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CASH MAKES SENSE

Cash Transfer Programming (CTP)

Everyone has been talking about “Cash Transfer Programming” (CTP) since the World Humanitarian Summit in May 2016, if not before. At this first World Humanitarian Summit in Istanbul, UN Secretary - General Ban Ki Moon called for cash transfers to be used as a first option for emergency aid and reconstruction. Aid supplies such as blankets, tarpaulins, rice or seeds - should only be distributed second. The different forms of cash transfer are being increasingly used in current refugee-aid. This trend can also be seen in general development cooperation. International aid organisations have provided over half a billion euros to support a total of 60 CTP projects in the first half of 2016. The cash transfers enable nearly 2.4 million people to survive [Cash Atlas]. Welthungerhilfe is in fourth place globally, with 21 Projects- around the world that reach more than 275,000 men, women and children in need. This type of support is possible thanks to 19 million euros received in donations and public grants.

What is Cash Transfer Programming?

Cash Transfer Programming (CTP) refers to direct or indirect forms of cash transfer. Instead of, or in addition to donations in kind, people in crisis situations receive cash or vouchers. This financial support enables them to buy food, toiletries or clothing, to pay for heating fuel or building materials, to pay the rent, set up a micro-enterprise or cover school and transport costs for their children.

Why give cash instead of donations in kind?

Studies show that CTP can be more effective and sustainable under certain conditions than providing donations in kind [Creti & Jaspars], as these generally imply an enormous logis-

tical outlay and they require a lot of time and money. Tarpaulins, building materials or food have to be bought and transported - by land, sea or air - for distribution in the disaster area, sometimes requiring a lot of staff. Cash payments, on the other hand, can be offered quickly and flexibly, providing certain key factors are guaranteed, such as stable markets, functioning infrastructure and the safety of everyone involved. Which type of aid is most beneficial depends, of course, on the situation on the ground.

What is new about Cash Transfer Programming?

Cash transfers in themselves are not a new invention. They have always played a role in humanitarian aid. Above all during reconstruction, organisations have distributed Cash for Work; for example for building roads or bridges, setting up large irrigation systems, reforestation projects or repairs to schools, community centres or health facilities. “Cash for Work” has been a tried and tested instrument of emergency aid for years. Technological developments like mobile banking, electronic vouchers and prepaid bank cards mean there are now more ways to carry out cash transfers. This means that CTP is not a new approach to humanitarian aid, just an innovative instrument.

What types of CTP are there?

Cash transfers can either take the form of unconditional cash or conditional cash. They can be paid directly- in cash, sent via mobile phones or distributed as cash cards or vouchers. Cash cards- or vouchers- can be limited to certain shops or goods- (restricted cash), or there may be no limitations on their use.

The following categories are generally distinguished:

Unconditional cash

People in emergency situations receive cash directly, without being bound by any conditions. They do not have to reimburse the money and they can decide themselves what they want to buy with it. Welthungerhilfe has provided this kind of support to people in Iraq, who were able to use a one-off cash payment to buy heating fuel, blankets and clothes.

Conditional cash

In this case recipients must do certain things to get money or vouchers - for example attend school or health centres, or help with road building or clean-up operations. "Cash for Work", mentioned above, falls within this category. For example, Welthungerhilfe provided this type of aid after serious earthquakes in Haiti and Nepal.

Vouchers

Vouchers are tokens in paper form or on electronic cards, which can be exchanged for goods. They may have a certain cash value, e.g. 15 euros per month, or they may be valid for certain goods or services (e.g. 5 kg of maize or milling 5 kg of maize). Vouchers differ from donations in kind, as they promote business in the local market. In Turkey Welthungerhilfe has distributed cash cards with a value of 15 euros per month to 8,500 Syrian refugees in particular need. They can use them to buy everyday supplies at selected shops.

Don't cash transfers encourage misuse of funds?

The risk of misuse or corruption is no higher for CTP than for donations in kind. Precise planning and continuous monitoring can reduce these risks in both cases. This includes careful selection of the recipients, if possible involving the population, to prevent resentment, envy and acceptance of advantage. Current studies refute common preconceptions that people in need spend their money on luxury items such as alcohol and cigarettes. They actually generally use their financial resources as effectively as possible [Creti & Jaspars].

Which points must be considered?

Every emergency aid project or programme in development cooperation requires good preparation. This includes comprehensive on-site analysis and regular monitoring: What is required? Which structures are in place? What is the government doing? Do the markets work? Which people are in greatest need? How can the population be included in the decision-making processes? Do the measures have a sustainable effect? The answers to all of these questions form the basis for every aid measure, whether aid is provided in cash or in kind. Using CTP also requires comprehensive market analysis, to counter risks such as price rises, scarcity of goods, corruption or acceptance of advantage among the population.

What are the benefits of CTP for the people?

Standardised aid packages do not always meet the needs of all affected people. A family with infants may be in most urgent need of milk and nappies, a young man may need money to take a bus to work, while an older couple may need heating fuel or a corrugated sheet for a broken roof. CTP can offer people in emergency situations flexibility and freedom of choice, restoring some of their dignity. Those affected know best what they need. CTP allows them to cover these basic needs in a completely individual way. Studies have also shown that women are strengthened by cash transfers, that the local economy is boosted and jobs are created [Cash Learning Partnership].

Sources and further information:

- Cash Learning Partnership: A Cash Transfer Programming Guide. Making the Case for Cash: <http://www.cashlearning.org>
- Cash Atlas: <http://www.cash-atlas.org>
- Creti, P. & Jaspars, S. 2006: Cash-transfer programming in emergencies. Oxfam GB
- Welthungerhilfe: Annual Report 2015: South Sudan/Syria: <http://www.welthungerhilfe.de/en/facts-figures.html>
- Welthungerhilfe 2016: Cash Transfer Programming. A Guidance Note for Welthungerhilfe: Impulse
- UN Standing Committee on Nutrition: Cash-Transfer Programming in Emergencies. Pocket cards: http://www.unscn.org/layout/modules/resources/files/Cash_transfer_programming_in_emergencies.pdf

For more information on this subject, see www.welthungerhilfe.de

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