

# **A REVIEW OF UNICEF'S ROLE IN CASH TRANSFERS TO EMERGENCY AFFECTED POPULATIONS**

**Susanne Jaspars and Paul Harvey; with Claudia Hudspeth  
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## **WORKING PAPER**

A Review of UNICEF's Role in Cash Transfers in Emergencies  
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For further information, please contact:

Office of Emergency Programmes  
UNICEF, 3 United Nations Plaza  
New York, NY 10017, USA  
Tel. (1 212) 326 7000, Fax (1 212) 326 7037

## CONTENTS

1.	EXECUTIVE SUMMARY .....	1
2.	BACKGROUND AND PURPOSE .....	4
3.	METHODS.....	6
4.	RATIONALE FOR CASH PROGRAMMING .....	7
	4.1 Why cash? The theoretical basis and justification for cash transfer programming.....	7
	4.2 When cash? Its appropriateness in different emergency contexts.....	11
	4.3 Uses and impact of cash transfers.....	13
5.	RISKS OF MISUSE, DIVERSION, CORRUPTION AND INSECURITY.....	17
6.	WHO DOES WHAT, AND WHERE, WITH CASH? .....	19
	6.1 Overview of cash programmes .....	19
	6.2 Current NGO, UN, and donor policy and practice.....	21
	6.3 Current UNICEF activities in cash programming.....	24
7.	The Links between cash transfers and UNICEF’s mandate, programmes and approaches.....	28
	7.1 Cash transfers as a programming approach for UNICEF .....	29
	7.2 Views on UNICEF engagement in cash transfer programming in emergencies.....	30
8.	The Potential for UNICEF involvement in cash programming.....	32
	8.1 Introduction .....	32
	8.2 Water, environmental sanitation and hygiene (WASH).....	34
	8.3 Health .....	35
	8.4 Nutrition .....	37
	8.5 Education.....	39
	8.6 Child Protection.....	41
9.	SOCIAL PROTECTION .....	43
10.	ISSUES TO CONSIDER FOR UNICEF INVOLVEMENT IN CASH PROGRAMMING.....	47
	10.1 Sustainability and exit strategies.....	47
	10.2 Assessment, monitoring and evaluation .....	48
	10.3 Finance and administration procedures .....	51
	10.4 Staff capacity .....	52
	10.5 Coordination .....	53
11.	BENEFITS AND DRAWBACKS OF UNICEF ENGAGEMENT IN CASH PROGRAMMING IN EMERGENCIES .....	53
12.	CONCLUSIONS .....	57
13.	NEXT STEPS .....	59
	REFERENCES .....	61
	ANNEX 1: LIST OF PEOPLE INTERVIEWED .....	65
	ANNEX 2: CASH ASSESSMENT CHECKLIST .....	66

## 1. EXECUTIVE SUMMARY

This paper is part of an ongoing process exploring UNICEF's engagement with cash-based responses in emergencies. The main aim of the paper is to stimulate discussion on the potential role of cash transfers within UNICEF's response to emergencies.

For the purposes of this paper, 'cash transfers' refer to the use of cash or 'near cash' (vouchers etc.) as a programme response. As will be elaborated in chapter 2, cash transfers as a programme option can take many forms including unconditional cash assistance given directly to households, conditional cash transfers including public works programmes, cash given to institutions as fee waivers, etc. Cash transfers, if used by UNICEF as a programme response would be implemented through a third party (non-governmental organisation (NGO), Government, community-based organisation (CBO) etc.) in line with current emergency programming modalities.

The project included three stages: a synopsis of current theory and practice, which formed the basis of interviews with UNICEF staff and others; a discussion document, which was circulated to an internal and external reference group for comments; and the preparation of this paper on the basis of those comments. A wide range of UNICEF staff from all levels of the organization, as well as staff from other agencies with experience in cash transfers, have been interviewed and have commented on the discussion document.

The use of cash transfers to increase access to goods and services is increasingly forming part of humanitarian response by a range of actors, including donors, affected governments, NGOs and UN agencies. UN agencies involved in cash programming include UNDP and WFP, as well as UNICEF. The main forms of cash transfer used in emergencies are cash relief, cash for work, and vouchers. Cash transfers have been used in a range of emergency contexts and their appropriateness depends on local availability of goods, functioning markets, and whether they can be delivered and spent safely and cost-effectively. Concerns regarding insecurity, mis-use, and corruption related to cash programmes are generally not borne out in practice and these risks can be minimized through good programme design.

Evidence shows that emergency-affected populations have used cash transfers not only to buy food and other basic needs such as soap, livelihood assets or paying off debts, but also for health care and education. Furthermore, studies suggest that cash transfers have an impact on children in three different ways (Devereux et al., 2005; Gore and Patel, 2006):

- Direct expenditure on children's health and education.
- Expenditure on food, fuel, water and shelter for the household as a whole.
- Indirectly through investment in livelihoods.

Many of these areas are strongly linked to UNICEF core sectoral emergency responses. Given that cash has increasingly become a part of humanitarian responses, there is a need for UNICEF to engage in cash transfer programming in either an analytical, supportive or direct programming role. Given that cash programming further promotes the realization of human rights through ensuring the participation and dignity of the rights holder, this approach is consistent with the 'human rights based approach' to programming endorsed by UNICEF in 1998, and to which UNICEF is committed.

UNICEF has already used cash transfers in its emergency recovery programming in response to the tsunami in Aceh, Indonesia, and Sri Lanka. UNICEF is also piloting or supporting cash transfers as part of longer term social protection programmes in Kenya, Malawi and Mozambique, which are frequently affected by emergencies.

There are a number of options, in various programmatic sectors, for further UNICEF involvement in cash programming, either as a programming tool or in a supportive role, including:

1. Linking the cash transfer component of social protection programmes with emergency cash transfers and other cash transfers to chronically vulnerable populations as part of disaster risk management programming (the social protection approach).
2. Cash to improve access to services, either through cash grants or through waivers for healthcare user fees and/or school fees.
3. Grants to meet non-food needs or as an alternative to commodities currently provided in-kind, such as blankets, cooking utensils, soap and school materials.
4. Cash for work on projects requiring unskilled labour, for example as part of the building of clinics or schools and in water and sanitation projects.
5. Community grants to support child protection initiatives.<sup>1</sup>
6. Cash grants to households caring for separated or orphaned children (as practiced in Aceh after the tsunami).
7. Advocacy on the use of cash to meet basic needs as an integral component of a human rights-based approach to programming.

None of these roles are mutually exclusive.

The social protection approach, which aims to reduce the vulnerability of poor and marginalized groups, is rapidly gaining momentum amongst governments, donors, UN agencies and NGO partners. Social protection has been proven to reduce poverty amongst the most vulnerable groups, to smooth shocks, to promote asset accumulation and to have beneficial livelihood outcomes. In addition, the social protection approach can provide a link between emergency cash transfers and other efforts to improve service delivery and helps to bridge the divide between emergency response and longer term programming.

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<sup>1</sup> This can be done in UNICEF through the small scale grants mechanism.

There are clear advantages to UNICEF involvement in cash programming, as cash will provide greater flexibility and choice in meeting basic needs, promote dignity and in some instances will be quicker and more cost-efficient than providing in-kind commodities. Items purchased by households will be culturally appropriate and suit their specific needs. Existing UNICEF experience illustrates that UNICEF can provide cash grants to those affected by emergencies through our partnership with governments and others. Cash transfers, however, are not a panacea, nor are they universally appropriate, and the potential drawbacks of UNICEF involvement include the potential for cash programming to divert attention from improving or maintaining quality responses through existing programming in UNICEF's core sectors.

Cash will not be an appropriate alternative for all of UNICEF's core interventions in emergencies, such as therapeutic feeding, vaccination and the provision of essential drugs, safe water and sanitation. Certain non-food items are subject to strict quality specifications and thus would be better provided in-kind. Cash does not replace the need for provision of adequate services in the sectors of water, sanitation, health and education nor does it preclude the need for UNICEF to remain focused on strengthening its capacity to deliver these core sectoral responsibilities.

In addition to the potential for direct involvement in cash programming, UNICEF has an essential role as an advocate for cash transfers, for example for cash grants that are sufficient to cover both access to food and non-food items and for free education and health care. It will be important for UNICEF in all cases to understand the impact of cash transfers on access to services in the sectors where it has a leading role.

Any involvement in emergency cash transfers, whether in terms of programming or advocacy, will require UNICEF to adapt and strengthen its analytical capacity to determine their potential role in promoting access to key goods and services, the contexts in which cash will be appropriate, and which actors are likely to be the appropriate providers of assistance. UNICEF will also need to strengthen its capacity in monitoring and evaluation, as well as increase staff capacity with knowledge and experience of cash programmes.

The next steps for UNICEF will include outlining the typologies for UNICEF engagement in cash transfer programmes, determining the increased capacity needed if it is to engage, evaluating its current cash programmes, and producing guidance and conditions for any new pilot projects incorporating cash transfers as part of emergency programmes.

## 2. BACKGROUND AND PURPOSE

In the past decade, NGOs, the Red Cross movement and UN agencies have used cash transfers in a wide range of emergency contexts to meet the needs of affected populations. Cash transfers are now recognized by many humanitarian actors (including donors, the UN and NGOs) as an appropriate and cost-effective mechanism for providing assistance in emergency contexts. The 2004 Indian Ocean tsunami accelerated the use of cash transfers as an emergency response. Many more agencies gained experience at that time, and there has since been a rapid expansion of cash programmes.

Donors are increasingly supportive of cash transfers. For example, the UK Department for International Development (DFID) explicitly encourages cash transfers in emergencies in their strategy for eliminating hunger, and the European Community Humanitarian Aid Office (ECHO) and the Office of U.S. Foreign Disaster Assistance (OFDA) have also funded cash transfers on a case-by-case basis.

In November 2006, UNICEF's Office of Emergency Programmes initiated a policy review process to explore UNICEF's engagement with cash- and voucher-based interventions in emergency settings. The review was led by Susanne Jaspars and Paul Harvey as senior consultants recruited by UNICEF, who wrote the papers for this review, and who interviewed and consulted UNICEF staff and others. The paper builds on UNICEF's existing experience with cash transfers as well as the policies and practices of others.

The purpose of this paper is:

1. To provide an overview of the issues most pertinent to UNICEF's role in cash transfer programming in emergencies.
2. To link emerging evidence about emergency cash transfers to broader social protection programming and policy.
3. To stimulate discussion within UNICEF and with partners on the possible roles and next steps for UNICEF.
4. To assist UNICEF decision making on specific strategies (both programmatic and policy) related to cash transfers for further exploration in 2007–2008.

This paper does not provide guidance on how to conduct cash programmes in emergencies, and therefore does not cover determining the size of the cash grant, who to target and targeting methods, or how to deliver cash safely. There are other publications that UNICEF can refer to for guidance on how to plan and implement cash programmes.<sup>2</sup>

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<sup>2</sup> Key publications include: Harvey, P., *Cash based responses in emergencies*, 2007; Creti and Jaspars, *HPG report 24*, ODI, February 2006; 'Cash transfers in Emergencies. An Oxfam Skills and Practice Guide,' Oxfam GB, Oxford.

UNICEF has used cash as part of the recovery phase of the tsunami response in Indonesia and Sri Lanka, and is piloting or supporting cash transfers as part of social protection programmes in Kenya, Malawi, and Mozambique. This document builds on these UNICEF experiences, and explores the different ways in which UNICEF could support the use of cash transfers to enhance child survival, development and protection, in emergencies.

For the purposes of this paper, ‘cash transfers’ refer to the use of cash or ‘near cash’ (vouchers etc.) as a programme response. A definition of terms for cash programming is given in Table 1 below. Cash transfers, if used by UNICEF as a programme response would be implemented through a third party (NGO, government, CBO etc.) in line with current emergency programming modalities.

The main cash transfers used in emergencies are cash grants, cash for work and vouchers, many of which are also used in more stable contexts. Social protection is included in the table, as there is increasing interest, within the UN, governments and NGOs, in linking cash transfers as part of social protection programmes with emergency cash transfers.

**Table 1. Definition of terms and types of cash interventions**

<b>Term</b>	<b>Definition</b>
Cash grants Cash relief	Giving people money as a direct grant with no conditions or work requirements. These can be grants provided in emergencies or development settings (for example as part of social protection) to meet basic needs and/or to protect or recover livelihoods.
Conditional cash transfers Demobilization programmes	Giving people money, but with a condition that they do something (such as attend school, plant seeds or demobilize). Conditional cash grants have not been used in emergencies to date.
Indirect cash transfers to reduce expenditure (and thus release income)	Grants or waivers to reduce the cost of basic services. For example, waivers for healthcare user fees, grants to schools to cover education fees, etc. These are mainly used in development settings, but a few examples exist for emergencies.
Cash for work Employment, public works	Paying people in cash for taking part in a public works programme. These can be part of emergency recovery programmes or social protection (for example in Ethiopia).
Voucher programmes	Giving people vouchers for a particular type of good (e.g. seed) or bundle of goods. Vouchers can also provide more choice by setting a total value for goods to be bought, or be for a combination of cash and goods.

**Table 1 (continued). Definition of terms and types of cash interventions**

Term	Definition
Social protection	A sub-set of public actions – carried out by the state or privately – that address risk, vulnerability and chronic poverty. Operationally, social protection can be sub-divided into three key components: social insurance, social assistance, and standards. The latter includes the setting and enforcing of minimum standards in the workplace, although this is difficult to achieve in the informal economy. <sup>3</sup>
Social insurance	This involves individuals pooling resources by paying contributions to the state or a private provider so that, if they suffer a ‘shock’ or permanent change in their circumstances they are able to receive financial support.
Social assistance	Non-contributory transfers to those deemed eligible by society on the basis of their vulnerability or poverty. Examples include cash transfers and also fee waivers for education and health care.

Adapted from: From Harvey, P., ‘Cash based responses in emergencies’, HPG report 24. Overseas Development Institute, 2007.

### 3. METHODS

The project began with the preparation of a short synopsis summarizing current theory and practice, and outlining some of the key issues for UNICEF (November 2006 – December 2006). This synopsis was circulated to UNICEF staff, and others, before they were interviewed, to get an overview of key issues in cash programming as well as the key issues identified for UNICEF. Staff from every UNICEF programme sector in New York were interviewed about the potential for incorporating cash transfers as part of sectoral responses in health, nutrition, education, water, environmental sanitation and hygiene, and child protection, as well as in social protection programming. Staff from EMOPS, security and finance were also interviewed, as were representatives from the Supply Division in Copenhagen. UNICEF field staff from Indonesia, Kenya, Liberia, Malawi, Mozambique, and Sierra Leone were selected for interview on the basis of their past experience with cash programming. Other agencies were also selected for interview on the basis of their experience with cash transfers in emergencies. The donors interviewed were DFID and Sida.<sup>4</sup>

Subsequently, a discussion paper was prepared and disseminated (December 2006 – February 2007). This document was based on a more extensive review of UNICEF documents, as well as the interviews conducted with UNICEF staff and

<sup>3</sup> UNICEF is also developing a draft child-oriented definition for Social Protection (see page 41) that has not yet been finalised, but which includes legislation, policies, procedures and other actions aimed at reducing risk, vulnerability and discrimination and contributing to children and their families’ health and well-being.

<sup>4</sup> These two donors were recommended for interview by EMOPs.

external actors (See Annex 1 for a list of those interviewed). The discussion document was sent for comments to external and internal reference groups during February, 2007. The external reference group included UN, NGO and donor representatives, and the internal reference group consisted of both UNICEF programme and operations staff from both headquarters and the field, as well as security, EMOPS, and other staff members (see Annex 1). Comments were received from the West and Central Africa Regional Office, the Regional Office for South Asia and the East Asia and Pacific Regional Office, from the Democratic Republic of the Congo, Eritrea, Ethiopia, Malawi, Mozambique, and the United Republic of Tanzania Country Offices, and from the Child Protection Section and Programme Planning and Evaluation Office in New York as well as the Supply Division in Copenhagen. External reference group members who commented included Concern, the British Red Cross, and UNDP. Feedback was incorporated resulting in a Working Paper that was subsequently reviewed by senior management in EMOPS at UNICEF HQ. Given the length of time between the circulation of the discussion document and this final working paper, a lot of progress was achieved within UNICEF in the area of social protection. Claudia Hudspeth wrote the chapter on Social Protection to provide an update and to highlight the linkages between the ongoing work in social protection and emergency cash transfers.

## **4. RATIONALE FOR CASH PROGRAMMING**

### **4.1 Why cash? The theoretical basis and justification for cash transfer programming**

#### **Impact of emergencies**

Emergencies affect many aspects of people's lives and livelihoods. Emergencies can decrease access to both food and non-food resources, destroy or reduce asset holdings, create risks to health (through increased exposure to disease or destruction of health services) and reduce people's protection through greater exposure to violence, abuse and exploitation. This puts children at risk, not only because of changes in access to resources and in the environment, but also because of the strategies children and families may be forced to adopt, such as taking children out of school to save money, not seeking health care because of the cost (or not seeking it until children are seriously ill), engagement in exploitative labour relations including child labour, participation in armed forces,<sup>5</sup> and transactional sex (Save the Children UK, 2005a).

Emergencies can therefore create a wide range of assistance and protection needs, including the need for:

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<sup>5</sup> This is not only related to poverty or the immediate impact of disasters. It can also be a result of religious or political resentments, family conflict and violence, peer pressure, abduction, etc. (Save the Children UK, 2005).

- Essential commodities to meet basic needs (food, kitchen utensils, hygiene items, clothes).
- Access to services (healthcare and education).
- Livelihoods or other assets (livestock, agricultural inputs, housing, materials for small scale business).
- Rebuilding social networks (e.g. care for children separated from their families).
- Ensuring the protection of emergency-affected populations from violence, abuse and exploitation.

### **Theoretical basis for cash transfer programming in emergencies**

Most people live in cash economies where people earn money and buy much of what they need on the market. In many emergency contexts, markets are still functioning (or can quickly recover), which means that distributing cash can be an appropriate way of meeting people's needs. In many countries, particularly in East Asia, markets and infrastructure are becoming more resilient.

The rationale for cash transfer programmes is partly derived from Amartya Sen's entitlement theory, which states that famines are sometimes caused by an inability to gain access to, or purchase, food rather than an overall lack of food availability (Sen, 1981). It follows that income support measures could be an appropriate response in emergencies. Cash transfers have been a form of famine relief for a long time, for example in India as early as 1880 (Dreze and Sen, 1989). Reduced access to food, however, is only part of the impact of emergencies, which can affect many aspects of people's lives and livelihoods and produce a wide range of needs for assistance. Cash not only increases access to food, but also access to other basic goods and services.

### **Objectives of cash transfer programmes**

In general,<sup>6</sup> cash transfer programmes aim to increase the purchasing power of emergency-affected populations, but they may also have specific objectives such as increasing access to food, services and other goods, rebuilding livelihoods or assisting people to build houses. Cash-based responses are a mechanism or tool for providing people with resources in emergencies. As such, they need to be considered across all sectors. Emergency-affected people can use cash to purchase goods such as blankets and kitchen utensils, buy livestock or seed, or invest in business. Cash could also be provided to increase access to public goods such as health, education or veterinary services. Cash transfers can be targeted at the most emergency-affected populations or areas and/or at specific groups, for example carers of separated or orphaned children and families of malnourished or other vulnerable children, or on the basis of more general socio-economic criteria.

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<sup>6</sup> Some specific objectives for UNICEF vis-à-vis cash transfers are outlined in Chapter 8.

## Advantages of cash transfers

Cash transfers allow beneficiaries to choose what to buy and therefore provide flexibility in meeting needs according to their own priorities. This is consistent with a rights-based approach to humanitarian programming, which is discussed in more detail in section 7.1.

Cash transfers have the potential to be more cost-efficient than in-kind distribution, because they avoid the costs of procurement, transport and storage of bulky commodities associated with in-kind assistance. However, cash transfers are not always more cost-efficient as this depends on the price of goods that people can purchase in local markets compared with the costs of aid agency procurement and transport. Cost-efficiency for cash transfers has mostly been compared with food aid, with cash usually proving more cost-efficient,<sup>7</sup> but there are important exceptions.<sup>8</sup> Furthermore, the quality of goods available in local markets needs to be a consideration.

Table 2 succinctly outlines the key issues in comparing cash transfers in emergencies with more standard in-kind assistance.

**Table 2. Comparing the challenges and opportunities of cash transfers with in-kind assistance**

<b>Cost-effectiveness</b>	Cash programmes are likely to have lower transport and logistical costs. However, there may be other costs, such as a need for additional finance staff. Whether a cash grant is more cost-effective for recipients will depend on the prices of goods they purchase in local markets compared to the price it would cost an aid agency to deliver them. There is also a need to take into account the relative costs to recipients of transporting in-kind assistance against the costs of travel to and from markets.
<b>Security risks</b>	The attractiveness of cash may create risks both for staff transporting cash and for recipients once they have received it. However, cash may also be less visible than in-kind options and there may be ways of distributing it that reduce possible security risks. The risks of cash compared to in-kind alternatives are different and context-specific.

<sup>7</sup> For example, a study in Ethiopia found that cash transfers were 4% to 6% cheaper than local purchase of food and 39% to 46% cheaper than imported food aid (Adams and Kebete, 2005).

<sup>8</sup> For example, Oxfam GB in Zambia found that cash transfers were slightly more expensive than food aid (Harvey and Savage, 2006.) This was largely due to the unexpected 40% appreciation of the kwacha and also because of the high management costs, including rigorous monitoring systems, high insurance costs for moving the cash, and the cost of setting up an office in an area where Oxfam had not worked before.

**Table 2 (continued). Comparing the challenges and opportunities of cash transfers with in-kind assistance**

<b>Corruption and diversion risks</b>	Cash may be more attractive than in-kind assistance, and so particularly prone to being captured by elites, to diversion or to seizure by armed groups. However, it may also be safer to deliver than in-kind aid, and avoids the risk of corruption, diversion or looting during procurement and transportation.
<b>'Anti-social' use</b>	Cash can be used to buy anything, and can be spent for anti-social purposes such as alcohol consumption. Equally, in-kind assistance can be sold and used anti-socially.
<b>Gender</b>	Concerns that cash may disadvantage women because they have less say in how it is spent have largely not been realized. Where cash has been specifically targeted at women it has sometimes given them greater control within the household.
<b>Choice, flexibility and dignity</b>	Cash allows recipients to decide what they should spend the money on. Greater choice may help to foster dignity in the receipt of assistance. Using banks as delivery mechanisms can also enhance dignity in the receipt of assistance by removing the need for people to queue at distribution sites.
<b>Market impacts</b>	Any kind of resource transfer will have an impact on markets and local economies. In deciding whether to provide cash or in-kind assistance these impacts need to be assessed. The main possible negative effect of cash transfers is the risk that they will cause or contribute to inflation in the prices of key goods. Cash transfers are also likely to have positive effects on local economies and less likely than in-kind transfers to have disincentive effects through discouraging local trade or production.
<b>Consumption/nutrition</b>	If a transfer has particular food consumption or nutrition objectives, then food aid may be more likely to be consumed, and can be fortified to address micronutrient deficiencies. In many emergency contexts, however, food aid is sold to meet other basic needs. Some studies have found that cash promotes dietary diversity by enabling people to buy a wider range of foodstuffs.
<b>Targeting</b>	Because cash is attractive to everybody it may be more difficult to target, as even the wealthy will want to be included. In practice, targeting cash projects does not seem to have been any more problematic than targeting in-kind assistance.
<b>Skills and capacity</b>	Implementing cash projects requires different types of skills and capacity. Logistics are often simpler, but there may be a need for additional finance capacity. Assessments and monitoring need to include analysis of markets. Both cash and in-kind assistance still require a focus on targeting, registration, robust distribution systems and transparency and accountability.

From Harvey, P., 'Cash based responses in emergencies', HPG report 24. Overseas Development Institute, 2007.

## 4.2 When cash? Its appropriateness in different emergency contexts

### Criteria for the appropriateness of cash transfer programmes

Humanitarian relief is delivered in a huge range of contexts, from natural disasters to wars, from rich, developed countries to poor, developing ones. Cash or vouchers are a possible response in many different emergency contexts, even where States have collapsed, conflict is ongoing or there is no banking system. Furthermore, as will be shown in chapter 7, cash transfers can bridge the gap between life-saving relief and early recovery.

Certain criteria must be met for cash programming to be appropriate and feasible. Reviews and guidelines suggest these include (Harvey, 2007; Creti and Jaspars, 2006):

1. **Local Availability** of goods and supplies to meet needs. This is the case in some emergency-affected countries, particularly those affected by the 2004 tsunami and, for example, in Lebanon. In other emergencies, however, there may be an absolute shortage of food or other items at local or national levels, and cash will not be appropriate in these situations.
2. **Functioning and accessible markets.** Markets need to function to meet the demand for goods. Judging the ability of markets to respond to an increase in people's purchasing power is a critical component of assessing the appropriateness of cash.
3. **Safety.** Another important factor to consider is whether cash can be safely delivered, which needs an analysis of the security risks to beneficiaries receiving the cash as well as those managing it.
4. **Participation and consultation.** It is important to involve beneficiaries in the decision whether to distribute cash or in-kind commodities, or a combination of both (see below).

### Combining cash transfers and in-kind distribution; the need for flexibility over time

In many situations, it will be appropriate to combine cash with in-kind distribution, rather than considering cash purely as an alternative to in-kind goods. This will depend on the objective of the emergency response, how cash transfers can contribute to this, and what goods are locally available. There are a number of examples where cash has been provided in addition to food aid, and used to purchase non-food items and for livelihood recovery (see 4.3 below).

Furthermore, while cash transfers may help to remove some of the barriers to accessing basic services such as health care and education, they by no means replace the need for continued efforts to ensure quality, accessible social services. Cash transfers, when implemented, should be part of a package approach that includes 'transfers' to households, a conducive policy environment and social service provision including specific strategies to reach the most vulnerable.

When weighing up the combination of cash with in-kind distribution and support to services, it is important to retain flexibility in levels of cash or in-kind transfers to take account of possible changes in availability of goods, prices and security. The experience of Oxfam GB and Concern (Devereux et al, 2006) in Malawi showed that it was important to retain flexibility between cash and food aid, or be able to adapt the level of cash transfers, in case prices change or the availability of goods declines (Harvey and Marongwe, 2006). During WFP’s cash transfer pilot in Sri Lanka, the eastern part of the country experienced a deterioration in security, which led to higher transport costs to markets (Mohiddin et al, 2006). The need to be able to adapt projects to price inflation due to cash transfers was also identified in Ethiopia. Monitoring both the market and security conditions is therefore as important as on-going monitoring of the use and impact of cash.

**Cash transfers in different emergency contexts**

The type and stage of an emergency is clearly important in making judgements about the possible appropriateness of cash transfers. Table 3 presents three broad types of emergency contexts – chronic livelihoods crises, natural disasters and conflict-related or complex emergencies – and the possible applicability of cash in each.

**Table 3. Emergency typology and the applicability of cash and vouchers**

<p><b>Chronic livelihoods crisis</b></p>	<p>Many developing countries have large sections of the population who are poor or destitute, who cannot meet their basic needs at any time. These populations regularly experience levels of malnutrition and mortality above emergency thresholds.</p> <p>These same populations may suffer recurrent natural disasters, for example floods in Bangladesh and Malawi or droughts in Ethiopia and Kenya. Cash or voucher interventions could be pre-planned as part of preparedness measures, and linked with mitigation and social protection.</p>
<p><b>Natural disaster</b></p>	<p>Slow-onset natural disasters, in particular drought, provide the best and easiest opportunities to plan cash or voucher interventions and to link them with long-term social protection or welfare programmes.</p> <p>In quick-onset natural disasters, cash may be a difficult option in early stages due to displacement, disrupted markets, and damage to infrastructure, but it may be more feasible during the recovery phase. Depending on the context, the recovery phase can start anywhere between one week (e.g. following the 2004 tsunami) and several months following the disaster.</p>

**Table 3 (continued). Emergency typology and the applicability of cash and vouchers**

<b>War/ complex emergency</b>	<p>In quick-onset, or violent and acute conflict, concerns around security will be particularly strong and banking systems less likely to be present. There may still be innovative ways to deliver cash (e.g. <i>hawala</i> systems, remittance networks). In some conflicts, cash may be safer because it can be delivered more discreetly than in-kind transfers.</p> <p>In long-running conflicts, markets often re-establish themselves in periods or places of relative security. If conflicts go on for decades there may be a need to consider how long-term welfare and service delivery can continue even during conflict. However, in long running conflicts there is also a danger that cash (and other forms of relief) become part of the war economy.</p>
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Adapted from: From Harvey, P., 'Cash based responses in emergencies', HPG report 24. Overseas Development Institute, 2007.

Cash transfers have been most commonly applied in slow-onset emergencies such as drought, and have been applied throughout much of Africa, for example in Ethiopia, Kenya, Malawi and Niger. In addition, cash transfers have the potential to be used for early recovery and so help to smooth the relief-to-recovery transition. For example, cash transfers have been common in the recovery phase of quick-onset natural emergencies, such as floods or earthquakes (for example in India, Pakistan and the Philippines) and in particular the 2004 Indian Ocean tsunami.

In conflict situations, cash programming should be considered carefully because of security and other risks including the potential to impact the war economy and affect power dynamics both between and within communities. In some long running conflicts, however, for example Afghanistan and Somalia, agencies were able to use local money transfer companies to provide cash grants, which removed some of the security risks, and cash effectively reached the beneficiaries who were able to spend it on their basic needs (Ali et al., 2005; Majid et al., 2007; Hoffman, 2005). There is little experience within the international community of cash programming in situations of displacement, although cash has been provided by UNCHR as part of return packages for refugee populations.

### **4.3 Uses and impact of cash transfers**

#### **Factors that influence the use of cash transfers**

While cash may be provided with particular objectives in mind, beneficiaries will spend it according to their own priorities on a range of items. Evaluations in a number of different contexts have shown that beneficiaries use cash transfers for a range of commodities and services, including food and non-food items (e.g. clothes, kitchen utensils, soap), to pay off debts and loans, education costs (fees, clothes, materials, transport), health care, livestock and agricultural inputs, and to

support livelihoods such as small businesses and petty trade (Harvey, 2007, Jaspars, 2006).

There are several factors that influence the use of cash transfers, including:

- Whether other assistance is provided at the same time and in what form.
- Seasonality.
- The total size of the cash transfer.
- The frequency and timing of payments.
- Pre-existing income levels of the recipient households or individuals.

### **Use of cash and seasonality**

When cash is distributed in the absence of other forms of assistance, it is most likely to be spent on food, particularly if it is distributed during the hungry season as seen in Afghanistan, Somalia and Uganda (Jones, 2004; Khogali and Takhar, 2001; Mattinen and Ogden, 2006; Hoffman, 2005). In Ethiopia and Somalia, cash was more likely to be invested in livelihood assets when given during or after the harvest (Mattinen and Ogden, 2006; Adams and Kebebe, 2005).

### **Cash when combined with food aid**

When cash is provided as a complement to food aid, it is more likely to be spent on livelihood recovery, such as re-stocking, setting up small businesses, and payment of school fees, as found by Oxfam in Turkana (Frize, 2002). In Malawi, Concern found that this also varied by season, but outside the hungry season a larger proportion of cash was spent on non-food items (Devereux et al., 2006).<sup>9</sup> However, in some situations, even when food and cash was distributed, for example in Aceh, Indonesia, the majority of cash transfers were still spent on food to diversify the diet (ACF, 2005, July; Brocklebank, 2005).

### **Frequency of payments and size of grant**

The Oxfam evaluation in Kenya also found that small, regular payments are more likely to be used to buy food, whereas larger lump sums are more likely to be spent on productive assets and re-establishment of economic activities.

UNICEF's programme in Aceh, targeting households caring for orphans or children separated from their families, found that those with higher previous income levels saved some money to pay for fees for entrance exams for secondary school or to buy a bicycle that could be shared with other children (Gore and Patel, 2006).

### **Expenditure on health and education**

The use of cash by households often includes expenditure on goods or services within UNICEF's priority sectors. For example, in Malawi, 7.4 per cent and 12.6 per cent of Concern's cash grants were spent on health and education

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<sup>9</sup> Note that the levels of food aid and cash provided in Kenya and Malawi were different. In Kenya the beneficiary population received full rations and the purpose of the cash transfers was livelihood support. In Malawi, beneficiaries received 25% food rations and the cash grant was intended to meet additional food needs.

respectively (Devereux et al., 2006). Early findings from the UNICEF Malawi pilot transfer scheme show that cash was used for children's education as well as caregivers' own healthcare (e.g. people living with HIV), as well as investment in capital and assets (e.g. purchase of livestock). WFP in Georgia implemented a combined food and cash for work project and found that 15 per cent of cash was spent on healthcare and 5 per cent on education (WFP, November 2006). In a recent cash transfer project in Somalia, the major use of cash was to pay off debts, and between 2 per cent and 8 per cent of people interviewed also spent some money on health and education (Majid et al., 2007).

### **Impact on the economy**

Cash transfers can have important multiplier effects beyond the direct impact on the households receiving the cash. Cash projects can boost local economies and trade particularly when the cash is used to buy goods that are produced locally. Weekly market monitoring in a project of the International Federation of Red Cross and Red Crescent Societies (IFRC) in Niger indicated that overall market turn-over increased by 40 per cent, while the bank reported a 30 per cent increase in transactions, suggesting that debts are being repaid, savings increased and economic activity rebounding (University of Arizona, 2006). In Malawi, Concern found a multiplier effect of 2-2.4 of cash transfers within the local economy.

### **Impact on children**

No systematic research has been done on the impact of cash transfers on children in emergencies. However, there is some evidence that cash transfers can have a positive impact on children in a number of ways, whether targeted at children or at the household. The UNICEF-supported study in eastern and southern Africa, and the UNICEF review of cash transfers in East Asia suggest that they have an impact on children in three different ways (Devereux et al., 2005; Gore and Patel, 2006):

- Direct expenditure on children's health and education.
- Expenditure on food, fuel, water and shelter for the household as a whole.
- Indirectly through investment in livelihoods .

### **Impact on education and access to health care**

Emergency cash transfers in Zambia protected school attendance in a year when the poorest would otherwise have had to withdraw their children from school. It also enabled better access to health care (Harvey and Marongwe, 2006). In some cases, cash is spent on hygiene items like soap. Similar impacts were noted with emergency cash transfers in Ethiopia (Adams and Kebete, 2005) and Malawi (Savage and Umar, 2006). Recent findings by Concern in Malawi show that school drop-out rates reduced from 50 per cent to 2 per cent following the emergency cash transfers. Some conditional cash transfers requiring attendance at school or health clinics have been targeted at poor households

### **Impact on nutrition**

Cash can have an impact on all underlying causes of malnutrition – food insecurity, the health environment, and the social and care environment – although cash alone will not be sufficient to address malnutrition. Cash improves access to food both in terms of quantity and quality; for example through improving dietary diversity (Harvey and Marongwe, 2006; Cole, 2006; Sharma, 2006).

One of the arguments sometimes put forward for food aid rather than cash as part of humanitarian responses is that food aid is likely to have a greater nutritional impact, and so is therefore more appropriate in a project with explicit nutritional objectives. However, there is also evidence that cash can be as effective as food aid in meeting nutritional needs. For example, in Zambia, people were able to buy amounts of food roughly comparable to a standard food aid ration with their emergency cash transfer (Harvey and Marongwe, 2006). Similarly, cash and voucher projects in Aceh found that “food consumption of targeted beneficiaries met acceptable standards of quality and quantity throughout the pilot duration” (Cole, 2006), and in Sri Lanka that “a switch from food to cash benefits was not likely to affect consumption significantly” (Sharma, 2006).

Cash can also have a positive influence on caring practices. In Ethiopia, Save the Children found that in households receiving cash transfers, mothers fed their children more frequently, giving them a wider variety of grains and pulses and an increased amount of livestock products, oil and vegetables. Furthermore, mothers spent less time collecting firewood or dung as an income source, thus enabling them to spend more time at home caring for their children (Save the Children UK, 2005b).

### **Impact on protection**

In many emergencies, people face high risks of violence, abuse and exploitation. In some cases this is due to the loss of income and assets and/or to inadequacies of humanitarian assistance. For example, people may have to collect firewood or farm in unsafe areas to make a living (Buchanan-Smith and Jaspars, 2006; Stites et al., 2006), or may have to engage in transactional sex. Child labour, the recruitment of children into armed forces, or the early marriage of girls are other possible consequences (Lautze et al., 2002). Evaluations rarely consider the impact of cash on people’s coping strategies, and there is little information on the impact of cash transfers on protection of both adults and children.

## **5. RISKS OF MISUSE, DIVERSION, CORRUPTION AND INSECURITY**

*“Generosity should be an act of giving, not of judging”* (Martone, 2006).

### **Common concerns**

Particular concerns raised by agencies and staff, including those interviewed in the preparation of this paper, when considering whether to engage in cash transfers in emergencies usually centre around possible misuse of cash transfers by beneficiaries, diversion or corruption by local authorities or other powerful groups or individuals (or agency staff), and risk of insecurity to both beneficiaries and agencies. In addition, concerns were raised about the impact of cash transfers in complex emergencies on fragile power dynamics and the possible negative effects vis-à-vis the war economy. These concerns were raised by some UNICEF staff interviewed for this project but were seldom mentioned by field staff. Implementation of cash projects has often shown that these concerns can be addressed, and that cash is not necessarily more prone to diversion, corruption or insecurity than in-kind approaches. Judgements about whether cash can be programmed safely and effectively need to be made on a case-by-case basis.

### **Little evidence of misuse of cash**

In the vast majority of evaluated cash transfers, beneficiaries spent cash on their basic needs. There are of course some examples where cash was used to purchase alcohol or cigarettes; for example in Oxfam’s programme in Aceh (Brocklebank, 2005) and in Malawi (Devereux et al., 2006). However, these practices were not widespread and in many situations, peer pressure from other households in the community will prevent spending on non-essential items. In recent cash projects in Kenya and Pakistan, Save the Children has encouraged the formation of what have been called ‘community livelihoods committees’ that have acted as peer discussion groups about what to do with cash grants and discouraged misuse.

### **Control over cash within the household**

Another common fear is that women will have less control over how cash is spent than over in-kind resources such as food aid, and that men may be more likely to misuse cash by buying items such as alcohol or cigarettes. Resources that women can control are widely seen as leading to better outcomes for children’s well-being and household food security. Understanding intra-household decision making processes is always difficult and the only clear conclusion from the existing literature is that more research is needed. Where men do control how cash is spent, this may create tensions within households (Devereux et al 2006). Where women have been targeted specifically with cash transfers, it has been argued that they have an increased decision making authority within the household (Khogali and Takhar, 2001b). Most recent evaluations of cash transfers suggest that the majority of beneficiaries make joint and equitable decisions about how to spend cash. Cash-based programming, in common with

in-kind distribution, clearly needs to be sensitive to underlying gender inequalities – where appropriate and possible, cash transfers should be directed towards the women in the household.

### **Security risks can be minimized by good programme design**

Concerns around security include risks associated with the ability of staff to safely deliver cash and the risks to beneficiaries to safely take cash home and spend it. Corruption and diversion is sometimes seen as a greater risk for cash because of its greater attractiveness compared to in-kind alternatives. There is little empirical evidence to support these fears, but risks should nevertheless be taken seriously and assessed on a case-by-case basis and include a thorough risk assessment, especially in conflict situations.<sup>10</sup> However, it is also true that information on diversion and corruption of any aid is difficult to get using normal assessment, monitoring or evaluation methods, as people will not talk about these issues openly (Harvey, 2007). Risks resulting from cash programmes are often related to programme management issues, and can be minimized by good management and design. The checks and controls required in cash programmes (both by donors and agencies themselves) are often far greater than those required for commodity distribution and so it is often the case that cash programmes are much more accountable than other forms of distribution.<sup>11</sup> Both Oxfam and WFP have matrices for minimizing the risks associated with cash distribution (Creti and Jaspars, 2006; Thatchua, 2006).

### **There are risks involved in both in-kind and cash distributions**

The risks associated with cash transfers are not necessarily any greater than for commodity distribution. For example, for food distribution, the risks of attack, theft, and diversion are well documented (Jaspars, 2000). In some situations, cash transfers can be delivered more safely than food aid, in particular where local banks or money transfer companies can be used. A recent evaluation of cash programmes in Somalia found no evidence of taxation, looting or corruption (Majid et al., 2007). This was in contrast to food aid, which is often associated with increased tension as it is delivered by highly armed transport contractors. Cash transfers were delivered through a local and respected money transfer company, which took on all financial risks and logistics tasks for a commission of 7.5 per cent. When beneficiaries received the cash they immediately deposited it with local traders, partly for security reasons and partly to repay debts and thus re-open their access to credit.

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<sup>10</sup> This was stressed in the interview with UNICEF security staff.

<sup>11</sup> This was mentioned in an interview with Oxfam GB.

## **6. WHO DOES WHAT, AND WHERE, WITH CASH?**

### **6.1 Overview of cash programmes**

#### **Cash for work**

Cash for work (CFW) is a way of employing large numbers of unskilled labourers to provide cash to the emergency-affected community, while at the same time building a public asset. Some agencies (for example Oxfam) also require that cash for work is targeted at the poorest or most vulnerable members of the community (Creti and Jaspars, 2006). Some of the most vulnerable may, however, be unable to participate in CFW programmes, for example the elderly, women with young children, or the disabled, which means that special arrangements need to be made for these groups. This could either involve the identification of special projects for these groups that do not require hard physical labour (handicrafts, child care centres) or cash grants to selected households.

Cash for work projects often focus on the water and sanitation sector (for example water catchments, clearing or digging of wells and trenches, collection of solid waste), and on construction, which can include clinics, schools, other public buildings and roads. An important factor to consider in determining whether cash for work is the most appropriate mechanism is whether the primary objective of the programme is the provision of a good quality public asset, or to provide cash to the affected communities. Ideally, cash for work should only be done in situations where the work done is necessary as part of the emergency response. People surviving during or recovering from emergencies are almost always more than fully occupied in attempts to rebuild their livelihoods and so there is a need to be very careful about imposing onerous work requirements that may disrupt their own attempts at recovery.

#### **Vouchers**

Vouchers have been used extensively for the provision of seed, but have also been used on a number of occasions for food, livestock, or productive assets (Bramel and Remington, 2005). Vouchers provide more control over how resources are used and may help to address market weaknesses, as agencies can identify and support traders. However, they entail an additional administrative burden and restrict the choice of beneficiaries. In development contexts, waivers or exemptions for health care have been attempted in some countries, with limited success (Save the Children UK, 2001 and 2006; Bitran and Gideon, 2003). Waivers for health care or education have not been attempted in emergencies, but this would be an intervention similar to voucher interventions, by providing an indirect cash transfer for a specific service. This is explored further in section 4.2.

#### **Grants**

NGOs have only recently started providing emergency cash grants directly to individuals or households, but governments have been more willing to do this, for

example in Sri Lanka in response to the 2004 tsunami and Pakistan following the 2005 Kashmir earthquake. Also to be noted was the more recent example of grants of \$13,000 per household for house rebuilding and rental costs by Hizbollah following the war in Lebanon (Reuters, 2006, August 18).

Cash grants can be conditional or unconditional. Conditional cash transfers may be linked to regular school or clinic attendance, and this has been used as part of longer term social protection programmes in development contexts. Such transfers are usually government programmes and have been implemented widely in Latin America. The rationale is that cash has an impact on social capital in the longer term, as well as providing immediate economic benefits. Such grants are linked with increased school attendance, but not necessarily more so than the impact of unconditional cash grants (Samson et al., 2006; Barrientos and De Jong 2006). There will need to be assurances that increased demand for such services can be met. Conditional cash grants may not be appropriate in many parts of Africa, however, as the quality of services is generally poor and improving quality is often a higher priority for investment.<sup>12</sup> However, there are also drawbacks to conditionality as it can increase administrative complexity and demands on staff time.

In emergencies, receipt of cash grants has sometimes been conditional in the sense of being tied to particular objectives such as rebuilding houses. Agencies have provided cash in instalments, with subsequent payments conditional on progress against a specific objective. An alternative to this sort of conditionality is to accept that cash will be used to meet a broad range of objectives.

### **Size of cash transfers**

The value of cash transfers has often been set at a level equivalent to the cost of a food aid package, where it is seen as an alternative. Examples are the grants made by Ethiopia's Productive Safety Net Programme (PSNP), WFP in Sri Lanka (Sharma, 2006), and Oxfam GB in Zambia (Harvey and Marongwe, 2006). In practice, this often means that not all food needs are met because some of the cash is used to meet other needs, for example in Sri Lanka on clothing and footwear (Sharma, 2006). If cash grants are provided to cover a range of basic needs, the size of the grant needs to consider the overall cost of living or all items that people need to buy to survive, rebuild livelihoods, or care for orphaned or separated children.

### **Targeting**

Who is targeted depends on the objective of the cash transfer; whether to help meet basic needs, to help recover livelihoods, or to meet the needs of specific groups (for example orphans, separated children, AIDS-affected households). Emergency responses are often targeted at the worst affected geographical areas and/or livelihood groups. Within these, the poorest or malnourished are sometimes targeted. UNICEF often aims to target its interventions at children,

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<sup>12</sup> This view was expressed in interviews with Steven Devereux and with the British Red Cross.

female-headed households, or on the basis of physiological vulnerability not necessarily directly related to the emergency. Targeting methods are the same for cash transfers as for other resources. Many of the agencies providing cash transfers in emergencies use community-based targeting, which uses local criteria of wealth and village committees to select the most vulnerable households within a community. In UNICEF Malawi's social assistance programme, village committees also monitored the use of the cash and organized security during distribution. Fears that cash would be more difficult to target than in-kind resources because it is more attractive to non-recipients have not been borne out in practice.

### **Delivery mechanisms**

Cash can be distributed through local banks, the post office, money transfer companies, local shops or traders, as well as direct distribution. For example, Oxfam GB provided cash through local banks in Zambia (Harvey and Marongwe, 2006), as did the Red Cross in response to Hurricane Katrina and in a number of other developed countries (IFRC, 2006). Cash programmes in Afghanistan and Somalia have successfully used local money transfer companies (Ali, D. et al., 2005; Hoffman, 2005; Majid et al., 2007). In Malawi, Concern is piloting the use of SMART cards and mobile ATMs, but the effectiveness of these has yet to be evaluated.

## **6.2 Current NGO, UN, and donor policy and practice**

### **NGOs and the Red Cross Movement**

All NGOs interviewed for this study (see Annex 1) are increasingly using cash transfers as part of their emergency responses. It is often food security or livelihoods staff that work on cash programmes, and cash transfers have rarely been considered as part of nutrition, health, water and sanitation, education or protection programmes, although it is widely recognized that cash is often used by beneficiaries to meet needs in these sectors. Being asked about the role of cash in the sectors in which UNICEF works was therefore challenging for most.

ACF and Mercy Corps (and until recently Oxfam GB) mostly focus on cash for work programmes. Oxfam GB and Save the Children UK staff felt that cash transfers need to be sufficient to meet all basic needs that result from a crisis; whether this is food, health care, repaying debts, or other needs, and both have recently been involved in the provision of unconditional cash grants, to either households or communities, for example in Kenya, Pakistan and Java following the 2006 earthquake. The Red Cross movement has provided cash grants in a wide variety of emergency-affected, developed (e.g. following floods in Germany and the subsequent Hurricane Katrina in the US in 2005) as well as developing countries (IFRC, 2006). CRS in particular has promoted the use of vouchers, mostly for seed, in countries such as Ethiopia, Kenya and Zimbabwe amongst others (Bramel and Remington, 2005). Oxfam, Save the Children UK, ACF,

CARE and the British Red Cross (BRC) also place particular emphasis on the need for long term cash transfers as part of social protection programmes to address chronic poverty, and the scope for linking this with emergency responses.

NGO projects have often remained small-scale or are implemented on a pilot basis, although some have been growing in scale. For example, the Mercy Corps Cash for Work programme in Aceh to clear debris from roads, farms, villages and beaches had an average of 10,905 participants per month (peaking at almost 18,000) and a mean monthly disbursement of U.S. \$650,517 (Doocy et al, 2006).

None of the NGOs interviewed currently has a specific policy on cash transfers in emergencies, but a number are writing or have written manuals on the subject, and support for cash transfers may be incorporated within other policy documents. ACF, IFRC, and Mercy Corps are all currently working on writing manuals for cash transfer programming in emergencies. Oxfam has published cash transfer guidelines (Creti and Jaspars, 2006). Save the Children UK, Oxfam GB and BRC are jointly developing training modules for cash programming.

### **UN agencies**

The main UN agencies involved in cash programming are WFP, UNDP and UNICEF. WFP has piloted cash transfers in a number of countries and is in the process of developing a policy on cash transfers for the organization (Gentilini 2007). UNDP carried out large scale cash for work programmes in Aceh, Indonesia, in response to the 2004 tsunami. UNICEF experience is discussed in the section below.

The pressure for WFP to conduct cash programming came from donors, NGOs and their own field offices. This led to a number of pilots being conducted, for example in Georgia, Malawi, Pakistan, Sri Lanka, and Zambia. WFP collaborated with government, Oxfam and IFPRI to provide unconditional cash grants to households in tsunami-affected areas (WFP, 2006). In Sri Lanka, Oxfam GB seconded a project manager to WFP (Sharma, 2006; Tchatchua, 2006), as WFP had no prior experience with cash grants. The cash was distributed through the government banking system. There were a number of issues relating to WFP's finance and accounting procedures, for example the country office was not clear how to book the cash in the accounting system; it was eventually put under 'other direct operational costs'.

There are different interpretations of WFP's mandate within the organization in terms of whether it can adopt cash programmes. The process of determining whether WFP should adopt cash programming more formally consists of the following stages:<sup>13</sup>

- A directive to the field in 2007 will give instructions on design and implementation of cash programmes.

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<sup>13</sup> This information came from an interview with WFP staff in Rome.

- Continued pilots, with a heavy emphasis on evaluation.
- Thematic evaluation using all information from evaluations, which will be submitted to the executive board.
- A policy paper to be submitted to the Executive Board in 2008.

WFP country offices can only consider cash as an option after a proper assessment, which then has to be submitted to a project review committee. The country office then needs to conduct a baseline assessment, and monitor and evaluate the project. WFP has also held workshops and developed guidelines on cash programmes (Tchatchua, 2006).

UNDP's cash for work programme in Aceh was largest in the 6 to 8 months following the 2004 tsunami and involved mainly clearing debris. The programme was implemented through local and international NGOs. Key challenges included calculation of pay rates for labourers so as not to distort the emerging labour market. Apart from the cash it injected into the economy, the project also had positive impacts in terms of bringing communities together and making areas habitable again. About 25 per cent of households reinvested income into re-establishing their previous livelihoods. Another issue was that it was difficult to include some of the most vulnerable members of society, for example the elderly and women-headed households. In response to this, some NGOs provided cash for work payments to women to supervise children in a child-friendly space, while other women were engaged in different activities. UNICEF and Save the Children assisted in establishing childcare facilities. UNDP chaired the livelihoods coordination group, and therefore coordinated payment rates for labourers between the different organizations. ILO advised agencies involved in cash for work activities on labour laws in Indonesia and the legal age at which youths could work.

### **Donors**

UNICEF's main donors for emergency response include the UK's Department for International Development (DFID), the European Commission Humanitarian Aid Office (ECHO), the Swedish Agency for International Development Cooperation (Sida) and the Norwegian Government. The US is a major donor to UNICEF as a whole. DFID has been a leading donor of cash-based responses, and explicitly supports cash interventions in emergencies as indicated in its paper on 'Eliminating Hunger; Strategy for achieving the millennium development goal on hunger' (DFID, 2002), and the more recent white paper on 'Eliminating Poverty...' (2006) and its Humanitarian Policy Paper (2006):

*"Aid agencies must consider whether resource transfers are the most appropriate response, and if they are, then whether they are most appropriately provided in the form of cash, food or other support"* (DFID, 'Eliminating Hunger...', 2002).

“[DFID will]... promote, where appropriate ... cash where we think this will be more effective [than food aid]” (DFID, 2006, Humanitarian Policy Paper).

In addition, as will be discussed in chapter 7, cash transfers are an integral component of social protection. DFID promotes the inclusion of social protection as an essential public service along with broad approaches to address access to social services by the most vulnerable.

The Swiss Agency for Development and Cooperation (SDC) has also played a leading role in advancing emergency cash transfers and has a specific unit tasked with implementing cash transfer projects. ECHO has funded cash programmes in the form of cash-for-work and is currently undertaking a major review of cash responses. Sida supports cash transfers in emergencies, and has funded them on number of occasions. In recent years the US government’s Office of Foreign Disaster Assistance (OFDA) has become increasingly open to cash transfers. For the US, providing cash as an alternative to commodities other than food aid may encounter fewer obstacles than cash as an alternative to food aid. Food aid from the US is largely provided in-kind (bought in the US) and tied to delivery by US shipping companies, and some US NGOs depend on US food aid for a large part of their annual budgets (Barrett and Maxwell 2005). As we have seen in the 2004 tsunami response, developing country governments have provided cash as part of their own emergency responses, sometimes funded through the World Bank (Adams 2006).

The World Bank is a significant supporter of social protection and cash transfers, especially in so-called fragile States (World Bank, 2007). Increasingly, support for cash transfers is also included as part of the re-instatement of essential support and services following natural disasters and conflicts.<sup>14</sup>

These examples aside, many donor governments, though not necessarily opposed to the idea of cash transfers, have not actively considered them. For most donor governments, this is a new area of work, there are no formal policies or guidelines and views on the issue tend to depend on the individual. Cash programming in emergencies tends to be flexible and *ad hoc*, and based on requests and assessments from the field.

### **6.3 Current UNICEF activities in cash programming**

#### **UNICEF experience with emergency cash transfers**

UNICEF’s involvement in cash transfer programmes has so far largely been to support governments in the implementation of long term social protection programmes that include a cash transfer component, in particular in Kenya, Malawi and Mozambique. UNICEF also supported cash transfer programmes on

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<sup>14</sup> As the IEG Evaluation indicates, since 1999, the Bank has funded almost \$800 million in cash assistance (cash transfers, cash for work, and similar programmes) in the context of natural disaster projects. The Bank has also noted that since 1999 it has provided at least \$200 million in cash assistance in post-conflict situations.

a small scale in its response to the 2004 tsunami. As detailed in Box 1 below, this included a programme in Aceh, Indonesia, where cash grants were provided to carers of orphaned and separated children.

Additional smaller-scale projects have taken place in Bangladesh, Sierra Leone and Sri Lanka. In Sri Lanka, UNICEF facilitated the provision of grants to 65 tsunami-affected children aged between 5 and 15 through a government sponsorship scheme, to allow them to continue their education without interruption.

**Box 1. Examples of the use by UNICEF of cash transfers within emergency programmes**

**UNICEF cash grants to carers of separated and orphaned children in Aceh**

In Aceh, children and carers eligible for cash transfers were those registered at the Children's Centres. Twenty-one Children's Centres were established in Aceh, which served as a focal point for the registration, tracing and reunification of separated children; psychosocial support activities for adolescents and younger children; and the establishment of child participation activities and Community Protection Committees. Cash grants were introduced about one year after the 2004 tsunami. The main reasons for providing cash were to prevent secondary separation. Families who were caring for separated or orphaned children already had reduced economic opportunities, and often did not have the economic means to care for another child. UNICEF also had funds remaining from tsunami donations. Cash grants were provided to 1,600 children, who were targeted on the basis of family size, economic situation and physiological vulnerability. The receipt of cash grants had three conditions: participation in the maintenance of Children's Centres, participation in community gatherings to discuss child protection issues, and input into monitoring systems on child trafficking. This ensured a direct link with child protection.

For young children, decisions on use of cash were made by carers, but older children were given the freedom to choose how to use the cash, for example some bought fishing tools, others wanted to save for entrance fees for secondary school. Anecdotal evidence indicates that one of the most notable impacts was on the children's education.<sup>15</sup>

The use of cash by beneficiaries in Aceh was closely monitored, as this was a new programme for UNICEF, and because it had been agreed with the Finance Section that monitoring would form the basis for liquidation of funds. A huge amount of information was collected, which the Indonesia team is working towards consolidating into a final report in 2007. The rigorous and detailed monitoring requirements, together with weakness in Indonesian Government institutions, made the programme very cumbersome and management-intensive. The weak capacity of Government institutions was a real issue in the implementation of the programme, and UNICEF had to spend a lot of time training Government staff. Another issue was that targeting only orphaned and separated children within communities risked creating tensions within those communities. This required time to be spent informing communities of the objectives of the programme and its target groups. As a result of the constraints faced in supporting

<sup>15</sup> Information in this paragraph came from an interview with Radhika Gore in UNICEF's EAPRO office, her interview notes from a visit to Indonesia in February 2006, and from an interview with the Indonesia Child Protection team.

the cash transfer, UNICEF Indonesia staff think that direct UNICEF support for cash programmes in emergencies should be highly focused and of limited duration.

### **UNICEF cash transfers for nutritional benefits in Bangladesh**

In Bangladesh, UNICEF has experience with providing cash transfers to address high rates of acute malnutrition. The cash transfers gave mothers more freedom to stay at home to look after malnourished children and the grants were made conditional on the weight gain of the child. However, exit criteria were difficult. Even when the child had gained sufficient weight, the family was still poor, and because the mother had stopped looking for work she may have missed opportunities.<sup>16</sup>

### **UNICEF cash transfers to support reintegration of child-soldiers in Sierra Leone**

In Sierra Leone, UNICEF provided materials for schools in communities to which former child soldiers were re-integrated, in return for which school fees were waived. However, when the programme ended, children had to pay fees again and many were not able to. The programme would have benefited from better integration with wider UNICEF support for the education system.<sup>17</sup>

## **Potential for UNICEF to link cash as part of social protection programmes with emergency response**

UNICEF-supported social protection programmes in Kenya and Malawi are implemented in close cooperation with government. UNICEF activities focus on support for the implementation of pilot projects, including technical support for programme design and implementation and provision of funds, as well as advocacy work with members of the Government on the need for a national social protection system. In Mozambique, support is being provided to review an existing national scheme and refine the targeting guidelines in place.

Both the Kenya and Malawi country teams believe that social protection programmes can be used to build government capacity to respond with cash in the event of an emergency. In Kenya, there is real scope for this in the near future, as the districts covered by the cash social protection programme are often emergency-affected, as was the case during the flood of 2006 when cash disbursements continued to be made.

In addition, national social protection programmes should serve a disaster risk management function by cushioning risks and shocks for participating households and the communities in which they live, leaving them better able to cope with disasters. Linking long term social protection programmes with emergency cash programmes will be easier if social protection programmes are targeted broadly on the basis of poverty, rather than with a narrow orphans and vulnerable children (OVC) focus. This will also allow greater UNICEF

<sup>16</sup> This information was provided by Flora Sibanda-Mulder in UNICEF HQ's nutrition section.

<sup>17</sup> Interview with UNICEF Sierra Leone staff.

participation in debates around social safety nets and their links with emergency response.

A summary of the UNICEF's involvement in the Kenya, Malawi and Mozambique programmes is given in Box 2 below.

**Box 2. UNICEF support for national safety nets in Kenya, Malawi and Mozambique**

In **Kenya**, the project aims to protect food security and promote better nutrition in households that include OVC, improve school enrolment and attendance, and improve health outcomes by encouraging health clinic visits. It is targeted at the districts with highest levels of poverty and HIV prevalence, mainly the western and southern parts of the country. These areas have received little social assistance in the past, in contrast to the northern and eastern parts of Kenya, which have received frequent drought relief, and which are now the focus of a planned hunger safety net.

The idea to develop a social safety net programme in Kenya that provides funds directly from Government to households originated in part from dissatisfaction with previous efforts to provide assistance to OVC through civil society. Impact was limited and overheads high (30 per cent to 60 per cent of financial resources were spent on transaction costs). When the parliamentary committee on OVC decided to make a Global Fund Application (round 4) for an OVC social safety net, UNICEF decided to support the Ministry of Home Affairs in setting up a small pilot programme. UNICEF advocacy and lobbying on the need for a social safety net was also instrumental to the Government making the Fund application. The first pilot (now known as 'phase 1', or the 'pre-pilot') was conducted in nine communities in three quite different districts; Kwale along the coast, Garissa in the arid north-east, and the slums in Nairobi. Fortunately, the Kenya office could use the thematic funding for child protection and HIV/AIDS from Sida in the Kenya/UNICEF Country Programme Action Plan, without which the initial pilot would not have been possible.

The initial pilot in Kenya was successful in reaching the poorest, who spent the cash mainly on education, health and nutrition needs, thus allaying the fears of some Government officials that money would be spent on non-essential items such as alcohol and cigarettes. The success of phase 1 provided the basis for phase 2. Experts were called in from Latin America to help design a programme at national scale, which included a revision of the system for disbursing cash. In phase 1, funds had been transferred from UNICEF to the Ministry of Home Affairs, who transferred it to district-level government accounts from which District Children's Officers withdrew the cash and distributed it with the use of armed security escorts. The new system will transfer the cash directly to the post office accounts of target families, as is the practice for the national pensions scheme. At present, the weakest part of the system is the local committees who do the targeting. The aim is that ultimately there will be a social safety net for 300,000 vulnerable families in 10 years time.

In **Malawi**, UNICEF and the Government of Malawi, along with other partners, is supporting a cash transfer scheme to ultra poor and labour constrained households, linked to a national policy of social protection to address chronic poverty and vulnerability. This policy aims to help poor households during crises and at the same time provide predictable long-term support. A pilot scheme led by local authorities and UNICEF in Mchinji District has emphasized the effectiveness of focusing on the ultra

poor and labour constrained, to meet basic needs and produce positive outcomes. These include increased school attendance, access to social services, child survival, and social benefits addressing discrimination and inequality (e.g. delayed child marriage, reduced child labour). Early findings indicate that cash transfers may also have a positive impact on economic and market growth.

The project currently covers 1,512 households in eight village groups in Mchinji District. The Government has endorsed the pilot project and plans to extend it to six further districts by 2008, giving a total of seven districts. The current plan is to have 3,000 households registered by end of March 2007, to have extended it to three more districts by end of 2007, and to reach 6,000 households and almost half a million children by the end of 2008. Initial funding came from UNICEF, and the National Aids Commission is now funding the project with money from the Global Fund (round 5).

The target group for the programme is different from that in Kenya. Community social protection committees target 10 per cent of the neediest households in the village, which were identified as labour constrained and ultra poor households. UNICEF's initial interest in the project was as a way of supporting OVC. However, more inclusive targeting has helped to generate community, government and donor support for the project. Early findings also indicate that up to 80 per cent of the households targeted are HIV- affected.

In **Mozambique** UNICEF is also increasingly involved in social protection policy debates, with an entry point through technical and financial support to existing and new social assistance interventions, ensuring a focus on OVCs. For example, UNICEF is supporting the Government in adapting a long-standing unconditional cash transfer programme (confusingly named the Food Subsidy Programme) to better meet the needs of older people caring for OVCs. This State cash transfer programme currently reaches almost 100,000 people. UNICEF is also taking up a coordination role with the varied actors engaged in social protection and supporting the Ministry of Social Welfare to engage effectively with national planning and budgeting processes around the Poverty Reduction Strategy Paper (PRSP)/Action Plan for the Reduction of Absolute Poverty (PARPA) for the allocation of additional resources required for the expansion of existing schemes. Additional support is currently being provided to the development by the Ministry of Women and Social Action of a Social Protection Strategy, with a specific focus on addressing the needs of categories of vulnerable children not currently covered by existing governmental assistance schemes (such as child-headed households).

Sources: Pearson (2006), and interview with Pearson, November 2006; Schubert and Huijbrechts (2006), and interview with Huijbrechts, December 2006; Johnson and Sostenuo 2005.

## **7. THE LINKS BETWEEN CASH TRANSFERS AND UNICEF'S MANDATE, PROGRAMMES AND APPROACHES**

Cash transfers are an exciting new instrument and have the potential to be used effectively in the sectors in which UNICEF works. While there is increasing evidence on the impact and benefits of cash transfers, to have maximum effect

they should be integrated within a broader ‘social protection’ approach.<sup>18</sup> In this chapter (and taken forward in more detail in chapters 8 and 9), the aim is to provide the UNICEF framework within which cash transfers are situated and their relevance for UNICEF programmes in emergencies and beyond.

## **7.1 Cash Transfers as a Programming Approach for UNICEF**

Cash transfers can be considered as one modality through which UNICEF can achieve a range of sectoral objectives. They can be implemented as stand-alone programmes or ideally in combination with other programmes as part of a ‘social protection’ package. Cash transfers are therefore not a sector unto themselves but are an instrument that can be employed across a range of sectors to meet a range of objectives.

### **Cash transfers and UNICEF’s mandate and programmes in emergencies**

UNICEF’s Core Commitments for Children (CCC) in Emergencies determine the ‘what’ in terms of the sectors in which UNICEF works and the types of interventions it will implement with partners to ensure child survival, development and protection. Cash transfers either alone or in combination with supplies and services are one modality through which UNICEF can ensure the CCCs are met in all emergencies.

UNICEF’s core sectors in emergencies include: nutrition, health, water and sanitation, education and child protection. As illustrated in the objectives above and in Section 4.3, cash is the one tool that can be used in emergencies that can simultaneously address needs in all five sectors and can benefit children, in particular through increased school attendance, increased access to health care, as well as through family expenditure on food, water, household items, and investments in livelihoods. This immediately implies a role for UNICEF, if not in direct programming with NGO’s, UN partners and governments, then in advocacy and shaping cash transfer programmes to ensure the maximum benefits for children. The possible role that cash transfers can play in each of the sectors is discussed in chapter 8.

### **Cash transfers are consistent with a human rights-based approach to programming**

In 1998, an Executive Directive was issued (EXDIR-98 HRBAP), stating that human rights approaches would be central to all of UNICEF’s work, including its humanitarian response. UNICEF country programmes should be human rights-based and further the realization of children’s and women’s rights as enshrined in the UN Declaration of Human Rights, the Convention on the Rights of the Child (CRC), the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and other international human rights instruments. Cash

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<sup>18</sup> ‘Social protection’ refers to “a set of transfers and services that help individuals and households confront risk and adversity (including emergencies), and ensure a minimum standard of dignity and well-being throughout the lifecycle.” (see reference on page 41).

transfer programming is not inconsistent nor incompatible with the human rights-based approach to programming, which forms the foundation of UNICEF Country Programmes. In fact, cash transfer programmes have the potential to further promote the realization of human rights.

Cash transfers are consistent with the fundamental shift that the human rights-based approach made several years ago identifying humanitarian assistance as a right and not an act of charity. Cash transfers involve an inherent change in relationship between aid workers and the recipients of aid. They shift responsibility from the agency that has control over what is given and disaster-affected populations as passive recipients of relief, to disaster-affected populations as trusted recipients of aid, empowered to determine their own priorities and meet their own basic needs.

This shift in power dynamics, roles and responsibilities is consistent with the spirit of a human rights-based approach. Providing households with cash transfers rather than commodities improves their purchasing power and enables them to make their own choices about how to use the funds. Empowering affected populations by encouraging their participation in determining needs and in determining how to address those needs is in line with the 'UN Common Understanding on HRBAP' principle of participation, and inclusion is in line with the 'right to participation' as enshrined in the CRC. Furthermore, it is important to recognize that cash transfers, by providing affected populations with choices and a sense of control over their own lives, promotes human dignity.

This does not mean that UNICEF should adopt cash transfer programming everywhere and in every emergency, but rather, emergency-affected populations should participate in making the decision as to whether cash transfers are an appropriate response, how they should be implemented, and in monitoring and evaluating the effectiveness of the programmes. It will be important, as part of the strategic analysis to decide whether to use cash transfers as a programmatic response in a given country, that the UN Country Team, clusters, NGO partners, governments and UNICEF first identify the 'duty bearers' and the 'rights holders' involved in the process, and ensure that the assistance provided contributes to the development of the capacities of 'duty-bearers' to meet their obligations and/or of 'rights-holders' to claim their rights.

## **7.2 Views on UNICEF engagement in cash transfer programming in emergencies**

### **Views of UNICEF staff**

In interviews with UNICEF programme staff in New York (Health, Education, Water and Sanitation, Nutrition, Child Protection as well as emergency operations and social policy staff), and field staff in a number of countries (mainly working in child protection, programme, social policy, and social protection), there was widespread belief that cash transfers could play a useful role as part of

UNICEF's emergency response. The possible options discussed, and issues associated with this, are discussed by sector in chapter 8.

Many staff, but in particular those from Security, Finance and Supply, expressed concern about the misuse of cash and the risk of increased insecurity. These staff referred particularly to UNICEF's work in conflict situations, where cash programming might not be appropriate because of high levels of insecurity and violence. At the same time, however, there was a recognition that this did not apply to all conflicts. Many UNICEF interviewees said that cash interventions would have been appropriate in Lebanon, for example.<sup>19</sup> In many places in Lebanon, markets were functioning, and much of UNICEF's assistance was locally purchased. A specific example mentioned was to provide cash or vouchers for fuel, as although UNICEF could not transport this, it was locally available in some situations.

### **Views of other UN agencies**

WFP was particularly interested in the possibility of UNICEF providing, or supporting the provision of cash grants to meet non-food needs. This could complement WFP food rations, or WFP cash grants to meet food needs. If non-food needs are not adequately met, WFP's experience has been that a large proportion of food assistance may be sold to meet other needs. For example some households in Darfur, Sudan, currently sell up to 40 per cent of their ration, and WFP cash grants in Sri Lanka are partly spent to meet non-food needs (Sharma, 2006).

### **Views of NGOs and the Red Cross movement**

NGOs and the Red Cross generally welcomed UNICEF's review of their possible role in cash programming and several suggestions were given of what this role could be:

- Building government capacity to link social protection with emergency cash responses.
- Giving support to governments, and advocacy, to improve health and education services and to remove user fees. In emergencies this may need to be complemented with direct grants to households to improve access to services.
- Supporting cash grants to meet all basic needs, not just for food, for example to supplement WFP rations.
- Replacing or complementing in-kind commodities for health and water, hygiene and sanitation with cash to meet other needs in these sectors, with the understanding that not all commodities can be replaced by cash.
- In its role as nutrition cluster lead, UNICEF should advocate for cash transfers because of the ability of cash to address the underlying causes of malnutrition.

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<sup>19</sup> Interviews with Director of UNICEF Emergency Operations, New York, 2006, with Supplies Division in Copenhagen and with UNICEF Cluster lead for water, sanitation and hygiene.

- Ensuring that cash is considered in the rapid assessment tool that the Inter-Agency Standing Committee (IASC) clusters are working on.
- Considering the possibility of vouchers for foster families (orphans, separated children), and for skills training/ livelihood development for former child soldiers.

Some NGOs expressed concern, however, that UNICEF should take care to safeguard its core programmes in health (immunization), water and sanitation and nutrition, and that maintaining the quality of these programmes should be UNICEF's main priority in emergencies. Interviewees from partner organizations argued that introducing cash as a programme option could divert attention away from these core responsibilities.

### **Views of donors**

DFID expressed strong views that UNICEF engagement in cash-based responses could distract from strengthening its capacity in health care (including the immunization of children), nutrition, water and sanitation. DFID also felt that the scope for cash programming in these core sectors was limited, and was not sure that UNICEF should necessarily be involved in the construction of schools or clinics, when cash might be appropriate, or distributing cash to provide access to non-food items. DFID strongly supports UNICEF engagement in social protection, however, which includes a cash transfer component.

Sida is the largest funder of UNICEF in the annual Consolidated Appeal Process (CAP), and was in general supportive of UNICEF including cash transfers as part of its programmes in the CAP. Sida was particularly supportive of cash as a general form of livelihood support to specific groups as part of social safety nets, or cash for non-food items. However, like DFID, Sida sees UNICEF more as a service provider and the role of cash transfers is less clear in sectors like health and education. Possibly the biggest challenge brought up by both DFID and Sida is the need for UNICEF to strengthen its analytical capacity, both to judge the appropriateness of the supplies it currently provides and whether cash would be an appropriate response.

## **8. POTENTIAL FOR UNICEF INVOLVEMENT IN CASH PROGRAMMING IN EMERGENCIES**

### **8.1 Introduction**

In emergencies, UNICEF works with governments and NGOs to provide technical assistance, financial means and coordination in its key sectors and for the provision of health, nutrition, protection, education and water and sanitation materials and equipment. In many countries, UNICEF has close links with governments, which can be built on to establish systems for responding with cash to emergencies. This would be the case particularly in countries with

predictable emergencies, for example drought in Kenya and flooding in Bangladesh.

Increasingly, cash grants to NGOs and governments are part of UNICEF's response; about 30 per cent of UNICEF's expenditure is now on cash grants to governments or NGOs.<sup>20</sup> A large proportion of supplies are purchased locally, for example cooking sets, blankets and hygiene kits. These operating modalities are also conducive to consideration of cash transfers as part of UNICEF's emergency response. The sections below consider the various options for cash transfers by sector.

The options for cash transfer programming by UNICEF in emergencies as elaborated in this chapter, while not exhaustive, may be clustered into four typologies as indicated below. The objectives for each are elaborated and in some cases are overlapping:

1. Where **cash can replace existing distribution of non-food items**. This is considered for non-technical goods currently distributed in-kind for all sectors. For UNICEF, providing cash transfers can increase the purchasing power of households and empower households and communities to make their own choices to address their basic needs.<sup>21</sup>
2. Current **interventions that can incorporate cash transfers in the way they are implemented**, for example cash for work in construction activities. Such interventions can provide a cash injection and help maintain and promote access to services by the most vulnerable during times of shocks by involving communities in infrastructure development (e.g. building a local health clinic or water access scheme) through cash for work programmes.
3. **Current interventions that can be made more effective by including cash transfers**, for example cash grants to improve access to services or to promote positive nutritional outcomes through encouraging dietary diversity, supporting the provision of care<sup>22</sup> and reducing barriers to health services.
4. **New types of cash interventions**, such as the use of cash transfers in Aceh to families caring for orphans and separated children, or to support the community-based process of reintegration of child soldiers. These are mainly considered under child protection.

A cross-cutting objective to be kept in mind, even though not explicitly a UNICEF objective, is that cash transfers may have medium and long-term benefits including support to recovery and rebuilding livelihoods through direct cash to the household, and the impact of a cash injection, through a variety of modalities, on the local economy.

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<sup>20</sup> From interview with UNICEF Finance Division.

<sup>21</sup> As noted in section 4.3 a significant portion of cash provided to households is spent on sectors of relevance to UNICEF (education, health etc.).

<sup>22</sup> It has been shown that cash transfers direct to mothers may allow them mother to spend more time with their children and less time on seeking economic opportunities.

## 8.2 Water, sanitation and hygiene (WASH)

### Standard UNICEF responses

Typical emergency responses in water and sanitation include the distribution of family water and hygiene kits, supplies for household water disinfection and hygiene promotion activities, as well as grants and technical assistance to governments and other partners:

**Table 4. UNICEF responses in water, sanitation and hygiene**

Core Commitments for Children	Common emergency activities
<ul style="list-style-type: none"> <li>• Ensure safe drinking water</li> <li>• Provide bleach, chlorine and water purification tablets</li> <li>• Provide jerry cans, or alternative</li> <li>• Provide soap and disseminate hygiene messages</li> <li>• Facilitate safe disposal of excreta and solid waste</li> </ul>	<ul style="list-style-type: none"> <li>• Distribution of goods, such as water collection and storage containers, buckets, soap, shovels, and kits, such as family water kits, sanitation kits, hygiene kits</li> <li>• Grants to governments or NGOs to provide, maintain, or restore water supplies, construct latrines, disseminate basic hygiene messages, etc.</li> <li>• Contract local companies for solid waste disposal</li> <li>• Technical support to local authorities</li> <li>• Coordination of emergency response in water and sanitation</li> </ul>

In addition to these commitments and activities, UNICEF is the IASC cluster lead for water and sanitation, and therefore has responsibilities for coordinating humanitarian response in this sector and as provider of last resort. UNICEF therefore has considerable influence over how water and sanitation projects are implemented and the role of cash in sanitation and hygiene work, so that affected communities not only benefit from the goods or services provided, but also from the provision of cash.

### Options for cash programming in WASH

Firstly, cash grants could be provided directly to improve access to water. For example, for Somalia, civic actors and Somalis living outside the country (the diaspora) raised over \$230,000, which was used on providing water and food (Majid et al., 2007). Secondly, activities currently carried out through private contractors could be partly replaced by cash for work activities involving affected communities. Many water and sanitation activities are currently done through private contractors; for example latrine building, solid waste disposal and maintenance of water supplies. The CCCs explicitly refer to contracting local service companies for solid waste and excreta disposal. Solid waste disposal is

the most obvious example where UNICEF could take a cash for work approach, and this has been done on many occasions in the past by a number of NGOs (e.g. Oxfam and Mercy Corps), as this requires large numbers of unskilled labourers. Where work requires both skilled and unskilled labour, this may be more complicated, as UNICEF may want to use a contractor for the skilled labour, but recruit unskilled labour from the affected community. An alternative would be to state in the contract that people from the emergency-affected communities should be employed for the unskilled labour component of the project.

Thirdly, some of the items currently distributed in-kind (such as buckets, soap and jerry cans) could be replaced by cash or vouchers if this is more cost-efficient and quicker as well as allowing for choice. This would be appropriate if goods of sufficient quality are available in markets close to the emergency-affected population, if goods will be supplied by traders if there is a demand or (in the case of soap) if there is sufficient demand by the affected population to elicit the public health response required. Items such as blankets, kitchen sets, soap and clothes are often already locally purchased by UNICEF. Aceh, Indonesia, and Lebanon, are good examples of emergency contexts where the affected populations would have been able to meet these basic needs if they had been provided with cash. For example, in the Occupied Palestinian Territory, the International Committee of the Red Cross (ICRC) provided vouchers to families affected by Israeli embargoes, which included locally produced soap. The vouchers were for a combination of cash and commodities, which included cash for hygiene and school items (IFRC, 2006).

### **Issues**

To assess whether access to water, sanitation and hygiene commodities can be provided through cash rather than in-kind, an additional consideration is the severity of health risks to the population. If these are high, then the priority is to provide essential water, sanitation and hygiene services and goods of good quality by the quickest possible means. Another factor to bear in mind is that providing cash for beneficiaries to buy goods themselves may not be the most cost-efficient way of providing them. When UNICEF places bulk orders, it can get items at a lower price than in the market place. Lastly, emergency-affected populations need to be consulted about the appropriateness of the supplies and kits currently distributed, and the feasibility of providing cash instead.

## **8.3 Health**

### **Standard UNICEF responses**

Activities to support vaccination and the supply of essential drugs are by far the largest component of UNICEF's health activities in emergencies, and also form the majority of international procurement (\$439 million in 2005). This includes the provision of cash grants to governments or NGOs to pay salaries and other operating costs, but it would be inappropriate to replace either vaccines or

essential drugs with cash, as the quality of these products needs to be guaranteed and vaccination and treatment is essential to prevent epidemics.

**Table 5. UNICEF responses in emergency health care**

Core Commitments for Children	Common emergency activities
<ul style="list-style-type: none"> <li>• Vaccination of all children against measles</li> <li>• Provide vaccines, cold chain equipment, training and social mobilization</li> <li>• Provide essential drugs, emergency health kits, post rape care kits, ORS</li> <li>• Provide emergency supplies: blankets, tarpaulins, cooking sets</li> </ul>	<ul style="list-style-type: none"> <li>• Rapid measles and Vit A campaigns</li> <li>• Support MoH in re-establishing cold chains</li> <li>• Organizing vaccination and health education campaigns</li> <li>• Fund operational costs for health care: vaccination (staff salaries, transport)</li> <li>• Provide funding, technical assistance and supplies to governments and NGOs</li> <li>• Build and rehabilitate clinics</li> <li>• Support WHO in coordination of health care in emergencies</li> </ul>

There are, however, ways in which cash programming could make health care in emergencies more effective.

### **Options for cash programming in health**

Health care can be a major expenditure for emergency-affected populations. In emergencies, people's asset base will be depleted and health needs elevated. The potential for 'catastrophic health expenditure', where longer term economic well-being is sacrificed to meet health needs, is much greater in emergencies, hence the importance of ensuring free health care (Poletti 2006). In most developing countries, however, people have to pay for their health care, through user fees, drug charges and transport costs to clinics (Save the Children-UK, 2005a).

There are a number of options for cash transfers to improve access to health care. Firstly, emergency-affected populations could be provided with cash grants or vouchers to cover some of the costs of health care, or for expenditure on health care to be reduced through removing user fees. In emergencies, UNICEF often advocates for free health care services, although hidden costs such as transport often remain. Cash grants could help to meet transport and other hidden costs.

Secondly, access to health care could be improved by using cash for work or grants to communities or committees for the construction of clinics. Thirdly, if household items such as cooking sets and blankets are available locally, it would be appropriate to provide households with sufficient cash to purchase these items. Needs and preferences are likely to vary between families, and as such it

would be appropriate if households chose what they need for themselves. Cooking sets and blankets also need not be subject to strict quality specifications. A limited number of items will usually be better distributed in-kind, however, the best example being impregnated bed (mosquito) nets, as quality cannot always be guaranteed on the market.

### **Issues**

The cost of user fees is often better covered at source. UNICEF has a unique role to play in advocating with governments to suspend or remove user fees in emergencies.<sup>23</sup> Any emergency cash grants to promote access to health care will need to be carefully co-ordinated with other longer term activities to abolish user fees.

Health services may be disrupted or destroyed in emergencies, in which case cash grants cannot improve access to services and the priority may be to restore the services themselves. In many developing countries, the quality of health services is poor, and the priority should be to improve these services.

There may be negative impacts resulting from providing cash to improve access to health care. For example, cash transfers could encourage people to seek private health care, or stimulate the establishment of private pharmacies, where the quality of drugs cannot be guaranteed. Alternatively, it could provide an incentive for the continuation of user fees, if people have the cash to pay them. There is also a danger that an increase in demand, without increased availability of services, will increase the cost of services.

## **8.4 Nutrition**

### **Standard UNICEF responses**

One of UNICEF's main roles in emergency nutrition is to provide materials and support for therapeutic feeding and for maternal and child feeding. Therapeutic feeding to address severe malnutrition is a medical intervention that requires specific therapeutic foods and medical care, and thus cannot be replaced by cash transfers. Similarly, there will continue to be a role for high energy foods for the supplementary feeding of moderately malnourished children in some emergency contexts, which also cannot be replaced by cash transfers. UNICEF's current strategy to prevent micro-nutrient deficiencies is to provide vitamin and mineral mixes to add to foods.

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<sup>23</sup> Interview with UNICEF Health Section, 2007.

**Table 6. UNICEF emergency nutrition responses**

Core Commitments for Children	Typical emergency activities
<ul style="list-style-type: none"> <li>• Provide maternal and child feeding</li> <li>• Support for infant and young child feeding</li> <li>• Therapeutic and supplementary feeding for malnourished children</li> <li>• Nutritional monitoring and surveillance</li> </ul>	<ul style="list-style-type: none"> <li>• Provide commodities for the management of severe malnutrition (F75 and F100) and ready to use therapeutic foods</li> <li>• Provision of vitamin and mineral mixes (sprinkles)</li> <li>• Provision of blended foods for supplementary feeding if WFP unable to</li> <li>• Coordination of all nutrition activities in emergencies and filling gaps if necessary (cluster lead).</li> <li>• Organize and fund nutritional surveys and surveillance (with MoH)</li> <li>• Joint nutrition and food security surveys with WFP (e.g. Darfur, Sudan)</li> </ul>

**Options for cash transfers in nutrition**

There is a role for UNICEF in promoting cash transfers as an appropriate mechanism for improving access to food, the health environment and caring behaviours. Emergency cash transfers have been shown to have an impact on all of these factors, which are all underlying causes of malnutrition. There is therefore a direct link between cash transfers and nutrition, and as the IASC cluster lead in nutrition; this implies at the least a monitoring role for UNICEF. UNICEF could also play a key advocacy role in promoting cash transfers to meet non-food needs as an additional resource that would help prevent the sale of food aid, and therefore also have a nutritional impact. It could also go further and seek funding to provide cash in addition to standard food aid rations.

As already mentioned, UNICEF has provided cash transfers to give mothers more freedom to stay at home to look after malnourished children that is conditional on the weight gain of the child. However, as also mentioned, when children have gained sufficient weight to graduate from the programme, their families are still poor, and because the mothers have stopped looking for work, they may have missed opportunities.<sup>24</sup>

Cash transfers can sometimes improve dietary diversity, and therefore have the potential to be a way of preventing micro-nutrient deficiencies. Preventing micro-nutrient deficiencies through promoting access to fresh foods (with cash) rather than providing vitamin and mineral mixes would be more in line with Sphere standards and UN guidelines to provide access to culturally appropriate foods.

<sup>24</sup> This information was provided by Flora Sibanda-Mulder in UNICEF HQ's nutrition section.

However, in some contexts micronutrient supplements may still be needed, even if cash is an appropriate way of providing more general access to food.

### Issues

Going from a role of a supplier of goods and materials to an advocacy and influencing role requires a broader perspective of nutrition than one mainly focussed on feeding programmes and nutritional deficiency diseases. It would therefore require a fundamental shift in the way UNICEF views nutrition, which would need a ‘public nutrition’ rather than a ‘clinical nutrition’ approach, and additional capacity for taking on an advocacy and influencing role. A key question is therefore whether UNICEF can build up the capacity and authority in emergency public nutrition.

## 8.5 Education

### Standard UNICEF responses

UNICEF’s main role in education in emergencies is setting up learning spaces, the provision of supplies for schools, organizing training for teachers and preparing the curriculum at later stages in an emergency. These are summarised in table 7 below:

**Table 7. UNICEF’s emergency education responses**

Core Commitments for Children	Typical emergency activities
<ul style="list-style-type: none"> <li>• Set up temporary learning spaces</li> <li>• Re-open schools</li> <li>• Provide teaching and recreational materials</li> <li>• Establish community services around schools (such as water and sanitation)</li> </ul>	<ul style="list-style-type: none"> <li>• Provide tents for temporary learning spaces</li> <li>• Build and rehabilitate schools</li> <li>• Provide education kits (school in a box)</li> <li>• Preparation of curriculum if lost in the emergency</li> <li>• Back to school campaigns</li> </ul>

### Options for cash programming in education

There are a number of possibilities for bringing cash transfers into education projects to benefit emergency-affected communities. Building and rehabilitating schools can be achieved using cash for work or cash grants approaches, and providing cash or vouchers for school materials or to meet some of the indirect costs would also be appropriate. Education materials are increasingly procured locally. In the Democratic Republic of the Congo, UNICEF has provided school materials for 3 million children since 2004, all procured in the region.

Building schools, like some water and sanitation work, needs a degree of skilled as well as unskilled labour. In Aceh, Mercy Corps at first contracted out the skilled labour, and tried to manage unskilled labour themselves as cash for work, but this proved difficult. Later, the contractor was hired to provide skilled and

unskilled labour and was asked to include people from affected communities for unskilled labour.<sup>25</sup>

There is some experience with providing vouchers for school materials. For example, Save the Children UK in Mozambique has organized one-day fairs where local traders brought in items such as books, school clothing and shoes, and vulnerable families with school-aged children were given vouchers to buy them.<sup>26</sup> UNICEF has itself used vouchers for school uniforms as part of its tsunami response, in Occupied Palestinian Territory and in Timor Leste. Providing vouchers for school uniforms or shoes is more efficient than providing these goods in-kind, because of the different sizes required by different children. These approaches could be applied to other contexts. UNICEF may also consider the examples of other agencies, for example the Red Cross in Lesotho, which provided funds to schools (rather than to families with school-aged children) to cover school fees and materials.

Where governments have existing programmes to provide grants to schools, such grants may also be more feasible in emergencies. In Sri Lanka, UNICEF has applied such an approach by supporting government schemes to provide education grants to tsunami-affected children. In Sierra Leone, UNICEF provided materials to schools in communities where former child soldiers were re-integrated, in return for which school fees were waived. However, children had to pay fees again when the programme ended, which not everyone was able to do – better integration with wider UNICEF support to the education system would have been helpful.<sup>27</sup> For example, in Mozambique, UNICEF is currently supporting the Ministry of Education to model a streamlined system for the provision of additional financial support to schools for the inclusion of OVCs in basic education. The programme implemented in four districts in 2006 builds on a well established funding mechanism in the education sector (*Apoio Directo à Escola*) and includes in two of the model districts the additional component of psycho-social support for OVCs.<sup>28</sup>

## Issues

As for user fees for health care, school fees are better addressed at source on a long term basis, rather than by providing grants in emergencies for the purpose of paying school fees. UNICEF and the World Bank are already leading a school fee abolition initiative, which provides information and guidance for countries planning to abolish school fees. Where abolition of school fees is not possible, then it may be appropriate to consider support for short term waivers or grants to cover fees for the vulnerable during emergencies.

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<sup>25</sup> Interview with Diane Johnson, regional director for East Asia and the American Gulf coast, Mercy Corps.

<sup>26</sup> Interview with Michael O'Donnell and Nupur Kuketry in Save the Children UK.

<sup>27</sup> Interview with UNICEF Sierra Leone.

<sup>28</sup> Interview and information provided by UNICEF Mozambique.

## 8.6 Child Protection

### Standard UNICEF responses

Some of the more typical emergency responses in Child Protection are given in the table below:

**Table 8. Emergency responses in Child Protection**

Core Commitments for Children	Typical emergency activities
<ul style="list-style-type: none"> <li>• Assess, monitor, report and advocate against severe, systematic abuse, violence and exploitation</li> <li>• Assist in preventing the separation of children from caregivers</li> <li>• Registration of separated children and set up family tracing systems</li> <li>• Provide support for the care of separated children</li> <li>• Provide support for care and protection of OVC</li> <li>• Support establishment of safe environments for children and women</li> <li>• Monitor and advocate against the use of children in armed conflict</li> <li>• Negotiate the release of children who were recruited into armed forces and introduce demobilization and reintegration programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Preventing separation through e.g. making sure children know their name and address and by ensuring adequate relief for families</li> <li>• Identifying and registering separated children</li> <li>• Tracing and re-unification</li> <li>• Support to families or institutions caring for separated children, OVC.</li> <li>• Support for community child protection plans</li> <li>• Construction and equipping of child-friendly spaces</li> <li>• Disarmament, demobilization and reintegration and longer term integration packages for children associated with armed forces or groups</li> <li>• Mine awareness</li> </ul>

### Options for cash programming in child protection

The impact of cash interventions on protection, including child protection, is rarely monitored or evaluated, which highlights a clear role for UNICEF, including through its role in the IASC protection cluster. The use of cash transfers in health, nutrition, water and sanitation and education given in previous sections will all have an impact on child protection. Cash programming is consistent with the CRC, which is the main legal instrument used by UNICEF in promoting child protection.

In many protracted crises and chronic emergencies, poverty and social, political and economic marginalization increases children's – especially girls' – exposure to exploitation and abuse. Cash to support livelihood opportunities may also be important responses for UNICEF to support in some situations.

More specific cash interventions in child protection include supporting the care of separated or orphaned children, and supporting the reintegration of children

formerly associated with armed forces or groups. As for building clinics and schools, the construction of child-friendly spaces can be done with labour from affected communities or through grants made directly to communities.

In section 6.3, we already described how UNICEF in Aceh provided cash grants to carers of children separated or orphaned as a result of the tsunami. For these types of programmes, providing cash rather than in-kind assistance (such as clothing, sleeping mats) is more appropriate for the families and more efficient for UNICEF. The needs of individual families looking after children differs from family to family, and to assess each individual family's needs can take a large proportion of social workers' time and requires significant monitoring resources, as needs are likely to change over time. Procurement of small amounts of many different items, which are probably available locally, is not an efficient use of UNICEF's resources. There is a need for careful design and monitoring of such programmes, however, so that children are not taken in by inappropriate families purely to get the cash grant. There may also be a protection risk associated with receiving and spending cash.

Another role for cash programming in child protection work is to support projects identified by the community as part of a child protection plan. Communities are often asked by UNICEF to identify projects that will address psychosocial issues. Initiatives may include, for example, the establishment of youth networks or community centres. UNICEF has a small-scale grants mechanism that can be used for this purpose and examples of cash grants for community groups rather than individual households are largely beyond the scope of this paper. Mercy Corps provided grants to communities for joint projects in Aceh, Indonesia, following the 2004 tsunami (Adams 2006).

### **Issues: cash programming as part of DDR**

Cash payments have sometimes been made to ex-combatants as part of disarmament, demobilization and reintegration (DDR) programmes. As a principle, UNICEF should not support the provision of cash grants to individual children on the basis of their involvement in conflict and/or on the basis of their status as former child soldiers, as the recruitment of children as soldiers is a violation of human rights. Support for reintegration of child soldiers can be accomplished by supporting the community.

In Liberia, cash was provided to children as part of the DDR process (\$300 upon demobilization) although UNICEF opposed the idea due to protection concerns. There were many problems with the payment, including commanders taking large cuts of the \$300, intimidation, theft and community resentment of children receiving the money.<sup>29</sup> The children referred to it as 'blood money', saw it as bad luck and spent it quickly. In Sierra Leone, DDR for children deliberately avoided cash, but adults received a \$300 payment on demobilizing. Cash was not given to the former child combatants because of the risk of mis-use (buying alcohol and

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<sup>29</sup> Interview with UNICEF Liberia.

drugs), or because they would be forced to give the cash to ex-commanders. There were also fears that if money was given to their guardians, this could create a market in ex-combatant children. Foster parents were instead given materials for income generating activities. Providing assistance to the communities to which children return is the preferred approach. Community cash grants could form a useful component of these projects.

## **9. SOCIAL PROTECTION**

Social Protection is rapidly emerging as a top priority amongst governments, donors, UN agencies and NGO partners, who increasingly recognize the role that social protection plays in supporting development, and in some instances, emergency objectives. The need for social protection programming is especially salient in regions and countries where traditional poverty reduction strategies are failing to reach the poorest and most marginalized households and children, and where the MDGs are proving particularly challenging to attain. The need to acknowledge and address these shortcomings is even more pressing when compounded by an emergency situation. Nearly 90 per cent of all people affected by natural disaster shocks in 2005 were from middle income or low income countries (World Disasters Report 2006). Social protection is one approach that has the proven benefits of reducing poverty, targeting the most vulnerable, smoothing shocks, and promoting asset accumulation and livelihoods.

Furthermore, drawing on the 1948 Universal Declaration of Human Rights and the CRC, rights-based proponents argue that social security, from which social protection has evolved, is a basic human right. The rights-based approach argues that social protection helps to realize MDGs and meets the basic needs for human development and security. The rights-based approach places clear obligations on States to guarantee social protection, including through accountability mechanisms and institutional capacity to guarantee the appropriate design and delivery of social protection programmes, and by ensuring the ability of citizens to claim their social protection entitlements (Handa and Blank, 2007).

### **UNICEF and social protection**

UNICEF is increasingly integrating the social protection approach in its country programmes, adopting a child-sensitive approach. UNICEF's key added value lies not in 'going it alone' but in influencing others and leveraging financial resources to ensure the maximum impact of social protection programmes for children. Cash transfers in emergencies, as will be elaborated below, are just one aspect of social protection. Ensconcing emergency cash transfers into a broader social protection approach serves to ensure cash is not a stand-alone approach, serves to link emergency cash transfers with other efforts to improve service

delivery, and helps to bridge the divide between emergency response and longer term programming.

There is no universally agreed-upon definition of 'social protection', and although UNICEF's definition of, approach to and conceptual framework for social protection is evolving, it shares much with the other major international agenda-setters in this area. UNICEF's emerging definition of child-sensitive social protection is:

"A set of transfers and services that help individuals and households confront risk and adversity (including emergencies), and ensure a minimum standard of dignity and well-being throughout the lifecycle. For UNICEF, the concept of social protection for children focus[es] on the objectives of systematically protecting and ensuring the rights of all children and women, achieving gender equality and reducing child poverty". (Children and Social Protection: Policies, Programmes and Partnerships, UNICEF Workshop, 1-3 November 2006, NY, meeting report)

The basic underlying principle is that social protection is an approach that aims to reduce the vulnerability<sup>30</sup> of poor and marginalized groups through a combination of transfers and services.

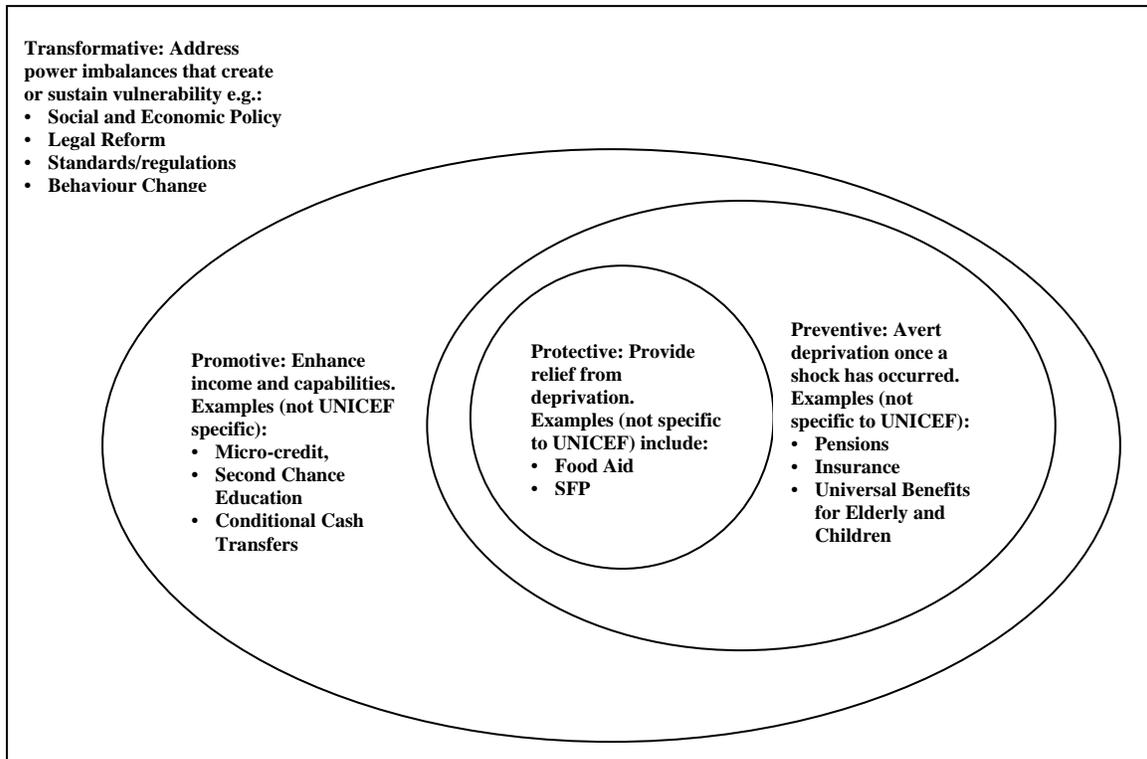
UNICEF's engagement in social protection is of critical importance not least because of the massive numbers of children – 40 per cent of children in developing countries – who are living below the poverty line, who are highly vulnerable and may not be covered by a country's social protection programme even if one exists (UNICEF, 2000). Furthermore, the major challenges requiring a social protection approach in developing countries largely relate to children – vulnerability to disease and high mortality risk, social exclusion, inadequate access to education, malnutrition and hunger, loss of family care (orphanhood, abandonment and separation), and child trafficking (Kamerman, 2007). Many of these issues tend to be exacerbated during emergency situations, making children even more vulnerable and calling for UNICEF action.

### **Social protection: A conceptual framework**

A UNICEF conceptual framework for social protection is currently being elaborated. The conceptual framework developed by the Eastern and Southern Africa Regional Office is the best example of a conceptual framework for UNICEF to date, and is likely to be adapted and adopted as the global framework (see Figure 1).

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<sup>30</sup> Social and economic vulnerability.



**Figure 1. A proposed social protection conceptual framework for UNICEF (Handa and Blank, 2007)**

The set of concentric circles in Figure 1 signify that social protection interventions move from more sharply focused ‘protective’ to increasingly broader ‘preventive’, ‘promotive’ and ultimately ‘transformative’ approaches. The outermost set of interventions are **transformative**, affecting the entire society, including marginalized groups, and include reform processes, social policy, minimum standards. In contrast, the inner-most set of **protective** interventions are sharply targeted towards the most vulnerable and economically excluded, and encapsulate emergency interventions such as food assistance, supplementary feeding, and non-food items. **Preventive** interventions mitigate shock, including for example pooling risk through insurance. **Promotive** interventions can serve as a catalyst to pull people out of poverty or situations of high vulnerability and include the multiplier effect of strengthening local markets, job creation and thus household income, for example.

Protective interventions can also be preventive and promotive if designed appropriately, hence the protective circle is contained within the preventive and promotive ones. Since all these types of interventions can transform individuals (e.g. food aid can avert death) they are all contained within the set of transformative policies (Handa and Blank, 2007).

### **Social protection and emergencies**

Within the above framework, the actions within UNICEF’s CCCs and emergency cash transfers are included under the inner circle of ‘protective’, aimed at providing relief from deprivation. While this deprivation is not limited to

emergency situations,<sup>31</sup> shocks from natural disasters and complex emergencies do constitute a significant portion of ‘shocks’ annually. During emergencies, risks to children are exacerbated, rendering them even more vulnerable and strengthening the justification for an approach that ensures the most marginalized and vulnerable are reached. It is important to stress that while cash transfers are protective, they are not enough alone, but when combined with services, they are likely to have a much greater benefit for children in emergency situations.

There is increasing evidence to show that in emergencies, cash transfers not only provide relief from deprivation, but also have the potential to be ‘promotive’, strengthening local markets and livelihoods and acting as springboards out of poverty (presentation by Handa and Blank, UNICEF NYHQ June 2007). For example, a targeted cash transfer in an emergency situation (a protective programme) could make it possible for poor families to afford to send their children to school. Since education increases economic opportunities for children, the transfer serves a promotive function. Moreover, since education can help to break the intergenerational transmission of poverty, the transfer can be said to have transformative elements, at least for the individual (Handa and Blank, 2007).

The promotive elements of emergency cash transfers are particularly exciting in that they present opportunities to bridge the divide between life-saving relief, early recovery and development work. Emergency cash transfers have been shown in some instances to build capacity within national governments, demonstrating models that have evolved into social assistance programmes. For example, in Indonesia, the cash transfer programme in response to the 2004 tsunami has led to wider involvement in supporting social protection programmes, including the development of a curriculum for community social workers, and the development of policies and standards. UNICEF’s strong existing links with governments place it in a good position to ensure that cash transfers are part of a comprehensive social protection system and wider public policy on emergency preparedness and response.

The reverse is also true. There may be opportunities to expand existing social protection programmes during periods of crisis to help people to deal with shocks. Such an approach may be particularly appropriate for populations suffering chronic livelihood crises, such as much of the Horn of Africa, and eastern and southern Africa. Where populations experience regular and predictable crises, such programmes can be expanded in times of crisis and act as a bridge between the emergency response and the early recovery stage.

The use of cash transfers in times of non-emergency could make implementing them more feasible during emergencies because channels for distributing cash to

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<sup>31</sup> For example, the largest scale-up of cash transfers by UNICEF to date has been in countries with high HIV-prevalence with large numbers of OVC.

remote rural areas would already be developed, and State and local capacities strengthened (Harvey, 2007). This was generally accepted as a possible role for UNICEF by both UNICEF staff and others when interviewed for this paper. In Kenya for example, a system for the disbursement of cash to rural areas through the postal system is currently being established and scaled up. Discussions are underway in Kenya to explore ways to use the cash transfer system designed for times of non-emergency to disburse transfers during emergencies (which occur almost annually).

In addition, social protection programmes involving cash transfers can play a role in disaster mitigation, by making people less vulnerable to disasters and by supporting families to take the necessary action to prevent disasters. For example, in Malawi, where floods are an annual event, there has been some discussion in the UNICEF team of whether cash grants could be used as a mechanism to allow people to build houses on higher ground, thus utilizing the grants for disaster prevention.

## **10. ISSUES TO CONSIDER FOR UNICEF INVOLVEMENT IN CASH PROGRAMMING**

### **10.1 Sustainability and exit strategies**

Concerns regarding sustainability and exit strategies came up in a number of interviews with UNICEF staff. These will depend on the nature and objectives of the cash transfer programme. Cash transfers intended to provide access to essential goods (such as blankets, buckets and cooking pots) are likely to be one-off transfers. Similarly, if cash for work approaches are used for the construction of buildings such as clinics and schools or as part of clean-up operations following floods or earthquakes, there is a clear exit strategy as the project finishes when the work is done.

Sustainability should not be a requirement for emergency interventions, but where cash transfers meet on-going needs for emergency-affected populations that are also living in situations of chronic poverty, there is a need to think about how such transfers can be linked with longer term programmes. This applies in particular to two types of cash transfer:

1. Cash grants to schools or clinics or directly to households through implementing partners to increase access to basic services.
2. Cash grants to carers of separated or orphaned children.

The first needs to be carefully coordinated with UNICEF initiatives on the abolition of education fees, and healthcare user fees. Providing temporary grants to schools probably works best if there is an existing government programme for providing such grants, as was the case in Sri Lanka. The second type of cash transfer is meeting needs that have been created as a result of an emergency,

but these needs will be long term. As such, they will benefit from being linked to, or incorporated in, a longer term social welfare programme. Alternatively, cash transfers can change into other forms of support, for example credit or other livelihood support interventions, as is planned in Aceh.

The increasing willingness of donors and governments to consider long-term financing for social assistance as part of social protection strategies also provides new ways of considering the issue of sustainability. Rather than attempting to phase out assistance, the aim could be to encourage a shift from emergency relief to longer term social assistance.

UNICEF has a role to play in supporting the development of 'flexibility' between cash transfers as part of social protection and cash transfers in response to emergencies. There are key elements of social protection that can be developed to support capacity for emergency response, such as support to improved targeting mechanisms, 'absorption' capacity of the existing long-term schemes, financial execution rates of existing schemes, and staffing and delivery mechanisms in emergency/development contexts.

## **10.2 Assessment, monitoring and evaluation**

### **Assessment**

Cash has the potential to meet needs in all sectors, and consideration of cash transfers as part of emergency response needs integrated assessment, analysis and programme design.

The UNICEF Emergency Field Handbook provides a checklist to assess the basic characteristics of an emergency, numbers of affected people and displacement, as well as needs in the particular sectors. In addition, UNICEF has recently developed a multi-sectoral rapid assessment tool that has been reviewed by the clusters and is in the process of being shaped to meet a broader range of information needs for all clusters. However, UNICEF has no analytical framework to guide needs assessments and bring the sectors together, which will be necessary if UNICEF takes on cash programming more widely. The most obvious starting point would be to adapt the conceptual framework on causes of malnutrition and mortality. Oxfam GB, which also works in WASH, hygiene promotion, food security, and protection, has made an attempt at this. Alternatively, an adapted livelihoods framework could be used, which would be of particular benefit in assessing risks to child protection as failures in governance, or rather policies, institutions and processes in the livelihoods framework, are likely to result in protection risks. The application of the livelihoods framework in emergencies has however proved difficult for most humanitarian agencies (Jaspars, 2006, March).

Annex 2 gives a checklist for assessing the appropriateness of cash transfers in an emergency context, which applies equally to all basic needs, i.e. both food and non-food items. Some key points are given below:

- Needs assessment ideally should be done on the basis of an analytical framework to ensure that all issues relevant to UNICEF's sectors are considered.
- Market assessment, which includes a consideration not only of the availability of essential goods in the market, but also the impact of a disaster on markets, whether traders will respond to an increase in demand, and the risk of inflation. This has rarely been done for non-food items, but some elements of this are in UNICEF's current rapid assessment checklist.
- Assess security and delivery mechanisms. Much of this is covered in UNICEF's current checklist, including an assessment of whether banking and finance systems are functioning. Related to this, an analysis of the risk of corruption and diversion is important, and this is not covered in the assessment checklist.
- An assessment of social relations and power within the household and community is essential so that cash does not increase women and children's burdens and risks and worsen the power dynamics inherent in complex emergencies.

Other elements of the assessment include examining whether providing cash is likely to be cost effective, how it will be coordinated with other forms of assistance (both within UNICEF and with other agencies), and whether the UNICEF country office and its partners will have the capacity to implement cash programmes.

UNICEF also has the potential to play a key role in incorporating indicators for assessing the appropriateness of cash programming for the humanitarian sector as a whole, in its role as cluster lead for nutrition, education, water and sanitation, and its important role as cluster member in health and protection. Rapid assessment tools are currently being developed by the clusters, so UNICEF has an immediate opportunity to make sure this tool includes indicators for the appropriateness of cash programming. UNICEF can also build on the current joint WFP/UNICEF food security and nutrition assessments taking place in a number of emergency situations (for example in Sudan).

### **Monitoring and evaluation**

Cash-based programmes, because they are seen as new and innovative, have often tended to be more rigorously monitored and evaluated than other forms of assistance. Rigorous monitoring and evaluation can be important both in building up the evidence base for deciding when cash is appropriate and how it can be effectively delivered, and in overcoming the reservations of staff and donors around the likelihood of misuse or abuse of cash. It often seems that aid professionals find the idea of giving people money peculiarly threatening. Partly,

this stems from a fear that agencies have less control over cash than they do over commodities, and rigorous monitoring and evaluation may help to shift attitudes.

Many cash-based interventions by UNICEF have not yet been evaluated.<sup>32</sup> Given the weaknesses identified in UNICEF's current evaluations, making sure that such rigorous monitoring and evaluation happens will require a lot of effort and input from UNICEF staff (Stoddard, 2005). In WFP's cash piloting phase, evaluations have been prioritized, and only when WFP feels enough is known about impact will it consider cash programming more widely. This approach would also work well within UNICEF. A few basic indicators will need to be developed for monitoring any cash transfer programme (Harvey, 2007; Creti and Jaspars, 2006). These could include:

Process:

- Are beneficiaries receiving the right amount of cash, and are they able to spend it safely?
- Were payments made on time?
- Are markets accessible, and where are people buying key goods?
- Were communities satisfied with the process of selecting beneficiaries and disbursement of cash?
- What monitoring systems have been established?
- What other relief assistance are people receiving?

Impact:

- What are people spending the cash on?
- What is happening to prices and trader activity?
- How have coping strategies changed as a result of cash?
- How did cash for work influence labour markets?
- How did the project influence gender relations within households and different groups within a community?
- What was the impact on security for both beneficiaries and implementing partner(s)?
- What was the cost-efficiency of the project when compared to distributing in-kind goods?

Other indicators will need to be determined more specifically on the basis of the particular objectives of the cash transfer. UNICEF will want to consider more specifically the impact on children, including for example the impact on access to education and health care, child labour, and on sexual violence and exploitation.

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<sup>32</sup> UNICEF Kenya is planning a DFID-led evaluation of its social protection and cash programmes in 2007. Malawi is also undertaking an extensive review of its cash transfer scheme in 2007.

### **10.3 Finance and administration procedures**

#### **Donor requirements**

UNICEF treats any cost as advances for services and goods, which severely hampers its ability to do cash transfers. The UNICEF finance team in New York was particularly concerned about the difficulties in reporting the use of cash transfers to donors<sup>33</sup>. In cash transfers, one of the main objectives is to give to emergency-affected populations flexibility and choice on how to prioritize and meet their needs, but donors may provide funds for particular sectors or projects. Many donors are, in principle however, supportive of cash transfers in emergencies, including those already being supported by UNICEF. UNICEF and other UN agencies (WFP and UNDP) have been able to conduct cash transfers in a number of contexts at the country and regional level. This section describes how agencies have adapted their finance systems to be able to conduct cash transfers.

#### **Adapting finance systems**

While it is difficult for UNICEF's finance system to cope with lots of small payments to individuals, it has been possible to provide grants to governments for direct cash transfers to individual households, for example in Indonesia, Kenya and Malawi. In Malawi, for example, a cash grant was made to the District Development Fund which came within the Country Programme of Cooperation. Similarly, it would be possible for UNICEF to fund NGOs for a cash project through the Project Cooperation Agreement or to fund community-based organizations through the small-scale grants mechanism.

In Aceh, Indonesia, UNICEF funds were transferred to the local Department of Social Welfare, which made a one-off transfer to the bank account of each 'children's centre'. Reporting on use of funds was conducted through bi-monthly monitoring by social workers, rather than getting receipts from households for individual items bought. Child protection staff worked closely with finance staff to explain how the programme and monitoring forms were jointly developed. Monitoring forms were signed off by social workers. This was considered sufficient by the finance department for liquidation of funds. The programme was very time-consuming and management-intensive, however, because of the rigorous monitoring requirements.

In Sri Lanka, WFP distributed cash directly to beneficiaries (with no implementing partner), and did this through the government banking system. WFP finance systems required reporting on all cash receipts, which took time, and new cash allocations could not be disbursed until the previous one had been accounted for. With a distribution interval of two weeks, financial reporting within this timeframe was unfeasible and sometimes led to delays. Another issue was that the country office was not clear how to book the cash in the accounting system. It was eventually entered under 'other direct operational costs'.

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<sup>33</sup> Interview with DFAM representatives in New York, 2006.

UN agencies are not the only ones facing difficulties in adjusting their financial and administration systems to cater for distribution of cash. Oxfam has found, however, that elaborate finance procedures in cash programmes were not really a problem of the finance system itself, but rather how this was interpreted by finance officers in the field. The only real issue was the maximum amount of cash that can be transported at any one time. Other issues concerned the number of signatures required, who is responsible for what, and questions regarding accountability. Reservations about cash programming could largely be resolved by providing finance officers with more information and training on cash programming.<sup>34</sup>

These experiences suggest that procedures for disbursement and reporting on cash receipts can take a lot of staff time and be cumbersome, which can lead to delays and inflexibility in the timing and intervals of cash transfers. Setting up these rigorous internal monitoring and reporting systems can mean that cash is no longer a faster or more cost-efficient response than in-kind distribution. This reinforces the need to review financial systems for supporting cash transfers in a way that balances the need for fast and efficient systems with the need to minimize risk to the organization. Designing such systems should be an integral part of emergency preparedness measures, if indeed cash responses are to be included in UNICEF's repertoire of responses.

#### **10.4 Staff capacity**

With the exception of cash advances to CBOs, NGOs and governments for services, UNICEF emergency staff have had very little exposure to cash transfer programmes. This is now changing slightly because of UNICEF's increasing involvement in cash transfers for social welfare programmes, and those who are involved in these programmes are supportive of building on them for emergency response. A first step to familiarize UNICEF staff with cash programmes would be to evaluate, report, and disseminate UNICEF's existing experience with cash programmes. Most agencies have started cash programming by conducting small pilot projects, and then expanding them if they work well. A similar approach would make sense for UNICEF. A secondment or staff exchange similar to that practiced by WFP could also be considered.

Given UNICEF's limited emergency response capacity in some countries (Valid, 2005), it may not always be appropriate for it to be directly involved in the provision of cash as part of emergency responses, but rather to remain largely focused on core responses in water and sanitation, health and nutrition. However, even in the absence of direct engagement, given the increasing interest in programming with cash, UNICEF should at a minimum ensure that its staff have the capacity to engage in discussions on using cash in emergencies. It should also advocate for the use of cash where appropriate on the part of other actors (for example persuading WFP to include cash grants to meet basic non-

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<sup>34</sup> Interview with Oxfam GB staff.

food needs) and/or ensuring that UNICEF programmes complement cash programmes being implemented by other partners.

There is a need for UNICEF to develop the skills to incorporate the use of cash within responses where appropriate (for instance cash for work in water and sanitation projects or grants for building schools). One way of thinking about this issue would be to create an expanding body of experts in cash programming. Cash would also need to be included in generic policies and guidelines, and in induction training for new staff, as well as assessment, monitoring and evaluation methods. Consideration of cash should also form part of the process of developing the skills of UN agencies in their role as cluster lead.

## **10.5 Coordination**

For cash programming to be adopted more widely, changes will be necessary within the international aid architecture. There will be a need for close coordination between different actors aiming to provide cash to the same beneficiary population while meeting their different sectoral needs. In such circumstances, it would make sense for there to be one lead agency and one delivery mechanism, with all the different actors feeding into it. Many agencies interviewed for this review mentioned that cash programming would provide the ultimate challenge for coordination between humanitarian actors.

Cash transfers have remained largely absent from UN Consolidated Appeals, suggesting that UN agencies are ill-equipped to consider the appropriateness of cash and to deliver it when needed. The fact that cash transfers can be inter-sectoral in nature and intended impact (for example, one transfer could address basic needs for food and non-food items, shelter and livelihood recovery) makes it harder to fit within the particular sectoral interests of different agencies and a cluster lead system. Rather than creating a cash cluster, cash would need to be considered as a mechanism for providing resources in all clusters. In Aceh, Indonesia, UNICEF did not participate in coordination meetings on cash programming as these were part of a more general livelihood coordination forum led by UNDP. The cash programme was only a small element of the tsunami response and UNICEF staff focused on other emergency responses. In Kenya, similarly, there is little information exchange and coordination between those working on the UNICEF-supported social safety net programme and other agencies involved in cash programming, particularly those working in emergencies.

## **11. BENEFITS AND DRAWBACKS OF UNICEF ENGAGEMENT IN CASH PROGRAMMING IN EMERGENCIES**

This section summarizes the benefits and drawbacks of UNICEF engagement in cash programming. It is not intended to be a comprehensive list of all possible

roles for UNICEF in cash transfers, but rather to stimulate thinking about potential areas for engagement.

Overall, it is clear that there are potential roles for UNICEF in cash transfer programming, which if efficiently programmed in appropriate contexts, could provide benefits to affected communities, greater choice and participation in meeting basic needs, and in some instances, greater cost-efficiency than when providing in-kind commodities. The major concern raised in interviews with UNICEF donors and partners was that involvement in cash programming would possibly divert attention from improving or maintaining quality responses in existing programming in UNICEF's core sectors. Other concerns raised included security, corruption and diversion of resources that are common to emergencies and not specific to cash transfers.

To address the drawbacks identified in the table below, any involvement in cash programming will require the adaptation of UNICEF's assessment, monitoring and analytical capacity to enable it to make informed decisions about when and where cash is appropriate. Improvements in evaluations will also be needed to document and learn from the lessons of cash-based responses. In its leading role in the sectors of water and sanitation, nutrition, education and child protection, UNICEF will need the analytical capacity to determine the potential role of cash transfers to promote access to key services, in which contexts cash will be appropriate, and which actors are likely to be the appropriate providers of assistance. UNICEF will also need to make strategic decisions about whether to be directly involved in cash programming or to advocate for others to provide cash where appropriate for non-food items such as blankets or cooking utensils.

Cash-based responses are likely to form an increasingly important part of emergency responses by a range of actors, and therefore, even if UNICEF's direct programming of cash remains limited, it will need to be informed about the appropriateness and impact of cash on its key sectors. UNICEF's growing engagement in supporting governments in developing longer term social protection strategies that include cash transfer safety nets also presents opportunities to work with them to strengthen resilience to disasters and expand safety nets during periods of crisis.

**Table 9. Benefits and drawbacks of UNICEF engagement in cash programming**

Potential UNICEF roles	Benefits	Drawbacks and risks
Linking emergency cash transfers with social protection	<p>Builds on existing UNICEF work and its close links with governments in many countries</p> <p>Potential for sustainability as it builds government capacity</p> <p>Appropriate for countries suffering chronic livelihood crises and/or repeated emergencies</p>	May divert attention from focusing on core capacities for emergency response
Cash grants to individual households to improve access to health and education services	<p>Major part of people’s expenditure on health care and education is on transport, materials, and drugs. If targeted, will improve access for the most vulnerable populations</p> <p>Improving access to health care saves lives</p>	<p>Simpler just to abolish or temporarily waive user fees.</p> <p>Services themselves may be of inadequate quality, or unable to cope with increased demand.</p> <p>Could stimulate growth in private clinics and pharmacies, which can have negative affects if unregulated.</p>
Grants to schools or health services to remove user fees	<p>Can have major impact on saving lives by increasing access to health care.</p> <p>Not having to pay school fees frees up income to meet life-saving needs.</p>	<p>Difficult where existing education and health infrastructure is weak</p> <p>Can be problematic if not linked with longer term initiatives to abolish user fees, as some people may still not be able to pay after emergency is over</p>
Grants to meet non-food needs	This could reduce the sale of food aid and other in-kind commodities to meet other basic needs and may improve impact of food-related interventions as well as health, education, and protection	<p>Cannot guarantee that cash would be spent on specified items</p> <p>Would only be an appropriate role for UNICEF under certain conditions; UNICEF could instead advocate to increase grants provided by other actors to cover food and non-food needs.</p> <p>Opportunity costs of travel to markets and time spent on making purchases. There may also be a protection risk associated with receiving and spending cash.</p>

**Table 9 (continued). Benefits and drawbacks of UNICEF engagement in cash programming**

Potential UNICEF roles	Benefits	Drawbacks and risks
<p>Replace or complement the distribution of in-kind goods such as cooking utensils, blankets, jerry cans, shovels, school materials, with cash or vouchers</p>	<p>People can purchase what they need and what is culturally appropriate</p> <p>Needs and preferences for household utensils and school uniforms are likely to vary between families, which means they are more easily met with cash.</p> <p>Can stimulate markets or local economy</p>	<p>Not all in-kind commodities can be replaced by cash in all contexts, due to quality specifications and questions of availability</p> <p>Cash instead of watsan and hygiene materials may not be appropriate if public health risks are high</p> <p>Cost may be higher as items cannot be purchased in bulk</p> <p>Risk of inflation if insufficient supply of key commodities</p>
<p>Use cash for work in water and sanitation projects, as well as construction of schools, clinics and child-friendly spaces</p>	<p>Benefits to affected communities rather than private contractors</p> <p>Appropriate for work that needs large numbers of unskilled labour, for example solid waste disposal and clean-up operations after floods and earthquakes</p>	<p>May be difficult for projects that require both skilled and unskilled labour, such as construction of schools and clinics</p> <p>May confuse objectives between efficient construction and employment/ livelihoods.</p>
<p>Cash grants to carers of separated or orphaned children</p>	<p>Cash caters for the needs of individual families and uses less staff time assessing the need for commodities, and procuring and distributing them for each individual family</p>	<p>Needs will still be there after emergency is over, which may make exit strategies and sustainability problematic</p> <p>Needs to be linked with long term child and social protection programmes</p> <p>May introduce negative incentives for fostering children.</p>
<p>Community grants for communities recovering from emergencies, in particular communities with returning child soldiers</p>	<p>Financial support is often needed for the implementation of community child protection plans</p> <p>Appropriate support to communities to which former child soldiers are returning</p>	<p>There may be particular fears about misuse of cash in predatory political economies</p>

**Table 9 (continued). Benefits and drawbacks of UNICEF engagement in cash programming**

Potential UNICEF roles	Benefits	Drawbacks and risks
Advocacy on the use of cash, where appropriate, for nutritional objectives	<p>UNICEF has major influencing potential as nutrition cluster lead</p> <p>Evidence shows that cash can have an impact on all underlying causes of malnutrition and may improve dietary diversity</p>	<p>UNICEF's current limited capacity in emergency nutrition</p> <p>Loss of credibility if unable to back up advocacy with programme initiatives on the ground</p>
Advocacy to consider use of cash where it is the most appropriate resource as part of a human rights-based approach to programming	<p>UNICEF has a leading role in child protection, nutrition, water and sanitation, education and an important role supporting WHO in health and therefore is in a good position to advocate for cash programming</p>	<p>Limited analytical capacity for making judgements about whether cash is appropriate.</p>

## 12. CONCLUSIONS

### **Justification for a UNICEF role in cash transfers in emergencies**

A UNICEF role in cash transfers in emergencies is justified by the evidence of the use – by emergency-affected populations and with positive outcomes – of cash transfers for food, health care, education and a number of other basic materials and equipment, all of which relate to UNICEF core sectoral emergency responses. Cash transfers are one tool that can be used in emergencies that can simultaneously address needs in all sectors and ensure the fulfilment of the CCCs.

In addition, cash programming is consistent with the principles of a human rights-based approach to programming, and notably with the principle of participation and inclusion, as it enables people to make their own choices about key priorities for survival and recovery. Cash transfers have the potential to reinforce the fundamental shift within the human rights-based approach to programming from charity to building capacity and the fulfilment of rights by placing affected populations in a decision-making role.

### **UNICEF's role in linking social protection with emergency cash transfers**

Cash transfers are an integral component of social protection, an approach that is gaining momentum among donors, UN agencies, government and NGO partners. Extending the social protection approach to emergencies through the use of cash transfers, in addition to supporting quality and accessible social services, is of critical importance for UNICEF and is the clearest potential role that emerged during interviews. UNICEF has an expanding body of knowledge

and increasing experience in social protection in a number of countries. These programmes could be expanded and built upon in times of crisis to meet the needs of emergency-affected populations, and UNICEF's close links with governments puts it in a good position to build their capacity to accomplish this. UNICEF's key added value lies not in 'going it alone' but in influencing programme design, including scaling up existing social protection programmes to address emergency needs, and leveraging financial resources to ensure the maximum impact of cash transfers for children affected by emergencies.

### **Including a cash element in UNICEF's current emergency programmes**

There are also some dimensions of UNICEF's current emergency activities and commitments that, in some circumstances, may be appropriately provided for through cash transfers, such as the provision of non food items (blankets, pots, pans, soap), the building of clinics and schools and public works programmes in water and sanitation, and community cash grants for child protection initiatives. UNICEF has already used cash grants in a small number of cases for such purposes, for example using vouchers for school uniforms or cash grants for children to travel to court. An additional consideration when replacing in-kind goods with cash is to promote choice. In many contexts, however, the most appropriate role for UNICEF is likely to be as an advocate for other actors to provide cash where appropriate to meet basic non-food needs, enable access to services and to influence programme design to ensure the maximum benefits for children.

Cash transfers have been successfully provided in a range of emergency contexts, including complex emergencies. UNICEF should not, therefore, rule out of the use of cash in certain contexts and will need to analyse its appropriateness on a case-by-case basis. Whether cash is appropriate depends on an analysis of the impact of the crisis, particularly in terms of its impact on the availability of goods, people's purchasing power, markets and security, as well as public health risks. UNICEF will need to ensure that engaging in cash transfers does not compromise its capacity to deliver on core sectoral responsibilities.

### **Cash cannot replace all emergency goods or services**

Cash is clearly not appropriate as a substitute for many of UNICEF's core interventions in emergencies, for example, therapeutic feeding, vaccination campaigns, the provision of essential drugs and supporting provision of quality social services such as health and education. There are also likely to be some non-food items, which are subject to strict quality specifications and thus would be better provided in-kind, such as impregnated mosquito nets.

### **UNICEF's role as cluster lead in promoting cash transfers**

UNICEF has the power to influence through its cluster lead roles in water and sanitation, education, nutrition and its strong cluster membership role in health, and thus can advocate for the use of child-focused cash responses in these sectors when appropriate. UNICEF's lead role in the child protection sub-cluster

also provides opportunities for advocating for the use of cash as part of emergency response, when cash-based interventions may serve to strengthen children's protective environment at national, community and household levels.

### **Pre-conditions for UNICEF involvement in cash programming**

If UNICEF is to become more involved in cash programming, it will need to significantly strengthen its staff capacity and knowledge in cash programmes, assessment, monitoring and evaluation practices, to convince UNICEF staff, partners and its donors that it is capable of conducting cash programmes well, and that cash will be used on essential goods and services and to meet objectives within the UNICEF core sectors. UNICEF has a particular role to play in monitoring the impact of cash transfers on children, as this has not yet been systematically done. Similarly, the impact of cash transfers on child protection in situations of conflict has not been investigated.

The development of monitoring and evaluation systems will require the involvement of donors and UNICEF finance staff, but ensuring accountability to beneficiaries should be the main objective. It would only be appropriate to start piloting cash transfers in countries where emergency responses are integrated into the existing UNICEF country programme, ideally where social protection is already part of UNICEF's programme approach and where staff capacity to engage in dialogue on or implement cash transfers is already well developed. This review clearly shows that there is a role for UNICEF, that UNICEF can fulfil it, and has the potential to do more.

## **13. NEXT STEPS**

This review outlines a number of possible options for UNICEF involvement in cash transfer programming in emergencies. The following strategies and next steps are recommended to further explore and clarify UNICEF's role regarding cash transfers in emergencies, and to determine how best to support field offices eager to embark on such initiatives:

- Determine the additional (or change in) capacity needed in UNICEF New York, regional and select country offices to be able to support cash programmes; to help with assessments, to review the appropriateness of cash programmes in a particular context, and to enable project design and implementation. Expertise will be needed in analysing the local economy, as well as its experience with cash programmes.
- Evaluate and record experience with cash transfers in emergencies, particularly in response to the 2004 tsunami (in Sri Lanka and Aceh, Indonesia), but also some of the smaller examples mentioned here. This should focus on the 'how', which will later inform UNICEF guidelines.

Disseminate this experience widely throughout UNICEF. This could include a workshop in key regions that have expressed an interest in this work.

- Further discuss, based on existing evidence of what works and why, which types of cash programming UNICEF should be directly involved in, and when it would be more appropriate to advocate for others to provide cash. Considerations should include UNICEF's strengths and weaknesses, its capacity, and whether it is capable and willing to make the changes required in its assessment, monitoring and evaluation and finance systems.
- Develop practical field guidance to assist UNICEF Country Offices to engage in cash transfers in emergency situations, either in an implementing or influencing role. Such guidance should include:
  - UNICEF's core principles when considering cash transfers.
  - The major objectives that can be achieved within UNICEF core sectors through cash transfer programmes.
  - A decision making framework to assist Country Offices in support of government, clusters and partners to decide if, when and how cash transfers should be implemented as part of an emergency response.
  - Considerations for designing cash transfer programmes to ensure maximum benefits for children affected by emergencies.
- Develop a set of guiding principles, criteria and conditions for piloting cash transfers in emergencies. In a similar way to WFP, UNICEF could establish a project review committee for each proposed pilot. Arrangements will also need to be in place for monitoring and evaluating projects. Criteria for UNICEF should not only be technical, but must also recognize that cash transfers should only be piloted in countries where there is good existing emergency capacity and skills, so that cash programming does not divert from delivering on UNICEF's core emergency programmes.

Given the current interest in cash programming in emergencies in the international aid environment in general, it is likely that different UNICEF Country Offices will increasingly begin piloting cash transfers. It would therefore be best to provide guidance on when and where this would be appropriate and provide support for doing this well.

- Conduct a meta-analysis of evaluations of cash pilots, which should be shared with key stakeholders within and outside UNICEF (in particular donors). On the basis of this, it can be determined whether (and what) cash transfers should become part of UNICEF's organizational policy and mandate.

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## **ANNEX 1: LIST OF PEOPLE INTERVIEWED**

### **UNICEF staff:**

#### **New York**

Robin Nandy and Sybille Gumucio: Health Section, Programme Division  
Jean-Luc Bories: Humanitarian Policy and Advocacy Unit, Office of Emergency Programmes (EMOPS)  
Bill Gent and Paul Farrell: Security, EMOPS  
Bernt Aasen: Deputy Director, EMOPS  
Dan Toole: Director, EMOPS  
Paul Sherlock: Water and Sanitation Section, Programme Division  
Flora Sibanda-Mulder : Nutrition Section, Programme Division  
Ellen van Kalmthout: Education Section, Programme Division  
Helen Schulte, Amanda Melville, Alex Yuster: Child Protection Section, Programme Division  
Alan Court, Yoreko Yasukawa: Director and Deputy Director, Programme Division  
Katherine Holland: Global Policy Section, Division of Policy and Planning  
Kerstin Speer, Helen Hall, Elisabeth Quaye: Department of Finance, Administration and Management

#### **UNICEF supply division in Copenhagen**

Tanny Noorlander: Emergency Coordinator, Supply Division, Copenhagen  
Sergio Araujo: Chief, Financial Management and Administration, Supply Division, Copenhagen

#### **UNICEF Country and Regional Offices**

Keith Wright: Senior Programme Officer, Liberia  
Donald Robertshaw: Sierra Leone  
Leila Pakkala: Representative, Mozambique  
Mayke Huijbregts: Child Protection Officer, Malawi  
Radhika Gore: Programme Officer, Social Policy, East Asia and the Pacific Regional Office  
Roger Pearson: Senior Programme Officer, Kenya  
Jasmine Byrne and Roberto Benes: Indonesia

#### **UN, NGOs and Red Cross Movement:**

WFP:	Anette Haller, Agnes Dhur, Elizabeth Christy, ODAN, WFP Rome
Save the Children UK:	Michael O'Donnell (Food Security and Livelihoods Advisor for Fragile States and Emergencies), and Nupur Kuketry (FS and Livelihoods Advisor, Poorest and Transition States)
IFRC	Hisham Khogali (Senior Officer Disaster Management) and Mija Ververs (Food security, nutrition and livelihoods)
British Red Cross	Charles Antoine Hoffman, Mary Atkinson
MSF	Austen Davies: MSF board member and former Director of MSF-H.
Oxfam GB	Chris Leather, Laura Phelps, Pantaleo Creti, Lili Mohiddin (food security and emergency livelihoods team), Marion O'Reilly (health and hygiene advisor).
Mercy Corps	Diane Johnson: Regional Director, SE Asia and Golf Coast, US

#### **Academic Institutions**

Steven Devereux, Institute of Development Studies, Brighton.

#### **Donors**

Rachel Lavy: Humanitarian Adviser DFID  
Kerstin Lundgren: Programme Officer, Division for Humanitarian Assistance, Sida

## ANNEX 2: CASH ASSESSMENT CHECKLIST

Issue	Key questions	Methods
Needs	<p>What was the impact of the shock on people's livelihoods?</p> <p>What strategies are people using to cope with food or income insecurity?</p> <p>What are people likely to spend cash on?</p> <p>Do emergency-affected populations have a preference for cash or in-kind approaches?</p>	<p>Standard household economy and livelihoods assessment approaches.</p> <p>Participatory approaches</p> <p>Interviews, surveys</p>
Markets	<p>How have markets been affected by a shock (disruption to transport routes, death of traders)?</p> <p>Are the key basic items that people need available in sufficient quantities and at reasonable prices?</p> <p>Are markets competitive and integrated?</p> <p>How quickly will local traders be able to respond to additional demand?</p> <p>What are the risks that cash will cause inflation in prices of key products?</p> <p>How do debt and credit markets function, and what is the likely impact of a cash injection?</p> <p>What are the wider effects of a cash project likely to be on the local economy, compared to in-kind alternatives?</p> <p>Will government policies affect availability of food or other commodities?</p>	<p>Interviews and focus group discussions with traders</p> <p>Price monitoring in key markets compared to normal seasonal price trends</p> <p>Interviews and focus group discussions with money lenders, debtors and creditors</p> <p>Assess the volume of cash being provided by the project compared to overall size of the local economy and other inflows such as remittances</p> <p>Ensure that remote areas are covered when analysing how markets work</p> <p>Market analysis tools such as commodity chain analysis, trader survey checklists</p> <p>National and local statistics on food availability</p> <p>Agricultural calendars for seasonality</p> <p>Government subsidies and policies</p>
Security and delivery options	<p>What are the options for delivering cash to people?</p> <p>Are banking systems or informal financial transfer mechanisms functioning?</p> <p>What are the relative risks of cash benefits being taxed or seized by elites or warring parties compared with in-kind alternatives?</p>	<p>Mapping of financial transfer mechanisms</p> <p>Interviews with banks, post offices, remittance companies</p> <p>Interviews with potential beneficiaries about local perceptions of security and ways of transporting, storing and spending money safely</p> <p>Analysis of the risks of moving or distributing cash</p> <p>Political economy analysis</p>

(Cash assessment checklist continued)

Issue	Key questions	Methods
Social relations and power within the household and community	<p>How will cash be used within the household (do men and women have different priorities)?</p> <p>Should cash be distributed specifically to women?</p> <p>How is control over resources managed within households?</p> <p>What impact will cash distribution have on existing social and political divisions within communities?</p> <p>Are there risks of exclusion of particular groups? (based on ethnicity, politics, religion, age or disability)</p>	<p>Separate interviews with men and women</p> <p>Ensure that different social, ethnic, political and wealth groups are included in interviews</p> <p>Political economy analysis</p>
Cost-effectiveness	<p>What are the likely costs of a cash or voucher programme, and how do these compare to in-kind alternatives?</p>	<p>Costs of purchase, transport and storage of in-kind items compared with costs of cash projects</p>
Corruption	<p>What are the risks of diversion of cash by local elites and project staff?</p> <p>How do these compare to in-kind approaches?</p> <p>What accountability safeguards are available to minimize these risks?</p>	<p>Assessment of existing levels of corruption and diversion.</p> <p>Mapping of key risks in the implementation of cash transfers.</p> <p>Analysis of existing systems for financial management, transparency and accountability</p>
Coordination and political feasibility	<p>What other forms of assistance are being provided or planned?</p> <p>Will cash programmes complement or conflict with these?</p> <p>How would cash transfers fit with government policies and would permission to implement such projects be possible?</p>	<p>Mapping of other responses through coordination mechanisms.</p> <p>Discussions with government officials at local, regional and national levels.</p>
Skills and capacity	<p>Does the agency have the skills and capacity to implement a cash transfer project?</p>	<p>Analysis of staff capacity for implementation, monitoring and financial management</p>

Source: Harvey, 2007.



