS?

As seen above, many of the negative impacts of CVA are caused by the characteristics of the existing economic system, including production, supply and consumption chains. This is why complementary efforts may be necessary on the supply side to mitigate the negative impacts on the environment of any programme that aims to increase the economic security of households.

Over and above supporting demand (household income and consumption), it is interesting to note that if CVA reinforce the availability of eco-friendly products via market-based approaches by reinforcing the production chain[65], then they will be able to contribute more broadly to the protection of the environment. In order to do this, CVA need to be combined with activities that aim to promote recovery and resilience in addition to classic humanitarian and development expertise.

For example, CVA could be combined more with programmes or activities that aim to support local production and supply systems ("from the farm to the fork"), make access routes to markets shorter (that is to say, reduce the cost of various intermediaries: transport, storage, distribution, etc.), support ecologically more sustainable production models (via agroecological techniques, small-scale family farming, etc.), while respecting the consumption habits and preferences of the beneficiaries.

[65] *Un certain nombre d'acteurs (PAM, IRC) se sont déjà engagés dans de telles approche pour permettre l'approvisionnement de produits (opérations en nature) via les marchés locaux plutôt que via des importations internationales.*

Eventually, aid organisations could be given the responsibility of developing the availability of essential goods that are more environmentally friendly, particularly in contexts that are already environmentally degraded and where such products are not available. A study carried out by Mercy Corps in Uganda showed the potential that market-based approaches[66] could have in helping to develop the supply of high quality, sustainable solar products which are present in the West Nile region, but not in the area where the refugee camps are found. It would seem obvious that humanitarians (and the private sector) have a role to play to facilitate this link in this context where 50% of refugee households use disposable torches (thus creating waste in the form of batteries and plastic).[67]

CONCLUSION

In recent years, CVA has transformed the humanitarian landscape: it currently represents a fifth of humanitarian aid in financial terms.[68] The emergence of CVA has therefore radically changed the practices and functioning of humanitarian organisations, giving more power and control to crisis affected people and allowing them to take on a more active role in their own recovery.

Global environmental challenges have forced us all to consider our ecological footprint, and the current crisis is pushing us to be more vigilant about the environmental risks of our actions. The humanitarian sector has been tackling environmental issues for about fifteen years now, and many organisations are currently looking at ways to reduce their environmental footprint. However, despite growing awareness among CVA actors, these issues are not taken into account a great deal in CVA. There are a number of reasons for this, such as the fact that impacts are more difficult to identify for humanitarian actors, the fact that priority is given to efficiency, and the lack of tools and guidance for CVA actors. Whether positive or negative, the environmental impacts of CVA can be less clear or visible, and therefore humanitarian actors may feel that there is less pressure to be accountable. Environmental responsibility is therefore implicitly transferred to the end user of the CVA.

In the same way as for 'in-kind' programmes, applying environmental analyses to CVA and including environmental issues in CVA programme tools (type of assistance, market analysis, monitoring and evaluation) would make it possible to anticipate and mitigate the environmental impacts of such programmes as well as maximise opportunities to protect the environment. This would also make it possible to design, run and evaluate CVA while being aware of their environmental implications and the difficulty of the choices involved.

Much of the negative impact of CVA could be reduced by improving the anticipation of risks, and more fundamentally by adopting mixed or complementary approaches with clear objectives related to environmental

[66] En anglais, Market Based Approaches (MBA).
[67] Mercy Corps & Center for Inclusive Growth (2019), "Paying for Darkness- Strengthening Solar Markets for Refugees in Uganda", November 2019.
[68] CaLP - Cash Learning Partnership "The State of the World's Cash", 2020

protection (preservation/restoration) or disaster risk reduction. Organisations who implement CVA could, for example, play a role in strengthening local production so that more sustainable products are available and could encourage beneficiaries to adopt more sustainable consumption habits and alternatives.

In a way, negative environmental impacts that are observed during or after a CVA programme are a 'missed' opportunity to meet climatic and environmental challenges and to build people's resilience. In the end, the growing interest of organisations for the environmental footprint of CVA is an opportunity to begin the transition towards 'greener' and more eco-friendly CVA.

RECOMMENDATIONS AND AREAS FOR FURTHER REFLECTION

Project cycle:

1. Include CVA more systematically in the environmental analysis tools used by humanitarian aid practitioners (e.g. add a CVA module to the NEAT+ tool which would help to identify environmental risks and opportunities with regard to environmental protection).
2. Include environmental aspects in initial assessments and analysis tools specific to CVA in order to anticipate indirect and negative impacts on the environment (e.g. analysis of markets, of energy use, selection of services providers and suppliers, etc.).
3. Anticipating the risks of additional pressure on key natural resources (e.g. wood and water) that could be caused by aid programmes (including CVA) and plan mitigation measures.
4. In terms of access to CVA, give priority to the least expensive approaches possible from an environmental point of view (closer CVA access point, support to secondary markets, digital frugality, etc.).

Operational strategy:

5. Encourage the use of CVA as a tool to promote more sustainable and eco-friendly methods of consumption and investment. Promote CVA that is combined more with market-based approaches to reinforce local production and distribution (with a view to increasing the availability of sustainable local products) and develop sustainable consumption alternatives.
6. Promote complementary approaches involving market-based interventions, technical assistance and awareness-raising (environmental education, eco-friendly practices, etc.).

Policies and strategies:

7. Include environmental considerations more systematically in CVA policies in order to encourage the environmental analysis of these interventions.
8. Encourage *Cash Working Groups* to include environmental issues in their strategies[69].
9. Establish closer links between humanitarian operations and environmental public policies. During a CVA programme, a number of aspects, such as environmental awareness-raising and education, and local economic development, could be coordinated more with local actors (organisations, governments, etc.) and other sector-based programmes.
10. Include CVA in the environmental policies developed by humanitarian actors.

Research:

11. Further explore the negative and positive impacts of CVA and market-based approaches in terms of environmental protection.

Support to CVA professionals:

12. Raise awareness about environmental issues among CVA practitioners.
13. Adapt existing environmental awareness tools aimed at humanitarians[70] to include CVA issues.
14. Provide *Cash Working Groups* with technical expertise on the environment.
15. Encourage CVA practitioners to carry out more environmental impact assessments, such as NEAT+.
16. Strengthen coordination between the CVA community and the Environment in Humanitarian Action community[71] and other ongoing initiatives to green humanitarian aid.

[69] *An environmental strategy is currently being drawn up by the Colombia CWG.*
[70] *https://www.eecentre.org/training/; https://learning.urd.org/mod/page/view.php?id=274*
[71] *Via the JEU, REH, ehaconnect.org.*

BIBLIOGRAPHY

Articles :

- Ferraro P. J, Simorangkir R., (2020). Conditional cash transfers to alleviate poverty also reduced deforestation in Indonesia. Sci. Adv. 6, eaaz1298
- Nawaz S. & Iqbal N. (2020), "The impact of unconditional cash transfer on fuel choices among ultra-poor in Pakistan: Quasi-experimental evidence from the Benazir Income Support Program", Energy Policy, Volume 142, July 2020.
- Rodriguez Fortun Patricia (2017). Ethiopia's PSNP: A social protection programme building climate-resilient communities https://europa.eu/capacity4dev/public-environment-climate/discussions/ethiopias-psnp-social-protection-programme-building-climate-resilient-communities

Policies, tools & directives :

- Paula Gil Baizan and Nathalie Klein (September 2019). Minimum Expenditure Basket Decision Making Tools. Cash Learning Partnership
- DG ECHO « 10 common Principles for Multi-Purpose Cash-Based Assistance to Respond to Humanitarian Needs», March 2015 https://ec.europa.eu/echo/files/policies/sectoral/concept_paper_common_top_line_principles_en.pdf
- Cash Cap & Norcap "Minimum Expenditure Basket Harmonization Guidance- Cash Based Interventions National Technical Working Group Refugee Response, Uganda" 2019
- WFP 2019, Annual Executive Board Meeting "Update on food procurement" https://docs.wfp.org/api/documents/WFP-0000104720/download/

Publications :

- Barnaby Willitts-King, John Bryant and Alexandra Spencer (2019). Valuing local resources in humanitarian crisis, ODI & Humanitarian Policy Group
- Brangeon, S (2020) Environmental Footprint of Humanitarian Assistance. Groupe URD https://www.urd.org/en/publication/report-on-environmental-footprint-of-humanitarian-assistance-for-dg-echo-2020/
- CaLP- Cash Learning Partnership "The State of the World's Cash", 2020 https://www.calpnetwork.org/wp-content/uploads/2020/07/SOWC2020-Full-Report.pdf
- Drèze Jean and Sen Amartya (1989), *Hunger and Public Action*, Oxford, Clarendon Press.
- Disasters Emergency Committee & London School of Economics (2020), *No Plan B: The Importance of Environmental Considerations in Humanitarian Contexts* https://www.alnap.org/help-library/no-plan-b-the-importance-of-environmental-considerations-in-humanitarian-contexts.

- London School of Economics, OCHA & Shelter Cluster (2018). CTP: Looking Through an Environmental Lens - Implications and opportunities for Cash Transfer Programming in humanitarian response
- Mercy Corps & Center for Inclusive Growth (2019*). « Paying for Darkness- Strengthening Solar Markets for Refugees in Uganda, »*
- Nayab, D. and Farooq S. (2014). Effectiveness of cash transfer programmes for household welfare in Pakistan: The case of the Benazir Income Support Programme, The Pakistan Development Review, 53(2), 145–174.
- Transparency International "*Preventing Corruption in Humanitarian Operations*" Handbook of Good Practices: https://www.transparency.org/en/publications/handbook-of-good-practices-preventing-corruption-in-humanitarian-operations

ANNEX: LIST OF ORGANISATIONS INTERVIEWED

1. British Red Cross
2. CaLP
3. CARE UK
4. Cash Working Group Colombia
5. Cash Working Group Mali
6. Catholic Relief Services
7. DG ECHO
8. Global Wash Cluster
9. Global Shelter Cluster- Environment Community of Practice
10. International Committee of the Red Cross
11. International Federation of the Red Cross
12. Joint Environment Unit
13. Key Aid Consulting
14. Mercy Corps
15. UNEP
16. UNHCR
17. USAID
18. WFP
19. Women Refugee Commission

Siège du Groupe URD
La Fontaine des Marins
26170 Plaisians – France
Tel : +33 (0)4 75 28 29 35

urd@urd.org

www.urd.org

SUIVEZ-NOUS SUR