Cash: A new currency for emergency interventions?
Lessons from recent experience

A meeting hosted by the Overseas Development Institute and the Great Lakes & East Africa Inter-Agency Emergency Preparedness Working Group.

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The purpose of the meeting was to share and discuss the lessons emerging from recent experiences on emergency cash distributions within the region. Each of the five panelists made a short presentation, as summarized below. During the discussion that followed, various views and concerns were expressed, covering a wide range of issues. The summary of the discussion is organized around the main themes that were raised.

PRESENTATIONS

Eris Lothike (Oxfam-GB) provided an overview of Oxfam-GB’s cash for work programmes in Turkana, northern Kenya, in 2001 and 2003. The 2001 project was implemented as part of a drought recovery programme and targeted 1,200 households. 81% of the cash distributed was invested in livelihood recovery (school fees, restocking, business, etc). The 2003/4 project was aimed at drought mitigation for 2,500 households; 68% of household purchases were spent on food security and 26% shared with relatives for food purchase. One of the lessons emerging was the need to target a greater number of beneficiaries due to huge levels of need and destitution, and to implement cash concurrently with other safety net programmes such as food relief. The sustainability of community labour projects was not always clear cut, and there is a need for higher levels of technical input to such projects. There is a need to rethink suitability of projects that require hard labour from the work force, as it largely comprises women. Additional labour demands can overburden already difficult livelihoods. For full presentation click here.
Degan Ali (Horn Relief) described the Emergency Cash Relief Program (ECRP) implemented in 2004 in response to prolonged drought in Sool and Sanaag, a contested area in Northeastern Somalia. The ECRP aimed to increase the purchasing power of vulnerable populations through the provision of $50 USD to 13,380 households. Evaluations revealed that the grants allowed beneficiaries to repay their debt and extend their credit, as well as meeting essential needs (food, water and health). Although implemented in a politically tense situation, the project itself is not thought to have contributed to inter-state tensions, though it antagonized both the Somaliland administration and strained relations between the implementing agencies and other Somaliland-based NGOs. Despite allegations of cash misuse and diversion, 0% of the grant was used to purchase qat or arms. Lessons emerging from the project include the need for greater inter-agency collaboration to allow for the implementation of complementary interventions to maximize impact of the cash grant. For full presentation click here.

Yves Reynaud (Oxfam-GB) presented key points emerging from an-going (2005) programme on cash for work in Somaliland/Puntland, implemented by Oxfam-GB, Horn Relief, and Norwegian People’s Aid, and targeted at destitute pastoralists. This is a 6-month project with cash grants being provided across a 4-month period. The OGB component on the consortium project is being operated though local partners organizations and using money transfer companies to manage the cash transfers. Cash relief ($50 per month) is provided to 2,700 beneficiaries (the most destitute pastoralists); and cash for work ($88 per month) is provided to 900 beneficiaries, who work for a maximum of 22 days per month. The work projects are decided by communities, whose priority is for land reclamation, water conservation, and pasture improvement. The money received by the beneficiaries is used to pay debts and food and non-food items (including education and medical expenses), with 10-15% of the grant being saved for future investments (micro business, petty trade, etc). The limitations, opportunities and future recommendations for the project were highlighted. For full presentation click here.
**Emebet Kebede** (SC-UK) described SC-UK’s experience with cash distribution in Ethiopia (2001-04), focusing on the Meket Livelihood Development Pilot Project. This is a one year programme involving 7 months of cash distribution that will continue for next 3 years with district level coverage. Evaluation studies have shown that the cost of implementing cash is consistently lower than food distribution. The project led to household asset creation (51% of households purchased livestock); allowed beneficiaries to make strategic choices in how the money was spent; increased purchasing power; and avoided the transaction costs associated with food aid. Some of the lessons from SC-UK experience that are relevant to the implementation of the government Productive Safety Nets Programme (targeted at 5 million chronically food insecure people) include the need for an efficient cash administration system to prevent delays; an effective market monitoring system; support traders and improvements in rural infrastructure; and enhanced local government capacity. For full presentation [click here](#).

**Paul Harvey** (ODI) based his presentation on an on-going ODI research project on cash and vouchers in emergencies. Although there is a wide range of growing experience cash programming is still marginal in terms of scale in comparison to food and in-kind assistance. The growing interest and experience in cash is not only coming from the humanitarian context but also from a developmental perspective in terms of social protection and safety net programmes. Cash projects have generally been implemented on a small scale, and there is a need for rigorous research when scaling-up such projects. Cash is threatening to aid agencies in various ways since it implies handing over power, control and responsibility to beneficiaries to decide for themselves. It is also seen as a way in which governments can gain greater control over aid systems based on public social protection schemes. Cash is clearly not a panacea and we need to be wary of cash evangelism. For background paper [click here](#).
DISCUSSION

The implementation of cash programmes in Somalia still attracts considerable controversy. Agencies such as UNICEF and WFP feel that the potential for political destabilisation and insecurity is greater with cash-based programming, particularly in politically contentious areas. Various speakers highlighted the role of the personalities involved in the assessments and evaluations. Cash-based programming represents an innovative approach, but the limited coverage and short timeframe of cash projects to date needs to be highlighted. In some areas where cash has been distributed, food aid has subsequently been refused by affected people because they want cash instead.

Despite the strong views expressed by some agencies against cash programming in Somalia, cash interventions are perhaps more common that might be assumed. ICRC, for example, has been implementing cash for work for a number of years in southern and central Somalia and regard it to be an appropriate intervention, provided that it is well targeted. CARE has also implemented cash for work in southern Somalia. Cash remittances are an important part of Somali livelihood strategies and provide another example of cash transfers. Some of the local NGOs that had criticized the Horn Relief cash project are now implementing cash programmes through Oxfam-GB.

Other speakers argued that, rather than criticizing cash, perhaps food aid programmes need to be examined more critically. The transport of food aid by trucks is thought to be a bigger security risk than the transfer of money through transfer companies. It was clear that this was a debate with strong views on both sides and those that were skeptical about cash based approaches were encouraged to document their arguments.

The controversy over cash in Somalia is not simply a disagreement of cash as opposed to food, but cash relief as opposed to cash for work. The advantages and disadvantages of cash relief as opposed to cash for work require greater attention and critical debate. Some argue that cash for work is self-targeting and more sustainable due to the rehabilitation of community infrastructure. Others, however, expressed skepticism concerning the work
requirements; labour disincentive effects have been under-researched and might be underestimated. There has been a long history of failed public works projects, especially where these have been implemented on a large scale.

Humanitarian assistance is, in general, poorly evaluated in terms of impact, but there is a need for improved **assessment tools and robust impact analysis** of cash interventions, including cost effectiveness figures that show more clearly whether cash is actually cheaper than food. More analysis is required to determine the longer-term impacts of cash interventions, particularly in relation to potential increases in interest rates on informal loans, and in increased market prices. In Ethiopia, World Vision has collected data suggesting that maize prices have increased by 45% after the 2nd or 3rd round of cash programmes. On the other hand, the World Bank has undertaken rigorous evaluations in Latin America over the past 4 or 5 years, providing strong evidence to suggest that cash has positive impacts in terms of raising income and increasing **school attendance** and health care. Given that WFP is currently investing in updating its needs assessment methodologies and improving its market analysis, then now would also be a good time to lobby for improved methodologies for cash interventions as well.

The **security** of cash transfers was a concern. In Somalia, security risks are avoided by the use of money transfer companies who charge a 5% fee and take responsibility for any losses. In the case of the Oxfam-GB Turkana project, the government armed security forces are used and the cash delivery schedule is kept secret. However the use of government-armed security escort is a mandatory component of any type of humanitarian work in the North East of Turkana not just for cash interventions.

Questions were raised concerning the **most appropriate contexts** for cash for work – whether during or after an acute emergency, particularly in view of the types of assets created and the lack of quality of works programmes, as opposed to meeting more immediate needs. There was also some discussion of the most appropriate time to provide cash in relation to the harvest period, and how this compared to food distributions.
There was interest in the use of cash programmes targeted at widows and orphans as part of broader HIV/AIDS interventions; home based care programmes involving food aid in Southern Africa should also consider the potential for cash inputs. Yet there was also concern about women being responsible for the high debt burdens that have been shown to exist in various disaster contexts.

In terms of nutrition, the question was raised as to whether cash has any impact on malnutrition, especially among under 5s, or whether it is better for more general livelihood security. Food aid is sometimes seen as having greater nutritional impact than cash based interventions but this has to be balanced against claims for the greater cost effectiveness of cash based approaches. There is also evidence of ability of cash to enable households to purchase a wider range of foodstuffs. In short, there are arguments for both sides, and the evidence is inconclusive.