

# The Transformative Power of Cash

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# Transfer modalities

## Ways to transfer humanitarian assistance



In-kind



Cash



Vouchers

Choice of one or a combination

# Why CTP?

- are an alternative to in-kind assistance
- are a market based solution
- can help maintain the dignity of beneficiaries
- can also empower beneficiaries
- are one of the most effective and cost-efficient methods of delivering assistance





**FAMILIES**  
CAN BUY WHAT THEY NEED, AVOIDING COSTLY WASTAGE

**LOCAL COMMUNITIES**  
CAN BECOME MORE ECONOMICALLY SELF-SUFFICIENT, REDUCING THEIR DEPENDENCE ON AID



**LOCAL GOVERNMENTS**  
CAN COLLECT MORE TAXES TO FUND FUTURE CRISES THEMSELVES

**OVERSEAS TAXPAYERS**  
AND OTHER FUNDERS OF AID CAN MAKE BIG SAVINGS



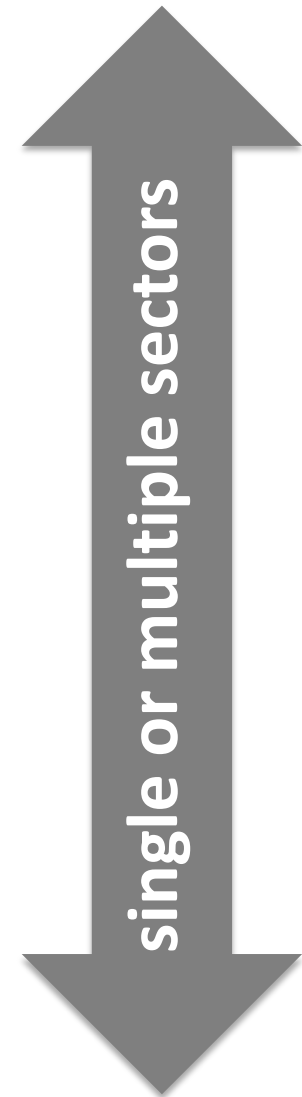
**THE POWER OF FINANCIAL AID**

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**Giving money to people in a humanitarian crisis is often a lot smarter for everyone than providing food and other in-kind aid.**

It's not always the best solution, but it can deliver a much bigger bang for its buck, provided local markets are functioning. And they usually are, even in the severest crises.

# Cash across different sectors



# From survival to recovery...

“Cash transfers help people survive and recover from humanitarian crises...evidence shows that cash can be one of the best ways to meet critical needs”

Source: ODI High Level Panel Report 2015 'Doing Cash Differently'



## Ethiopia

A World Food Programme project found cash was more efficient than food aid by

**+25-30%**



## Lebanon



of people in an International Rescue Committee project preferred cash to in-kind goods (2014)

## Philippines

(2013-2014) Cash payments through a government social safety net after Typhoon Haiyan reached

**500,000 people**



## Iraq



of Syrian refugees sold large portions of food aid (2014)

## Somalia



of aid budgets went directly to beneficiaries with cash than with food aid

## Pakistan



prepaid cards issued to families after floods (2010-2011)

# CTP – How to decide?

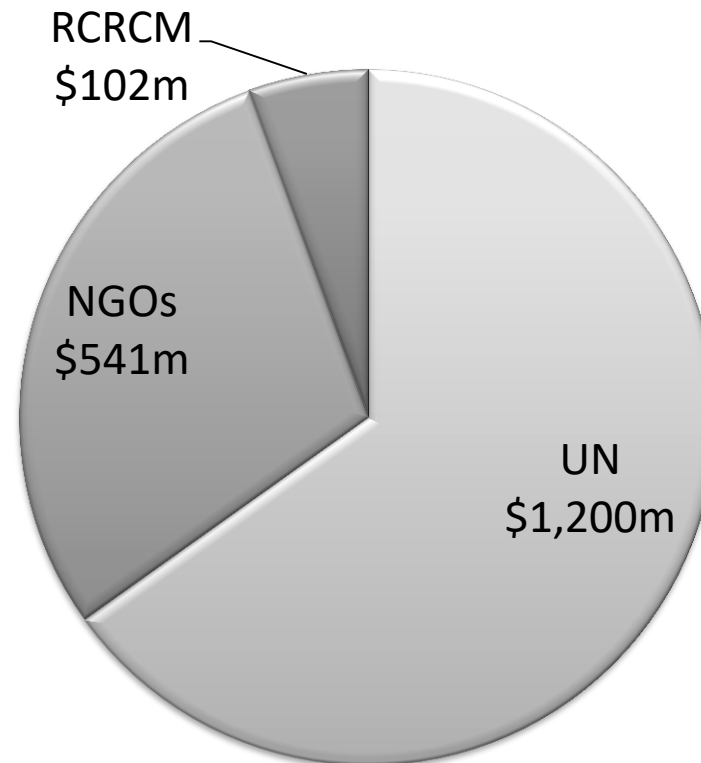


- What people need and when?
  - Multi sector needs assessment and response analysis
  - Multi-sector market analysis
  - How to ensure that cash is used in the right way?
- Analysing feasibility
  - What do recipients prefer?
  - Is there a reliable/safe mechanism for delivery?
  - Is it cost efficient and cost effective?

# The Winds of Change



## 2015 spend on cash & vouchers



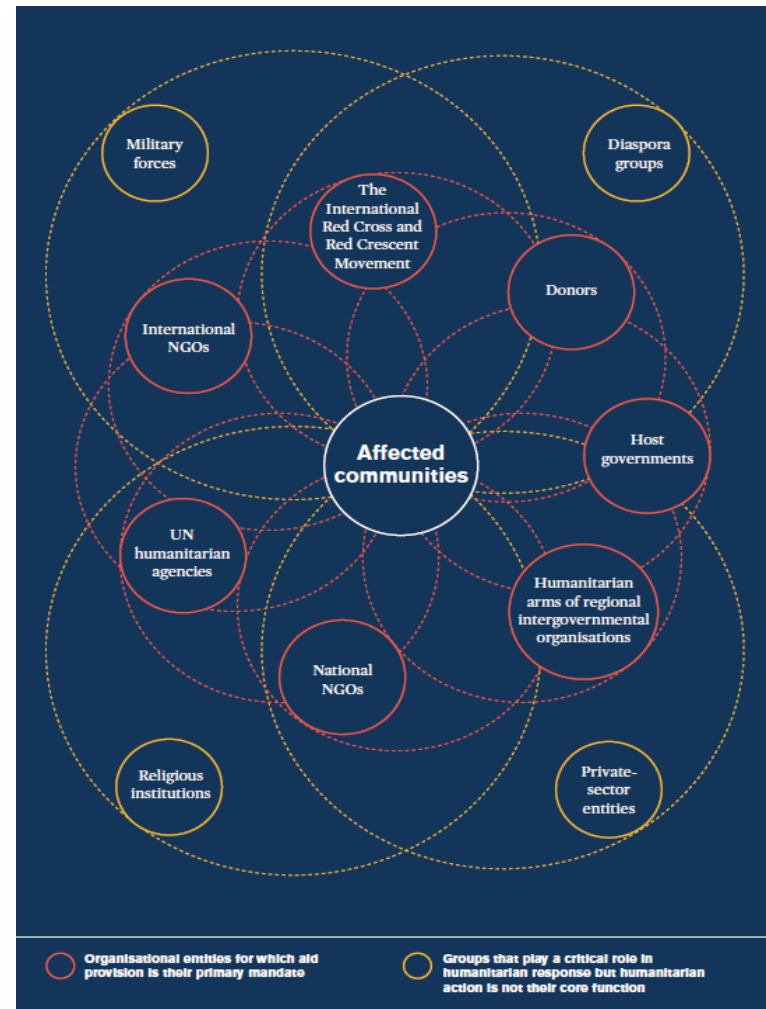
**2015:** Cash & vouchers: 7% of international humanitarian assistance.  
**2016:** Major commitments to increase use of cash & vouchers.



# Cash cuts across ...

- ... sectors,
- ... mandates,
- ... interests,
- ... ways of working,
- ... relationships.

## The Humanitarian System



Source: *State of the Humanitarian System 2015*, ALNAP

# Cash is not straightforward



## 1. No Magic Bullet

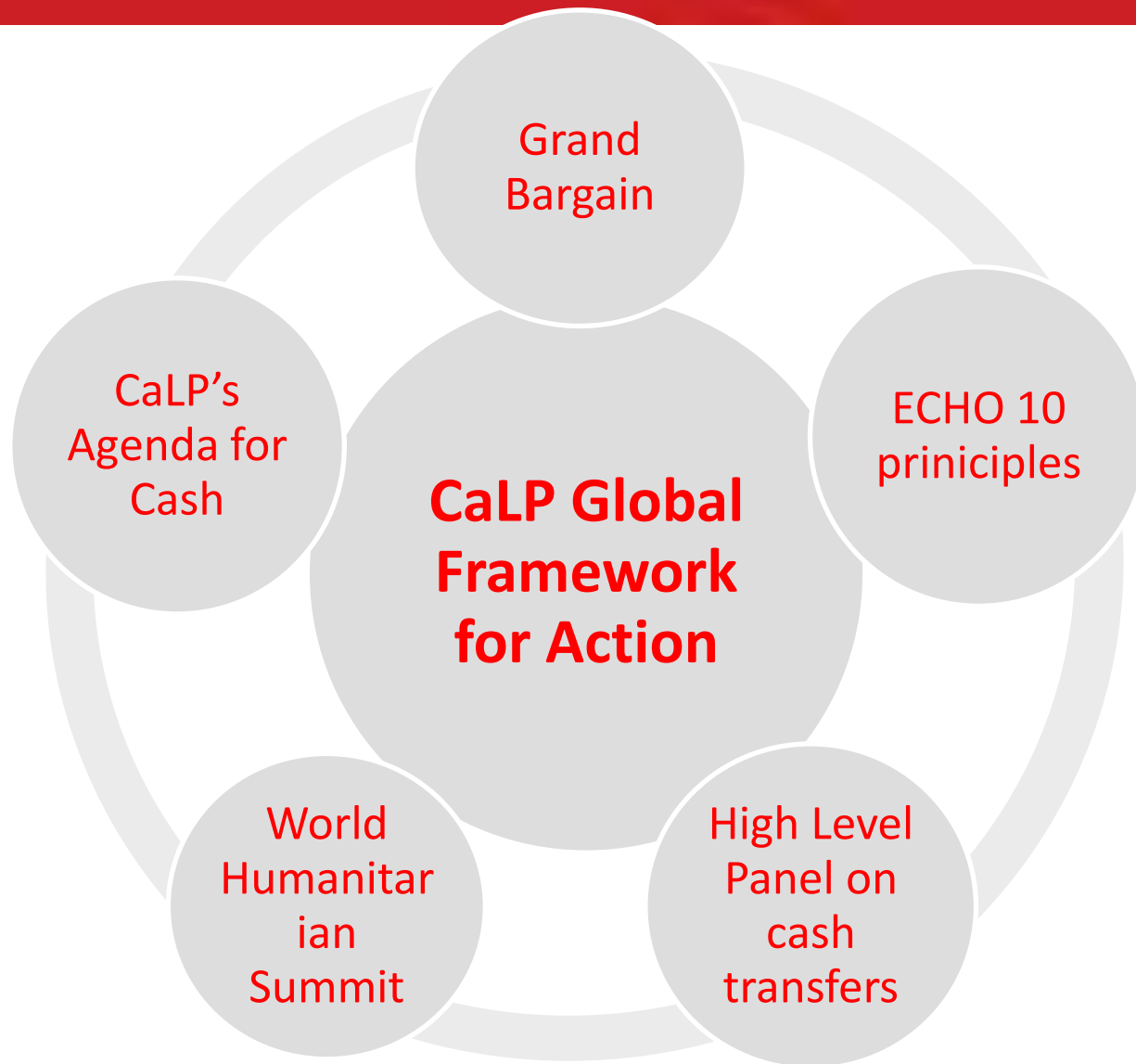
- Cash is a tool, not a sector.
- Cash is not always appropriate.
- Careful design in each context.

## 2. New capacities

- Market & response analysis.
- Financial services.
- Using cash & vouchers for different sectors.

## 3. New risks

- Financial regulations.
- Risks associated with scale.
- Beneficiary data.



# Global Framework for Action



1. Ensure sufficient funding is available for cash transfer programming
2. Ensure cash is routinely considered, alongside other tools
3. Build sufficient capacity for cash transfer programming
4. Ensure the quality of cash transfer programming
5. Strengthen coordination of cash transfer programming.
6. Strengthen the evidence base and invest in innovation

# THANK YOU!



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