EMOPS
WORKING PAPER

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

SUMMARY WORKING PAPER

Susanne Jaspars and Paul Harvey, with
Claudia Hudspeth, Lauren Rumble and
Daniel Christensen

OFFICE OF EMERGENCY PROGRAMMES

OCTOBER 2007

For every child
Health, Education, Equality, Protection
ADVANCE HUMANITY

unicef

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

SUMMARY WORKING PAPER

Susanne Jaspars and Paul Harvey; with
Claudia Hudspeth, Lauren Rumble and
Daniel Christensen

UNICEF
3 UN Plaza, NY, NY 10017
October, 2007

This is a working document. It has been prepared to facilitate the exchange of knowledge and to stimulate discussion.
The text has not been edited to official publication standards and UNICEF accepts no responsibility for errors.

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

1. INTRODUCTION

This paper is part of an ongoing process exploring UNICEF's engagement with cash-based responses in emergencies. The main aim of the paper, which is based on wide internal and external consultations, is to stimulate discussion on the potential role of cash transfers as part of UNICEF's response to emergencies.

For the purposes of this paper, 'cash transfers' refer to the use of cash or 'near cash', such as vouchers, as a programme response to increase access to goods and services, including as an alternative to in-kind distributions. Delivery mechanisms can include distribution through banks, post offices, money transfer companies, and local shops or traders, as well as direct distribution. UNICEF would implement any such response through a third party, such as a government, a non-governmental organization (NGO) or community-based organization (CBO), in line with its current emergency programming modalities.

This paper, which is a summary version of the original working paper, will first outline the various types of cash transfers and general experiences to date, then discuss the criteria for and applicability of the use of cash transfers, and subsequently look at the use of cash transfers by UNICEF and its partners. It will then go on to examine the potential for links to social protection and other UNICEF programming approaches, the challenges and opportunities that cash transfers can present for UNICEF's core sectors and the operational considerations for the organization. The paper ends with a summary of key conclusions and an outline of next steps.

Cash transfers are increasingly forming part of the humanitarian response by affected governments, NGOs, UN agencies and donors. Concerns about using cash transfers commonly refer to the potential for insecurity, misuse, and corruption. Evidence and experience, however, show that these concerns have generally not been borne out in practice.

WFP has conducted pilot projects in at least five countries, while UNDP managed a large-scale cash for work programme in Aceh, Indonesia. UNICEF has used cash transfers in its emergency recovery programming in response to the 2004 tsunami in Indonesia and Sri Lanka and is supporting cash transfers as part of longer term social protection programmes in Kenya, Malawi and Mozambique, which are frequently affected by emergencies. A number of international NGOs are also becoming increasingly active in this area.

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.

As this paper will show, there are a number of options for further UNICEF involvement in cash programming, including:

- Linking the cash transfer component of social protection programmes with emergency cash transfers as part of disaster risk reduction programming (the 'social protection' approach).
- Cash to improve access to services, either through cash grants or through waivers for healthcare user fees and/or school fees.
- Cash grants to meet non-food needs such as blankets, cooking utensils, soap and school materials.
- 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.
- Community grants to support child protection initiatives.[1]
- Cash grants to households caring for separated or orphaned children.
- Advocacy on the use of cash by other partners as an integral component of a human rights-based approach to programming.

2. TYPES OF CASH TRANSFERS AND EXPERIENCE TO DATE

In many emergency contexts, markets are still functioning (or can quickly recover). which means that distributing cash may be an appropriate way of meeting people's needs.

In emergencies, the main types of cash transfers are cash grants, cash for work and vouchers. These and other types of cash transfers are outlined in Table 1 below.

Table 1 – Main types of cash interventions

Concept	Definition
Cash grants	Giving people money as a direct grant with no conditions or work requirements.
Conditional cash transfers	Giving people money, but with a condition that they do something (such as attend school, plant seeds or demobilise).
Indirect cash transfers	Grants or waivers to reduce the cost of basic services. For example, waivers for health care user fees, etc.
Cash for work	Paying people in cash for taking part in a public works programme, e.g. school construction or digging of latrines. Can be targeted at the most vulnerable.
Voucher programmes	Giving people vouchers for a particular type of good (e.g. seeds) or bundle of goods.

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

Emergencies create risks to children, not only because of changes in access to resources and changes in the environment, but also because of strategies

[1] This can be done in UNICEF through the small scale grants mechanism.

children and families may be forced to adopt, such as taking children out of school to save money, not seeking health care because of its cost (or not seeking it until children are seriously ill), engagement in exploitative labour relations, including child labour, participation in armed forces, and transactional sex (Save the Children UK, 2005a).

While cash may be provided for particular objectives, the recipients will spend it according to their own priorities. Evaluations in a number of different contexts have shown that cash transfers are used for 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). Additional benefits have been documented for water, sanitation and hygiene (WASH) and for child protection. Experience with emergency cash transfers to date indicates that they can have positive outcomes in all of UNICEF's core sectors, if used under certain circumstances.

Early findings from UNICEF Malawi's pilot transfer scheme show that cash was used for children's education, caregivers' own healthcare, and investment in capital and assets such as livestock. Furthermore, findings from Concern in Malawi show that school drop-out rates reduced from 50 per cent to 2 per cent following emergency cash transfers. WFP in Georgia implemented a combined food and cash for work project and found that 15 per cent of cash was spent on health care and 5 per cent on education (WFP, November 2006). However, in a recent cash transfer project in Somalia, the major use of cash was to pay off debts and thus re-open credit, and only between 2 per cent and 8 per cent of people interviewed also spent some money on health and education (Majid et al., 2007).

Experience so far suggests that the use of cash is determined by several factors, including seasonality, whether it is combined with food aid, the frequency of payments and size of the grant, and who controls the cash in the household. If distributed during or after the harvest, it is more likely to be invested in livelihood assets, when compared to distribution during the hungry season. When cash is provided as a complement to food aid, it is more likely to be spent on livelihood recovery, such as setting up small businesses or payment of school fees. In addition, experience suggests 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. In general, resources that women control are widely seen as leading to better outcomes for children and therefore where possible and appropriate cash transfers should be directed towards the women in the household. However, recent evaluations of cash transfers suggest that the majority of beneficiaries do make joint and equitable decisions. In all cases cash transfer programmes need to be sensitive to underlying gender inequalities.

Concerns regarding insecurity, misuse, and corruption related to cash programmes have generally not been borne out in practice. Exceptions include Oxfam's programme in Aceh, Indonesia (Brocklebank, 2005), and in Malawi (Devereux et al., 2006), where cash was used to purchase alcohol or cigarettes. Peer pressure from other households in affected communities has been shown to prevent spending on non-essential items. The attractiveness of cash may create risks both for those transporting the cash and for its recipients, particularly in insecure and conflict-affected environments. However, the less visible nature of cash can also be a security benefit, as seems to have been the case in Somalia, where a recent evaluation found it safer to deliver than food aid (Majid et al., 2007). Experience to date indicates that risks associated with cash transfers are not necessarily any greater than for commodity distributions, and can be minimized by good programme design and assessments to be managed on a case-by-case basis.

The table below outlines the potential opportunities and challenges of cash transfers in emergencies, compared to in-kind assistance.

Table 2: Opportunities and challenges of cash transfers compared to in-kind assistance

	Opportunities	Challenges	Additional considerations
Cost-effectiveness	Cash programmes are likely to have lower transport and logistics costs.	There may be other costs, such as a need for additional finance staff.	Need to compare prices of goods in local markets, and cost of travel to these markets, with total costs of in-kind delivery.
Security risks	Cash may be less visible than in-kind options and there may be ways of distributing it that reduce possible security risks.	The 'attractiveness' of cash may create risks both for staff transporting cash and for its recipients.	The risks of cash compared to in-kind alternatives are different and context-specific.
Corruption and diversion risks	Cash can reduce the risk of corruption, diversion or looting during procurement and transport.	The 'attractiveness' of cash may render it prone to being captured by elites, to diversion or to seizure by armed groups.	
'Anti-social' use		Cash can be spent for anti-social purposes such as alcohol consumption.	Equally, in-kind assistance can be sold and used anti-socially.
Gender	Where cash has been specifically targeted at women it has sometimes given them greater control within the household.		Concerns that cash may disadvantage women because they have less say in how it is spent have largely not been realized.
Choice, flexibility and dignity	Greater choice may help to foster dignity in the receipt of assistance.		

Table 2 (continued): Opportunities and challenges of cash transfers compared to in-kind assistance

	Opportunities	Challenges	Additional considerations
Market impacts	Cash transfers are likely to have positive effects on local economies and are less likely than in-kind transfers to have disincentive effects by discouraging local trade	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.	In deciding whether to provide cash or in-kind assistance, the impacts of these on markets and local economies need to be assessed.
Consumption /nutrition	Cash can promote dietary diversity by enabling people to buy a wider range of foodstuffs.	Food aid may have the advantage that it can be fortified to address micronutrient deficiency.	
Targeting	In practice, targeting cash projects does not seem to have been any more problematic than targeting in-kind assistance.	Cash may be more difficult to target as even the wealthy will want to be included.	

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

3. CRITERIA AND APPLICABILITY OF CASH TRANSFERS

Certain criteria must be met for cash programming to be appropriate and feasible. Reviews and guidelines suggest that these include[2] (Harvey, 2007; Creti and Jaspars, 2006):

- **Availability** of goods and supplies locally to meet needs. In some emergencies 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.
- **Functioning and accessible markets**. Judging the ability of markets to meet the demand for goods in response to an increase in people's purchasing power is a critical component of assessing the appropriateness of cash.
- **Safety.** Analysis of security risks to beneficiaries receiving the cash as well as those managing it is extremely important in determining appropriateness.
- **Participation and consultation.** Involving beneficiaries in the decision whether to distribute cash or in-kind commodities, or a combination of both is important.

[2] Annex 2 of the working paper of which this paper is a summary provides a more detailed checklist for assessing the appropriateness of cash transfers in an emergency context.

In many situations, it will be appropriate to combine cash with in-kind distributions, while retaining flexibility in levels of cash or in-kind transfers to take account of possible changes in the availability of goods, prices or security conditions. Monitoring both the market and security conditions is as important as on-going monitoring of the use and impact of cash.
While cash transfers may help remove some barriers to accessing basic services, they by no means replace the need for continued efforts to ensure quality and accessible social services. Cash transfers 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.

Cash transfers have been most commonly applied in slow onset emergencies such as drought, for example in Ethiopia, Kenya, Malawi and Niger. In addition, cash transfers have the potential to be used for early recovery, smoothing the transition from the 'relief' phase to the 'recovery' phase, for example in relation to floods or earthquakes in India, Pakistan and the Philippines, as well as in the 2004 tsunami.

In conflict situations, cash programming should be considered carefully because of security and other risks, including its potential impact upon the war economy. In some long running conflicts, for example in Afghanistan and Somalia, agencies were able to use local money transfer companies to provide cash grants, which removed some of the security risks (Ali et al., 2005; Majid et al., 2007; Hoffman, 2005). In addition, cash has been provided by UNHCR as part of return packages for refugee populations. Table 3 presents three types of emergency contexts and the possible applicability of cash in each:

Table 3: Emergency typology and the applicability of cash and vouchers

Chronic livelihoods crisis	Many developing countries have large sections of the population who are poor or destitute and who may suffer recurrent natural disasters. Cash or voucher interventions could be pre-planned as part of preparedness measures, and linked with mitigation and social protection.
Natural disaster	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.
War/ complex emergency	In conflict situations, concerns around security will be particularly strong. In some conflicts, cash may be safer because it can be delivered more discreetly than in-kind transfers. In long-running conflicts, markets often re-establish themselves in periods or places of relative security, while there is a danger that cash (and other forms of relief) become part of the war economy.

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

4. UNICEF'S USE OF CASH TRANSFERS – SOME EXAMPLES

UNICEF's experience with cash transfers in emergency settings has so far been limited to relatively small-scale projects in Aceh, Indonesia; Sierra Leone and Sri Lanka. However, UNICEF has been providing significant support to government-run social protection programmes, for example, in Kenya, Malawi and Mozambique, which have the potential for being scaled up during emergency situations.

In **Aceh, Indonesia**, the main aim of providing cash was to prevent secondary separation, as families who were caring for separated or orphaned children often did not have the economic means to continue to care for another child. The target population was 1,600 children and their caregivers registered at the 21 children's centres in Aceh. They were targeted on the basis of family size, economic situation and physiological vulnerability. The cash grants were conditional on three factors, which provided a clear link to child protection: participation in the maintenance of child centres, participation in community gatherings on child protection, and input into monitoring systems on child trafficking. The use of the cash by beneficiaries was closely monitored, as this was a new programme for UNICEF, and since monitoring was the basis for the liquidation of funds within UNICEF's administration. However, the rigorous monitoring requirements made the programme somewhat cumbersome.

In **Sri Lanka**, UNICEF facilitated the provision of grants to 65 tsunami-affected children aged 5 to 15. The grants were provided through a government sponsorship scheme, to allow the children to continue their education without interruption.

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, when the programme ended, children had to pay fees again and many were unable to. The programme would have benefited from better integration with wider UNICEF support to the education system.

In **Kenya**, UNICEF is supporting a government social protection programme targeting orphans or other vulnerable children (OVC) in the districts with the highest levels of poverty and HIV prevalence. The aims are to enhance food security and nutrition, improve school enrolment and attendance, and encourage health clinic visits. Following a pilot project, the programme is now being expanded with the aim of reaching 300,000 vulnerable families on a national level within 10 years. Cash will be transferred by the government directly to the post office accounts of target families. This social protection programme could be used to respond with cash in future emergencies (as happened during the 2006 floods) since some of the districts covered by the cash social protection programme are also emergency prone.

5. UNICEF PARTNERS AND CASH TRANSFERS

A number of key UN agencies and NGOs are increasingly using cash transfers as part of their emergency response, in particular in the food security or livelihoods sector. However, outside UNICEF, cash transfers have rarely been used in the core sectors in which UNICEF is engaged (nutrition, health, water and sanitation, education and protection), although it is widely recognized that cash is often used by beneficiaries to meet needs in these sectors.

WFP has conducted a number of pilot projects, for example in Georgia, Malawi, Pakistan, Sri Lanka, and Zambia. A directive to the field is expected in 2007, followed by continued pilot projects, evaluations, and the drafting of a policy paper to be submitted to the Executive Board in 2008. WFP has developed guidelines and country offices can currently consider cash as an option after a proper assessment and review by a project review committee. In interviews, WFP staff expressed interest in UNICEF providing or supporting the provision of cash grants to meet non-food needs as they have observed a significant proportion of food assistance being sold to meet other needs.

UNDP's cash for work programme in Aceh, Indonesia, was at its peak in the six to eight months following the 2004 tsunami, and mainly involved 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. Another issue was that it was difficult to include some of the most vulnerable members of society, for example the elderly and female-headed households.

Among **NGOs**, ACF and Mercy Corps mostly focus on cash for work programmes. Oxfam GB and Save the Children UK have recently been involved in the provision of unconditional cash grants to households or communities, for example in Kenya, Pakistan and Java, Indonesia, following the 2006 earthquake. The Red Cross and Red Crescent movement has provided cash grants in a wide variety of emergency-affected countries (IFRC, 2006). Catholic Relief Services (CRS) in particular has promoted the use of vouchers, mostly for seeds, in countries such as Ethiopia, Kenya and Zimbabwe (Bramel and Remington, 2005). Several of these NGOs are supportive of long term cash transfers as part of social protection programmes that could be linked with emergency responses. NGO projects have often remained small-scale or are implemented on a pilot basis, although some have been growing in scale. A number of NGOs are writing or have written manuals on the topic, and support for cash transfers is in some instances incorporated within other policy documents.

Finally, various degrees of support for increased UNICEF engagement in cash transfers has been expressed among **key donors** to UNICEF's emergency programmes. The UK Department for International Development (DFID) has been a leading donor of cash-based responses and explicitly supports cash interventions in some emergencies, and also is a strong proponent of social protection approaches. However, DFID has expressed concern that UNICEF engagement in cash-based responses could distract from strengthening its capacity in its core sectors and has called for greater analytical capacity within UNICEF to consider whether cash could be an appropriate response. The Swedish International Development Agency (Sida) is generally supportive of UNICEF including cash transfers although it sees less of a role for cash in some of UNICEF's core sectors. The European Commission Humanitarian Aid Office (ECHO) and the U.S. Office of Foreign Disaster Assistance (OFDA) are open to the idea of cash transfers. Finally, the World Bank, although not a donor to UNICEF, is a significant supporter of social protection and cash transfers, especially in 'fragile states' and during recovery efforts (World Bank, 2007).

6. LINKS TO SOCIAL PROTECTION AND OTHER UNICEF PROGRAMMING APPROACHES

Cash transfers are one tool that can be used in emergencies to simultaneously address needs in all five sectors and can be implemented as stand-alone programmes or ideally in combination with other programmes as part of a 'social protection' package.

Furthermore, cash transfers are consistent with the **human rights-based approach to programming** that forms the basis for all UNICEF programming, including its humanitarian response. The human rights-based approach to programming in emergencies implies that humanitarian assistance should be seen as a right and not charity, and that affected populations have a right to participation, inclusion and dignity. Cash transfers support this approach, since they shift responsibility from the agency that has control over what is given, to disaster-affected populations as trusted recipients of aid empowered to determine their own priorities and meet their own basic needs. The human rights-based approach to programming also implies that emergency-affected populations should participate in making the decision as to whether cash transfers are the appropriate response, how they should be implemented, and in monitoring and evaluating the effectiveness of the programmes.

'Social protection' can be defined as 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.[3] The social protection approach aims to reduce the vulnerability of poor and marginalized groups through a combination of transfers and services and is rapidly gaining momentum among governments, donors, UN agencies and NGO partners. Social protection has been proven to reduce poverty among the most

---

[3] Children and Social Protection: Policies, Programmes and Partnerships, UNICEF Workshop, 1-3 November 2006, NY, meeting report.

vulnerable groups, to smooth shocks, to promote asset accumulation and to have beneficial livelihood outcomes.

UNICEF is increasingly integrating the social protection approach in its country programmes, and taking a child-focused approach. UNICEF's engagement in social protection is of critical importance, not least because 40 per cent of children in developing countries are highly vulnerable, living below the poverty line, and may not be covered by a country's social protection programme even if one exists (UNICEF, 2000). Furthermore, some of the major issues requiring a social protection approach in developing countries largely relate to children, including: vulnerability to disease, 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, exposing children to even greater vulnerability and calling for UNICEF action.

A conceptual framework for social protection has been developed by UNICEF's Eastern and Southern Africa Regional Office (Figure 1). The outermost set of interventions are **transformative,** affecting the entire society, including marginalized groups, and include reform processes, social policy, minimum standards etc. The inner-most circle represents **protective** interventions, sharply targeted towards the most vulnerable, including most emergency interventions such as emergency cash transfers. **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.

Emergency cash transfers have the potential to be preventive **and** promotive if designed appropriately, by making people less vulnerable to disasters (disaster mitigation), by enhancing overall income and strengthening local markets and by ensuring school attendance. The promotive elements of emergency cash transfers are particularly exciting in that they present opportunities to bridge the divide between life-saving relief and early recovery and development work. Emergency cash transfers have been shown in some instances to build capacity within national governments and have evolved into social assistance programmes.

The reverse is also true. Where populations experience regular and predictable crises, there may be opportunities to expand existing social protection programmes as an immediate response and to use these programmes as a bridge between the emergency response and early recovery stages. The use of cash transfers in times of non-emergency could make implementing them more feasible during emergencies because channels for distributing cash to remote rural areas would already be developed, and State and local capacities strengthened (Harvey, 2007).

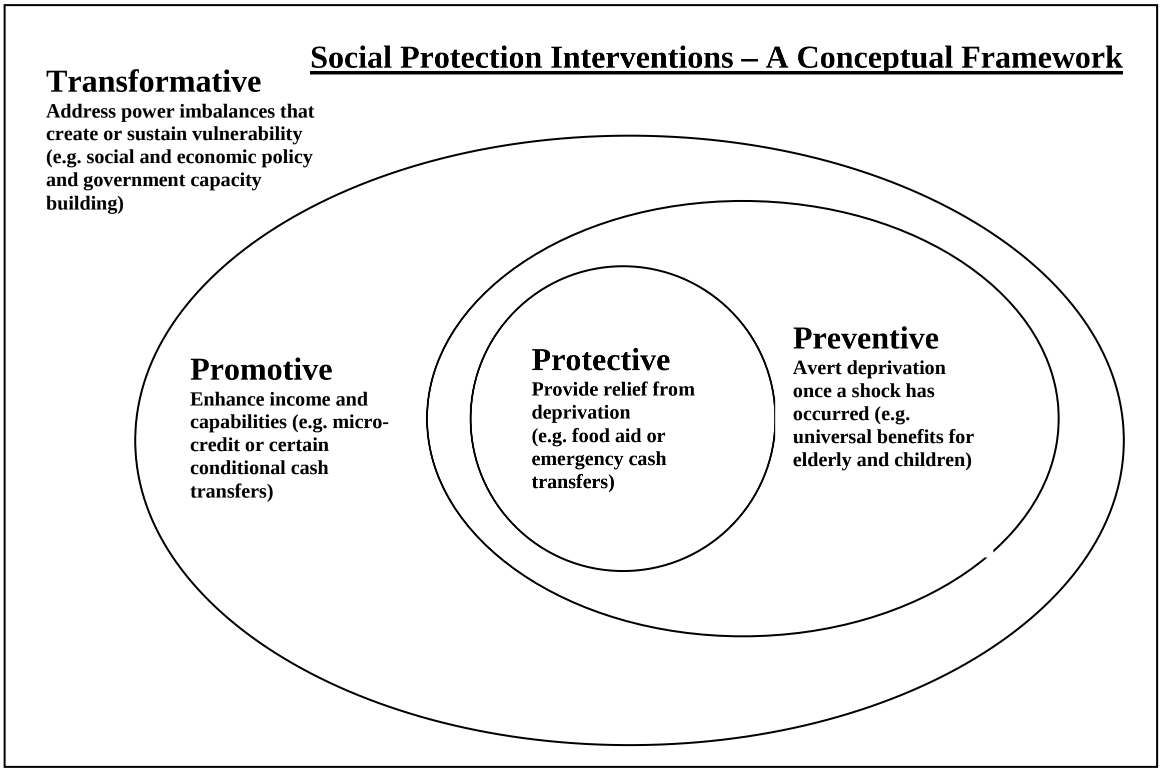

Figure 1: A proposed social protection conceptual framework for UNICEF (Handa and Blank, 2007)

7. CHALLENGES AND OPPORTUNITIES FOR CASH TRANSFERS IN CORE UNICEF SECTORS

Increasingly, cash grants to NGOs and governments form part of UNICEF's response. About 30 per cent of UNICEF's expenditure constitutes cash grants to governments or NGOs for delivery of goods and services.[4] A large proportion of supplies are purchased locally, for example cooking sets, blankets and hygiene kits. These operating modalities are conducive to the consideration of cash transfers to emergency affected populations as part of UNICEF's emergency response. The options for cash transfer programming by UNICEF in emergencies may be thought of in four ways:

1. Cash to replace existing in-kind distributions.
2. Cash to be incorporated into current interventions. Cash for work in construction activities, for example to construct schools or health centres, can be an effective part of education or health programmes, with the added benefit of providing a cash injection to vulnerable households.

[4] Interview with UNICEF Finance Division.

3. Cash to make current interventions more effective. Cash transfers can help pay for transport to health clinics or schools, for example, contributing to the effectiveness of UNICEF's health and education programmes.
4. New types of cash interventions. UNICEF's support to families caring for orphans and separated children in Aceh, Indonesia, after the 2004 tsunami is one such example.

Opportunities and challenges of cash programming in each of UNICEF's core sectors are discussed below.

In the **WASH sector**, options for cash programming include cash for work related to solid waste disposal and latrine building, since such work requires a lot of unskilled labour. Another option is to replace in-kind distributions of items such as buckets, soap and jerry cans with cash or vouchers, where market conditions allow. Recent cash transfer projects have shown that cash transfers are often used to buy soap although the public health consequences of not distributing soap, if there is insufficient household demand, need to be factored into the decision to substitute in-kind soap distribution with cash.

In the **health sector**, cash grants or vouchers could be provided to households to offset the costs to gaining access to health services. However, health services may be disrupted or destroyed in emergencies, in which case the priority would be to restore and ensure the quality of the services themselves. Cash for work could be used for the construction of clinics, which may increase the availability of services as well as provide a cash injection into the local community. Cash transfers may enable households to purchase items such as cooking sets and blankets if they are available locally. However, many other health-related items are usually better distributed in-kind or through vouchers, such as impregnated bed nets to protect against malaria, as quality cannot always be guaranteed in the market and demand may be insufficient to ensure high household coverage. Similarly, it would be inappropriate to replace either vaccines or essential drugs with cash as the quality of these products needs to be guaranteed and complemented with health services for diagnostics and case management, especially given the high risk of epidemics in emergencies.

In the **nutrition sector**, cash transfers 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 transfers, when provided in addition to food rations, can prevent the sale of food to buy other essential items. They can give mothers more freedom to stay at home to look after malnourished children, and can improve dietary diversity. 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 (Save the Children UK, 2005b).Cash transfers cannot substitute for therapeutic feeding programmes to address severe malnutrition nor can they replace the need for high energy foods for supplementary feeding of moderately malnourished children. In engaging in cash transfers, UNICEF might need to strengthen its public nutrition approach, focusing more on advocacy than on the supply of goods and materials.

In the **education sector**, options include building or rehabilitating schools through cash for work and providing cash or vouchers for school materials, or to meet some of the indirect costs of education such as transport. Additional options include supporting government education grants, as in Sri Lanka, and advocating for the abolition of school fees, as in Sierra Leone. Similar to user fees for health care, school fees are better addressed at source on a long term basis, rather than by providing short-term grants in emergencies for the purpose of paying school fees.

In the **child protection sector**, the use of cash transfers needs to take into account the protection-related vulnerability of children in emergencies. In many protracted crises and chronic emergencies, poverty and social, political and economic marginalization increases children's – especially girls' – exposure to exploitation and abuse, including transactional sex, child labour, recruitment of children into armed forces, or early marriage (e.g. Lautze et al., 2002). Cash to households to support livelihood opportunities may be appropriate in such situations as a means to mitigate negative coping. Other options include grants to carers of separated or orphaned children, as in Aceh, Indonesia; community grants to support the re-integration of children formerly associated with armed forces or groups, as in Sierra Leone; and cash for work programmes to support the construction of child-friendly spaces. There is a need for careful design and monitoring of such programmes, so that separated or orphaned children, for example, are not taken in by families purely to acquire a cash grant. Furthermore, 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, since such payments can in themselves create protection concerns for such children and because the recruitment of children as soldiers is a violation of human rights.

8. OPERATIONAL CONSIDERATIONS

Operational considerations include sustainability and exit strategies; assessment; monitoring and evaluation; staff capacity; coordination; and financial and administrative procedures.

Sustainability should not be a requirement for emergency interventions, but where cash transfers meet the on-going needs of 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, such as social protection programmes. This applies in particular to the following types of cash transfer programmes, which normally include recurrent payments: (a) cash grants to schools or clinics or directly to households through implementing partners to increase access to basic services; and (b) cash grants to carers of separated or orphaned children.

In addition, for cash transfer programmes to be effective, it will be important to ensure that rapid needs assessments reflect the potential for cash responses including market analysis. Furthermore, monitoring systems and evaluation methods may need to be adapted and strengthened for cash transfer programmes and include additional checks and balances.

In terms of staff capacity, UNICEF should at a minimum ensure that its staff has the capacity to engage in discussions on using cash in emergencies and that they are able to advocate for the use of cash, where appropriate, by other actors. Increased staff capacity could be obtained for example through secondments or staff exchange with organizations that are experienced on this issue. Additional capacity could be made available to country offices through establishing rosters of both UNICEF staff and external experts for countries to draw upon.

In terms of finance and administration, UNICEF is severely hampered by the fact that it treats costs as advances for services and goods, which implies there may be difficulties in reporting the use of cash transfers to donors. 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. Similarly, it would be possible for UNICEF to fund NGOs for a cash project through a Project Cooperation Agreement. Experience to date suggests that setting up 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 risks to the organization.

9. Conclusions and Next Steps

The following are some of the key conclusions from this study:

- Cash transfers have been shown, under the right circumstances, to have positive outcomes in all sectors of UNICEF's work. UNICEF therefore has a clear and justifiable role in implementing, shaping and/or advocating for cash-based responses where these are expected to lead to better outcomes for children in emergencies.

- Cash transfers in emergencies should ideally be linked to social protection schemes, which can help ensure a smooth transition from the emergency to the recovery phase. Similarly, social protection schemes should consider integrating cash transfers in emergencies in order to help mitigate the effect of shocks on vulnerable populations.

- Cash cannot replace all emergency goods and services and UNICEF should ensure that cash interventions do not compromise its capacity to deliver on core sectoral responsibilities.

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 interested field offices:

- Evaluate UNICEF's experiences so far with cash transfers in emergencies and conduct meta-analysis to determine whether and to what extent cash transfers should become part of UNICEF's organizational policy and mandate, taking into account that UNICEF *de facto* is already engaged on this issue in certain field offices.

- Determine any additional capacity needed within UNICEF to support cash programmes, including expertise on assessments, design and implementation of such programmes. A secondment or staff exchange with a more experienced organization could be considered in addition to training programmes, workshops and written materials to ensure that all UNICEF staff would be in a position to engage in a discussion and advocate on the issue.

- Ensure that rapid needs assessments, currently being developed within the clusters, reflect the potential for cash responses, and that monitoring and evaluation methods are adapted for cash transfer programmes. Ensure integration of cash transfer considerations in inter-agency work, including within the cluster approach.

- Develop criteria for piloting cash programmes and establish a project review committee for each proposed pilot project.

- Develop practical field guidance to assist UNICEF Country Offices to engage in cash transfers in emergency situations, whether in an influencing or implementing role through third parties. Such guidance should include:
    - The core principles for UNICEF 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.

REFERENCES

Action Contre La Faim, ‘Impact of the cash injection on the household economy. Sub district: Tenoum. Indonesia’, July 2005.

Adams, L., E. Kebete, ‘Breaking the poverty cycle: a case study of cash interventions in Ethiopia’, HPG background paper, HPG, ODI, June 2005.

Ali, D., F. Toure, and T. Kiewied, ‘Cash relief in a contested area: lessons from Somalia’, HPN Network Paper 50, 2005.

Barrett, C., D. Maxwell, ‘Food aid after fifty years: recasting its role’. Routledge, 2005.

Barrientos, A., J. DeJong, *Child poverty and cash transfers*, Childhood Poverty Research and Policy Centre Report No 4, Save the Children, 2004.

Bitran, R., U. Geideon, ‘Waivers and exemptions for health services in developing countries’, Social protection discussion paper series N.308, World Bank, 2003.

Brocklebank, I., ‘Peer to peer evaluation of Cash for Work Programme carried out in Lamno, Aceh, Indonesia’, 2005.

Bramel and Remington, ‘CRS seed vouchers and fairs. Looking at the effects of their use in Zimbabwe, Ethiopia and Gambia. A meta analysis’, 2005.

Buchanan-Smith and Jaspars, ‘Conflict, camps and co-ercion. The on-going livelihoods crisis in Darfur’. A report for WFP, 2006.

Cole, T., ‘Market based food assistance pilot project - Pidie and Lhokseumawe Districts, Banda Aceh’, Save the Children Indonesia, 2006.

Creti and Jaspars, ‘Cash transfer programming in emergencies. An Oxfam Skills and Practice Guide’, Oxfam Publications, Oxford, 2006.

Devereux, S., J. Marshall., J. MacAskill and L. Pelham, ‘Making cash count. Lessons from cash transfer schemes in east and southern Africa for supporting the most vulnerable children’, Save the Children UK, HelpAge, Institute of Development Studies, 2005.

Devereux, S., P. Mvula, and C. Solomon, ‘After the FACT: an evaluation of Concern Worldwide's food and cash transfers project in three districts of Malawi’, report for Concern Worldwide by the Institute for Development Studies, 2006.

DfID, ‘Eliminating Hunger. Strategy for achieving the Millennium Development Goal on Hunger’, 2002.

Doocy, S. et al., ‘Implementing cash for work programmes in post Tsunami Aceh’, *Disasters*, vol. 30, no.3, 2006.

Dreze and Sen, *Hunger and Public Action*. Clarendon Press, 1989.

Frize J., ‘Review of Cash for Work Component of the Drought Recovery Programme in Turkana and Wajir Districts’, Oxfam GB, Oxford, 2002.

Gentilini,. 'Cash and food transfers. A primer', Social Protection and Livelihoods Service (PDPS), Policy, Strategy and Programme Support Division, WFP, Rome, 2006.

Gore and Patel, 'Cash transfers to households. A review drawing upon the tsunami and other experience', Social and Economic Analysis, UNICEF East Asia and the Pacific Regional Office, UNICEF Bangkok, 2006.

Handa and Blank, 'Social Protection in Eastern and Southern Africa: A Framework and Strategy for UNICEF Engagement' (draft), UNICEF Eastern and Southern Africa Regional Office, Nairobi, June 2007.

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

Harvey and Marongwe, 'Independent evaluation of Oxfam GB Zambia's emergency cash programme', 2006.

Harvey, P., K. Savage,, 'No Small Change: Oxfam GB Malawi and Zambia Emergency Cash Transfer Projects - a synthesis of key learning', An Overseas Development Institute report for Oxfam, January 2007.

Hill, R., K. Jorgensen, S. Miller, T. White, 'IDP livelihoods and personal security. Case studies from Colombia and Sudan'. *Refugee Survey Quarterly*. Vol. 25. Issue 2, 2006.

Hofmann, C., 'Cash transfer programmes in Afghanistan: a review of current policy and practice', Humanitarian Policy Group, Overseas Development Institute, 2005.

IFRC, Cash and vouchers seminar, Geneva, 18-19 May 2006.

Jaspars, S., 'Solidarity and soup kitchens: A review of principles and practice for food distribution in conflict'. HPG report 7, Overseas Development Institute, 2000.

Jaspars, S, 'From food crisis to fair trade. Livelihoods analysis, protection and support in emergencies'. ENN special supplement series no.3, 2006.

Johnson and Sostenuo, 'Options paper for social protection', Royal Netherlands Embassy, Mozambique, 2005.

Jones, B., 'Evaluation of Oxfam GB's ECHO-funded Cash for Work Project in Hazarajat, Afghanistan', Oxfam GB, Oxford, 2004.

Kamerman, S., 'Social Protection for Children and their Families in Developing Countries: Advancing the UNICEF role', 2007.

Khogali, H., P. Takhar, 'Evaluation of Oxfam GB Cash for Work Programme, Kitgum/Pader District, Uganda', Oxfam GB, Oxford, 2001.

Khogali, H., P. Takhar, 'Empowering women through cash relief in humanitarian contexts', *Gender and Development*, Vol 9, no. No 3, 2001.

Lautze, S; E. Stites, N. Nojumi, F. Najimi, 'A cash famine. Food insecurity in Afghanistan in 1999-2002', May 2002.

Majid, N., I. Hussein, H. Shuria, 'Evaluation of the cash consortium in Southern Somalia', Oxfam GB and Horn Relief, with AFREC, Development Concern and WASDA, 2007.

Martone, G., ‘Life with dignity. What is the minimum standard?’ Chapter: Human Rights and Refugees, Internally Displaced Persons and Migrant Workers: Essays in Honor of Joan Fitzpatrick and Arthur Helton. Martinus Nijhoff, Brill Academic Publishers, 2006.

Mattinen, H. K. Ogden, ‘Cash based interventions: Lessons from southern Somalia’, *Disasters*, vol. 30, no.3, 2006.

Mohiddin, L., L. Tchatchua, J. Campbell, M. Sharma, ‘Cash transfer pilot project – Joint evaluation report’, 2006.

Pearson, ‘The evolution of the government of Kenya cash transfer programme for vulnerable children between 2002 to 2006 and prospects for nationwide scale-up’, UNICEF Kenya, 2006.

Poletti, ‘Cost recovery in the health sector: an inappropriate policy in complex emergencies’, 2006

Samson, M., K. MacQueen, I. Niekerk, *Designing and implementing social transfer programmes*, Economic Policy Research Institute, Cape Town, South Africa, 2006.

Savage and Umar, ‘Independent evaluation of Oxfam GB Malawi’s cash transfer programme’, ODI, 2006.

Schubert, B and Huijbrechts, M. (2006). The Malawi social cash transfer pilot scheme. Preliminary lessons learnt. UNICEF.

Save the Children UK (2005b), *Impact of a cash for relief programme on child caring practices in Meket Woreda*.

Save the Children UK, ‘Children and livelihoods; Understanding the linkages’, London, 2005.

Save the Children UK, ‘The cost of coping with illness. East and Central Africa’,2001.

Save the Children UK. ‘Paying with their lives, the cost of illness for children in Africa’, 2006.

Sharma, M., ‘An Assessment of the Effects of the Cash Transfer Pilot Project on Household Consumption Patterns in Tsunami affected areas of Sri Lanka’, IFPRI, 2006.

Stites, ‘Movement on the margins. Livelihoods and protection in Kitgum District’, Feinstein Famine Centre. Tufts University, 2006.

Stoddard, ‘Review of UNICEF’s monitoring and evaluation of humanitarian action’, Center on International Cooperation, New York University, 2005.

Sen, A., ‘Poverty and Famines; An essay on entitlement and deprivation’, Oxford. Clarendon Press, 1981.

Sphere, ‘Humanitarian Charter and Minimum Standards in Disaster Response’, 2004

Thatchua, ‘Step by step implementation guide for unconditional cash transfer programming’, Sri Lanka WFP cash transfer pilot project, WFP/Oxfam GB, 2006.

UNICEF, ’Children and Social Protection: Policies, Programmes and Partnerships’, UNICEF Workshop, 1-3 November 2006, New York, meeting report, 2006.

UNICEF, ‘Poverty Reduction Begins with Children’, UNICEF HQ, New York, 2000.

University of Arizona, *Phase II Monitoring and Evaluation Project for the Tanout Cash Distribution Project*, 2006.

Valid, ‘Evaluation of DfID-UNICEF programme of cooperation to strengthen UNICEF programming as it applies to humanitarian response; 2000-2005’, 2005.

WFP, ‘Cash in emergencies and transition’, Technical meeting report, Addis Ababa, 3-5 October 2006, 2006.

World Bank, ‘ Strengthening the World Bank’s Rapid Response and Long-Term Engagement in Fragile States’, 2007.

*   *   *